

PILOT PHASE OF THE EU-WIDE BUSINESS SURVEY IN THE FINANCIAL SERVICE SECTOR

I. Extention of business surveys to the financial service sector

One of the actions undertaken under the objective to support the Commission's internal capacity to carry out economic analysis is the harmonisation, coordination, analysis and dissemination of business surveys in the EU Member States.

To this effect, surveys are carried out in various economic sectors in accordance with a harmonised methodology. Results are published on a monthly basis.

Given the importance of the financial services sector for the development of the overall economy, the Commission wished to extend its Programme of EU Business and Consumer Surveys to the financial service sector.

In 2005, the Directorate General Economic and Financial Affairs published an invitation to tender aiming at concluding a service contract with purpose of conducting an EU-wide monthly survey among senior managers in the financial service sector. Ipsos Belgium has been designated to carry out the survey in 10 European countries.

This survey should provide the European Commission with useful information enabling to evaluate development of the added value and expectations of operators in the financial sector. Besides, this survey serves as a pilot and is limited to a period of one year between April 2006 and March 2007.

After a first positive evaluation of the pilot phase outcomes, DG ECFIN decided to launch a new call for tender this year in order to pursue the EU-wide business survey in the financial service sector after March 2007.

II. Survey Design and Methodology

Ipsos developed a **robust and homogeneous methodology** across all countries surveyed in order to:

- Guarantee representative results for the euro area and the EU as a whole;
- Guarantee that the survey is repeated each month in the same way and according to a strict timing;
- Obtain a sufficient sample of completed interviews in order to allow detailed analysis;
- Ensure comparability of the results over time;

The population represented in the survey are senior managers in the sectors 65, 66 and 67 of the Classification of Economic Activities in the European Community (NACE) rev.1.

In order to achieve representative results for the euro area and the EU as a whole, the survey is conducted in a sufficient **large number of EU Member States**: Germany, Spain, France, Luxembourg, Italy, the Netherlands, The United Kingdom, Poland, Hungary and Czech Republic.

Instead of building up a new sample before each wave, which would imply to foresee time for set-up phase at the beginning of each month and therefore allow less time for the fieldwork, Ipsos Belgium constituted a **panel of respondents** who are invited to participate to the survey each month. Recruitment of potential respondents was done by telephone, which allows for a proper qualification of the respondent's profile and a good assessment of the future panellist's motivation. A comprehensive and regularly updated business directory (KOMPASS) was used to contact potential panelists.

In total, more than 24,000 companies have been contacted. The objective was to build up a panel of 2,400 available panelists (i.e. 240 per country) and obtain 600 completed interviews each month (i.e. 60 per country), during the whole year.

The questionnaire administered for this survey consists of two parts:

- A "standard questionnaire", repeated every month, contains questions which are related to the overall business situation, demand for company's services and company's total employment.
- The second part of the questionnaire is only addressed to sectors 65 and 66 of NACE, Rev.1 and contains 4 sector-specific questions. These questions are repeated on a quarterly basis but are different for each month of a quarter.

The survey questionnaire has been translated into the national language of the countries covered in order to avoid any problem of interpretation of the questions or misunderstanding.

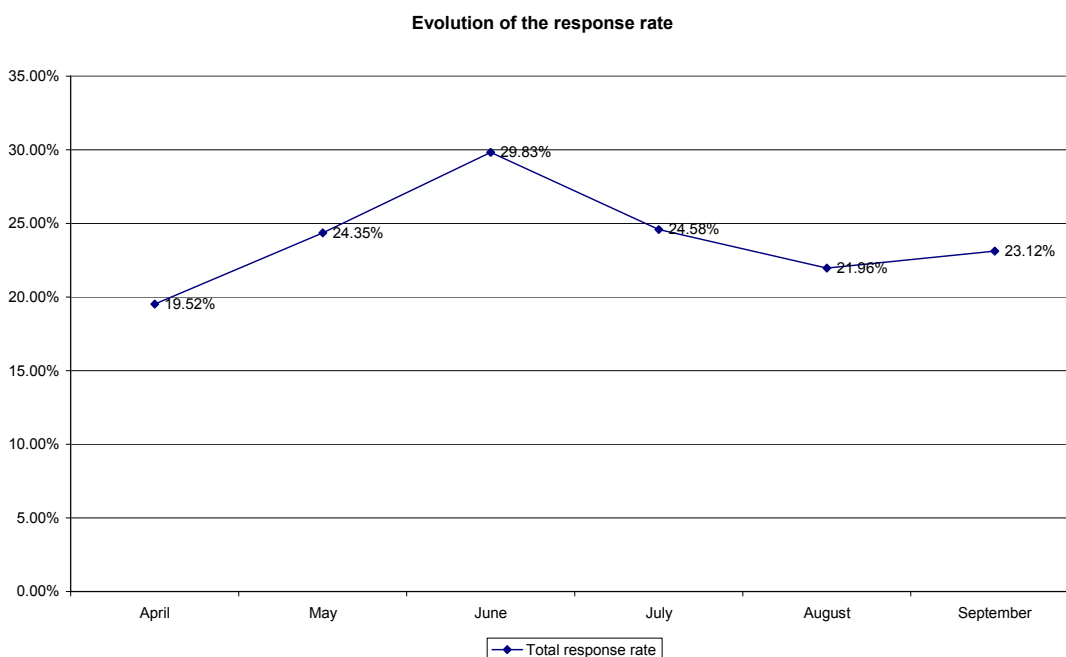
III. Survey implementation

1. Interview technique and technology

The survey uses the **CATI-Web technology** i.e. respondents are recruited by telephone and are sent an e-mail invitation to complete an online questionnaire. This interview technique is more and more used to collect data among specific target groups and is one of the most preferred techniques for companies in the financial sector. In addition, special targets such as financial experts have little time to participate to personal interviews, whether by telephone or face-to-face. Online surveys give the possibility for the respondent to answer to the questionnaire at his/her best convenience, to complete a part of the questionnaire and leave the rest to a more suitable time, etc.

2. Evolution of the sample size and response rate

Overall, the average response rate for the first six months of the survey is quite encouraging (24% on average), even if it is below the level expected of 25%. In addition, even if the total sample size is below the expected 600 completed questionnaires, it allows for the necessary analysis.



Among the measures taken to improve the response rate, 3 of them had a remarkable effect:

- **A letter signed by DG ECFIN** and explaining the scope of the survey was sent to the panelists.
- **Regular contacts:** people were given detailed information about the survey, either by phone or e-mail, in order to reassure them about the confidentiality of their answers and the format in which the results will be published. The dedicated e-mail inbox where respondents could ask their questions played also an important role.

- **To adapt to the language of the respondent:** questionnaires were translated in all the languages of the countries covered. Panelists can select the language they feel more comfortable with. In addition, communication (invitation e-mails, answer to respondents' questions, etc.) are either in English or the national language(s).

3. Weighting and calculation of aggregates

For the purpose of weighting the national data, the information contained in the KOMPASS directory is used. This directory is a good approximation of the universe.

In order to achieve representativeness at the EU level, the following variables have been introduced in the weighting procedure:

- Size of company
- Sector of activity (NACE)

When producing the aggregated results at the EU10 level as well as at the Euro zone level, the importance of each country has to be taken into account. Therefore, Ipsos Belgium selected a variable from the population targeted which is a proxy of the valued added. The only available variable, which is usually used in business surveys is the **employment**. The weight of each country according to this variable has been calculated on the basis of the latest statistics published by EUROSTAT.

IV. Evaluation after 6 months of the survey

First of all, the questionnaire that is being used for the survey does not pose any problem of understanding/interpretation. The quality of the recruitment ensures to have high profile panelists who are competent to assess the topics covered by the questionnaires. Besides, the nature of the questions and especially the scales used are quite straightforward and do not necessitate to give precise figures but only evolutions (increase, stability, decrease). However, in order to avoid monotony to install among respondents, we might consider the possibility to include some new questions at each wave. These questions may not be related to the subject of the survey. This issue will have to be discussed for further editions of the survey.

Secondly, the analysis of the survey results for the whole financial service sector show coherence and stability in the results. Overall, the evolutions are quite "smooth" i.e. there are no big differences in answer patterns from month to month. This is a good sign of quality in the sample design and confirms the fact that the questions do not cause any problem of misinterpretation/misunderstanding. Therefore, we suggest keeping it as it is for now. Should there be any need for future waves of the survey, immediate and appropriate actions will be taken and new solutions will be implemented.