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QUALITATIVE STUDY

AMONG CROSS-BORDER BUYERS

OF FINANCIAL SERVICES

IN THE EUROPEAN UNION

FINAL REPORT

EUROPEAN COMMISSION

DIRECTORATE GENERAL HEALTH AND CONSUMER PROTECTION

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INTRODUCTION

⇒ **The European Commission (Directorate General Health and Consumer Protection) asked OPTEM and its partners involved in the Framework Contract “Qualitative Studies”¹ to carry out research among cross-border buyers of financial services in the European Union.**

The Commission has three particular interests in consumers’ experience of financial services :

- The aim to create an internal market which enables free movement of goods, people, services and capital.
- The aim to ensure effective competition between firms in the internal market.
- The aim to provide a high degree of consumer protection.

⇒ In that context, **the objectives of the study** were :

- To understand the motivations of those consumers who have knowingly bought financial services from a firm situated in a different European Union country.
- To understand what problems, if any, they encountered, either prior to buying or later.
- To assess what impact the experience of cross-border shopping has had, or could have, on subsequent buying decisions.

⇒ **Financial services** included in the scope of the research were of **four types** :

- **Bank accounts.**
- **Credit cards.**
- **Insurance** (car and home).
- **Other financial products** (mainly loans and investments).

A more precise definition of these services can be found in the eligibility criteria used at the stage of respondent recruitment :

- A. Bank accounts : both current accounts on which payments can be made and received, including the possibility of overdraft facilities, and savings accounts.
- B. Credit cards, issued by banks or by store chains, not necessarily linked to the respondent’s bank’s current account, which include facilities for credit payments or debit from the bank account at a later date.
- C. Insurance policies for car insurance and home insurance.
- D. Other credit services (mortgage or other loans) and savings / investment services (shares, bonds, collective investment products based on shares, bonds or other values; and also life insurance, private health insurance and pension plans).

Respondents were to have at least one of these financial services purchased from another European Union country than their own today, or to have had such a cross-border service at any time in the last 3 years.

Purchased from another country means that the contracts have been passed with suppliers located outside of the respondent’s own country of residence – not with a subsidiary or branch of a foreign supplier in his/her own country.

⇒ Respondents were informed at the recruitment stage that the study was being carried out on behalf of the European Commission, and followed strict anonymity and confidentiality rules.

¹ Managed by Directorate General Press and Communication – Unit B1

⇒ **The research method used was based on personal in-depth interviews**, lasting for an average of 60 minutes.

The topic guide used by the interviewers is annexed to this report.

⇒ **A total of 296 interviews were conducted**, i.e. 20 in each Member State².

Recruitment quotas were fixed to obtain, in each country, a balanced distribution of recruited respondents between the four basic financial service categories.

However, many respondents appeared to own several services, with different ownership frequencies for different services (highest for bank accounts, less high for other categories) : consequently the findings relative to each service are based on a larger number of cases than the theoretical one fourth for the total sample – as can be seen in Chapter I of this report.

Fieldwork was conducted in two stages :

- An initial research phase in 5 pilot countries (Austria, France, Italy, Sweden and the United Kingdom), between mid-April and early June 2003.
- A second stage involving all other countries, between early June and mid-July 2003³.

Most of the fieldwork was conducted in the capital or in one of the major cities of each country. In those countries where it appeared relevant, some interviews were carried out in another region, neighbouring the border with one or several other countries.

Cities or regions in which interviews took place include Vienna and Salzburg (Austria), Brussels and Antwerp (Belgium), Greater Copenhagen (Denmark), Helsinki (Finland), Paris and Lille (France), Cologne / Düsseldorf, Hamburg and Aachen (Germany), Athens (Greece), Dublin (Ireland), Milano and Vintimiglia (Italy), Luxembourg (Grand Duchy of Luxembourg), Amsterdam and Limburg (Netherlands), Lisbon (Portugal), Madrid and Barcelona (Spain), Stockholm and Malmoe (Sweden), Greater London and Kent (United Kingdom)

⇒ **Recruitment difficulties were experienced**, although to a greater or lesser degree in different countries.

This stems firstly from the fact that cross-border buyers of each of the financial services studied are only a minority – in most cases a very tiny minority – of the total population, as evidenced by the available data from quantitative Eurobarometer surveys.

The following question was asked of representative samples of the population in the Autumn 2002 wave of Eurobarometer (58.1) :

“For each of the following, can you tell me if you have ever obtained it from a firm located in another country of the European Union ?”

Results can be summarized as follows :

	<i>European Union average</i>	<i>Highest country penetration</i>	<i>Lowest country penetration</i>
<i>Bank account</i>	5%	19% ⁴	2%
<i>Credit card</i>	4%	10%	1%
<i>Car insurance</i>	2%	4%	1%
<i>Mortgage</i>	1%	2%	less than 1%
<i>Stocks / shares</i>	2%	4%	less than 1%
<i>Collective investments</i>	1%	4%	less than 1%
<i>Private pension plan</i>	1%	3%	less than 1%
<i>Life insurance</i>	1%	4%	1%
<i>Other financial service</i>	1%	3%	less than 1%

² Except Portugal, where 16 interviews only could be conducted within the time given for fieldwork, owing to very great recruitment difficulties.

³ Portugal : fieldwork extended until early August.

⁴ In Luxembourg; the next highest penetration is 12%

Eurobarometer results are likely to overestimate, rather than underestimate, the penetration of each service : firstly because of the wording of the question, asking respondents if they have “ever” obtained a service from a foreign supplier (service not necessarily owned now or even recently); secondly because “from a firm located in another country of the European Union” does not necessarily imply a cross-border purchase in the sense of the present qualitative study (it could be interpreted as : from a branch of a foreign firm established in the respondent’s own country); thirdly, as regards credit cards, because of the known frequent confusion in consumers’ minds between credit cards and debit/payment cards.

Cross-breaks by country show that there are very major differences :

- Luxembourg is, not surprisingly, the Member State with the highest overall penetration rate of cross-border financial services – although overall “ever” ownership of at least one financial service is, even there, a feature shared by a minority of the population only (probably little more than one quarter of Luxembourg consumers).
- Others countries above average penetration include Sweden, Austria, Germany and Belgium.
- Conversely, the four Southern European Union countries – Italy, Spain , Portugal and Greece – appear to be those with the lowest overall penetrations.

The recruitment difficulties experienced in the different countries partly reflect differences in service ownership penetration.

They were, overall, clearly greater in Southern than in Northern Member States. In some of them at least, cultural factors added to the problems stemming from the small proportion of eligible consumers, i.e. a greater reluctance to discuss money matters : it was a factor clearly identified notably in Portugal – together with suspicions about the purpose of the study among wealthier potential respondents in the context of announced plans to reduce banking privacy ; in some other countries, there were also signs that consumers having financial assets in other countries (and uncertain about the legality of it) were reluctant to disclose details about them (notably some Italian as well as French and Belgian consumers). Conversely, greater readiness to speak about their financial dealings seemed to be a factor facilitating recruitment in such countries as, for example, Sweden (where cross-border financial services ownership is comparatively high), or the United Kingdom and Denmark (where it is close to the European Union average).

The ease or the difficulty of recruitment also varied depending on the different financial services – and it was not always directly correlated with the apparent penetration of each one in the population :

- Bank account owners were overall the easiest eligible respondents to find : partly because of their relatively large number (and because owners of other financial services often also have a bank account), but probably for other, more psychological reasons as well (no question about the legality of having an account in a bank outside of one’s own country; no direct indication from this mere fact about the amount of one’s fortune, contrary to e.g. stocks and investments).
- Finding credit card owners was of (comparatively) average difficulty, as card ownership often goes together with a bank account – but owning a credit card only, without any other service, seems to be very rare.
- Car insurance owners were, conversely, the most difficult to identify in many countries : partly because of their small number, but probably also because some of them are aware of being in a “semi-legal” situation.
- Among the other financial services included in the scope of this study, some were relatively easier and others relatively more difficult to identify than Eurobarometer results would suggest. That was notably the case as regards mortgages compared with savings and investments (although apparent penetration is lower for the former than for the latter), at least in some countries where ownership of a residence abroad is (comparatively) frequent. On the one hand, mortgages are generally financial services owned for a longer period of time than any others (hence a higher probability of “falling upon” present or recent owners among those declaring “ever” ownership of this service); on the other hand, there is probably less reluctance to speak about one’s second home than to disclose indications about money “hidden” abroad.

⇒ **The following observations can be made about the validity of the results presented in this report.**

- As for any qualitative study, these results have no statistical value; the aim of qualitative research is not to measure variables in percentage terms – (that is the purpose of quantitative surveys, the two research tools thus being complementary to each other), but to provide a deeper understanding of respondents' attitudes and behaviours.
- Yet, in spite of the above mentioned recruitment difficulties, owners of different categories of (cross-border) financial services could be found in sufficient numbers to provide the base for solid results on these attitudes and behaviours.
- The size of the overall pan-European sample is large enough to guarantee that the spectrum of attitudes identified in this study reflects the diversity of attitudes (except possibly very marginal ones) existing among European consumers.

This sample is also sufficient to give an indication of the relative frequency of each major attitude, as in the typology of cross-border financial services consumers presented in Chapter II – at least in terms of order of magnitude ; when for example one attitude, or one type in the typology, is said to have been found among 1 out of 10 respondents, one can safely consider that this attitude or type is indeed a small minority situation in the universe of European cross-border financial services owners, although one cannot infer from there a statistically valid 10 % percentage of the universe.

- This research is not a collection of 15 separate country studies, but one pan-European study based on an overall sample split both by country and by service type.

The samples interviewed in each country are small, particularly once divided into service-specific subsamples. Obviously, an attitude not found in one country sample regarding any one service does not mean that this attitude does not exist among that country's consumers.

In some cases, certain findings appear to be widespread enough (and/or substantiated by other facts) in particular countries : such country features are mentioned in this report. In other cases, when such evidence is not available, no mention of country differences is made in the report.

⇒ **The following partner institutes were responsible for fieldwork and national analysis of the results :**

Austria:	IFM Karmasin
Belgium:	EADC Yellow Window
Denmark:	Vilstrup Research
Finland:	Marketing Radar
France:	OPTEM
Germany:	Echanges Marktforschung
Greece:	Focus
Ireland:	MRBI
Italy:	Market Dynamics International
Luxembourg:	OPTEM
Netherlands:	PQR
Portugal:	Euroteste
Spain:	Escario y Asociados
Sweden:	Valuescope
United Kingdom:	Andrew Irving Associates

⇒ **OPTEM, as network coordinator, was responsible for study design, technical coordination, pan-European analysis and reporting.**

SUMMARY OF FINDINGS

1. **Cross-border purchasing of financial services in the European Union appears as a limited phenomenon**, judging from :
- ❖ The real recruitment difficulties experienced in many Member States. As explained in the Introduction chapter, these difficulties stem from different reasons – yet the main factor is clearly the low or very low ownership penetration of each service category, also reflected in quantitative Eurobarometer results.
 - ❖ The small average number of services owned : hardly more than 2, including in most cases a (basic) bank account service.

2. **The most frequent service ownership configurations include :**

- ❖ Ownership of bank account only (1 out of 5 respondents) or together with credit card (1 out of 3 respondents in total).
- ❖ Ownership of bank account (with or without credit card) plus (home or car) insurance (1 out of 4 respondents).
- ❖ Ownership of bank account (with or without credit card) plus other credit or investment services (1 out of 5 respondents).
- ❖ Ownership of bank account (with or without credit card) plus insurance plus other services (1 out of 5 respondents).

Ownership of one or several financial services not connected to a bank account is a rare situation.

3. **In the vast majority of cases, the motivations for opening and/or keeping a bank account in an other country were not the search of any particular better conditions or opportunities, but merely perceived necessity:** a real obligation to do so in certain cases, or a feeling of quasi-obligation in order to be able to make simple transactions conveniently without incurring unnecessary money transfer costs and delays.

Different profiles can be distinguished among consumers owning cross-border bank accounts merely or primarily for convenience or out of obligation – but in most cases they are people having more or less regular connections with another country than the Member State in which they live (non-nationals, nationals residing temporarily abroad, family ties, second home abroad, international business travellers, border region residents ...)

A small minority of cross-border bank account owners can be classified as (more or less) opportunist consumers : less than 1 out of 10 of all respondents.

4. **Credit cards purchased cross-border are generally not regarded as a different service from bank accounts**, but rather as an additional feature to the bank account, or as an integral part of a single account-plus-card package

Credit cards were most often acquired immediately from the banks in which cross-border accounts were opened – and largely at the initiative of the banker rather than in response to an express request by customers. Many cards are used to a very limited extent, often merely as payment cards, seldom for their credit features.

Only a small minority of customers bought cross-border credit cards not connected to their bank account : either taking advantage of promotional offers, or offers of revolving credit in stores, or to take the time to compare the respective advantages of several brands.

5. **Home insurance was contracted in nearly all cases in the country where the property to be insured is situated :** either because consumers think that this is compulsory, or because it appears to them as a natural thing to do and a convenience factor to avoid potential difficulties – rarely because of more attractive prices and conditions.

Only a handful of cases can be found of consumers contracting home insurance with a provider in a country other than that where the property is situated.

Similar observations can be made as regards car insurance. Even more so than for homes, insuring a car in the country where it is based and registered appears to most as a legal obligation. A number of consumers who keep a car registration and insurance elsewhere than in their present place of residence are generally “aware” that they do not fully comply with the law.

Cases in which a real cross-border car insurance purchase could be identified are extremely rare.

6. **Mortgage loans are also normally contracted with suppliers in the country where the house or apartment bought is situated** : out of perceived obligation, or for convenience, or following refusals from home country banks to finance property acquisition abroad. Few exceptions were found in the study's sample to this prevailing behaviour.

More active cross-border purchasing behaviours are found in the area of savings and investments – although not by all owners of such services (but by people who are likely to behave as active consumers in their domestic financial market as well).

Among other financial services owned by some respondents, **pension plans and, to a lesser extent, life insurance and health insurance appear very difficult to buy or keep cross-border**, or to transfer from one country to another, for legal or contractual reasons.

The few cases of consumer credit and personal loans observed in the sample appear to be more opportunity driven.

7. **Decision processes regarding cross-border financial services are in most cases relatively simple.**

Few consumers shopped around or tried to compare offers from different banks before opening a **bank account**. Most followed advice and recommendations given to them by different types of (informal rather than formal) advisers, and used fairly basic criteria to select a bank rather than another ; very little active marketing from banks could be identified.

Purchase processes relative to **credit cards** can hardly be distinguished from bank account contracting processes, except in very few cases.

Selecting **home or car insurance** providers is also generally the result of a simple process involving little shopping around, in which consumers often follow recommendations from local informal advisers who can also help in the discussions with the pre-selected supplier.

In **mortgage** purchases, active consumerist behaviours are more frequent, but they do not constitute the majority of cases. Many just apply to a bank where they already have an account, or follow recommendations, or look more or less at random until they find a bank ready to lend them money without too many conditions and complications; mortgage contracting is often a “quasi-mechanical” process from the decision to buy property.

Decisions relative to **financial investments** generally involve a closer look at terms and conditions, including from competitive offers : this is clearly the type of financial service for which the proportion of pro-active consumers is the greatest.

Advisers giving assistance include professionals of non-financial trades giving more or less formal advice (such as real estate agent or notary public for mortgage loans, car dealer or store owner for consumer credit ...), financial experts yet not acting in a professional capacity (finance department colleague or personal acquaintance for investments or loans ...) or other members of the public assumed to be “locally knowledgeable” from their own experience of financial services suppliers (previous owner of the home purchased, employer, colleague of cross-border worker ...).

Resorting to professional financial advice seems to be exceptional.

Generally speaking, consumers tend to go for simple solutions avoiding the amount of effort required to make a detailed survey of available offers.

Whatever the kind of financial service contracted, purchasing is generally done in a traditional face to face mode. Some cases of electronic purchase through the Internet were met, but only exceptionally.

8. From the analysis of both factual data (financial services owned) and decision factors and processes, **a typology of consumers can be drawn, including 8 different types :**

- A. **Historical ownership** : owners of financial services in another European country than their present country of residence – yet these services were not bought cross-border at the time they were acquired, but merely kept there when they moved ; they are consumers with strong ties with that other country (including nationals of that country).
- B. **Temporary ownership** : profiles similar to “Historical ownership”, except that the stays made abroad by consumers in this type were short (and generally planned to be short from the start), and their ties with the other country much less strong.
- C. **Mandatory ownership** : consumers whose cross-border purchase of financial services was imposed, or nearly imposed on them (most typically cross-border workers, people retired from employment in another country).
- D. **Cross-border hopping** : consumers who are often border region dwellers having sporadic or relatively frequent but limited transactions in another country.
- E. **Split lives** : typically, people owning a second home where they spend holidays in another European country, without having other strong connections with that country.
- F. **Dual bi-national lives** : members of binational families and people really living permanently between two countries and have strong ties with both (for business or other reasons).
- G. **Occasional opportunist behaviours** : consumers who “fell” one day upon an opportunity to acquire one or another financial service cross-border with interesting terms and conditions, rather than actively seeking the service of their own initiative.
- H. **Active border-free opportunist behaviours** : people actively searching for best opportunities cross-border as well as in their domestic market – including through the Internet.

“Historical owners”, followed by “Split lives” and “Dual bi-national lives”, account for one half of the total sample.

Respondents in the last two types “Active border-free opportunist behaviours” and to a lesser extent “Occasional opportunists” are those showing the greatest propensity to adopt relatively pro-active consumer behaviours. They do not represent more than 1 out of 5 of all interviewed consumers.

9. **Problems and difficulties experienced by consumers vary according to the kinds of services contracted.**

- ❖ **Although opening bank accounts did not involve major problems for most respondents, a substantial minority experienced difficulties or, at least, found it a rather “heavy” process** : refusals by some banks to accept them as customers ; acceptance only after solving real difficulties ; or at least negative impressions from the required conditions and formalities.

Dissatisfaction is also expressed as regards different aspects of the way in which bank accounts are run : cost of trans-border transactions, which consumers clearly regard as abnormal within the Euro zone ; slowness of cross-border transactions ; costs of banking operations generally speaking, and lack of transparency in this respect ; information ; customer service (to varying degrees depending on the country) ; in the latter area, problems encountered are probably not very different from those which consumers may experience with domestic banks, but distance and sometimes language barriers make them substantially more troublesome to solve.

- ❖ **Difficulties are seldom experienced with credit cards**, either at the purchasing stage or later – but it should be kept in mind that credit card usage is generally quite limited.
- ❖ **Few problems occur with home insurance** – thanks notably to the frequent help of informal intermediaries at the purchasing stage, and to the low occurrence of occasions of conflict later on.

Car insurance is clearly more problematic, owing mainly to legislation regarding car registration, and to limited contractual possibilities to discontinue a car insurance contract in certain countries.

- ❖ **Few problems are met by buyers of mortgage loans.** Apart from some initial refusals either by home country banks to finance property acquisition abroad or by foreign banks to lend money to non-residents, the process often appeared safer, simpler and more trouble free than anticipated in the two countries where most second homes were bought, i.e. Spain and France. And, following purchasing, there is little room for problems.

As regards financial investments, very few difficulties are reported by respondents at the purchasing stage. Some problems are sometimes encountered later – probably of the same nature as in non cross-border dealings.

Pension plans, life insurance and health insurance appear as financial services causing problems from being largely untransferable from one country to another, or from being restrictive in their terms and conditions.

- ❖ **Generally, consumers behave rather passively when difficulties with their financial services suppliers occur.** Except when they are faced with a serious, major problem, they seldom take the trouble to make formal complaints, or to insist for adequate compensations, when they meet inertia on the suppliers' part to respond to their initial requests.

10. Overall, most respondents regard their cross-border experience as positive.

The most activist among them have become better aware of opportunities available in other countries' financial markets.

As regards the bulk of consumers, although their first cross-border buying experience (i.e. the first of the services they acquired) hardly played any significant role in their subsequent purchase decisions, **they have at least gained more assurance and they have the impression that they have become more mature consumers, more aware of their rights – at least as much for future home country than for new cross-border financial dealings.**

11. In most cases, respondents express intentions to keep the financial services which they have acquired cross-border.

However, this is not necessarily the sign of rapidly emerging active consumer behaviours : only a limited minority spontaneously express real intentions to behave pro-actively in the future in seeking opportunities available in other European countries ; probably not many more than 1 out of 10 of all respondents.

This is primarily because, for most people, the acquisition of financial services is need driven rather than opportunity driven, and an area in which prudent behaviours prevail – added to the fact that the experience acquired is generally limited (to one or a small number of services and/or to one particular other European country's financial system only).

Factors limiting consumers' propensity to engage in further cross-border purchasing of financial services include :

- ❖ **The time and efforts required to search for the best opportunities** – in particular when consumers are unfamiliar both with a country's language and with its financial system's "culture".
- ❖ **Lack of information regarding the internal market for financial services.** Knowledge is very limited on legal obligations and tax matters, and the idea prevails that the internal market in this area is not yet a reality.
- ❖ **Lack of information on financial products across the border.**
- ❖ **Little pro-activity by financial institutions** to attract cross-border customers.
- ❖ **The remaining intricacies of cross-border operations post purchase** (although to varying extents depending on countries).
- ❖ **The present economic climate,** which does not encourage basically prudent consumers to take further risks in contracting financial investments cross-border.

Conversely, a positive factor for the gradual development of the cross-border market **could be the growing possibilities to handle one's own financial affairs through the Internet – added to the absence of any confidence gap regarding other European countries' financial institutions.** Respondents who have discovered the convenience of Internet when becoming cross-border consumers have clearly become more open to further cross-border opportunities.

Lastly, the impact of the Euro on cross-border buying is likely not to be uniform.

Whereas many respondents tend to admit that the advent of the single currency has made things simpler and easier within the Euro zone (and respondents in non-Euro zone countries would expect the same from the adoption of the Euro by their own Member State), one of the key questions is the potential impact of European Union decisions regarding the cost of cross-border transactions within the Euro zone, making this cost equal to that of domestic transactions.

On the one hand, this measure can obviously further facilitate cross-border financial operations ; on the other it may induce some customers to do without cross-border services in the future, when the existence of higher transaction costs was the prime reason for contracting cross-border accounts.

12. Considering the 8 types of the cross-border consumer typology, the following assumptions can be made regarding future perspectives :

- ❖ **Limited or very limited perspectives** among consumers classified in the “Historical ownership”, “Temporary ownership”, “Mandatory ownership” and “Split lives” types.
- ❖ **High probability** that “Cross-border hopping” consumers **discontinue the services** which they had acquired cross-border only to escape the higher costs of cross-border transactions. This could also be the case with some consumers in the above-mentioned types.
- ❖ **More opportunities for slow and gradual awareness building** among “Dual bi-national lives” consumers **about service opportunities available** in either of the two countries with which they have connections.
- ❖ **Highest probability of interest for further cross-border purchasing** among “Active border free opportunists” and, to a lesser degree, “Occasional opportunist behaviours”.

CHAPTER I :
FINANCIAL SERVICES OWNED

I.1. OCCURRENCE OF SERVICE COMBINATIONS

(ACC : Bank account – Car : Credit Card – INS : Insurance – OTH : other services)

	TOT E.U.	AUS	BEL	DAN	FIN	FRA	GER	GRE	IRE	ITA	LUX	NET	POR	SPA	SWE	UK
ACC	62	8*	2	3	3	4	2	5*	3	6	5*	5	6	2	8	0
CAR	3	0	0	1	0	0	0	0	0	0	2*	0	0	0	0	0
INS	7	2	0	1*	0	0	1	0	1	1	0	0	0	0	0	1
OTH	11	2	0	1	1	1	1	0	0	0	4	0	1	0	0	0
ACC+CAR	38	4*	4	5	3	4	1	3*	2	0	0	3*	2	4	0	3
ACC+INS	33	0	2	3*	3*	0	4	0	2	5	2	3	0	3*	1	4
ACC+OTH	32	3	0	3	0	5	3	1	5*	1	0	4	1	5	0	2
CAR+INS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAR+OTH	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
INS+OTH	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0
ACC+CAR+INS	34	0	3	0	4*	0	4	5*	2*	1	2*	3	2*	1	3	4
ACC+CAR+OTH	25	0	4*	1	0	4	2	2	2*	1	5*	0	1	3	0	0
ACC+INS+OTH	17	0	1*	1	4*	0	1	1	0	2	0	2*	0	0	0	5
CAR+INS+OTH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ACC+CAR+INS+OTH	32	1	3	1	2*	2	1	3	2	3	0	0	3*	2	8	1
ACC (TOTAL)	273	16	19	17	19	19	18	20	18	19	13	20	15	20	20	19
CAR (TOTAL)	133	5	15	8	9	10	8	13	8	5	9	6	8	10	11	8
INS (TOTAL)	124	3	9	6	13	2	11	9	8	12	4	8	5	6	12	15
OTH (TOTAL)	119	6	9	7	7	12	8	7	10	7	9	6	6	10	8	8
TOTAL	649	30	52	38	48	43	45	49	44	43	35	40	34	46	51	50
AVERAGE	2.2	1.5	2.6	1.9	2.4	2.1	2.2	2.4	2.2	2.1	1.7	2.0	1.7	2.3	2.5	2.5

* Service owned in the recent past (last 3 years) but now discontinued.

I.2. OBSERVATIONS REGARDING OWNERSHIP OF DIFFERENT FINANCIAL SERVICE TYPES

⇒ **The table on the preceding page presents the different combinations of services owned by the consumers who were interviewed in the 15 Member States and the frequency of occurrence of each combination.**

Asterisks indicate services which were owned but were discontinued during the last 3 years by at least one respondent.

- Bank account : bank accounts discontinued by 2 respondents in Austria, 1 in Greece and 1 in Luxembourg.
- Credit card : credit card discontinued by 1 respondent in Luxembourg.
- Insurance : insurance discontinued by 1 respondent in Denmark.
- Bank account plus credit card : both bank account and credit card discontinued by 1 respondent in Austria, 1 in Greece and 1 in the Netherlands ; credit card discontinued by 1 respondent in Austria.
- Bank account plus insurance : both bank account and insurance discontinued by 1 respondent in Denmark ; insurance discontinued by 1 respondent in Finland and 1 in Spain.
- Bank account plus other service : both bank account and other service discontinued by 1 respondent in Ireland.
- Bank account plus credit card plus insurance : both bank account and credit card discontinued by 1 respondent in Greece; credit card discontinued by 1 respondent in Ireland and 1 in Portugal ; insurance discontinued by 2 respondents in Finland, 1 in Greece and 1 in Luxembourg.
- Bank account plus insurance plus other service : all three services discontinued by 1 respondent in Finland and 1 in the Netherlands ; insurance discontinued by 1 respondent in Belgium ; other service discontinued by 1 respondent in Finland.
- Bank account plus credit card plus insurance plus other service : both insurance and other service discontinued by 1 respondent in Finland and 1 in Greece.

Overall, 32 out of the 296 consumers interviewed discontinued (at least one of) the service(s) they had contracted ; the other 264 were still owning the services about which they were interviewed.

⇒ **The following observations can be presented :**

- **Nearly all owners of cross-border financial services have a bank account.**

Exceptions were found :

- With few respondents who have no other cross-border financial service than a credit card ; in one case the consumer was denied a credit card by his bank in his own country (Denmark) ; in others the service is a revolving credit card acquired through a store (Luxembourg).
- With a few respondents who own a second home in another European Union country (or, in one case, a boat) and contracted insurance for this property in that country (Austrian owning a house in Germany, German owning a house in Austria, Italian having a boat based in a French harbour), without owning any other cross-border financial product.
- With a few respondents who contracted car insurance in another European country. In 2 of these cases, this contracting can be called “historical”, for consumers (from Ireland and the United Kingdom) who used to live in another country, and have kept the insurance contracted then (although with questions about the legality of it). In one other (Ireland), insurance was acquired from across the border in Northern Ireland where the respondent has relatives (and also a mortgage for a house purchased in common).

In 2 others cases, contracting car insurance abroad was the result of a more active search for the best conditions (1 Austrian and 1 Danish respondent).

- With a few respondents who own other cross-border financial services. Two of these cases are purely historical (respondent who lived in France and had a PEL investment plan then, as well as car insurance, but now resides in Luxembourg ; French respondent now living in Belgium who has kept a pension plan in his home country).

Another case of ownership is linked to the intention of a German respondent to settle down in Austria later (investments purchased in Austria).

One case of consumer credit purchasing in Luxembourg was due to credit refusal by the respondent's Luxembourg bank, whereas 2 other Luxembourgers appeared to behave in a more actively opportunist way in also contracting consumer credit from Belgian service suppliers. 6 other cases (including 1 owner of both credit card and other service) concern consumers who were clearly looking abroad for better terms when they contracted life insurance or pension funds (2 Austrians in Germany, 1 Finn in Ireland) or investments of various natures (1 Dane in Germany, 1 French respondent in Belgium and 1 Belgian respondent).

Lastly, the already mentioned Irishman also having insurance has a mortgage contracted in Northern Ireland jointly with relatives.

- **Relatively frequent combinations are :**

- **Bank account plus credit card.**
Further analysis will show that credit cards are often a service that comes “nearly naturally” together with a bank account.
- **Bank account (with or without credit card) plus insurance.**
- **Bank account (with or without credit card) plus other service.**
- Bank account (with or without credit card) plus insurance plus other service.

⇒ **Differences between countries, as they appear in the table, should be interpreted with caution** – owing to the qualitative nature of this study and the small size of the sample in each country.

With this caveat in mind, **one can evidence the following specific features in each country's sample :**

- **Austria** : small number of services owned by the average respondent; relatively high frequency of bank account only.
Insurance contracted was home insurance in 1 case and car insurance in 2 others.
Other services contracted included investments / savings (2 cases), life insurance (2 cases), life insurance plus pension plan (1 case).
- **Belgium** : relatively high average number of services, and relatively frequent combinations of 2 or more services ; credit card frequently owned.
The sample included 4 cases of home insurance and 5 cases of car insurance.
Other services owned included investments / savings (4 cases), investments plus health insurance (2 cases), investments plus mortgage (1 case) investments plus pension plan plus mortgage (1 case) and health insurance (1 case).
- **Denmark** : low occurrence of 3 or more services.
The sample included 4 respondents owning home insurance and 2 respondents car insurance.
Other services owned included investments / savings (1 case), investments plus pension plan (1 case), pension plan (2 cases) and mortgage (1 case).
- **Finland** : relatively frequent combinations of several services ; high occurrence of insurance.
5 respondents had home insurance, 4 car insurance and 4 had both.
Other services included investments / savings (2 cases) and mortgages (5 cases).
- **France** : typical configurations consisting either of bank account only or associated with a credit card, or other services combined with bank account (with or without credit card); low occurrence of insurance.
2 respondents had home or property insurance.
Other services included investments / savings (6 cases), investments plus life insurance (1 case), investments plus pension plan (1 case), life insurance (1 case), investments plus mortgage (1 case), consumer credit plus health insurance (1 case).

- **Germany** : low occurrence of bank accounts alone or associated only with credit cards (without any other type of service).

All cross-border insurance policies contracted were relative to the home (plus specific dog insurance add-on in 1 case).

Other services included investments/savings (6 cases), investments plus health insurance (1 case), life insurance (1 case), and personal credit (1 case).
- **Greece** : relatively high frequency of bank accounts alone or associated only with credit cards ; relatively high frequency of insurance.

3 of the insurance contracts owned were for home insurance, and 6 for car insurance.

Other services included pension plan (1 case), life plus health insurance (1 case), health insurance (1 case), mortgages (2 cases) and personal (or graduate student) loans (3 cases).
- **Ireland** : low occurrence of bank accounts alone or associated only with credit cards.

5 of the insurance contracts analysed were relative to homes, and 2 to cars.

Other services included investments / savings (1 case), life insurance (1 case), pension plan (1 case) and mortgages (7 cases).
- **Italy** : low frequency of credit card ownership ; relatively high frequency of insurance.

9 of the insurance contracts were relative to homes, and 4 to cars (or boat in 1 case).

Other services included investments / savings (3 cases), investments plus life insurance (2 cases) and mortgages(2 cases).
- **Luxembourg** : ownership of bank accounts less frequent than elsewhere ; average number of services owned consequently smaller than in other countries; insurance relatively less frequent.

All insurance contracts identified were for home insurance.

Other services included investments / savings (6 cases), life insurance (2 cases), pension plan (1 case), mortgage (1 case) and consumer credit (3 cards).
- **Netherlands** : typical configurations : 1 or 2 other types of services associated with bank account.

All insurance contracts identified were relative to home and property.

Other services included investments / savings (2 cases), life insurance plus mortgage (1 case), mortgage (1 case) and health insurance (1 case).
- **Portugal** : relative frequency of bank accounts alone or associated only with credit card.

Out of 5 cases of insurance owned, 3 concerned homes, 1 a car, and 1 both.

Other services included investments / savings plus health insurance (1 case), pension plan (1 case), health insurance (1 case) and mortgages (3 cases).
- **Spain** : typical configurations : 1 or 2 other types of services associated with bank account.

Car insurance was found in 6 cases.

Other services included investments / savings (7 cases), investments plus life insurance (1 case), investments plus pension plan (1 case), life insurance (1 case), pension plan (2 cases).
- **Sweden** : relatively many bank accounts alone ; conversely, relatively many multi-service combinations.

Home and car insurance were found in the sample of respondents interviewed.

Other services included investments / savings (3 cases), life insurance (1 case), pension plan (1 case), mortgages (2 cases),health insurance (1 case) and capital insurance (1 case).
- **United Kingdom** : low frequency of ownership of one service type only : insurance relatively frequent.

A majority of insurance contracts were relative to homes (13, versus 2 for car insurance).

Other services owned were mainly mortgage (7 cases); investments / savings were found in 1 case.

CHAPTER II :
REASONS FOR CROSS-BORDER PURCHASING.
PURCHASE DECISION PROCESSES

II.1. REASONS OF CROSS-BORDER PURCHASE OF DIFFERENT FINANCIAL SERVICES

II.1.1 BANK ACCOUNTS

⇒ **Circumstances leading consumers to have a bank account in another Member State than the European country in which they reside can be classified, in most cases, in the following way :**

- **Non nationals residing in the country.**

Cases observed in the study range from relatively short stays to permanent immigration.

Among short stays, one finds foreign students staying for one or a few years before going back to their home country, as well as actives on a few years' assignment abroad on behalf of their company or organisation. Connections with their home country are kept alive, and the bank accounts which they had generally opened there before leaving are kept open : both because these consumers still carry out transactions linked to their properties or activities in the home country and in the perspective of returning home in the short or medium term.

In the case of longer stays, and even permanent residence, accounts opened in the country of origin have also been kept by many consumers. Depending on cases , this can be :

- Out of real need : this is the case, in our sample, of a few government officials who were assigned abroad or who work permanently in international organisations, whose salary must be paid to a country of origin bank account as a result of their national government's rules ; several foreign expatriated private sector employees are in the same situation, as well as a few retired respondents of foreign origin whose pension cannot be paid to an account in the country where they spend their retirement.

"My country's government just refuses to pay my salary to a Belgian account" (Belgium – Foreign Government official)

"Actually, my employer approached me with it. He said : It is about time that you open an account" (Austria – Austrian national having lived and worked in the United Kingdom)

"The German insurer who pays my pension wished that a German bank received the payments " (Austria – German citizen living in retirement in Austria)

- For reasons of convenience rather than real obligation : for shopping or carrying out other transactions on the occasion of visits to the native country as well as from a distance.

"I recently opened an account in Portugal together with my brothers. We had to do it for easier money management (...) Everything that comes from our heritage is kept there, the money serves when we go there (...)" (France – French resident of Portuguese descent)

- For sentimental reasons, which generally coexist with convenience factors, as in the case of permanent immigrants who feel that closing their bank account would symbolically mean severing relations with the country in which they were born.

- **Nationals residing temporarily in another European country.**

Conversely, these consumers who had opened a bank account in the country where they were residing for several years have generally kept this account open after returning home.

As in the previous case, they include both students studying abroad and people who went to work abroad for a greater or lesser length of time.

Convenience (in the case of visits paid to the country where they stayed, in which they have often kept contacts) and sentimental reasons also both play a part in the decision to keep (or the non-decision to close) a foreign bank account.

"I studied in Amsterdam and I liked it very much, I would like to go back there one day. But finding a place where to stay in town is very difficult. There are some cooperative organisations which you can become member of for a small fee, to help you find a flat, so you need (to keep) an account" (Germany – Former student in the Netherlands)

"I grew up in Belgium and my dad opened a savings account for me there when I was 7. I came back to England and it sat there and didn't do anything. Then I went back for a year (...) (United Kingdom – Former resident of Belgium)

A few respondents in such situations have however discontinued the bank account they had in the foreign country where they resided, where they do not expect to return except perhaps very occasionally (they were found notably in the samples interviewed in Austria, Greece, Luxembourg and Spain).

- **Consumers with strong family ties in another European country.**

These include mainly members of binational families or respondents having double nationality, and also some people having relatives in another country, with whom they keep close contacts ; examples of such situations were clearly found in numerous countries included in the scope of the study (Austria, Finland, France, Germany, Ireland, Italy, Portugal, Spain, the United Kingdom ...).

The same convenience reasons as above explain their ownership of a bank account in the country where they have family ties, but they are generally much stronger. Having permanent (not only “historical”) ties in another country may include travelling frequently to that country, owning or co-owning property there (including acquired by heritage) and / or having miscellaneous business requiring more or less frequent transactions.

Obviously, sentimental factors are also present.

“I have this account in Italy, since my childhood. First it was a savings account and then it was changed into a young person’s account. Now it is an ordinary account” (Austria – Italian from Alto Adige now living in Austria)

“I had a small heritage there, I have some shares, thought not a large amount of money. My cousins there advise me, they have experience (...) (France – French resident of Portuguese descent)

“My grand-father had opened that account for me” (Luxembourg – Foreign resident in Luxembourg)

- **Consumers owning (or buying) a second home in another European country.**

Apart from those consumers with strong family ties who may own property in another country, a fairly large proportion of respondents do own a second home which they generally use for holidays, or sometimes for longer stays in the case of retired people who divide their time more or less equally between two countries. Such respondents were found in practically all country samples (in particularly large numbers in the United Kingdom, Germany, Belgium, the Netherlands, Sweden, Finland and Italy).

For these owners of property in a foreign country, opening and keeping a bank account in that country was practically an obligation : originally to deposit the funds needed to acquire the property and / or to be able to obtain a mortgage loan from a local bank, and later to carry out current transactions linked to property ownership (regular mortgage payments, rents, utility bills, insurance, local taxes, etc.).

Convenience, while staying in the second home is another obvious reason for having a local bank account.

“We have an apartment in Italy. You need an account to pay your bills, your electricity, your water, your local taxes ...” (Germany – German owning a second home in Italy)

“It is so much easier to pay for all the bills tied to the running of the home” (Italy – Italian owning a second home in France)

Sentimental factors also play a part, in the sense that having a local bank symbolises a degree of integration in one’s “second country”.

“There were three reasons for opening that account. First, it is convenient when you have payments to make for your house; then it is easy to pay with the credit card (linked to the account); lastly I do not want to feel too much like a foreigner, as it is a country in which I spend part of my life” (Germany – German owner of a summer house in France)

Relatively similar situations were found with boat ownership in a foreign harbour.

Ownership of a car (based and insured locally) was also observed in several cases.

- **International business people.**

Respondents corresponding to this description were found in several countries (notably Belgium, France, Germany, Greece, Italy, Portugal, and Spain). They are either salaried managers or professionals of firms having a lot of dealings in other countries, who travel a lot themselves on behalf of their organisation, or self employed persons who carry out business on their own account.

Having a bank account in a country frequently visited for business purposes may be mere convenience from a personal point of view, or also convenience from a professional standpoint (invoicing customers in another countries and collecting payments for them, or paying miscellaneous suppliers or temporary employees).

“It is a service to my clients, because cross-border payment fees are high. Half of my clients are in the Netherlands. For small amounts, clients now pay rapidly (instead of waiting to have several invoices before paying them)” (Belgium – Self employed Belgian doing business in the Netherlands)

“I travel to Germany a lot, we have an export company and it’s very practical for me to have an account there” (Spain – Spanish employee of export company)

- **Cross-border workers.**

The sample of respondents includes cross-border workers in border regions, living in their home country and working nearby on the other side of the border. A few such cases were identified notably in the Finnish, French and Italian samples.

Obligation (by their employer) was the prime motivation for opening a bank account in the country where they work.

“My husband and I used to work in Belgium, so we had to open that account, it was a request of our employer. We have kept it because it bears interests, and money transfer fees are very high” (France – Border region resident having worked in Belgium)

“The Swedish company I work for obliged me to have an bank account in Sweden” (Finland – Finnish resident of border region working in Sweden)

- **Other border region residents having regular, although relatively limited transactions to make in a neighbouring country.**

Examples identified include such cases as a French border region resident who receives occasional payments from a Belgian agency for which his children are modelling, a few people in the same region who make more or less regular errands across the border, a Dutchman residing in Belgium who makes regular payment of his subscription to a Dutch satellite television provider, etc. Bank accounts were opened in the neighbouring country for convenience.

“I opened an account in Belgium because my children do some modelling there, it is easier to deposit and cash the cheque earned from their work” (France – Border region resident)

Few such examples were found.

In all of the above listed cases – by far the majority of the sample – the motivations for opening and/or keeping a bank account in another country were not the search of any particular better conditions or opportunities, but merely necessity : a real obligation to do so in certain cases, or a feeling of quasi-obligation to be able to make simple transactions conveniently without incurring unnecessary costs (making or receiving payments or withdrawing money from cash machines without paying cross-border transaction fees, and without the long delays of such transactions).

⇒ **A small minority only of cross-border bank account owners** can be classified as opportunist consumers.

Although qualitative research samples have no statistical value, it is probably worth noting that **those respondents who show any sign of opportunist purchase behaviour as regards cross-border bank accounts** (irrespective of their behaviour regarding other financial services) **represent less than one out of ten of all respondents.**

They include consumers interviewed in Austria, France, Luxembourg and the Netherlands, notably in border regions, who had acquired knowledge of better conditions in banks across the border : higher interest rates in savings accounts, interest served on money deposited on current accounts, lower fees, better service ...

“In Austria, all financial services are more expensive than in Germany” (Austria – Austrian with a German bank account)

“I wanted a Belgian savings account for interest reasons. The interests there were higher at the time” (Netherlands – Dutch national with a Belgian bank account)

In some cases, opening a cross-border account (or keeping one open after returning to one’s own country) was done as part of a package including other financial services (such as a free credit card, credit facilities or better investment opportunities).

“Citibank was offering a free Visa card to account openers” (Luxembourg – Luxembourg national with foreign bank account)

Another reason (which was clearly found in the declarations of a few respondents only) was to escape certain taxes, or to keep some money out of sight of the national tax authorities (but some others, who did not express themselves openly on the subject, probably shared the same motivation).

Lastly, very few Internet shoppers were found among those who had opened cross-border accounts – among younger respondents in Austria and Denmark (although others also use their bank’s Internet facilities to make transactions, but they did not initially “shop for” a bank on the Internet).

II.1.2 CREDIT CARDS

⇒ **In their vast majority, owners of credit cards purchased cross-border do not really regard their card as a different service from their bank account : rather, it is an additional feature to the account, or even an integral part of a single account-plus-card package.**

Credit cards were often acquired immediately from the banks in which cross-border accounts were opened – and generally at the initiative of the banker rather than in response to an express request by the customer.

“From the moment I opened the bank account, the bank offered me a credit card.” (Portugal – Portuguese national having a bank account and a mortgage in Spain)

“It came together with the account” (United Kingdom – British national having a bank account, and owning a house in Spain)

In other cases, it was only some time after opening the account that a credit card was added to it – generally at the initiative of the customer, but in a few cases because of a refusal by the bank to deliver a card to a foreign customer before acquiring some experience of the account.

Reasons for contracting credit cards do not appear to be substantially different from those for acquiring credit cards in the home country : basically because of their convenience and “flexibility” for withdrawing money in cash or for making payments – making use of credit or deferred debit facilities or not. As for bank accounts, using a “local” credit card (rather than the “national” card which many respondents also own) avoids paying commissions or extra costs when making transactions.

“The credit card suggested itself because I had an account with that bank anyway. My clerk handled everything for me, it’s a matter of confidence. And I said, OK, I take the credit card because if I am somewhere abroad and need money in an emergency, then I can use the credit card” (Austria – Austrian with a German account and credit card)

Some specific additional reasons can occasionally be found : avoiding using cheques in France (an argument mentioned by a Finnish respondent) ; little availability of automatic cash machines in Denmark, making card payments often necessary, or low acceptance of non-Danish cards in many places in Denmark, starting with the parking lot in Copenhagen airport (mentioned by Finnish and Swedish respondents) ; better security in case of card theft in Denmark (mentioned by one Swedish respondent) ; making electronic payments (mentioned by one Belgian respondent).

“The original driving force for me to acquire a French credit card was the wish to avoid using cheques. The cheques are soon used and as I need them for paying some bills from Finland, I have to put away some cheques for later use. In addition, I am not that familiar with the French numerals and using the cheques is not that simple as I have to write down the amount in words as well as numbers” (Finland – Finnish national living partly in France)

“In Denmark they use Dankort. If you want to use cards in Denmark you have to have a Dankort – and to have a Dankort, you have to have an account in a Danish bank” (Sweden – Swedish national living partly in Denmark)

Generally, the cross-border credit cards acquired seem to be used relatively little in comparison with the cards owned and used in the consumers’ home country – as there is often much less money left on the foreign account owned, and fewer (or more occasional) transactions made. Some consumers even appear to use them very seldom, and to regard them as a means of payment “in reserve” for any emergency situation abroad rather than a service to be used in normal circumstances.

Moreover, few respondents seem to make use of the credit feature of a card which they mainly regard as a payment or debit card. Some exceptions were however found to this widespread behaviour (notably among Danes and Irish respondents who lived in the United Kingdom).

Limited credit card usage (so they assumed when being offered a card) was a reason for a number of consumers to decline the offer to contract a card with their cross-border bank account – together with the fear of indulging too easily in unnecessary expenses.

⇒ **Only a small minority of respondents bought a cross-border credit card not connected to their bank account.**

- Credit cards actively promoted in airports : one Finnish and one Greek respondent took advantage of promotional offers.

“American Express had a campaign in a German airport and as I had been thinking of applying for a German credit card before, I decided to do it right away. After two weeks, I received the card, it was delivered to me by mail” (Finland – Finnish national travelling often to Germany)

- Credit card promoted to every employee of the respondent’s company, which one Greek respondent acquired.

“I was working in Germany then. A big Spanish bank approached all employees of my company. It had a good image and they offered a 4 year free subscription” (Greece – Greek national when working in Germany)

“I wanted to make purchases using the store’s credit offers, and it involved taking citizen with a Belgian revolving card)

- Consumers waiting for some time after opening their account to compare the benefits offered by different cards before opting for one, in several countries.
- One consumer owning 2 cross-border credit cards, each of them offering slightly different benefits (in Finland) ; one of them only is connected to his bank account.
- Store cards including revolving credit owned by a few border region residents in Luxembourg, France, Germany and Sweden.

“I wanted to make purchases using the store’s credit offers, and it involved taking their card”(Luxembourg – Luxembourg citizen with a Belgian revolving card)

⇒ **On the whole, respondents do not appear to behave as much more active consumers for cross-border credit card acquisition than for opening cross-border bank accounts.**

Some examples can however be found of consumers who investigated credit card conditions offered by different banks before deciding where to open an account ; and a few others decided to change from the card they had originally acquired for another one after discovering that the latter included certain additional consumer benefits.

II.1.3 HOME AND CAR INSURANCE

⇒ **Home insurance** is apparently not a legal obligation in all European Union countries – at least for detached houses. Yet, all respondents owning a second home in another Member State (and some renting a house or a flat either as “second main home” or as a base for their frequent business activities) seem to have insured it.

In the vast majority of all cases, insurance was contracted in the country where the property is located, owing to the following reasons :

- In the case of temporary foreign residents who already had their property insured in their home country.

“For the apartment I still have there (...) As I mentioned, I only have a limited employment contract and a second residence in Germany, because (probably I will return sometime (Austria – German resident in Austria)

- Because of a perceived legal obligation. Some consumers are convinced that it is legally compulsory to insure a house in the country where it is situated ; others believe that it is the case, yet without having ever asked themselves the question ; others are not sure about it, but they suspect that it must be the case – all the more so for some who made enquiries with their home country insurance company, but were told that this is “impossible”, or a least “problematic”.

The idea of such a legal obligation seems to be particularly widespread among consumers interviewed in Germany, Ireland, the Netherlands, and Sweden, and it is also found among Danish, Finnish, Italian and British respondents.

“In France, you must have an insurance to be able to sign the act with the notary” (Belgium – Belgian owning a second home in France)

“The flat we bought is part of a group of buildings and the insurance is for the flat, but it is also an insurance for the building and a compulsory part of the purchase” (Denmark – Danish national owning an apartment in France)

“I think it would be much more complicated if I would like to have my Spanish home insured by a Finnish insurance company. I wonder if it would be possible” (Finland – Finnish national owning a house in Spain)

“I perceived that there may be difficulties in trying to buy insurance in the Republic to insure a Northern Irish property” (Ireland – Irish national co-owning a home in Northern Ireland)

“I think that for a house in Belgium one needs a Belgian insurance, that's what they told me in the “immo” anyway” (Netherlands – Dutch national owning a home in Belgium)

- Because it seems “natural” to do so – an idea shared by very many respondents, actually reflecting the fact that people who lead “split lives” in two different countries tend to separate their financial affairs accordingly.

“I have an insurance abroad because I have a house abroad” (Germany – German owner of a second home in France)

- More specifically because of expected difficulties if one behaves otherwise.

This can be when contracting the policy, if the insurer requires visiting the property before making an offer (a situation mentioned by respondents from Luxembourg and the Netherlands owing second homes in other countries, mainly France and Spain).

“The house to be insured was a wood chalet. We were asked to change the entrance door to another one with no glass pane; the insurer also checked that none of the nails used to assemble the wood planks was visible from the outside” (Luxembourg – Luxembourg national owning a house in France)

It can also be due to anticipated complications in case of damage to the property if the insurer is far away (as mentioned notably by some Dutch and Italian respondents).

“I had rather have this in Portugal in case something happens, I don't think a Dutch representative will go all the way to Portugal to measure the damage” (Netherlands – Dutch owner of a second home in Portugal)

- Because of more attractive price and conditions.

Although a number of respondents mention more attractive insurance prices in the country where they have a second home, compared with prices in their own country (mainly Dutch and British consumers about insurance in Spain, Italians and Portuguese about French insurance prices, and a few Greeks about any non-Greek prices), this was seldom a reason for deciding to buy insurance cross-border (but rather, something which they discovered later on).

“If I could have all my insurance policies in France, and not a single one here (I would do it) because insurance is cheaper; and when there is a problem they take care of everything” (Portugal – House owner with double nationality, Portuguese and French)

Another factor playing a role in insurance purchase behaviours is the relatively moderate cost of home insurance – making few people really bother to investigate in detail.

Also, terms and conditions are generally believed to be pretty much the same from one country or one insurance company to another, making detailed searches not worth one's while in the minds of many.

In this connection, one can observe that practically none of the consumers interviewed decided to discontinue his/her insurance policy to look for better terms in another Member State (discontinuation, when it happened, was mainly due to selling the property).

⇒ **Only a handful of cases can be found of consumers contracting insurance with a provider in a country other than that where the property is situated.**

- Several British owners of second homes in Spain who chose a British insurer for reasons of trust, familiarity and convenience.

“We only had a week's holiday and rather than trying to arrange insurances locally, knowing that I would be in the branch for an hour or so when my wife would rather be zipping round looking at things, we just decided to do it back here” (United Kingdom – British owner of second home in Spain)

- One Greek respondent who recently bought a house in his own country for which he deliberately went to a German insurance company both for price reasons and because of basic distrust in Greek insurers.
- One Austrian lady who used to live in Germany where her German home was insured, and who applied to the same company for the house that she moved to in Austria ; however, as the German insurer has offices in Austria, it is difficult to assess whether this purchase was really cross-border as defined in this study.
- One Finnish respondent in a similar situation – owner of a house in Spain insured with a German insurance company (yet perhaps through a local broker).

⇒ Similar observations can be made overall for **car insurance**. Most cars insured cross-border are actually based and mainly used in the country where they are insured (and where their owners also have a second home).

Even more so than for home insurance, this appears to many respondents as a legal obligation, linked to the obligation to have the car registered in the country where it is normally based.

“Because the car had a German licence plate, and so I also had to take a German insurance” (Austria – German national living in Austria)

A few respondents also expressed concern about the difficulty, or the impossibility, of carrying over no claims discounts from one country to another – notably in Sweden.

“The insurance fees are calculated from a base of years without damage in Denmark and the number of years that you in person have owned a car in Denmark. That makes it almost impossible for a Swede to have a car in Denmark” (Sweden – Swede residing in Denmark)

“German insurance companies do not accept years without damage in Sweden as a base for price reduction of car insurance” (Sweden – Swede having lived in Germany)

Some exceptions could be identified.

Some of them actually concern foreign residents who kept the insurance policy which they had contracted in their home country before moving as well, apparently, as their foreign car registration – although they often suspect that they do not fully comply with existing legislation in doing so. Such cases include a German citizen now living in Austria, a Spaniard now living in Belgium who renewed the insurance contract after moving, an Irishman who kept his Spanish insurance from the days when he lived in Spain, a Portuguese consumer who used to live in Spain as well as a Frenchman living in Portugal, and two Spaniards after returning from living aboard.

Cases in which real cross-border insurance purchase could be identified without ambiguity are actually extremely rare.

Among them, one finds one Austrian living in Austria, who contacted a German insurance company after seeing ads offering particularly interesting terms, one Dane who applied to a British insurer following his car dealer's advice (but has to discontinue this contract when he bought instead a second hand car which that company refused to insure), and one Irishman who shopped actively for lower prices in Northern Ireland (but who had to give an address in Northern Ireland where he has relations in order to be accepted as a customer, and who knows his situation is not "legal").

"Last year in April, when I bought a new car, I looked at a number of liability insurance companies – and the German insurance clearly offered the best terms. It also had a higher maximum liability insured than the Austrian one" (Austria – Austrian living in his home country)

Among the respondents, some do believe that insuring their car in another country is legally possible – contrary to many others analysed above – but they did not make any active attempt to do so, for reasons of practicality and convenience.

II.1.4 OTHER FINANCIAL SERVICES

⇒ **Mortgage loans** are one of the other types of financial services frequently found in the sample of interviewed consumers.

In most cases, contracting them with a supplier from another European Union country was linked to the house or the apartment bought being situated in that other country.

- Either because it is an obligation to do so according to some respondents
- Or, although possibly not a legal obligation, because banks in the country in which consumers reside are very reluctant to finance real estate purchase abroad (according to respondents in Greece, Ireland, the Netherlands, and Sweden).

“I bought a home in Northern Ireland, but that was only possible because it was a joint mortgage with my brother, who lives in the North and handled all the arrangements” (Ireland – Resident of the Republic of Ireland, co-owning a home in Northern Ireland)

“I was told by my Dutch bank that contracting a mortgage for a house elsewhere was not possible” (Netherlands – Dutch national when considering buying a house abroad)

- Or because it appears to respondents as a logical thing to do, and an easier and more convenient process (faster and less troublesome procedures).

“It seemed to be a natural thing to do” (United Kingdom – British national owning a mortgage in Spain)

- Or, in a few cases, because a foreign financial institution proved ready to offer better terms, whether regarding amount of credit or interest rates, than one’s home country bank.

“Because it is much cheaper (...) the reason was price” (Portugal – Portuguese buyer of a second home and a mortgage in Spain)

Few exceptions were found : one Greek consumer who contracted a mortgage with a British financial services supplier to finance the purchase of a house in Greece (having received unsatisfactory responses from Greek banks) ; one consumer in Luxembourg to finance a house purchase in that country, who turned to a Belgian bank following refusal from the Luxembourg bank to lend the amount of money required, on the basis of the consumer’s income, and one Swedish respondent who contracted a mortgage in Luxembourg to buy property in France (now fully reimbursed).

⇒ **Consumer credit was contracted cross-border by a few respondents.**

They include one French person – yet at a time when this person was living abroad – and a few consumers in Luxembourg ; among the latter, 2 were clearly able to obtain credit from Belgian suppliers although they were denied the same credit in their own country, as the Belgian financial institutions involved did not take account of these persons’ existing credit record. One of them was thus enabled to buy a car which she could not have afforded otherwise.

“Banks in Luxembourg refuse credit, claiming that we are not earning enough. Yet, credit is more expensive in Belgium and we manage to pay it. So they should look better” (Luxembourg – Luxembourg citizen, buyer of a car with Belgian credit)

⇒ **Personal loans were also contracted cross-border by a few consumers – in all cases in the country where these persons resided at the time** (including personal / graduate loans granted to Greek students studying in the United Kingdom).

⇒ **Pension plans contracted by certain consumers in other countries than their present country of residence** (Greek, Irish, Portuguese, Spanish respondents, Swedes living in Denmark) actually result from their having worked in one of those countries where they did most of their career, and in where most are normally bound to return. **Keeping them in those countries is an obligation** (even if some of these plans are “frozen” for the time these persons spend away from their country of origin).

“My pension plan comes from the time when I was working in the UK. Although I still work for the same company, when I moved from the UK I was told they could not continue to contribute to the plan from Ireland for tax reasons, so it’s frozen” (Ireland – Irish national having worked in the United Kingdom)

⇒ **The same is true to a lesser extent of life insurance and health insurance**, which a number of consumers have kept, rather than really contracted cross-border, from the days when they were living in another European country, or which they keep because of professional or other activities which they have in that country (such examples were found notably among respondents interviewed in Belgium, France, Greece, Ireland, Luxembourg, the Netherlands, Portugal, and the United Kingdom).

“I had to buy it in my home country” (Belgium – Spanish national having health insurance in Spain, although living in Belgium)

“There are much too low responsibilities with Swedish insurances, therefore I have kept my German (health) insurances. It works out OK.” (Sweden – Swedish resident, formerly residing in Germany)

“I cannot take a normal life insurance since I am not a Swedish citizen. The insurance is limited to 75 000 SEK. I do not understand why, there are no rules, it’s just like that, no one seems to be able to give a good answer” (Sweden – Dutch national residing in Sweden)

More active decisions to buy life insurance from a foreign supplier were found in a few cases : notably 2 Austrian consumers finding better terms in Germany, one German in the United Kingdom, as well as one Spanish respondent. Another respondent (French, living in Portugal) made an active decision to keep his French health insurance rather than to change it for a Portuguese one, owing to the assumed better health system in his native country.

“We looked around in Austria where such insurance policies are legion, but they are quite a bit more expensive” (Austria – Austrian national living in his own country)

⇒ **More active cross-border purchasing behaviours are found in the area of savings and investments** – although by far not by all consumers.

Analysing respondents’ declarations in their interviews, one can identify **several reasons explaining this situation** :

- Many respondents do not perceive the same legal constraints to cross-border purchasing as for some other financial products.
- Financial investments are “virtual” by nature – i.e. not related to any country of origin or any particular location – contrary, for example, to mortgage or home insurance.
- The financial investments market is constantly moving, and it offers opportunities stemming from the development of new products by suppliers in different countries.
- Tax advantages are sought by a number of respondents (although not all of them openly admit it).

Overall, it can be estimated that about 4 out of 10 respondents having cross-border savings and investments are more or less active cross-border purchasers.

Typical examples of active behaviours include :

- An Austrian consumer owning bonds which were purchased in Germany, owing to the possibility to carry out transactions on line and to the absence of tax on capital gains across the border.
- Another Austrian consumer who used to have shares both in Austria and in Germany, and who “transferred” everything to Germany “as soon as it was possible” to take advantage of a much bigger stock market and lower fees.
- Several respondents in Belgium who really chose where to buy investments, sometimes following advice by their bankers.
- Several French consumers looking for the most advantageous investments in different European countries, in terms of rates, fees or “entry rights” – and tax advantages (no “CSG” tax in Luxembourg).
- Several Italians also owning investments in different countries, including in search of tax benefits.
- Several Spaniards who were attracted by the wider offer of financial services available in other European countries (including France and the United Kingdom) – some of them made their transactions through the Internet.
- Several respondents in Sweden owning stocks in Spain or trading via Eurotrade – in the latter case to avoid having to fill in tax declarations on capital gains.
- Miscellaneous respondents in the other countries covered in the study – yet apparently with less frequent active behaviours.

“The advantage of the German account is that you do not have to pay capital gains tax. Moreover, the account can be managed on-line” (Austria – Austrian with German bonds)

“I had stocks in Austria before, and also German ones. But I had to pay a higher management fee and the transaction costs were also higher. And now it can be done directly in Germany, and this is more economical” (Austria – Austrian with German stocks)

“There is no tax on investments in the Netherlands” (Belgium – Belgian owning stocks in the Netherlands)

“I checked and the yields on my French fund were higher than those on my Italian one” (Italy – Italian owning investments in France)

“You can make stock affairs via Eurotrade. Pay no taxes and be spared from the Swedish capital gains and the complicated form K4” (Sweden – Swedish national owning stocks)

In other cases, owning financial assets in another country appears more as a historical heritage as can be illustrated by the following typical examples :

- A consumer of Italian origin who has owned since childhood, and keeps, some investments in his native South Tyrol (Alto Adige)
- Belgian consumers having savings either in France, the Netherlands or Spain where they have bank accounts – actually less for real investment purposes than to keep relatively limited sums of money on which interests are served, and to cope with any expenditures they could need to make in those countries on the occasion of their (frequent) visits.
- Several German respondents who started having savings and investments in other countries (Austria, Belgium, the Netherlands) in which they lived earlier, and who have kept them as a “reserve” of money yielding some interests.
- One Irish respondent having a government sponsored savings plan in France, as well as one Luxembourg resident having more diversified investments.
- Some Italians and some Spaniards who have kept “historical” investments from the days when they lived in another European country.
- A Swedish lady married to a Greek whose investments in Greece are destined to their children.
- A Dutch consumer who keeps in the United Kingdom investments acquired by heritage.
- A British lady who also inherited money from her brother who lived in France, and who invested it locally primarily in order “not to lose in exchange”, and also in the perspective of settling down in that country later.

“I am a fan of Austria, I would like to buy some property there in a few years and settle down there. For me, it is simpler to have that money over there, so that it is quickly available” (Germany – German national with savings in Austria)

“A French government sponsored savings scheme which was heavily advertised and seemed too good to pass up” (Ireland – Irish citizen with savings scheme in France)

“Not putting all you eggs in the same basket, and being able over time to have more choice” (Luxembourg – French national residing in Luxembourg, with investments in two different banks in France)

“A PEP which was set up when my brother died, and left me a lump sum in Euros (...) It’s a protection for the future, I plan to retire in France” (United Kingdom – French national residing in the United Kingdom)

II.2. PURCHASE DECISION PROCESSES

⇒ **Decision processes regarding the opening of a bank account are generally fairly simple.**

- Foreign residents who already had bank accounts in their native land before moving to the country in which they now live, and who have kept these bank accounts open, will not be discussed in the present sub-chapter, as opening these accounts had no cross-border character at the time.

Some other consumers made decisions to open bank accounts because they were also contracting other financial services – such as, notably, mortgage loans ; these decision processes will thus be analysed later.

- **In most cases** when bank accounts only were contracted, or were the main financial service initially bought, **consumers did not shop around nor tried to compare offers from different banks.**

Rather, they tended to follow advice and recommendations given to them by different types of (informal rather than formal) advisers :

- People who went to work in another country for greater or lesser lengths of time generally sought advice from their employer, or from work colleagues, and often opted for their employer's bank, expecting easier and faster processing of basic transactions (starting with money transfer for salaries, etc.).

Recommendations from employer or colleague were also instrumental to ease the opening of the account initially in a number of cases – including sometimes physical presence of this “informal referee” at the meeting between consumer and bank manager.

“I got the impression that I would probably not have succeeded in opening the account all by myself. The presence of a former customer of the bank, my colleague, created a trust between me and the bank, he was there with me in the bank's agency to assure the bank officer that I had just started working for them and that I was trustworthy” (Finland – Finnish national working with a UK company)

- Respondents who went abroad for their studies also sought advice from their university or from fellow students.

“I was advised by another student” (Greece – Greek national, former student in the UK)

- People having family ties or personal acquaintances abroad were advised by persons of their acquaintance and generally followed this advice.

“I have been to Germany frequently. My brother lives there together with his girl friend, therefore it was practical to have an account in Germany. Besides, I know the clerk personally, and so, of course, I have more confidence in him” (Austria – Austrian with a German savings account)

“Our neighbour advised us to have an account in Figueras, it is the nearest city, he recommended Banco de Bilbao where he too had an account” (Germany – German owner of a second home in Spain)

- Other advice could come from former owner of the house bought, real estate agent, notary public, or other intermediary – yet mostly in cases where opening an account was done in conjunction with other financial operations.

In many cases, being recommended a bank by someone also means being recommended **to** this bank – i.e. (hopefully) being considered and treated better subsequently than just any anonymous customer.

- **Only a relatively small minority of consumers made** (generally limited) **comparisons between different financial establishments.**

In few cases, this involved comparing fees or other specific aspects of the “product”, including associated services or “side benefits” (such as credit card delivered free of charge or offering certain benefits). The few Internet buyers in the sample correspond to this description, together with a few other consumers who made some comparative investigations by telephone or mail.

“I searched the Internet to find the cheapest banks. There was a kind of comparative calculator, where (the bank finally selected) came off quite well” (Austria – Austrian with a German bank account)

“Both banks offered an E-savings account. Therefore the interest rate was a determining factor” (Sweden – Swedish national formerly studying in the UK)

In others, more basic elements of comparison were involved, such as geographic coverage, “look” of the bank, or experience of the general attitude of the bank’s staff towards customers or potential customers.

- Among the **main reasons for selecting a bank** (other than the recommendations received and the comparisons made by a minority), one finds :
 - General image and reputation – most often leading consumers to turn to a large, well known bank in its own country.

“I saw this bank, and recognized its name and logo” (Netherlands – Dutch owner of a bank account in Germany, opened when studying there)

“I have an account in the Greek Government bank, Etniker. We chose that bank because it felt secure and because it has an office in Stockholm” (Sweden – Swedish lady married to a Greek)
 - Geographic coverage in the country, including number of branches and number of ATMs.

“I always compared the top three local banks in the countries where I was and made a choice out of the top three on the basis of image, location, etc.” (Belgium – Consumer having lived in several European countries)
 - Proximity to one’s place of work and/or residence (some respondents even confess that they did not go any further than the nearest bank agency next door ; some others, who bought a house abroad in a small town or village, had no real choice).

“It was the only bank on the spot; we did not intend to go and look any further” (Germany – German owner of a second home in France)

“We were living on the outskirts of town and the banks were all in the centre whereas we have an office of CAM right in our community, there are more of them and I think they are more accessible” (United Kingdom – British owner of a second home in France)
 - Opening days /hours.
 - Language skills of staff and/or managers – an aspect mentioned by a number of British respondents as well as a few Germans and Finns (some of whom found staff speaking their language in bank agencies in Spain).

“What’s nice is that there are so many Germans that the banks have German speaking staff. It was one of the key factors” (Germany – German owner of a second home in Spain)
 - Existence of branches or partners of the selected bank in one’s own country – a criterion actually only mentioned by certain Belgian, Finnish, Irish, Portuguese and Spanish respondents.

“I chose that bank because it is one of the large banks in France, and I know the bank from back home in Denmark, which means you feel more secure because you know it is safe if anything happens” (Denmark – Danish owner of a bank account in France)
 - In few cases, non acceptance of the customer (or complex conditions being imposed) by the first bank visited.

“Originally I went to different places in London and looked at various banks, and asked about opening an account. But as I am a foreigner they treated me bad. With (another bank) there were no problems” (Austria – Austrian formerly residing in the UK)
- **In very few cases only, selecting one establishment was the result of active marketing from banks** (some cases were found notably among students who found promotion aimed at them, involving special benefits linked to account and/or to other banking services).
- Except for the few Internet shoppers interviewed, and a few business people whose dealings to open an account were only by telephone, fax and mail, **opening a bank account involved a face to face meeting with branch manager or staff.**

That was not perceived as a constraint (as consumers were generally “on the spot” already).

⇒ **In the vast majority of cases, purchase processes relative to credit cards cannot be distinguished from bank account contracting processes.**

- As observed earlier in this report, **credit cards are not really perceived by most respondents as a service of its own**, but rather as an additional feature to bank accounts, or as a basic component of a standard account-plus-card package.

“They gave it to us when we opened the account” (Germany – German owner of second home in France)

“I have a bank account in the Spanish bank La Caixa for regular expenses in Spain. To this account is linked a credit and debit card. No problems whatsoever” (Sweden – Swedish owner of a second home in Spain)

- In fact, **most of the cross-border credit cards owned are connected with the cross-border account, in the same bank.**

The only exceptions found in the sample are :

- 1 Finnish and 1 Greek consumers who took advantage of promotional offers (by American Express) in airports ; another Finnish respondent who applied for such a card after finding advertising information about it ; and a Greek respondent responding to an offer made to all employees of his company.

Another respondent, based in Sweden, also responded to similar promotion (about a Citibank card offering side benefits for frequent flyers), but was finally denied the card because he was not living in Belgium (where the promotion took place).

Key factors for contracting such a credit card were the offer of such benefits as 4 year free subscription, amount of credit allowed, or miscellaneous side benefits.

- 1 British customer who organised a Euro credit card through his bank in the United Kingdom.
- The few cases (mentioned earlier) of credit cards offered by stores in which the customers concerned regularly do some shopping (in France, Germany, and Luxembourg).

- **Moreover, in many cases cards were contracted immediately when opening a bank account.**

This was the case of a majority of respondents concerned in most countries, who were immediately offered a card. Free subscription for the initial year was often a convincing argument, although some people actually use it infrequently.

“From the moment I opened the bank account, the bank offered me a credit card” (Portugal – Portuguese owner of a second home and a mortgage in Spain)

Dutch and Irish customers were not all so prompt in contracting credit cards ; in particular the latter, who when settling down in the United Kingdom waited for several months until they applied for a credit card ; both out of their own will (to take the time to compare benefits offered by different card suppliers) and, it seems, because banks in the United Kingdom appear to be more restrictive than elsewhere in proposing credit cards to their customers (an observation also made by a few respondents from other countries who happened to live in the United Kingdom).

“I looked at the different deals – a couple of months after I settled down there” (Ireland – Irishman, formerly residing in the UK)

- **There are few signs of pro-activity in consumer behaviours regarding credit cards.**

- From certain consumers, who waited for some time before deciding to apply for a card – and sometimes took advantage of competitive offers.

In addition to the few cases above where consumers bought credit cards elsewhere than in their regular bank, a few other respondents, who did contract a card with their bank, made an active choice between several options open to them (either different credit card brands, or different card options available from the same brand).

- From others, not at the time of card buying, but later on (greater propensity to consider discontinuing their card service, or switching brands as they become better informed of each one’s specific advantages).

“First they offered me a MasterCard, with no fee for the first year because I was a student (...). Two years later, I changed for a Visa card because the fee was lower, and it was free of charge for the first year too” (Luxembourg – Former student in Germany)

⇒ **As regards insurance :**

- As for bank accounts, a number of respondents originating from other countries already had their home and/or car insured before they moved to the country in which they were interviewed. They will not be considered in the present analysis, as these purchases did not have a cross-border character at the time (unless moving to their new country of residence changed their behaviour).
- **Generally home insurance was contracted for property acquired in other countries as second homes**, or in the perspective of going to live more or less permanently in another country.
- Insurance was thus contracted at the same time as property was acquired or only shortly after – i.e. at time when the consumers concerned were physically in the country, be it only to deal with the formalities of acquisition.

This may contribute to explain that **insurance dealings were made locally, generally face to face**, either in the office of the insurance provider or at the place where the respondents were residing locally then (having the insurance agent or broker visit them to secure the deal).

Besides, some consumers who had tried to call on their regular insurance provider in their home country had generally been told that insuring property abroad was not feasible.

- **Whether the service was purchased directly from the insurance company or through an intermediary depended both on each consumer and on the way in which the selected insurance company is organised commercially (selling direct or not) and, it seems, on country - specific practices.**

Insurance sold through brokers seems to be particularly common in certain countries, according to the declarations of respondents (such as Spain, but less so in France, among the countries in which second homes were mainly bought by the interviewed consumers).

Some consumers also purchased their insurance directly from the bank from which they had obtained their mortgage – to make procedures faster and simpler. Examples of insurance contracted with one's bank were found in the case of property acquired in Spain, in France and in the Netherlands.

"I fixed an appointment with my banker and I told him, I want to buy that house and I want to insure it. He told me he would take care of it. He proposed Interpolis, and it was done" (Germany – Owner of a second home in the Netherlands)

"I went to the bank for the mortgage loan and they advised me immediately to do a home insurance through them, so I didn't look for anything else" (Portugal – owner of a second home in Spain)

- Whether or not there was a formal intermediary, **consumers tend to seek advice and recommendations before choosing an insurance provider.**

In many cases, this is only for lack of any knowledge of which provider to turn to, in others it corresponds to more active "shopping around" behaviours.

People or organisations from whom advice is sought and obtained include personal acquaintances locally, the private persons or the organisation from whom the property is bought, real estate agents, notary public in those countries where this type of professional is involved in real estate dealings, banks, or insurance agents or brokers (the latter representing several insurance companies and being thus able to offer alternatives).

"The former owner was with Winterthur, so I stayed with Winterthur" (Germany – Owner of a second home in France)

"We went to a broker who represents all insurance companies, and we looked for the one that suited us best" (Germany – Owner of a house in Austria)

Most consumers followed the advice they were given – although a few of them changed for another service supplier later on as they gained experience of the local market and were able to compare competitive offers.

- **Another factor playing a role is the name and reputation of the insurance company selected among the market leaders.**

“I went to AXA because it is a large company – and one of my relatives worked there (...)” (Luxembourg – Owner of a second home in Belgium)

A few consumers, finding that their home country insurance company was also operating abroad, chose to turn to this insurer’s local subsidiary or sister company.

- **Proximity also plays a part** – with the local broker or the local insurance company’s or bank’s branch office.
- **In most cases, although no real negotiation took place, buying home insurance appears to be a slightly more involving operation than opening a bank account or contracting a credit card.**

This stems from the fact that different product options are available, and need to be adapted to the property’s specific characteristics.

It makes intermediaries useful – either formal or informal (being accompanied by a local acquaintance to the discussion with the supplier – notably in case of no or limited knowledge of the local language).

- **A minority of consumers only really behaved pro-actively in “shopping around” for competitive offers or in examining policy clauses in detail.**

“The price performance relation, how much you have to pay each month or each quarter, and also the liability insured was most important for me in the household insurance” (Austria – German resident of Austria, with German insurance)

They include a few Austrian and German consumers (when purchasing homes in a country – Austria – having the same language), 2 respondents from Luxembourg (who happened to be lawyers by training, in addition to their speaking the same language as their counterparts for property to be insured in France), a few Italians (familiar with the French language), one Dutch respondent, and the rare case of the Greek respondent who applied to a German company to insure his recently acquired house in his own country.

- For **car insurance**, we will also disregard the case of consumers who contracted insurance in the country where they used to live and who only kept it (more or less legally) after they moved to their present country of residence.
- **There are actually few “pure” cases of cross-border buying in the sample, as a result of legal impossibilities, or at least complications, to contract car insurance from foreign suppliers.**

Most of these cases relate to cars owned and based in other European countries where second homes are owned.

- As for home insurance, **consumers generally sought advice and recommendations from local personal acquaintances** – but less from formal intermediaries, as they are less common in car purchases. Obviously, the company’s name and reputation are also choice factors.

“Last year, in April, when I bought a new car, I looked at a number of liability insurance policies. And the German insurance clearly offered the best terms. It also had a higher maximum liability than the Austrian one” (Austria – Austrian with a German car insurance)

- Depending on cases, **insurance was bought directly from the selected insurance company or from an agent or broker.**
- **In most cases, the contract was established face to face** with the supplier (although also by fax plus mail in a couple of occasions).

⇒ **Decision processes analysed regarding other types of financial services concern mainly mortgages and investments** (as the other “other services” were often contracted, or kept, for historical reasons, or by obligation, or were collective services in which the real contractor of the service was the respondents’ employer rather than the respondent him/herself).

- **Decisions relative to mortgages** analysed exclude those concerning property acquired in their home country by consumers before moving to their present residence in another Member State.

As mentioned earlier, contracting mortgage from a financial institution in the country where the property is situated appears to most respondents concerned as a natural thing to do, for different reasons including convenience ; very few tried to investigate possibilities to contract a loan for such real estate purchases from banks in other countries, including their own ; some who did obtained negative answers.

In such conditions **different attitudes could be observed :**

- **Applying to a local bank where consumers already had an account**, without searching for competitive offers.
- **Seeking advice and recommendations** from personal acquaintances established locally, or from the seller the notary public or the real estate agent through whom the sale was organised.

“The lawyer recommended the bank in which we took the loan for the summer home, but it was our initiative to visit the bank and set up the loan and bank account” (Denmark – Danish owner of second home in France)

- **Working through a specialised broker in the home country** – as did notably a few British respondents.
- **Looking more or less at random**, in the absence of such local contacts, **for a bank**, likely to lend the amount of money required.

Several of the consumers interviewed had such a behaviour ; some had to go to several banks after being denied access to credit by the first ones contacted.

- **Adopting really proactive consumerist behaviours by asking several financial institutions for terms and conditions.**

Although this is **not the most frequent behaviour** it occurs more often than for simpler, less involving financial services (such as bank account and credit card).

In a couple of cases in our sample, shopping around for better terms also occurred at a later stage, when consumers discovered the possibility of “renegotiating” their mortgage and changing suppliers.

“The choice of the bank was because it was the one with the lowest interests” (Portugal – Portuguese owner of second home in Spain)

“I got my mortgage from my Italian bank’s branch in Nice, but the French bank where I opened a current account made a better offer, so I made the transition I soon as I could without paying a penalty” (Italy – Italian owner of a second home in France)

In all cases, contracts are signed in person – a legal or quasi legal requirement.

- **Decisions relative to investments** (including life insurance when contracted deliberately on a personal basis rather than as part of an employer-organised plan) **generally involve a closer look at terms and conditions, including from different competitive offers.**

- **Offers may be issued by the consumers’ own banks** – either in their home country or in other countries where they have bank accounts and/or property.

“The consultant from my bank asked me if I wanted to put my money into something that would give me more interest” (Spain – Owner of stocks in France)

Banks are likely to make such proposals to their customers when they launch new investment “products” or when shares of companies to be privatised are bound to be offered for sale on the stock market.

- **Advice can be sought from relatives, friends or business relations**, as for other financial services.

In the case of financial investments **several consumers were able to benefit** not only from basic local recommendations, but also **from expert advice** : broker for a few who have relatively important financial dealings, business partner, tax adviser or colleague in the finance department of the consumer’s company, etc.

“A friend told me about the advantages of this investment, including no management fees for your current account” (Luxembourg – Owner of investments in Germany)

“A woman I know who used to work for (my bank) told me that you can get more lucrative life insurance policies in Germany” (Austria – Austrian with German life insurance)

- **Some of the most experienced customers demonstrate an ability to organise their financial investments by themselves**, cross-border as well as on their domestic financial market.

The study’s sample includes such cases notably in Austria, Belgium, Denmark, France and Italy.

“We generally looked for a way to better invest our money; we wanted a long term investment with a good interest return” (Austria – Austrian owner of investments in Germany)

These consumers read the financial press, become aware of advertised opportunities and, for some of them, use the Internet actively (to look for information but also to make transactions).

Although the most pro-active consumers are not the majority of cross-border owners of financial investments, this is clearly the type of financial service for which the proportion of pro-actives is the greatest.

II.3. TYPOLOGY OF CROSS-BORDER FINANCIAL SERVICES CONSUMERS

⇒ **From the analysis of both factual data (financial services owned by respondents) and decision factors and processes, we can attempt to draw** a typology of cross-border financial services consumers, including 8 types of consumers.

Naturally, as in any typology, different respondents can be more or less “pure” representatives of the type in which they have been classified ; and respondents classified in different types may have some features in common, although not all features.

However, this exercise may help present a synthetic view of the diversity of cross-border financial services consumers in the European Union.

⇒ **The 8 types identified are as follows :**

A. Historical ownership.

This type is made of people who own financial services in another European country than their present country of residence, yet these services were not bought cross-border at the time when they were acquired.

It includes foreign residents who have kept services contracted in their native country before moving to live elsewhere, as well as nationals who have returned home after living for a long time in another European country.

These consumers may own a fairly wide range of financial services in their country of origin, starting with bank account (not necessarily with credit card) and/ or insurance (mainly for those who still own a house or an apartment across the border) through to miscellaneous other services : pension plan or life insurance for some (i.e. services difficult to discontinue), health insurance occasionally, and /or savings and investments.

This type also includes respondents having only a bank account abroad, and a few cases of car insurance (only) owners (insurance originally contracted in the other country, which they have maintained “more or less legally”).

These accounts and services are generally not very active. Keeping them may be justified by convenience (when occasionally travelling back) and sentimental factors (closing one’s bank account would symbolically mean severing ties with the native country). However respondents were found in this type who had discontinued several of the financial services owned in the past, to keep only the minimum (bank account, or nearly mandatory services which cannot easily discontinued in practice, such as pension plan or life insurance).

B. Temporary ownership.

This type is similar to the first type in that it consists of people who spent time in another country than their native Member State – the main difference being that their stays abroad were – and were planned from the start – to be short, from one year to a few years : either studying in another country, or being assigned temporarily to a work assignment by their companies or organisations.

These consumers generally own a bank account in the country in which they reside or resided temporarily, often together with a credit card, for convenience reasons (making payments and other basic transactions when staying there or in the perspective of occasional visits later on), but few other services (occasionally : personal loan, health insurance). Keeping these minimal services also includes a sentimental dimension (keeping some connection with a place in which they lived, even if for a relatively short time).

C. Mandatory ownership.

This type includes (a few) respondents whose purchase of financial services was imposed, or nearly imposed on them.

Typical cases are cross-border workers whose employer requested them to have a bank account to which salaries can be paid, or government officials now working in international organisations, but still paid by their native country's government (who refuses to pay salaries to a foreign account), or retired people whose pension organisations also refuse to make cross-border money transfers.

Other (rare) services included compulsory health insurance or car insurance (owing to the legal complications in insuring cars not registered in the same country).

Services owned are kept to the minimum required by the organisations imposing them.

D. Cross-border hopping.

This type – also limited in terms of number of respondents – is made of consumers who are often border region dwellers having sporadic or relatively frequent but limited transactions in another country.

It includes, for example, consumers who make more than occasional errands across the border, or who have subscribed to services across the border (such as satellite television subscription), a family having occasional income from their children doing some modelling for a model agency in the nearby country, as well as self-employed people having a few clients or occasional employees / suppliers in that country.

Having a bank account across the border, although not an obligation, offers convenience and avoids paying money transfer fees for each cross-border operation ; these fees would “eat” a substantial part of the generally limited sums of money involved ; the cross-border account is used merely as a “mail box” to/from which money is transferred to a home country bank account “in bulk” rather than at each time.

Other services may occasionally be added to a current account : bank credit card facilitating payments and withdrawing of cash from ATMs ; store credit card used by frequent errand makers ...

E. Split lives.

Typical split lives cases, often found in our sample, are those of people owning a second home where they spend holidays in another European country, without having any strong family or other personal connections, nor any business dealings with that country.

Consumers classified in this type typically have a mortgage (or had one, now fully reimbursed) for their second home, insurance for that home (and, less frequently, for a car which they may keep there), and a current bank account (with or without credit card), on which they keep only limited sums of money : those necessary to cover mortgage reimbursements, payments to utilities, insurance, and local taxes, and local expenses during their holidays.

In their own home country, they may have other services as well (including investments), but they keep a clear separation between their core financial dealings at home, and the minimum required for the functioning of their holiday home abroad.

F. Dual bi-national lives.

Respondents classified in this type include both members of bi-national families and people who really live permanently between two countries and have strong ties with both, although not having family connections in both. Some of them are business people having constant business activities in the two countries as well as people living in one country and working in the other, but retired people who spend half of their life in each of their two “bases” can also be found.

Most of these consumers own a wide range of cross-border financial services including bank accounts in all cases, credit cards in most, mortgages in some as well as home insurance, car insurance occasionally, and other financial products in a substantial minority of cases (mostly savings / investments).

Some of them, however, own a more limited number of services. They do not all have residences in their two countries (and then neither mortgage nor insurance), or they may have property inherited from their family or already fully reimbursed (no mortgage); they do not all have investments in both countries.

What makes them different from the previous type is that they really belong – and regard themselves as belonging – to two places at the same time without the strict separation of their financial affairs into two completely distinct cases which prevails among “split lives” consumers ; they may transfer money from one account to another, open savings accounts or subscribe life insurance for their children or for themselves, or have financial dealings together with relatives in their native country – yet without being “speculators”.

G. Occasional opportunist behaviours.

A few respondents can be classified as occasional – or one-time – opportunists.

Generally, these people “fell” one day upon an opportunity to acquire one or another financial service with interesting terms and conditions, rather than actively seeking the service of their own initiative.

They include a majority of people living in border regions and/or familiar with the country across the border because of language similarity (Luxembourg, Belgium, North of France, South of the Netherlands, Germany for dealings with Austria or the other way around ...). Other respondents in this type were also found occasionally in Ireland, Spain, and Finland.

“Falling upon” an interesting opportunity could occur on the occasion of a car purchase (dealer selling, or giving tips and advice about car credit and insurance), of errands in a store across the border (being offered a store card or consumer credit), of conversations with relatives or friends across the border (recommending savings or investments – rather “safe” than “speculative”), or when finding by accident services advertised with interesting terms and conditions (credit cards promoted at airports).

Overall these consumers are characterised by having few cross-border services – one only as often as two or more. Another feature is that no owner of current account only can be found among them (as the cross-border opportunities which they come across did not require having one).

H. Active border-free opportunist behaviours.

Relatively few respondents correspond to this definition – people actively searching for best opportunities – but they can be found among the samples interviewed in different countries covered in the study.

They are generally people with real international profile, who travel often, generally for business, and/or have lived in different countries. Living in a border region is not a specific feature, as this type includes consumers from Greece, Spain (Madrid), Italy (Milano), France (Paris as well as Northern France), Germany (Cologne), Austria, Denmark, the Netherlands, Belgium and Luxembourg.

They include most of (the few) Internet shoppers who were found in the sample – and more of them use the Internet for information seeking and transaction making.

Financial services owned nearly always consist of bank account, credit card and savings and investments of various descriptions (stocks, bonds, mutual funds, life insurance, mortgage to finance property to rent, regarded as an investment). Other services may also be included, yet rather rarely.

⇒ **The importance of each type** cannot be measured in statistically significant terms in such a qualitative study, but it **can be roughly assessed**, at least by distinguishing types likely to be largely represented in the overall universe and smaller types.

- “Historical owners” of cross-border financial services is the most often found type in our qualitative sample (around 1 out of 4 respondents) , followed by “split lives” (around 1 out of 4) and “dual bi-national lives” (1 out of 6).

Overall one half of the total sample is made of respondents in these three types, who are much more exposed to contacts with other European countries than their own than the average citizen.

- “Temporary owners”, who have also lived abroad, represent in addition about 1 out of 10 respondents.
- “Active border-free opportunists” also represent about 1 out of 10 of all respondents, as well as “occasional opportunists”.
- “Cross-border hoppers” and “mandatory owners” represent each about 1 out of 20 respondents.

Services typically owned by the different consumer types

	Type A Hist. own.	Type B Temp. own.	Type C Mand.own.	Type D Cr. border hopping	Type E Split lives	Type F Dual lives	Type G Occ. opport.	Type H Active opport.
Bank account	++	++	++	++	++	++	+	++
Credit card	+	+		+		++	+	++
Car insurance	(+)		(+)		+	(+)		(+)
Home insurance	++				++	+		(+)
Mortgage	(+)				++	+		(+)
Consumer credit							+	
Personal loan		(+)						
Savings/investments	+					+	(+)	++
Life insurance	(+)							(+)
Pension plan	(+)					(+)		
Health insurance	(+)	(+)	(+)					

++ Frequent occurrence

+ Relatively frequent occurrence

(+) Rare occurrence

CHAPTER III :
PROBLEMS AND DIFFICULTIES
EXPERIENCED BY CROSS-BORDER CONSUMERS

III.1. PROBLEMS AND DIFFICULTIES EXPERIENCED WITH BANK ACCOUNTS

⇒ At the purchasing stage.

Although opening a bank account did not involve major problems for most respondents, a substantial minority experienced difficulties or, at least, found it a rather “heavy” process.

- Some consumers (although not the bulk of those who had difficulties) were faced with refusals before they found a bank ready to accept them as customers.

A Dane living in the United Kingdom was refused an account by several banks, as well as several Irishmen ; a Luxembourg citizen wanting to open an account in France was told that he needed a formal authorisation from (unspecified) Grand Duchy authorities (but found another bank requiring nothing of the sort) ; foreigners trying to open accounts in Swedish banks were also denied access to this service ...

“Several banks refused to accept me as a customer, or they were asking for references that I could not provide at the time. Then I found one which was happy just with an ID and proof that I had a permanent address in the UK” (Ireland – Irishman formerly living in the UK)

“The Swedish bank refused to accept my German ID, although it is an international one. The Swedish bank required a Swedish ID” (Sweden – German national living in Sweden)

“My Danish employer automatically paid all employees’ salaries on Danskebank. To transfer money from Danskebank to my account in a Swedish bank was impossible in practice. It took very long time and was associated with great expenses, several hundred SEK per year. In order to get the money a bit quicker to Sweden and to avoid the high costs for transferring money, I had to open an account in Danskebank’s Swedish partner, Provinsbanken. Provinsbanken refused to accept me as a customer if my only aim was to transfer money. (Sweden – Swedish national working in Denmark)

- Others (more numerous) either faced initial refusals which could ultimately be reversed, or real difficulties to be accepted.

Respondents having lived through such difficulties include expatriate workers and people residing in a new country for business, who had to call on the intermediation of their employer (or business partner) in order to be accepted. Several such cases were found notably among respondents interviewed in Denmark, Finland, Luxembourg, Sweden, Ireland and Spain.

Others had to call on more or less formal or informal “referees” – locally established bank customers by whom they were accompanied to the meeting fixed to open their account (in the Irish, Italian and Dutch samples) ; a French respondent was asked to produce a residence permit by a Spanish bank, which finally only accepted to open a “tourist account” without cheque book ; an Irishman was initially told that he could not open an account in Northern Ireland unless he was listed in the voting register ; several foreign residents in Sweden were faced with the Swedish system of “personnummer” (personal identification number) which is requested for practically every kind of official operations, and which involves a lot of lost time and complications to obtain, without much local help...

“As I was not living there at the time, they first said that they could not open an account for me, although I could give them proof that I had funds to deposit. The problem was solved in the end by asking one of my local friends to play the middleman” (Italy – Italian with a bank account in France)

“I failed with a few banks. I called my university contact person to help me, and she did it, advising me to go to another bank, where everything could be arranged” (Netherlands – Dutch national formerly studying in Germany)

“I was surprised that it was so difficult to open an account (...). My impression is that it would be easier to open an account with the employer as an intermediary” (Denmark – Danish citizen with a bank account in the UK)

- More respondents, although not denied access to a bank account, were negatively impressed by the conditions and formalities required to do so.

Most difficulties came from requests to produce evidence of permanent residence in the country (rental contract, electricity bills and the like) as well as solvency (salary statements of last few months etc.). They were experienced notably by some consumers interviewed in Austria, Belgium, Denmark, France, the Netherlands and Spain. In a few cases, the bank’s request went further : a Belgian wanting to open an account in France was asked to produce a formal solvency statement from his Belgian bank (that took 3 weeks to obtain) ; a Greek citizen wanting to open an account in the United Kingdom was asked to present his request and attached required documents by registered mail ...

Although the problems encountered could be solved ultimately⁵, they were sometimes the cause of serious difficulties – typical examples being needing a bank account to receive salaries and needing evidence of salary payments to open the account ; or needing an account to pay rent or utility bills, and been requested evidence of rental and bill payments to open the account.

Overall, it was clearly in the United Kingdom that opening a bank account was least easy – as reported by respondents of various nationalities – Sweden being another difficult country.

“I had to show the bank pay checks from two months before I could get an account, but it is very difficult to get a job where they pay wages in cash (i.e. facing a two months period without being able to convert pay cheques into cash)” (Denmark – Danish national when beginning to work in the UK)

“In England it is not easy to open an account. If you do not receive a fixed income you cannot turn to the next bank. I received a letter confirming that I pay my rent regularly and that I have enough money in my Austrian account” (Austria – Austrian national with a bank account in the UK)

“They asked me to give them a letter justifying the grant, in order to be able to open the account” (Spain – Spanish national studying in the UK)

There were contrasted views about opening accounts in France (easy and very fast for some consumers, lengthy and bureaucratic for others) – as opposed typically to Belgium, Luxembourg and Spain where most customers concerned did not come across real difficulties. Banks in Germany were often described as particularly formal in their procedures and particularly “paper-greedy”.

“I just went to the wicket with a foreign resident document, then I was directed to the manager. The service was quick, uncomplicated, the account was opened” (Belgium – Belgian resident in France)

“It was very complicated because the banker asked me a pay slip, an identity card, and many questions. He seemed to be suspicious” (Belgium – Belgian national with bank account in France)

“in Belgium they are more friendly, a little “Vieille France”, charming” (France – French national with a bank account in Belgium)

“He went out of his way to make sure everything was set up for us, with everything he said “don’t worry about that, I’ll sort it out for you”. We didn’t actually have to ask for anything” (United Kingdom - British national with bank account and other financial services in Spain)

“I have learnt from my German experience. You need to make time for those dealings, there is no logic, no efficiency” (Belgium – Belgian national with a bank account in Germany)

Lastly, taking the country of origin of respondents as another analysis criterion, people from certain nationalities were, conversely, favourably impressed by the ease with which bank accounts could be opened in other countries than their own. This was noted, in particular, by Greek respondents expressing basic distrust about their own national banking system, as well as Portuguese respondents finding foreign banking systems more open and less bureaucratic than their own, German, Dutch and British consumers generally speaking, and Austrian consumers (notably when opening accounts in the other German speaking country).

⁵ By definition for the respondents of this study, as cross-border bank account ownership was an eligibility criterion ; this does not preclude that other consumers, not interviewed in this study, may not have been able to solve bank account opening problems.

⇒ **Since opening accounts**

Although few of the consumers interviewed were very unhappy about the way their cross-border bank accounts were run, many expressed dissatisfaction regarding different points.

The main following problem categories were identified.

- **Cost of cross-border transactions.**

As was stated earlier, the cost of these transactions was often a major reason for opening accounts in other countries, in particular to avoid paying fees for each minor transaction.

Yet, consumers remain extremely concerned about transaction fees, which they consider extremely high, and which they regard as unjustified between countries in the same Euro zone. Not all of them had heard about the coming into force of European legislation compelling banks to apply the same treatment to Euro zone cross-border and domestic transactions, although it was due soon after they had been interviewed.

“When purchasing my apartment, I wired money from Belgium to Spain and then asked my bank to make a bank cheque for the payment. The bank charged me 0.35 % of the value which I consider quite expensive” (Belgium – Belgian national with a bank account in Spain)

“I have no problem with this account, except that I am furious each time about the cost of the money transfer when we send large amounts to Austria. Both banks took a commission – now I think it’s only one of them” (Germany – German national with a bank account in Austria)

“For example, I had travel expenses reimbursed, they made a money transfer from Germany, an amount of 150 Euros, I paid 15 euros in fees, which I consider abnormal ...” (France – French citizen with business activities in Germany)

“For international transfers, both the one who sends and the one who receives the money have to pay” (Spain – Spanish national with professional activities in Germany)

Some respondents appear to be all the more shocked by this situation that they were not informed in advance about the level (or even the existence) of such fees.

A number of them claim that they prefer to bring money in person to their foreign bank on the occasion of personal or business trips when needed, rather than to incur these high fees.

“The problem is not how you get an account, it’s how you get money into it” (Netherlands – Dutch national owning a second home abroad, who carries along money in cash across the border)

Criticism was voiced by respondents in all countries in this respect, in the Euro zone as well as in the three countries which have not adopted the single currency.

- **Slowness of cross-border transactions.**

This seems to be a less general concern – probably partly because many cross-border accounts are not extremely active and do not necessarily require urgent transaction handling.

It is however another source of complaints by those who have been exposed to slow or even very slow money transfer operations (from 5 days to 3 weeks).

“I feel it is problematic that wiring money internationally takes so long. Therefore, if I go to Spain, I take all the money I will need in these three months with me. When I arrive in Spain, I go to the bank to deposit it personally” (Belgium – Belgian national with a bank account in Spain)

- **Costs of banking operations generally speaking.**

Although this is probably not specific to cross-border banking, it is a real source of dissatisfaction, for some consumers more than for others (less so, logically, for consumers from countries in which account management or related fees are normally charged, who discover that such charges are not practised in other countries).

A number of consumers claim that they had not been informed in advance, or that rules were changed unilaterally by their bank since they opened their account, about fees or commissions being charged for services which used to be free (account management fee, mailing of statements, transactions made through the Internet ...).

“I feel isolated from my French finances; furthermore I have to pay three Euros every time I use the Internet, so what happens in the end is that I never look at it” (Spain – Binational resident with a bank account in France)

“When you withdraw money abroad with your ATM card or pay in a shop the fees are very high (...). They did not warn me, they did not explicitly explain it” (Austria – Italian national residing in Austria, with a bank account in Italy)

Generally speaking, what is being questioned is the lack of transparency of banking operations.

“Very untransparent way of dealing, and they cannot ever explain to you what they have charged you” (Belgium – Owner of bank account in Germany)

A few respondents think that banks apply different treatments to nationals and to foreigners, as regards fees, commissions, or interest rates.

- **Information.**

Various complaints were expressed as regards different problems related to customer information : lack of clarity of information on terms and conditions (as mentioned above) ; difficulty to obtain legal information regarding ownership of bank accounts, transactions, double taxation, etc. ; account statements sent too often or not often enough, depending on clients ; statements difficult to read and understand (particularly in a foreign language) ; “trash” advertising sent together with statements, etc.

Lack of information material in English (or another language understood by consumers) is, perhaps surprisingly, a relatively infrequent complaint.

“Suddenly we began to receive statements and the only thing I understood was that we were in credit in the bank. This caused some problems, as it is difficult to call the bank from Denmark because I cannot explain myself that well in French” (Denmark – Danish national with a bank account in France)

- **Customer service.**

Some general remarks were made about the type and style of service received in different countries’ banks. Those which were found in sufficient numbers to be (probably) significant are about :

- Somewhat old-fashioned service in Belgian banks (waiting, queuing, not always in comfortable conditions).
- German banks being extremely formal and dealing with them involving a lot of paper work.
- Contrasted views on French banks, regarded by some as somewhat bureaucratic and “paper greedy” and, conversely, valued by others for the personal treatment given to customers (notably, the practice of having a specific staff member assigned to each customer account).
- Modern, but increasingly impersonal service by Dutch banks – based on automation and call centres.
- Slow and bureaucratic procedures in Portuguese banks – yet no complaint about the essence of customer service.
- Extremely friendly and personalised service in Spanish banks – where customers are often received by a manager rather than by an employee behind the desk, are offered coffee, etc.
- Formal and courteous service in British banks, yet somewhat suspicious of foreign customers.

“There are many rules, it makes it difficult, they are not very helpful” (Netherlands – Dutch national with a bank account in Germany)

“They make sure the current account never goes overdrawn – they transfer the money, they never ask us. They just automatically transfer money into the current account (from a deposit account)” (United Kingdom – British national with a bank account and a mortgage in France)

“You have to queue and processing at the desk is slow, it’s a bit chaotic but they are helpful” (Netherlands – Dutch national with a bank account in France)

“The banks treat you like you’re really something special ! (United Kingdom – British national with a bank account and other financial services in Spain)

“They never fail, I get communication every three months, and I can take care of everything by phone” (Portugal – Portuguese national with a bank account in Spain)

“No problems whatsoever. Everything works perfect” (Sweden – Swedish national with a bank account in Spain)

Specific reasons of dissatisfaction expressed by different respondents include how problems were dealt with when they occurred.

Unpleasant experiences include rigid reactions in case of temporary overdraft (through to immediate withdrawal of credit card) ; great difficulties to move an account to another branch of the same bank (having to do everything from scratch again by closing the existing account to open a new one in the other branch) ; bank errors attributed to computer system failure (which were corrected, but forced the client to travel sometimes long distances to clear the issue in person with his/her bank) ; Internet banking systems following a different, unfamiliar logic ; call centre numbers not reachable from across the border...

Admittedly, there were also pleasant experiences of fast and adequate treatment of problems – besides the fact that many of the difficulties met by consumers were probably not related to the cross-border nature of their account.

Yet, it is clear that problems, even when they come to be solved ultimately, are more troublesome when dealing cross-border, because of both physical distance and language difficulties.

“Because of the distance, it was harder to cope with it because you do not have a contact person locally. If such a thing happens with a domestic institution, I can go there and show them my power as a customer” (Austria – German residing in Austria, with a bank account in Germany)

“They had computer problems when they merged with another bank. I became aware of it when I realised that one money transfer had not been normally processed; the bank did not take the trouble to inform me. I was asked to go there, 250 km away, there was no way of doing it in a local agency nearer to where I live” (Luxembourg – Luxembourg national with a bank account in Belgium)

III.2. PROBLEMS AND DIFFICULTIES EXPERIENCED WITH CREDIT CARDS

⇒ At the purchasing stage.

Very few of the interviewed customers experienced difficulties as regards credit card acquisition. On the contrary, as mentioned earlier, banks seem to induce customers to buy a credit card when they open an account rather than the opposite – at least in most countries.

This is apparently less the case in Sweden, as well as in the United Kingdom, where banks appear to be more reluctant, or more cautious, to issue credit cards to new (foreign) customers – but a wider choice of card services seems to be available.

“I did not get a Swedish Visa card since I am not a Swedish citizen” (Sweden – Foreign resident in Sweden)

“In England you get the impression that the credit card “hides” behind the bank” (Austria – Austrian with a bank account and a credit card in the UK)

Very few customers had otherwise problems in obtaining their credit card (a Dane was denied a card although it had been advertised to him ; a foreign customer in France was not warned by her bank that the card “had arrived” and was waiting for her in the local branch).

⇒ Since purchasing.

Similarly, **few consumers reported problems in using their credit card** – yet possibly partly because cards are often little used (or are used merely as payment cards).

Apart from having one’s card withdrawn following an overdraft situation, and one case of card withdrawal by a British bank from an Irish customer who had ceased to reside in the United Kingdom, only minor problems were reported (unfamiliarity with the electronic “pin” signature in France ; pin number forgotten by one respondent who had to do all the formalities again ; low acceptance of “international” cards in Denmark ; confusion by a British consumer in Spain about his authorised credit limit which was quickly solved by having the bank accepting to increase this limit ...)

“They refuse renewing my credit card when I moved to Ireland, saying they had an “understanding” with the Irish banks” (Ireland – Former Irish resident in the UK)

“Universally common credit and account cards are less common in Denmark. I switched my Diners to a Danish one. With the Danish Diners I did not receive any points for purchases made in Denmark. With my Swedish Diners, I get points on all my purchases, even for those made in Sweden” (Sweden – Danish national, binational family)

III.3. PROBLEMS AND DIFFICULTIES EXPERIENCED WITH INSURANCE

⇒ **At the purchasing stage.**

- **Few problems were reported about the contracting of home insurance.**

Some respondents had difficulties or felt uneasy in the initial stage either because of different structure and contents of insurance contracts in different countries or because of language (all “paperwork” being in the local language).

However, this never resulted in real difficulties (among the respondents in our sample), as consumers generally found assistance from third parties (seller of the home purchased, real estate agent, broker or personal acquaintance), or simply decided to trust their bank (who provided the mortgage) to deal with insurance on their behalf as well.

“You do need some special knowledge to understand specific clauses of the contract” (Greece – Former resident of Germany)

“Our real estate agent took care of everything, we trust him fully” (Germany – German national owing a second home in France)

Moreover, consumers of different nationalities were favourably impressed by the relatively low prices of home insurance in the two countries where most of the second homes owned are situated, i.e. Spain and France.

- **Car insurance is clearly more problematic.**

Difficulties to have a car insured in another country were reported earlier in this report. Car owners concerned do not necessarily blame insurance companies for it (but, primarily, national legislation regarding car registration, from which most of the problem seems to stem in their opinions).

Other problems reported (in the small sub-sample of car owners interviewed on this subject) were mainly the slow and bureaucratic nature of the insurance industry in some countries (Spain).

“Insurance is really expensive here but with a car with Spanish plates you can’t have Swedish insurance, so I’ve got Spanish insurance” (Spain – Swedish resident in Spain)

“A car that comes from another EU country has to be approved that it meets Swedish standards. Some standards are official, but the insurance companies also add their own rules (such as extra alarm) (Sweden – Foreign resident in Sweden)

“German banks and insurance companies demand an address in Germany to open a German account or to sell a German insurance ... I solved the problem by giving the address of a family member living in the country.” (Sweden – German national residing in Sweden)

⇒ **Since purchasing.**

- **Few problems were reported by home insurance owners.**

Only a couple of those interviewed had experienced damage to their home – and they had no complaints about how the damage was dealt with by their cross-border insurer.

“I had a claim due to a break-in. It was dealt with very efficiently, there is just one uncertainty left, to find out if our cable set-top box is covered by our policy, because this is something we had not checked” (United Kingdom – British national owning a second home in Spain)

Other problems reported include slow and bureaucratic procedures (in Spain), no cross-border access to call centre telephone numbers, and one case in which the customers’ insurance company announced a doubling of its prices without prior notice (this customer immediately changed for another supplier).

- **Some car insurance owners came across difficulties.**

They include limited possibilities to discontinue a car insurance contract in Spain (once a year only – even in case the car had been sold or had crashed according to one respondent) ; refusal by a British insurance company to renew the contract of a foreign customer who had changed his car for a second-hand vehicle ; long delays and procedures of a German insurance company to deal with damage caused to a car owned and used in Greece. In some other cases, consumers remained uncertain about what could happen in case of problems.

“I do not know how car insurances work between countries. I have a car in England which I drive as a Swedish registered car and with a Swedish insurance. Today the car has not been inspected and declared fit for the road and I do not know what to do and if the insurance is still valid. Despite that I drive it. When I bring the car back home to Sweden, I will have it examined. Better not wake a bear that sleeps” (Sweden – Swedish national with residence in the UK)

III.4. PROBLEMS AND DIFFICULTIES EXPERIENCED WITH OTHER FINANCIAL SERVICES

⇒ **At the purchasing stage.**

- This report will not discuss ease or difficulty to obtain **mortgage loans** in general – which obviously depends on borrowers' financial status and income in all countries. Rather, we tried to identify difficulties specific to the cross-border nature of the transaction, which were reported by some respondents.

Few real problems were actually experienced – but it should be pointed out again that in nearly all of the cases observed mortgage loans were contracted in the country where the purchased property is situated, thus offering a guarantee to the money lender without legal cross-border complications (some consumers who attempted to contract mortgages from their home country's bank for real estate purchasing abroad were unsuccessful).

A few respondents (from Belgium, the Netherlands, and Ireland) met difficulties or refusals from banks to lend money to non-residents (or, in one specific case, to (non-resident) customers aged over 70 years); another reported being denied fixed interest mortgage by a Swedish bank on account of his not being a Swedish resident ...

"I was refused a loan because I did not have a residence permit and work contract there" (Belgium – Belgian owner of a second home in France)

"It takes five years before a foreigner can get a loan with fixed rate in Sweden. If you get a loan as a foreigner, then you have to accept a loan without a fixed rate; the loan can also be cancelled immediately (...) I am forced to pay an interest which is 2 % higher since I am considered a greater risk because I am not a Swedish citizen" (Sweden – Dutch national residing in Sweden)

Conversely, a larger proportion of consumers were favourably impressed by the absence of real difficulties they had to contract mortgage in such European countries as Spain and France, as well as Portuguese consumers in Spain. The institution of notary public was remarked upon as being extremely helpful and reassuring to see to it that all conditions were legal and fair.

"I wanted to buy an apartment in France. The broker took me to a bank. They opened an account for foreigners for me. To this account, money is transferred on a regular basis from my Swedish bank. Everything works satisfactorily, I never had any problems" (Sweden – Swedish national owning a second home in France)

"it was the easiest purchase we've ever done. It was 4 weeks start to finish and there were no problems at all" (United Kingdom – British owner of bank account, credit card, mortgage and home insurance in France)

- **Very few problems were reported concerning the cross-border purchase of investments** – a service more international by nature than others.
Except in rare cases, investors did not come across the difficulties which some other respondents has met for merely opening cross-border accounts.
- No evidence can be reported regarding other types of "other" financial services (such as pension plan, life and health insurance), owing to the quasi-absence of actual cross-border purchasing of such services in our sample (those who own them had generally contracted them earlier, in the country in which they were residing at the time).

⇒ **Since purchasing.**

- **No particular problems were experienced by people having mortgages** (actually there is little room for problems provided instalments are reimbursed according to plan).
- **Although not very frequent, problems were sometimes encountered by people who had cross-border investments.**

One Spanish consumer was faced with his French bank's intention to close the account on which he had savings and investments for not being a resident – a problem which he solved by providing an address in France.

Several consumers were irritated by the formalities required by British or German banks for executing stock purchase or sale orders (requests for written orders, generating a loss of time which turned into real difficulties for one respondent who needed cash urgently). Another found out that his bank had executed an order to buy stocks in six different operations rather than one, thus charging six times commission.

Several others were dissatisfied about the information given by the supplier : either because it arrives too late to take advantage of investment opportunities, or because it lacks precision, or for lack of translation.

“At one point I had an immediate need to sell my shares ... but it was not possible, the bank wanted a fax with the application, and a signed letter to proceed with the transaction. I had to wait a few days, a waste of precious time for me” (Italy – Italian national owning investments in the UK)

“Crédit Lyonnais sometimes sends me information about OPA one day before the deadline to buy, and of course by then it's too late ... you can't do anything” (Spain – French resident in Spain)

- **Pension plans, life insurance and health insurance appear as financial services causing problems** from being largely untransferable from one country to another within the European Union, or from being restrictive in their terms and conditions (medical care reimbursed only if in the country in which health insurance was contracted, insurance company requiring certified translations of all documents submitted for reimbursements ...)

“I have two life insurance policies. Each month I have to transfer money through the Post, as the bank in which I had my current account cancelled all current accounts of Belgian residents in Luxembourg, without any prior notice. Moreover, they changed the way in which my capital is going to be repaid, from a monthly payment until the end of my life to one single payment one month after the last instalment. There was no need to discuss, they are always right anyway” (Luxembourg – Belgian resident in Luxembourg)

“I have a German health care insurance that guarantees me single or maximum two bed room and treatment by at least a senior physician. These demands cannot be fulfilled in Sweden (...) Swedish authorities and the German insurance company make different classifications of my status” (Sweden – former resident in Germany)

“I had purchased health insurance in the Netherlands, when I started working. My employer filled in the necessary forms, but it took 8 weeks to arrange everything. The contact was via a call centre, and I kept having different answers from different employees. Nothing was explained. I feel cheated it was a complete nightmare” (Netherlands – British owner of a Dutch health insurance)

CHAPTER IV :
FUTURE PERSPECTIVES

IV.1. INFLUENCE OF THE FIRST CROSS-BORDER BUYING EXPERIENCE ON SUBSEQUENT FINANCIAL SERVICES PURCHASES

⇒ Respondents owning several types of cross-border financial services were asked if their first buying experience had played a role in their decisions to acquire their other cross-border services.

In very few cases only did the first experience play a significant role in subsequent purchase decisions.

This situation can be explained by the following factors :

- In most cases, **consumers' cross-border buying experience remains limited.**
3 out of 10 respondents own one service only. Among those owning more than one, half have no more than two services, including a “basic” bank account and few more sophisticated services.
- **The financial services owned were generally acquired out of necessity** rather than in search of attractive opportunities.
- **Multi-service ownership generally involves services strongly linked to each other**, and often acquired simultaneously or nearly simultaneously.
This is the case for a vast majority of credit card owners, who bought their card at the same time as they opened their bank account ; many bank account openers were “mechanically” led to open an account when contracting a mortgage loan ; home insurance purchasing in most cases immediately followed mortgage contracting, etc.

⇒ **In a few cases, the experience acquired from the first purchase played some role in giving “more self assurance” to consumers who gradually extended their range of cross-border financial services.**

Such examples can be found among respondents in Austria, France, Luxembourg and Greece – notably consumers who had bought investments or contracted (mortgage or other) loans, or (in the case of Greeks) insurance after doing some shopping around in search of attractive opportunities.

⇒ **This experience is however rarely all-round, but rather limited to one potential supplier country with which the consumers concerned have become familiar.**

Speaking the same language was obviously a facilitating factor for Austrians contracting several types of services in Germany, for Frenchmen in Belgium or Luxembourg, and for Luxembourg citizens in France.

In the case of the Greek consumers who displayed a degree of activism in buying services abroad, their existing familiarity with the United Kingdom or Germany had made them gradually more knowledgeable about those countries' financial practices ; but it did not induce them to look for better opportunities in other Member States not known of them.

IV.2. FUTURE PLANS AND INTENTIONS REGARDING FINANCIAL SERVICES PURCHASING

⇒ **Most respondents describe their cross-border experience as positive.**

- **Cross-border purchasing of financial services ended up being easier and more trouble-free than most had expected or feared.**

As reported earlier in the report, few had really major problems at the purchasing stage, and probably even less since purchasing.

- **Language difficulties**, although a reality for a substantial number of consumers, **did not turn out to be an insurmountable obstacle.**

Formal or informal intermediation could be found in many cases – and generally worked satisfactorily – when it was needed. However, this is true of consumers who are, by definition, more outward looking and more familiar with other countries than average domestic consumers; it is highly probable that the latter would come across much greater difficulties in this respect.

- **In spite of existing areas to be improved, most consumers expressed satisfaction about the service obtained from their cross-border suppliers.**

In some cases, satisfaction goes together with their surprise to discover a high level of customer service in countries so far unfamiliar, compared with the service obtained from domestic suppliers.

- **The degree of confidence in other European countries' suppliers of financial services is not less high than in domestic financial institutions.**

In most cases, respondents did not seem to have any negative pre-conceived ideas about the security and trustworthiness of other banks and insurance companies in the European Union : the European “label” was already a sufficient reassuring factor (as opposed, probably, to their attitudes towards financial institutions from third countries); and financial institutions, wherever they are in Europe, are believed to be solid, stable and safe institutions.

In some, the originally existing prejudices which can be detected in the interviews (mainly about financial institutions in the South of Europe, on the part of more Northern consumers) quickly disappeared following the first experience.

In some others, respondents having a negative image of their own banking system confirmed their pre-existing good opinions about other countries' systems.

- **The most “activist” among the consumers interviewed became better aware of opportunities available in other countries' financial markets** – mainly among those owning investment products, but also in some other cases (loans, insurance).

- **Most consumers feel that they have acquired more assurance and they would feel more confident in any future financial dealings of the same nature that they would have to make in another country than their own.**

This view appears to be shared both by respondents who had overall easy and trouble free cross-border dealings and by others who came across problems. For the latter, the experience acquired would help them avoid or at least reduce these problems.

- Generally speaking, **respondents have the impression that they have become more mature consumers, more aware of their rights**, thanks to the occasion they have had of making comparisons with other countries' or other financial institutions' practices.

“When you do not only use one single bank and also have experiences abroad, you get more information, that makes me stronger as a consumer, improves my arguments, and I am in a better position to select and I am a better educated customer”(Austria – Austrian with a UK bank account)

‘I feel that I am definitively a more knowledgeable consumer mainly because of the gaps that I have learned to be aware of’ (Finland – Finnish national living partly in Spain)

“My demand level remains the same, but I feel that I am more informed” (Portugal – Portuguese national with a mortgage and other financial service in Spain)

Constraints or complications in dealing with domestic financial institutions which were taken for granted become looked upon in another light following the realisation that they do not exist to the same extent elsewhere.

Admittedly, there are opposite cases where the respondents’ experiences with foreign financial services suppliers make them appreciate even better the service they get at home ; but these cases are relatively rare (except, it seems, in the Danish sample).

⇒ **When asked what they plan to do with their existing cross-border financial services, consumers generally express intentions to keep these services** (assuming – explicitly or implicitly – that conditions remain unchanged).

However it is clear that these intentions do not necessarily reflect more active consumer behaviours :

- Many cross-border services were contracted out of (real or perceived) obligation rather than by active personal choice.
- Keeping services owned for “historical” reasons although they are not actively used generally does not have any active impact on consumer behaviours.
- Closing accounts or other services owned could, on the contrary, entail costs or complications : hence a propensity to keep them even without real need, be it only in case they became needed again at some point in the future.

Only a few respondents in our pan-European sample declare intentions not to keep their cross-border services (or some of the services owned) in the near future.

They include :

- Cases where the need for these services has ceased to exist – such as for respondents who have returned to their home country after staying abroad for some time, with no particular intention to go back to the other country in which they resided and no connection kept there.
- Cases where consumers realise that one particular service they had contracted does not really serve any need. A typical example is that of credit cards “given” to them when they opened a bank account, but practically never used.
- Rare cases of real dissatisfaction with the services owned, or with the suppliers of these services.

⇒ **As regards further purchasing of financial services in the future, only a limited minority express intentions to behave as more active cross-border consumers in really seeking opportunities available in other European financial markets.**

This is mainly due to **the following reasons** :

- **Firstly, for most people, the acquisition of financial services is (only or largely) need driven rather than opportunity driven** – in cross-border as well as in purely domestic situations.

It is manifestly true of most cases of bank account (and related credit card) ownership, of nearly all cases of mortgage loans (except only for the few examples of property acquired abroad as an investment, e.g. for rental), and of the vast majority of cases of cross-border insurance ownership.

It is less the case with financial investments and savings – although many of the examples observed in the interviews were of a little speculative nature.

- **Secondly, financial dealings are an area in which prudent behaviours generally prevail.**

Although cross-border owners of financial services can logically be deemed more outward looking than others, few of them appear as being inclined to much risk taking.

- **Thirdly, the experience acquired by most cross-border owners of financial services remains limited** – to one or a small number of services and/or to one particular other European country’s financial system rather than to the wider European financial market.

Among our pan-European sample those who spontaneously consider adopting proactive purchase behaviours and to search for cross-border opportunities in the short term probably do not exceed much 1 out of 10 respondents (and an even smaller proportion already have definite plans to do so – owing to the fact that, even for them, buying financial services is primarily need driven).

Financial services considered by more pro-active consumers are primarily savings and investments.

“Stock are a virtual thing after all – and if I have Japanese stocks I do not need to fly to Japan after all” (Austria – German resident with bank account in Germany)

“I would consider (doing more with) Barclays : because they have an office for international clients; based in the UK, servicing clients all over the world, interesting for investments and for international payments. Their expertise is fantastic, staff is very professional, there is a tax advantage for investments. Disadvantage : higher costs because the UK is not in the Euro zone. And BNP-Paribas for their SICAV” (Belgium – Belgian resident with investments and other financial services in two other EU countries)

“I am thinking of this pension problem. Who will prevent us from contracting (with a financial services supplier) in another country if there is a benefit in it ? (France – French national with financial services in Belgium)

“I do often look at the deposit accounts that are available in Spain. I haven’t done anything about it yet, but I could be attracted to having some money on deposit out there, for a number of reasons – firstly, their interest rates seem to be better” (Ireland – Irish national owning a second home in Spain)

A few examples can also be found of consumers likely to investigate cross-border opportunities for mortgage loans or other forms of credit, home insurance and (rarely) credit cards.

“Maybe next year I will buy another house in Spain – not in other countries because the distance is too important, Spain is really close by” (Portugal – Portuguese owner of a second home in Spain)

“To me it has become standard routine – in particular since I can now carry out transactions on-line between Germany and Austria (...) We are even wondering about buying something in Spain” (Germany – German resident with several financial services in Austria)

⇒ **Other consumers could consider the possibility of other cross-border purchasing in the more or less long term future – yet without any real intentions to act proactively at the present stage.**

Although they admit that they have acquired some experience from their existing cross-border services and they would feel less fearful than before at this prospect, **the learning process is obviously very prudent, slow and gradual for most people.**

⇒ **Factors likely to encourage the gradual development of cross-border purchasing and usage of financial services** include :

- The existence of (even limited) preliminary experiences, often without any major problems.
- The absence of any confidence gap regarding other European countries’ financial institutions compared with domestic banks and insurance companies.
- Dissatisfaction with, or poor image of the national system (as seen notably in Greece, and to a lesser in France, Ireland and Portugal) – or conversely, discovery either of opportunities in the larger financial market of a bigger country or of financial suppliers’ service quality in other countries.
- Growing possibilities to handle one’s own financial affairs through the Internet : either (rather rarely) in purchasing financial services by means of electronic commerce or (more widely) in carrying out financial transactions electronically above borders.

⇒ **Factors limiting consumers' propensity to engage in further cross-border purchasing of financial services** (for services which they might need) include :

- The perceived complexity of financial products : searching for the best opportunities requires time and efforts – in particular when consumers are unfamiliar both with a country's language and with its financial services' own "culture".
- Lack of information regarding the internal market for financial services. Even for this study's respondents, who have been exposed to cross-border buying, knowledge is very limited on legal obligations, regulations, tax matters etc. : the idea prevails that the internal market for financial services is "not yet done".
- Lack of information on financial products across the border. As was evidenced in earlier chapters, the discovery of services available in another country took place in most cases when being on the spot for different reasons. Cross-border information hardly seems to exist.
- Little proactivity by financial institutions to attract cross-border customers – cf. the difficulties encountered by a number of consumers merely to open accounts in certain banks, or to purchase mortgages or insurance from a cross-border supplier.
- The remaining intricacies of cross-border financial operations post-purchase (although to varying extents depending on countries).
- The present conjuncture, which does not encourage basically prudent consumers to take further risks in contracting financial investments cross-border.

⇒ **Lastly, the impact of the Euro on cross-border buying is not uniform.**

- When asked about it, many respondents tend to declare that the advent of the single currency has made things simpler and easier within the Euro zone.

Respondents in non-Euro zone countries also tend to believe that the (hypothetical) adoption of the Euro by their Member State would facilitate cross-border shopping in the area of financial services.

- Yet, one of the key questions, rather than the Euro itself, is the potential impact of European Union decisions regarding the cost of cross-border transactions within the Euro zone, making this cost equal to that of domestic transactions.

On the one hand, this measure can obviously further facilitate the financial operations of cross-border consumers.

"Since the introduction of the Euro – in fact since July 2002, things have been made easier" (Belgium – Belgian national owning several financial services in France)

"I am positive that it will make things easier with the Euro, it's like going to Germany for shopping, it's a lot easier if we have the same monetary standard as them" (Denmark – British student in Denmark)

On the other, it can also induce present and potential customers to do without cross-border services in the future – as the existence of higher transaction costs was sometimes the prime reason for contracting a cross-border service (starting with bank accounts initially opened solely for that reason).

"With the Euro, I think we will close our account and pay everything directly from here" (Germany – German resident owning a second home in Spain)

⇒ **Considering the 8 types of the cross-border consumer typology, we would make the following assumptions regarding future perspectives.**

- A. Historical ownership** : very limited perspectives of increased cross-border purchasing. These customers are owners of services for purely historical reasons.
- B. Temporary ownership** : limited perspectives of increased cross-border purchasing – except in the case of those few consumers who have already taken advantage of better opportunities in another country for more sophisticated services than mere bank accounts and related credit cards.
- C. Mandatory ownership** : very limited evolution foreseen, unless changes in laws and regulations take place in such service areas as pension plans, life insurance and health insurance, where the difficulties they have experienced could incite them to have a broader look at opportunities once they are legally available.
- D. Cross-border hopping** : high probability that presently owned services become useless for many consumers in this type once cross-border transaction costs are made equal to those of domestic transactions.
- E. Split lives** : limited possibility of slow evolution towards more cross-border purchasing – assuming the consumers concerned actually have new needs for services which are nearly entirely need-driven.
- F. Dual bi-national lives** : more opportunities for gradual awareness building about service opportunities available in either of the two countries with which consumers have connections – yet in the long rather than short term.
- G. Occasional opportunist behaviours** : reasonably high probability that at least part of the consumers classified in this type renew or extend their range of cross-border services. Although they are not active opportunity seekers, and rather modest financial services consumers, their first experience is likely to make them more open to offers which could be presented to them.
- H. Active border-free opportunist behaviours** : highest probability of all types to have these consumers look increasingly for new opportunities, notably as regards savings and investments in a wide sense of the term ; at the same time, further harmonisation (notably fiscal) in the European Union could make cross-border purchasing less attractive for some.

ANNEX : INTERVIEW GUIDE



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CROSS BORDER FINANCIAL SERVICES STUDY INTERVIEW GUIDE

April 2003

INTRODUCTION

We are carrying out a study among people who have acquired financial services from other European Union countries than their own country of residence.

This study is being conducted on behalf of the European Commission, whose policy aims to make it easier for consumers to have access to such cross-border financial services, in the framework of the European Single Market.

Services included in the scope of the study comprise :

- A. Bank accounts : both current accounts on which payments can be made and received, including the possibility of overdraft facilities, and saving accounts
- B. Credit cards, issued by banks or by store chains, not necessarily linked to your bank's current account, which include facilities for credit payments or debit from your bank account at a later date.
- C. Insurance policies for car insurance and home insurance
- D. Other credit services (mortgage or other loans) and savings / investment services (shares, bonds, collective investment products based on shares, bonds or other values; and also life insurance, private health insurance and pension plans).

We wish to interview people who have at least one of these of financial services purchased from another European Union country than their own today, or who have had such a cross-border service at any time in the last 3 years.

By purchased from another country, we do mean that the contracts have been passed with suppliers located outside of your own country of residence – not with a subsidiary or branch of a foreign supplier in your own country.

This study is being carried out in the whole of the European Union, following strict anonymity and confidentiality rules. The list of our respondents is destroyed as soon as the study is finished; results are communicated to our client only in the form of an overall synthesis.

THEME I : LES CROSS-BORDER FINANCIAL SERVICES BOUGHT

- I.1. Could you please tell me, to start with, which of the cross-border financial services which I have mentioned:
 - You have today
 - You no longer have today, mais you may have had at any time in the last 3 years
- I.2. Let us discuss (*Type of service for which the respondent was recruited*). Could you please tell me more precisely about this service and its main features, as well as where and when you bought it ?
 - Probe to obtain a maximum of details, including name of supplier, exact name of service, country and year of purchase.
 - In case the service is no longer owned today, year of end of subscription.
- I.3. (*If other types of cross-border financial services owned today or at any time during the last 3 years*). Could you please now describe in the same way the other types of cross-border financial services that you have today or that you have had at any time during the last 3 years ?
 - Probe for each type of service to obtain a maximum of details, including name of supplier, exact name of service, country and year of purchase.
 - In case the service is no longer owned today, year of end of subscription.

THEME II : PURCHASE REASONS AND DECISION PROCESS

- II.1. Let us discuss further (*Type of service for which the respondent was recruited*). Could you tell me why you bought this service from a supplier in another country, and what happened at the time ?
- Spontaneous reactions
 - Probe :
 - ❖ Different possible reasons (country of origin of respondent or family connections, second home owned in that country, professional activities in that country, service not available in respondent's own country, interesting price / financial conditions, tax conditions, etc.)
 - ❖ How the idea first came to the respondent to acquire this service from another country's supplier; respondent's own initiative or information / marketing approach by supplier – by which means (mail, telephone, personal visit, Internet ...)?
 - ❖ How did the supplier present itself, with which arguments ?
 - ❖ Did the respondent seek / obtain recommendation or advice from third parties ? Which ones (friends or personal relations; financial or tax advisers ...)
 - ❖ Which factors and arguments were the most important in the final decision ?
 - ❖ Following the decision, how was the contract established ?
 - (*In case service no longer owned today*) Probe :
 - ❖ Reasons for which the contract was put to an end.
- II.2. Still thinking of this service, it is a type of service which you earlier had occasions to buy in your own country? If yes, what was different in the case of your cross-border purchase of the same service ?
- Spontaneous reactions
 - Probe :
 - ❖ Any differences in the service's characteristics, price or financial conditions, or marketing method
 - ❖ Impression of greater or lesser confidence, for which reasons ?
- II.3. (*If other types of cross-border financial services bought*) Could you please now tell me, similarly, which reasons made you turn to (a) supplier(s) located in another country for the other cross-border financial services which you have now, or which you have had during the last 3 years, and how did it go ?
- Probe (successively for each of the other services), more rapidly, the same themes as in II.1 and II.2 :
 - ❖ Reasons for purchasing cross-border
 - ❖ How did the idea originally come to the respondent ?
 - ❖ Arguments presented by the supplier
 - ❖ Recommendations or advice from third parties
 - ❖ Decisive factors and arguments
 - ❖ How was the contract established ?
 - ❖ Reasons (if relevant) for putting an end to the contract
 - ❖ Any differences with the same type of service bought in the respondent's own country (if relevant).
- II.4. (*If other types of cross-border financial services bought*) You had the occasion of buying several types of cross-border financial services in the last few years. Would you say that your first experience(s) played a role in your decision(s) to acquire other cross-border financial services later on ? How ?
- Spontaneous reactions
 - Probe notably :
 - ❖ Growing experience / growing confidence
 - ❖ Respondent developing (or not) more pro-active behaviours in looking for and selecting suppliers, from one experience to the next.

THEME III : PROBLEMS OR DIFFICULTIES MET BY RESPONDENT

- III.1. Turning back to (*Type of service for which the respondent was recruited*) which you bought, did you come across any surprises, problems or difficulties with this service's supplier at the time of contract preparation and establishment? Which ones?
- Spontaneous reactions
 - Probe notably :
 - ❖ Service characteristics ; clarity, conformity with promise
 - ❖ Language of contract and related written documents
 - ❖ Other causes of surprise, difficulties or problems
 - ❖ General feeling of trust or distrust ; and any change in this respect between before and after establishment of the contract.
- III.2. Still thinking of this service, have you come across any problems or difficulties since you bought it? Which ones, and what did you do about them?
- Spontaneous reactions
 - Probe notably :
 - ❖ Precise nature of problems or difficulties
 - ❖ Did the respondent make complaints about the supplier?
 - ❖ If not
 - Why? Would he/she behave in the same way in his/her own country?
 - ❖ If yes,
 - What was the complaint about? (non conformity of service to promise, quality of service, errors made by supplier, quality of after sale service ...)
 - How was the complaint made (by mail, telephone, or other means)
 - Did the respondent involve a third party? (mediator, lawyer, consumer association, specialised government department...)
 - How did the supplier react; was the problem finally dealt with to the respondent's satisfaction, or not?
- III.3. (*If other types of cross-border financial services bought*) As regards the other cross-border financial services you bought, could you tell me similarly about any surprises, problems or difficulties that you may have come across in your relations with the service's supplier?
- Probe (successively for each of the other services), more rapidly the same themes as in III.1 and III.2 :
 - ❖ Problems met at the time of contract preparation and establishment
 - ❖ Problems met since then in customer-supplier relation
 - ❖ Any complaints, and how they were dealt with.

THEME IV : FUTURE INTENTIONS

- IV.1. You have the experience of buying (a) cross-border financial service(s). Could you finally tell me what you have learnt from that experience, and in what way it may have changed your attitudes and your approach for purchasing financial services?
- Spontaneous reactions
 - Probe notably :
 - ❖ What does the experience acquired consist in?
 - ❖ Has it made the respondent change his approach to purchasing financial services and to service suppliers
 - ❖ Has the respondent the feeling of having become a better informed consumer / more able to defend his/her rights and interests?
- IV.2. Now, thinking about the future, do you intend to go on buying financial services cross-border and possibly to increase such purchases?
- Spontaneous reactions
 - Probe notably :
 - ❖ Intention to keep the cross-border financial service(s) already bought ; for which reasons
 - ❖ Intention to extend cross-border purchasing to other financial services : which ones (and which others not) ; for which reasons?

THEME V : RESPONDENT CHARACTERISTICS

- Sex
- Age
- Precise job functions, and level in hierarchy
- International character of job functions (if relevant)
- Characteristics of employing firm / organisation
- Family status, number of children
- Family or other connections with other European countries
- Place of main residence
- Any second home(s)
- Recruitment method