

Study on financial services provision and prevention
of financial exclusion
COUNTRY REPORT STAGE I: QUESTIONNAIRE
Please, answer directly in the questionnaire

PRELIMINARY QUESTIONS

Q.1. Existence of financial exclusion problem, public debate and data

Q.1.1.1.: Is there a problem of financial exclusion in your country (in broad terms, for details see Q.2.)?

To answer to this question, please refer to point 1 of the overview paper (OP) concepts and definitions

No
Yes

Q.1.1.2.: If yes, please describe below whether this arises because financial services providers do not meet the needs of certain groups of people or whether there are some groups of people who choose not to use financial services (eg: because they think they would be inappropriate to their needs or they would be refused access) :

In Belgium, the problem of financial exclusion arises (in terms of banking and savings) because of application of money laundering regulation that exclude a lot of people unable to present appropriate identification documents.

For banking, it is also due to lack of information regarding Basic Bank Account.

It also arise in terms of credit when people with low revenue needing to borrow money for necessary goods purchase are denied to access credit from mainstream banks because the amount needed is too small, they have too little revenue (because they are on social benefits or do have only temporary jobs)..

People also deliberately choose to do not use financial services. It has been particularly underlined In Belgium regarding banking services, it was mostly the case until Jan 2007, as people were afraid of seizures of their minimum guaranteed income once it was paid on their bank account.

Q.1.2.: Is there currently a public debate on financial exclusion in your country?

Yes
No

Debate limited to specific issues or involving only few parts

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Q.1.2.1.: If yes, please give brief details of what this covers:

The actual public debate covers mainly the problem of banking exclusion.

The Basic Bank Account Law has just recently been modified in order to improve its impact on banking inclusion. (May and June 2007).

Q.1.2.2.: If yes, who are the players involved in that debate in your country?

National government

Regional government

Municipalities

Commercial financial service providers and their associations

Not-for profit financial service providers

Consumers' associations

Academics

Non governmental agencies

Others (describe): Trade unions

Q.1.3.: What are the sources of data available related to the levels of financial exclusion (or to financial inclusion) in your country?

Please, send an electronic or paper version of all relevant the data/report(s) to RFA if not yet listed in the bibliography available on finincl.eu

Q.1.3.1.: Sources of data available related to overall levels of financial exclusion:

Official European data details on periodicity: Eurobarometer every two months but not each time with questions on financial services

Official national data details on periodicity :

Official regional data details on periodicity :

Academic reports details on periodicity :

Financial sector reports details on periodicity :

Non governmental organization reports details on periodicity :

Others (describe) :

Specify how the exclusion is measured/estimated :

Eurobarometer data can be used to measure acces to banking, savings and revolving credit.

Q.1.3.2.: Sources of data available related to levels of banking (i.e. transactions) exclusion:

2001 and 2005 reports of Réseau financement alternatif (already in the database)

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Official European data details on periodicity: Eurobarometer every two months but not each time with questions on financial services
Official national data details on periodicity :
Official regional data details on periodicity :
Academic reports details on periodicity :
Financial sector reports details on periodicity :
Non governmental organization reports details on periodicity : not on a regular basis
Others (describe) :

Specify how the exclusion is measured/estimated :

The banking exclusion has been measured by asking all the 589 Public Center of Social Action of Belgian municipalities (The CPAS do provide social help to people within different forms: payment of integration allowance, psychological, judicial, medical, debt counseling...) and all the debt counselors about people in financial exclusion situation they have encountered in 2003, 2004 and 2005.

In parallel, statistics were gathered regarding the percentage of unemployment allowances and disabilities replacement allowances that were not paid on a bank account. The two sources of data have been crossed and compared.

Q.1.3.3.: Sources of data available related to levels of credit exclusion:

Centrale des Crédits aux particuliers – rapport 2006 (available on http://www.bnb.be/NR/rdonlyres/A2BEA654-A1B7-4385-A2BE-A449F990C150/0/BRO_CKPSTAT2006F.pdf)

Observatoire du Crédit et de l'endettement – rapport général sur la consommation et le crédit aux particuliers - 2005

Official European data details on periodicity: Eurobarometer every two months but not each time with questions on financial services
Official national data details on periodicity : yearly
Official regional data details on periodicity :
Academic reports details on periodicity :
Financial sector reports details on periodicity :
Non governmental organization reports details on periodicity : yearly
Others (describe) :

Specify how the exclusion is measured/estimated :

The data of the “Centrale des credits au particuliers” of the National Bank give information on all ongoing credits, number and profile of debtors. It doesn't provide information about credit refusals.

The general report of the Observatoire du credit et de l'endettement gathers information

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about consumer budget and habits, credit market and households debts, overindebtedness of households.

Q.1.3.4.: Sources of data available related to levels of savings exclusion:

- Official European data details on periodicity: Eurobarometer every two mont but not each time with questions on financial services
Official national data details on periodicity :
Official regional data details on periodicity :
Academic reports details on periodicity :
Financial sector reports details on periodicity :
Non governmental organization reports details on periodicity :
Others (describe) :

Specify how the exclusion is measured/estimated :

Q.1.3.5.: Sources of data/statistics available related to use of financial services other than mentioned above:

- Official European data details on periodicity:
Official national data details on periodicity :
Official regional data details on periodicity :
Academic reports details on periodicity :
Financial sector reports details on periodicity :
Non governmental organization reports details on periodicity :
Others (describe) :

NATIONAL CONTEXT OF FINANCIAL SERVICES

Q.2. Banking transactions

Q.2.1.: Is there a problem of financial exclusion regarding transaction banking services in your country?

Refer to point 1.1.1. of OP

- yes
no

Q.2.1.1.: Is the distinction between unbanked/marginally banked people relevant to your country?

*(Unbanked people are the people with no banking relationships at all
Marginally banked people are people with a deposit account that has no electronic payment facilities, no payment card or cheque book and no means of remitting money, OR people who do have these facilities but make little or no use of them.)*

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Yes
no

If that distinction is not relevant in your country, explain:

Q.2.1.2.: Are they people in your country that are

- Unbanked yes no

- Marginally banked yes no

- Informally served (*that for some services rely on alternative financial providers which charge high costs, offer little information and poor terms with reference to the consumer rights*)?

yes no

Q 2.1.3.: Which types of banking service are there particular difficulties accessing (tick relevant boxes)?

In Belgium, the difficulty is to open a transaction bank account, mostly because of the Belgian application of the money laundering regulation. If you can not open a transaction bank account, you cannot access to the following services:

- Receive regular electronic payment of funds such as wages, pensions or social assistance

- Convert cheques or vouchers into cash

- Store money safely until it needs to be withdrawn

- Pay for goods and services other than in cash

- Pay bills electronically (via self-banking or desk officer)

- Make remittances

- Receive regular bank account statements

Q 2.1.4.: Which types of banking service are there particular difficulties to use (tick relevant boxes)?

In Belgium, once you have access to a transaction bank account, no banking services are particularly difficult to use. The main difficulties regarding use of services are the increasing use of “full electronic services” which may causes problems for elderly or illiterate people and the fact that people do not use their bank account because they are afraid of seizures.

- Receive regular electronic payment of funds such as wages, pensions or social assistance

- Convert cheques or vouchers into cash

- Store money safely until it needs to be withdrawn

- Pay for goods and services other than in cash

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- Pay bills electronically (via self-banking or desk officer)
- Make remittances
- Receive regular bank account statements

Q.2.2.: Where do people go to access to those services if they are refused by/ have difficulties accessing/choose not to use mainstream providers?

Mainstream providers are all institutions legally recognized as banks: savings banks and postal banks and public owned banks may, in that respect, be considered as mainstream providers

Describe briefly:

- The kind of alternative providers existing in your country (not for profit and/or commercial providers) and (if possible) some indications of the number of customers and/or number of service outlets they have
- The kind of services they provide (cheque cashing, bill-payment, remittances services...)
- How their costs and terms and conditions differ from those in mainstream market commercial banks

Please give full details of data source(s) for our bibliography and briefly describe the findings:

Transactional banking: there is no alternative solution for transactional banking than to use financial institution services in Belgium.

Cheque cashing: cheques are a very little used payment method in Belgium (only 1, 4 % of all payment operations in 2004).

Remittances services: they are available through money transfer organizations like western union.

Q.2.3. How important is the role of savings banks and/or postal banks in meeting the needs of people to access to those services?

Describe briefly:

- The savings banks/postal banks/public owned banks existing in your country
- The kind of services they provide (cheque cashing, bill-payment, remittances services...) and (if possible) some indications of the number of customers and/or number of service outlets they have
- How their costs and terms and conditions differ from the rest of the mainstream market commercial banks

Please give full details of data source(s) for our bibliography and briefly describe the

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findings:

In Belgium, since its creation in 1995, Banque de La Poste (50% public, 50% private owned) aimed to be accessible to the larger public and to be close to clients.

It used to play the role of the “bank of the poor” since its “managing contract used to mention the obligation of opening a bank account for anyone that was over 12 years old. Therefore, people that were excluded of financial services in a mainstream banked were told to “go to the Banque de La Poste”.

When the 2004 law on basic bank account (BBA) was under preparation, it was discussed whether the Banque de La Poste would be the only financial provider that would have no choice regarding offering the BBA or if all financial services providers would have to offer it. The second option was chosen to do not perpetrate that system of a “bank of the poor”. It now offers banking services at a rate that is quite similar to mainstream banks.

Q.3. Credit

Q.3.1.1.: Is there a problem of some people not having access to credit/choosing not to use credit in the prime credit market in your country?

Prime credit market: low cost credit with good terms and conditions available to people with medium and high incomes

Refer to point 1.1.3. of OP

yes
no

If yes, what are the main barriers :

They cannot access it because they have a bad debt record, or because they are afraid of using the credit market and prefer to borrow from relatives.

Q.3.1.2.: Is there a problem of some people choosing deliberately to subscribe a credit in the sub-prime credit market in your country?

Sub-prime credit market: credit with high risk, high interests and poor conditions

In Belgium, there is no offer from a “sub-prime market” because of the usury ceiling rate.

Refer to point 1.1.3. of OP

yes
no

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If yes, what are the reasons for them to do so?

Please give full details of data source(s) for our bibliography and briefly describe the findings :

Q.3.2.: Where do people go to access to credit if they are refused by or choose not to use the prime credit market?

→ For “good guys” see description of Crédal Plus in annex 2 Q.12

Describe briefly :

- The kind of alternative credit providers existing in your country (not for profit and/or commercial organizations , sub-prime lenders, ...) and (if possible) some indications of the number of customers and/or number of service outlets they have
- The services they provide
- How their costs and terms and conditions differ from those in the prime credit market

Q.3.3.: As far as you are aware of, is there a problem of illegal lending in your country?

Yes

No

Limited to specific cases/areas

If yes, please describe what you know about illegal lending and give full details of data source(s) for our bibliography (if existing)

Q.3.4.: Is there a usury rate ceiling in your country?

Yes

No

Q.3.4.1.: If yes, please give details of the product(s) concerned, and the ceiling that applies to it/them?

For consumer credit: the credits concerned are the opening of credit and all the other consumer credit like installment credit.

For installment credit, the highest maximum annual global interest rate (TAEG) is max 21% when borrowing up to 1.250€, 16% for more than 1.250€ up to 5.000€ and up to 13% for more than 5.000€.

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For the credit opening with a credit card, the TAEG is max 17% when borrowing up to 1.250€, 15% for more than 1.250€ up to 5.000€ and up to 14% for more than 5.000€.

Q.3.4.2.: Is there a concern of rate ceiling as a cause of credit exclusion in your country or other criticism?

Yes
No

Specify:

Belgian Professional Union of Credit (representing 90% of Belgian consumer credit providers) pleads for deregulation because they consider that ceilings are a disadvantage in front of other European states competition. (see 2006 UPC report on <http://www.upc-bvk.be/documents/public/report2006fr.pdf>)

Q.3.5.: Credit referencing and files registering (regarding the dishonoured cheques or other payment instruments) in your country

Q.3.5.1. Is there a positive credit database (listing all outstanding credits) implemented

- At national level? Yes no
If yes, is it Publicly run or privately run
Voluntary or mandatory
- At banking sector level? Yes no
If yes, is it Publicly run or privately run
Voluntary or mandatory
- Individually within each credit provider? Yes no
If yes, is it Publicly run or privately run
Voluntary or mandatory
- At another level (explain) :

Q.3.5.2.: Is there a negative credit database (listing details of bankruptcies/court judgments which are normally publicly available information as well as details of all credit commitments that are in default) implemented

- At national level? Yes no
If yes, is it Publicly run or privately run
Voluntary or mandatory
- At banking sector level? Yes no
If yes, is it Publicly run or privately run
Voluntary or mandatory

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- Individually within each credit provider? Yes no
If yes, is it Publicly run or privately run
Voluntary or mandatory
- At another level (explain) :

Q.3.5.3.: Are there rules limiting the time span of the negative database memory in order to avoid the risk of lifelong exclusion?

Yes

No

Specify:

When there has been no default: data is kept 3 month and 8 open days after the end of the credit agreement ended.

In case of payment default :

- If it has not been regularized, the data is kept 10 years starting after the date of the first registering of payment default.

- If it has been regularized: data is kept one year starting at the regulation date, maximum delay being 10 years starting after the date of the first registering of payment default.

Q. 3.5.4.: Are positive and negative information contained in the same database(s)?

Yes

No

Q. 3.5.5.: Do the mentioned registers/files cover all the financial institutions and all the credit transactions or are they limited to some categories? - Specify:

Yes, it covers all the legally authorized consumer credit providers and all the kind of consumer credit. All credit providers have to notify each new consumer credit and residential mortgage loan provided and each payment default. Specific rules define when the defaults are registered in the database. The legal debt settlement procedures are also registered in the database.

Q.3.6.1.: How is responsible lending ensured in your country?

It is ensured by a law yes no

It is ensured by a code of conduct within the banking sector yes no

It is implemented individually within some prime credit lenders yes no

It is implemented individually within some alternative credit providers yes no

It is not at all organized in my country yes no

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Specify:

12 June 1991 Law regarding Consumer Credit

10 Aug. 2001 Law regarding “ Centrale des crédits aux particuliers” of the Banque Nationale de Belgique

Q.3.6.2.: Describe briefly the principles of the existing measures regarding responsible lending

For the credit contract they usually offer, the lender and the credit intermediary have to look for the type and the amount of credit that is the most adapted according to the financial situation of the borrower by the time they sign the contract.

The lender must consult the database before to accept to give a consumer credit or a residential mortgage loan.

The lender can only deliver credit if, knowing the information he has or should have had, (credit database and information that the potential borrower must provide), he can reasonably estimate that the borrower will be able to respect the obligations of the contract.

When the lender has not respected one of the three above mentioned obligations, the Court can decide that the borrower will not have to pay a part or all of the late penalties and reduce his obligations to the cash price of the good or to the amount of money borrowed.

Each lender has to pay a yearly due for the “Fonds de traitement du surendettement” (a public run funds paying among other things a part of the debt settlement mediators fees). A lender’s due is calculated according to the amount of payment arrears he registered in the “Centrale des credits aux particuliers”

Q.3.6.3.: Are the above mentioned registers/file part of a responsible lending strategy or do they meet mostly other needs? - Specify:

Yes, it is a part of responsible lending strategy (see above)

Q.4. Savings

Q.4.1.: Is there a problem of some people not being able to open a savings account with a bank or similar provider in your country?

Refer to point 1.1.2. of OP

yes
no

If yes, what are the main barriers:

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Money laundering regulation application unable people lacking identification documents to open banking and savings accounts.

Q.4.2.: Is there a problem of some people choosing not to make their savings deposits in a bank or similar provider in your country?

Refer to point 1.1.2. of OP

In Belgium, the question has not been studied yet.

yes

no

If yes, what are the main reasons:

Q.4.3.: Where do people go to make savings deposits when they unable to or choose not to open a savings account with a bank or similar provider?

- Describe briefly the kind of alternative savings providers (non profit or commercial organization, informal savings groups) existing in your country and the services they provide.
- Describe briefly the other ways people use to make savings when they don't save through a formal or informal provider

Please give full details of data source(s) for our bibliography

SOCIAL EXCLUSION AND POVERTY

Q.5. people exposed to social exclusion

*For this section, please refer to **EU-SILC** (European Union – Statistics on Income and Living Conditions) results regarding your country for **year 2005***

Q.5.1.: What percentage of the population is at risk of poverty (below 60% of the national median income) in your country?

% of the population is at risk of poverty

Q.5.2.1.: What is the risk of poverty rate by age in your country? (% below at risk of poverty threshold-ARPT)

16-24 % below ARPT

24-49 % below ARPT

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50-64	10,7	% below ARPT
65+	20,6	% below ARPT

Q.5.2.2.: What is the risk of poverty rate by gender in your country?

Females	15,5	% below ARPT
Males	14,0	% below ARPT

Q.5.2.3.: What is the risk of poverty rate by most frequent economic activity?

At work	3,9	% below ARPT
Unemployed	30,7	% below ARPT
Total inactive	23,2	% below ARPT

Q.6. Links between financial exclusion and over indebtedness
Do read and refer to point 4.3. of O.P.

Q.6.1.: Have any research/studies carried out in your country explored the relationships between over-indebtedness and financial exclusion?

No
Yes

Q.6.2.: If yes, please give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4.3. of the O.P.

Data source: Disneur L., Radermacher F. and Bayot, B. : “Evaluation de la loi sur le service bancaire de base”, Etude réalisée par le Réseau financement Alternatif pour le compte de la Ministre en charge de la protection de la consommation – 2006

In 2005, 7, 5 % of people in a debt settlement did not have any transaction bank account because the bank had closed the account they had (50% of them) or because they were refused to open one (30% of them). That same year, about 23, 4 % of people in debt settlement did access to a basic banc account (BBA), but one denial of BBA out of ten that year was due to the existence of such debt settlement.
Moreover, precarious financial situation (debt settlement, bankruptcy and ongoing credits) did justify about 16, 3% of total BBA opening denials.

Data source : Bayot B., L'exclusion bancaire en Belgique, in exclusion et liens financiers- rapport du centre Walras 2004 ; Fraselle N., Bayot B. : Le marché du crédit à la consommation. La cohésion sociale en jeu, Courrier hebdomadaire du CRISP n° 1848 –2004/23

Those two studies compare the socio-economical profile of people facing banking

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exclusion and over indebted people in Walloon Region.

The profiles are pretty similar, even if we can note that people suffering from banking exclusion have a worst social position than over indebted people since they have a lower level of education, lower revenues and are more often unemployed. 50% of people facing financial exclusion do receive social integration revenue, when only 6% of over indebted people do.

Q.7. Links between financial exclusion and social exclusion

Do read and refer to point 4.2. of O.P.

Q.7.1.: Have any research/studies carried out in your country explored the causal link between financial exclusion and the broader phenomenon of social exclusion?

No
Yes

It has not been studied yet but the link is well recognized. The Service of fight against poverty, financial uncertainty and social exclusion of the Belgian public center for equal opportunity do recommend in his 2004 to create an indicator about financial exclusion to monitor poverty in Belgium.

Data source : *“Une autre approche des indicateurs de pauvreté : recherche-action-formation.”* Centre pour l'égalité des chances Mars 2004

<http://www.luttepauvrete.be/publicationsserviceindicateurs.htm>

See also answer to Q.9.2.1

Q.7.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in point 4.2. of the O.P. (are the conclusion similar, different,...)

FINANCIAL EXCLUSION (F.E.)

Q.8. Levels of financial exclusion

Do read and refer to point 2 of O.P.

Q.8.1.1.: Are there any national survey(s) data regarding the extent and causes of transaction banking exclusion in your country?

No
Yes

Q.8.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P.* **new tables about EU 27 coming soon**)

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Data source:

Disneur L., Radermacher F. and Bayot, B. : “Evaluation de la loi sur le service bancaire de base”, Etude réalisée par le Réseau financement Alternatif pour le compte de la Ministre en charge de la protection de la consommation – 2006

B. Bayot, “Elaboration d'un service bancaire universel - 1ère partie: l'accès ou le maintien d'un compte bancaire” - 2001

Extend:

The situation of unbanked has really improved in Belgium since 2001, were about 40.000 people were considered to be unbanked.

In 2005, 9.900 beneficiaries of unemployment and disability replacement allowances did not receive their income on a bank account.

The same year, Public Center of Social Action of Belgian municipalities (CPAS) had known about 11.500 unbanked persons.

About 6.000 people were unbanked because their account had been was closed after a problem with their banking institution and 5.500 had never had a bank account.

About 6.713 people were under banked, having a bank account but not using it because they were afraid of seizure if their minimal guaranteed income once paid on their transaction bank account.

Eurobarometer data says that about 5% of the Belgians are unbanked. The data collected by RFA shows that 0, 1% of the Belgian population would be unbanked.

Causes:

According to the Public Center of Social Action of Belgian municipalities (CPAS), about 64% of unbanked people in 2005 have tried at least once to open a transaction bank account.

Within the 36% of people that never tried to open a bank account, 25% did so because they were afraid of seizures, 24% because they prefer cash or cheques payments, 13, 5% because of the difficulties of using fully electronic bank services and 13, 5% because they lacked information about the basic bank account.

About 65% of bank denials to open a basic bank account are due to the lack of identity document of the demander, and 16% because of his precarious financial situation (a debt settlement procedure, ongoing credits, bankruptcy).

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Consequences:

The 2001 RFA study showed that the most frequent consequences of lack of transaction bank account are the following: administrative, psychological, renting and professional life difficulties.

Other difficulties have been underlined: financial problems, integration problem, feeling of social exclusion and daily life problems.

Q.8.2.1.: Are there any national survey(s) data regarding the extent and causes of credit exclusion in your country?

No
Yes

Q.8.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

Q.8.3.1.: Are there any national survey(s) regarding the extent and causes of people who lack savings and/or cannot open a savings account with a bank or a similar organization in your country?

No
Yes

There is no specific research on extend causes and consequences of savings exclusion but, in Belgium, you have to have a transaction bank account to open a savings account in a bank.

Therefore, all people suffering from transaction bank account exclusion do suffer de facto from savings exclusion and the data available on extend of banking exclusion described in Q.8.1.2. is also valid for savings exclusion.

Q.8.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

Q.8.4.1.: Do you have any other specific comments regarding the Eurobarometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

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No
Yes

Q.8.4.2.: If yes, what are your comments?

Q.9. People most likely to be financially excluded

Do read and refer to point 3 of O.P.

Q.9.1.1.: Is there any research describing the types of people most likely to be financially excluded (overall financial exclusion) in your country?

No
Yes

Q.9.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 **new tables about EU 27 coming soon**)*
)

Q.9.2.1.: Is there any research describing the types of people most likely to be excluded from banking transactions in your country?

No
Yes

Q.9.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 **new tables about EU 27 coming soon**)*)

Data sources:

Disneur L., Radermacher F. and Bayot, B. : “Evaluation de la loi sur le service bancaire de base”, Etude réalisée par le Réseau financement Alternatif pour le compte de la Ministre en charge de la protection de la consommation – 2006

B. Bayot, “Elaboration d'un service bancaire universel - 1ère partie : l'accès ou le maintien d'un compte bancaire” - 2001

The 2006 RFA study shows that in 2005, unbanked people are people not or few educated (67%) beneficiary of a social help (64% of unemployed, under minimal social revenue or disabled people) and a lot of them are in a debt settlement procedure (52%). Foreigners' people do represent 19% of the financially excluded people.

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This profile of people suffering from financial exclusion is close to the profile drawn in 2001 RFA study data.

It can hardly be compared to Eurobarometer tables since all Eurobarometer figures are expressed as cell percentages of each category.

Q.9.3.1.: Is there any research describing the types of people most likely to be excluded from credit in your country?

No

Yes

Q.9.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon)*)

Q.9.4.1.: Is there any research describing the types of people most likely to be excluded from savings in your country?

No

There is no specific research on the type of people most likely to be excluded from savings but, in Belgium, you have to have a transaction bank account to open a savings account.

Therefore, all people suffering from transaction bank account exclusion do suffer de facto from savings exclusion and the data available on type of people most likely to be excluded from banking described in Q.9.2.2. is also valid for savings exclusion.

Yes

Q.9.4.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon)*)

CAUSES AND CONSEQUENCES OF FINANCIAL EXCLUSION

Please, read and refer to point 4 of O.P.

Q.10. Factors affecting difficulty of access or use of financial services in your country

Q.10.1.: Comment on all factors affecting difficulty of access or use in your country

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Use table 6 of O.P.: Factors affecting difficulty of access or use. (ANNEX 1)

Add in that document other causes of exclusion that exist in your country and comment ALL causes relevant to your country.

Q.10.2.: Give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4 of the O.P.

Q.11. Causes and consequences of financial exclusion

Q.11.1.1.: Do you have any comments regarding the specific causes and consequences of financial exclusion related to your country?

To answer refer and compare with the content of point 4 of O.P

No
Yes

Q.11.1.2.: If yes, describe briefly what are those comments?

Q.11.2.1.: Do you have any data sources regarding the specific causes and consequences of financial exclusion related to your country?

No
Yes

Q.11.2.2.: If yes, please give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4 of the O.P.

See above, Q.8.1.1..

MARKET RESPONSE FOR FINANCIAL INCLUSION

Please look at the annex II of the overview paper table called "a synthesis of the main experiences of responses".

1. Check in the document if your country is already mentioned in the table

- *If it is, copy-paste all the paragraphs related to your country in ANNEX 2 (enclosed to this questionnaire), check whether the information about your country is adequate, comment, and add ALL missing information*
- *If not, fill in ANNEX 2 (enclosed to this questionnaire) with all relevant information and comments*

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<p>2. Add full details of data source(s) for our bibliography under Q 12, Q13, Q14.</p>
Q.12.Provision of services by alternative providers
Q.13.Development of new products and services by mainstream providers
Q.14.Voluntary Charters and codes of practices
GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION
<p>Please look at the annex II of the overview paper table called “a synthesis of the main experiences of responses”.</p>
<p>1. Check in the document if your country is already mentioned in the table</p> <ul style="list-style-type: none">➤ <i>If it is,</i> copy-paste all the paragraphs related to your country in ANNEX 2 (enclosed to this questionnaire) , check whether the information about your country is adequate, comment and add ALL missing information➤ <i>If not,</i> fill in ANNEX 2 (enclosed to this questionnaire) with all relevant information and comments
<p>2. Add full details of data source(s) for our bibliography below under Q. 15., Q.16., Q.17.</p>
Q.15.Policy measures
Q.16.Government as a facilitator
Q.17. Government as a legislator
<p>Q.18. Please use a separate sheet of paper to tell us anything else you think should be included in our report about the topic of financial exclusion in your country</p>

Thank you very much for your help. It is much appreciated.

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ANNEX 1 - Q.10.1: FACTORS AFFECTING DIFFICULTY OF ACCESS OR USE IN YOUR COUNTRY

Add in this document other causes of exclusion that exist in your country and comment ALL causes relevant to your country

	Access or use	The possible relationship*	Type of service affected**
Societal factors			
Liberalisation of markets	Access	(+) increased competition may result in more attention been paid to all market segments or (-) less attention to marginal market segments (-) All Cooperative and public banks of Belgium have disappeared (financial institutions which traditionally served people on low incomes). We only have commercial banks now, except for the La Banque de La Poste which is half public and half private	Banking**, Credit; Savings
Labour market changes	Access	(-) more flexible markets mean less stable incomes and, often, less creditworthiness True in Belgium	Banking; Credit
Money laundering rules/Identity checks	Access; Use	(-) Belgian application of rules regarding preventing the use of the financial system for money laundering and financing of terrorism plays an important role in financial exclusion regarding banking and savings in Belgium.	Banking; Savings
Fiscal policy	Access; Use	(-) duties and taxes on banking services may represent a heavy burden for people on low incomes people, reducing the convenience of using the services, Not relevant for Belgium (+) but fiscal measures can provide incentives (reducing cost or granting fiscal advantages) for financial inclusion In Belgium, the interest of the savings account are free of taxes for the holders in order to provide incentives among population for such kind of savings.	Banking; Savings, Credit
Social assistance	Access; Use	(-) paying social assistance in cash can deter people from opening a bank account – In Belgium, things have changed a lot in the last 10 years and social assistance is no more paid by cash or cheque, but paid on a bank account. (+) but antipoverty policies can facilitate financial inclusion – In Belgium, the law on Basic bank account can be seen as an anti poverty measure facilitating financial inclusion	Banking; Credit, Savings
Demographic changes	Access; Use	(-) older people generally suffer more from the technological divide relevant but no specific data on this for Belgium. (+) young people have a higher propensity to use credit, but. No specific data on this in Belgium	Banking; Credit;
Income inequalities	Access	(-) their risk of over-indebtedness is higher and may lead to exclusion. No specific data on this in Belgium. (-) higher income inequalities and literacy disparity are normally associated with greater difficulties of access No specific data on this in Belgium.	Banking, Credit

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<p>Supply factors</p> <p>Geographical access Risk assessment Price Product design (terms and conditions)</p> <p>Service delivery (eg internet) Complexity of choice Marketing</p>	<p>Access Access Access; Use Access; Use</p> <p>Access; Use Access Access</p>	<p>(-) / (+) It sometimes is a problem in some rural areas in Belgium (-) / (+) Yes, it is a problem, enhanced by the enders responsibility organized by law (-) / (+) not relevant in Belgium (-) / (+) It is a problem in Belgium. The amount of offer and subscription of credit openings is increasing a lot, and this kind of credit is not suitable for everyone.</p> <p>(-) / (+) The increasing offer of transaction accounts that are “ fully electronic” are a problem for illiterate or elderly people in Belgium (-) / (+) It is relevant for Belgium. (-) / (+) It is relevant for Belgium</p>	<p>Banking; Savings Banking; Credit Banking; Credit Banking; Credit Banking; Credit; Savings Savings Banking; Credit; Savings</p>
<p>Demand factors</p> <p>Belief that not for poor Fear of loss of financial control Mistrust of providers Concern about costs Preference for alternative providers and cultural factors Religion Opposition to use</p> <p>Demand factor <u>specific for Belgium</u> : Fear of seizures</p>	<p>Access Access Access Access; Use</p> <p>Access Access Access</p>	<p>(-) (-) (-) (-) → We have no specific data regarding those demand factors</p> <p>(-) (-) (-)</p> <p>(-) A lot of people in Belgium did choose to not open or use a transaction or savings account because they were afraid of creditors seizures of their minimal guaranteed income</p>	<p>Banking; Credit; Savings Banking; Credit Banking; Credit; Savings Banking; Credit</p> <p>Banking; Credit; Savings Banking; Credit; Savings Credit</p>

ANNEX 2 - Q.12.,13.,14.: MARKET RESPONSE FOR FINANCIAL INCLUSION

Provision of services by alternative providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Belgium	2003 in Walloon Region 2005 in Brussels Region	Credit social – provided by cooperative company “Crédal plus” Partners of the project: - Public authorities supporting the activity by a way of an operating subsidy (Brussels and Walloon region) Walloon Region also guarantees the loans. - Crédal Plus : operates the project (social approach via support for applicants and analysis of the budget and financial situation) & is also the lender in Brussels Region - Post office bank: lender and back offices services for the Walloon project - Dexia foundation : funding and voluntary workers involvement in the project	Consumer credit to enable people with low income, often excluded from bank loans to access credit. Average amount of social credit end 2006: 219 Average amount of social credit granted: €2900 Average monthly repayment:€105 Average repayment period: 26 month	The following principles governs the access to credit at Crédal: - Purchase of necessary goods - Bank access is difficult - Household has liability to repay the loan - No cheaper or more appropriate solution exists - Establishment of trust relationship - Contact with social service is essential The objectives of the social credit is, among other, to promote access to bank services and enable people with low income to have access to a suitable credit formula in line with their life plan.

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Development of new products and services by mainstream providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Belgium	2000	Dexia « social bank account » Designed by Dexia bank for the Public Center of Social Action of Belgian municipalities (CPAS). The CPAS do provide social help to people within different forms (payment of integration allowance, psychological, judicial, medical, debt counseling...).	<p>The following operations are costless for the beneficiary: :</p> <ul style="list-style-type: none"> - opening, managing and closing the account;; - money transfers and payments (full electronic); - standing orders and domiciliation (full electronic); - money withdrawals with withdrawal card (full electronic) - account statements : self-banking - Overdraft of max. 20€, without interest in order for the beneficiary to make a withdrawal of the entire amount he has received for the month - Phone banking under CPAS request <p>The cost of this account is a yearly forfait of 1, 86 € paid by the CPAS. The account is costless for the beneficiary and available for anyone financially depending of a CPAS for duration of the financial help.</p> <p>Moreover, seizures are not possible on that account, and Dexia has committed itself to do not compensate the creditor amount on the social bank account with debts that the holders might have toward Dexia.</p>	<p>This tool is designed to help local public bodies to in their care to maintain access to banking services for disadvantaged people. 575 CPAS out of the 589 existing in Belgium use the social bank account.</p> <p>End 2005:</p> <p>80.466 Belgian people were on the benefit of integration allowance paid by CPAS</p> <p>50.796 social accounts were active.</p>

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Voluntary charters and codes of practice

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
BELGIUM	1997	Charter of the Association Belge des Banques for a basic banking service	According to this Charter, the banks that subscribed committed themselves to provide basic bank services to everyone with a legal domicile in Belgium. This service was then made available to physical individuals who could then access a current account which offered three basic functions: <i>i</i>) monetary, manual and electronic payments, <i>ii</i>) deposits and withdrawals, <i>iii</i>) account statements	<p>At first, the national consumer Council approved this formula because no more data regarding evidence of banking exclusion had been gathered since the charter's adoption. The Ministry of Economic Affairs then asked RFA to realize a study on banking exclusion. That study showed that they were still about 40.000 unbanked people in Belgium despite the Charter's existence and that the banks scarcely applied it.</p> <p>After the RFA study publication, The National Consumer Council stated the self-regulation failure and the necessity to vote a law regulating basic bank services.</p> <p>This led to Law of 24 March 2003</p>

ANNEX 3 - Q.15.,16.,17.: GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION

Government intervention (as facilitator)

Country	Year of first introduction	Name	Main provisions	Other notes and criticism

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Government intervention (as legislator)

Country	References	Main provisions	Further details	Further provisions Elements to be analysed in order to identifying the Costs and Benefits
<p>BELGIUM</p>	<p>Law 24 March 2004 (Law introducing a basic banking account))</p>	<p>The law obliges all banks to provide a basic banking account (BBA) to any individual residing in Belgium for a yearly fee of maximum EUR 12.</p> <p>The conditions to obtain a Basic Bank account are to have no transaction or basic bank account and no “linked products” in a bank (savings account, ongoing credits, security accounts, placements funds).</p> <p>However, are allowed</p> <ul style="list-style-type: none"> - 1° a yearly cumulated creditor balance on another kind of bank account, if not higher than 6.000€ and - 2°- an ongoing consumer credit <p>when the total amount of 1° and 2° is not above 6.000€.</p>	<p>The basic banking service covers the following operations:</p> <ul style="list-style-type: none"> - opening, managing and closing the account; - money transfers and payments (manual and automatic); - standing orders and domiciliation; - money deposits; - money withdrawals (manual and automatic) - account statements - No overdraft 	<ul style="list-style-type: none"> - According to the “pay or play model” the law creates a compensation fund managed by the Belgian Central Bank and supplied with the bank system’s contributions, reimburses banks that open and manage a larger number of accounts than their own economic importance in the Belgian market would justify. However, it has been decided that this disposition of the law shall not be implemented before 2008. - Sanctions are imposed on those banks that do not respect the rule. - The scheme is monitored by a non judicial and independent claim organism: “Service mediation Banques - Crédit- Placements” that deal with claims regarding BBA demands and collects statistics on the number of basic bank account opened and closed, the denial decisions and motivation of denial decisions regarding opening of a BBA. - In 2005, the Consumer protection Minister financed a study assessing the law application. That study was carried out by RFA and Belgian Bank association & Consumer protection organization were sitting in the following Committee of the Study. - It showed that the banks do all offer BBA and that the number of unbanked people has

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				<p>dropped from 40.000 to 10.000, since the law was implemented.</p> <p>5.000 BBA were opened at the end of 2005. Aside from this curative effect of the law, the study also underlined that it had a preventive effect, since mainstream banks all declared that they did sometimes offer a regular bank account (with no overdraft) to people asking for a BBA.</p> <p>When the law was assessed, some problems did remains regarding over indebted people, foreigners, and regarding publicity around the BBA.</p>
	Law 27 Dec. 2005	Starting on the 1rst of Jan 2007, the minimum guaranteed income will be protected from creditor seizure for 30 days once it is paid on a bank account.	A specific code has to be mentioned next to all salary and substitute revenues payments to ensure the protection of it up to minimum guaranteed income level.	<p>This law aims to solve the problem of self-banking exclusion to avoid seizures that is quite important in Belgium. In 2005, 25% of unbanked people did not want to have/use transaction and savings bank account because they were afraid of seizures.</p> <p>The only problem that remains and causes self-exclusion is that all banks do compensate the debts that the holders might have towards them with the creditor amount available on the holder transaction bank account.</p> <p>This possibility for the bank to compensate should be forbidden by the law, at least regarding the amounts on the credit of a BBA (and except for the cost of such BBA services).</p>