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Evaluation and Impact Assessment Activities of
Directorate General for Internal Market and
Services**

*Study on the Costs and
Benefits of Policy Actions
in the Field of ensuring
access to a Basic Bank
Account – Final report*

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Introduction and Background

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This document sets out the final report on the “*Study on the Costs and Benefits of Policy Actions in the Field of ensuring access to a Basic Bank Account*”. In this section, we summarise the objectives of the study and the structure of the report.

1.1 Aims and Outputs of the Study

The aims of the study are, in summary, to “*identify the concrete costs and benefits for stakeholders of EU action in this area. The study should examine what measure (or combination of measures) would be most effective and proportionate to address the issue of access to a Basic Bank Account.*”

Possible policy actions to be considered include variations between five approaches ranging from no further action to the adoption of a Directive. The five options are:

- Option 1: no further EU action;
- Option 2: promoting and sharing best practices;
- Option 3: encouraging self-regulation by the industry at EU level;
- Option 4: an EU Recommendation;
- Option 5: an EU Directive.

The results of the study are expected to provide an assessment of the costs and benefits of each of the selected policy options to the different stakeholder groups - consumers (i.e. citizens and residents of the EU Member States), institutions that provide Basic Bank Accounts, public authorities, and other relevant stakeholder groups, such as utility companies. The study provides an input to the Commission’s consideration of possible policy options in this area.

1.2 Methodological Approach

The terms of reference asked that the study cover all Member States with detailed work for a representative sample of Member States only. To this end, we suggested in our proposal that the fieldwork stage should consist of the following work elements:

- **Desk research** – analysis of documentation and the Commission consultation responses covering the provision of a Basic Bank Account, including in particular cost- and benefit-related information pertaining to all Member States which would contribute to the development of 27 country fiches.
- **Interview programme** – discussions with banking associations, consumer groups and other interested parties in ten Member States.
- Preparation of a **final report** and **round-table discussion**.

Desk Research and Development of Country Fiches

In the initial **desk research**, we came across a wide variety of relevant materials on the topic of financial exclusion. In addition to laws and regulations (e.g. Belgium, France, Denmark, Sweden) as well as financial sector codes of practices (e.g. Germany, Italy), the list also included academic articles and other reports on the topic. Many of the academic articles and other reports emphasise the importance of access to basic banking and discuss ways in which to tackle financial exclusion in the European Union.

While some of these documents focus on particular Member States, others provide a comparative overview across the EU. Additionally, we consulted studies which cover more general aspects of banking (e.g. prevalence of internet banking, microfinance,

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consumer views on service providers). For figures on bank accounts per capita and general household financial capabilities we drew on information published by the respective banking sector associations. We have also consulted a study on the costs of bank accounts which was recently published by the Commission.

As a result of desk research, we produced **27 country fiches**¹, each of which holds information on the regulatory framework as regards the provision of Basic Bank Accounts (e.g. legislative framework, industry charter of conduct, no framework), where available, information on the different services attached to a Basic Bank Account and finally, information on the proportion of the population without a bank account. The country fiches are in Appendix A.

Interview Programme – Detailed Analysis of Selected Member States

We carried out an analysis of the position in ten Member States in more detail. In proposing a selection of countries, we have obtained basic information for all countries (see country fiches) and have suggested a sample, taking account of a mix of the following criteria:

- The proportion of people in the country with Basic Bank Accounts (EU12 often have lower levels of bank account penetration);
- The legal framework, for example whether there is a binding requirement to provide a Basic Bank Account;
- The size by population of the country.

Following discussions with the Commission, we agreed on the following EU Member States for in-depth analysis.

Table 1.1: List of Countries Selected for In-Depth Analysis

Country	Regulatory Framework	Penetration of Bank Accounts ²
Belgium	Legislative framework	High
Bulgaria	No specific framework	Low
France	Legislative framework	High
Germany	Industry charter	High
Greece	No specific framework	High
Lithuania	No specific framework	Moderate
Poland	No specific framework	Moderate
Spain	No specific framework	High
Sweden	Legislative framework	High

¹ For those Member States where no information was available online, we contacted the relevant ministries, most of which provided very helpful input.

² Information derived from Flash Eurobarometer 282; High = above 90%; Moderate = between 80% and 90%; Low = below 80%.

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UK	Industry charter	High
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While all the larger countries in the above list (i.e. UK, France, and Germany) have a high penetration of bank accounts, they vary in their respective regulatory approaches. Of those three, only banks in France work under a binding legal requirement to provide a Basic Bank Account. Germany and the UK operate under industry charters. The non-binding code in Germany has come under criticism from consumer groups and the government. Consumer groups continue to be concerned that in many instances banks – bound only by the voluntary self-commitment – simply refuse to grant access to a Basic Bank Account (Girokonto für Jedermann).³ In a 2008 parliamentary report, the government has highlighted the possibility of introducing legal measures in addition to the voluntary self-commitment.⁴ Most of the medium-sized and smaller countries in this list have no specific framework at all, with the exception of Sweden and Belgium. The extent of penetration of bank accounts nevertheless varies. In Poland and Lithuania bank account penetration is moderate and in Bulgaria it remains low. In all other countries it is high.

An **interview programme** took place at national level as well as at EU level. At national level, we carried out interviews focusing on the following stakeholders:

- The financial regulator or other government body with overview of the banking industry as concerns consumers;
- The banking association;
- The consumer group or groups working with financially excluded people, such as community legal advice organisations;
- Where relevant, a utility association or other similar group, to identify costs and benefits to that group.

At the EU level, in addition to discussions with BEUC (the European Consumers' Organisation), we also met with representatives of the banking sector (e.g. European Banking Federation, European Association of Co-operative Banks). Interviews were conducted either face-to-face or by telephone. The list of interviews is available in Appendix B and the corresponding checklists in Appendix C. A total of 32 interviews were carried out.

All interviewees were granted complete confidentiality. Hence any reference in this report to information obtained as part of the interview programme is made only in general terms.

1.3 Structure of Final Report

The remainder of this report is divided into eight sections:

³ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto für Jedermann". Drucksache 16/11495 (2008), p. 6.

⁴ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto für Jedermann". Drucksache 16/11495 (2008), p. 6.

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- **Section 2** – we discuss the current state of financial exclusion across the European Union. In doing so, we consider a definition, examine the extent of the problem and discuss possible reasons leading to financial exclusion.
- **Section 3** – we set out the results of an analysis of financial exclusion in the selected countries.
- **Sections 4 to 6** – serve as a platform to analyse the costs and benefits of the provision of a Basic Bank Account to the three main stakeholders.
- **Section 7** – we elaborate on the longer term effects as well as the impact of the current financial crisis.
- **Section 8** – we analyse the various policy options. Considering each of the possible policy options separately, we examine the relevance of the option of addressing the issue of financial exclusion and any (administrative) costs for Member States, the EU and the Banking Industry. We do not discuss costs for consumers in this section since, as the chief beneficiaries from increased access to Basic Bank Accounts, the costs consumers face tend to be with respect to accessing and/or using Basic Bank Accounts, rather than in the provision of basic banking.
- **Section 9** – contains a summary of findings and conclusions.

Additional material can be found in the appendices. **Appendix A contains the 27 country fiches.** The information in these fiches provides an overview of the regulatory framework pertaining to the provision of Basic Bank Accounts in each of the Member States. The fiches shed additional light on the extent of financial exclusion across the EU. As such, this information has been particularly helpful for Section 2, where we outline the extent of this exclusion. We provide an **interview log in Appendix B** and the corresponding **interview checklists in Appendix C.** **Appendix D contains the bibliography.** **Appendix E** contains the text of national legislation from four countries with legislation on basic bank accounts

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In this section, we summarise some information on the current state of financial exclusion across the EU. We first define key terms before examining the extent of the problem. We subsequently consider some of the main drivers behind financial exclusion and finally discuss Member States' responses.

2.1 Definition of Key Terms

Before examining the current state of financial exclusion across the EU, we briefly define for the purpose of this study the key terms *financial exclusion* and *Basic Bank Account*.

The term **financial exclusion** may be conceptualised in various ways. For the purpose of this study, we rely on a 2008 report published by the Commission which states that *financial exclusion refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong.*⁵ As such, financial exclusion is an overarching term and refers to individuals who have no access to bank accounts, revolving credit or savings of any kind.⁶

Although there are numerous aspects to financial exclusion, for the purpose of this study we examine only one aspect of this: the lack of access to a **Basic Bank Account**. In line with the terms of reference, a Basic Bank Account *is to be understood as a bank account, for private individuals which includes services like making and receiving electronic payments for goods and services (e.g. transfers, direct debits, standing orders) and making withdrawals, but excludes any overdraft facility.*⁷

Of those **individuals who do not have access to a Basic Bank Account**, one can distinguish between the following groups: (a) individuals who would like to have a Basic Bank Account, but whose applications are denied; and (b) individuals who do not want a Basic Bank Account. There are a number of reasons people may choose not to have a Basic Bank Account, not all of which imply financial exclusion. Individuals may live in a cash-based society in which lack of access to even a Basic Bank Account does not actually constitute financial exclusion. On the other hand, individuals could feel deterred from applying for a Basic Bank Account because they distrust complex financial institutions (due to e.g. lack of education⁸). Those individuals may be financially excluded.

2.2 Overview of Financial Exclusion

While there is no single source of data on financial exclusion generally, or indeed on figures for individuals without bank accounts, a large number of relevant studies and surveys have been undertaken.

⁵ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008), p.

⁶ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008), p.4.

⁷ DG Internal Market and Services. "Specific Contract No3/2009 (European Commission: Brussels, 2009), p. 6.

⁸ Previous research identified a strong link between financial exclusion and level of education. Kempson, E. "Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report" (Bristol: Personal Finance Research Centre, University of Bristol, 2007), p. 18.

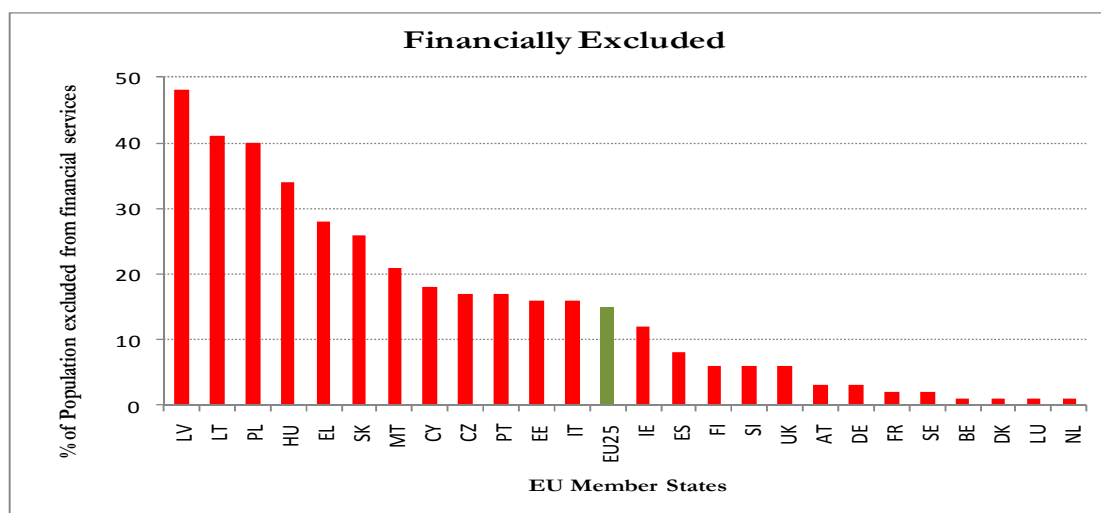
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Financial Exclusion

A 2008 Commission study which relies on an earlier study by Kempson (2007)⁹ depicts the percentage of the population considered to be financially excluded. This refers to **people who have no access to transaction banking, revolving credit or savings of any kind.**¹⁰ The figures are displayed in Chart 2.1.¹¹ A comparison between more recent EU Member States and the Member States of longer standing shows a distinct difference. On average 20% more individuals are financially excluded in the EU10 than in the EU15 (EU10 average is 26.7% and EU15 average is 6.7%).

Chart 2.1: Percentage of Population Excluded from Financial Services, 2007



Source: DG Employment Social Affairs and Equal Opportunities. *Financial Services Provision and Prevention of Financial Exclusion*, p. 20.

Existing research has furthermore identified a correlation between economic development and financial exclusion. That is to say that on the whole, economically less prosperous societies, where financial/electronic payment circuits tend to be less developed/used, tend to suffer from higher levels of financial exclusion.¹² The figures are illustrated in Chart 2.2.¹³

In Chart 2.2, the y-axis represents GDP per capita in thousands. The x-axis illustrates the percentage of the population without access to transaction banking, revolving credit or

⁹ Kempson, E. "Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report" (Bristol: Personal Finance Research Centre, University of Bristol, 2007)

¹⁰ Kempson, E. "Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report" (Bristol: Personal Finance Research Centre, University of Bristol, 2007), p.4.

¹¹ The chart contains no data for Romania and Bulgaria.

¹² DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008); Kempson, E. "Policy Level Response to Financial Exclusion in Developing Economies: Lessons for Developing Countries" (paper presented at 'Access to Finance: Building Inclusive Financial Systems, Washington DC, 30-31 May 2006)

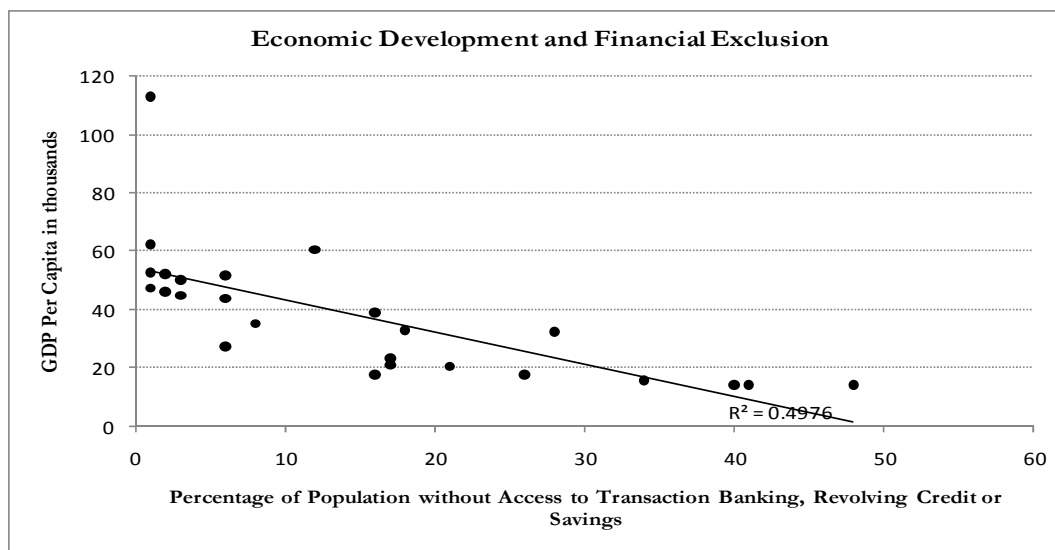
¹³ Bulgaria and Romania not included in chart.

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savings of any kind.¹⁴ R^2 is the square of the correlation between the constructed predictor (economic development) and the response variable (financial exclusion). The R^2 may be interpreted as being the proportion of response variation *explained* by the explanatory variable. Approximately 50% of the variation in the percentage of the population considered as being financially excluded can be explained by the level of economic development. The remaining 50% can be explained by other factors or inherent variability.

Chart 2.2: Economic Development and Financial Exclusion¹⁵



Source: CSES Analysis

Access to a Bank Account

Although banks monitor the number of existing accounts, they do not collect information on consumers whose application for a bank account (e.g. Basic Bank Account) has been rejected. In explaining the reason for this, banks cite data protection policies and also point out that because rejected customers are free to apply for an account with another bank where they may also be rejected, were such numbers to be collected it would be likely that consolidated figures across the banking sector would portray an inflated picture of the extent of financial exclusion due to multiple counting.¹⁶

There are other, indirect, ways of establishing the number of individuals without access to a bank account. Information can be collected for example on financial transactions that are indicative of not having an account – such as those who receive their social benefits in cash. One could also consider the number of people receiving financial advice from citizen advice bureaus. The problem here is that these numbers, while

¹⁴ DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008), p.4.

¹⁵ GDP per capita data extracted from IMF database International Monetary Fund. "World Economic Database - October 2009" (IMF: 2008); Financial exclusion data extracted from Kempson, E. “Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report” (Bristol: Personal Finance Research Centre, University of Bristol, 2007)

¹⁶ Information obtained during interview programme.

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available, are not necessarily being collected systematically and hence cannot be relied upon to present the most comprehensive picture of the extent of individuals without access to a bank account.¹⁷

In the face of such problems most studies tend to rely on survey data to provide an overview of the extent of financial exclusion/lack of access to a bank account in the EU. Pan-European surveys (e.g. Eurobarometer) sometimes suffer from questions being interpreted slightly differently between countries, and are often less detailed than many national surveys. Nevertheless, Eurobarometer survey data provides a useful tool for cross-national comparisons.

Chart 2.3 illustrates the percentage of respondents in 2009 with a current bank account, analysed by EU Member State.¹⁸ The chart illustrates that, with the exception of Romania, Bulgaria and Hungary, at least 85% of respondents in each Member State have a current bank account. In two Member States, namely Denmark and Finland, virtually everyone has a current bank account. A clear difference can be seen between EU15 and EU12 (average bank penetration for EU12 is 83.6% and for EU15 is 91.1%). With the exception of Slovenia, Malta and Estonia, the percentage of the population in the EU12 with a current bank account is generally below the EU27 average. Of the EU15, only Italy has bank account penetration below that of the EU27 average.¹⁹

There was also an earlier survey, Flash Eurobarometer 243 of 2008²⁰. The 2009 survey shows the proportion of respondents with a bank account to be generally higher than in the 2008 survey. The reasons behind this are probably methodological in nature. In 2008 (Flash EB 243), respondents were asked to state if they did not use a current bank account, whereas in 2009 (Flash EB 282) respondents were asked if they did not have a bank account at all. The Member State with the lowest percentage remains Bulgaria.²¹

¹⁷ Information obtained during interview programme.

¹⁸ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming). The Flash Eurobarometer 282 had not been published at the time of this report. Nevertheless, table 2.1 has been made available to CSES for the purpose of this study.

¹⁹ This could be also explained by a significantly large number of financial accounts (very similar to the BBA) provided by the Post.

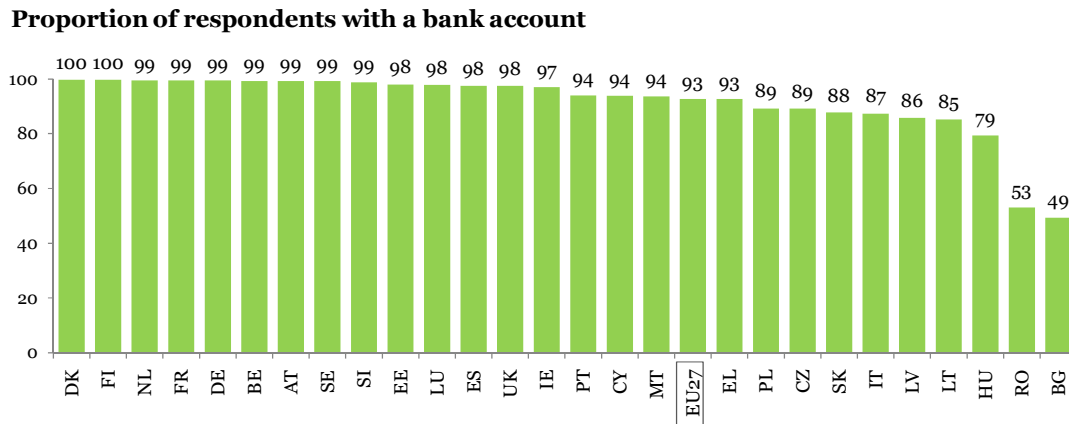
²⁰ Flash Eurobarometer 243. "Consumers' Views on Switching Providers" (European Commission: Brussels, 2008). Retrieved from http://ec.europa.eu/public_opinion/flash/fl_243_en.pdf

²¹ Flash Eurobarometers are ad hoc themed telephone interviews conducted at the request of any service of the European Commission. Flash surveys enable the Commission to obtain results relatively quickly and to focus on specific target groups, as and when required. The targeted number of main interviews varied somewhat by the population size of the country. For instance, in Germany, Spain, France, Italy, Poland and the UK the target main sample size was higher, while in Luxembourg, Cyprus and Malta, the target number was lower.

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Chart 2.3: Proportion of Respondents with a Bank Account, 2009



Q21. In general, how easy do you think it is to compare offers from different banks when looking for a current account?
Base: all respondents, % by country

Source: Flash Eurobarometer 282 (unpublished)

Similarly to financial exclusion, existing research points toward a correlation between economic development and bank account penetration. That is to say that on the whole, economically less prosperous societies, where financial/electronic payment circuits tend to be less developed/used, tend to suffer from lower levels of bank account penetration.²² The figures are illustrated in Chart 2.4.²³

In Chart 2.4, the y-axis represents GDP per capita in thousands. The x-axis illustrates the percentage of the population having a current bank account. R^2 is the square of the correlation between the constructed predictor (economic development) and the response variable (bank account penetration). The R^2 may be interpreted as the proportion of response variation *explained* by the explanatory variable. Approximately 33% of the variation in the percentage of the population using a current bank account can be explained by the level of economic development. The remaining 70% can be explained by other factors or inherent variability.

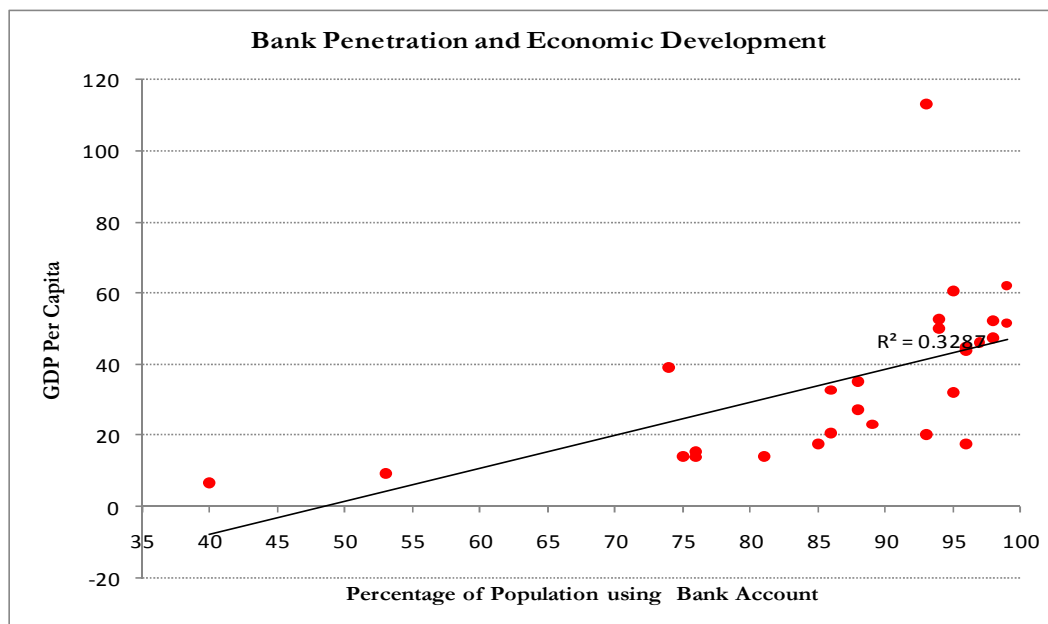
²² DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008); Kempson, E. “Policy Level Response to Financial Exclusion in Developing Economies: Lessons for Developing Countries” (paper presented at ‘Access to Finance: Building Inclusive Financial Systems, Washington DC, 30-31 May 2006)

²³ Bulgaria and Romania not included in chart.

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Chart 2.4: Economic Development and Bank Account Penetration²⁴



Source: CSES Analysis

Overall, financial exclusion generally and lack of access to a bank account specifically vary across EU Member States with economically less prosperous societies suffering from higher levels of financial exclusion and lower levels of bank account penetration.

2.3 Main Drivers of Financial Exclusion

We now consider some of the main drivers of financial exclusion. The purpose of this section is to provide a basis for an analysis, presented later in the report, of the numbers of persons without a bank account and the main reasons why they may not have an account. We discuss whether bank accounts are virtually the sole means of payment, the extent to which people are deterred from applying for or are unable to obtain accounts, and the typology of people within Member States without accounts.

Are bank accounts virtually the sole means of payment?

We can first differentiate between consumers in Member States in which the banking system is not yet the virtually sole means of payment in the society, and those Member States in which there is high penetration of bank accounts and where lack of access to an account may be an indicator of financial exclusion. Where a Member State continues to have a high level of non-bank transactions, lack of a bank account is less likely to mean that the consumer is excluded from performing financial transactions. Some consumers may choose not to have accounts and may not be disadvantaged by this choice.

However, as the use of bank accounts increases in those Member States, so the need for an account will increase. As the terms of reference for this study indicated, *not having access*

²⁴ GDP per capita data extracted from IMF database International Monetary Fund, "World Economic Database - October 2009." Bank Account Penetration data extracted from Flash Eurobarometer 243. "Consumers' Views on Switching Providers" (European Commission: Brussels, 2008). Retrieved from http://ec.europa.eu/public_opinion/flash/fl_243_en.pdf

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to a bank account may currently be less of a barrier to inclusion in some of the newer Member States but as these societies are moving to a society in which financial services are gaining importance in daily life, the need to tackle the problem of financial exclusion will become more and more acute.

Many of the European consumers without access to a bank account are of course in a few Member States in which the penetration of bank accounts is not yet very high. One method of estimating the numbers falling into this category is to analyse data on the penetration of accounts in each Member State. Where the penetration of accounts is lower and non-bank transactions are common, there will exist a group of consumers who may not yet need bank accounts for their daily lives and may not feel excluded in not having such accounts. Where there is high penetration of bank accounts, as is the case in most Member States with higher income levels, different considerations apply. Here, the lack of a bank account is likely to be a key indicator of financial exclusion.

We have not seen any studies indicating the cut-off level at which penetration of bank accounts is so high that the lack of a bank account becomes a key indicator of financial exclusion. We have therefore performed estimates based on different levels of cut-off, and these are presented later in this section

To what extent are people deterred from applying for accounts?

Next, we can differentiate between those who are unable to obtain access to a bank account, and those who for various reasons **feel deterred from applying, or do not wish to apply, for accounts**. Members of the former group attempt to gain access to a Basic Bank Account (and other financial services) but are rejected, while members of the latter group are unable to overcome certain barriers (e.g. limited financial education) which in turn encourage self-exclusion.²⁵

In the majority of the EU Member States, applicants for a current bank account must meet certain eligibility criteria. Generally speaking, individuals who are rejected tend not to meet the relevant eligibility criteria.

At the very least, adequate **proof of identity** and **domicile** are required. In compliance with the third EU Money Laundering Directive (2005/60/EC), individuals unable to provide adequate identification when applying for a Basic Bank Account must be rejected. This is not generally a problem in countries where national ID cards are mandatory (e.g. Bulgaria, Belgium, Cyprus, Czech Republic, Germany, Greece, Hungary, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain). In countries where ID cards are not mandatory or do not exist (e.g. Sweden, UK) the problem may be more pronounced. According to discussions held with Swedish stakeholder groups, immigrants from third states in particular may have difficulty providing the necessary documentation.²⁶

In many countries, individuals applying for a Basic Bank Account must also provide a current address (in the country in which they seek to open a Basic Bank Account). According to discussions with stakeholder groups in France, homeless people in France

²⁵ Kempson E & Claire Whyley. "Kept out or Opted Out? Understanding and Combating Financial Exclusion" (Bristol: Policy Press, 1999)

²⁶ Information obtained during interview programme.

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are provided with an official address. Discussions with stakeholder groups in Spain have revealed that, in some cases, a minimum level of economic activity is expected.²⁷

Since no overdraft facilities are associated with a Basic Bank Account, these types of accounts are supposed to be made available irrespective of the economic and financial status of the applicant. Based on discussions with consumer organisations in several Member States however, it appears that **individuals in economic distress find it more difficult to gain access to a Basic Bank Account.**

Most UK banks offering Basic Bank Accounts reserve the right to decline applications in cases where the individual is an undischarged bankrupt, or has a record of fraud.²⁸ UK banks including First Trust Bank and Northern Bank may also disqualify applicants with bad debt.²⁹

Consumer organisations in Germany point out that some individuals applying for a Basic Bank Account are rejected because of bad credit scores or because they have declared bankruptcy.³⁰ Generally, many current accounts in Germany come with an overdraft facility including an overdraft level agreed between the bank and the account holder. Naturally, these types of accounts do require a credit check. Basic Bank Accounts – ‘Girokonten für Jedermann’ – do not come with overdraft facilities, and according to representatives of the German banking industry banks in Germany do not undertake credit checks for individuals applying for such a Basic Bank Account.³¹

That being said, it has also transpired in those interviews that, in order to not stigmatise vulnerable customers, the so-called ‘Girokonto für Jedermann’ is only identified internally and is not widely promoted. It is thus possible that individuals, who in principle are looking to open a Basic Bank Account but fail to ask specifically for a ‘Girokonto für Jedermann’, will automatically undergo a credit check. Should the results be negative, then as has been highlighted by the consumer organisations in Germany it is possible that individuals applying in principle for a Basic Bank Account will be rejected because of a bad credit score.

The problem is less acute in countries where current accounts do not generally come with overdraft facilities. Examples include Spain and Sweden, where credit checks are not generally conducted when a current account is opened for a customer.

²⁷ Financial Inclusion Observatory. “Report on the Results of the Survey - WP1 - Better Access to Financial Services for People Experiencing Poverty and Social Exclusion”, p.8. Retrieved from <http://www.fininc.eu/knowledge-and-data/knowledge-and-data.en,32.html>,

²⁸ Financial Services Authority. (2009). ‘No Selling, No Jargon – Just the facts about Basic Bank Accounts’. Retrieved from www.money.made.clear.fsa.gov.uk/pdfs/bank_accounts.pdf.

²⁹ Financial Services Authority. (2009). ‘No Selling, No Jargon – Just the facts about Basic Bank Accounts’. Retrieved from www.money.made.clear.fsa.gov.uk/pdfs/bank_accounts.pdf.

³⁰ Information obtained during interview programme.

³¹ Information obtained during interview programme.

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Finally, another reason why applicants for a Basic Bank Account may have their application rejected is that they are not living in the service area of the bank. A good example is that of Germany. According to representatives of the German banking industry, Germany's savings banks ("Sparkassen") are obligated by law only to provide Basic Bank Accounts to individuals residing in their service areas.³² The network of branches is however extremely dense³³, meaning that this stipulation does not generally pose a problem in practice.

Typology within Member States of those without accounts

We now briefly review some of the data on the characteristics of consumers without a bank account within Member States. Amongst the people most likely to be rejected from gaining access to a Basic Bank Account are **immigrants**³⁴ (who tend to lack the necessary form of identification) and **disadvantaged groups within society**³⁵ (who are most at risk of being over-indebted and/or without a steady income and are in some cases homeless).³⁶

A study in the UK contained an analysis of 45,000 "unbanked" persons³⁷. Below pensionable age, the most powerful predictor of being "unbanked" was the receipt of benefit, with household income, housing tenure and lack of regular employment also being indicators. Above pensionable age similar indicators applied, together with the individual's ethnic background and whether or not they had a long-standing illness.

These very sections of society furthermore are likely to feel deterred from applying for financial services altogether. Because they are poor, they may be deterred by cost considerations (e.g. cost of account, potential overdraft charges). As well, due to lack of the necessary language skills and/or education, they may feel overwhelmed by the complexity of the modern financial system. Additionally, a **culturally-based distrust of modern banking** is a factor in certain countries and age groups. According to a 2007 report, a lack of knowledge about the help to be provided by financial institutions triples the odds of being financially excluded.³⁸

Previous research across the EU seems to support this picture, by illustrating a strong negative association between financial exclusion and relatively low **household income** (e.g. amongst those who are unemployed, are lone parents, or are disabled), as well as between financial exclusion and low **educational attainment**. According to a 2007

³² Information obtained during interview programme.

³³ Information retrieved from www.sparkasse.de/s_finanzgruppe/schlichtungsstelle/girokonto.html

³⁴ Interviews with stakeholders in Germany, Greece and Sweden corroborate this notion.

³⁵ Interviews in Germany corroborate this notion. It appears to very much depend on whether or not credit histories are checked.

³⁶ Financial Inclusion Observatory. "Report on the Results of the Survey - WP1 - Better Access to Financial Services for People Experiencing Poverty and Social Exclusion", pp 12-13. Retrieved from <http://www.fininc.eu/knowledge-and-data/knowledge-and-data.en.32.html>

³⁷ Regression analysis of the "unbanked" using the 2006-07 Family Resources Survey, Finney & Kempson, University of Bristol, http://www.hm-treasury.gov.uk/d/fitf_regression_analysis_unbanked.pdf

³⁸ Kempson, E. "Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report" (Bristol: Personal Finance Research Centre, University of Bristol, 2007), p. 20.

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report, being unemployed almost quadruples the odds (relative to someone in employment) of being financially excluded.³⁹ Research also shows that financial exclusion tends to be more prevalent among **ethnic minorities and migrants**.⁴⁰

2.4 Availability of banking facilities

Of course, the availability of access to banking facilities differs across, and within, Member States. Banking facilities can include the availability of bank branches and automatic teller machines (ATMs), as well as internet access to on line banking. For some types of transactions – e.g. obtaining cash – a branch or ATM is needed and we therefore reviewed existing indicators of the availability of these facilities.

The availability of branches or ATMs may be related to population numbers, or to geographical area. Clearly, banking facilities in sparsely populated areas may be less available than in towns.

An analysis of the availability of bank branches and ATMs was carried out in 2005 by researchers in the World Bank's research department⁴¹. This presented the situation in EU Member States to be as follows. No data was provided for Latvia, Luxembourg or Cyprus.

Table 2.1 – Availability of banking facilities

	Branches per 1000 sq km	Branches per 100K people	ATMs per 1000 sq km	ATMs per 100K people
Slovenia	2.14	2.19	64.56	66.14
Lithuania	1.81	3.39	15.34	28.78
Poland	10.25	8.17	21.72	17.31
Slovakia	11.33	10.28	32.21	29.21
Czech Republic	14.73	11.15	25.84	19.57
Romania	13.26	13.76	12.02	12.47
Bulgaria	9.81	13.87	21.09	29.79
Estonia	4.85	15.19	18.43	57.7
United Kingdom	45.16	18.35	104.46	42.45
Finland	3.26	19.06	13.55	79.21
Sweden	4.74	21.8	6.43	29.56
Ireland	13.41	23.41	27.78	48.49
Hungary	31.04	28.25	32.3	29.4
Malta	375	30.08	462.5	37.09
Greece	25.53	30.81	39.39	47.55

³⁹ Kempson, E. "Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report" (Bristol: Personal Finance Research Centre, University of Bristol, 2007), p. 20.

⁴⁰ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008), p. 30.

⁴¹ Thorsten Beck, Asli Demirguc-Kunt and Maria Soledad Martinez Peria, *Reaching out: Access to and use of banking services across countries*, 2005, Table 1

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Netherlands	163.81	34.23	223.02	46.6
Denmark	47.77	37.63	66.51	52.39
France	46.94	43.23	76.33	70.3
Germany	116.9	49.41	144.68	61.16
Portugal	57.45	51.58	121.5	109.09
Italy	102.05	52.07	131.71	67.2
Belgium	181.65	53.15	229.28	67.09
Austria	52.47	53.87	84.95	87.21
Spain	78.9	95.87	104.18	126.6

Source: Thorsten Beck, Asli Demirguc-Kunt and Maria Soledad Martinez Peria

We have ranked the table in ascending order by availability of bank branches per 100K people. Many of the EU 10 countries, who also have lower levels of bank accounts penetration, also have lower levels of availability of branches. However, this relationship is not universal. For example Slovenia, which now has a high number of bank accounts, has a low number of branches. Overall however the table supports a suggestion that one factor affecting the use of bank accounts may be the availability of bank infrastructure.

2.5 Population Without a Bank Account

We now seek to estimate the number of European consumers without a bank account. The number of consumers without a bank account is a key driver of any cost benefit estimate. In this section, we initially review data on the total number of consumers without an account, and then estimate the numbers who may wish to have an account but are unable to obtain one.

Data on consumers without a bank account can be obtained at Member State level in some countries, but more consistent cross-country data is available from Eurobarometer flash surveys. Two recent relevant surveys exist; Flash EB 243 carried out in 2008⁴² and Flash EB 282 carried out in 2009⁴³.

The question asked in each survey was different, and the resulting data is also different. In Flash EB 243 in 2008, consumers were asked “if they did not use a current bank account”. In Flash EB 282 in 2009, consumers were asked “if they did not have a bank account at all”. With a few exceptions, the latter survey will identify a smaller group of consumers. It appears that in Romania the percentage of respondents stating they did not use a current bank account in 2008 and stating they did not have a bank account at all in 2009 were the same. Surprisingly, a larger percentage of Greek respondents claimed in 2009 they did not have access to a bank account at all (7%) than Greek respondents stated in 2008 that they did not use a current account (5%). Finally, no population data was available for 2009 for Belgium and the UK; 2008 data was therefore used instead.

The surveys seek to be representative of consumers aged 21 and above. It will be appreciated that younger consumers, e.g. those aged 18 and above, will also require access to bank accounts. We therefore obtained population data on each Member State

⁴² Flash Eurobarometer 243. “Consumers’ Views on Switching Providers” (European Commission: Brussels, 2008). Retrieved from http://ec.europa.eu/public_opinion/flash/fl_243_en.pdf

⁴³ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

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from Eurostat for persons aged 18 and above, and applied the percentages of the population without a bank account from the Eurobarometer surveys to obtain an estimate of the number of adults without a bank account.

The results, by Member State and in total, are as follows.

Table 2.2 – Population Without a Bank Account (in millions) ⁴⁴

Member State ⁴⁵	2008 – don't use current account (million)	2009 – no access to bank account at all (million)
Austria	0.40	0.07
Belgium	0.17	0.17
Bulgaria	3.76	3.19
Cyprus	0.08	0.04
Czech Republic	1.16	0.91
Denmark	0.04	0.00
Estonia	0.04	0.02
Finland	0.04	0.00
France	1.46	0.49
Germany	2.68	0.67
Greece	0.46	0.64
Hungary	1.93	1.69
Ireland	0.16	0.10
Italy	7.75	6.30
Latvia	0.46	0.26
Lithuania	0.50	0.40
Luxembourg	0.03	0.01
Malta	0.02	0.02
Netherlands	0.76	0.13
Poland	7.18	3.29
Portugal	0.93	0.51
Romania	8.00	8.00
Slovakia	0.63	0.50
Slovenia	0.20	0.02
Spain	4.35	0.72

⁴⁴ Flash Eurobarometer data (243 and 282) of 2009 on access to bank account is representative of population over 21 years of age. Data on total population and population by age group were extracted from Eurostat. 2008 data includes figures for all individuals aged 15 and over. 2009 data includes figures for all individuals between the ages of 15 and 79. No data by age group was available for UK or Belgium for 2009.

⁴⁵ No 2009 population data for Belgium and the UK available. 2008 data used instead.

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Sweden	0.14	0.07
United Kingdom	1.88	1.88
Total	45.18	30.06

As indicated in section 2.3 above, it is unlikely that all these consumers without bank accounts will be financially excluded since many live in Member States where there is lower penetration of bank accounts. To take an example, in Romania in the 2009 survey 47% of the population did not have access to a bank account. Here, lack of access to a bank account may not be the most important indicator of financial exclusion. Once however the penetration of bank accounts exceeds a certain level; lack of a bank account will become a key indicator of financial exclusion. Most of the Member States with higher income levels have bank account penetration levels of over 95%, so in the table below we have identified the number of consumers who do not have access to a bank account at all and who fall above the 95% cut off level. We also show the numbers who fall above a 90% cut off level. Thus, in Romania, of the 8 million consumers without a bank account, only a small number of these are in fact likely to be financially excluded. In Germany however all of the 0.67 million consumers from the 2009 survey without a bank account could be at risk of financial exclusion.

Table 2.3 – Analysis of Population without a Bank Account

	% without account	Analysis of total (million) at cut off % of bank account penetration			Total (million) without accounts
		90%	90% to 95%	over 95%	
Austria	1	0.00	0.00	0.07	0.07
Belgium	2	0.00	0.00	0.17	0.17
Bulgaria	51	2.57	0.31	0.31	3.19
Cyprus	6	0.00	0.01	0.03	0.04
Czech Republic	11	0.08	0.41	0.41	0.91
Denmark	0	0.00	0.00	0.00	0.00
Estonia	2	0.00	0.00	0.02	0.02
Finland	0	0.00	0.00	0.00	0.00
France	1	0.00	0.00	0.49	0.49
Germany	1	0.00	0.00	0.67	0.67
Greece	7	0.00	0.18	0.46	0.64
Hungary	21	0.88	0.40	0.40	1.69
Ireland	3	0.00	0.00	0.10	0.10
Italy	13	1.45	2.42	2.42	6.30
Latvia	14	0.07	0.09	0.09	0.26
Lithuania	15	0.13	0.13	0.13	0.40
Luxembourg	2	0.00	0.00	0.01	0.01
Malta	6	0.00	0.00	0.02	0.02
Netherlands	1	0.00	0.00	0.13	0.13
Poland	11	0.30	1.49	1.49	3.29
Portugal	6	0.00	0.08	0.42	0.51

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Romania	47	6.29	0.85	0.85	8.00
Slovakia	12	0.08	0.21	0.21	0.50
Slovenia	1	0.00	0.00	0.02	0.02
Spain	2	0.00	0.00	0.72	0.72
Sweden	1	0.00	0.00	0.07	0.07
United Kingdom	4	0.00	0.00	1.88	1.88
Total		11.87	6.61	11.58	30.06

We can conclude from this analysis that of the 30.1 million consumers without access to a bank account, 11.6 million are likely to be at high risk of financial exclusion and 6.6 million more may be at risk, whereas the remaining 11.9 million are likely to be in a society where the use of bank accounts is not yet almost universal.

2.6 Member State Policies for Ensuring Access to a Basic Bank Account

The ways in which individual EU Member States address the issues of financial exclusion by banks differ greatly.

In some Member States banks are bound by law to make Basic Bank Accounts available to those who would otherwise be financially excluded (e.g. Belgium, Finland, France, Sweden, and Denmark). Banking industries in other EU Member States have signed up to voluntary charters, either addressing in particular the issue of financial exclusion (such as Germany) or adhering to a more general code of ethics (such as Hungary). Some countries are completely devoid of either legal obligations or voluntary charters (e.g. Austria, Spain). For example, the Czech national bank asserts the right of a credit institution to choose its clients in accordance with its business plan. We understand that Slovakia has recently introduced a statutory Basic Bank Account.

While it is the case that all countries with legislative frameworks for a Basic Bank Account have high levels of bank account penetration, some of the countries without legislation or guidance charters in this respect do provide useful examples of successful private sector solutions.

For instance, there is no legal obligation in Spain to provide basic banking services to any applicant. Financial exclusion however remains low on the political agenda, since the financial sector is considered highly competitive and includes wide & competitive access to financial services. Spanish savings banks offer banking products specifically designed for vulnerable groups. They have ties with communities and support social, cultural and educational projects.⁴⁶

Another example is Austria. Here, no specific legislation to tackle financial exclusion exists. Private individuals have no automatic right to a bank account, and while most banks exclude certain groups of prospective customers, a few have voluntarily developed schemes aimed at the socially weak and over-indebted.

The table below shows a summary of the position in each country, based on the information derived from the country fiches.

⁴⁶ Information obtained during interview programme.

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Table 2.5: Access to Basic Banking - Frameworks

Member States	Population with Current Account (%)	Binding Requirement	Specific Industry Charter	General Industry Charter	No Framework
Austria	99.0				x
Belgium	99.0	x			
Bulgaria	49.0				x
Cyprus	94.0				x
Czech Republic	89.0				x
Denmark	100.0	x			
Estonia	98.0				x
Finland	100.0	x			
France	99.0	x			
Germany	99.0		x		
Greece	93.0				x
Hungary	79.0			x	
Ireland	97.0			x	
Italy	87.0			x	
Latvia	86.0				x
Lithuania	85.0				x
Luxembourg	98.0				x
Malta	94.0				x
Netherlands	99.0	x			
Poland	89.0				x
Portugal	94.0				x
Romania	53.0				x
Slovakia	88.0	x			
Slovenia	99.0		x		
Spain	98.0				x
Sweden	99.0	x			
United	98.0		x ⁴⁷		

⁴⁷ The UK government announced in April 2010 an intention to put in place a binding requirement on banks to provide accounts to all, but detailed proposals have not yet been published

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Kingdom					
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Sources: Flash EB 282 for percentage of population with bank accounts, and CSES analysis

The table below illustrates that regulatory frameworks exist only in EU15 Member States, while the majority of EU12 has no framework at all. In the EU15, nearly as many Member States have no framework at all as have a regulatory framework. The average level of account penetration is lower in countries with no framework than in countries with charters and binding frameworks. The comparison between EU15 and EU12 illustrates important distinctions between the two groups. None of the EU12 countries provide binding requirements on its banks to make Basic Bank Accounts accessible to all. On the other hand, the six EU15 countries that do work under binding requirements have the highest level of average account penetration and the lowest level of average financial exclusion.

Table 2.6: Access to Basic Banking – Country Comparison

	Total Countries	EU 12	EU 15	Average Account Penetration ⁴⁸	Average Financially Excluded ⁴⁹	Countries
Binding Requirement	6	0	6	99.3	2.2	BE, DK, FI, FR, NL, SE
Specific Industry charter	3	1	2	98.7	5	UK, DE, SI
General Industry Charter	3	1	2	87.7	20.7	HU, IE, IT
No Framework	15	10	5	87.1	21.8	AT, BG, CY, CZ, EE, EL, LT, LV, LU, MT, PL, PT, RO, SK, ES,

⁴⁸ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

⁴⁹ Kempson, E. “Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report” (Bristol: Personal Finance Research Centre, University of Bristol, 2007)

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This section of the report provides information on the ten countries where more detailed research was undertaken, and summarises the position in each of those countries with emphasis on the historical perspective, experience with policy initiatives and support for future actions.

3.1 Belgium

3.1.1 Historical Perspective

A study⁵⁰ undertaken for the Belgian government in 1996 identified an increase in financial exclusion, and in particular the difficulty experienced by some consumers in opening bank accounts. In response to that initiative, in 1997 the Belgian Banking Association introduced a Banking Service Charter. The Charter remained in place for some 5 years, but problems of financial exclusion remained. In particular, it was suggested that banks were continuing to consider consumer's employment status and income before opening an account.

The ongoing problems resulted in the introduction of draft legislation in 2001, with legislation coming into force in 2003 requiring banks to provide a basic account. The legislation seeks to provide both electronic and manual banking services at an affordable price. It was recognised that certain excluded groups, such as the elderly, may not be able to use electronic banking.

3.1.2 Experience with Policy Initiative(s)

Every consumer who has their principal residence in Belgium is entitled to a basic banking service under the law passed on 24 March 2003, unless they (a) already have a basic banking service or other account with any bank, (b) have accounts or credit agreements worth at least €6,000, or (c) have committed fraud, a breach of trust, fraudulent bankruptcy, or money laundering. Consumers can choose their bank, and the bank has to provide this service, even to (non fraudulent) bankrupts.

The Basic Bank Account provides the following services: deposits, crediting cheques, cash withdrawals, transfers, standing orders and direct debits. No negative balances are permitted and the bank can charge a maximum of €13.60 annually for this service (the charge in 2009). The charge is linked to the price index. The charge covers all basic banking services with a maximum of 3 manual operations a month (or 6 if no debit card is provided), plus an unlimited number of electronic transactions. A mediation service is available where banks refuse to open accounts. In the first three years of operation there were over 800 complaints but most were quickly resolved.

3.1.3 Current Situation & Support for Future Action

The introduction of a Basic Bank Account has reduced but not eliminated the problems of financial exclusion. The Réseau Financement Alternatif has estimated that since the introduction of the law in 2003 the number of persons excluded has fallen from approximately 40,000 to 10,000 in 2009.

A recent development has been an amendment to the law on basic banking service which limits the amounts paid into a bank account that are subject to seizure by legal process.

⁵⁰ Centre Coopératif de la Consommation. "Etude sur l'exclusion bancaire des personnes à revenus modestes" (1996)

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The protection covers social security benefits and some salaries. These amounts have to be separately identified and cannot be seized for a month. The protection will apply to all holders of bank accounts.

According to the Eurobarometer survey, approximately 99% of the Belgian population have a current bank account.⁵¹ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that less than 5% of the Belgian population have no access to transaction banking, revolving credit or savings of any kind.⁵² This indicates that Belgium is doing well compared to other EU Member States.

3.2 Bulgaria

3.2.1 Historical Perspective

Access to a Basic Bank Account is still not considered an issue by policy makers and stakeholders, with no major debate taking place on the matter.⁵³ Banking representatives emphasise that, with the exception of the anti-money laundering directive⁵⁴, no significant barriers exist to the accessing of a bank account. They point to the fact that according to a recent Commission study⁵⁵, account charges in Bulgaria are among the lowest in Europe.

There is no official data regarding people wishing to open a bank account who have been refused.⁵⁶ Many people do not hold bank accounts because they do not consider them necessary for proper functioning in the society in which they live. For “unbanked” citizens the option exists to receive social security and other types of payments in cash through “pay rooms” in the municipalities, or by post⁵⁷.

3.2.2 Experience with Policy Initiative(s)

Given the limited awareness of, and interest in, the issue there have so far been no policy initiatives to support access to Basic Bank Accounts and tackle financial exclusion. The reverse may in fact apply, in that the credit unions – popular banks and mutual cash desks that have operated since the Communist period, which offered an alternative form

⁵¹ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

⁵² DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008)

⁵³ Financial Inclusion Observatory. “Bulgaria Synthesis Report”. Retrieved from <http://www.fininc.eu/gallery/documents/country-reports/summary-per-country/synthesis-report-bulgaria.doc>

⁵⁴ Email from Mrs Eleonora Hristoforova, Representative of the Association of Banks in Bulgaria

⁵⁵ DG Health and Consumers. “Data Collection for Prices of Current Accounts provided to consumers – Final report”, Retrieved from http://ec.europa.eu/consumers/rights/docs/study_bank_fees_en.pdf

⁵⁶ Financial Inclusion Observatory. “Bulgaria: Level of Access from Bank Accounts for People who want it”. Retrieved from <http://www.fininc.eu/countryreport.en.53.95.4.BG.145.html#433>

⁵⁷ Financial Inclusion Observatory, “Bulgaria Country report - stage 1”, Retrieved from <http://www.fininc.eu/gallery/documents/country-reports/country-report-questionnaire-final-bulgaria.pdf>

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of access to credit for firms– have since 1996 lost most of their client base, and a new banking law passed in 1997 placed restrictions on their activities⁵⁸.

3.2.3 Current Situation & Support for Future Action

According to the Eurobarometer survey, approximately 49% of the Bulgarian population have a current bank account.⁵⁹ A similar percentage (47%) is given by another study on behalf of the Financial Inclusion Observatory.⁶⁰ Although this number has risen from 40% in the previous Eurobarometer⁶¹, Bulgaria remains bottom of the ranking and along with Romania (53%), trails some 30 percentage points behind the next EU Member State. According to the Financial Inclusion Observatory, the main groups of the population without access to a basic account are elderly people in villages (who usually have low incomes and prefer to hold their money in cash) and the Roma population (who traditionally keep their money in gold and invest in real estate).⁶⁰ 14% of the Bulgarian population live below the poverty threshold according to 2003 World Bank data.

3.3 France

3.3.1 Historical Perspective

There has been a long-term policy in France to promote social and financial inclusion through various policy measures, of which providing access to a Basic Bank Account is one. For example social security payments in France can only be received by having a bank account. According to the Bankers Federation, the key issue is attempting to maximise the extent of *Bancarisation* in France, rather than focusing on the provision of legal access. Banking penetration in France is amongst the highest in the EU. The average number of individuals utilising the system of legal access to a Basic Bank Account is currently around 30,000 per annum.⁶²

3.3.2 Experience with Policy Initiative(s)

A legal framework exists underpinning rights to a Basic Bank Account, enacted by a law (through Parliament) and a decree enacted by government. Details are contained in Appendix E The legal framework requires a customer who is refused an account to obtain written details from the bank concerned. The customer then has to present these details to the Banque de France which will nominate a commercial bank which is required to open an account. Whilst the process can work without help from the banks,

⁵⁸ Financial Inclusion Observatory. “Bulgaria 58 Country Report - Stage 1”. Retrieved from <http://www.fininc.eu/gallery/documents/country-reports/country-report-questionnaire-final-bulgaria.pdf>

⁵⁹ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

⁶⁰ Financial Inclusion Observatory. “Bulgaria Country Report - Stage 1”. Retrieved from <http://www.fininc.eu/gallery/documents/country-reports/country-report-questionnaire-final-bulgaria.pdf>

⁶¹ Flash Eurobarometer 243. “Consumers’ Views on Switching Providers” (European Commission: Brussels, 2008). Retrieved from http://ec.europa.eu/public_opinion/flash/fl_243_en.pdf

⁶² Banque de France

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the procedure is assisted through action plans by the French banking industry, which have in combination proved successful.

A Basic Bank Account provides for the following services: deposit or withdrawal of cash, electronic payments, cheques, standing orders, direct debits, international transfers, receipt of postal payments, monthly statement of transactions. Charges are at the same level as for any other customer in France.

3.3.3 Current Situation & Support for Future Actions

According to the Eurobarometer survey, approximately 99% of the French population have a current bank account.⁶³ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that less than 5% of the French population have no access to transaction banking, revolving credit or savings of any kind.⁶⁴ This shows that France is doing well compared to other EU Member States.

However, the French Bankers Federation notes the widely differing reasons across the EU for not having a bank account. They see the issue as one of increasing banking penetration rather than focussing solely on the issue of access to a basic account.

3.4 Germany

3.4.1 Historical Perspective

In order to address the issue of financial exclusion in Germany, in 1995 Germany's lawmakers set out to make compulsory for all banks the provision of current/checking accounts to all persons fulfilling the standard requirements (i.e. proof of identity and residence), irrespective of any adverse entries in the SCHUFA registry (Germany's credit information agency). To avert legal obligation, in 1996 the banking industry⁶⁵ proposed the introduction of a voluntary undertaking by banks⁶⁶ which stipulated that every person who fulfils the standard requirements may open a so-called '**Girokonto für Jedermann**'⁶⁷.

Information on the number of basic bank accounts is shown in the table below

Table 3.1 - Basic Bank Accounts Volume in Germany^{68, 69}

	1999	2003	2005	2006	2007
Total	1116000	1514700	1840400	1 997 631	2 147 169

⁶³ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

⁶⁴ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008)

⁶⁵ Zentraler Kreditausschuss der Banken und Sparkassen (ZKA) – Central Credit Committee of Banks

⁶⁶ Charter of the Central Credit Committee "Girokonto für Jedermann"

⁶⁷ 'current account for everyone'

⁶⁸ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto fuer Jedermann". Drucksache 16/11495 (Berlin, 2008)

⁶⁹ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto fuer Jedermann". Drucksache 16/1298(Berlin, 2006). Accessed: http://www.bmj.bund.de/files/2dcc28a9ab1ddd1ca4909c450e44fc6f/1298/Bericht_%20BReg-Girokonto_f%C3%BCr_Jedermann.pdf

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The figures in the above table have been provided by the German banking industry. While the figures for the early years have been criticised for not only including ‘basic bank accounts’ (e.g. they might also include those basic bank accounts which have been installed at the expressed wishes of clients who otherwise would be eligible for accounts with overdraft facility), according to the banking industry, the figures for 2007 refer to ‘basic bank accounts’ only.

It is important to distinguish between Landessparkassen (saving banks) and other banks (e.g. Deutsche Bank, Commerzbank). While cooperative and saving banks in Germany have only around 12% and 22% of the market share of banking, they operate respectively 32% and 44% of all current accounts. Moreover, around 80% of social benefit recipients have a current account with a local savings bank.⁷⁰

The reason behind this is that *savings banks are administration unions with communal sponsorship. Therefore their statutes are laid down in the laws of the respective Länder*, many of which include detailed regulation on the obligation to keep current accounts for individuals resident in their business district (Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt and Thuringia as well as Bavaria, North Rhine-Westphalia and Rhineland-Palatinate).

3.4.2 Experience with Policy Initiative(s)

In order to avoid the imposition of any binding framework, the banking industry has a vested interest in the current system working. The banking industry provides an ombudsman – free of charge – who handles complaints by individuals who have been refused a Basic Bank Account. These ombudsmen are generally retired high court judges. They are seen as neutral and autonomous bodies. Nonetheless, their judgments are non-binding and both consumer and bank may choose to ignore it. According to Banking Federation officials, around half of all cases are decided in favour of the consumer. While some of the consumers themselves will subsequently decide to go before court (presumably because they are dissatisfied with the outcome), it is practically unheard of for banks not to accept a judgment passed by the ombudsman.⁷¹

Nonetheless, consumer associations emphasise that implementation of the voluntary undertaking by the banking sector is patchy. By way of example, the Federal Agency for Work determined that in January 2006, 1.36% of its payments had gone to individuals who, despite being eligible, were without access to a Basic Bank Account.⁷²

According to a report made by a Consumer Association in Germany to the financial committee of the German Parliament, maintenance charges for Basic Bank Accounts in

⁷⁰ DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008)

⁷¹ Information obtained during interview programme.

⁷² http://www.bmj.bund.de/files/3d3c5863f0a7545a56a8fe6ae9909572/1298/Bericht_%20BReg-Girokonto_f%C3%BCr_Jedermann.pdf

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2006 tend to be less than €10; however, some banks have tried to charge as much as €35 per month.⁷³

3.4.3 *Current Situation & Support for Future Actions*

According to the Eurobarometer survey, approximately 99% of the German population have a current bank account.⁷⁴ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that less than 5% of Germans have no access to transaction banking, revolving credit or savings of any kind.⁷⁵ This shows that Germany is doing well compared to other EU Member States. The current account for everyone is regularly assessed by the government. Overall, the Finance Ministry has concluded in a 2008 report that the situation for persons without basic accounts has not significantly improved over time. The report goes on to emphasise that a continued reluctance by the banking sector to honour its voluntary self-commitment may result in the creation of legal measures to ensure all eligible persons may hold a basic account.⁷⁶

3.5 *Greece*

3.5.1 *Historical Perspective*

No policy action has been taken in Greece regarding access to a Basic Bank Account. The consensus among stakeholders (banks, consumer associations and the regulatory authorities) is that no difficulty exists for the general population regarding the opening of a bank account. Consumer associations focus more on what they consider to be the very high charges made to account holders by banks, which can deter citizens on low incomes.

One vulnerable group recognised by the regulatory authorities is the large number of asylum seekers who have not been granted asylum and who do not hold the necessary identification to meet the requirements of the anti-money laundering directive. Migrant workers and other immigrants may find themselves in a similar situation.

3.5.2 *Experience with Policy Initiative(s)*

There have to date been no policy initiatives in regard to financial exclusion, as only very limited interest in the subject has been expressed by stakeholders or the government. The focus has been more on bank charges, with a number of court decisions following customer complaints and subsequent regulation in this area.

3.5.3 *Current Situation & Support for Future Action*

Neither the regulatory body nor the stakeholders (banks or consumer associations) hold data on the number of “unbanked” or marginally banked in Greece. Based on the

⁷³ Verbraucherzentrale Bundesverband. “Stellungnahme – Girokonto für Jedermann – Öffentliche Anhörung des Finanzausschusses des Deutschen Bundestages”. Drucksachen 16/2265, 16/818, 16/731 (Berlin: 29/11/2006)

⁷⁴ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

⁷⁵ DG Employment Social Affairs and Equal Opportunities, “Financial Services Provision and Prevention of Financial Exclusion”.

⁷⁶ Bundesregierung, “Bericht Der Bundesregierung Zur Umsetzung Der Empfehlung Des Zentralen Kreditusausschusses Zum Girokonto Fuer Jedermann.”

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Eurobarometer survey, approximately 93% of the Greek population have a current bank account. This is in line with the EU27 average.⁷⁷ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that nearly 30% of the Greek population have no access to transaction banking, revolving credit or savings of any kind.⁷⁸ It should be noted however that many in Greece have a savings account, even though they may lack a transaction account.⁷⁹

3.6 Lithuania

3.6.1 Historical Perspective

According to representatives from the Lithuanian banking industry, the number of “unbanked” individuals has not changed significantly over the past decade. Financial exclusion is a relatively new concept for Lithuanian banks and public authorities to grasp, both in terms of the public policy dimension and the possible need for any direct policy action.

During the decade of transition from command economy to a functioning market economy the central government and banking industry had to overcome the challenges presented by the banking approach of the old Soviet state banking system, which did not recognise the concept of financial inclusion. In addition, regulatory reform has not yet materialised to the extent required to promote financial inclusion throughout Lithuanian society. However, the government and the financial sector have in recent years raised the issue of promoting access to basic banking facilities as a matter of growing concern.

Lithuanian banks only began competing internationally relatively recently due to the combination of hyperinflation and the removal of lender of last resort status from the national bank. Crises became an endemic feature of the Lithuanian banking sector during the 1990’s as commercial functions were transferred from the Lithuanian National Bank to the State Commercial Bank. In the early pre-crisis period the activities of commercial banks were greatly impacted by shortcomings in the legal regulation of banking activities.

Even after adoption of the main legislative acts, the legal framework for commercial banking failed to properly crystallise. This situation resulted from the adoption of national laws on commercial banking in 1992 and 1994, which affected the quality of bank activities.

In 1994 Lithuania launched a reform program that included a review of the bank licensing system, privatization of the three state banks (Savings Bank, Agricultural Bank, and State Commercial Bank), a review of capital requirements to ensure compliance with international standards, and the introduction of new plans for accounts at the Bank of Lithuania and for commercial banks.

The program also called on the government to pass stronger bankruptcy legislation and to ensure its enforcement.⁸⁰ Various small credit companies were established in the mid

⁷⁷ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

⁷⁸ DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008)

⁷⁹ Kempson, E. “Financial Services Provision and Prevention of Financial Exclusion. Eurobarometer Report” (Bristol: Personal Finance Research Centre, University of Bristol, 2007), p.9.

⁸⁰http://www.photius.com/countries/lithuania/economy/lithuania_economy_economic_reforms.h

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to late 1990's as financial pyramid schemes that quickly became competitors to commercial banks. The legacy of failure left behind from these schemes had a strong impact on the Lithuanian population's attitude towards the banking sector. The geographical proximity of local bank branches in rural areas has also impeded the access of certain groups to financial services, despite Seimas legislation prepared for 2010 which requires salaries to be paid to employees via an established bank account.

On 3 July 1992, the government adopted the lita to replace the ruble. Between 1992 and 1995, six banks lost their licenses and two were merged; as of mid-1996, 16 were either suspended or facing bankruptcy procedures. The first serious crisis affected Aurasbankas, the eighth largest bank in the country, and the deposit bank for many ministries. The Bank of Lithuania suspended Aurasbankas' operations in mid-1995 because of liquidity problems resulting from bad lending and deposit-taking practices. By May 1999, only five commercial banks remained. Moreover, foreign investment by Sweden's Swedbank and SE-Banken helped to save Hansapank-Hoiupank and Uhispank-Tallinna, respectively.⁸¹

The Lithuanian banking sector responded to the era of liberalisation and privatisation by applying greater restrictions on customer access to banking facilities. The influence of Swedish and Norwegian banks during the period post 1998 had some effect in increasing the total number of customers with a bank account. However, barriers remained for certain social groups and geographical regions.

3.6.2 *Experience with Policy Initiatives*

In formulating economic policy, the Lithuanian government and banking sector has not much taken into account the issue of financial inclusion. There are no significant signs that the banking sector considers financial inclusion a priority for commercial banks, although recent legislation does aim to make it mandatory for workers above a certain salary to have a bank account.

Private Lithuanian banks have broadly followed the good practices adopted by the Scandinavian banks operating in the country. This includes for example the widespread provision of student accounts, whereas in rural areas outside the immediate vicinity of ATM facilities many communities, particularly elderly groups, remain financially excluded. Awareness-raising activities are required in order to build trust and introduce e-commerce facilities into rural areas, but no consensus between the Lithuanian state and banking sector has been reached on where the responsibility for production of these information materials lies.

3.6.3 *Current Situation & Support for Future Actions*

According to a Eurobarometer survey on financial inclusion, approximately 85% of the Lithuanian population has a current bank account.⁸² The Association of Lithuanian

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⁸¹ Encyclopaedia of the Nations. "Lithuania – Banking and Securities". Retrieved from <http://www.nationsencyclopedia.com/Europe/Lithuania-BANKING-AND-SECURITIES.html>

⁸² Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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Banks suggests this figure is a reasonable estimate, due to the banking sector's generally uniform procedures in terms of improving access to banking facilities. On the basis of this estimate Lithuania can be compared favourably to less economically developed economies in some other EU 12 countries (e.g. only 49% of the Bulgarian population have a current bank account).

On the supply side, Lithuanian banks are bound by the Law on Banks of Lithuania which guarantees the right to select customers based on internal preferences. Difficulties exist in the distribution of banking resources within different areas, especially those with low levels of employment. On the demand side, people from poorer regions, including the unemployed and retired, are more informed with regard to saving options and the ease of using facilities such as ATM's and online banking.

The current situation is based on a market-oriented approach. There is no legal obligation in Lithuania on banks to provide basic banking services to any applicant. The financial sector is largely driven by Scandinavian commercial banks that have a firm hand in the shaping of financial inclusion policies within the Lithuanian banking sector. Along with commercial banks, Post Offices have helped to maintain an institutional savings system for isolated communities in rural areas.

Post Offices play a central role in many small towns and villages where access to mainstream and internet banking facilities is limited. They provide basic services to pensioners and those without regular access to regional bank branches. Until recently, the majority of pensioners habitually received their state welfare payments via postal delivery. New government legislation coming into effect in 2010 however requires welfare benefits to be paid directly into bank accounts. If implemented effectively, this new legislation could result in declining use of Post Office facilities. Moreover, as a result of the most recent economic crisis, budget and public spending cuts have led to the restructuring and downsizing of Post Offices in many rural areas where cash withdrawal facilities are already limited.

There is a strong need to improve the level of financial education in Lithuania particularly with regard to public awareness of banking identity and anti-money laundering requirements. In order to ensure the existence of an equitable relationship between financially excluded citizens and commercial bank account facilities, there is scope for government policy action in terms of keeping the population informed regarding changes to banking rules and regulations. In addition, banks could play a more proactive role in marketing their financial products to the wider community.

3.7 Poland

3.7.1 Historical Perspective

According to representatives of the Polish banking industry, the number of "unbanked" individuals has not changed significantly over the past decade. Financial exclusion had not been fully recognised as a problem in the country by the Polish banks and to a certain extent the national authorities.

Due to Poland's inclusion under the Soviet system, financial inclusion had not been a pervasive issue for government and the Polish financial sector, with adjustments to the Polish banking sector taking place prior to 2004 as part of the country's EU accession process. However, there is neither regulatory structure in place to ensure the financial inclusion of Polish society, nor any intention to introduce such a legal framework at the national level.

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A highly concentrated state banking monopoly was a typical feature of East European economies in the communist period. In Poland the monopoly comprised the National Bank of Poland (Narodowy Bank Polski--NBP), the Commercial Bank (Bank Handlowy--BH), which had a monopoly in financing foreign trade; the Polish Savings Office, which controlled transactions with private international transfers; and some 1,600 small regional and specialized cooperative banks that jointly formed the Bank of Food Economy.

To encourage private savings a specialised savings bank, the General Savings Office, was established in 1987 by detaching designated departments from the NBP. In 1988 nine state-owned commercial banks were formed from regional branches of the NBP, and a state Export Development Bank was established.⁸³ Several factors are responsible for Poland's slow transition towards greater financial inclusion; these barriers are disputed among social groups and national authorities. The role of the 'grey' economy or non-taxed earnings forms a larger share of Poland's economy than it does in the more advanced western European economies.

This partly explains the population's weaker demand for access to Basic Bank Accounts. The geographical proximity of local bank branches to rural areas has also contributed to restricting access for certain groups to financial services, although local Post Office branches provide savings facilities to people less likely to receive a bank account from regular banks.

The Polish banking sector has undergone two stages of reform since 1989, the first of which included internal restructuring processes to make state-owned banks more attractive for privatisation, and changes to the licensing policy in which all applicants faced higher requirements for capital and were pressed into either participating in the privatisation of state-owned banks or taking over ailing private institutions established after 1990.

The second stage saw a consolidation of smaller and medium size banks, most of which however were limited in terms of geography and the range of services provided. Quite often in the past they would establish strategic alliances, offering standard services, but increasing competition meant they were unable to ensure their viability.⁸⁴ It was often the case that smaller banks chose to merge with similar size banks that may not fulfil the same functions towards financial inclusion.

3.7.2 *Experience with Policy Initiatives*

There are signs that the government and financial sector are looking to market-based solutions. Some private banks have started to offer young people's bank accounts and have provided additional assistance to people with disabilities. Trials have also taken place in which state welfare is delivered via a personal bank account. These private banking initiatives have not however adequately addressed the issue of financial exclusion in rural areas, including the disadvantage faced by retired customers. Attempts have been made by banks, with limited success, to disseminate information material in order to raise public awareness.

3.7.3 *Current Situation & Support for Future Actions*

⁸³ http://www.photius.com/countries/poland/economy/poland_economy_banking_and_finance.html

⁸⁴ Kokoszcyński, Ryszard. "Structural Changes in the Polish Banking Industry: Three dimensions of Consolidation Processes in an Emerging Economy" (Bank of International Settlements: 2001). Retrieved from <http://www.bis.org/publ/bppdf/bispap041.pdf>

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According to the Eurobarometer survey, approximately 89% of the Polish population have a current bank account.⁸⁵ The Polish Banking Association suggests this figure could be much higher owing to Polish society's reluctance to provide personal financial information. This shows that Poland is behind Western EU Member States but is comparatively more inclusive than some newer members (e.g. only 49% of the Bulgarian population have a current bank account).

On the supply side, Polish banks are bound by the Law on Banks which guarantees the right to select customers based on internal preferences. Difficulties exist in the distribution of banking resources within different regions, especially in areas with low levels of employment. On the demand side, people from poorer regions, including the unemployed and retired, are more inclined to make single withdrawals from ATM's which makes basic banking facilities less relevant to their personal needs.

The current situation is the result of a market-based solution. There is no legal obligation in Poland to provide basic banking services to any applicant. The financial sector provides wide and competitive access to financial services. Along with commercial banks, Post Offices offering saving services have been a major force in extending services. Polish Post Offices offer banking products that are designed specifically for vulnerable groups. They have ties with communities and but do not go further in providing additional support to social, cultural and educational projects. During the past decade or so the National Board of the Polish Consumer Federation has attempted to attract closer national attention to issues surrounding financial exclusion. However, stronger coordination with national authorities is required in order to bring about a more equitable solution for social partners.

3.8 Spain

3.8.1 Historical Perspective

According to representatives of the Spanish banking industry, the number of "unbanked" individuals was considerably higher several decades ago than it is today. Although financial exclusion had not been perceived as a problem in the country, major overhauls in the Spanish financial sector took place in the 1970s and 1980s which inadvertently had implications for the fight against financial exclusion.

Because Spanish banks remained internationally uncompetitive by the second half of the 1980s, pressure to revamp Spain's banking industry was great. With the government's encouragement, mergers were undertaken to create large Spanish financial holdings able to adequately compete with their European rivals. Opposite the major financial holdings were Spain's savings banks, which predominated in the rural areas that were not able to attract branches of the leading private banks.

After coming under the control of the Bank of Spain in 1971, savings banks raised their share of total national deposits from 34 % to 45 % by the late 1970s – this despite severe restrictions. By the mid-1980s these restrictions were gradually being relaxed and by 1992 savings banks were free to open up branches anywhere in the country. After lifting of the relevant restrictions, a large-scale merger process commenced among the savings banks. Despite legally being non-profit institutions, savings banks were quite profitable; in 1987,

⁸⁵ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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for example, they were more profitable than rival commercial banks. One reason for this was that savings banks were self-financed foundations without stockholders. The seventy-seven savings banks operating in the late 1980s lent mostly to families and to small and medium-sized businesses.⁸⁶ As a result of these reforms, banking competition is very strong in Spain.

3.8.2 Experience with Policy Initiative(s)

While there are no policy initiatives in Spain aimed at tackling financial exclusion, a number of market-based solutions have emerged over the years. In 2004, a group of banks started to voluntarily offer current/deposit accounts including additional services (e.g. credit card, debit card, bank transfer facilities) at a flat rate (or *tarifa plana*).⁸⁷ This scheme seems to have been crowded out of the market by more competitive options in recent years. So-called *Libreta* accounts, which are most similar to Basic Bank Accounts, are available for particularly vulnerable clientele.

3.8.3 Current Situation & Support for Future Actions

According to the Eurobarometer survey, approximately 98% of the Spanish population have a current bank account.⁸⁸ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that less than 10% of the Spanish population have no access to transaction banking, revolving credit or savings of any kind. This shows that Spain is doing well compared to other EU Member States

With approximately 45,000 branches nationwide and strong banking competition, supply factors (e.g. price of a Basic Bank Account, geographical access) tend to play a very minor role in inhibiting access to a Basic Bank Account in Spain.⁸⁹ Demand factors, on the other hand, constitute a challenge; in particular, groups with limited financial education or lacking ID cards tend to find it more difficult to obtain a Basic Bank Account.

The current situation is the result of a market-based solution. There is no legal obligation in Spain to provide basic banking services to any applicant. The financial sector is considered to be highly competitive, including wide access to financial services. Along with commercial banks, savings banks have been a major force in extending services. Spanish savings banks offer banking products specifically designed for vulnerable groups. They have ties with communities and support social, cultural and educational projects.⁹⁰ During the past decade or so the Spanish savings banks and their confederation have publicly expressed their keen interest in reducing financial exclusion.

3.9 Sweden

3.9.1 Historical Perspective

⁸⁶ Dziobek, Claudia and Ceyla Pazarbasioglu. "Lessons from Systemic Bank Restructuring: A Survey of 24 Countries" (IMF: 1997)

⁸⁷ <http://www.fininc.eu/gallery/documents/country-reports/country-report-spain.pdf>

⁸⁸ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

⁸⁹ Ministerio de Economía y Hacienda. "Spanish Contribution to the Public Consultation on Financial Inclusion: Ensuring Access to a Basic Bank Account" (2009)

⁹⁰ <http://www.fininc.eu/gallery/documents/working-paper-fin-exc-final-jan21-2008.pdf>

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The Swedish government stance is that access to a safe form of saving should, in principle, be open to all. Accordingly, since 1987 banks in Sweden have had a general obligation, under the Banking Law⁹¹, to accept deposits from the public. This does not however give the prospective customer an automatic right to a current account. Banks may refuse prospective customers for reasons such as suspected fraud or lack of proper identification. In fact, banks are required to perform thorough background checks on prospective customers under measures designed to combat money laundering.

3.9.2 Experience with Policy Initiative(s)

Interestingly, while banks are required to open an account for deposits, they are under no obligation to supply additional services (apart from the account itself) such as payment orders and corporate services, i.e. a transaction account linked to a giro payment system. They have the right to refuse payment services and even cash cards.⁹² This in a way renders the account as such almost useless from the perspective of financial inclusion. The Financial Supervisory Board has stated that banks should not withhold banking cards solely on the grounds that a person is undergoing a debt clearance process.⁹³

3.9.3 Current Situation & Support for Future Actions

According to the Eurobarometer survey, approximately 99% of the Swedish population have a current bank account.⁹⁴ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that less than 5% of the Swedish population have no access to transaction banking, revolving credit or savings of any kind.⁹⁵ This shows that Sweden is doing well compared to other EU Member States.

The vast majority of the population does not have a problem in opening a current bank account. Since accounts generally are not provided with overdraft facilities, credit checks become less crucial. According to the interviews carried out in Sweden, it appears that lack of identification is one of the more common reasons for denying a bank account. This in turn tends to be more of a problem for immigrants.

3.10 United Kingdom

3.10.1 Historical Perspective

The Cruickshank Report⁹⁶ in 1990 identified access to a Basic Bank Account as a major issue. It suggested that a market solution through competition may not provide bank accounts for all, in particular low income groups who “*lack appropriate proof of identity to open a current or savings account; or who have a bad credit or transactional record. Others may exclude*”

⁹¹ Swedish Government. "Banking Business Act" (1987)

⁹² Carbo, Santiago, Edward P.M. Gardener & Philip Molyneux. "Financial Exclusion in Europe." In *Public Money & Management* 27, no. 1 (2007)

⁹³ European Consumer Debt Network. "Better Access to Financial Services - Country Reports." In *Financial Education and Better Access to Financial Services* (2006). Retrieved from http://www.asb-gmbh.at/ecdn/index.php?option=com_docman&task=cat_view&gid=31&Itemid=27

⁹⁴ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

⁹⁵ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008)

⁹⁶ Cruickshank, Don. "Competition in UK Banking: A Report to the Chancellor of the Exchequer" (HM Treasury: London, 2000). Retrieved from http://www.hm-treasury.gov.uk/fin_bank_reviewfinal.htm

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themselves, preferring to pay and be paid in cash, to avoid the costs of accidentally getting into debt or simply because they find banks intimidating”.

Cruikshank concluded that *“it should become easier for those who do not have a current account to get access to basic banking services. The technology for preventing unauthorised credit is in place, so banks can no longer credibly refuse to open an account on the grounds it may go accidentally overdrawn”.*

The Government set out a strategy to tackle financial exclusion in ‘Promoting financial inclusion’, published in 2004. The report sets out a range of measures in three priority areas; access to banking, access to affordable credit, and access to free face to-face money advice. A Financial Inclusion Taskforce was set up to monitor progress.

3.10.2 Experience with Policy Initiative(s)

The UK Banking Code, which was a voluntary code, stipulates that if a customer’s needs are suited to a Basic Bank Account and if the individual bank operates the product, the customer would be offered one. In practice however there may be conditions on accessing the Basic Bank Account, such as the need to show an address and not being an undischarged bankrupt. Also, consumer organisations suggest that the Basic Bank Account is not always offered. A Basic Bank Account may in many cases be free, particularly if salaries or wages are paid into the account.

The Banking Code⁹⁷ gave certain voluntary commitments about a basic bank account, as follows. Banks agreed to

“assess whether your needs are suited to a basic bank account (if we offer one) and offer you this product if they are and offer you a basic bank account if you ask and meet the conditions for one”;

In November 2009, many of the functions of the Code were replaced by legislation from the FSA, but this legislation does not cover basic bank accounts. A consumer guide⁹⁸ produced by the FSA under its *MoneyMadeClear* banner gives information about bank accounts. Members of the BBA, BSA and UK Cards Association have agreed to stock these guides in branches. The guide provides information but does not change the voluntary nature of what was expressed in the Code

“If you want to open a basic bank account and you meet the bank or building society’s conditions for one, you should generally be allowed to open one. But there may be reasons why the bank or building society will not let you open an account “

Whilst a Basic Bank Account does not offer credit facilities, in the UK banks may charge a customer a fee if (for example) the account contains insufficient funds to meet a direct debit and the direct debit is declined for payment. This fee may put the account balance into overdraft and the resulting fees charged by the bank can be significant. The UK Office of Fair Trading undertook a legal challenge to these fees but was unsuccessful. Research by the Financial Exclusion Taskforce suggests that low income households would prefer the certainty of a small fixed charge to the uncertain and larger charges for failed transactions.

⁹⁷ The 2008 edition of the Code accessed from http://www.bba.org.uk/content/1/c6/01/30/85/Banking_Code_2008.pdf

⁹⁸ Consumer guide accessed from http://www.moneymadeclear.org.uk/pdfs/bank_accounts.pdf

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The Post Office also offers a Post Office Card Account (POCA), which allows only the receipt of state benefits, state pensions and tax credit payments, but no other payments. According to the latest Family Resources Survey, 12 % of over-75s have a POCA.

3.10.3 Current Situation & Support for Future Actions

According to the Eurobarometer survey, approximately 98% of the UK population have a current bank account.⁹⁹ A separate study commissioned by DG Employment, Social Affairs and Equal Opportunities shows that less than 10% of the UK population have no access to transaction banking, revolving credit or savings of any kind.¹⁰⁰

The most up to date UK figures were published in October 2009 by the Financial Inclusion Taskforce¹⁰¹. This showed in 2007/08 that 690,000 households, with 890,000 adults, say they have no bank account, either savings or transactional. This represents 3% of households and 2% of adults. In addition a further 2% of adults do not state whether they have an account. On all measures, the numbers without accounts has halved between 2002/03 and 2007/08. The Taskforce assessment of adults without access to a transactional (current or basic, not savings) bank account has fallen from 3.57m in 2002/03 to 1.75m in 2007/08, representing some 4% of adults.

The Taskforce also provides information on the composition of “unbanked” households. Single households comprise 64% of the “unbanked” (compared with 36% of the general population) and lone parent households comprising 17% of the “unbanked” (compared with 7% of the general population).

From 1 November 2009, the Financial Services Authority’s Banking Conduct of Business rules require banks to communicate appropriate information to their customers, including information, where relevant, on Basic Bank Accounts. The Taskforce has recommended that the FSA monitor compliance with this code.

In April 2010 the UK Government announced its intention to put in place legislation to require banks to provide accounts to all. The proposal was contained in the annual budget statement and will need to be followed up by legislation which is not yet available. Since the announcement, there has been a change of government and by early June 2010 there had been no further progress.

3.11 Summary

Whilst there are significant differences between the Member States reviewed, there are a number of common issues:

- All Member States are seeking to increase the penetration of bank accounts. The mechanisms for encouraging the increased use of accounts vary but there is a

⁹⁹ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

¹⁰⁰ DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008)

¹⁰¹ HM Treasury. “Fourth Annual Report on Progress Towards the Shared Goal for Banking” (London, 2009). Retrieved from http://www.hm-treasury.gov.uk/d/fourth_annual_banking_report.pdf

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trend towards compulsion, by making it mandatory for banks to provide an account to consumers.

- Banks have to comply with EU money laundering requirements, and there is potential conflict between the ease of opening an account and the need for evidence of an address and other identity information.
- Whilst the definitions of Basic Bank Accounts differ, it seems clear that the account should not include any facilities which would mean that the consumer would become overdrawn.

Costs and Benefits to Consumers

4

This section reviews the costs and benefits to consumers from the provision of a Basic Bank Account. As highlighted earlier, the groups most likely to be suffering from financial exclusion, that is to say groups most likely not to have access to a Basic Bank Account currently, are the socio-economically weak segments within society.

4.1 Potential Costs and Benefits

This section initially summarises the potential costs and benefits to consumers of holding a Basic Bank Account. We have assumed that a Basic Bank Account includes those facilities described earlier in the report. Some of these costs and benefits can be quantified and others, whilst not quantifiable, are nevertheless important to the individual concerned.

The areas of potential costs and benefits identified during this study are shown in the table below. Subsequent parts of this section of our report discuss the costs and benefits in further detail.

Table 4.1: Costs and Benefits to Consumers

Costs and Benefits to Consumers	
Costs or Disbenefits	Benefits
<ul style="list-style-type: none"> • Specific charges for account operation • Potential charges for inappropriate use of accounts • Potential fraud losses if account access details are lost or stolen • Possibility of easier legal seizure of funds by court judgment 	<ul style="list-style-type: none"> • Ability to take jobs, rent property etc where a bank account is a requirement • Access to money transmission services • Lower transaction costs on payments and receipts • Access to discounts for electronic payment • Quicker access to funds • Increased security through lower level of cash transactions • Increased choice of goods and services through internet where electronic payment is required • Reduced sense of financial exclusion

4.2 Costs to Consumers

We can now consider the costs to consumers of having a Basic Bank Account. We consider each of the areas of cost including the amounts charged by banks for the operation of bank accounts.

4.2.1 Specific Charges for Account Operation

Costs and Benefits to Consumers

4

Many of the direct costs to consumers of a Basic Bank Account refer to the **specific charges for account operation**. These charges inevitably vary between banks. Above and beyond possible charges for account maintenance, they may include:

- Charges for certain types of banking (e.g. online banking, telephone banking, branch banking);
- For transactions (e.g. cheque payments, online payments);
- For issuing (debit) cards and for cash withdrawal (e.g. from cash machines not attached to the home bank, cash machines abroad).

Moreover, while some banks may not specifically charge ‘account maintenance fees’, by aggregating individual fees for some of the services listed above account holders may still incur a cost.

The following table shows a comparison of average account charges across the European Union, based on a detailed study of bank charges by DG Health & Consumers.

Table 4.2: Weighted Average Price per Profile per Country

€/year	Domestic profiles				European profiles			
	passive	average	active	basic	passive	average	active	basic
Austria	99,54	140,47	197,46	83,95	100,63	144,60	206,10	93,68
Belgium	29,05	58,15	82,07	16,28	30,75	62,41	94,39	16,59
Bulgaria	17,14	26,94	42,83	9,30	16,78	48,57	108,29	17,32
Cyprus	6,52	84,59	184,99	48,74	6,45	70,41	201,12	70,51
Czech Republic	39,65	95,37	156,52	54,81	41,11	112,84	196,18	74,87
Denmark	37,92	74,27	128,41	38,91	33,69	63,76	105,35	29,19
Estonia	25,57	50,51	93,08	46,98	27,38	69,39	137,67	71,33
Finland	44,65	104,42	206,56	94,04	45,00	82,25	150,06	67,00
France	91,35	154,11	232,15	91,21	92,45	152,14	226,43	80,51
Germany	62,85	89,13	114,71	78,92	66,16	100,34	145,41	86,16
Greece	14,81	53,98	111,67	45,06	14,13	109,57	292,07	98,34
Hungary	28,39	76,20	144,42	64,08	28,19	78,75	149,99	75,10
Ireland	56,40	81,85	118,39	37,17	58,30	82,99	134,36	40,77
Italy	134,99	253,14	401,72	143,19	117,02	295,66	602,70	210,05
Latvia	63,26	115,24	192,28	107,33	68,59	194,77	407,86	218,98
Lithuania	11,20	34,76	112,92	14,69	21,02	117,29	260,77	120,49
Luxembourg	40,37	56,64	95,99	25,64	40,55	73,82	135,83	56,81
Malta	53,21	71,85	99,47	45,38	51,79	60,55	79,93	41,21
The Netherlands	30,13	45,95	55,60	28,85	30,10	45,87	55,52	29,17
Poland	45,97	73,21	114,01	50,55	44,43	71,87	116,11	50,24
Portugal	26,01	44,89	81,97	13,19	27,29	56,41	114,59	26,81
Romania	30,28	82,59	141,90	69,79	21,20	75,36	163,01	64,51
Slovakia	44,49	73,68	125,08	55,59	48,01	103,52	195,74	88,61
Slovenia	43,50	100,40	200,76	70,13	44,32	84,61	157,16	54,15
Spain	104,72	178,21	303,57	134,06	101,94	211,56	411,66	193,14
Sweden	25,16	61,84	128,21	53,35	25,77	66,94	147,41	59,16
United Kingdom	94,99	103,20	111,40	28,34	64,96	77,46	86,70	32,54
EU15	76,10	112,98	160,00	61,76	67,01	115,18	187,28	75,24
NMS12	34,57	79,23	139,85	54,85	34,33	86,09	166,67	69,34
EU27	74,41	111,62	159,18	61,47	65,68	114,00	186,45	74,98

Source: Van Dijk Management Consulting & CEPS: ‘Data Collection for Prices of Current Accounts Provided to Consumers’ (2009), p. 113.

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It will be seen that an average charge for a Basic Bank Account is €61.47 per annum, or €74.98 per annum if cross-border transactions are included.¹⁰² As part of this study, we sought information on the charge made for Basic Bank Accounts and received information from the following countries

Table 4.3 – Charges for Basic Bank Account¹⁰³

Country	Account Charges (Basic)	Typical charge per annum	Framework
BE	€2.60 per month/€31.20 per year	€31.20	Binding
FR	Between €7 per month (€84 per year) and €50 per year	€67	
SE	Accounts tend to be free of charge, credit cards cost about 250 SEK (€24.90) per year	nil	
DE	€0-€11 per month	nil-€132	Specific Industry Charter
HU	Monthly charges vary between 500-5,000 HUF (€1.80-18) these are the extremes, but mostly between 1,500-5,000 HUF (€5.50-18)	€118.8	General Industry Charter
IE	€4.50 - €11.40 payable every 3 months. (€1.50 - €3.80 per month). No account maintenance fee in certain banks (Postbank & Ulster Bank)	€31.8	
IT	between €2 and €5 per month	€42	
AT	Bank of Austria: €14.74 per quarter	€58.96	None
CZ	Monthly fee for current account is 20.00 CZK (+/- €0.77) or 228 CZK (€8.74 for an interest-bearing account), savings accounts are free	€57.06	
EE	98% of bank transfers are performed electronically and 91% of income tax declarations are made via the e-Tax Board. There is a 15.02 EEK (€0.96) annual charge for Visa/Electron	(€0.96)	

¹⁰² According to the report, 'active users' engage in the provided transactions very frequently, 'passive users' engage in the provided transactions very seldom; 'average users' are calculated from the entire population considered in the study. A 'basic user profile' comprises users with a low-cost basic account, where the permitted transactions are clearly defined (page 13).

¹⁰³ This data has been provided by CSES associates in the individual Member States who obtained the information from local banks.

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	account users	
EL	€0-€5	n/a
LT	There is a 19 EEK (€5.50) annual charge for Visa/Electron account users	€5.50
LU	Usually between €40 and €100 per year (€3.30 - €8.30 per month). €12/year at ING. Most banks provide different products for children, students and job-seekers, with lower, or no banking fees.	€70
LV	There is a €7.06 annual charge for Visa/electron account users	€7.06
PL	Internet client 96.09 PLN (€23.54), traditional client 396.01 PLN (€97.00)	€23.54
SK	Between €2 and €5 per month	€42

Source: CSES research

The countries that provided usable information had a mean typical charge to consumers of €51 for a Basic Bank Account, slightly lower than the charge seen in the DG Health & Consumers study which had an average charge of €57 for basic domestic accounts.

Where there is a Basic Bank Account available, charges vary substantially between Member States depending on policy. In Belgium the statutory basic account has an annual fee of approximately €12 (this is index-linked). On the other hand, the charges for a basic account in France are not fixed and can be substantially higher (the example above shows an annual charge of €67). The charges shown in the DG Health & Consumers study for Member States with mandatory basic accounts averaged €54, not materially different from the charges for accounts in general.

A comparison of banking charges in Germany shows that a private individual with a monthly income of €1,000 paid into an account with no overdraft facility or credit card attached, who has a debit card, makes an average of five transactions at the branch (e.g. paying in cheques) and five transactions online (e.g. direct debits, standing orders) and withdraws cash only from cash machines attached to the home bank, can expect to incur monthly charges ranging between zero and €11.¹⁰⁴ A similar comparison of banks in the UK shows that many of the high street banks do not apply account maintenance charges for Basic Bank Accounts, although as discussed elsewhere in the report there may be high charges for defaulting accounts and in some cases there may be a requirement for a minimum balance.

4.2.2 Potential Charges for Inappropriate Use of Accounts

¹⁰⁴Mano Dienste. "Der Girokonto Vergleich " (2009)

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Banks may charge for inappropriate use of bank accounts. These charges may include fees for overdrafts, interest and account fees when (for example) the bank refuses to honour a cheque or direct debit instruction because insufficient funds are available.

The definition of a Basic Bank Account used in this study excludes the provision of credit or overdraft facilities. So, unless an account becomes overdrawn because of bank charges, there should be no overdraft fees or interest. The area in which charges may be made to a consumer relate to the failure to pay a direct debit or cheque. These charges can be high and have formed the subject of competition authority investigations in the UK and in France.

In the case of Sweden, banks offer a service for direct debits called 'Retry' in connection with debit transactions (i.e. autogiro). Through this service, if funds in the payer account are insufficient on the requested day of posting the order is automatically retried up to five times. Continued failure to withdraw the money will lead to termination of the transaction and corresponding charges may be levied.^{105, 106} In addition to administrative charges levied by the bank, fines may also result for failing to pay a bill on time. In Germany, banks would previously levy charges for unsuccessful direct debits, but by law are no longer allowed to do so.¹⁰⁷ In the UK, a charge of £15 or £20 (€17 or €22) may be made for a failed transaction and a similar level of charge exists in France.

Such charges represent a considerable barrier to the use of Basic Bank Accounts in the countries where they are levied. Vulnerable consumers may wish to avoid using this service where charges are levied on failed direct debits, but will not then receive the benefits shown in the previous section.

4.2.3 Potential Fraud Losses if Account Access Details Lost or Stolen

Figures for the UK, for instance, demonstrate that financial fraud is a problem not to be underestimated. For instance, a 4.5 fold increase in **plastic card fraud losses** has occurred between 1998 (£135 million, €148.5 million) and 2008 (almost £610 million, €671 million). After a temporary decline to £30.6 million in 2006 (€33.66 million), **cheque fraud losses** have also increased in recent years to £41.9 million in 2008 (€46.09 million). Finally, **online banking fraud losses** accounted for £52.5 million in 2008 (€57.75 million) – a 132% increase compared to 2007.¹⁰⁸

However, many forms of Basic Bank Account protect consumers against loss due to fraud where this is not due to the gross negligence of the consumer. Accordingly, there is unlikely to be a substantial disbenefit to consumers in this area.

4.2.4 Possibility of Easier Legal Seizure of Funds by Court Judgment

Another disadvantage of holding a bank account is the possibility of easier **legal seizure of funds** by court judgment. Bank attachments are typical means to collect child support,

¹⁰⁵Nordea Bank. "Autogiro Direct Debiting - General Description" (Stockholm, 2002)

¹⁰⁶ This information has been corroborated by the Swedish Banking Association.

¹⁰⁷ Entscheidungen des Bundesgerichtshof in Zivilsachen. XI ZR 5/97 (137,43), Urteil von 21.10.1997; Entscheidungen des Bundesgerichtshof in Zivilsachen XI ZR 154/04 (162, 294), Urteil von 8. 3. 2005

¹⁰⁸APACS. "Fraud, the Facts 2009" (London, 2009)

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alimony payments and money judgments. In fact, attachment of bank accounts is an important and often effective form of debt collection.

Most Member States have legislation which provides for the attachment of bank accounts. Indeed, Germany's Bundestag recently passed a law to **reform bank attachment regulations**. In the future, bank account holders may ask to transform their current accounts into so-called P-Konten (Pfändung = debt collection). To enable a person to meet essential living costs when subject to legal seizure of their funds, they will be able to keep a minimum of €985.15 in their account that is exempt from debt collection. A similar law is in place in Belgium. Such protective measures would be particularly helpful to those individuals currently without basic accounts and reluctant to apply for an account for precisely this reason. Clearly, the possibility of funds seizure is a potential disbenefit to certain consumers, and may deter them from using a Basic Bank Account

The main financial costs to consumers are those related to the operation of an account. Estimates are available from various sources but this study has found that the annual charge to consumers for a basic account may be of the order of €50. There are other potential disbenefits from holding a Basic Bank Account. These may include charges levied for inappropriate use (although by careful use of the account, consumers may avoid these), and the possibility of seizure of funds, although some Member States have restricted such seizures.

4.3 Benefits to Consumers

We now consider each area of potential benefit to consumers.

4.3.1 Access to Money Transmission Services and Lower Transaction Costs on Payments and Receipts

One area of benefit to consumers relates to easier money transmission services and lower transaction costs on payments and receipts. Clearly, these benefits occur mainly where most payments are made through a bank account – the benefits may be less evident in a cash-based society. Quantifiable benefits may accrue to consumers in obtaining value for a cheque or other receipt, and in making payments. We consider both these issues in the following paragraphs.

Where a consumer receives a payment, such as a cheque, and has no access to a bank account, the consumer may need to pay a fee or use an intermediary to cash the cheque. Charges vary substantially from country to country and we show below information obtained from 12 Member States.

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Table 4.4 – Charges for Cashing Cheques¹⁰⁹

Country	Charges for Cashing Cheques	Estimated charge to cash cheque of €1000	Framework
BE	Cheques only exist for very limited things and usually cost €1 to cash	€1	Binding
DK	It is not possible to cash a cheque without an account/ foreign cheques cost €17 (125 DK)	n/a	
SE	All cheques can be cashed at any bank branch irrespective of the bank on which they are drawn	nil	
DE	Not possible to cash a cheque without an account (according to Commerzbank)	n/a	Specific Industry Charter
UK	Commission rates for cashing cheque start at 1.96% to 3% of cheque value	€20	
HU	Consumers incur extra cost (around 100-150 HUF) (€37 - €55) if they have their paycheque cashed at the post office	€0.55	General Industry Charter
IE	Commission charge ranges from 4-7% of the value of the cheque. A small handling fee also applies.	€40 to €70	
EE	It is not possible to cash cheques without owning an account	n/a	None
EL	For cashing a cheque without depositing into the account there is a charge (on average) of 0.2% of the value but not less than €5-€15	€5	
LT	It is possible to cash cheques without owning an account; however there is a standard	€10	

¹⁰⁹ This data has been provided by CSES associates in the individual countries, who obtained the information from local banks.

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	1% charge, the minimum charge is €7.24 (25 LT) and maximum is €86.89 (300 LT)	
LU	0.2% + €4 handling fee	€6
LV	It is possible to cash cheques without owning an account, however charges are: €7.06 for cheques over €144.10; €14.11 for cheques over €705.52, €21.17 for cheques above €705.52 plus 0.4%.	€21.17

Source: CSES research

The diversity of information from Member States makes it difficult to obtain a firm average charge for cheque cashing across all Member States. However, commission rates can reach 3%, although much lower rates are common. Fixed charges also vary similarly. From the above table however it may be reasonable to suggest that a consumer trying to cash cheques of €1,000 per month could face monthly costs of €10 (1%) – or €120 per annum.

A similar position arises where a consumer with no bank account wishes to make a payment. He may need to purchase a cheque or payment order, or use a payment transmission service. For example, current prices for postal orders issued by UK post offices range between £.50 (€55) and 10% depending on the value of the orders purchased. Fees are capped at £10.00 (€11.00).¹¹⁰ The charges for domestic postal orders in France range between €5.80 (for orders up to €160) and €11.70 (for orders between €1,000 and €1,500).¹¹¹ Using Western Union Deutschland, the minimum charge for a domestic postal order in Germany is €4.90 and the maximum charge is €19.60. Postal orders are capped at €999.99.¹¹² In Greece, fees for a domestic postal order range between €4.00 and €8.00 with orders capped at €6000.¹¹³

International money transfer services may cost substantially more, and there is a currency exchange fee as well as a transaction fee. It might not be unreasonable to assume a monthly cost to the consumer of €5 for money transmission services, resulting in an annual cost of €60.

Ability to Take Jobs, Rent Property

Employers increasingly use automated clearing services to pay their employees' wages. Common schemes are the BACS (Bankers' Automated Clearing Services) in the UK or ELLE (Early Late/Late Early) in Scandinavia. While having a bank account may not strictly be a legal requirement to take up a position, payment schemes have advanced to such a degree over the years that paying out salaries in cash or by cheque may simply no longer be possible. In recent years, for instance, the number of cheque transactions has

¹¹⁰ <http://www.postoffice.co.uk/portal/po/content1?catId=86500737&mediaId=73500709>

¹¹¹ <http://www.lapostespm.net/fr/6-tarifs-mandats.html>

¹¹² <http://www.westernunion.de>

¹¹³ <http://english.elta.gr/index.asp>

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decreased substantially in Sweden, most significantly because Swedish banks have implemented a clear policy of reducing the number of cheque payments as these are considerably more costly than alternative means of payment, such as by card.¹¹⁴

Again, while there may be no legal requirements to pay rent by electronic transfer or cheque (and some private landlords may in fact prefer cash payments), renting property from a letting agent without the necessary bank account would be very difficult. In the UK, many prefer rent to be paid by Standing Order. At some German universities (e.g. Universität Stuttgart), even foreign exchange students need a bank account since rent for student halls is also paid by Standing Order.

Clearly, there are substantial benefits to consumers in these areas. However, these benefits are not readily quantifiable in monetary terms.

Access to Discounts for Electronic Payment

Consumers may obtain discounts, or reduced transaction fees, through making payments by direct debit or electronic transfer rather than cash. As part of this study we were able to obtain information on such discounts from 15 Member States. In Poland, Latvia, Hungary, Belgium, France and Estonia, electronic payment is widespread but there are generally no discounts.

In three countries, an additional charge is applied to cash transactions which can be avoided by using electronic payments. In Cyprus, energy bills may be paid by direct debit for which there is a one-off fee of €0.82 stamp duty to set up. Cash payments at the counter incur a charge of €1 for each new bill. In Denmark, if you pay utility bills at the Post office there is a charge of 25 DK (€3.35) per bill.

The remaining Member States for which we were able to obtain information offer discounts as follows:

¹¹⁴Bank for International Settlements. "Payments Systems in Sweden". Retrieved from <http://www.bis.org/>

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Table 4.5 – Discounts for Electronic Payment¹¹⁵

Country	Discount	Framework
DK	2% (enercity), between €15 and €36 per year (entega)	Binding
UK	EDF offers 6% discount when paying by direct debit. Southern Electric offers 5%.	Specific Industry Charter
IE	Up to 10-14% cheaper (Electricity Supply Board, Bord Gais)	General Industry Charter
AT	Two days of free electricity for setting up direct debit	None
EL	Electricity: €5 one-off discount at the initiation of service	
LU	There is usually a small discount when payment is made via direct debit (around 5%).	

Source: CSES research

This analysis indicates that discounts for electronic payment tend to be available in those countries where a higher proportion of consumers use bank accounts. It is noticeable that discounts are less frequent in countries such as Romania, Poland and Bulgaria with lower bank account penetration. If that is the case, then as the use of bank accounts increases it may be expected that the availability of electronic payment discounts, or cash payment charges, could rise.

The countries that offer percentage discounts for direct debits or electronic transactions appear to offer discounts of up to 15%. The widespread variation in practices between Member States means that potential benefits vary substantially. It would not however be unreasonable to quantify a benefit in the region of 5% on annual expenditure per consumer of €2500, i.e. a benefit of €125 per consumer. Studies in some Member States indicate even higher benefits – a study in the UK estimated that vulnerable consumers in the UK could be paying £800-£1,000 (€880-€1,100) a year in higher costs because they are excluded from mainstream financial services.¹¹⁶

Quicker Access to Funds

A bank account is likely to provide a consumer with quicker access to funds, particularly where payments are made electronically. Whilst this is a benefit, it is not readily possible to quantify the amounts involved. For example, if a consumer receives a cheque and does not have a bank account, then obtaining value from the cheque requires the use of an agent and time, while speedy alternative methods of sending funds can be expensive.

Increased Security through Lower Level of Cash Transactions

¹¹⁵ This data has been provided by CSES associates in individual Member States who obtained the information from local utility providers.

¹¹⁶ Family Welfare Association. Retrieved from <http://www.inclusioncentre.org.uk/3.html>

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The situation is similar on increased security through lower levels of cash transactions. There are inherent security risks in the use of cash in large amounts. Whilst the use of a bank account provides higher levels of security, it is again not possible to quantify the benefits involved.

Increased Choice of Goods and Services through Internet Where Electronic Payment is required

Finally, most online purchase and bookings are possible only with a plastic card. Online purchases may in many cases result in discounts – if a 1% discount is available on purchases of €500 per month, then the annual saving is of the order of €60

Overall, many areas of benefit to consumers are not readily quantifiable, including in particular areas such as a reduced sense of financial exclusion, access to jobs and property rentals, security, and quicker access to funds. Where benefits can be quantified, the amounts are likely to vary substantially from Member State to Member State and indeed from person to person. It would not however be unreasonable to assume a quantifiable benefit to consumers of €300 to €400 per annum, including the following elements: charges for cashing cheques (€120), charges for money transmission (€60), loss of discounts for electronic payment (€125), and online discounts (€60).

4.4 Summary of Costs and Benefits to Consumers

This section has identified both quantifiable and non quantifiable costs and benefits to consumers. The quantifiable costs and benefits per consumer are of the order of €315 per annum as follows:

Table 4.6 – Summary of Quantifiable Benefits to Consumers¹¹⁷

Cost Savings or Benefits	€
Charges for cashing cheques	120
Charges for money transmission	60
Loss of discounts for electronic payment	125
On line discounts	60
Total	365
Less charge for bank account	50
Net benefit per consumer per annum	315

These costs and benefits assume no charges for inappropriate use of accounts. There are also a number of non quantifiable benefits including

- The ability to take jobs, rent property etc where a bank account is a requirement
- Quicker access to funds.
- Increased security through lower level of cash transactions.
- Increased choice of goods and services through internet where electronic payment is required.

¹¹⁷ These estimates of benefits are a summary of the quantifiable benefits described in this section of the report.

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- Reduced sense of financial exclusion.

Set against that, there are some potential non quantifiable disbenefits including

- Potential fraud losses if account access details lost or stolen.
- The possibility of easier legal seizure of funds by court judgment.

We can use the typical net annual quantifiable benefit of €315 per consumer to estimate a likely overall benefit to consumers in Europe. We estimated in section 2 of this report that there were between 11.58 and 18.19 million consumers without a bank account where the lack of an account might be an indicator of financial exclusion, and a further 11.87 million in countries where the penetration of bank accounts was low. The benefits shown above do not fully apply to those 11.87 million consumers living in a society where the use of bank accounts is not yet almost universal. However, applying the net benefit of €315 per consumer to the range between 11.58 and 18.19 million consumers without a bank account suggests an overall net benefit of between €3.6 and €5.7 billion across Europe as a whole.

In total there are 30.06 million consumers without bank accounts. If we apply the whole of the annual benefit of €315 to all these consumers, the total benefit would be €9.5 billion across Europe as a whole.

Costs and Benefits to Banks

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This section of our report considers the impacts of the provision of a Basic Bank Account on banks. We consider the costs to banks of the provision of a basic account, the income to banks and other issues such as the benefit of holding deposits.

5.1 Potential Costs and Benefits

This section first summarises the potential costs and benefits to banks of the provision of a Basic Bank Account. The areas of potential costs and benefits identified during this study are shown in the table below. Subsequent parts of this section of our report discuss the costs and benefits in further detail

Table 5.1: Costs and Benefits to Banks

Costs and Benefits to providers (e.g. banks)	
Costs or Disbenefits	Benefits
<ul style="list-style-type: none"> • Labour/staff costs in opening accounts • Labour/staff costs in dealing with delinquent accounts • System costs (very low on a marginal basis however) • Any incremental costs related to fraud • Costs of ensuring more widespread access to services (e.g. branch network, cash machines in rural areas) 	<ul style="list-style-type: none"> • Revenue from charges for Basic Bank Accounts • Improved perception of banking • Increased customer base for selling of additional services • Reduced costs and risks from cash-based payments • Contribution to capital

5.2 Costs to Banks

Banks offer an interlocking range of financial services including money transmission and a wide range of other services. Their overhead costs are spread across the range of services offered, so it is not a straightforward task to identify the costs of any individual services.

Traditionally, banks have operated in such a way that some services to an account holder (e.g. a 'free' current account) are financed through other potentially profitable revenue streams from the customer. Banks do not generally publish information on their costs, although some information is available from external investigations, such as competition authority investigations, as was confirmed to us in the various interviews we carried out. No bank or association offered an analysis of the costs of operating a bank account, as opposed to the charge they make to consumers for the account.

There is a further important conceptual issue to be considered. Banks have invested heavily in automated payment systems and the development costs of those systems have to be recovered from customers through charges or other revenue streams. These large fixed costs (which have already been incurred) need to be taken into account in arriving at an **average cost** of services to a customer. It will however be appreciated that the **marginal cost** of services, i.e. the cost of adding (say) one account to the existing infrastructure, will be below the average cost of services.

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For example, if a bank spends €1m on providing infrastructure for 10,000 customers the average cost to be recovered over a period will be €100 per customer, but the additional cost of using the infrastructure to provide for an additional customer will be nil. There are of course other costs to be taken into account, but in considering the cost to banks of a Basic Bank Account, we need to try to distinguish between the **average cost** and the **marginal cost**. The average cost of providing a bank account is likely to be substantially higher than the marginal cost of providing an additional account. In discussion with bank associations, this conceptual issue was accepted.¹¹⁸

Several studies have tried to assess the profitability of the provision of Basic Bank Account services. A helpful study is the investigation by the UK Competition Commission into the provision of banking services in Northern Ireland.¹¹⁹ This study sought to assess the return on capital employed by eight banks in providing banking services in Northern Ireland. The study looked at the average costs to banks and the marginal cost of providing an additional account. Unfortunately, individual profitability estimates have been removed from the final report due to commercial confidentiality considerations. Overall however the study concluded that the banks' returns on the provision of Basic Bank Account services, on the basis of average costs, were not excessive.

Basic Bank Account Process

Earlier in the report we considered the definition of a Basic Bank Account. We can now look at each of the processes that need to be undertaken to provide a Basic Bank Account. The main processes are outlined in the table below and are based on our interviews with banks and associations. The processes apply to all accounts. We also note beside each process whether it is labour intensive, or whether it entails using an existing system. Labour intensive processes are likely to incur specific direct costs, whereas providing an account using existing IT systems can be costed on a marginal basis. Bank systems will of course vary, and the table can only provide a general guide to the processes.

Table 5.2: Process and Costs to Banks

Process	Costs
Opening an account – Meeting	Likely to be labour intensive, requiring a discussion with the customer. Note that regulations on money laundering and the need to 'know your customer' are likely to add to the time involved. It is possible that less time may be needed for a basic account, since credit facilities will not be offered.
Opening an account – Other processes	Largely automated, so the marginal cost of an additional account will be small.
Operating an account – Electronic transfers and inputs	Largely automated, so the marginal cost of an additional account will be small.

¹¹⁸ Information obtained during Interview Programme.

¹¹⁹ Competition Commission. "Personal Banking Services in Northern Ireland" (2007). Retrieved from http://www.competition-commission.org.uk/rep_pub/reports/2007/fulltext/527.pdf

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Operating an account – Paper-based transactions	If cheques are not included in the working definition of a Basic Bank Account, relatively expensive paper based transactions can be minimised unless paper statements are provided. Removing paper statements can reduce costs.
Operating an account – Delinquent accounts	If an account becomes overdrawn, costs to the banks (and also the charges by the bank) are likely to include labour costs and can be substantial. However, if a basic account excluded the possibility of becoming overdrawn, these costs should not apply.

The above costs may be considered as falling into two groups, on the assumption that paper based money transmission services such as cheques are excluded. One represents **labour/staff costs in opening an account**, and in **dealing with delinquent accounts**. The others are **system costs**.

Considering first **system costs**, the key issue is whether we look at the costs of providing a small number of additional accounts using existing systems (the marginal cost) or the average system costs of all accounts. It may not be unreasonable to suggest we should look at the marginal cost. This marginal cost, according to the Competition Commission study referred to above, is likely to be very low where there are existing systems in place.

The main additional cost in providing a Basic Bank Account is therefore the staff costs. As we have indicated above, these include the costs both of opening an account, and potentially the costs of dealing with a delinquent account. The latter costs could be large and indicate the importance of designing a Basic Bank Account in such a way that it cannot go into overdraft, or incur charges which makes it go into overdraft. The main cost of providing the account is therefore likely to be the labour cost associated with a meeting to obtain details about the customer and to check references.

5.3 Costs of Bank Accounts

Although banks do not generally disclose the costs of providing services, some regulatory investigations and other reports have published cost estimates. In the UK a major study into the provision of banking accounts, the Cruickshank Review¹²⁰, contained estimates of bank costs using average costs. The relevant section is reproduced below, with money amounts converted to euros.

Current accounts are priced in a way which recovers total costs but does not reflect the underlying costs of any one account. There are significant fixed costs in providing a current account, as well as transaction costs. Face to face transactions are more costly to provide than their internet or telephone equivalents so banks usually lose money on them overall. To give an idea of actual costs, ATM withdrawals cost up to 33 cents, automated credit transfers about 11 cents and cash back transactions about 17 cents. Paying in cheques, by whatever method, costs on average 50 cents. Using a branch counter for transactions costs about €1.10. In round terms, the incremental set up cost of a current account is about €27.50. Incremental fixed maintenance costs, including quarterly paper statements, add around €11 a year.

¹²⁰ Cruickshank, Don. "Competition in UK Banking: A Report to the Chancellor of the Exchequer"(HM Treasury: London, 2000). Retrieved from http://www.hm-treasury.gov.uk/fin_bank_reviewfinal.htm

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On the basis of the costs estimated by Cruickshank, the costs of providing banking services to a customer who has 5 cash withdrawals and 10 other transfers a month would be about €40 per year. This amount represents an estimate of the average costs to banks and is consistent with Cruickshank's estimate that an account needs to have a positive balance of about €1,100 per annum to be profitable if there is no account fee. Cruickshank goes on to say that *"Banks do not have an incentive to provide a standard current account to low income customers: a current account needs an average balance of about €1,100 a year to make a profit"*.

Another study, by McKinsey¹²¹, estimates that **payments systems** account for 24% of bank revenues and deliver 9% of profits for Europe as a whole. The study suggests that the development of SEPA will cut the profitability of payments systems further. The study found significant differences in national payments systems and describes Belgium, the Netherlands and Sweden as having low-cost, efficient systems and Italy as having a high-cost, high fee system. The UK and France have systems that generate profits from products such as credit cards.

As indicated above, the interviews carried out as part of this study did not provide any detailed cost information. They confirmed that the general approach shown above was appropriate: one interview suggested that the costs shown in the Cruickshank report above were representative for other countries. One clear message from the study is that **bank costs depend on the nature of the products** offered. Paper based products, such as cheques, have high costs and electronic money transfer products have lower costs. This cost difference has implications for the design of a Basic Bank Account.

Extending Bank Infrastructure

Different cost considerations will apply in those Member States where there is a substantial need to extend the bank infrastructure to deal with a much larger number of accounts. It is possible that there may be a need in some countries with a combination of large rural populations and a high proportion of those without access to an account to extend the provision of ATMs and physical branches. However, these facilities have been provided on a market basis in more developed economies and could be seen to represent a commercial opportunity for banks. For example, earlier in this report, we showed examples of countries where the penetration of bank accounts was relatively low.

The costs of providing such infrastructure and the likely revenue will depend very much on local circumstances and on the business plans of the banks concerned. Information on potential costs is commercially confidential to banks and it would not be appropriate to attempt an overall cost benefit assessment.

5.4 Benefits to Banks

The main areas of benefits to banks are likely to be the following:

- Revenue from charges for Basic Bank Accounts
- Improved perception of banking
- Increased customer base for selling of additional services
- Reduced costs and risks from cash-based payments
- Contribution to capital

¹²¹ European Payment Profit Pool, casting light in murky waters, McKinsey – 2008

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In this section we consider each of these areas as follows.

Revenue from charges for Basic Bank Accounts

The revenue which banks receive for charges on basic banks accounts is of course the receipt of charges from the consumer, as discussed in detail in the previous section. We have shown in that section that an average annual charge for a simple Bank Account is approximately €50, although charges vary substantially from country to country and some capped charges for Basic Bank Accounts are lower, as for example in Belgium where the charge is capped at €12 per annum. Overall, charges for Basic Bank Accounts in Member States where these are mandatory are similar to charges for other accounts. We have not included in these amounts any charges for delinquent accounts since the intention of a Basic Bank Account is not to provide that possibility of overdraft.

In addition to the charges levied for bank accounts there are a number of non quantifiable areas of benefit to the banks, including the following.

Increased customer base for selling of additional services

The number of consumers without bank accounts provides a market for the banks to sell additional services. The most obvious market relates to those countries where there is a lower penetration of bank accounts, and where there is scope for the banks to increase market share. However, groups such as migrant workers and those emerging from a short-term financial crisis have the scope to develop into profitable customers for the banks.

Reduced costs and risks from cash-based payments

In countries where cash payment of wages and salaries continues, the risks concerned with the physical security of moving large amounts of cash, and the costs associated with complex sorting of cash. Those countries are principally those with lower rates of bank penetration, as shown in section 2 of this report. Any move towards reducing these cash-based transactions will reduce costs and risks for those banks.

Contribution to capital

The balances on current accounts, which may offer a nil or low rate of interest, provide an important source of capital for the banks. The Capital Requirements Directive¹²² set out minimum capital requirements for banks. The rules are complex, but in summary institutions can adopt either the Basel II capital requirements of 8% to 15%, or an institution-based risk assessment approach.

In practice, adopting a minimum capital requirement based on relevant bank assets means that if additional funds are deposited with a bank, it is possible for the bank to lend a multiple of those funds to other customers. If the minimum capital requirement is 15%, additional deposits of €1 would permit additional lending of €6.

Whilst this benefit may be important, quantification of the benefit would require both an average balance held on a customer account, and the average net margin on lending obtained by banks, as well as much other detailed cost information, none of which is available.

¹²² European Community. "Directive Relating to the Taking Up and Pursuit of the Business of Credit Institutions". Brussels, 2006), p. 48.

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Improved Perception of Banking

Finally, there is the issue of Corporate Social Responsibility by banks and improvements in the perception of the banking industry. Banks, and in particular some of our interviews with banking associations, suggested that it is important to make an appropriate charge for particular services, and that relationships between banks and consumers need to be on a market basis. However, there is an alternative view that as part of the franchise of being allowed to operate as a bank, accounts should be made available to all, in the same way that utility services are available to all. This view was particularly strongly put to us by consumer associations.

Overall, from the banks' point of view, there is a need to balance commercial needs with the potential benefits of a better perception of the industry.

5.5 Summary of Costs and Benefits to Banks

We now summarise the main quantifiable and non quantifiable factors affecting banks.

The quantifiable costs to banks of operating an account are difficult to assess, but have been estimated at around €40 per annum. Charges for basic accounts may now be of the order of €50 per annum, suggesting that banks might make a small surplus of around €10 per annum from each account. If, however, charges for Basic Bank Accounts were capped, say at the level of €12 seen in Belgium, then banks would make a loss per account of just under €30. The capping of fees would result in a transfer of benefit from the banks to the consumer.

There are few other non quantifiable costs to banks, unless the increase in the number of accounts is so large as to require the provision of additional infrastructure such as cash machines or branches.

Turning to non quantifiable benefits to banks, these include the following:

- Improved perception of banking
- Increased customer base for selling of additional services
- Reduced costs and risks from cash-based payments
- Contribution to capital

Finally, we can use the typical net quantifiable benefit of €10 per consumer to estimate an overall benefit to banks in Europe. We estimated in section 2 of this report that there were between 11.58 and 18.19 million consumers without a bank account where the lack of an account might be an indicator of financial exclusion, and a further 11.87 million in countries where the penetration of bank accounts was low.

These amounts suggest net benefits to banks of the order of €115 million to €182 million from increased penetration of bank accounts at current prices. If, on the other hand, the costs of a Basic Bank Account are capped so that there is a net cost to banks of €30 per account, then if these accounts were to be provided to the 11.58 to 18.19 million consumers who might be financially excluded, the net costs to banks would be of the order of €350 to €550 million per annum.

In total there are 30.06 million consumers without bank accounts. If we apply the whole of the annual benefit of €10 to all these consumers, the total benefit to banks would be €300 million across Europe as a whole. On the other hand, if the cost of the basic bank account was capped and there was a net cost of €30 per consumer, the overall costs to

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banks would be €900 million across Europe as a whole. However, the estimates shown in this paragraph must be treated with caution, because of the potential need to extend bank networks to deal with such a large increase in the number of accounts. We think that in practice, as economies develop, banks will find it profitable to develop their services in those parts of the EU that now have lower penetration of bank accounts.

Costs and Benefits to Other Stakeholders

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This section reviews the costs and benefits to stakeholders other than consumers and banks from the provision of a Basic Bank Account. It is based on the assumption that improving the provision of a Basic Bank Account will increase the number of individuals accessing and using such a bank account.¹²³

6.1 Potential Costs and Benefits

This section first summarises the potential costs and benefits to other stakeholders of the provision of a Basic Bank Account. The areas of potential costs and benefits identified during this study are shown in the table below. Subsequent parts of this section of our report discuss the costs and benefits in further detail

Table 6.1: Summary: Costs and Benefits to Other Stakeholders

Costs and Benefits to Other Stakeholders	
Costs or Disbenefits	Benefits
<p><i>Utility Firms</i> Potential loss of revenue from discounts, but probably not materially given cost savings</p> <p><i>Retailers</i> Loss of revenue and interest for traders with cash-based business models, but not material in extent.</p>	<p><i>Government Central/Local</i> Reduction in transaction costs for social security payments and a reduction of potential fraud from paper systems. Easier, less costly local tax collections. Improved integration and recognition of the individual in society overall.</p> <p><i>Basic Utility Providers</i> Reduction in transaction costs and increased system efficiencies</p> <p><i>Retailers</i> Marginal increase in potential market for some retailers but not material in extent</p> <p><i>Financial Services (other than banks)</i> Increased market for financial services products in the longer term</p>

There is no exhaustive **definition of stakeholders** beyond the banks themselves and their customers as it would necessarily include all organisations that could receive or send electronic or cheque payments to individuals. However, the principal stakeholders identified in the research are listed below:

- Central and local government,
- Basic Utility firms (energy companies, water suppliers),

¹²³ While it can never be the case that all those currently excluded consumers will take advantage of such a facility, given that there will always be a number of individuals in transition (e.g. recently arrived migrants) and some individuals may continue to choose not to avail themselves of such facility for historic, cultural or educational reasons, our assumption is that a more universal provision of the right to a Basic Bank Account will increase the numbers using the facility even if the final penetration level achieved is uncertain and clearly will vary by country.

Costs and Benefits to Other Stakeholders

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- Retailers (store-based, mail order and internet-only),
- Financial services providers other than banks (money lenders, insurance companies, investment management, pension providers).

Of these, the principal other stakeholders affected are Central and Local Governments and basic Utility providers through the extension of lower cost methods of transactions such as direct debit, rather than cash-based methods.

There is a marginal impact on some selected types of retailers but these impacts are not considered material. Impacts on financial services providers other than banks are more long- term through an increase in their market.

Estimates of Cost Savings

We have identified several studies in the UK, but not elsewhere, which quantify the amount of saving available by switching to payments and collections by direct debit and standing orders rather than using cash and other payment methods (e.g. cheques).

For the public sector, The Efficiency Challenge: The Audit Commission Nov. 2005 showed that transactional costs are lower for a direct debit transaction. The Audit Commission is a government body which amongst other tasks promotes efficiency in the public sector. UK Local authorities reported that it cost them between 50p and 65p (€0.45 to €0.60) to deal with a cash transaction and between 1.5p and 15p (€0.02 and €0.17) to process a direct debit.

Evidence from a more recent study (Improving Income Collection: The Audit Commission May 2006) suggests there is potential to make greater savings. It found the following range of unit costs for different types of payments in local authorities:

- Cash office: €1.10- €1.11 (but examples of €2.84, €3.40, €6.81);
- Post office: €0.48-0.73;
- Allpay/Pay-point: €0.43-49;
- Credit card payments: €1.47- €3.97 on a payment of €113.00
- Direct debit: less than €0.001– €0.005.

Finally, in a further study, Sir Peter Gershon's report *Releasing resources to the front line* found that a transaction (normally paper-based) to pay benefits in cash costs on average around £1 (€1.13), whilst direct payment into a normal bank account costs around two pence (€0.025) per transaction.

For private firms and utility providers, there is no simple or uniform monetary amount of saving as it arises in several different ways. Firstly, there are bank charges for direct debit collections in the same way as there are for banking cheques. The amount banks charge for direct debit collections and thereby the savings that can be made compared to other methods, depends on commercial decisions and negotiations between banks and their clients. Secondly, savings are made in payment administration i.e. the number of people and the length of processes involved, such as reconciliations. The amount of money an organisation can save depends on how efficient their cheque processing is currently. Finally, there are software and process investments that a company will need to make to enable collection by direct debit. If these processes don't already exist there will be an investment for establishing the system.

Costs and Benefits to Other Stakeholders

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Private sector organisations contacted that provide direct debit collection services show a range of costs to their clients of around €0.45 to €0.60 per transaction. Their clients must save more than this per transaction for it to be worthwhile for them to use the service.

Reviewing the information as a whole, it is not unreasonable to assume that in those cases where a shift from cash and other payment methods to direct debit payment and collection occurs, savings can be of the order of between €0.60 and €1 per transaction in both the public and private sectors.

6.2 *Costs to Other Stakeholders*

There are a few instances in different groups of other stakeholders and countries where potential additional costs could arise, but overall these are not considered to be material or they are offset by corresponding savings.

Utility Firms

There is a potential loss of revenue from the provision of discounts for payment by direct debits to individuals where there is limited or effectively no risk. However, such reduced revenues are offset by lower transaction costs from collecting payments by direct debit. Also, in the longer term there is probably effectively no net cost as it is unlikely that utility firms would provide payment discounts greater than the savings they make in transaction and system costs.

Retailers

Potential loss of revenue and monetary interest for traders with a traditional cash-based business model that is attractive to selective customer groups (e.g. mail order firms, market traders in some Member States). However this loss is at the margin and probably not material to any extent.

Financial Services: Cash-based Money Lenders

This form of lending is often highly regulated or possibly illegal and such lenders may not issue credit agreements and may apply extremely high default charges. Consequently, many borrowers can never settle their loan in full. An increase in the number of people with access to Basic Bank Accounts should reduce the demand for such lending, as individuals move into more mainstream banking, acquire credit ratings and thereby an ability to borrow.

Given the nature and potential illegality of such transactions, we have disregarded costs to such lenders as part of this assessment.

Government (Central and Local)

There are one-off investment costs in systems and infrastructure to move towards electronic bank based social security payments and tax collection. However, we have only seen evidence of governments who have or wish to move in this direction for wider benefits of security and efficiency. Therefore we discount this potential one-off investment cost as it will not be incurred solely for the provision of payments to those currently without access to Basic Bank Accounts. The decision will be taken for wider policy and operational reasons.

Overall, we see little - if any - potential additional costs for other stakeholders.

Costs and Benefits to Other Stakeholders

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6.3 Benefits to Other Stakeholders

There are two principal different types of benefits for other stakeholders. These are firstly, **cost reduction and/or loss avoidance** and secondly, **additional market potential**. Dealing with each of the major groups of other stakeholders we see potential benefits as follows:

Cost Reduction and/or Loss Avoidance

The estimation of cost savings requires an estimate of the number of individuals likely to be at risk of financial exclusion. Section 2 above concluded that of the 30.1 million consumers without access to a bank account, between 11.6 and 18.2 million are likely to be at risk of financial exclusion. The remaining 11.9 million are likely to be in a society where the use of bank accounts is not yet almost universal.

Government (Central and Local):

The potential savings to Central and Local government arise from the reduced transaction costs of making payments (e.g. social security payments) and receiving payments such as for social housing and local taxes by direct debit. Where consumers receive benefits on a monthly basis, the cost saving of between €0.6 and €1 per transaction would result in an annual cost saving per consumer of between €7 and €12.

If we apply these cost savings to the 11.6 to 18.3 million people who do not have a bank account, then if 90% of those persons receive benefits, the cost savings for Government are between €80 million and €220 million per annum¹²⁴. If we apply the cost savings to all 30.06 million people without a bank account, the number of people affected would be higher – but the proportion of people on benefit is likely to be much lower. We do not have sufficient information on the proportion of people on benefit to make a reliable estimate.

This excludes any additional and separate payments for supplementary benefits such as local housing. It also excludes any potential transaction savings from receipts of payments from this group, as for example for collection of local taxes and rents on publicly-owned housing.

It also assumes that all countries will move to electronic payment of social benefits.

Given the large numbers of people involved in social benefit transactions we see another benefit as being qualitative, through the closer integration of individuals into the social payments system, their recognition and inclusion into society generally.

Basic Utility Providers

The principal cost reduction available to firms is from a switch by those previously excluded to paying by direct debit rather than through cash payments and other methods.

We estimate cost savings for payments to Utility firms using the following assumptions

¹²⁴ The relatively wide range of potential benefit arises because the estimated benefits for each transaction varies between €0.60 and €1, and the number of consumers between 11.6 million and 18.3 million. The lower estimate of benefit is arrived at by using the lower of each of these estimated, and the higher amount by using the higher of these two estimates.

Costs and Benefits to Other Stakeholders

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Energy Payments

- Number of consumers without a bank account and who might make savings from having an account 11.6 million to 18.3 million. The total number without an account is 30.06 million
- The whole of this group use electricity and 69% use gas (Gallup Organization Flash Eurobarometer 243) and are consumers
- 50% of consumers decide and are able to pay energy bills by monthly direct debit (see Ofgem Report on direct debit energy payments: December 2008)
- One in 2 consumers pay such bills, reflecting household size
- Payments are made monthly and separately for electricity and gas
- The resulting number of transactions is 58 - 92 million per annum if the number of consumers benefiting is between 11.6 million to 18.3 million. If all consumers without an account (30.06 million) benefit the number of transactions is 152 million
- Transaction cost savings are between €0.6 and €1 per transaction
- The net savings over cash-based methods of payment are between €35 million and €92 million per annum¹²⁵. If the savings are applied to all 30.06 million consumers without a bank account, then the range of savings would be between €91million and €152 million

Water Payments

- Number of consumers without a bank account and who might make savings from having an account 11.6 million to 18.3 million. The total number without an account is 30.06 million
- 100% of this group consume water
- One in 2 consumers pay such bills, reflecting household size
- 50% of this group decide and are able to pay by direct debit; ie 5.8 to 9.2 million individuals
- Payments are made monthly
- The resulting number of transactions is 35 - 55 million per annum if the number of consumers benefiting is between 11.6 million to 18.3 million. If all consumers without an account (30.06 million) benefit the number of transactions is 90 million
- Transaction cost savings are between €0.6 and €1 per transaction
- The net savings over cash-based methods of payment are between €21 million and €55 million¹²⁶. If the savings are applied to all 30.06 million consumers without a bank account, then the range of savings would be between €54million and €90 million

¹²⁵ As with the savings to government, the relatively wide range of potential benefit arises because the estimated benefits for each transaction varies between €0.60 and €1, and the number of consumers between 11.6 million and 18.3 million.

¹²⁶ Again there is a large range of benefit for the reason shown in the note above

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We have excluded payments to other utility providers such as telecommunications firms, as the methods of payments are complex and many in the considered group of financially excluded will probably opt for mobile and pre-payment options.

Additional Market Potential

Retailers

There is an increased potential market for internet-based retail operators given an increase in the population with a bank account. However, this marginal increase in numbers with a bank account is very small in comparison with the total market. Also, it deals more with purchases related to discretionary income and is not likely to form a major component of the financially excluded expenditure. Therefore it is recognised, but not subject to a calculation.

There could be an increase in the potential market for retailers generally as debit card based payments would probably be easier for many purchases and purchasers than available cash-in-hand. However, this would be a very small incremental market as it represents the marginal increase in revenue from easier access to money in an account rather than cash-in-hand and therefore is recognised, but set aside from calculations.

Financial services (Insurance companies, Investment management, Pensions providers)

There should be an increase in the addressable market for some financial services products as individuals gain access to Basic Bank Accounts since many products are increasingly only available through electronic and cheque-based payments. But this possibility is probably more in the medium to longer term or limited to specialist groups (e.g. higher wealth immigrants).

6.4 Summary of Costs and Benefits to Other Stakeholders

We see the **balance of effects as being beneficial to other stakeholders, rather than in their incurring additional costs.** The principal beneficiaries are Central and Local Government and basic Utility firms. The reasons are:

- These stakeholders already have, or are separately developing, the infrastructure to accept and deliver payments through bank accounts.
- There is evidence that use of direct debits is lower cost than other, often cash-based alternatives.
- Cash is becoming a higher cost transaction method than cards and electronic payments in view of the need for physical processing and security, transmission, and risk of embezzlement.
- In some Member States it is difficult to make payments in cash, as for example in the paying of wages in France.

In terms of quantifiable benefits, the annual benefits to government may be of the order of €80 to €220 million per annum, with a further benefit of between €56 and €148 million for Utility companies; a total annual benefit of €136 to €368 million. As explained above, the relatively wide range of potential benefit is due to variations in the numbers of consumers who may benefit, and variations in the potential unit amount of benefit.

If the benefits are applied to all 30.06 million consumers without a bank account, then the annual benefits to government would increase – but because of the likely lower take up of social benefits in this group we are not able to estimate the amount of increase. For

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Utility companies the range of benefits would increase to €146 to €243 million. So, using the government benefit shown in the last paragraph, the annual benefits to other stakeholders would be at least €226 to €463 million.

Other Impacts

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The purpose of this section is twofold. Firstly, following a review of the *direct and immediate* costs and benefits of the provision of a Basic Bank Account to consumers, banks and other stakeholders, we use this section to discuss the *indirect longer-term* impacts of the provision of a Basic Bank Account. Secondly, this section serves as platform to analyse the impact of the current financial crisis on the provision of a Basic Bank Account.

7.1 Longer Term Impacts

The costs and benefits discussed in Sections 4 to 6 are the direct impacts on banks, consumers and other stakeholders of the extension of provision of a Basic Bank Account. However, there are other important indirect longer term impacts which such a change could bring. We use this section to highlight some of these impacts. We see all the longer term impacts specified below as beneficial, with no additional costs.

Society Overall

Improving social cohesion through the improved integration of currently more marginalised groups of financially excluded (e.g. access to the job market and access to social security).

There is strong agreement (e.g. the FES survey report “Better Access to financial services”) that financial exclusion is closely linked to social exclusion and improving financial inclusion will increase **social inclusion and cohesion**. This occurs in a number of ways, most importantly the ability to take a job and receive payment through a bank account, and receiving social payments.

There are also strong links between financial exclusion and over-indebtedness. Thereby financial exclusion and over-indebtedness are both causes and consequences of poverty and social exclusion. Contributions to addressing social exclusion through easing access to appropriate financial products such as Basic Bank Accounts will have positive benefits to society overall and to individuals who increase their participation.

Banks

Long-term improvement in the attitude of individuals and groups towards banking and financial services.

Many individuals and groups have negative attitudes towards banking and financial services. (Financial Inclusion Task Force: Report for Budget 2009). A range of **societal factors** have been identified as having an impact on people’s access to and use of, financial services (Anderloni and Carluccio, 2006; Atkinson et al, 2006; Kempson et al, 2000). These include the liberalisation of financial services markets, which has, in turn, led to an increase in the number and complexity of financial products and providers. While this has widened access, the confusion that arises makes it difficult for some people to engage with financial services.

In addition, education, opportunity, culture, and life events influence attitudes. Provision of a Basic Bank Account which is appropriate, excludes credit provision and provides access to wider choices will, in the long-term, improve attitudes towards banking and financial services. This has positive benefits in increasing the range and reducing the costs of services that can be accessed, as for example improving the individual’s opportunity of securing access to credit as their participation with mainstream banks increases and they develop credit ratings.

Other Impacts

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Consumers

Improved security risk through use of non-cash.

Using cash as a primary means for transactions involves the individual in a larger exposure to the chance of physical risk and loss through the need to store and handle cash. Using a Basic Bank Account for payments either electronically or through debit cards has benefits from reducing the likelihood of vulnerability to loss, theft and security of the person.

Reduction in stigmatisation of consumers from being able to provide cash-only transactions.

Stigmatisation can occur where individuals are perceived as not being sufficiently acceptable to financial institutions to have a bank account. This can lead to feelings of inadequacy and exclusion for the individual. Improving access to a Basic Bank Account for a greater number of individuals will reduce the opportunity for such stigmatisation and is beneficial to the individual.

Improvements in financial literacy, given the need for budgeting and monitoring accounts.

The access and use of Basic Bank Accounts will tend in the longer term towards an increased requirement to understand the current funds available within the account, future payment demands being made on the account and timing of credit receipts. This basic financial literacy will lead in some instances to more improved notions of budgeting for the future. There are longer term benefits from such improved literacy such as first steps in avoidance of over-indebtedness and an improvement in credit history and an ability to access credit.

Reduction in the use of the sub-prime market where costs are higher and the terms and conditions are less favourable for consumers.

The sub-prime market is characterised by offering credit to those with lower credit scores but at higher interest rates. It is also associated with cash payments but this is not the exclusive practice. Longer term, obtaining a Basic Bank Account and demonstrating a credit history will enable more individuals to access prime lending terms with lower rates of interests than sub-prime lending. This is beneficial in reducing living costs and increasing the choice of financial products.

Employers

Reduced security risk through use of non-cash transactions.

Paying wages through weekly or monthly cash payments presents risks of physical security to those delivering the cash, the firm paying the cash and those receiving the cash. Paying employees electronically rather than by using weekly or monthly cash payments requires individuals to have a bank account. Provision of a Basic Bank Account to include more individuals has benefits in increasing the prospects of employers avoiding cash payments and switching to universal electronic payment of wages and salaries.

Improvement in the labour market through a greater number of people able to apply and find work more easily with bank accounts.

In many Member States it is either mandatory or customary to pay wages to a bank account. Increasing the number of individuals with access to a Basic Bank Account should therefore be beneficial in increasing the number of people able to participate in the mainstream labour market.

Other Impacts

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7.2 Impact of the Current Financial Crisis

Given that changes in the provision of a Basic Bank Account are by their nature focused on the banking industry and the current financial crisis is centred in that industry, we need to consider the impact of the current financial crisis on the policy options.

The issues surrounding provision of a Basic Bank Account precede the current financial crisis. However the crisis makes intervention more necessary, given an increase in need through an increase in unemployment (a characteristic of vulnerable groups). At the same time, new and changing regulatory pressures on banks probably make them less predisposed to adopting additional measures to provide universal Basic Bank Accounts voluntarily.

Impact of the Financial Crisis from the Banking Industry's perspective

The **current financial crisis** in many European and other advanced countries has decreased the availability of credit and meant that banks have generally retrenched as individual institutions rebuild their balance sheets following this period of substantial losses and/ or reduced earnings. It is also clear that whilst some progress has been made through debt write-offs and capital injections there are still residual threats to stability which are often difficult to forecast, as for example with recent concerns over sovereign debt levels. A new era of more cautious banking is emerging, and it is therefore likely that the supply of Basic Bank Accounts is unlikely to increase, purely through market forces.

Impact of the Financial Crisis from the Consumer's Perspective

From the **consumer** perspective, it is likely that one of the most important impacts from the financial crisis is an increase in the need for action, given the increase in unemployment and that the overall economic downturn will impact vulnerable groups such as (some) migrants, the homeless, and those on low incomes. These groups characterise the financially excluded. The **EU27** unemployment rate was 9.6% in February 2010, compared with 8.3% in February 2009. (Eurostat: euroindicators February 2010). These factors are likely to increase the demand – or at least the need – for a Basic Bank Account

Accordingly, overall, the impact of the credit crisis is likely to mean an increased need for the provision of a Basic Bank Account to **vulnerable consumer groups**. At the same time, because the **banking industry** is already experiencing an increase in regulation, it may be reluctant to accommodate more demands.

Analysis of policy options

8

In this section we summarise the main findings of the study and then analyse the different policy options in the context of those findings.

8.1 Policy Options

The terms of reference for this study identified five possible policy actions under consideration by the Commission. These options are:

- Status quo (no further EU action);
- Promoting and sharing of best practices;
- Encouraging self-regulation by the industry at EU level;
- A Recommendation;
- A Directive.

The main characteristics of each option, as set out in the terms of reference for the study are:

Option 1: No further EU action – This option is a baseline on which the costs and benefits of each of the policy options can be compared.

Option 2: Promoting and sharing best practices - *In the EU, there is currently a wide diversity of approaches to combating financial exclusion. The Commission could envisage the creation of expert groups and/or informal networks of Member States for sharing best practices. Expert groups and networks could assess the issue and the effectiveness of political actions. While reviewing national practices, Member States could compare these with those in other Member States that have more efficient systems in place, in order to update and improve their own procedures. This could bring pressure to bear and encourage governments to align their national initiatives with best practice.*

The Commission could develop a regularly updated online database of initiatives undertaken in the Member States to guarantee access to a Basic Bank Account. A public awareness campaign could be held with the support of the banking sector in 2010, which is the European Year for Combating Poverty and Social Exclusion.

Option 3: Encouraging self-regulation by the industry at EU level - *The Commission could encourage self-regulation by the industry with clear and effective monitoring and dispute settlement mechanisms in those countries where regulation is not in place. A possible initiative could be the coordination of national efforts via a European Code of Conduct with representatives of the banking industry in all Member States as signatories.*

Such a Code of Conduct could include the following: the development and promotion by service providers of a Basic Bank Account provided at a reasonable cost throughout the EU;

- *A commitment to lifting obstacles to the granting of Basic Bank Accounts to citizens or residents of other Member States;*
- *The establishment of an effective complaints procedure;*
- *The implementation of a mechanism to monitor the effectiveness of the Code.*

Option 4: A Recommendation - *The Commission could issue a Recommendation addressed to Member States stipulating principles and inviting Member States to take actions to ensure that by a given date every EU citizen or resident has access to a Basic Bank Account. In following the Recommendation, Member States could act in a variety of ways. After the date specified in the Recommendation, the Commission would assess the outcome.*

The Recommendation could be worded in such a way as to encourage the Member States to:

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- *Set financial inclusion as a political priority integrated in other policies with actions appropriate to their own situation, e.g. by establishing common indicators to measure the impact of exclusion, and minimum requirements/ benchmarks for action at national level;*
- *Promote the development and use of Basic Bank Accounts provided at a reasonable cost for the consumers, and disseminate information on such accounts, e.g. by establishing a definition of a Basic Bank Account, its conditions of use and its cost;*
- *Ensure that all EU citizens and residents can access a Basic Bank Account, e.g. by setting up minimum performance standards for providers, and an effective complaints procedure.*

Option 5: A Directive - *The Commission could propose binding rules in the form of a Directive, obliging Member States to take steps to ensure access to a Basic Bank Account to every citizen or resident of the EU. Member States would remain free as to the methods of its implementation.*

Concerning the wording of a Directive, the Member States could be invited to take the necessary action to implement the following objectives addressed to them:

- *Establishing the right to a Basic Bank Account offering a clearly defined number of services, provided at a reasonable cost, with conditions of use comprehensible to the target group, and to ensure public awareness of such accounts, e.g. by setting up a regulatory framework;*
- *Granting the right to a Basic Bank Account to all EU citizens and residents, e.g. by setting up a regulatory framework with a view to removing all discriminatory action by service providers, and an effective complaints procedure;*
- *Guaranteeing the enforcement of the Directive by the Member States, e.g. by setting up a mechanism to monitor the implementation of the Directive.*

8.2 Analysis of Policy Options

The following paragraphs of this report present an analysis of the policy options against the principal criteria used for impact assessments. These criteria are as follows:

- Effectiveness in meeting the objectives of reducing financial exclusion;
- Relevance in tackling the issue being considered;
- Efficiency in terms of cost benefit;
- Consistency with other Commission policies;
- Proportionality;
- Subsidiarity.

First, we discuss how these criteria might apply to the policy options as a whole. We then go on to analyse each option in turn against the various criteria.

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Effectiveness

The first assessment criterion is that of effectiveness, i.e. whether the application of a policy option is likely to produce the desired result. To achieve the policy objective, the option must address the reasons why consumers may not have access to a bank account. We have seen earlier in this report that the major causes why people do not have access to a bank account are the state of development of the financial services sector in some Member States, and financial exclusion - particularly amongst vulnerable people - in all Member States. The measures needed to deal with these two separate causes of lack of access to bank accounts are likely to be quite different, and we consider these separately below.

In terms of lack of access to bank accounts that may be caused by the state of economic development, there is evidence that existing policies are having some effect, as shown in Section 2. It is in the financial interests of banks to develop the market and attract an increased number of economically-active customers.

A different picture emerges from those countries with more developed financial sectors. Here, as one report has put it, “banks do not have a (financial) incentive to provide a standard current account to low income customers” because in many cases such accounts are not profitable. Member States have taken a number of different routes towards increasing the take-up of bank accounts, from a ‘do nothing’ approach as in Spain, via the use of Codes of Practice as in Germany and ultimately, in the case of France, Belgium as well as Finland, Sweden and Denmark, to the introduction of legislation requiring banks to offer a Basic Bank Account to all. The trend amongst Member States has been to move towards increasing intervention because methods relying on the market have failed. For example, Belgium and France have demonstrated that more compulsion results in greater effectiveness. In terms of overall effectiveness, compulsion seems to be the most favoured solution.

Relevance

The second criterion is relevance, i.e. whether the policy option will directly address the issues involved. The adopted solution needs to be relevant to the nature of the issue, in terms of reducing financial exclusion. As highlighted earlier in the report, the degree of **financial exclusion appears to be associated with the level of economic development** as well as the extent to which a regulatory framework is in place. Hence, it is possible that, even without further EU action, in time overall levels of financial exclusion would decrease in those Member States such as Romania and Bulgaria, as levels of economic development increase.

Also as highlighted earlier in the report, a group of vulnerable individuals face financial exclusion in virtually all countries. In those Member States, action to increase the take-up of financial services by the financially excluded minority would appear to be appropriate. In those Member States with less developed financial sectors, policy actions to increase the development of the financial sector would appear to be more appropriate. Such actions might include helping provide the infrastructure needed for the development of the commercial banking system, or the further development of other forms of banking services such as those based on Post Offices or through newer forms of banking such as mobile phone banking.

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Efficiency in terms of cost benefit

We can now consider the costs and benefits of the various options. Each of the stakeholder groups – consumers, banks and other stakeholders - have both quantifiable and non quantifiable costs and benefits, and it is also necessary to consider the administrative costs involved.

The quantifiable benefits to consumers of increasing access to Basic Bank Accounts have been based on an additional 11.6 to 18.3 million consumers obtaining bank accounts. On this basis, the annual benefits to consumers would be €3.6 to €5.7 billion per annum and there is a further annual benefit of between €136m and €365m million to other stakeholders. Depending on the charging scenario used, there could be a benefit to banks of up to €181 million per annum. The estimates in this report therefore suggest an overall net benefit of between €3.90 and €6.28 billion per annum within the EU as a whole. If the charges for Basic Bank Accounts were capped, there would be a cost to the banks – but an increased benefit to consumers. A cap in the charges on accounts would be a transfer of benefit from banks to consumers, but would not affect the total of net benefits as a whole.

In total there are 30.06 million consumers without bank accounts. If we apply the whole of the annual consumer benefit of €315 to all these persons, the total consumer benefit would be €9.5 billion across Europe as a whole. In addition, other stakeholders would have a benefit of at least €176 to €463 million and banks would have a benefit of €300 million provided charges were not capped. The dominant benefit is the consumer benefit, but taking all benefits into account, the maximum benefit from 100% bank account penetration would be of the order of €10 billion per annum

There are, of course, administrative costs to the government sector. We have not been able to identify the individual costs to each Member State of the administrative expenses associated with each option. But it is possible to consider the scale of these expenses by comparing the costs of other similar administrative tasks. The promotion of best practice and self regulation by banks could build on existing institutional mechanisms and again, the administrative costs should not be onerous. For example, the cost of the FINNET system – which amongst other items shares good practice across all EU Member States in the area of dispute resolution – is less than €1m per annum. Even if such costs were incurred in all member States, the annual costs across the EU would be €27m. Such costs are relatively small when set against the potential benefit. The costs of implementing a Directive would be somewhat greater, but would still be small in relation to the benefits.

In addition to quantifiable benefits, there are a range of non quantifiable benefits. Continued financial exclusion would **incur costs to the EU in the longer term**. As already marginalised groups may become further disengaged from modern society, this could lead to a range of **indirect long-term costs** (e.g. increase of the potential for illegal money lending) and **forgone benefits** (e.g. improvement in the Labour Market through a greater number of people able to apply and find work more easily with bank accounts).

An important consideration is that two of the stakeholder groups – consumers and other stakeholders – have net benefits but that the banking system is likely to have a net cost. Such a position, where the service provider has a net cost but others have benefits, suggests that there is an element of market failure which may need to be addressed by regulation. There is no commercial incentive for the banks to provide a universal service.

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Consistency

With two possible exceptions, the study did not identify any inconsistencies between the goal of reducing financial exclusion, and other Commission policies. One issue that needs to be considered further is the suggestion of making the cross-border attachment of bank accounts easier. This policy may discourage some consumers from opening bank accounts. In certain countries – Belgium is an example – there are limits on the amount of funding that can be taken through bank attachment. If EU policies make bank attachment easier, limits may need to be put in place on the amount that can be attached.

A further consideration is the potential policy conflict between money laundering regulation and other regulations requiring identification of customers, and the ability of consumers without fixed addresses to open accounts.

In comparing the various options, there would appear to be no difference in the various options in terms of consistency – the same considerations apply to each option.

Proportionality

The solution adopted needs to be proportional to the scale of the problem. Existing approaches by Member States range from legislation to adopting a market-orientated approach. Of the policy options under consideration, all have been adopted by Member States so none would appear disproportionate.

Subsidiarity

Whilst there is an increasing cross-border element, the majority of financial services are still conducted at a Member State level. According to a Special Eurobarometer 230¹²⁷, in 2005, 85% of European consumers stated that they had never purchased any financial service cross-border and 75% indicated that they did not intend to obtain any financial service from a firm located in another country in the future. According to another Eurobarometer (205)¹²⁸, less than 4% of European consumers had a bank account in another country in 2003.

Equally, the state of development of financial services markets varies between Member States, as discussed elsewhere in this report. There is therefore an argument to ensure that whatever solution is adopted must respect (at least for the immediate future) the differences in markets between Member States. This argues in favour of a solution that does not impose a single model on all markets, but allows for Member State discretion in deciding the best approach.

8.3 Assessment of Each Policy Option

We can now summarise the various policy options against the assessment criteria discussed above.

¹²⁷ EC,(2005), Special Eurobarometer 230: Public opinion in Europe on Financial Services, TNS Opinion & Social, Accessed from http://ec.europa.eu/consumers/cons_int/fina_serv/cons_experiences/eurobarometer63-2_en.pdf

¹²⁸ EC,(2004), Special Eurobarometer 205: Public Opinion in Europe: Financial Services, European Opinion Research Group, Accessed from http://ec.europa.eu/public_opinion/archives/ebs/ebs_205_fullreport_en.pdf

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Option 1 – No Further EU action

This is the baseline case and as such, is the least effective of the policy options, as shown below.

Criterion	Comment
Effectiveness in meeting the objectives of reducing financial exclusion	Ineffective in tackling the issue
Relevance in tackling the issue being considered	Not applicable
Efficiency in terms of cost benefit	Benefits of reducing financial exclusion not achieved
Consistency with other Commission policies	Not applicable
Proportionality	Not applicable
Subsidiarity	Not applicable

Under this option, the main causes of lack of access to a Basic Bank Account would remain, both in respect of those countries where there is low penetration of bank accounts and where the lack of a Basic Bank Account might be an indicator of financial exclusion. The quantifiable benefits, in particular the likely benefits to consumers of €3.6 to €5.7 billion per annum (or up to €9.5 billion given 100% penetration of accounts), would not be achieved, other than by actions by individual Member States.

In terms of each of the main stakeholder groups, we can summarise the effects of this option as follows:

Group	Comment
Consumers	There would be no additional access to Basic Bank Accounts and the potential likely benefits of €3.6 to €5.7 billion per annum would not be realised.
Banks	The existing position would continue.
Other stakeholders	As for consumers, there would be no additional access to Basic Bank Accounts and the benefits would not be achieved.

Option 2 – Promoting and Sharing Best Practices

Financial exclusion is addressed better in some Member States than in others. Promoting and sharing best practices would certainly be one option to try to decrease overall levels of financial exclusion across the EU.

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Sharing best practice is about identifying what works and finding out why it works. While there currently is a wide diversity of approaches to combating financial exclusion, there appears to be **no clear-cut solution as to which approach works best**. To illustrate, there are nearly as many Member States with no regulatory framework as there are Member States with regulatory framework that have a high level of bank penetration (see Section 2).

Any sharing of best practices would be most effective if Member State experiences are broken down into **underlying causes of financial exclusion** (e.g. lack of ID card, failed credit check, cultural mistrust of financial institutions), so that **countries with similar problems might better learn from each other**.

Furthermore, the fact that a number of Member States deal relatively well with the problem of financial exclusion despite the lack of a regulatory framework, also seems to illustrate that not all solutions involve political actions. Having said that, the top five countries in terms of bank penetration, have binding regulatory frameworks.

Our discussions with consumer bodies at the national level suggest that if the EU were to create a group of experts and/or informal networks of Member States for sharing best practices, including an online database containing national initiatives, it would be questionable whether these networks could bring substantial pressure to bear and encourage governments to align their national initiatives with best practice. It is therefore likely that only a small proportion of the potential benefits would be achieved. The Commission, on the other hand, would bear the direct costs for setting up the group/online database.

Criterion	Comment
Effectiveness in meeting the objectives of reducing financial exclusion	Some effect in tackling issues – but Member States have found it necessary to move toward compulsion.
Relevance in tackling the issue being considered	Relevant both for Member States with less, and those with more, developed financial systems.
Efficiency in terms of cost benefit	Low administrative costs, but unlikely that benefits would be fully achieved.
Consistency with other Commission policies	No conflict with other Community policies.
Proportionality	Doubtful whether the issue would be fully tackled.
Subsidiarity	Fully respects differences between Member State markets.

In terms of each of the main stakeholder groups, we can summarise the effects of this option as follows:

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Group	Comment
Consumers	It is unlikely that the likely potential benefits of €3.6 to €5.7 billion per annum would be fully realised, and as indicated above experience has suggested that policy options closer to compulsion are more effective.
Banks	Potentially, banks could benefit from sharing best practice and there would be relatively low administrative costs, but given the potential for market failure, it is unlikely that banks would change their practice significantly.
Other stakeholders	As for consumers, there would be no additional access to Basic Bank Accounts and the benefits would not be achieved.

Option 3 – Encouraging Self-Regulation by the Industry at EU level

A number of countries, such as Germany, Slovenia and the UK already have industry-specific Codes in place. In Germany, for instance, lawmakers set out in 1995 to make the provision of current/checking accounts compulsory for all banks to all persons who fulfil the standard requirements (i.e. proof of identity and residence), regardless of any adverse entries in the SCHUFA registry (Germany's credit information agency). To avert legal obligation, the banking industry¹²⁹ proposed the introduction of a voluntary self-commitment of banks in 1996¹³⁰; stipulating that every person who fulfils the standard requirements may open a so-called '**Girokonto für Jedermann**'¹³¹. The voluntary self-commitment is still in effect today.

Voluntary self-commitments devised by the banking industry bear a number of risks. Firstly, the non-binding nature of the Charter bears the risk that in practice there are no real mechanisms to punish non-compliant banks. Secondly, without input from other stakeholders (i.e. government and consumer groups), industry Charters may become less effective in fighting financial exclusion as eligibility criteria are devised in a purposefully ambiguous way, as for example has been seen with the Code in Germany described earlier in this report.

Moreover, even if the voluntary self-commitment was drafted in earnest and adhered to by the industry, it would only solve the problem of financial exclusion if the causes were to be found within the banking industry (i.e. failed credit check). It would not solve the problem if the causes were to be found outside the industry (i.e. lack of appropriate government authorised ID and to a certain extent, cultural distrust of financial institutions).

¹²⁹ Zentraler Kreditausschuss der Banken und Sparkassen (ZKA) – Central Credit Committee of Banks

¹³⁰ Charter of the Central Credit Committee "Girokonto für Jedermann"

¹³¹ 'current account for everyone'

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Voluntary self-regulation by the banking industry would bear **little cost for the EU**, other than the costs related to devising the proposed European Code of Conduct. The **banking industry would incur the cost for having to devise and implement the Charter**, which would presumably include the establishment of an effective complaints procedure. Such procedure exists in Germany and is paid for by the banking industry. However, consumer organisations point out that customers are not readily supplied with information about the complaints procedure.

The **Member State governments** would have to take over the **monitoring role**. In Germany, for instance, the *Girokonto für Jedermann* is regularly assessed by the government. Overall, the Finance Ministry has concluded in a 2008 report that the situation for persons without basic accounts has not significantly improved over time. The report goes on to emphasise that a continued reluctance by the banking sector to honour its voluntary self-commitment may result in the creation of legal measures to ensure that all eligible persons may hold a basic account.¹³²

Criterion	Comment
Effectiveness in meeting the objectives of reducing financial exclusion	Some effect in tackling issues – but Member States have found a need to move closer to compulsion as codes of practice have not been fully effective.
Relevance in tackling the issue being considered	Relevant both for Member States with less, and those with more, developed financial systems.
Efficiency in terms of cost benefit	Low administrative costs, but unlikely that benefits would be fully achieved.
Consistency with other Commission policies	No conflict with other Community policies.
Proportionality	Doubtful whether the issue would be fully tackled.
Subsidiarity	Fully respects differences between Member State markets.

In terms of each of the main stakeholder groups, we can summarise the effects of this option as follows: In many ways, this option is relatively similar to the option of sharing best practice.

¹³² Bundesregierung, "Bericht der Bundesregierung zur Umsetzung der Empfehlung des zentralen Kreditausschusses zum Girokonto für Jedermann."

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Group	Comment
Consumers	It is unlikely that the likely potential benefits of €3.6 to €5.7 billion per annum would be fully realised, and as indicated above experience has suggested that policy options closer to compulsion are more effective. Self-regulation may provide some of the benefits but has not succeeded in many Member States.
Banks	Much would depend on the nature of the self-regulation agreed to, but without a form of compulsion the problems of market failure would remain and it is unlikely that banks would change their practice significantly.
Other stakeholders	As for consumers, there would be no additional access to Basic Bank Accounts and the benefits would not be achieved.

Option 4 – A Recommendation

Any successful solution at European level must take into account the fact that the extent of financial exclusion varies across EU Member States, and so do the approaches used to tackle the problem. If we nevertheless assume that financial integration is an overall objective shared by all stakeholders and governments across the EU (and our discussions with consumer groups at national level to date indicate this to be the case), a Recommendation to this end could be an effective policy option.

While leaving the Member States free to act in a variety of ways to fulfil the Recommendation, the Recommendation itself could address each of the underlying issues associated with financial exclusion.

For instance, in respect of the banking industry, the Recommendation could propose defining a Basic Bank Account in such a way that no or limited credit checks would be needed. In respect of government authorities, the Recommendation could stipulate a range of acceptable ID cards, including documentation which is more easily accessible by recent immigrants. In respect of both government and banking industry (and other relevant groups) the Recommendation could promote raising awareness of the existence of the Basic Bank Accounts and dissemination of easy-to-understand information on how much of the deposits will be guaranteed as well as information on existing complaint procedures.

The objective of such a Recommendation would be to invite Member States to take actions to ensure that by a given date every EU citizen has access to a Basic Bank Account. Member States would be free to fulfil the Recommendation by means appropriate for their situation.

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It is likely that a Recommendation would achieve most of the quantified benefits identified in this study, including the annual benefit of €3.6 to €5.7 billion to consumers (or up to €9.5 billion given 100% penetration of accounts). However, depending on the charging structure allowed, there may be costs to the banking industry of between €347 and €545 million per annum. There are also quantifiable benefits of between €136 and €365 million to other stakeholders including government. These benefits would increase if there were 100% penetration of bank accounts, so the overall annual benefit could be as high as €10 billion. The Recommendation would also achieve these unquantified benefits.

The administrative costs of the Recommendation would be met by governments and banks. The administrative costs of banks are included in the assessment of the net costs to the banking industry above, so the remaining administrative costs are those of governments. It appears unlikely that these costs could be material in the context of the benefits involved – a cost of €1m per Member State would establish a small administrative unit in each Member State and the resulting cost of €27m would be less than 1% of the potential benefit to consumers.

Criterion	Comment
Effectiveness in meeting the objectives of reducing financial exclusion	Likely to have a stronger effect in increasing take up of bank accounts particularly in Member States with developed financial systems.
Relevance in tackling the issue being considered	Relevant both for Member States with less, and those with more, developed financial systems.
Efficiency in terms of cost benefit	Likely to achieve many of the benefits.
Consistency with other Commission policies	No further conflict with other Community policies.
Proportionality	Appears proportional.
Subsidiarity	If worded in a way that allows Member States to decide on implementation, could respect the differences between Member State markets.

In terms of each of the main stakeholder groups, we can summarise the effects of this option as follows:

Group	Comment
Consumers	This option would ensure that the These benefits would increase if there were 100% penetration of bank accounts, so the

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	overall annual benefit could be as high as €10 billion. potential benefits of €3.6 to €5.7 billion per annum are realised, to the extent that a Recommendation was implemented in each Member State.
Banks	There would be a likely net cost to banks if fully implemented and charges were capped – estimated in this report as between €347 and €545 per annum. Requiring banks to meet this cost would need some form of compulsion at national level.
Other stakeholders	The likely benefits to other stakeholders of between €136m and €365m would be achieved, to the extent that the Recommendation was implemented in all Member States. There would be administrative costs – but these appear small in comparison to the net benefits.

Option 5 – A Directive

The principles underlying an EU Directive would be the same as an EU Recommendation. A Recommendation is an instrument of indirect action aiming at preparation of legislation in the Member States, whereas a Directive is legally binding.

The key differences between a Directive and a Recommendation would be:

- Somewhat increased effectiveness due to the legally binding nature of a Directive
- Some increased administrative costs, including transposition costs (although the administrative costs would still be low in relation to the potential benefits)
- Increased difficulty in wording a Directive because of the differing situation in Member States

Criterion	Comment
Effectiveness in meeting the objectives of reducing financial exclusion	Likely to have a stronger effect in increasing take up of bank accounts particularly in Member States with developed financial systems.
Relevance in tackling the issue being considered	Relevant both for Member States with less, and those with more, developed financial systems.
Efficiency in terms of cost benefit	Likely to achieve many of the benefits. Would have a higher administrative cost due to the need for legislation in all

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	Member States.
Consistency with other Commission policies	No conflict with other Community policies.
Proportionality	Appears proportional.
Subsidiarity	If worded in a way that allows Member States to decide on implementation, could respect the differences between Member State markets.

In terms of each of the main stakeholder groups, we can summarise the effects of this option as follows:

Group	Comment
Consumers	This option would be the most certain to ensure that the likely potential benefits of €3.6 to €5.7 billion per annum are realised.
Banks	There would be a likely net cost to banks if fully implemented and charges were capped – estimated in this report as between €347 and €545 per annum. Requiring banks to meet this cost would need some form of compulsion at national level.
Other stakeholders	The likely benefits to other stakeholders of between €136m and €365m would be achieved. There would be administrative costs – but these appear small in comparison to the net benefits.

8.4 Conclusion

There are five policy options, ranging from ‘do nothing’ to a Directive. The ‘do nothing’ option does not achieve the potential benefits to consumers estimated in this report, of €3.6 to €5.7 billion per annum (or up to €9.5 billion given 100% penetration of accounts).

The assessment of the next two of the policy options – those of promoting and sharing best practices and of encouraging self-regulation by the industry at EU level - produces relatively similar results. In both cases, it is doubtful whether the options would be effective in achieving the benefits. Similar initiatives in Member States have had some effect in tackling issues – however, Member States such as France and Belgium have found it necessary to move toward compulsion as codes of practice have not been fully effective. It is unlikely that the benefits of increasing access to a Basic Bank Account,

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including a potential benefit to consumers of €3.6 to €5.7 billion (or up to €9.5 billion) would be fully achieved.

The other two policy options are a Recommendation and a Directive. These would be more likely to be effective than voluntary options, and also likely to have a stronger effect in increasing take up of bank accounts, particularly in Member States with developed financial systems. They would achieve the benefits identified in this study. However, there would be a need to respect the differences between Member State banking markets. One possibility could be a Recommendation, to be reviewed after a period, with a potential move to a Directive in due course.

Summary of Findings

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This section summarises the findings of the study.

9.1 Introduction

This study focuses on one indicator of financial exclusion – lack of access to a **Basic Bank Account**. In line with the terms of reference, a Basic Bank Account *is to be understood as a bank account, for private individuals which includes services like making and receiving electronic payments for goods and services (e.g. transfers, direct debits, standing orders) and making withdrawals, but excludes any overdraft facility.*

9.2 Extent of Access to Bank Accounts

A Eurobarometer survey showed that at least 85% of EU consumers have a current bank account in all member States with the exception of Romania, Bulgaria and Hungary. In two of the Member States, Denmark and Finland, virtually everyone has a current bank account. A clear difference can be seen between EU15 and EU12 (average bank penetration for EU12 is 83.6% and for EU15 is 91.1%). With the exception of Slovenia, Malta and Estonia, the percentage of the population in the EU12 with a current bank account is generally below the EU27 average. Of the EU15, only Italy has bank account penetration below that of the EU27 average.¹³³ Generally, access to a bank account increases in line with the economic development of a country

Using Eurobarometer data, we estimated the number of EU consumers who do not have a bank account. Lack of a bank account is generally a key indicator of financial exclusion, with the possible exception of those Member States where the penetration of bank accounts is lower. To take an example, in Romania in the 2009 survey 47% of the population did not have access to a bank account at all. Here, lack of access to a bank account may not be the most important indicator of financial exclusion. However, once penetration of bank accounts increases above a certain level, lack of a bank account will be a key indicator of financial exclusion. We therefore sought to divide the number of consumers without bank accounts into those where the use of bank accounts is not yet universal and those where there is high penetration of bank accounts and lack of an account will be a key indicator of exclusion.

To estimate the number of consumers falling into each group we calculated the number of consumers in each country who did not have bank accounts and used two cut-off points to divide them into groups. The cut-off points were at 90% and 95%. Thus, in Romania, of the 8 million consumers without a bank account, only 5% of the relevant population (0.9 million) could be at risk of financial exclusion due to lack of a bank account. In Germany however all of the 0.67 million consumers (from the 2009 survey) without a bank account could be at risk of financial exclusion.

We conclude from this analysis that of the 30.1 million European consumers without access to a bank account, 11.6 to 18.2 million are likely to be at risk of financial exclusion, whereas the remaining 11.87 million are likely to be in a society where the use of bank accounts is not yet almost universal.

9.3 Measures to Increase Access to Bank Accounts

In some Member States banks are bound by law to make Basic Bank Accounts available to those who would otherwise be financially excluded (e.g. Belgium, Finland, France, Sweden, and Denmark). Slovakia has recently enacted similar legislation and the UK has announced that legislation is proposed. Banking industries in other EU Member States have signed up to voluntary charters, either addressing in particular the issue of financial exclusion (such as

¹³³ This could be also explained by a significantly large number of financial accounts (very similar to the BBA) provided by the Post.

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Germany) or adhering to a more general code of ethics (such as Hungary). Some countries are completely devoid of either legal obligations or voluntary charters (e.g. Austria, Spain). For example, the Czech national bank asserts the right of a credit institution to select its clients in accordance with its business plan.

Although banks monitor the number of existing accounts, they do not collect information on consumers whose application for a bank account (e.g. Basic Bank Account) has been rejected. In explaining the reason for this, banks cite data protection policies and also point out that because rejected customers are free to apply for an account with another bank where they could also be rejected, were such numbers to be collected consolidated figures across the banking sector would be likely to portray an inflated picture of the extent of financial exclusion due to multiple counting.

While it is the case that all countries with legislative frameworks for a Basic Bank Account have high levels of bank account penetration, some of the countries without legislation or guidance charters in this respect do provide useful examples of successful private sector solutions. For instance, there is no legal obligation in Spain to provide basic banking services to any applicant. Another example is Austria.

9.4 Potential costs and benefits to consumers

This section has identified both quantifiable and non quantifiable costs and benefits to consumers. The quantifiable costs and benefits per consumer are of the order of €315 per annum, as follows.

Table 9.1 – Summary of Quantifiable Benefits to Consumers

Cost Savings or Benefits	€
Charges for cashing cheques	120
Charges for money transmission	60
Loss of discounts for electronic payment	125
On line discounts	60
Total	365
Less charge for bank account	50
Net benefit per consumer per annum	315

These costs and benefits assume no charges for inappropriate use of accounts. There are also a number of non quantifiable benefits including:

- The ability to take jobs, rent property etc where a bank account is a requirement
- Quicker access to funds
- Increased security through lower level of cash transactions
- Increased choice of goods and services through internet where electronic payment is required
- Reduced sense of financial exclusion

Set against that, there are some potential non quantifiable disbenefits including

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- Potential fraud losses should account access details be lost or stolen
- The possibility of easier legal seizure of funds through court judgment

We can use the typical net quantifiable benefit of €315 per consumer to estimate an overall benefit to consumers in Europe. We estimated in section 2 of this report that there were between 11.58 and 18.19 million consumers without a bank account where the lack of an account might be an indicator of financial exclusion, and a further 11.87 million in countries where the penetration of bank accounts was low. The benefits shown above do not fully apply to those 11.87 million consumers living in a society where the use of bank accounts is not yet almost universal. However, applying the net benefit of €315 per consumer to the range between 11.58 and 18.19 million consumers without a bank account suggests an overall net benefit of between €3.6 and €5.7 billion across Europe as a whole.

In total there are 30.06 million consumers without bank accounts. If we apply the whole of the annual benefit of €315 to all these consumers, the total benefit would be €9.5 billion across Europe as a whole.

9.5 Potential Costs and Benefits to Banks

We now summarise the main quantifiable and non quantifiable factors affecting banks.

The quantifiable costs to banks of operating an account are difficult to assess, but have been estimated at around €40 per annum. Charges for basic accounts may now be of the order of €50 per annum, suggesting that banks may make a small surplus from each account. If however charges for Basic Bank Accounts were capped, say at the level of €12 as seen in Belgium, then banks would make a loss per account of just under €30. The capping of fees would result in a transfer of benefit from the banks to the consumer.

There are few other non quantifiable costs to banks, unless the increase in the number of accounts is so large as require the provision of additional infrastructure such as cash machines or branches.

Turning to non quantifiable benefits, these include the following:

- Improved perception of banking
- Increased customer base for selling of additional services
- Reduction of costs and risks from cash-based payments
- Contribution to capital

Finally, we can use the typical net quantifiable benefit, of €10 per consumer, to estimate an overall cost or benefit to banks in Europe. We estimated in section 2 of this report that there were between 11.58 and 18.19 million consumers without a bank account where the lack of an account might be an indicator of financial exclusion, and a further 11.87 million in countries where the penetration of bank accounts was low.

These amounts suggest net benefits to banks of the order of €115 million to €182 million from increased penetration of bank accounts at current prices. If, on the other hand, the costs of a Basic Bank Account are capped so that there is a net cost to banks of €30 per account, then if these accounts were to be provided to the 11.58 to 18.19 million consumers who might be financially excluded, the net costs to banks would be of the order of €350 to €550 million per annum.

In total there are 30.06 million consumers without bank accounts. If we apply the whole of the annual benefit of €10 to all these consumers, the total benefit to banks would be €300 million across Europe as a whole. On the other hand, if the cost of the basic bank account was capped

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and there was a net cost of €30 per consumer, the overall costs to banks would be €900 million across Europe as a whole. However, the estimates shown in this paragraph must be treated with caution, because of the potential need to extend bank networks to deal with such a large increase in the number of accounts. We think that in practice, as economies develop, banks will find it profitable to develop their services in those parts of the EU that now have lower penetration of bank accounts.

9.6 Potential Costs and Benefits to Other Stakeholders

We see the **balance of effects as being beneficial to other stakeholders, rather than in their incurring additional costs.** The principal beneficiaries are Central and Local Government and basic Utility firms. The reasons are:

- These stakeholders already have, or are separately developing, the infrastructure to accept and deliver payments through bank accounts;
- There is evidence that use of direct debits is lower cost than cash-based alternatives
- Cash is becoming a higher cost transaction method than cards and electronic payments in view of the need for physical processing and security, transmission, and risk of embezzlement;
- In some Member States it is difficult to make payments in cash, as for example in the paying of wages in France.

In terms of quantifiable benefits, the annual benefits to government may be of the order of €80 to €220 million per annum, with a further benefit of between €56 and €148 million for utility companies; a total annual benefit of €136m to €368m.

If the benefits are applied to all 30.06 million consumers without a bank account, then the annual benefits to government would increase – but because of the likely lower take up of social benefits in this group we are not able to estimate the amount of increase. For Utility companies the range of benefits would increase to €146 to €243 million. So, using the government benefit shown in the last paragraph, the annual benefits to other stakeholders would be at least €226 to €463 million¹³⁴.

9.7 Assessment of Policy Options

The terms of reference for this study identified five possible policy actions under consideration by the Commission. These options are:

- Status quo (no further EU action);
- Promoting and sharing of best practices;
- Encouraging self-regulation by the industry at EU level;
- A Recommendation;
- A Directive.

We assessed the policy options against five criteria as follows:

¹³⁴ The relatively wide range of potential benefit arises because the estimated benefits for each transaction varies between €0.60 and €1, and the number of consumers between 11.6 million and 18.3 million. The lower estimate of benefit is arrived at by using the lower of each of these estimated, and the higher amount by using the higher of these two estimates.

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- Effectiveness in meeting the objectives of reducing financial exclusion;
- Relevance in tackling the issue being considered;
- Efficiency in terms of cost benefit;
- Consistency with other Commission policies;
- Proportionality;
- Subsidiarity.

In the tables below, we summarise each of the policy options against the various criteria:

Criterion	No EU action	Promoting and sharing of best practices	Encouraging self-regulation by the industry at EU level	A Recommendation	A Directive
<i>Effectiveness in meeting the objectives of reducing financial exclusion</i>	Ineffective in tackling the issue	Some effect in tackling issues – but Member States have found it necessary to move toward compulsion	Some effect in tackling issues – but Member States have found it necessary to move toward compulsion as codes of practice have not been fully effective	Likely to have a stronger effect in increasing take up of bank accounts particularly in Member States with developed financial systems	Likely to have a stronger effect in increasing take up of bank accounts particularly in Member States with developed financial systems
<i>Relevance in tackling the issue being considered</i>	Not applicable	Relevant both for Member States with less, and those with more, developed financial systems.	Relevant both for Member States with less, and those with more, developed financial systems.	Relevant both for Member States with less, and those with more, developed financial systems.	Relevant both for Member States with less, and those with more, developed financial systems.
<i>Efficiency in terms of cost benefit</i>	Benefits of reducing financial exclusion not achieved	Low administrative costs, but unlikely that benefits would be fully achieved	Low administrative costs, but unlikely that benefits would be fully achieved	Likely to achieve many of the benefits	Likely to achieve many of the benefits. Would have a higher administrative cost due to the need for legislation in all

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					Member States
<i>Consistency with other Commission policies</i>	Not applicable	No conflict with other Community policies	No conflict with other Community policies	No conflict with other Community policies	No conflict with other Community policies
<i>Proportionality</i>	Not applicable	Doubtful whether the issue would be fully tackled	Doubtful whether the issue would be fully tackled	Appears proportional	Appears proportional
<i>Subsidiarity</i>	Not applicable	Fully respects differences between Member State markets	Fully respects differences between Member State markets	If worded in a way that allows Member States to decide on implementation, could respect the differences between Member State markets	If worded in a way that allows Member States to decide on implementation, could respect the differences between Member State markets

9.8 Conclusion

There are five policy options, ranging from ‘do nothing’ to a Directive. Most benefits from increases in bank accounts would go to consumers, with much smaller amounts to other stakeholders.. However, the ‘do nothing’ option does not achieve the likely potential benefits to consumers estimated in this report, of €3.6 to €5.7 billion per annum, (or up to €9.5 billion given 100% penetration of bank accounts across Europe).

The assessment of the next two of the policy options – those of promoting and sharing best practices and of encouraging self-regulation by the industry at EU level - produces relatively similar results. In both cases, it is doubtful whether the options would be effective in achieving the benefits. Similar initiatives in Member States have had some effect in tackling issues – however, Member States such as France and Belgium have found it necessary to move toward compulsion as codes of practice have not been fully effective. It is unlikely that the benefits of increasing access to a Basic Bank Account, including a potential benefit to consumers of €3.6 to €5.7 billion (or up to €9.5 billion as above), would be fully achieved.

The other two policy options are a Recommendation and a Directive. These would be more likely to be effective than voluntary options, and also likely to have a stronger effect in increasing take up of bank accounts, particularly in Member States with developed financial systems. They would achieve the benefits identified in this study. However, there would be a need to respect the differences between Member State banking markets. One possibility could be a Recommendation, to be reviewed after a period, with a potential move to a Directive in due course.

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Austria

Information on proportion of population without a bank account

*Estimated total population: 8.2 million*¹³⁵

An estimated 40,000 to 50,000 individuals do not have access to a Basic Bank Account.^{136,137} Other sources state that an estimated 13.5% of the adult population is without access to a banking account.¹³⁸ According to Flash EB 282, 99% of Austrians have a current account.¹³⁹

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There is no specific legislation to tackle financial exclusion in Austria. Private individuals have no automatic right to a bank account; there is no guaranteed provision of social credits. The system more generally is marked by a lack of consumer's rights in the area of financial services. Any initiatives in the area are voluntary (see below for examples).¹⁴⁰ The 2008 Commission study (which includes a detailed analysis of Austria) does not identify either voluntary codes or government intervention in the area of financial inclusion.¹⁴¹ Relevant debates tend to be led by consumer groups or academics.

Austrian banks are under no obligation to accept a prospective customer. Most banks exclude certain groups of prospective customers. Austrian credit institutions have jointly developed a risk classification scheme ("black list") which holds information on individuals who have made illegal use of banking services, as well as information on prosecution following default of payment (current accounts, loans, credit cards).¹⁴² Black lists are legal, as long as they are approved by the FMA (supervisory body for financial markets).¹⁴³

A few banks have voluntarily developed schemes targeting the socially weak and over-indebted: **Die Zweite Sparkasse (The Second Saving Account)** – this is an independent bank which is run and staffed exclusively on a voluntary basis. It was launched in 2006 and provides Basic Bank Accounts, essentially free of charge, to individuals who are in financial difficulties and are being assisted by a debt advice agency or Caritas. Seen as a route back into a normal banking relationship, availability is restricted to a fixed term (between 3 and 5 years). The bank does not

¹³⁵ Estimated total population for all country fiches are rough estimates to help contextualise percentage of populations.

¹³⁶ <https://www.sparkasse.at/diezweitesparkasse>

¹³⁷ http://www.upclive.at/News_Wetter/Wirtschaft/?entryId=1032279

¹³⁸ Carbo, Santiago, Edward P.M. Gardener & Philip Molyneux. "Financial Exclusion in Europe." In *Public Money & Management* 27, no. 1 (2007)

¹³⁹ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

¹⁴⁰ Grohs, Hans W. "Tackling Financial Exclusion in Austria: Effectiveness of Measures" (2009)

¹⁴¹ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008)

¹⁴² Kreditschutzverband von 1870. "Was ist Die Warnliste Der Oesterreichischen Kreditinstitute?" (2009) Retrieved from <http://www.ksv.at/KSV/1870/de/4privatpersonen/4fragenantworten/3warnliste/index.html>

¹⁴³ § 39 para. 1 BWG (Bankwesengesetz)

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currently offer its services Austria-wide, although plans to extend the service do exist. **Neue Chance Konto (New Chance Account)** – launched on 1 April 2009, Austria-wide and aimed at socially weak individuals more generally, not just over-indebted individuals.¹⁴⁴

Services attached to the most basic account available:

Cash withdrawal	Neue Chance Konto: yes
Debit card	Neue Chance Konto: no
Electronic payments	Neue Chance Konto: yes
Cheques	
Standing orders	Neue Chance Konto: yes
Direct debits	Neue Chance Konto: yes
International payments	
Receipt of funds	Neue Chance Konto: yes
Other	No overdraft facility

Belgium

Information on proportion of population with a bank account

Estimated total population: 10.5 million

According to Flash EB 282, 99% of Belgians have a current account.¹⁴⁵

¹⁴⁴ ASB Schuldnerberatungen GmbH, GP Forschungsgruppe, SKEF- Society for Promotion of Financial Education (PL) and Observatoire du Crédit de l'Endettement. "Better Access to Adequate Financial Services" (Conference on Better Access to Financial Services, Warsaw, 9-11 March 2006), p. 10.

¹⁴⁵ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

Since spring 2003, there has been a legal obligation for credit institutions to provide basic banking services. The law [*Loi du 24 mars 2003 instaurant un service bancaire de base*] obliges all banks to provide a basic banking account to any individual who does not already have one, for an annual fee of maximum € 12. The law was modified on 1st April 2007. The basic banking service covers the following operations:

- Opening, managing and closing an account,
- Money transfers and payments (manual/electronically),
- Standing orders and domiciliation (direct debits),
- Money deposits,
- Money withdrawals (manual/electronically),
- Account statements.

Prior to the law of 24 March 2003, a Charter for a minimum banking service was adopted by the Belgian Bankers Association in 1997. The credit institutions subscribing to the Charter committed to offer clients a basic account and the possibility of executing money transfers, money deposits and withdrawals, and receiving statements of account. This Charter served as a basis for the law of 2003, by which it was eventually replaced.

Services attached to the most basic account available:

Cash withdrawal	Yes (provided it is covered) – included in annual fee of € 12 ¹⁴⁶
Electronic payments	Yes – included in annual fee of € 12
Cheques	No (hardly used in Belgium – in 2004 cheques amounted to 1.4% of all payment operations)
Standing orders	Yes – included in annual fee of € 12
Direct debits	Yes – included in annual fee of € 12
International payments	Not specified
Receipt of funds	Yes (also deposit of cheques/vouchers) – included in annual fee
Other	Regular account statements – included in annual fee

¹⁴⁶ All the charges of €12 are index linked and by 2009 the charge was €13.60

Country Fiches

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Bulgaria¹⁴⁷

Information on proportion of population with a bank account

There is no official data regarding those wishing to open a bank account who have been refused.¹⁴⁸ According to the Flash EB 282, 49% of Bulgarians use a current bank account.¹⁴⁹

Many people do not hold bank accounts because they do not consider them necessary to proper functioning in the society in which they live. For “unbanked” citizens there is an option to receive social security and other types of payments in cash through “pay rooms” in the municipalities, or by post¹⁵⁰.

According to the Financial Inclusion Observatory, the main groups of the population that do not have access to a basic account are the elderly in villages (who usually have low incomes and prefer to hold their money in cash) and the Roma population (who traditionally keep their money in gold and invest in real estate).

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There are no legally binding provisions to ensure the provision of a Basic Bank Account. Access to a Basic Bank Account is still not considered an issue by policy makers and stakeholders, with no major debate taking place on the matter.¹⁵¹ Banking representatives emphasise that with exception of the anti-money laundering directive¹⁵², no significant barriers exist to the accessing of a bank account. They point to the fact that according to the recent study of the Commission¹⁵³ account charges in Bulgaria are among the lowest in Europe.

Services attached to the most basic account available: not available

¹⁴⁷ The Bulgarian Ministry of Finance was contacted and Mr Rumen Porozhanov from the relevant department has offered to provide information on the availability of Basic Bank Account facilities. Unfortunately this information has not been provided and further attempts to clarify and obtain information were unsuccessful.

¹⁴⁸ Financial Inclusion Observatory. “Bulgaria: Level of Access from Bank Accounts for People who want it”. Retrieved from <http://www.fininc.eu/countryreport.en.53.95.4.BG.145.html#433>

¹⁴⁹ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels, forthcoming)

¹⁵⁰ Financial Inclusion Observatory. “Bulgaria Country Report - Stage 1”. Retrieved from <http://www.fininc.eu/gallery/documents/country-reports/country-report-questionnaire-final-bulgaria.pdf>

¹⁵¹ Financial Inclusion Observatory. “Bulgaria Synthesis Report”. Retrieved from <http://www.fininc.eu/gallery/documents/country-reports/summary-per-country/synthesis-report-bulgaria.doc>

¹⁵² Email from Mrs Eleonora Hristoforova, Representative of the Association of Banks in Bulgaria

¹⁵³ DG Health and Consumers. “Data Collection for Prices of Current Accounts provided to consumers – Final report”, Retrieved from http://ec.europa.eu/consumers/rights/docs/study_bank_fees_en.pdf

Country Fiches

A

Cyprus

Information on proportion of population with a bank account

Estimated total population: 778 000

According to Flash EB 282, 94% of Cypriot citizens have a current account.¹⁵⁴

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

No legal requirement exists and there is no definition of a Basic Bank Account. Applicants have to produce proof of ID, proof of address and a recent tax statement in accordance with legislation on money laundering and terrorism.¹⁵⁵

There is a voluntary code of practice of the Association of Cyprus Banks that states that the banks are obliged to provide banking services to all consumers irrespective of ethnicity, religion or gender but also states it should not be considered as negative discrimination:

- denial of service if there are legitimate reasons for this
- denial of service or application of different fees/charges based on different real or expected levels of transactions or risk for the bank

All banks in Cyprus offer what is also called “basic savings accounts” that have characteristics very close to those of the Basic Bank Account (cash withdrawals, debit card, payments, standing orders and direct debits, receipt of funds/payments)¹⁵⁶. There is no clear separation of current and savings accounts. Cheques and overdrafts may be provided at the customer’s request and following approval from the bank (checking credit history). In some cases however a minimum amount of initial deposit may be required from the consumer.

Services attached to the most basic account available: not available

¹⁵⁴ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

¹⁵⁵ Association of Cyprus Banks. “Code of Banking Conduct” (2008). Retrieved from <http://www.acb.com.cy/cgi-bin/hweb?-A=163&-V=codes>

¹⁵⁶ National Bank of Greece (Cyprus). Retrieved from <http://www.nbg.com.cy/default.asp?id=126>
Marfin Laiki Bank. Retrieved from <http://www.laiki.com/web/w3cy.nsf/WebContentDocsByID/ID-CF259DAEC351F911C2257288005A1C00?OpenDocument>

Hellenic Bank. Retrieved from

<http://www.hellenicbank.com/HB/content/en/content.jsp?id=434&lang=en>

Alpha Bank. Retrieved from <http://www.alphabank.com.cy/english/deposits2.shtm>

Country Fiches

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Czech Republic¹⁵⁷
<p>Information on proportion of population with a bank account</p> <p><i>Estimated total population: 10.4 million</i></p> <p>According to Flash EB 282, 89% of Czechs use a current bank account.¹⁵⁸</p>
<p>Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)</p> <p>The Czech national bank asserts the right of a credit institution to choose its clients in accordance with its business plan.</p>
<p>Services attached to the most basic account available: not available</p>

Denmark
<p>Information on proportion of population with a bank account</p> <p><i>Estimated total population: 5.5 million</i></p> <p>With the introduction of the 'EasyAccount' in 2005 (see below), the vast majority of Danes should in principle have a bank account. As mentioned in the above, 'Økonomistyrelsen' reckon that some 3% of the population are unable to get an account as a result of their marginalised status.</p> <p>According to Flash EB 282, 100% of Danes have a current account.¹⁵⁹</p>
<p>Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)</p> <p>There is a requirement to provide a Basic Bank Account in Denmark. This was originally required according to Order no. 1222 of 19.10.2007 about good practice for financial institutions [<i>Bekendtgørelse om god skik for finansielle virksomheder</i>], chapter 5 (Special rules for banks), §19: 'Banks cannot deny anybody to establish an ordinary deposit account without an individual and factual justification. If requested, the justification has to be given in writing'.</p> <p>The Order was subsequently revised by Order 965 of 30.09.2009 [<i>Bekendtgørelse 965 om god skik for finansielle virksomheder</i>]. In accordance with this Order, the Danish Bankers' Association [<i>Finansrådet</i>] has informed all its members in a Recommendation that financial institutions have a societal duty to provide all citizens with a basic 'salary account' [<i>lønkonto</i>].</p>

¹⁵⁷ The Czech National Bank has offered to provide the relevant information relating to Access to a Basic Bank Account, however this information has not been provided and further follow up requests have been unsuccessful.

¹⁵⁸ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

¹⁵⁹ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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The account should include a debit card and services enabling clients to pay their bills. Banks are not required to provide credit facilities (credit cards or overdrafts). A 'reasonable' number of withdrawals per year should also be provided free of charge.

At an earlier stage, the Law on measures to combat money laundering and the financing of terrorism [*Lov om forebyggende foranstaltninger mod hvidvaskning af penge og finansiering af terrorisme*] (Consolidated Act No 734 of 30 August 2002) required financial institutions to demand identification from persons opening a current or deposit account or entering into any other business relationship with them. Identification must include the person's name, address, and CPR (central population register) or CVR (central business register) number or similar. The same applies to all transactions (by occasional customers) involving amounts corresponding to € 15 000 or more.

In connection with efforts to digitise the public sector, a new scheme was introduced in the autumn of 2005 whereby all citizens and companies needed to establish a 'NemKonto' [*EasyAccount*] in order to receive payments from public authorities (benefits, tax reimbursements, student allowances, etc.). In that connection there was a realisation that a minority of Danish citizens did not yet have a bank account enabling them to link up to the system. At the time, the Agency for Governmental Management [*Økonomistyrelsen*], the body responsible for the system, reckoned that a minority of 'vulnerable/marginalised' citizens (addicts, mentally ill, homeless) would not be able to get a bank account, corresponding to around 10-15,000 people (< 3% of population). For those groups some other solution would have to be found. The 'EasyAccount' was introduced by Order no. 766 [*Bekendtgørelsen nr 766 af 05.07.2006 om Nemkontoordningen*]. As mentioned above, the basic salary account should include a few basic services. Most banks, however, provide more add-ons as part of their basic accounts (example of 'Danske Bank's basic account provided below in brackets).

Services attached to the most basic account available:

Cash withdrawal	Yes – a certain reasonable number free of charge
Electronic payments	No – not included in requirements for basic account (Danske Bank: Yes – free of charge)
Cheques	No (practically not used in DK anymore)
Standing orders	Not specified, but presumably included in basic account
Direct debits	Not specified, but presumably included in basic account
International payments	Not specified
Receipt of funds	Not specified
Other	Not specified

Country Fiches

A

Estonia¹⁶⁰

Information on proportion of population with a bank account

Estimated total population: 1.3 million

According to the Flash EB 282, 98% of Estonians use a current bank account.¹⁶¹ Different studies carried out have pointed out that around 89% of all salaries, state benefits and supports and also state pensions are paid through current account. Starting from the 1st of February 2009 a great number of the pensioners (Estonia has 380 000 pensioners.) will receive pensions through banking account. Derived from the changes in Estonian pension system payout schemes more than 94 000 pensioners opened an account in a bank they choose appropriate or easy to access at the end of 2008.

The active use of banking services is also supported by the statistic that 98% of the started payment orders in Estonia are made through electronic channels – mainly through internet banking. At the end of September 2008 there were 1.7 million internet banking contracts made. Natural persons had opened 2,274,000 Basic Bank Accounts (many of them have several bank accounts in different banks).

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

In general, Estonian legislation does not stipulate such an explicit provision. In principle credit institutions, as other businesses in Estonia, follow the principle of freedom of contract. The Estonian Credit Institutions Act basically stipulates that banks are free to decide who to service. This is essential because banks are obliged to monitor, assess and manage risks, and bank's operational risk level is directly linked to the risks arising from the client base. However, chapter 40 of the Law of Obligations Act (LOA), which regulates the payment orders and settlement, lays down in particular an obligation of the account manager (credit institution or any other similar service provider) to enter into settlement contract with the client. According to this paragraph (710)¹⁶² if a person (potential client), and the terms and conditions of the contract applied for by the person, comply with the provisions of law and with the standard terms used by the account manager, the account manager shall enter into a settlement contract with the person at the request of the person.

In addition the voluntary code of conduct (Estonian Good Banking Practice) has been in place since 1996 and is agreed by the members of Estonian Banking Association¹⁶³ (EBA). The mission and primary objective of EBA is to promote the development of banking activities, to improve the banking operations of its member banks and to institute good business practices and ethics. Good banking Practice states that the client has the right to choose between different types of banking services and between banks providing those services. The client has also the right to switch freely the service or bank used unless otherwise agreed by some signed

¹⁶⁰ The information in this fiche was provided by the Estonian Ministry of Finance.

¹⁶¹ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels, forthcoming)

¹⁶² <http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=X30085K2&keel=en&pg=1&ptyyp=RT&tyyp=X&query=v%F51a%F5igusseadus>

¹⁶³ Estonian Banking Association. Retrieved from <http://www.pangaliit.ee/eng>.

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<p>contract. According to the Estonian Ministry of Finance, every eligible person who would like to have an account is able to open one.</p>	
<p>Services attached to the most basic account available: There is no special definition of a Basic Bank Account in Estonian legislation. General provisions on current accounts (LOA paragraphs 203 and 204) are applied to the Basic Bank Account. However, some decrees by the governor of the Estonian central bank define different type of deposits with regard to reporting requirements.</p>	
Cash withdrawal	<p>Is possible according to general conditions of banking services. The general conditions, (which are based on the conditions approved by the Estonian Banking Association) are a document which contains standard conditions applicable to all clients of a credit institution and which provides the general principles for relationships between the credit institution and clients.</p>
Electronic payments	<p>Is regulated in the chapter 40 of LOA. A client can use electronic payment instruments if he/she has the (special) agreement of a bank. An electronic payment instrument is a payment instrument which enables its holder to transfer money, make cash withdrawals from cash dispensing machines and perform other banking transactions via communications channels or by other electronic means.</p>
Cheques	<p>LOA (paragraph 709) stipulates that an account manager undertakes to collect a cheque presented to the account manager by the originator from the payer for the benefit of the originator. An account manager shall ensure that the cheque is presented to the payer on time and, if the cheque remains uncashed, apply measures to protect the interests of the originator.</p>
Standing orders	<p>According to LOA (paragraph 715) payment instructions may be made for making single or recurrent payments.</p>
Direct debits	<p>According to LOA (paragraph 715) payment instructions may be made for making single or recurrent payments. In addition the direct debit will be defined by the new payment services law which is currently being drafted. However this definition is based precisely on the EU Payment services directive (2007/64/EC).</p>
International payments	<p>International payments are currently regulated in LOA (paragraphs 722 – 733). This regulation is in line with EU directive 97/7/EC.</p>
Receipt of funds	-
Other	-

Country Fiches

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Finland	
Information on proportion of population with a bank account	
<i>Estimated total population: 5.2 million</i>	
In 2003 Finland had 3 million internet bank accounts, and electronic banking transactions were nearly triple the EU average (105/42). ¹⁶⁴	
According to the Flash EB 282, 100% of Finns have a current account. ¹⁶⁵	
Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)	
In Finland there is a legal obligation to provide basic banking services, following an amendment to the Credit Institutions Act introduced in 2003. ¹⁶⁶ Section 50a (31.1.2003/69) of the Credit Institutions Act states that a regular bank account and the means necessary to use such an account can be refused only if there are weighty grounds for the refusal. The grounds shall be linked to the customer or his prior behaviour or to the fact that there is evidently no actual need for a customer relationship. The customer has to be notified of the grounds for the refusal.	
Services attached to the most basic account available:	
Cash withdrawal	Yes
Debit card	e-cash dispenser card, ATM card
Electronic payments	Yes
Cheques	no information
Standing orders	no information
Direct debits	no information
International payments	no information
Receipt of funds	no information
Other	no information

¹⁶⁴ [http://ecom.fov.unimb.si/proceedings.nsf/Proceedings/23950AD3F322A708C1256EA20031F0E2/\\$File/19Kongas.pdf](http://ecom.fov.unimb.si/proceedings.nsf/Proceedings/23950AD3F322A708C1256EA20031F0E2/$File/19Kongas.pdf)

¹⁶⁵ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels, forthcoming)

¹⁶⁶ <http://www.finlex.fi/en/laki/kaannokset/1993/en19931607.pdf>

Country Fiches

A

France

Information on proportion of population with a bank account

Estimated total population: 64 million

- 4% have no transactions account
- but some have a deposit account, so
- 3% are “unbanked”¹⁶⁷

Around 97-98% households are generally considered to have a transaction account.

According to Flash EB 282, 99% of French have a current bank account.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The 1984 law giving citizens the right to a bank account was expanded to include transaction banking, which led to a voluntary charter being set up by the Fédération Bancaire Française (FBF) in 1992. The voluntary charter was considered ineffective, so it was replaced in 1998 by the “Right to an Account” legislation.

This also was not very successful, leading to 2 voluntary action plans which were implemented by the FBF. These were the “banking made easier for all” action plan of 9 November 2004 and the “access for all to financial services” action plan of 30 January 2006. If banks refuse to open a current account and the customer appeals, the bank must open and activate an account within 24 hours.

Many accounts have been opened under these action plans, and there has been a marked increase in comparison with previous years (e.g. 26,000 were opened in 2005, compared to 2,950 in 1995). The co-operative and postal banks are more open to people on low incomes wishing to open current accounts.

Services attached to the most basic account available: the following are included, free: opening, monitoring and closure of the account; one change of place of residence per year; issuing, upon request, of bank or postal identity document.

Cash withdrawal	Yes – free: deposit or withdrawal of cash at the counters of the bank where the account has been opened
Electronic payments	Yes
Cheques	If customers are not offered cheques and payment cards banks to provide an alternative. ;In respect of cashing cheques or bank and postal money orders; two bank cheques per month or equivalent payment mechanism providing the same service
Standing orders	Yes
Direct debits	Yes
International payments	Yes

¹⁶⁷ Eurobarometer 60.2 and 2003.5. “Financial Services Provision and Prevention of Financial Exclusion (European Commission: Brussels, 2008), p.28, base: all adults aged 18 or over in EU

Country Fiches

A

Receipt of funds	Yes - receiving bank's or postal transfers
Other	monthly statement of all transactions carried out on the account sent to the account holder's address; facilities for accessing details of balances remotely; a payment card requiring systematic authorisation (if provided by the bank) and, if not, a withdrawal card for weekly withdrawals at automatic teller machines of the banks where the account has been opened. The decree 2006-384 of the 27th of March 2006 makes provision of a payment card requiring systematic authorisation no longer optional, but compulsory
<p>Relevant information and/or reports on the provision or costs of a Basic Bank Account¹⁶⁸</p> <p>The main forum of discussion on financial exclusion is the <i>Comité consultatif du Secteur Financier (CCSF)</i>. The <i>Laboratoire de la Firme et des Institutions (LEFI)</i> (the former Centre Walras) is working on financial exclusion but there is still a real need for scientific studies.</p> <p>The two main studies on this subject are: <i>a quantitative study by CREDOC for the Comité Consultatif de la Banque de France (Daniel & Simon, 2001)</i>, which attempts to assess access and use of financial products by benefit recipients; and, <i>a qualitative study for the Observatoire national de la pauvreté et de l'exclusion sociale and the Caisse des dépôts et Consignations (Gloukoviezoff, 2004)</i> which tries to define and to understand financial exclusion and its mechanisms.</p> <p>Apart from these studies, there is some research on access to credit (Bourdin, 2006), banking in deprived urban areas (Gloukoviezoff, 2003; Gouguet & Jarry, 2004), people who are "interdits bancaires"¹ (Gallou & Le Quéau, 1999), or different ways to tackle financial exclusion (Gloukoviezoff & Guérin, 2002; Gloukoviezoff, 2006; Gloukoviezoff & Lazarus, 2007).</p>	

Germany

Information on proportion of population with a bank account

Estimated total population: 82 million

In 2005, 1.893 million accounts in Germany did not have overdraft facilities.¹⁶⁹ In 2005, German Parliament and the federal employment agency estimated that between 100 000 and 500 000 individuals were without a basic account.^{170, 171}

¹⁶⁸DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008), p 69, 97; Gloukoviezoff, Georges. "World Savings Banks Institute, European Savings Banks Group". Doc 0781/06 (CAL/JEA) (Université de Lyon: Lyon, 2006)

¹⁶⁹ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto für Jedermann". Drucksache 16/2265 (Berlin, 2002)

¹⁷⁰ AG SBV. "Recht auf ein Girokonto und Erhalt von Girokonten. Ergebnisse und Konsequenzen einer Umfrage der AG Schuldnerberatung der Verbände" (Cologne, 2005), p.4.

Country Fiches

A

According to Flash EB 282, 99% of Germans have a current bank account.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

In 1995 Germany's lawmakers set out to make the provision of current/checking accounts compulsory for all banks to all persons that fulfil the standard requirements (i.e. proof of identity and residence), regardless of any adverse entries in the SCHUFA registry (Germany's credit information agency). To avert legal obligation, the banking industry¹⁷² proposed the introduction of a voluntary undertaking by banks in 1996¹⁷³; stipulating that every person who fulfils the standard requirements may open a so-called '**Girokonto für Jedermann**'¹⁷⁴. While the voluntary undertaking remains in effect today, Germany's banks remain reluctant to honour their promise in practice.

It is important to distinguish between Landessparkassen (saving banks) and other banks (e.g. Deutsche Bank, Commerzbank). *Savings banks are administration unions with communal sponsorship. Therefore their statutes are laid down in the laws of the respective Länder*, many of which include detailed regulation on the obligation to keep current accounts for individuals resident in their business district (Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony- Anhalt and Thuringia as well as Bavaria, North Rhine-Westfalia and Rhineland- Palatinate).

While cooperative and saving banks in Germany have only around 12% and 22% of the market share of banking, they operate respectively 32% and 44% of all current accounts . Moreover, around 80% of social benefit recipients have a current account with a local savings bank.¹⁷⁵

The current account for everyone is regularly assessed by the government. Overall, the Finance Ministry has concluded in a 2008 report that the situation for persons without basic accounts has not significantly improved over time. The report goes on to emphasise that continued reluctance by the banking sector to honour its voluntary undertaking may result in the creation of legal measures to ensure all eligible persons can hold a basic account.¹⁷⁶

Services attached to the most basic account available:

Cash withdrawal	Yes
Debit card	Generally only a banking card
Electronic payments	
Cheques	

¹⁷¹ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto für Jedermann". Drucksache 16/11495 (Berlin, 2008), p. 6.

¹⁷² Zentralen Kreditausschuss der Banken und Sparkassen (ZKA) – Central Credit Committee of Banks

¹⁷³ Charter of the Central Credit Committee "Girokonto für Jedermann"

¹⁷⁴ 'current account for everyone'

¹⁷⁵ DG Employment Social Affairs and Equal Opportunities. "Financial Services Provision and Prevention of Financial Exclusion" (European Commission: Brussels, 2008)

¹⁷⁶ Deutsche Bundesregierung. "Bericht der Bundesregierung zur Umsetzung der Empfehlung des ZKA zum Girokonto für Jedermann". Drucksache 16/11495 (Berlin, 2008)

Country Fiches

A

Standing orders	Yes in principle, but only with sufficient funds in account.
Direct debits	Yes in principle, but only with sufficient funds in account
International payments	
Receipt of funds	Yes
Other	Banks are not obliged to offer overdraft facilities or credit cards on basic accounts. Basic Bank Accounts enable the holder to authorise payment transfers

Greece
<p>Information on proportion of population with a bank account</p> <p><i>Estimated total population: 11 million</i></p> <p>According to Flash EB 282, 93% of Greek citizens have a current account.</p>
<p>Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)</p> <p>No legal requirement exists and there is no definition of a Basic Bank Account. However, the obligation to open a bank account (provided specific requirements are met) is seen as stemming directly from the constitution in which it states that “everybody has the right to participate in the economic life of the country” (Art 5).¹⁷⁷</p> <p>Applicants are required to provide proof of ID, address and a tax statement form in accordance with law 2331/95 on money laundering and terrorism. The tax return form is not used to assess income but only to verify ID.¹</p> <p>In terms of services, all banks in Greece offer what is also called the “basic savings account” which shares characteristics with the Basic Bank Account (cash withdrawals, debit card, payments, standing orders and direct debits, receipt of funds/payments)¹⁷⁸. Current and saving accounts are not clearly separated.¹⁷⁹ Some banks offer also cheque book and overdrafts if so requested by the consumer and following a credit history check. In some cases consumers are asked for a minimum amount of initial deposit.</p>
<p>Services attached to the most basic account available: – what is usually offered in a basic savings account¹⁷⁹</p>

¹⁷⁷ Information obtained during interview programme

¹⁷⁸ Information obtained during interview programme

¹⁷⁹ MoneyExpert. “Savings Accounts – Surviving guide (in Greek)” Retrieved from <http://www.moneyexpert.gr/default.aspx?pid=78&la=1>

Country Fiches

A

Cash withdrawal	Yes
Debit card	Yes
Electronic payments	Yes
Cheques	Some banks
Standing orders	Yes
Direct debits	Some banks
International payments	Yes
Receipt of funds	Yes
Other	

Hungary¹⁸⁰

Information on proportion of population with a bank account

Estimated total population: 10 million

According to Flash EB 282, 79% of Hungarians use a current bank account.¹⁸¹

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The Hungarian Banking Association maintains a Code of Ethics, which aims to promote financial literacy, educate citizens for self sufficiency and assume a direct role on promoting positive social responsibilities. However, the Code is more concerned with the relationship between the customer and the bank and does not directly address the issue of dealing with financial exclusion.

Services attached to the most basic account available:

There is no standard basic bank account but some examples of accounts are shown in the following paragraphs. A cheap bank account at CIB bank (50HUF) provides free bank account statements, free standing orders outside the bank and free transfer of public utility fees (such as water, gas, electricity). All other services are available for a fee.

The personal bank account of Budapest Bank (275HUF) provides free bank account statements but all other services are available for a fee.

¹⁸⁰ The Hungarian Ministry of Finance has been asked to contact the relevant department and consult with the national Bank of Hungary. However, the required information has not been provided and subsequent enquires have been unsuccessful.

¹⁸¹ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

Country Fiches

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Some “free” accounts offered for students offer the above services for a fee, but some of them do not provide other possible services (even for a fee,) but are merely used for keeping money

Ireland

Information on proportion of population with a bank account

Total estimated population 4.3 million of whom 3.2 million are aged 18 and over

According to the Flash EB 282, 3% of adult Irish citizens do not have access to a bank account.¹⁸², meaning there are approximately 100,000 “unbanked”. National estimates of those without bank accounts are higher, as shown in the Combat Poverty study referred to below

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There is no requirement to provide a basic bank account. A wide range of bank accounts is available, but access may be restricted if applicants are unable to provide adequate evidence of residence, identity or a credit records. There is a voluntary banking code but no independent monitoring agency

Services attached to the most basic account available: A wide range of bank accounts is available but there is no separately defined basic bank account

Relevant information and/or reports on the provision or costs of a Basic Bank Account

Research into financial exclusion was carried out by the Combat Poverty Agency¹⁸³. The key messages from the research included the following

- One-in-ten Irish adults (340,000) are without any type of bank account and over one-in-five households (330,000) do not have a current account.
- The problem is more prevalent among low-income households, with 61.1% in the lowest income decile without a current account compared to 2.7% in the highest income decile.
- In the absence of mainstream provision, low-income consumers turn to alternative credit providers. Moneylenders remain an important source of credit for low-income consumers, despite the high charges involved.
- Low-income consumers would be more likely to access and use financial products if it were easier to open a bank account, if they had more information on how to use financial services, if the products available were designed to meet their needs and if financial institutions were more welcoming of their business

The Agency recommended that the Government ensure access to a Basic Bank Account, but

¹⁸² Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels, forthcoming)

¹⁸³ Tackling Financial Exclusion in Ireland, Combat Poverty Agency, September 2008

Country Fiches

A

to date the proposals have not been implemented

Italy

Information on proportion of population with a bank account

Estimated total population: 60 million

- 26% have no transaction account
- but some have a deposit account
- so 19% have no bank (are “unbanked”)¹⁸⁴

According to Flash EB 282, 87% of Italians have a current bank account.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The situation in Italy is governed by the Patti Chiari Charter, a range of stand-alone commitments provided by banks, from which banks can select which they wish to implement. Charges vary widely. There is a provision of **basic service – no cheque book and no overdraft**. The EC report of financial exclusion suggests that overall there does not seem to be evidence of promotion of basic banking, and the high level of transaction banking exclusion compared to the other of the 15 Member States suggests ineffectiveness.

Banks have developed niche offerings to attract potentially excluded groups into the financial system. For example, Intesa Sanpaolo has developed the “zerotondo” for young people under the age of 26; the “facile senior” for those over 65; and the “Get Money to Family” account for migrant workers.

The Italian Banking Association (ABI) has recently promoted several initiatives to facilitate people’s access to banking services. In particular, a package of basic banking instruments and services has been made available at low cost. Bank of Italy (6 April, 2009) sees the Basic Bank Account as a particularly transparent instrument as it would have the same characteristics in any bank, and costs could be easily compared because they are related to a package of services and not to the individual transactions. Banks would not be obliged to offer the Basic Bank Account; but if they decided to do so, they would be obliged to comply with transparency regulations. According to the ABI some 22,000 branches currently offer the “Conto Start” basic service, and the number of banks offering this has risen from 40 to 74 since 2003. There are 90,000 clients, of which 17% are foreigners (Albanians, Moroccans and Romanians, mainly) and 21% are under 26 years old. Average monthly cost is 2.75 euros.

A typical “Conto Start” is offered by BCC Roma. This account is for young people aged between 18 and 29. It is offered at a fixed fee of €3 per month, plus €8.55 stamp duty quarterly. The account provides a full range of transaction services including a debit card, cheques and internet access. However, it is important to note that there is no requirement to offer this account to everyone.

Services attached to the most basic account available: The characteristics of the “basic bank

¹⁸⁴ Eurobarometer 60.2 and 2003.5. “Financial Services Provision and Prevention of Financial Exclusion (European Commission: Brussels, 2008), p.28, base: all adults aged 18 or over in EU

Country Fiches

A

service” as devised under the Patti Chiari Charter are set out below:	
Cash withdrawal	Yes, at counter and ATM
Electronic payments	Yes, e.g. utilities
Cheques	Deposit – not draw
Standing orders	Yes
Direct debits	Yes
International payments	Yes (e.g. for migrant workers)
Receipt of funds	Yes: salaries, cheques, pension, etc.
Other	Internet banking, telephone banking, prepaid cash cards, regular statements
<p>Relevant information and/or reports on the provision or costs of a Basic Bank Account¹⁸⁵</p> <p><i>Banca d’Italia has commissioned a series of surveys to look at the extent of access to the Italian banking system (Banca d’Italia 2002, 2004, and 2006). The most recent survey, in 2005, found that 14 per cent of breadwinners in Italy lacked a bank account of any kind (Banca d’Italia 2006).</i></p>	

Latvia
<p>Information on proportion of population with a bank account</p> <p><i>Estimated total population: 2.3 million</i></p> <p>According to Flash EB 282, 86% of Latvians use a current bank account.¹⁸⁶</p>
<p>Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)</p> <p>According to the National bank of Latvia there is no definition of a Basic Bank Account and no legal requirement for banks to provide access to one.¹⁸⁷</p>

¹⁸⁵ DG Employment Social Affairs and Equal Opportunities. “Financial Services Provision and Prevention of Financial Exclusion” (European Commission: Brussels, 2008), *pp.69, 87*; Italian Banking Association. “Italian Contribution to the Public Consultation on Financial Inclusion: Ensuring Access to a Basic Bank Account” (2009); *Intesa Sanpaolo*. “Contribution to the Public Consultation on Financial Inclusion: Ensuring Access to a Basic Bank Account” (2009)

¹⁸⁶ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

¹⁸⁷ National Bank of Latvia. (2009). Retrieved from <http://www.bank.lv/lat/main/all/>

Country Fiches

A

Services attached to the most basic account available: no information

Lithuania¹⁸⁸

Information on proportion of population with a bank account

Estimated total population: 3.4 million

According to a Eurobarometer survey on financial inclusion, approximately 85% of the Lithuanian population has a current bank account.¹⁸⁹ The Association of Lithuanian Banks suggests this figure is a reasonable estimate, due to the banking sector's generally uniform procedures in terms of improving access to banking facilities. Based on this estimate, Lithuania can be compared favourably to less economically developed economies in some of the other new member states (e.g. only 49% of the Bulgarian population have a current bank account). According to representatives from the Lithuanian banking industry, the number of "unbanked" individuals has not changed significantly over the past decade.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There are neither requirements to provide a Basic Bank Account in Lithuanian legislation, nor a code of practice in Lithuania in relation to a Basic Bank Account.

During the decade of transition from command economy to a functioning market economy the central government and banking industry had to overcome the challenges presented by the banking approach of the old Soviet state banking system, which did not recognise the concept of financial inclusion.

In formulating economic policy, the Lithuanian government and banking sector has not much taken into account the issue of financial inclusion. There are no significant signs that the banking sector considers financial inclusion a priority for commercial banks, although recent legislation does aim to make it mandatory for workers above a certain salary to have a bank account. Private Lithuanian banks have broadly followed the good practices adopted by the Scandinavian banks operating in the country. This includes for example the widespread provision of student accounts, whereas in rural areas outside the immediate vicinity of ATM facilities many communities, particularly elderly groups, remain financially excluded. Awareness-raising activities are required in order to build trust and introduce e-commerce facilities into rural areas, but no consensus between the Lithuanian state and banking sector has been reached on where the responsibility for production of these information materials lies.

Services attached to the most basic account available:

Cash withdrawal

Yes & free of charge

¹⁸⁸ The available information was provided by the Lithuanian Ministry of Finance.

¹⁸⁹ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

Country Fiches

A

Electronic payments	Yes & free of charge
Cheques	
Standing orders	Yes & free of charge
Direct debits	Yes & free of charge
International payments	Charge levied on percentage of funds received
Receipt of funds	Yes & free of charge
Other	
Relevant information and/or reports on the provision or costs of a Basic Bank Account	
According to the Lithuanian Ministry of Finance, no studies have been conducted in Lithuania.	

Luxembourg

Information on proportion of population with a bank account

Estimated total population: 480,000

- 11% do not have a transaction account
- but some have a deposit account, so
- 6% have no bank account (are “unbanked”)¹⁹⁰

According to Flash EB 282, 98% of Luxembourgers have a current account.¹⁹¹

The "Association des Banques et Banquiers", **Luxembourg** (ABBL), however, refers to another Eurobarometer survey¹⁹² which suggests the percentage of the population experiencing difficult access to the banking system via a current account to be no more than 3%. Only 1% of the population finds it impossible to open an account: which may mainly reflect refugees or persons from third countries whose situation is not yet regularised. Implementation of strict money laundering rules may further imply that some people who are unable to satisfy identity requirements cannot open a Basic Bank Account.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The principle of freedom of contract applies to the opening of a bank account at a credit

¹⁹⁰ Eurobarometer 60.2 and 2003.5. “Financial Services Provision and Prevention of Financial Exclusion (European Commission: Brussels, 2008) p.28, base: all adults aged 18 or over in EU

¹⁹¹ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

¹⁹² Eurobarometer 260. “Consumers’ Opinions on Services of General Interest” (European Commission: Brussels, 2007)

Country Fiches

A

institution in Luxembourg. Potential customers are therefore free to choose the credit institution at which they wish to open an account, and the institution is free to decide whether or not to accept the customer. There are no specific rules governing the opening of a current account by residents or non-residents of Luxembourg, nor are there any customer restrictions or exchange controls affecting capital transfers (except under international law e.g. some UN countries).

As in Belgium and France, the Postal Bank was established in Luxembourg to ensure that people on low to moderate incomes had access to banking services (Law of 15 December 2000 on postal services and financial postal services). The Postal Bank has a legal obligation to agree to open an account to any person. Given the above-mentioned low number of exclusions, it may be easier for Postal Banks to respond to a “social obligation” vis-à-vis excluded groups.

Services attached to the most basic account available: no information

Malta

Information on proportion of population with a bank account

Estimated total population: 407,000

- 51% had no transaction bank account
- however, some had a deposit bank account, so
- 25% had no bank account (are “unbanked”)¹⁹³

According to Flash EB 282, 94% of Maltese have a current account.¹⁹⁴

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

A statement from the EU Secretariat, Office of the Prime Minister, advises that all Maltese retail banks offer savings accounts to any person who wishes to hold such an account (and that savings accounts are interest bearing).

However, there is no requirement embodied in Maltese legislation nor is there a code of practice to provide a Basic Bank Account. The Basic Bank Accounts offered are savings accounts, as the tradition in Malta has always been towards the promotion of such accounts, rather than current accounts which imply an account to facilitate spending/payments.

Many Maltese consumers have Savings Accounts with at least two banks. In addition, in terms of Article 971(a) of Malta’s Civil Code, (Cap. 16), a child who has attained the age of sixteen years may deposit money into an account opened in his or her own name with any bank, and any money deposited in any such account may only be withdrawn by such child.

In this regard, it is highly unlikely that Maltese citizens encounter any difficulty in opening a Savings Account with a local bank.

¹⁹³ Eurobarometer 60.2 and 2003.5. “Financial Services Provision and Prevention of Financial Exclusion (European Commission: Brussels, 2008) p.28, base: all adults aged 18 or over in EU

¹⁹⁴ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

Country Fiches

A

Services attached to the most basic account available:	
Cash withdrawal	Yes
Electronic payments	Yes
Cheques	Not specified
Standing orders	Yes
Direct debits	Yes
International payments	Not specified
Receipt of funds	Yes
Other	Banks will also provide, free of charge to saving account holders, a debit card to effect payments at local retail outlets and withdraw cash from the issuing banks' ATMs.

Netherlands

Information on proportion of population with a bank account

Total estimated population 16.4 million of whom 12.6 million are aged 18 and over

According to the Flash EB 282, 99% of adult Dutch citizens have access to a bank account.¹⁹⁵, meaning there are 0.13 million “unbanked”

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

Because of the low number of “unbanked” people in the Netherlands, the issue of access to a bank account is perhaps less important than in other countries. However, there is a form of Basic Bank Account with approximately 1,000 users. Although banks are not legally required to offer a bank account to anyone, an agreement between the banks and the authorities states that a bank may not refuse to open a bank account for any customer.

Six banks in the Netherlands have signed a basic bank account covenant. The banks are

- ABN AMRO Bank N.V.
- Fortis Bank Nederland N.V.
- ING Bank N.V.
- Postbank N.V.
- Rabobank Nederland
- SNS Bank

¹⁹⁵ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

Country Fiches

A

The covenant was negotiated between the Ministry of Finance, the Leger des Heils (Salvation Army) and the Nederlandse Vereniging van Banken (the Netherlands Banking Association). Details are shown in a joint publication "Een bankrekening voor iedereen". (A bank account for all) published in 2004

<http://www.wsnp.rvr.org/folders/Een%20bankrekening%20voor%20iedereen.pdf>

Services attached to the most basic account available: no information

Relevant information and/or reports on the provision or costs of a Basic Bank Account

A large collaboration project, called CentiQ, gathers information on how Dutch consumers take financial decisions. A report on bank costing by McKinsey suggested that the Netherlands had an efficient, low-cost banking system

Poland¹⁹⁶

Information on proportion of population with a bank account

Estimated total population: 38 million

According to Flash EB 282, 89% of Poles have access to a Basic Bank Account.¹⁹⁷

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, Code of Practice)

In Poland, no such requirement exists. In principle, credit institutions follow the principle of freedom of contract. According to the Banking Law Act banks are free to decide who to service and what kind of service they can offer. Few Polish banks offer a cheap bank account with basic services, as their own business decision. Where such accounts are offered, the offer is generally directed to older people.

In Poland every person wishing to open an account is able to do so, selecting the best offer for him/herself from many different banks.

Services attached to the most basic account available: There is no special definition of a Basic Bank Account in Polish legislation.

Cash withdrawal	Is possible according to general conditions of banking services.
Electronic payments	Regulated in chapter 1 of Art 2 Act on electronic payment

¹⁹⁶ The national bank payment system office was able to provide us with the above information, which outlines provisions provided in Poland for Access to a Basic Bank Account.

¹⁹⁷ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

Country Fiches

A

	instruments. A client can use electronic payment instruments if he/she has the (special) agreement of a bank. An “electronic payment instrument” is every payment instrument, including that with remote access to funds, enabling the holder to perform operations by means of an electronic device or making possible the electronic identification of the holder, necessary to perform an operation, in particular a payment card or an electronic money instrument.
Cheques	Cheque is one of the payment instruments mentioned in the Banking Law (art. 63 p.3), but is generally not used in Poland.
Standing orders	According to the agreement between the bank and the customer, payment instructions may be made for making single or recurrent payments.
Direct debits	A direct debit is defined by art. 63 d of the Banking Law as an instruction by a debtor, to debit his account by a certain amount of money and to credit this amount to the bank account of the beneficiary. Every payment is made by the beneficiary on the basis of this general instruction of the debtor.
International payments	International payments up to amount of 50,000 euro are currently regulated in art. 63g of the Banking Law. This regulation is in line with EU directive 97/7/EC.
Receipt of funds	-
Other	-

Portugal

Information on proportion of population with a bank account

Estimated total population: 10.5 million

According to the Flash EB 282, 94% have access to a bank account.¹⁹⁸

Is there a requirement to provide a Basic Bank Account?

(e.g. legislation, code of practice)

There is no provision in the Portuguese constitution or elsewhere in Portuguese legislation guaranteeing every individual the right to open an account with a licensed bank or savings bank.

¹⁹⁸ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

Country Fiches

A

Banks are free to do business (or not, as the case may be) with anyone they wish, within the limits of the legislation on money laundering.¹⁹⁹

Credit institutions' customers are required to be identified under Law No 11/2004 of 27 March 2004, which establishes the system for the prevention and prosecution of laundering of assets of illegal origin and transposes into Portuguese law Community Directive 2001/97/EC on the prevention of the use of the financial system for money laundering. Under Article 15 of the abovementioned Law, financial institutions must require their customers (or, where appropriate, their customers' representatives) to provide valid documentary evidence to identify themselves. The Bank of Portugal has issued instructions laying down additional requirements regarding the particulars to be recorded by banks when opening accounts (Instruction No 48/96, published in Boletim de Normas e Informações do Banco de Portugal, No 1 of 17 June 1996) and the procedures to be followed for identifying customers.

Services attached to the most basic account available: no information

Romania

Information on proportion of population with a bank account

Total estimated population 21.6 million of whom 17.0 million are aged 18 and over

According to the Flash EB 282, 53% of adult Romanian citizens have access to a bank account.²⁰⁰, meaning there are 8 million “unbanked”, the highest number in Europe

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There is no requirement to provide a Basic Bank Account

Services attached to the most basic account available: no information

Relevant information and/or reports on the provision or costs of a Basic Bank Account

Not applicable

Slovakia

Information on proportion of population with a bank account

Estimated total population: 5.4 million

According to the Flash EB 282, 88% of Slovaks have access to a bank account.²⁰¹

¹⁹⁹ EC. “Consumer Protection: Opening a Bank Account – Portugal” (2009). Retrieved from http://ec.europa.eu/youreurope/nav/en/citizens/consumer-protection/bank-account/pt/index_en.html

²⁰⁰ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

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Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The Slovak National Bank is unaware of any specific code of practice or legal requirement to promote financial inclusion or provide access to a Basic Bank Account. Review of the Slovak Act on Banks Article 89 relates to banking secrecy codes rather than the definition of a Basic Bank Account.²⁰² However, we understand that legislation has recently been passed to ensure access to a basic bank account

Services attached to the most basic account available: no information

Slovenia

Information on proportion of population with a bank account

Estimated total population: 2 million

According to the Flash EB 282, 99% have access to a bank account.²⁰³ According to the internal register of Bank of Slovenia, 92% of the population has at least one transaction account.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There is no definition of a Basic Bank Account in Slovenian legislation. Although the Slovenian Civil Code - Code of Obligations (OZ) follows the principle of freedom to contract, the Bank Association of Slovenia has adopted **general terms and conditions for maintaining transaction accounts, which determines that** the credit institution shall open an account for the account holder within 5 days, provided that the requirements and the terms and conditions set forth below have been fulfilled:

- an application/request for the opening of an account has been presented,
- the documentation that enables identification of the account holder and the persons authorised to operate the account and to conduct transactions has been presented as stipulated by laws and regulations, including the provisions of the law governing the prevention of money laundering, and
- all data required for the maintaining of a register of accounts, other documentation in accordance with the rules in force and any other documentation required by the credit

²⁰¹ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

²⁰² Strenuous attempts were made to obtain detailed information on Access to a Basic Bank Account in Slovakia. Representatives of the Slovak National Bank have made several attempts to locate information from the banks relevant department, without success.

²⁰³ Flash Eurobarometer 282. “Consumers’ Views on Switching Providers (European Commission: Brussels forthcoming)

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<p>institution have been presented.</p> <p>As all payment service providers are obligated by the Consumer Protection Act, which prohibits unequal treating of consumers, in Slovenia every person, who fulfils the conditions mentioned above, has the possibility of opening an account.</p>	
<p>Services attached to the most basic account available: Slovenian legislation, the Payment services and systems Act – in force from 1st of November 2009 – sets out two definitions of accounts:</p> <ul style="list-style-type: none"> • Payment account shall mean an account that is opened by the payment service provider in the name of one or several users and is used for the execution of payment transactions (Article 12). • Transaction account shall mean a payment account that is opened by a bank with a head office in the Republic of Slovenia or branch of a Member State in the Republic of Slovenia on behalf of one or several users for the purposes of executing payment transactions and for other purposes in connection with the provision of banking services for the user. Funds on the transaction account shall be considered as sight cash deposit (Article 13). 	
Cash withdrawal	According to the Article 5, Paragraph 1, number 2 of the Payment services and systems Act, cash withdrawal is one of the activities that are considered as payment services.
Electronic payments	Electronic money issuing services are regulated in chapter 7 of the Payment services and systems Act, which arranges an electronic money issuing contract (Article 136) and the right of the holder to request the payment of funds (Article 137).
Cheques	<p>Cheques are regulated in the Cheque Act, one of the oldest acts still in force in Slovenia (adopted in 1946).</p> <p>However, cheques are not used frequently in Slovenia. In 2008 cheques were used in only 0.32m transactions according to the European central bank's statistics²⁰⁴.</p>
Standing orders	There is no definition of a standing order in Slovenian legislation.
Direct debits	<p>The Payment services and systems Act in Article 9 sets out the following definition:</p> <p>Direct debit shall mean a payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee</p>

²⁰⁴ <http://sdw.ecb.europa.eu/reports.do?node=1000001964>

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	<p>on the basis of the payer's consent given to the payee.</p> <p>The payer can give consent for the execution of a payment transaction with direct debit to the payee, to the payee's payment service provider or to the payer's own payment service provider.</p>
International payments	<p>There is no definition of international payments in Slovenian legislation.</p> <p>However, the Payment services and systems Act in Article 6, Paragraph 2, sets out the following definition of a Cross-border payment transaction:</p> <p>It shall mean a payment transaction where the payer's payment service provider or payee's payment service provider performs payment services for the payer and payee in the territory of different Member States. Payment transaction shall also be executed cross-border if the same payment service provider performs payment services for the payer in one Member State and for the payee in another Member State.</p>

Spain

Information on proportion of population with a bank account

Estimated total population: 40.5 million

According to the Banco de España (2005), 97.7% of all households have a current account, and 98.5% hold some type of financial assets.²⁰⁵ According to the Flash EB 282, 98% of Spaniards have access to a bank account.²⁰⁶

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

There is no legal obligation in Spain to provide basic banking services to any applicant. The 2008 Commission study (which includes a detailed analysis of Spain) does not identify either voluntary codes or government intervention in the area of financial inclusion.²⁰⁷

²⁰⁵ Banco de España. "Survey of the Household Finances (Eff): Description, Methods, and Preliminary Results". In *Economic Bulletin* (Madrid, 2005)

²⁰⁶ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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Financial exclusion however remains low on the political agenda, During the past decade or so, the Spanish savings banks and their confederation have publicly expressed their keen interest in reducing financial exclusion.

The financial sector is considered to be highly competitive and includes wide & competitive access to financial services. Along with commercial banks, savings banks have been a major force in extending services. Spanish savings banks offer banking products specifically designed for vulnerable groups. They have ties with communities and support social, cultural and educational projects.²⁰⁸ In 2004, a group of banks started to voluntarily offer current/deposit accounts including additional services (e.g. credit card, debit card, bank transfer facilities) at a flat rate (or *tarifa plana*).²⁰⁹ This scheme seems to have been crowded out of the market by more competitive options in recent years. Spain is probably among the leading countries in tackling financial exclusion via 'private market' means.²¹⁰

Services attached to the most basic account available: no information

Relevant information and/or reports on the provision or costs of a Basic Bank Account

In terms of costs of annual account management and per payment transaction, the former (10€) is lower and the latter (0.30€) is higher than EU25 averages (respectively 16€ and 0.12€)²¹¹

Sweden

Information on proportion of population with a bank account

Estimated total population: 9 million

According to a 2009 survey carried out by Finansinspektionen (Swedish Financial Supervisory Authority), most Swedish households have access to a bank account and payment services and three out of four pay via the Internet.²¹²

According to the Flash EB 282, 99% have access to a bank account.²¹³

²⁰⁷ DG Internal Market and Services. "Financial Inclusion – Ensuring Access to a Basic Bank Account. Consultation Document" (European Commission: Brussels, 2009). Retrieved from http://ec.europa.eu/internal_market/consultations/docs/2009/fin_inclusion/consultation_en.pdf

²⁰⁸ Ayadi, Rym & Rodkiewicz. "Tackling Financial Exclusion in Europe: The Market Response" (Centre for European Policy Studies: Brussels, 2007)

²⁰⁹ <http://www.fininc.eu/gallery/documents/country-reports/country-report-spain.pdf>

²¹⁰ Carbo, Santiago, Edward P.M. Gardener & Philip Molyneux. "Financial Exclusion in Europe." In *Public Money & Management* 27, no. 1 (2007)

²¹¹ Banco de España. "Survey of the Household Finances (Eff): Description, Methods, and Preliminary Results". In *Economic Bulletin* (Madrid, 2005)

²¹² Finansinspektionen. "The Household's Financial Capability" (Stockholm, 2009). Retrieved from http://www.fi.se/upload/90_English/20_Publications/10_Reports/2009/report_2009_11_eng.pdf

²¹³ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The Swedish government stance is that access to a safe form of saving should, in principle, be open to all. Hence, banks in Sweden have a general obligation, under the Banking Law²¹⁴, to accept deposits from the public. This does not mean however, that the prospective customer has an automatic right to a bank account. Banks may refuse prospective customers for reasons such as suspected fraud or lack of proper identification. In fact, banks are required to perform thorough background checks on prospective customers under measures designed to combat money laundering.

Interestingly, while banks are required to open an account for deposits, they are under no obligation to supply additional services (apart from the account itself) such as payment orders and corporate services, i.e. a transaction account linked to a giro payment system. They have the right to refuse payment services and even cash cards.²¹⁵ This in a way renders the account as such almost useless from the perspective of financial inclusion. The Financial Supervisory Board has stated that banks should not withhold banking cards solely on the ground that a person is undergoing a debt clearance process.²¹⁶

Services attached to the most basic account available: n/a

United Kingdom

Information on proportion of population with a bank account

Estimated total population: 61 million

According to the Flash EB 282, 98% of British citizens have access to a bank account.²¹⁷

The Family Resources Survey data for 2006/2007 show that since 2002/2003, the number of “banked” adults has increased by over 2m from 42.5m to 44.6m. It also shows that up to 2.1 million people living in 1.4 million households do not have access to a bank account of any kind.

Is there a requirement to provide a Basic Bank Account? (e.g. legislation, code of practice)

The UK Banking Code, which was a voluntary code, stipulated that if a customer’s needs are suited to a Basic Bank Account and if the individual bank operates the product, the customer

²¹⁴ Swedish Government. "Banking Business Act" (1987)

²¹⁵ Carbo, Santiago, Edward P.M. Gardener & Philip Molyneux. "Financial Exclusion in Europe." In *Public Money & Management* 27, no. 1 (2007)

²¹⁶ ASB Schuldnerberatungen GmbH, GP Forschungsgruppe, SKEF- Society for Promotion of Financial Education (PL) and Observatoire du Crédit de l'Endettement. "Better Access to Adequate Financial Services" (Conference on Better Access to Financial Services, Warsaw, 9-11 March 2006). Retrieved from http://www.asb-gmbh.at/ecdn/index.php?option=com_docman&task=cat_view&gid=31&Itemid=27

²¹⁷ Flash Eurobarometer 282. "Consumers' Views on Switching Providers (European Commission: Brussels forthcoming)

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will be offered one. In practice however there may be conditions on accessing the Basic Bank Account, such as the need to show an address and not being an undischarged bankrupt.

The Banking Code gave certain voluntary commitments about a basic bank account, as follows. Banks agreed to

“assess whether your needs are suited to a basic bank account (if we offer one) and offer you this product if they are; offer you a basic bank account if you ask and meet the conditions for one”;

The 2008 edition of the Code was accessed from http://www.bba.org.uk/content/1/c6/01/30/85/Banking_Code_2008.pdf

In November 2009, many of the functions of the Code were replaced by legislation from the Financial Services Authority (FSA), but this legislation does not cover basic bank accounts. A consumer guide produced by the FSA under its *Moneymadeclear* banner gives information about bank accounts. Members of the BBA, BSA and UK Cards Association have agreed to stock these guides in branches. The guide provides information but does not effectively change the voluntary nature of what was expressed in the Code

“If you want to open a basic bank account and you meet the bank or building society’s conditions for one, you should generally be allowed to open one. But there may be reasons why the bank or building society will not let you open an account “

The guide is available from http://www.moneymadeclear.org.uk/pdfs/bank_accounts.pdf

It has recently been announced that the FSA is to be abolished and its consumer protection functions transferred to a new agency.

The Post Office also offers the Post Office Card Account (POCA), which allows only the receipt of state benefits, state pensions and tax credit payments, but no other payments. According to the latest Family Resources Survey, 12 percent of over-75s have a POCA.

In March 2010 the Government announced its intention to legislate for mandatory access to a bank account, but the position is unclear following a change of government

Services attached to the most basic account available:

Cash withdrawal	Yes
Debit card	Yes
Electronic payments	Yes
Cheques	No
Standing orders	Sometimes
Direct debits	Yes
International payments	Not known
Receipt of funds	Yes
Other	

Relevant information and/or reports on the provision or costs of a Basic Bank Account

A large number of relevant studies and available. There were multiple responses to the

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Commission's consultation, including a number of civil society organisations (e.g. CAB) who offered views on the problems with the current position.

In February 2005, HM Treasury appointed a Financial Inclusion Taskforce to advise on policies and to monitor the effectiveness of government initiatives to combat financial exclusion.

Competition authority investigations offer some information on costs although much data has been removed from published reports due to commercial confidentiality reasons

*Interview List***B**

Name	Organisation	Position	Member State	Interview Method
Sebastian De Brouwer	European Banking Federation		Belgium	F2F
Dominique Buggenhout	European Banking Federation		Belgium	F2F
Alexa Steinmetz	European Banking Federation		Belgium	F2F
Anne Fily	European Consumer Association (BEUC)	Head of Legal & Economics	Belgium	F2F
Farid Alivey	European Consumer Association (BEUC)	Financial Services Assistant	Belgium	F2F
Katarzyna Kobylinska	European Association of Co-operative Banks (EACB)	Retail Banking, Payments, Financial Markets	Belgium	F2F
Marieke van Berkel	European Association of Co-operative Banks (EACB)	Head of Department, Retail Banking, Payments, Financial Markets	Belgium	F2F
Iskra Balkanska	Institute of Economics, Bulgarian Academy of Sciences (FININC partner)	Associate Professor	Bulgaria	F2F
Eleonora Hristoforova	Association of Banks in Bulgaria	Legal Advisor	Bulgaria	Email
Pierre Bocquet	French Bankers Federation	Director	France	Phone
Manfred Westphal	Federation of German Consumer Organisations	Head of Department Financial Services	Germany	F2F
Christina Beck	Federation of German Consumer Organisations	Policy Officer Financial Services/Debts	Germany	F2F
Dirk Stein	Bundesverband Deutscher Banken	Director Retail Banking, Banking Technology	Germany	F2F/Phone
Daniel Selle	Bundesverband Deutscher Volksbanken	Head of Unit Communication	Germany	F2F
Silvia Froembgen	Finanzgruppe Deutscher Sparkassen- und Giroverband	Attorney at law	Germany	F2F

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Frank Luecke	Bundesverband Öffentlicher Banken Deutschlands	Head of Unit/ Customer Service	Germany	F2F
Evangelia Kekeleki	KEPKA – Consumers Protection Centre	General Secretary	Greece	
Christina Livada	Hellenic Bank Association	Special Legal Advisor	Greece	
Eleni Deorgili	Alpha Bank of Greece	Legal Adviser – Department of Regulatory Compliance	Greece	
Themistoklis Antoniou	Central Bank of Greece	Head of Supervised Institutions Regulatory Framework Unit	Greece	
Didzis Wilcanss	Swedbank Latvia	Customer Representative	Latvia	Phone
Stasys Kropas	Association of Lithuanian Banks	President	Lithuania	F2F/Phone
Feliksas Petrauskas	State Consumer Rights Protection Authority		Lithuania	F2F
Pavel Jarecki	Polish National Bank		Poland	F2F
Norbert Jeziolowicz	Polish Bank Association		Poland	F2F
Izabela Dabrowska	National Board of the Polish Consumer Federation	Lawyer	Poland	F2F
Kamil Pluskwa-Dabrowski	National Board of the Polish Consumer Federation	Lawyer	Poland	F2F
Marios Zegeirewicz	Polish Bank Association	Director of Economic Affairs	Poland	Phone
Alfonso Caro	Spanish Banking Association	Legal Advisor	Spain	F2F
Julio Duran	Spanish Banking Association	Legal Advisor	Spain	F2F
Tomas Tetzell	Swedish Bankers' Association	Chief Legal Officer	Sweden	F2F
Lars Rutberg	Swedish Bankers' Association	Senior Adviser Payments & Clearing	Sweden	F2F
Marie-Louise Ulfward	Swedish Bankers' Association	Legal Adviser	Sweden	F2F
Per-Arne Stroem	Finansinspektionen	Head of Unit	Sweden	F2F
Therese Wieselqvist	Finansinspektionen	Project Manager	Sweden	F2F
Alan Usher	Citizens Advice Bureau (CAB)		UK	F2F

Interview Checklists

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Interview Checklist: Bank Associations

The Centre for Strategy & Evaluation Services (CSES) is carrying out a *Study on the Costs and Benefits of Policy Actions in the Field of ensuring access to a Basic Bank Account* for DG Internal Market and Services. The aims of the study are to identify the costs and benefits for stakeholders of EU action in this area. The study will examine what measure (or combination of measures) would be most effective and proportionate to address the issue of access to a Basic Bank Account.

Possible policy actions to be considered will include variants amongst five options as follows:

- Option 1: no further EU action
- Option 2: promoting and sharing of best practices
- Option 3: encouraging self-regulation by the industry at EU level
- Option 4: an EU Recommendation
- Option 5: an EU Directive

During the second phase of the study we are conducting interviews with stakeholders in the different Member States to assess the situation concerning access to a basic account, identify the underlying drivers of the problem and examine the advantages and disadvantages of each of the proposed options. The following interview checklist is intended to serve as a guide during our discussions.

1. What is the legal framework concerning access to bank services in the country? Are there any legal requirements concerning access to bank accounts for the banks and for the consumer?
2. Is there a definition of a Basic Bank Account in the country? One proposed definition of a Basic Bank Account is that it includes services such as making and receiving electronic payments for goods and services (e.g. transfers, direct debits, standing orders) and making withdrawals, but excludes overdraft facilities, credit cards and cheque books. Do you have any comments concerning this?
3. What is the actual situation concerning the provision of basic bank services, in particular access to and use of a Basic Bank Account in the country? Do you consider it to be an issue and why?
4. What do you believe to be the main reasons for people not having access to and/or not using a bank account?
5. Are there specific groups of prospective consumers (or segments) without access to a Basic Bank Account, or for whom access is more difficult? (old, young, unemployed, migrants, geographically isolated, other?) What are the reasons?
6. Are there existing data, studies and analysis related to financial inclusion and access to a Basic Bank Account in the country? Are they available? Do you have any data on the numbers of consumers without access to a Basic Bank Account?

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7. Have there been any efforts by the banking sector to address the problem? What measures were taken? Did they provide or improve access to all services related to a Basic Bank Account? What has been their impact/success? What have been the reasons for success/failure?
8. What do you consider to be the impacts from the current credit crisis on the Costs and Benefits related to the provision of a Basic Bank Account?
9. Please indicate which of the following you consider to be relevant/affected stakeholder groups of any policy action related to access to a Basic Bank Account?
 - a) Consumers (citizens and residents)
 - b) Public authorities (e.g. tax, social, internal affairs, regulators)
 - c) Bank account providers (Commercial Banks, Not-for-Profit Institutions, Post Offices, Co-operatives)
 - d) Private businesses (large and SMEs)
 - e) Public businesses (e.g. utilities, state banks)
 - f) Others?
10. In relation to the banking sector, what do you consider to be the costs and benefits of a policy requiring a universal Basic Bank Account? Do you expect there to be an impact on:
 - a) costs of opening and maintaining a bank account for Basic Bank Account holders and for other customers
 - b) access to consumer base
11. How do you think that the other groups may be affected by the introduction of a policy requiring a universal Basic Bank Account? What are the expected costs (advantages)/benefits (disadvantages) for the different groups? (if applicable).

	Costs/ Disadvantages	Benefits/Advantages
Consumers		
Public Authorities		
Private Businesses		
Public Businesses		
Others		

12. What do you consider should be the success criteria for any policy actions related to the introduction of Basic Bank Account?

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	Very important	Important	Not so important	Irrelevant
Cost-benefits to the banking sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost-benefits to the government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs and benefits to consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Time required for implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensuring access to basic account for all consumers' groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease of implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision of a Basic Bank Account with low cost and fair terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flexibility in relation to national circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Avoiding any type of discrimination among different consumer groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other? (please indicate)				

13. What do you consider to be the positive and negative elements of the 5 proposed policy options?

Options	Positive	Negative
1 No Further Action		
2 Promoting and Sharing of Best Practice among Member States		

Interview Checklists

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3 Encouraging Self-Regulation of the Industry at EU level		
4 EU Recommendation		
5 EU Directive		

14. Do you think that there are other options that should be considered? Do you think that EU action is required to tackle the issue?

Interview Checklist: Consumer Associations

The Centre for Strategy & Evaluation Services (CSES) is carrying out a *Study on the Costs and Benefits of Policy Actions in the Field of ensuring access to a Basic Bank Account* for DG Internal Market and Services. The aims of the study are to identify the costs and benefits for stakeholders of EU action in this area. The study will examine what measure (or combination of measures) would be most effective and proportionate to address the issue of access to a Basic Bank Account.

Possible policy actions to be considered will include variants amongst five options as follows:

- Option 1: no further EU action
- Option 2: promoting and sharing of best practices
- Option 3: encouraging self-regulation by the industry at EU level
- Option 4: an EU Recommendation
- Option 5: an EU Directive

During the second phase of the study we are conducting interviews with stakeholders in the different Member States to assess the situation concerning access to a basic account, identify the underlying drivers of the problem and examine the advantages and disadvantages of each of the proposed options. The following interview checklist is intended to serve as a guide during our discussions.

1. What is the legal framework concerning access to bank services in the country? Are there any legal requirements concerning access to bank accounts for the banks and for the consumer?
2. Is there a definition of a Basic Bank Account in the country? One proposed definition of the a Basic Bank Account is that it includes services such as making and receiving electronic payments for goods and services (e.g. transfers, direct debits, standing orders) and making withdrawals, but excludes overdraft facilities, credit cards and cheque books. Do you have any comments concerning this?

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3. What is the actual situation concerning the provision of basic bank services, access to and use of a Basic Bank Account in the country? Do you consider it to be a problem? Why?
4. What are the main reasons for people not having access to and/or not using a bank account?
5. Are there specific groups of prospective consumers (or segments) without access to a Basic Bank Account? (old, young, unemployed, migrants, other?) What are the reasons? Do you have any data on the numbers of consumers without access to a Basic Bank Account?
6. Are there existing data, studies and analysis related to financial inclusion and access to a Basic Bank Account in the country? Are they available?
7. Have there been any efforts so far by the government, the banking sector or others to address the issue? What were they? Did they provide access to all services related to a Basic Bank Account? What has been their impact/success? What have been the reasons for success/failure?
8. What do you consider to be the impacts from the current credit crisis on Costs and Benefits related to the provision of a Basic Bank Account?
9. Please indicate which of the following you consider to be relevant/affected stakeholder groups of any policy action related to access to a Basic Bank Account?
 - a) Consumers (citizens and residents)
 - b) Public authorities (e.g. tax, social, internal affairs, regulators)
 - c) Bank account providers (Commercial Banks, Not-for-Profit Institutions, Post Offices, Co-operatives)
 - d) Private businesses (large and SMEs)
 - e) Public businesses (e.g. utilities, state banks)
 - f) Others?
10. How do you think that consumers may be affected by the introduction of a universal Basic Bank Account? What are the expected costs and benefits?
11. How do you think that other groups may be affected by the introduction of a universal Basic Bank Account? What are the expected costs/benefits for the different groups?

	Costs	Benefits
Consumers		
Public Authorities		
Bank Account Providers		
Private Businesses		
Public Businesses		
Others		

*Interview Checklists***C**

12. What do you consider should be the success criteria for any policy actions related to the introduction of Basic Bank Account?

	Very important	Important	Not so important	Irrelevant
Cost-benefits to the banking sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost-benefits to the governments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs and benefits to consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Time required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensuring access to basic account for all consumers' groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease of implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision of a Basic Bank Account with low cost and fair terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flexibility in relation to national circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other? (please indicate)				

13. What do you consider to be the positive and negative elements of the 5 proposed policy options?

Options	Positive	Negative
1 No Further Action		
2 Promoting and Sharing Best Practice among Member States		
3 Encouraging Self-Regulation of the Industry at EU level		
4 EU Recommendation		

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5 EU Directive		

14. Do you think there are other options that should be considered? Do you think that EU action is required to tackle the issue?

Interview Checklist: National Representatives and Regulatory Bodies

The Centre for Strategy & Evaluation Services (CSES) is carrying out a *Study on the Costs and Benefits of Policy Actions in the Field of ensuring access to a Basic Bank Account* for DG Internal Market and Services. The aims of the study are to identify the costs and benefits for stakeholders of EU action in this area. The study will examine what measure (or combination of measures) would be most effective and proportionate to address the issue of access to a Basic Bank Account.

Possible policy actions to be considered will include variants amongst five options as follows:

- Option 1: no further EU action
- Option 2: promoting and sharing of best practices
- Option 3: encouraging self-regulation by the industry at EU level
- Option 4: an EU Recommendation
- Option 5: an EU Directive

During the second phase of the study we are conducting interviews with stakeholders in the different Member States to assess the situation concerning access to a basic account, identify the underlying drivers of the problem and examine the advantages and disadvantages of each of the proposed options. The following interview checklist is intended to serve as a guide during our discussions.

1. What is the legal framework concerning access to bank services in the country? Are there any legal requirements concerning access to bank accounts for the banks and for the consumer? If not, why? Are there any proposals or intentions to introduce one?
2. Is there a definition of a Basic Bank Account in the country? One proposed definition of the a Basic Bank Account is that it includes services such as making and receiving electronic payments for goods and services (e.g. transfers, direct debits, standing orders) and making withdrawals, but excludes overdraft facilities, credit cards and cheque books. Do you have any comments concerning this?
3. What is the actual situation concerning the provision of basic bank services, access to and use of a Basic Bank Account in the country? Do you consider it to be a problem? Why?

Interview Checklists

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4. What do you consider to be the main reasons for people not having access to and/or not using a bank account? Are there specific groups of prospective consumers (or segments) without access to a Basic Bank Account? (old, young, unemployed, migrants, geographically isolated, other?) What are the reasons? Do you have any data on the numbers of consumers without access to a Basic Bank Account?
5. Are there existing data, studies and analyses related to financial inclusion and access to a Basic Bank Account in the country? Are they available?
6. Have there been any efforts/schemes introduced by the government to address the issue/problem? What were the measures taken? Did they provide access to all services related to a Basic Bank Account? What has been their impact/success? What have been the reasons for success/failure?
7. Are regulatory actions or additional new codes of conduct likely to affect penetration rates in your country?
8. What do you consider to be the impacts from the current credit crisis on the Costs and Benefits related to the provision of a Basic Bank Account?
9. Please indicate which of the following you consider to be relevant/affected stakeholder groups of any policy action related to access to a Basic Bank Account?
 - a) Consumers (citizens and residents)
 - b) Public authorities (e.g. tax, social, internal affairs, regulators)
 - c) Bank account providers (Commercial Banks, Not-for-Profit Institutions, Post Offices, Co-operatives)
 - d) Private businesses (large and SMEs)
 - e) Public businesses (e.g. utilities, state banks)
 - f) Others?
10. How do you think that the above groups may be affected by the introduction of a policy requiring a universal Basic Bank Account? What are the expected costs (advantages)/benefits (disadvantages) for the different groups? (if applicable).

	Costs/ Disadvantages	Benefits/ Advantages
Consumers		
Public Authorities		
Bank Account Providers		
Private Businesses		
Public Businesses		
Others		

11. What do you consider should be the success criteria for any policy actions related to the introduction of Basic Bank Account?

*Interview Checklists***C**

	Very important	Important	Not so important	Irrelevant
Cost-benefits to the banking sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost-benefits to the government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs and benefits to consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Time required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensuring access to basic account for all consumers' groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease of implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flexibility in relation to national circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Avoiding any type of discrimination among different consumer groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision of a Basic Bank Account with low cost and fair terms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other? (please indicate)				

12. What do you consider to be the positive and negative elements of the 5 proposed policy options?

Options	Positive	Negative
1 No Further Action		
2 Promoting and Sharing of Best Practice among Member States		
3 Encouraging Self-Regulation of the Industry at EU level		

*Interview Checklists***C**

4 EU Recommendation		
5 EU Directive		

13. Which policy option would be most proportionate to the issue in your country? Do you think that EU action is required to tackle the issue?
14. Do you think that there are other options that should be considered?

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*Selected legislation***E**

This appendix contains the text of legislation relating to the provision of a basic bank account in Belgium, Denmark, France and Finland. The legislation is in national language except for Finland where an English translation of the relevant section is provided. For Belgium, only the French language version has been included.

1 *Belgium***24 mars 2003. - Loi instaurant un service bancaire de base modifiée par la loi du 1er avril 2007**

Article 1er. La présente loi règle une matière visée à l'article 78 de la Constitution.

Art. 2. Pour l'application de la présente loi, il y a lieu d'entendre par : 1° établissement de crédit : l'établissement de crédit tel que défini à l'article 1er de la loi du 22 mars 1993 relative au statut et au contrôle des établissements de crédit pour autant que l'activité consiste notamment à proposer des comptes à vue aux consommateurs;

2° consommateur : toute personne physique qui, dans le cadre des transactions régies par la présente loi, agit dans un but pouvant être considéré comme étranger à ses activités commerciales, professionnelles ou artisanales et qui a sa résidence principale en Belgique.

Art. 3. § 1er Tout établissement de crédit doit offrir le service bancaire de base défini au § 2. Tout consommateur a droit au service bancaire de base.

§ 2. Le service bancaire de base est un compte à vue qui comprend :

1° l'ouverture, la gestion et la clôture d'un compte à vue;

2° la mise à disposition de virements pouvant être effectués à la main et également de façon électronique en fonction de l'établissement de crédit;

3° la possibilité d'effectuer des ordres permanents de paiement et de domicilier des factures;

4° la possibilité d'effectuer des dépôts en Belgique. Par dépôt, il faut entendre notamment : le dépôt d'espèces, l'inscription en comptes de chèques et de chèques circulaires est exclu, un versement de plus de cent pièces de monnaie;

5° la possibilité d'effectuer des retraits en Belgique au guichet et également par voie électronique en fonction de l'établissement de crédit;

6° la mise à disposition d'extraits de compte en Belgique sur une base périodique.

Le Roi peut modifier et compléter la liste de ces opérations.

§ 3. Le forfait maximal pour ce service ne peut excéder le montant de 12 EUR par an.

Le Roi peut adapter ce tarif.

§ 4. Le Roi détermine le nombre d'opérations compris dans le forfait visé au § 3.

§ 5. En cas de dépassement du nombre d'opérations autorisées, l'établissement de crédit peut facturer ces opérations au prix habituellement pratiqué.

Le Roi peut fixer un prix maximum par opération.

§ 6. Les opérations effectuées dans le cadre du service bancaire de base ne sont pas exécutées si elles engendrent un solde débiteur.

Art. 4. § 1er. Le consommateur qui demande un service bancaire de base ne peut déjà bénéficier d'un service bancaire de base, d'un compte à vue ou d'autres produits liés auprès d'un établissement de crédit.

§ 2. Le Roi dresse une liste des produits liés qui sont compatibles pour l'octroi ou le maintien du service bancaire de base.

§ 3. Le formulaire de demande contient une déclaration par laquelle le consommateur confirme qu'il ne dispose pas encore d'un service bancaire de base ou d'un compte à vue.

Art. 5. § 1er. Il est créé un Fonds de compensation pour la prestation du service bancaire de base géré par la Banque Nationale de Belgique.

§ 2. Tout établissement de crédit qui gère, en pourcentage, un nombre de services bancaires de base proportionnellement supérieur à l'importance économique de cet établissement sur le marché belge peut demander l'intervention du Fonds de compensation.

*Selected legislation***E**

Le Roi fixe les critères permettant de déterminer l'importance économique des établissements de crédit sur le marché belge.

§ 3. Tout établissement de crédit doit contribuer au financement du Fonds, selon les modalités à déterminer par le Roi.

Cette obligation incombe également aux établissements de crédit relevant du droit d'un autre Etat membre de l'Union européenne qui prestent, en Belgique, des activités visées à l'article 3, § 2, de la loi du 22 mars 1993 relative au statut et au contrôle des établissements de crédit.

§ 4. La Banque Nationale de Belgique détermine, chaque année, la part contributive et la part attribuée à chaque établissement de crédit sur la base de la différence entre les coûts réels des établissements de crédit et le forfait maximal exigible en vertu de l'article 3, § 3, selon les modalités à déterminer par le Roi.

§ 5. Tout établissement de crédit doit être en mesure de prouver le nombre de comptes bancaires de base ouverts.

L'établissement de crédit qui offre le service bancaire de base communique chaque année à la Banque Nationale de Belgique le nombre de comptes ouverts sur base de la présente loi, selon les modalités à déterminer par le Roi.

Le Roi fixe, pour la durée qu'Il détermine, les critères permettant d'identifier parmi les comptes existants à la date d'entrée en vigueur de la présente loi, ceux qui sont assimilables au service bancaire de base et qui peuvent être pris en considération pour

la détermination de la part attribuée à chaque établissement de crédit.

§ 6. La Banque Nationale de Belgique communique à l'organisme compétent, visé à l'article 7, les informations relatives aux consommateurs qui possèdent plus d'un compte bancaire de base, selon les modalités à déterminer par le Roi.

§ 7. La création d'un Fonds de compensation ne peut avoir lieu qu'après une évaluation qui sera réalisée au plus tôt en 2008.

Art. 6. § 1er. L'établissement de crédit peut refuser une demande ou résilier le service bancaire de base en cas d'escroquerie, d'abus de confiance, de banqueroute frauduleuse, de faux en écriture, de blanchiment de capitaux dans le chef du consommateur, et de non-respect de l'article 4, §§ 1er et 2. La décision d'admissibilité d'une requête en règlement collectif de dettes ne peut constituer un motif pour refuser un compte ou le résilier.

§ 2. L'établissement de crédit communique immédiatement sa décision de refus ou de résiliation à l'organisme compétent, visé à l'article 7.

Celui-ci peut annuler la décision de l'établissement de crédit ou imposer la prise en charge du service bancaire de base par un autre établissement de crédit, aux conditions qu'il détermine.

§ 3. La demande d'ouverture d'un service bancaire de base doit se faire par écrit au moyen d'un formulaire mis à disposition par l'établissement de crédit.

Le Roi peut déterminer les mentions qui doivent figurer sur le formulaire de demande.

La décision de refus ou de résiliation doit être apposée sur le formulaire de demande qui devra mentionner avec clarté le nom complet, l'adresse et le numéro de téléphone de l'organisme compétent, visé à l'article 7, pour contester un refus d'ouverture ou une résiliation de ce service bancaire de base. Le demandeur ou le titulaire reçoit en cas de refus ou de résiliation une copie du formulaire de la demande.

§ 4. L'établissement de crédit transmet chaque année à l'organisme compétent visé à l'article 7 des informations sur le nombre de comptes ouverts, le nombre de refus et de résiliations ainsi que leur motivation. Les informations sur l'année civile écoulée sont transmises au plus tard le 31 janvier de l'année qui suit.

Art. 7. Afin de régler les éventuels litiges entre le consommateur et l'établissement de crédit, une procédure de plaintes extrajudiciaire est instaurée qui prévoit la mise en place d'un organisme indépendant. Avant de s'adresser à cet organisme, le consommateur doit adresser sa demande à l'établissement de crédit. Chaque établissement désigne en son sein un organe chargé d'examiner la demande.

Cet organisme est compétent pour les litiges nés de l'application de la présente loi.

Le Roi peut, au plus tôt deux ans après l'entrée en vigueur de la loi, déterminer les modalités de cette procédure ainsi que la composition, les modalités de fonctionnement et le financement de l'organisme indépendant.

*Selected legislation***E**

Art. 8. Sont punis d'une amende de 500 à 20.000 EUR :

1. ceux qui, de mauvaise foi, commettent une infraction aux dispositions de la présente loi;
2. ceux qui ne se conforment pas à un jugement ou un arrêt rendu en vertu de l'article 9, à la suite d'une action en cessation.

Lorsque qu'il prononce la sanction prévue à l'alinéa 1er, 1°, le juge peut également condamner l'établissement de crédit à rembourser les sommes perçues du Fonds de compensation.

Lorsque l'organisme visé à l'article 7 estime qu'un refus ou une résiliation ne sont pas fondés, l'établissement de crédit concerné ne peut pas facturer le forfait maximum demandé pour le service bancaire de base, prévu à l'article 3, § 3, au demandeur ou au titulaire concerné pendant deux ans.

Art. 8bis. § 1er. Sous réserve des compétences des officiers de police judiciaire, les agents commissionnés par le ministre qui a l'Economie dans ses attributions sont compétents pour rechercher et constater les infractions mentionnées à l'article 8. Les procès-verbaux dressés par ces agents font foi jusqu'à preuve du contraire. Une copie en est adressée au contrevenant, par lettre recommandée à la poste avec accusé de réception, dans les trente jours de la date des constatations.

§ 2. Dans l'exercice de leurs fonctions, les agents visés au § 1er peuvent :

1° pénétrer, pendant les heures habituelles d'ouverture ou de travail, dans les locaux et pièces à usage professionnel dont l'accès est nécessaire à l'accomplissement de leur mission;

2° faire toutes les constatations utiles, se faire produire, sur première réquisition et sans déplacement, les documents, pièces ou livres nécessaires à leurs recherches et constatations et en prendre copie;

3° saisir, contre récépissé, les documents visés au 2°, qui sont nécessaires pour faire la preuve d'une infraction ou pour rechercher les coauteurs ou complices des contrevenants; la saisie est levée de plein droit à défaut de confirmation par le procureur du Roi dans les dix jours ouvrables;

§ 3. Dans l'exercice de leurs fonctions, les agents visés au § 1er peuvent requérir l'assistance de la police locale et fédérale.

§ 4. Les agents exercent les pouvoirs qui leur sont accordés par le présent article sous la surveillance du procureur général.

Art. 8ter. Lorsqu'il est constaté qu'un acte constitue une infraction visée à l'article 8, le ministre qui a l'Economie dans ses attributions, ou l'agent commissionné en application de l'article 8bis, peut adresser au contrevenant un avertissement le mettant en demeure de mettre fin à cet acte.

L'avertissement est notifié au contrevenant, soit par la remise d'une copie du procès-verbal lors de la constatation des faits, soit par lettre recommandée avec accusé de réception, dans un délai de trois semaines à dater de la constatation des faits.

L'avertissement mentionne :

1° les faits imputés et la ou les dispositions légales enfreintes;

2° le délai dans lequel il doit y être mis fin;

3° qu'au cas où il n'est pas donné suite à l'avertissement, les faits seront dénoncés au procureur du Roi.

Art. 8quater. Les agents commissionnés à cette fin par le ministre qui a l'Economie dans ses attributions, peuvent, au vu des procès-verbaux constatant une infraction visée à l'article 8 et dressés par les agents visés à l'article 8bis, proposer aux contrevenants le paiement d'une somme dans un délai de six mois à compter de la date du procès-verbal qui éteint l'action publique.

La proposition mentionne le délai dans lequel le paiement doit être effectué. Ce délai est de huit jours au moins et de trois mois au plus.

Les tarifs ainsi que les modalités de paiement et de perception sont fixés par le Roi.

La somme prévue à l'alinéa 1er ne peut être supérieure au maximum de l'amende prévue à l'article 8 de la présente loi, majorée des décimes additionnels.

Le paiement effectué dans le délai indiqué éteint l'action publique sauf si auparavant, une plainte a été adressée au procureur du Roi, le juge d'instruction a été requis d'instruire ou le tribunal a été saisi du fait. Dans ces cas, les sommes payées sont restituées au contrevenant.

Le dommage éventuellement causé à autrui doit être entièrement réparé avant que la transaction puisse être proposée. En tout état de cause, la victime pourra faire valoir ses droits devant le tribunal compétent. Dans ce cas, l'acceptation de la transaction par le contrevenant constitue une présomption irréfragable de sa faute.

*Selected legislation***E**

Art. 9. Le Président du tribunal de commerce constate l'existence et ordonne la cessation d'un acte, même pénalement réprimé, constituant une infraction aux dispositions de la présente loi.

Art. 10. L'action en cessation fondée sur l'article 9 est formée à la demande :

1° des intéressés;

2° du ministre qui a les Affaires économiques dans ses attributions;

3° d'une association professionnelle ou interprofessionnelle ayant la personnalité civile;

4° d'une association ayant pour objet la défense des intérêts de consommateurs et jouissant de la personnalité civile pour autant qu'elle réponde aux conditions fixées par l'article 98, § 1, 4, de la loi du 14 juillet 1991 sur les pratiques du commerce et sur l'information et la protection du consommateur.

Par dérogation aux dispositions des articles 17 et 18 du Code judiciaire, les associations visées à l'alinéa 1er, 3° et 4°, peuvent agir en justice pour la défense de leurs intérêts collectifs statutairement définis.

Les articles 99 et 100 de la loi du 14 juillet 1991 sur les pratiques du commerce et sur l'information et la protection du consommateur sont également d'application.

Art. 11. Avant de proposer un arrêté sur la base des articles 3, 4, 6 ou 7, le ministre consulte le Conseil de la consommation, et fixe le délai dans lequel l'avis doit être rendu. Passé ce délai, l'avis n'est plus requis.

Avant de proposer un arrêté sur la base de l'article 5, le ministre consulte la

Commission bancaire et financière et la Banque Nationale de Belgique, et fixe le délai dans lequel l'avis doit être rendu. Passé ce délai, l'avis n'est plus requis.

Avant de proposer un arrêté sur base de l'article 5, § 5, deuxième alinéa, et l'article 5,

§ 6, le ministre consulte également la Commission de la protection de la vie privée, et fixe le délai dans lequel l'avis doit être rendu. Passé ce délai, l'avis n'est plus requis.

Art. 12. La présente loi entre en vigueur le premier jour du quatrième mois qui suit celui au cours duquel elle aura été publiée au Moniteur belge, à l'exception de l'article 3, § 4, de l'article 4, § 2, et de l'article 11 qui entrent en vigueur le jour de sa publication.

Promulguons la présente loi, ordonnons qu'elle soit revêtue du sceau de l'Etat et publiée par le Moniteur belge.

Donné à Bruxelles, le 24 mars 2003.

2 *Denmark*

2009

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Nr. 965.

Bekendtgørelse om god skik for finansielle virksomheder¹⁾

Kapitel 1

Anvendelsesområde

§ 1. Bekendtgørelsen finder anvendelse på danske og udenlandske finansielle virksomheder, som driver virksomhed her i landet, herunder gennem filialetablering eller grænseoverskridende tjenesteydelsesvirksomhed.

Stk. 2. Bekendtgørelsen gælder for private kundeforhold og erhvervsmæssige kundeforhold, hvis disse ikke adskiller sig væsentligt fra et privat kundeforhold. § 4, stk. 4, §§ 5 og 19 og bilag 1 gælder dog kun for private kundeforhold.

Stk. 3. § 3, § 4, stk. 1-3, og §§ 7-9 finder dog anvendelse på alle erhvervsmæssige kundeforhold.

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Stk. 4. § 6, stk. 3 og 4, og § 10, stk. 2, finder anvendelse på erhvervsmæssige kundeforhold i pengeinstitutter, medmindre andet er individuelt aftalt.

Stk. 5. Bekendtgørelsen finder ikke anvendelse på værdipapirhandel jf. § 2, stk. 1, i bekendtgørelse om investorbekendtgørelse ved værdipapirhandel.

Stk. 6. For forsikringsselskaber finder §§ 2-5, § 6, stk. 1-4, §§ 7, 11 og 12 samt kapitel 8 og 9 anvendelse. § 6, stk. 3 og 4, finder ikke anvendelse på livs- og pensionsforsikringer samt på de eventuelle personforsikringer, der er tegnet i tilknytning hertil. § 28, stk. 1, finder ikke anvendelse på forsikrings- og pensionsordninger, der er etableret som led i et ansættelsesforhold, et organisationsforhold eller forhold af lignende karakter.

Stk. 7. I det omfang forsikringsselskabet ikke har kendskab til den enkelte forsikredes identitet, eller i det omfang der i øvrigt i en forsikringsordning er en bemyndiget, kan den i medfør af § 6, stk. 1 og 2, §§ 12, 24, 25 og 31 krævede information udleveres til den fysiske eller juridiske person, der er bemyndiget til at modtage dette materiale.

Stk. 8. For obligatoriske pensionsordninger i pengeinstitutter, der er etableret som led i et ansættelsesforhold, finder §§ 2 og 3, § 6, stk. 1-4, §§ 7, 11, 12 og § 28, stk. 2, anvendelse.

Stk. 9. § 25 finder kun anvendelse på filialer her i landet og tjenesteydelser her i landet ydet af skadesforsikringsselskaber, der er meddelt tilladelse i et andet land inden for Den Europæiske Union eller i et land, som Fællesskabet har indgået aftale med på det finansielle område.

§ 2. Når en finansiel virksomhed indgår aftale med andre finansielle virksomheder om afsætning og rådgivning i forbindelse med virksomhedens produkter, skal den finansielle virksomhed sikre sig, at der er en klar arbejdsdeling mellem virksomheden og medkontrahenten, og at medkontrahenten overholder reglerne i denne bekendtgørelse.

Kapitel 2

Generelle bestemmelser om god skik

§ 3. En finansiel virksomhed skal handle redeligt og loyalt over for sine kunder.

§ 4. En finansiel virksomhed må ikke anvende vildledende eller urigtige angivelser eller udelade væsentlige informationer, hvis dette er egnet til mærkbart at forvride kundernes økonomiske adfærd på markedet.

Stk. 2. Markedsføring, som i sit indhold, sin form eller den anvendte fremgangsmåde er vildledende, aggressiv eller udsætter kunderne for en utilbørlig påvirkning, og som er egnet til mærkbart at forvride deres økonomiske adfærd, er ikke tilladt.

Stk. 3. Rigtigheden af angivelser om faktiske forhold skal kunne dokumenteres.

Stk. 4. De former for adfærd, der er opregnet i bilag 1, anses under alle omstændigheder for at være urimelige i private kundeforhold, og er ikke tilladt.

§ 5. Ved en opfordring til køb rettet mod private kunder skal en finansiel virksomhed give følgende oplysninger, medmindre de allerede fremgår tydeligt af sammenhængen:

1) Produktets væsentligste karakteristika.

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2) Den finansielle virksomheds navn og adresse.

3) Forhold vedrørende betaling og gennemførelse af aftalen, i det omfang disse forhold afviger fra, hvad der er

sædvanligt i branchen.

4) Den finansielle virksomheds fremgangsmåde i forbindelse med klagesagsbehandling, i det omfang den afviger fra, hvad der er sædvanligt i branchen.

5) Fortrydelsesret, hvis kunden har en sådan ret.

6) Prisen inklusive afgifter.

Stk. 2. Medfører produktets art, at prisen ikke med rimelighed kan beregnes på forhånd, angives den måde, hvorpå prisen beregnes.

Stk. 3. Ved en opfordring til køb forstås en kommerciel kommunikation, hvori produktets karakteristika og pris er angivet på en måde, som er passende i forhold til det anvendte kommercielle kommunikationsmiddel, og hvorved kunden sættes i stand til at foretage et køb.

§ 6. En finansiell virksomhed skal indgå eller bekræfte alle væsentlige aftaler med sine kunder i papirformat eller på andet varigt medium. En aftale skal indeholde en beskrivelse af parternes væsentlige rettigheder og pligter samt af de finansielle ydelser, der er omfattet af aftalen. Er der i forbindelse med aftalens indgåelse ydet individuel rådgivning, skal væsentlige forudsætninger for rådgivningen nedfældes i aftalen eller fremgå af bilag til aftalen i enten papirformat eller på andet varigt medium.

Stk. 2. Vilkår, der indgår i aftalen, kan fremgå ved en henvisning til separate dokumenter, herunder den finansielle virksomheds almindelige forretningsbetingelser.

Stk. 3. Vilkår om ændringer i løbende kundeforhold af renter, gebyrer, bidrag eller andet vederlag skal indeholde en angivelse af de forhold, der kan udløse en ændring, og må ikke give den finansielle virksomhed en vilkårlig adgang til at foretage ændringer.

Stk. 4. I løbende kundeforhold kan ændringer til ugunst for kunden af renter, bidrag eller andet vederlag ikke finde sted uden varsel, medmindre ændringen er begrundet i udefrakommende forhold, som den finansielle virksomhed ikke har indflydelse på.

Stk. 5. Opsiger en finansiell virksomhed en aftale indgået med en kunde, skal opsigelsen være sagligt begrundet og ske i papirformat eller på andet varigt medium.

Kapitel 3

Rådgivning

§ 7. Ved rådgivning forstås anbefalinger, vejledninger, herunder oplysninger om risici forbundet med en disposition, og oplysninger om umiddelbare konsekvenser af kundens valgmuligheder.

Stk. 2. En finansiell virksomhed skal yde rådgivning, hvis kunden anmoder herom, jf. dog §§ 2 og 14. Endvidere skal virksomheden af egen drift yde rådgivning, jf. dog stk. 4, hvor omstændighederne tilsiger, at der er behov herfor. Alternativt kan den finansielle virksomhed henvise kunden til anden rådgivning.

Stk. 3. Rådgivningen skal tilgodese kundens interesser og give kunden et godt grundlag for at træffe sin beslutning.

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Rådgivningen skal være relevant, retvisende og fyldestgørende. Den finansielle virksomhed skal orientere om de risici, der er relevante for kunden.

Stk. 4. En finansiell virksomhed kan udbyde produkter med standardiseret information med lille eller ingen tilknyttet individuel rådgivning. I så fald skal den finansielle virksomhed gøre særskilt opmærksom på disse begrænsninger. Bestemmelsen gælder ikke for lån med sikkerhed i fast ejendom.

§ 8. Før en finansiell virksomhed rådgiver, skal virksomheden anmode kunden om at oplyse om sin økonomiske situation, sin erfaring med de relevante finansielle ydelser, sit formål med at få ydelsen leveret samt om sin risikovillighed.

Stk. 2. Omfanget og karakteren af de oplysninger, der indhentes, kan afpasses efter den viden, som kunden besidder og de oplysninger, som den finansielle virksomhed allerede har modtaget.

Stk. 3. Den finansielle virksomhed kan lægge kundens oplysninger til grund, medmindre de er åbenbart urigtige.

§ 9. Rådgivning skal tage udgangspunkt i relevante oplysninger indhentet i henhold til § 8 og det kendskab, den finansielle virksomhed i øvrigt har til kundens forhold.

Stk. 2. En finansiell virksomhed skal anmode kunden om at opdatere oplysninger indhentet i henhold til § 8, i det omfang det er nødvendigt for at kunne yde kunden rådgivning i løbende kundeforhold.

§ 10. En finansiell virksomhed skal give tilstrækkelig information om egne produkter og ydelser, herunder om forskelle i priser og vilkår for alternative produkter, der kan dække kundens behov.

Stk. 2. Hvis der mellem kunderne for en given ydelse er generelle forskelle i fastsættelsen af renter, bidrag eller andet vederlag til den finansielle virksomhed, skal den finansielle virksomhed oplyse en kunde herom, forinden der indgås aftale om levering af ydelsen. På forespørgsel fra kunden skal der oplyses om hvilke forhold hos kunden, der kan være bestemmende for dennes indplacering inden for den givne prisdifferentiering.

Stk. 3. En finansiell virksomhed skal på grundlag af sit generelle markedskendskab informere kunden om relevante produkttyper på markedet. Informationen skal dog ikke indeholde oplysninger om konkurrerende produkter eller konkrete priser.

§ 11. Har den finansielle virksomhed eller dens medarbejder/rådgiver i rådgivningssituationen en særlig interesse i rådgivningens resultat udover den almindelige indtjening, skal virksomheden inden rådgivningen informere kunden om arten og omfanget af den særlige interesse.

Stk. 2. Modtager den finansielle virksomhed provision eller andet vederlag som følge af formidlingen af produkter eller ydelser, skal kunden gøres opmærksom herpå. Det samme gælder, hvis den ekspederende medarbejder/rådgiver modtager provision eller andet vederlag, og der er en direkte sammenhæng mellem konkrete salg af ydelser eller produkter og vedkommendes aflønning.

§ 12. En finansiell virksomhed skal som led i sin rådgivning inddrage konsekvenser af de skatteregler, som er relevante for kunden i forhold til de produkter og ydelser, som rådgivningen omfatter, eller henvise kunden til anden rådgivning herom.

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Stk. 2. Hvis en finansiel virksomhed rådgiver om forhold, som kan være af væsentlig økonomisk betydning for kundens muligheder for at modtage offentlige tilskud eller andre økonomiske fordele, og den finansielle virksomhed bliver opmærksom herpå, skal dette medtages i rådgivningen, eller kunden skal henvises til anden rådgivning.

§ 13. En finansiel virksomhed skal oplyse en kunde om de sikkerhedsforanstaltninger, der bør iagttages ved et givent produkt eller ydelse, herunder hvilke sikkerhedsmæssige krav kunden skal efterleve, og hvilket ansvar kunden kan ifalde ved tredjemands misbrug.

Kapitel 4

Særlige regler om rådgivning om lån med sikkerhed i fast ejendom

§ 14. Før et pengeinstitut eller realkreditinstitut indgår aftale om et lån med sikkerhed i fast ejendom, skal instituttet informere kunden om relevante produkttyper på markedet og om fordele og ulemper ved disse, jf. § 10, stk. 3.

Stk. 2. For lån, der udbydes af instituttet eller formidles for andre institutter og som kan dække kundens behov, skal der ved rådgivningen efter § 7, stk. 3, oplyses følgende:

- 1) De væsentligste egenskaber ved de lån, som instituttet udbyder eller formidler, herunder fordele og ulemper vurderet i forhold til kunden.
- 2) De årlige omkostninger i procent (ÅOP) på rådgivnings tidspunktet ved de relevante lån.
- 3) Opsigelses- og indfrielsesvilkår, herunder om indfrielse kan ske ved kontant betaling eller ved køb og indlevering af obligationer.
- 4) Mulighederne for og omkostninger ved låneomlægning eller førtidig indfrielse.
- 5) Instituttets normale prismæssige vilkår for dets kunder for de relevante lån.

Stk. 3. For realkreditlån eller lån finansieret ved udstedelse af særligt dækkede obligationer eller særligt dækkede realkreditobligationer, skal der ved rådgivningen oplyses om den eventuelle sammenhæng mellem lånet og obligationsudstedelsen samt om muligheden for at aftale kurssikring.

§ 15. Senest ved indgåelse af en aftale om lån med sikkerhed i fast ejendom, bekræfter kunden skriftligt eller på andet varigt medium at have modtaget de oplysninger, som er indgået i rådgivningen, jf. § 14, stk. 2. På tilsvarende måde bekræfter instituttet oplysningerne. Til brug herfor anvendes standardskemaet i bilag 2. En kopi heraf udleveres til kunden.

Stk. 2. Hvis aftalen indgås under anvendelse af fjernkommunikationsteknik, som ikke gør det muligt at give oplysningerne på den i stk. 1 nævnte måde inden aftalens indgåelse, skal forpligtelsen opfyldes straks efter aftalens indgåelse.

§ 16. Ved modtagelsen af en ansøgning om et realkreditlån eller lån finansieret ved udstedelse af særligt dækkede obligationer eller særligt dækkede realkreditobligationer skal instituttet oplyse, hvor lang tid der må påregnes at gå, før et eventuelt lånetilbud foreligger, hvis låneansøgningen ikke forventes at kunne behandles inden 14 dage.

§ 17. Instituttet skal afgive eller bekræfte et indfrielsestilbud for realkreditlån eller lån finansieret ved udstedelse af særligt dækkede obligationer eller særligt dækkede realkreditobligationer i papirformat eller på andet varigt medium. Indfrielsestilbuddet skal indeholde en beregning over indfrielsesbeløbet størrelse inklusiv samtlige omkostninger, oplysninger om indfrielsesvilkår og -metode, herunder beregningsmetoder for differencerente, samt evt. opsigelsesfrister.

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§ 18. Instituttet skal, når det afgiver tilbud om låneomlægning for realkreditlån eller lån finansieret ved udstedelse af særligt dækkede obligationer eller særligt dækkede realkreditobligationer så vidt muligt oplyse om samtlige omkostninger.

Tager lånetilbuddet ikke højde for samtlige omkostninger, skal instituttet gøre kunden udtrykkeligt opmærksom herpå.

Kapitel 5

Særlige regler for pengeinstitutter

§ 19. Et pengeinstitut kan ikke uden en individuel og saglig begrundelse nægte at oprette en almindelig indlånskonto. Begrundelsen skal på anmodning gives i papirformat eller på andet varigt medium.

§ 20. Et pengeinstitut må ikke knytte et progressivt fordelsprogram til besiddelse af aktier i pengeinstituttet eller indskud af garantikapital.

Stk. 2. Såfremt besiddelse af aktier eller indskud af garantikapital gøres til et krav for at opnå kundefordele, må pengeinstituttet maksimalt stille krav om en aktiebesiddelse med en kursværdi på 30.000 kr. eller et indskud af garantikapital på 30.000 kr. på tidspunktet for kundens indtræden i fordelsprogrammet.

Kapitel 6

Særlige regler om brug af kautionister og oplysningsforpligtelser for penge- og realkreditinstitutter

§ 21. Et penge- eller realkreditinstitut må ikke medvirke til ydelse af lån mod kaution, hvor kautionsforpligtelsen står i misforhold til kautionistens økonomi.

Stk. 2. Inden der indgås aftale om en kautionsforpligtelse, skal instituttet sikre sig, at kautionisten er informeret om indholdet og konsekvenserne af kautionsforpligtelsen.

Stk. 3. Kautionisten skal én gang om året modtage oplysninger fra instituttet om størrelsen af det låneengagement, for hvilket kautionsforpligtelsen består.

§ 22. Senest 1 år efter afholdelsen af en tvangsauktion over en ejendom, skal et penge- eller realkreditinstitut, der har et udækket pantebrev på tvangsauktionen, skriftligt oplyse kunden om, hvorvidt instituttet vil gøre kravet gældende mod kunden og i givet fald fremsende en opgørelse over kravets størrelse, og hvor det ikke er muligt en foreløbig opgørelse over kravets størrelse.

Kapitel 7

Særlige regler for investeringsforvaltningsselskaber

§ 23. Et investeringsforvaltningsselskab skal på kundens anmodning give supplerende oplysninger om den aktuelle status vedrørende de forhold, der er omfattet af § 5, nr. 3 og 5-7 i bekendtgørelse om oplysninger i investeringsforeningers, specialforeningers, godkendte fåmandsforeningers og hedgeforeningers prospekter.

Stk. 2. Investeringsforvaltningsselskabet skal endvidere give oplysninger om den seneste udvikling for risici og afkast for de vigtigste kategorier af instrumenter, hvis kunden anmoder herom.

Kapitel 8

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Særlige regler for forsikringselskaber Inden forsikringstegningen

§ 24. Et forsikringselskab skal senest i forbindelse med, at en skadesforsikringsaftale indgås, oplyse om,

- 1) væsentlige oplysninger i den pågældende forsikring, her- under om væsentlige elementer i den valgte forsikrings dækningsomfang og om kundens mulighed for til- eller fravalg,
- 2) risikoen for dobbeltforsikring,
- 3) den lovgivning, der skal finde anvendelse på aftalen, hvis det er aftalt, at der skal anvendes anden lovgivning end dansk, og
- 4) adgangen til at klage over forsikringselskabet.

Stk. 2. Indgås aftalen telefonisk eller på anden måde, hvor kunden ikke umiddelbart kan få oplysninger omfattet af stk. 1, skal kunden straks efter aftalens indgåelse i papirformat eller på andet varigt medium have disse oplysninger.

§ 25. Når en skadesforsikringsaftale er indgået med en filial eller tjenesteyder af et udenlandsk skadesforsikringselskab, jf. § 1, stk. 9, og forsikringsaftalen dækker risici under klasse 10, motoransvarsforsikring, bortset fra fragtførerens ansvar, skal aftalen eller separate dokumenter i tilknytning til aftalen, indeholde oplysninger om navn og adresse på den af selskabet udnævnte skadesrepræsentant.

§ 26. Accepterer et forsikringselskab ikke straks en forsikringsbegæring, skal kunden oplyses om sin retsstilling i perioden frem til det tidspunkt, hvor selskabet giver meddelelse om og på hvilke vilkår, forsikringen i givet fald kan antages.

§ 27. Et forsikringselskab skal ved tegning af en forsikring anmode kunden om at give de oplysninger, der er nødvendige for tegning af forsikringen.

Stk. 2. Inden afgivelse af helbredsoplysninger ved tegning af personforsikring skal et forsikringselskab udlevere en kundevejledning til kunden om afgivelse af helbredsoplysninger.

Stk. 3. Afgives helbredsoplysninger telefonisk eller på anden måde, hvor kunden ikke umiddelbart kan få kundevejledningen udleveret, skal vejledningen fremsendes til kunden i papirformat eller på andet varigt medium.

§ 28. Ved kundens skift af forsikringselskab skal det modtagende forsikringselskab oplyse kunden om alle væsentlige begrænsninger i dækningen i forhold til den tidligere forsikring samt på forespørgsel rådgive kunden om konkrete dækninger.

Stk. 2. Inden flytning af en personforsikring skal det modtagende forsikringselskab sikre sig, at kunden er oplyst om, på hvilke vilkår forsikringen kan antages i det modtagende selskab.

Forsikringsaftalen

§ 29. Kundens til- og/eller fravalg i den valgte forsikring skal fremgå af policen/dækningsoversigten på skadesforsikringsområdet. Hvor kunden træffer et valg i forbindelse med tegning af forsikring, og hvor dette får præmie og/eller dækningsmæssige konsekvenser, skal valget tydeligt fremgå.

§ 30. Ved tegning af en skadesforsikring skal forsikringselskabet i papirformat eller på andet varigt medium informere om eventuelle væsentlige begrænsninger i forhold til det, som en kunde med rimelighed kan forvente vil være dækket under den pågældende forsikring.

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Forsikringstiden

§ 31. Et forsikringssselskab skal årligt oplyse kunden om de skadesforsikringer, som kunden har hos selskabet. Selskabet skal i oversigten på tydelig måde gøre opmærksom på, at der kan være behov for ændringer. Alternativt kan kunden vælge at få elektronisk adgang til oplysningerne.

§ 32. Anmeldes en skade i papirformat eller på andet varigt medium, skal forsikringssselskabet, hvis der gives helt eller delvis afslag på forsikringsdækning, meddele dette i papirformat eller på andet varigt medium, medmindre det klart fremgår af omstændighederne, at afslag kan meddeles på anden måde.

Stk. 2. Anmeldes en skade på anden måde, har anmelderen efter anmodning krav på afslag i papirformat eller på andet varigt medium. Kunden skal informeres om denne adgang.

Kapitel 9

Tilsyn og straffebestemmelse Tilsyn

§ 33. Finanstilsynet kan, jf. § 348, stk. 2, i lov om finansiel virksomhed, give påbud om berigtigelse af forhold, der er i strid med bestemmelser i denne bekendtgørelse samt bilag 1 og 2.

Stk. 2. Inden Finanstilsynet træffer afgørelse i sager om god skik, skal Finanstilsynet indhente en redegørelse fra virksomheden.

Straf

§ 34. Med bøde straffes den, der undlader at efterkomme påbud efter § 33, stk. 1. Overtrædelse af bestemmelserne i § 4, § 5, stk. 1 og 2 samt § 20, straffes med bøde, medmindre højere straf er forskyldt efter anden lovgivning.

Stk. 2. Der kan pålægges selskaber m.v. (juridiske personer) strafansvar efter reglerne i straffelovens 5. kapitel.

3 France

France

The relevant legislation in France is contained the “Code monétaire et financier” which sets out the procedure under which the Banque de France will designate a bank to provide an account

Article L312-1

Modifié par [Ordonnance n°2010-76 du 21 janvier 2010 - art. 18 \(V\)](#)

Modifié par [Ordonnance n°2010-76 du 21 janvier 2010 - art. 3](#)

Toute personne physique ou morale domiciliée en France, dépourvue d'un compte de dépôt, a droit à l'ouverture d'un tel compte dans l'établissement de crédit de son choix.

L'ouverture d'un tel compte intervient après remise auprès de l'établissement de crédit d'une déclaration sur l'honneur attestant le fait que le demandeur ne dispose d'aucun compte. En cas de refus de la part de l'établissement choisi, la personne peut saisir la Banque de France afin qu'elle lui désigne un établissement de crédit situé à proximité de son domicile ou d'un autre lieu de son choix, en prenant en considération les parts de marché de chaque établissement concerné, dans un délai d'un jour ouvré à compter de la réception des pièces requises. L'établissement de crédit qui a refusé l'ouverture d'un compte informe le

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demandeur que celui-ci peut demander à la Banque de France de lui désigner un établissement de crédit pour lui ouvrir un compte. Il lui propose, s'il s'agit d'une personne physique, d'agir en son nom et pour son compte en transmettant la demande de désignation d'un établissement de crédit à la Banque de France ainsi que les informations requises pour l'ouverture du compte.

L'Association française des établissements de crédit et des entreprises d'investissement, mentionnée à l'article [L. 511-29](#), adopte une charte d'accessibilité bancaire afin de renforcer l'effectivité du droit au compte. Cette charte précise les délais et les modalités de transmission, par les établissements de crédit à la Banque de France, des informations requises pour l'ouverture d'un compte. Elle définit les documents d'information que les établissements de crédit doivent mettre à disposition de la clientèle et les actions de formation qu'ils doivent réaliser.

La charte d'accessibilité bancaire, homologuée par arrêté du ministre chargé de l'économie, après avis du comité consultatif du secteur financier et du comité consultatif de la législation et de la réglementation financières, est applicable à tout établissement de crédit. Le contrôle du respect de la charte est assuré par l'Autorité de contrôle prudentiel et relève de la procédure prévue à l'article [L. 612-34](#).

Les établissements de crédit ne peuvent limiter les services liés à l'ouverture d'un compte de dépôt aux services bancaires de base que dans des conditions définies par décret.

En outre, l'organisme désigné par la Banque de France, limitant l'utilisation du compte de dépôt aux services bancaires de base, exécute sa mission dans des conditions tarifaires fixées par décret.

Toute décision de clôture de compte à l'initiative de l'établissement de crédit désigné par la Banque de France doit faire l'objet d'une notification écrite et motivée adressée au client et à la Banque de France pour information. Un délai minimum de quarante-cinq jours doit être consenti obligatoirement au titulaire du compte.

Ces dispositions s'appliquent aux interdits bancaires.

4 *Finland*

English translation of Finnish legislation from www.finlex.fi/en/laki/kaannokset/1993/en19931607.pdf

Section 50 a
(31.1.2003/69)

Right of a customer to basic banking services 51

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A deposit bank may refuse to open an ordinary deposit account for a natural person staying legally in a State belonging to the European Economic Area and to grant him the medium meant for the use of the account or to attend to his order relating to payment transmission only if there are weighty grounds for the refusal. The grounds shall be linked to the customer or his earlier behaviour or to the fact that there evidently is no actual need for a customer relationship. The customer has to be notified of the grounds for the refusal.

The provisions of this section shall not be applied if otherwise provided for in section 95 or the Act on Preventing and Detecting Money Laundering.