

Study on financial services provision and prevention
of financial exclusion

Germany

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 (X)

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 Germany there is no legal entitlement to a current account. Therefore in many cases banks refuse to open accounts for people with a negative credit history or they close current accounts of people affected by bank account garnishments. Negative credit histories recorded by credit reference agencies often also result in a situation where those affected are no longer able to enter into other contractual financial legal transactions such as contracts for mobile phones, leasing contracts, etc., which means they are essentially financially excluded. Unfortunately in Germany there are no alternative providers and/or not-for-profit organisations which could supply these groups with services.

There are surely also people who only believe they were excluded but are actually not, and who therefore do not ask at all or only to a limited extent for financial services, however, there is no data available on the issue.

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 (X)

GERMANY

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

Currently two drafts of the „Grünen „and the „Linke“ on legal regulation of an “Everyman current account” are being discussed in the German Bundestag. Furthermore, there are debates on reforming the protection against bank account garnishments.

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

National government (X)

Regional government (X)

Municipalities

Commercial financial service providers and their associations (X)

Not-for profit financial service providers

Consumers' associations (X)

Academics (X)

Non governmental agencies (X)

Others (describe):

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 (X) europäische Einkommensstat. details on periodicity: jährlich ?

Official national data (X) destatis details on periodicity :

Official regional data details on periodicity :

Academic reports (X) see below details on periodicity :

Financial sector reports (X) see below details on periodicity :

Non governmental organization reports (X) see below details on periodicity :

Others (describe) :

Specify how the exclusion is measured/estimated : Geldvermögen, Konsumentenkreditschulden und Soziale Stellung related to EU definition to social exclusion)

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

Official European data details on periodicity:

Official national data details on periodicity :

Official regional data details on periodicity :

GERMANY

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

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) :

Specify how the exclusion is measured/estimated :

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

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) :

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

GERMANY

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 (X)

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.)

Yes (X)

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 (X) no

- Marginally banked yes (X) 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 (X)

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

- 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) ?

GERMANY

- 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.2.2.: 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

In Germany there is no general entitlement to a current account. There is a voluntary code of banks, the so-called „ZKA“ recommendation (see “Voluntary charters and codes of practice”) to grant a current account without an overdraft facility for “Everyman”. However, in reality many banks do not comply with this self-commitment. Banks refuse individuals with a negative credit history or terminate accounts in case of, for instance, account garnishments.

However, savings banks represent formal exemptions as they are usually unions and are subject to respective savings banks regulations of the Laender (*Landessparkassengesetz*). In the meantime half of the laws or regulations of the Laender on savings banks include detailed regulation on the commitment 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). Furthermore, sample statutes of regional savings banks and clearinghouse associations (Giroverbände) in Hessen and Schleswig-Holstein include the commitment to keep current accounts. The respective savings banks laws of these two Laender do not include the commitment.

If the opening of an account is refused or an existing account is terminated, there is the possibility to apply to the arbitration board of the bank respectively the Ombudsmann.

GERMANY

2005 281 persons applied to the Schlichtungsstelle because of the refusal of an opening of a „account for everybody“, the predominate part was handled in favour of the clients.

Source: Bundesverband Deutscher Banken: Ombudsmann der Privatbanken.

Tätigkeitsbericht 2005. Berlin 2006. S.48 ff.

Overall in Germany at the of 2005 there were 1,893 Millionen current account without an overdraft facility.

Numbers of accounts „account for everybody“ at the creditinstitutions of the respective associations

	Sept. 1999	Sept. 2003	Juni 2005	Dez. 2005
BVR ¹⁾	400.000	500.000	588.000	605.000
BdB ²⁾	150.000	k.A.	178.000	188.000
VÖB ³⁾	80.000	180.000	239.700	260.600
DSGV ⁴⁾	486.000	834.700	834.700	839.000
alltogether	1.116.000	1.514.700	1.840.400	1.892.600 ¹⁾

Bundesverband der Deutschen Volksbanken und Raiffeisenbanken

²⁾ Bundesverband Deutscher Banken

³⁾ Bundesverband öffentlicher Banken Deutschlands

⁴⁾ Deutscher Sparkassen- und Giroverband

Quelle: Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der Bundesregierung zur Umsetzung der Empfehlung des Zentralen Kreditausschusses zum Girokonto für jedermann. Drucksache 16/2265, S. 8.

Source: Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der Bundesregierung zur Umsetzung der Empfehlung des Zentralen Kreditausschusses zum Girokonto für jedermann. Drucksache 16/2265

Here, as an example, the legal regulation for Rhineland-Palatinate: section 2 paragraph 4:
„(4) Upon request savings banks keep current accounts for natural persons resident in their business district, unless, in an individual case and for important reasons, a savings bank cannot be expected to keep a current account.“

Source: Sparkassengesetz Rheinland-Pfalz (SpkG):

http://rlp.juris.de/rlp/SparkG_RP_P2.htm.

According to information by the AG SBV, alone records kept by the Arbeitsagentur (employment agency) showed that more than 100,000 people were without a current account in 2005. The AG SBV estimates a total of several hundred thousand people affected.

Source: AG SBV: Recht auf ein Girokonto und Erhalt von Girokonten. Ergebnisse und Konsequenzen einer Umfrage der Arbeitsgemeinschaft Schuldnerberatung der Verbände (AG SBV). Köln 2004.S. 4.

According to estimates about 500,000 people may not have a current account.

Source: Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der

GERMANY

Bundesregierung zur Umsetzung der Empfehlungen des Zentralen Kreditausschusses zum Girokonto für Jedermann. Drucksache 15/2500. Berlin 2004. S.3.

Without a current account participation in cashless transactions is not possible. Those affected are forced to carry out so-called cash transfers, that means to pay in the money at a bank counter and have it transferred to the recipient, which involves high charges. According to a survey by the Hamburg consumer advice centre, a cash transfer costs 6.51 € per transfer on average.

Source:

- Verbraucherzentrale Hamburg: Dossier zum Weltverbrauchertag 2004:

"Arme zahlen mehr: Bankkonditionen für einkommensschwache Verbraucher":

<http://www.vzhh.de/~upload/rewrite/TexteKontoSchulden/PoorPayMore.aspx>

- Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der Bundesregierung zur Umsetzung der Empfehlung des Zentralen Kreditausschusses zum Girokonto für jedermann. Drucksache 16/2265. S.11

There are no alternative providers in Germany. Only the "Ethikbank", a subsidiary of the Volksbank Eisenberg, offers, under certain conditions, a so-called *Mikrokonto* to people who are not given an account by other banks.

Source: www.ethikbank.de

In total, banks kept about 3.4 million accounts without an overdraft facility in 2003.

Source: Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der Bundesregierung zur Umsetzung der Empfehlungen des Zentralen Kreditausschusses zum Girokonto für Jedermann. Drucksache 15/2500. Berlin 2004. S.3.

According to an estimate by the Deutsche Bundesbank there were 85,452,480 current accounts in Germany at the end of 2005.

Source: [Deutsche Bundesbank](http://www.bundesbank.de): Statistiken über den Zahlungsverkehr in Deutschland 2001 – 2005.

Section 42 of Book II of the German Social Security Code (§ 42 SGB II) defines that social assistance is to be paid into a domestic current account. In case the respective person has no current account, payment is to be effected via crossed cheque and the person affected has to pay for the costs involved unless they bring evidence that they are prevented from opening an account without own fault. In special circumstances it may be possible to effect payments at office-internal cash dispensers or via open cheques. Only if the latter possibilities are not available for the long term social assistance may be paid in cash as well.

Source: Sozialgesetzbuch II, § 42 und arbeitsagentur:

<http://www.arbeitsagentur.de/zentraler-Content/A01-Allgemein-Info/A015-Oeffentlichkeitsarbeit/Publikation/pdf/GesetzestextAend-42-SGB-II-Auszahlung-Geldleistung.pdf> (as of: 15.05.2007).

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

GERMANY

AG SBV (Arbeitsgemeinschaft Schuldnerberatung der Verbände): Recht auf ein Girokonto und Erhalt von Girokonten. Ergebnisse und Konsequenzen einer Umfrage der Arbeitsgemeinschaft Schuldnerberatung der Verbände (AG SBV). Köln 2004.

The text describes and analyses refusals to open current accounts or current accounts without overdraft facility respectively, reasons for refusals and interventions by arbitration boards. At the end of the text the AG SBV suggests a solution.

Deutsche Bundesbank: Statistiken über den Zahlungsverkehr in Deutschland 2001 – 2005: http://www.bundesbank.de/download/zahlungsverkehr/zv_statistik.pdf

The statistics provides a detailed overview on payment transactions in Germany between 2001 and 2005.

Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der Bundesregierung zur Umsetzung der Empfehlungen des Zentralen Kreditausschusses zum Girokonto für Jedermann. Drucksache 15/2500. Berlin 2004.

The report describes how far banks have implemented the ZKA recommendation in the 15th session and the costs caused by people having no bank accounts.. At the end of the report are evaluations by the credit industry, the AG SBV and VZBV (Federal association of consumer protection centres).

Deutscher Bundestag: Unterrichtung durch die Bundesregierung. Bericht der Bundesregierung zur Umsetzung der Empfehlung des Zentralen Kreditausschusses zum Girokonto für jedermann. Drucksache 16/2265. Berlin 2006.

This report describes how far banks have implemented the ZKA recommendation in the 16th session and the costs caused by people having no bank accounts.. Evaluations by the credit industry, the AG SBV and VZBV (Federal association of consumer protection centres) are at the end of the report.

Ethikbank: www.ethikbank.de

In total, banks kept about 3.4 million accounts without overdraft facility in 2003.

In Germany, the Ethikbank is the only provider of Mikrokonten, that means current accounts without overdraft facility aiming at the target group of those affected by over-indebtedness.

Sparkassengesetz Rheinland-Pfalz (SpkG): http://rlp.juris.de/rlp/SparkG_RP_P2.htm.

Savings banks are administration unions with communal sponsorship, therefore their statutes are laid down in the laws of the respective Laender.

Verbraucherzentrale Hamburg: Dossier zum Weltverbrauchertag 2004:

"Arme zahlen mehr: Bankkonditionen für einkommensschwache Verbraucher".

<http://www.vzhh.de/~upload/rewrite/TexteKontoSchulden/PoorPayMore.aspx>

Survey regarding the costs of cash transfer, current account, credit, and savings investments for people on low-income.

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?

GERMANY

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

Number of banks in 2005:

	Institutes	Branches	Banks in tota
Credit banks	357	14.044	14.401
Banks of the Laender	12	580	592
Savings banks	463	13.950	14.413
Credit unions	1.293	12.722	14.015

Source: Bundesverband deutscher Banken: Anzahl der Banken und ihrer Zweigstellen in den einzelnen Bankengruppen. <http://www.bankenverband.de/pic/artikelpic/082006/774-Bankstellen-BGr0806.pdf> (as of 15.05.2007)

Employees 2005:

	Employees	Employees per bank
Credit banks	190.700	534
Banks of the Laender	40.200	3.350
Savings banks	260.800	563
Credit unions	168.300	130
Total:	693.050	296

Source: Bundesverband deutscher Banken: Anzahl der Beschäftigten im Bankgewerbe. <http://www.bankenverband.de/index.asp?channel=168247&art=777>

In Germany banks are private banks with the exception of savings banks and Volks- und Raiffeisenbanken.

Volks- und Raiffeisenbanken are cooperative banks. Savings banks are usually administration unions, that means normally they are public bodies. Bodies responsible for a savings bank are local municipalities (town or district) or a municipal administration unit. Consequently a savings bank's business district is generally the district of the respective local body.

The legal grounds of each savings bank are defined in the savings bank law of the federal state in which it is based and in the statutes issued by the responsible body. Furthermore, there are seven independent savings banks (Freie Sparkassen) in Germany which are not organised as public bodies but have different rules of law.

GERMANY

Savings banks offer all common banking products to private households, companies, municipalities and institutional customers.

In Germany there are usually no banks offering exclusively investment products. Investment and savings offers are products beside, for instance, current accounts. In general transactions are not offered with savings and investment products, which are only meant to save money.

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

Bundesverband deutscher Banken:

<http://www.bankenverband.de/statistik/channel/16821010/index.html>

This site comprises statistics on banks in Germany, the Euro region, finance markets, the economic development in Germany, etc.

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 (X)

no

If yes, what are the main barriers :

According to information by the banking association the banks' main criteria when assessing creditworthiness are:

- income situation (salary and other income, expenses, existing liabilities)
- employment situation (occupation, employer, length of employment)
- experiences from business relationships to date (repayment of other credits according to contract, quality of account keeping with a current account)
- information of credit reference agencies

Source: Bankenfachverband: Finanzierung 2006. S. 8 f..

Granting overdraft facilities and loans depends on income, various personal information such as marital status and positive SCHUFA (Schutzgemeinschaft für allgemeine Kreditsicherung) credit histories. The SCHUFA is the largest economic credit reference agency in Germany, cf. Q.3.5.5. Especially with lending all banks apply relatively similar lending rules. Successful assessment of the current and future personal, economic, and financial situation is the condition for obtaining loans. As a result mainly people who are unemployed, over-indebted, on low-income and with negative credit histories kept by

GERMANY

credit reference agencies are excluded from taking out loans.

Source: Report on the Survey von „Better access to financial services for people experiencing poverty and social exclusion”, not published. p. 28.

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

Refer to point 1.1.3. of OP

yes

no (X)

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 :

Bankenfachverband: Finanzierungen 2006: www.bankenfachverband.de

55 credit banks are organised in the Bankenfachverband (banking specialist association). They finance consumption and investments, mainly vehicles. In 2006, they saw a growth in all business units that was higher than that of the respective markets. With a share of 44 percent they are market leaders in consumer financing and represent 10 percent of the market for investment financing.

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?

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

There is no market of alternative providers in Germany. The only possibility for people refused by banks is either to lend money at pawnshops against the deposit of a security, to lend money in the private environment or to turn to private credit brokers (s. Q 3.3)

In some towns/cities there are public pawnshops or pawn credit offices which are organised in the “Zentralverband des Deutschen Pfandkreditgewerbes” (central association of the German pawn credit industry). According to the latter’s estimate about 1.1 million customers were paid loans amounting to 500 million Euro in 2006. When taking a pawn credit people obtain money against handing over a security. There are firm rules for this kind of credit and since 1961 charges have been set by the government (regulation on the business of commercial pawnbrokers) to prevent abusive practices. People have to pay 1% interest per month on loans plus an expense charge for storage of

GERMANY

securities. Basis for calculating the loan is the market value of the security handed over and is at about 20 % below resale value, including interest. If the security is not released at the agreed date it will be sold by auction, however, about 91 % of all securities are released in time. In most cases these are personal loans to bridge short-term financial bottlenecks. .

Source:

- Zentralverband des Deutschen Pfandkreditgewerbes e.V.: Bilanz 2005:
<http://pfandkredit.org/download/index.html>.
- Zentralverband des Deutschen Pfandkreditgewerbes e.V.: Pressemappe 2007:
<http://pfandkredit.org/download/Pressemappe.pdf>.

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 (X)

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

After having been refused on the prime credit market people partly turn to private credit brokers who promise loans without prior assessment by credit reference agencies such as the SCHUFA. Many of these credit brokers are so-called „loan sharks“. They promise loans without inquiry at a credit reference agency and usually take assessment and advance fees prior to actually concluding a contract, however, in most cases the loan will not be paid and fees not returned. This kind of providers mainly advertise in daily newspapers and on the internet. There are no known figures on the damage caused. As this is considered the criminal offence of credit brokerage fraud

(Kreditvermittlungsbetrugs) the only data available is the number of cases that have been reported by those affected. Unfortunately, there is a high number of unreported cases as victims often shrink back from reporting to the police. In 2006 the Bundeskriminalamt (federal bureau of investigation) registered 5,530 cases.

According to the Criminal Code predatory lending is a criminal offence (section 291 paragraph 1 no. 2 Criminal Code)

Source:

- Ökotest: Kreditvermittler. Unter Haien. Heft 4/2007. S. 170-181.
- Bundeskriminalamt (BKA) (Hrsg.): Polizeiliche Kriminalstatistik 2006. Bundesrepublik Deutschland. Wiesbaden 2007:
http://www.bka.de/pks/pks2006/download/pks-jb_2006_bka.pdf

Ökotest: Kreditvermittler. Unter Haien. Heft 4/2007. S. 170-181.

The article gives an up-to-date overview (beginning of 2007) on the German market of private credit brokers. Unfortunately there are no figures, data, and facts available as it is a matter of criminal offence.

Bundeskriminalamt (BKA) (Hrsg.): Polizeiliche Kriminalstatistik 2006. Bundesrepublik Deutschland. Wiesbaden 2007: http://www.bka.de/pks/pks2006/download/pks-jb_2006_bka.pdf

This crime statistics is the official record of the crimes committed in Germany within one

GERMANY

year . The criminal offence of credit brokerage fraud is recorded under reference number 5188.

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

Yes (X)

No

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

The German law does not include an exact ceiling, however, section 138 paragraph 2 of the Civil Code defines the conditions under which interest rates are considered immoral. The term used for this is „usurious interest“. This is the case when performance and counterperformance are out of proportion. Transactions of this kind are contrary to public policy. Nullity of the transaction is the legal consequence. A transaction is considered out of proportion if the performance is more than 100 % above market price, this is described as “limit of the double”. In legal practice the usury limit regarding interest rates is at 28-30%. During a phase of low interest rates already 18.6 % may be considered to be usury (BGH NJW-RR 90, 1199). According to the Criminal Code predatory lending is a criminal offence (section 291 paragraph 1 no. 2 Criminal Code)

Source:

- Bürgerliches Gesetzbuch (BGB: <http://bundesrecht.juris.de/bgb/index.htm> (as of 17.05.2005).
- Bassenge, Dr. Peter, Brudermüller, Prof. Dr. Gerd: Palandt, Bürgerliches Gesetzbuch. 65. Auflage. München 2006. S. 137 ff..
- Strafgesetzbuch (StGB). <http://bundesrecht.juris.de/stgb/index.html>. (as of 18.05.2007).
- Tröndle, Dr. Herbert und Fischer, Dr. Thomas: Strafgesetzbuch und Nebengesetze. 52. Auflage. München 2004. S. 1956 ff..

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

Yes (X)

No

Specify:

This rate ceiling is in the interest of consumer protection to protect consumers against “exploitation”. However, section 138 of the Civil Code has only limited importance in legal practice. Palandt, Bürgerliches Gesetzbuch. 65. Auflage. München 2006. S. 137 ff..

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

GERMANY

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

No

Specify:

Recording, storing, processing and deleting of personal data is regulated in detail in sections 27 to 35 of the Federal Data Protection Act (BDSG - Bundesdatenschutzgesetz). According to the law, data may only be stored as long as the storing purpose requires.

Source: Bundesdatenschutzgesetz (BDSG):

http://www.bfdi.bund.de/nn_531520/DE/GesetzeUndRechtsprechung/BDSG/BDSG__no_de.html__nn=true (as of 17.05.2007)

After repayment is completed loan data will be stored until the end of the third calendar year following completion of repayment. Sureties will be deleted directly after the

GERMANY

principal debt has been repaid, non-judgement debts below 1000 Euro already after one month. Data on current accounts and credit card accounts will be deleted immediately after closure. Customer accounts in the commercial sector as well as data in debtor registers of local courts, such as declarations in lieu of an oath or warrants for making the declaration in lieu of an oath, will be deleted after three years. Records on declarations in lieu of an oath may also be deleted earlier after the local court has been informed about settlement of debts (section 915, Code of Civil Procedure).

Source:

- Verbraucherzentrale Bremen: 15 Fragen und Antworten zur SCHUFA mit einem Musterbrief: „Wie wehre ich mich gegen falsche Einträge bei der SCHUFA“: http://www.verbraucherzentrale-bremen.de/beratung/verbraucherrecht/probleme_schufa.html#s8. (as of 18.05.2007).

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

Yes (X)

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:

In Germany there are mainly four companies : SCHUFA, CEG, BÜRCEL and InFoScore.

The SCHUFA has 384 million individual data about 63 million people at their disposal.

Source: www.schufa.de

The SCHUFA does not itself investigate data, it is the SCHUFA clients such as banks, commercial enterprises, telecommunications providers, insurances, etc. who provide data of their customers. For doing this customers' permission is necessary. Additionally, also public data such as debtor registers at local courts are collected without permission of those affected.

The SCHUFA subdivides their business partners into three categories :

A-contract partners (credit card companies, banks and leasing companies) receive information on positive and negative characteristics.

B-contract partners (non-banks : commerce, mail-order business, e-commerce, telecommunications and other businesses providing performances and services on credit) receive information on negative characteristics. Businesses such as insurance companies bringing evidence of a vested interest are supplied with information for risk control and customer care by the SCHUFA.

F-contract partners are collection agencies and receive address data of those people who had given prior permission that their data may be transferred to SCHUFA.

If a permission is available, the SCHUFA keeps, besides name, date of birth, present and former addresses, also data on entry in and conducting of business relations according to contract (“positive characteristics”) as well as data on behaviour contrary to contract and judicial enforcement proceedings (“negative characteristics”).

GERMANY

Source:

- SCHUFA: https://www.meineschufa.de/index.php?site=13_3&type=4#19 (17.05.2007)

The practice of CEG (Creditreform Experian) is similar to SCHUFA. It is a joint venture of the „Verband der Vereine Creditreform e.V.“ and the „Experian Deutschland GmbH“. BÜRGEL is not only a credit reference agency but also provides management of receivables if requested and disposes of a closed information pool regarding the telecommunications sector.

InFoScore Consumer DATA (ICD) works mainly with mail-order companies, insurances and telecommunications providers.

Source: Stiftung Integrationshilfe e.V. (Hrsg.): Schuldnerberatung in der Drogenhilfe. 1. Auflage 2006. S. 16f..

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

It is ensured by a law yes no (X)

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

It is implemented individually within some prime credit lenders yes no (X)

It is implemented individually within some alternative credit providers yes no (X)

It is not at all organized in my country yes (X) no

Specify:

Though there are discussions on responsible lending in Germany, there is no legal ground or codex on the part of providers.

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

In Germany a legislative approach does not exist in terms of a regulation with the wording “responsible lending”. But it exists in terms of consumer protection laws: usury, immorality and good faith.

Source: Report on the Survey von „Better access to financial services for people experiencing poverty and social exclusion”, not published, p. 25.

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

There is an inevitable connection: If inquiries on the creditworthiness of an individual person are made credit reference agencies will be asked for information, and in case of a negative credit history lending will be unlikely or conditions will become unfavourable respectively.

Q.4. Savings

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

Refer to point 1.1.2. of OP

GERMANY

yes

no (X)

If yes, what are the main barriers:

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

yes

no (X)

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

There is the possibility of purchasing federal securities (e. g. Federal Savings Notes, Federal Treasury financing paper and Federal Bonds) cost-free at the German Finance Agency (Federal Republic of Germany – Finance Agency) and to have them held by the German Finance Agency free of charge. They yield good interest and bear no risk.

Source: Finanzagentur: www.deutsche-finanzagentur.de

Additionally, savings banks - as local administrations units being subject to the laws of the respective Laender – are partly under the legal obligation to accept savings deposits: Section 2 paragraph 3 of the Savings Banks Act (SpkG) reads: „(3) The savings banks accept savings deposits in Euro from everyone. They may also accept savings deposits in foreign currency.“

Source: Sparkassengesetz Rheinland-Pfalz (SpkG):

http://rlp.juris.de/rlp/SparkG_RP_P2.htm

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

Bundesfinanzagentur: www.deutsche-finanzagentur.de

The Federal Republic of Germany itself provides investment opportunities in the form of Federal Savings Notes, Federal Bonds, Federal Treasury financing papers, etc.

Sparkassengesetz Rheinland-Pfalz (SpkG): http://rlp.juris.de/rlp/SparkG_RP_P2.htm.

GERMANY

Savings banks are administration unions(Zweckverbände) with municipalities being the responsible bodies, therefore their statutes are laid down in the laws of the respective Laender..

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?

13 % 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	14,4	% below ARPT
25-49	11,7	% below ARPT
50-64	12,8	% below ARPT
65+	14,9	% below ARPT

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

Females	14	% below ARPT
Males	12	% below ARPT

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

At work	4	% below ARPT
Unemployed	43	% below ARPT
Total inactive	14	% 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 (X)

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.

GERMANY

Backert, Wolfram (2001): Armutrisiko: Überschuldung, in: Barlösius, Eva/ Wolfgang Ludwig-Mayerhofer (Hrsg.): *Die Armut der Gesellschaft*. Leske+Budrich, Opladen, S. 243-261.

The sociological study focuses on over-indebted private households. According to the study, „over-indebtedness” brings along situations of actual poverty, a specific form of income poverty, in day-to-day life for most of the people affected. This form of income poverty can only partly be described by means of sociological poverty research.

Schulz-Nieswandt, Frank (Hg.) (2005): Expertise „Entwicklungspotenziale und Intervention in der Wohlverhaltensperiode“ im Auftrag des BMFSFJ. Köln. Entn.: <http://www.bmfsfj.de/RedaktionBMFSFJ/Abteilung2/Pdf-Anlagen/wohlverhaltensperiode.pdf>

Indebtedness as a dynamic process. The survey examines the question how people can overcome the precarious situation in a productive way once the risk of becoming over-indebted has come true with private households becoming insolvent.

SCHUFA Holding AG (2006): Schuldenkompass 2006. Empirische Indikatoren der privaten Ver- und Überschuldung in Deutschland. Besonders: Kapitel C. Entn.: http://www.schuldenkompass.de/downloads/sk06_gesamt.pdf

The *Schulden-Kompass* (literally : debt compass) investigates the current situation of private indebtedness and over-indebtedness in Germany. At the centre of the *Schulden-Kompass 2006* are changes of relevant indicators in the period from 2003 to 2005 and the newly developed index of private indebtedness (*Privatverschuldungsindex (PVI)*). The PVI helps to illustrate the development of critical signs regarding private indebtedness in Germany and how they develop per region. It becomes visible that the least percentage of people showing at least one negative sign and the highest rate of private indebtedness live in Bavaria, whereas the highest percentage live in Berlin.

The analyses in **chapter C** confirm the important role of social backgrounds for the problem of over-indebtedness. Personality factors (the Big Five concept - Neuroticism, Extraversion, Openness to Experience, Agreeableness and Conscientiousness – was applied here) are less important in explaining indebtedness. The feeling of one’s own life being controlled by others is a far more helpful contribution to explaining indebtedness.

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 (X)

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,...)

GERMANY

Literature:

Ansen, Harald (2006) : Soziale Beratung bei Armut. Ernst Reinhardt : München.
The publication comprises a chapter on poverty from the perspective of social counselling (“Armut aus der Perspektive der Sozialen Beratung“) dealing briefly with income poverty and its consequences with respect to social counselling.

Backert, Wolfram (2003) : Leben im modernen Schuldturm. Überschuldung von Privathaushalten und soziale Milieus in den alten und neuen Bundesländern. Eine qualitative Fallstudie. Peter Lang Verlag: Frankfurt usw.

The qualitative study analyses the relation between over-indebtedness of private households and social environments in the old and new Laender . Findings are that over-indebtedness of private households is subject to a wider social-structural dispersal than it has been assumed so far on the basis of existing research on the issue. The way of life followed before the actual financial break-down continues to determine organisation and management of day-to-day life. Depending on the environment people live in, the situation of over-indebtedness involves different difficulties and possible exclusion problems.

Bundesarbeitsgemeinschaft Schuldnerberatung e.V. (BAG-SB) (1988) : Armut und Verschuldung. Dokumentation des Symposiums. Eigenverlag der Bundesarbeitsgemeinschaft Schuldnerberatung e.V., Kassel.

The symposium takes the apprehension as a starting point that the way social work reacts to the increasing indebtedness of a growing part of the population as well as the organisation and concept of debt counselling result in the individualisation of this predominantly social problem. In this context lectures on various issues, such as homelessness, women, etc., have been given.

Bundesministerium für Arbeit und Soziales (2003): Strategien zur Stärkung der sozialen Integration. Nationaler Aktionsplan für Deutschland zur Bekämpfung von Armut und sozialer Ausgrenzung 2003-2005.

<http://www.bmas.bund.de/BMAS/Redaktion/Pdf/Publikationen/nationaler-aktionsplan-2003-2005,property=pdf,bereich=bmas,sprache=de,rwb=true.pdf>

and

Bundesrepublik Deutschland (2001): Nationaler Aktionsplan für Deutschland zur Bekämpfung von Armut und sozialer Ausgrenzung 2001-2003.

<http://www.bmas.bund.de/BMAS/Redaktion/Pdf/Publikationen/nationaler-aktionsplan-2001-2003,property=pdf,bereich=bmas,sprache=de,rwb=true.pdf>

These are no empirical studies in a strict sense, however, in the national action plans 2001-2003 and 2003-2005 the causal relation between financial and social exclusion was given special emphasis. Political goals such as the extension of the network of debt advice centres in Germany were established.

Bundesministerium für Arbeit und Soziales (2005): Lebenslagen in Deutschland. Der 2. Armuts- und Reichtumsbericht der Bundesregierung

<http://www.bmas.bund.de/BMAS/Redaktion/Pdf/Lebenslagen-in-Deutschland-De->

GERMANY

[821,property=pdf,bereich=bmas,sprache=de,rwb=true.pdf](#)

Also this report does not represent a complete empirical study on the topic, however, one chapter is explicitly dedicated to the link between over-indebtedness and poverty/social exclusion. According to the report, the main triggers for passing from indebtedness to over-indebtedness are unemployment, continued low-income, separation or divorce, and failed self-employment. In this context the introduction of consumer insolvency proceedings is considered to have been a positive step.

Evers&Jung (2005): Migranten und Finanzdienstleistungen.

http://www.eversjung.de/Download/Migranten_und_FDL_BMVEL_2005.pdf

Subject of the study is the question whether migrants have more problems regarding the provision of financial services than other populations groups. Here discrimination is understood as exclusion. At least 7.3 million foreign nationals are currently living in Germany. With almost two million people, the Turkish population count for far the biggest part. The investment, credit, and insurance decisions taken by this population group represent a considerable business volume. However, the environment in which these decisions take place has hardly been investigated. An empirical study by Evers&Jung shows the – partly surprising – result that discrimination of Turkish fellow citizens by financial service providers cannot be observed in Germany. However, the financial products offered often do not meet the specific demand of the target group.

Hirsland, Andreas (1999): [Schulden in der Konsumgesellschaft: eine soziologische Analyse.](#) Amsterdam : G + B Verl. Fakultas.

The analysis focuses on the individual importance of debts in a rich and modern country, a consumer society like Germany. One of the results is that many over-indebted people face the same fate like unemployed, homeless, and poor people. The character of debts as a social scandal, the abolishment of which would be the task of the “citizen within the consumer” (Baumann), is about to disappear. Excluded people have no say within the consumer and event society due to lack of solvency.

Hübinger, Werner (1996): [Prekärer Wohlstand: neue Befunde zu Armut und sozialer Ungleichheit.](#) Freiburg im Breisgau: Lambertus.

In Germany income poverty has increased considerably, especially in the context of growing unemployment rates. In the course of his research, the author comes to the conclusion that the ascents from poverty reported in various studies mostly just reach as far as to the lower end of the wealth scale. Moreover, at close range of poverty (limits) the situation of people affected differs only insignificantly from those affected by income poverty, which means that these risk groups are especially exposed to repeated descent into income poverty (“consistency paradigm”). Findings prove that society is still subject to a rigid system of social inequality and that there is little justification for exercising socio-political abstinence in this field. In this context the study briefly touches on the connection between income poverty, over-indebtedness, and restrictions in different areas of life.

KorczaK, Dieter (1997): [Marktverhalten, Verschuldung und Überschuldung privater Haushalte in den neuen Bundesländern.](#) Hrsg. vom Bundesministerium für Familie,

GERMANY

Senioren, Frauen und Jugend, Stuttgart, Berlin, Köln.

The objective of this research was to provide a general overview on the situation of debt and over-indebtedness in the new Laender in comparison to the old Laender. Also the advice debtors receive in the new Laender was investigated to arrive at a conclusion. Moreover, the East German population was to be analysed regarding their response to the offered range of loans and consumer goods. Findings: The market behaviour of private households in East Germany shows that they have satisfied their consumptive catch-up demand and that they have altogether behaved in a very controlled way within the system of market economy. The possibilities of exclusion are partly touched on in the study.

Krebs, Wolfgang (2001): Verschuldung im Arbeitsfeld Straßensozialarbeit in Hamburg
www.bundesarbeitsgemeinschaft-streetwork-mobile-jugendarbeit.de/homepage/material/verschuldung.doc

Small study on the link between street work clients and the question whether they are over-indebted.

Kuhlemann, Astrid (2006): Wirksamkeit von Schuldnerberatung. Teil I. Empirische Untersuchung zur Evaluation. Verlag Dr. Kovac: Hamburg.

At the centre is the development of a structured evaluation model for debt advice from the perspective of different interest groups in order to achieve a comparability of effects on different levels. Furthermore, an analysis of what debts and over-indebtedness mean in connection with social exclusion is discussed as a basis.

Martens, Rudolf (2006): Schuldnerberatung vs. Armutsberatung. Die wirtschafts- und sozialpolitische Entwicklung seit den 90er Jahren. Lecture given on the 9. Symposium of the Debt and Insolvency advice services of Rhineland-Palatinate “Debt advice in Rhineland-Palatinate – Options for the future” on the 28. of November 2006 in Mainz-Budenheim. (grey Literature)

Numbers in the context to poverty and overindebtedness are presented. In a second step possible coherences between poverty and overindebtedness are pointed out. As a result Rudolf indicates that the trigger unemployment and long-term unemployment respectively play a mayor role in the context of overindebtedness. Because of this result the author links the former separated discussions about overindebtedness, poverty and Hartz IV. Obviously there are clear interferences between these areas. Parallel to the relative backwardness of the lower income classes as well as the rising unemployment – and therefore also poverty – the overindebtedness increases. The geographic models of the diffusion of overindebtedness and SGB II-receipt and being effected by poverty respectively are widely consistent. Debt counselling and poverty counselling therefore have to work closely.

Meilwes, Michael (1996): Konsumentenkredit - soziale Ausgrenzung – Schuldnerberatung Hemmingen : Verl. Sozialwiss. Studienges.

The study examines the connection between consumer credits, the resulting social exclusion and the final need for help from debt advice centres. The author comes to the conclusion that all biographies of over-indebtedness follow individual patterns. Each of these biographies hides an individual story which is often determined by a chain of misinterpretations by the debtor. But over-indebtedness is predominantly a social

GERMANY

problem. Capitalist economy is virtually founded on a general credit mentality. Private consumer borrowing was socially prepared.

Ministerium für Arbeit, Soziales und Gesundheit des Landes Rheinland-Pfalz (1998): Armut in Rheinland-Pfalz. Bericht 1998. Mainz.

The report includes not only a description of poverty and of life situations of disadvantaged groups, but it is above all a description of the precautions by the social state against poverty. It describes the social reality in Rhineland-Palatinate and of the implemented measures to deal with poverty. One result is that overindebtedness became a mass problem. In the context of the process of debt settlement (implemented in 1.1.1999) the debt counselling services are still gonna have to play a role. It is settled that the state is gonna support a sufficient offer of adequate services.

Piorkowsky, Michael-Burkhard (2001): Sozioökonomische Stabilisierung und Armutsprävention durch Stärkung von Haushalts- und Familienkompetenzen - Erfahrungen aus Bundes- und Landesmodellen. Vortrag gehalten auf der Jahresfachtagung der BAG Schuldnerberatung (BAG-SB) am 29.03.2001 in Kassel. (graue Literatur)

The author gives an insight in two different models of the prevention of poverty (preventive income and budget advice; prevention of poverty by strengthen the competence of managing a household). The aim of the models is the prevention of overindebtedness and poverty. The approach includes the conveying of central competences in finance and economic management. The project functions as an addition to consumer counselling, debt counselling and social work. The evaluation of both project shows that both are practicable further on, because both are successful.

Piorkowsky, Michael-Burkhard (2001): Armutsprävention durch Bildung für Haushalt und Familie. Vortrag gehalten auf der Festveranstaltung zum 15-jährigen Bestehen der Zentralen Schuldnerberatung Bonn am 24. August 2001 (graue Literatur)

First there are stated the sources of overindebtedness and poverty processes like the loss of a partner, being single parent or being unemployed. Afterwards measures for prevention and aftercare by the social state are presented. As a result it is shown that until now the strengthening of competences for the management of household and family was widely neglected. For this reason the author presents projects which emphasis on these areas. The evaluations of the projects suggest that the previous experiences are encouraging. In lots of cases the general disposition to education and the chances of income even rose.

Plechinger, Kathrin (1995): Die Ver- und Überschuldung Jugendlicher betrachtet im sozio-ökonomischen Kontext. Asgard-Verlag Dr. Werner Hippe KG: St. Augustin.

The socio-cultural communication of young people did not stop at the field of consumption. The market reacts to this development with a variety of goods and also the banking industry has discovered the youth. Consequently, social work should not be limited to providing debt advice but should also influence consumer behaviour through primary prevention activities before indebtedness actually occurs. In the context of exclusion, unemployment and debts are briefly discussed.

Prognos (2006) (Hrsg.): Endbericht im Projekt "Frauen und Finanzdienstleistungen". Projektnr. 05HS008. Auftraggeber: Bundesanstalt für Ernährung und Landwirtschaft. This study examines the issue of tailor-made financial advice for women. Eight questions are discussed, like for instance how women's special needs for financial services look like, or whether existing financial services products meet these special needs, etc. The question of financial exclusion is also discussed, but with respect to whether women are especially discriminated when it comes to lending.

Reifner, Udo (1992): Soziales Banking und neue Armut – für einen neuen Ansatz in Recht und Wirtschaft, in: Reifner, Udo/ Claus Reis: Überschuldung und Hilfen für überschuldete Haushalte in Europa. Eigenverlag des Deutschen Vereins für öffentliche und private Fürsorge: Frankfurt, S. 173-200.

New poverty is a challenge for the private sector in market economies, since general political and economic doctrines demand the state's withdrawal from social injuries. Market economy creates poverty in an increasing dimension while on the other hand it creates productivity and wealth this development is not necessary inevitable. The banking and money systems seem to be the focus of the economic development. It must also be the focus of social policy. Bank customers could play an ace to the development of a more social economy that will be able to cope with new phenomena like poverty and social discrimination.

Reifner, Udo (2002): Zur gesellschaftlichen Funktion der Schuldnerberatung. Schuldnerberatung zwischen Ghettowirtschaft und Reintegration. Vortrag zur Fachtagung des Ministeriums für Arbeit, Soziales, Familie und Gesundheit des Landes Rheinland-Pfalz in Mainz am 14.11.2002;

http://www.sfz-mainz.de/seiten/sbintern/protokollsammlung/fachtagung/SB_GesFunktionMainz2002.pdf

The lecture focuses on poverty caused by over-indebtedness as a public problem and the role of debt advice centres in fighting poverty and social exclusion.

Reifner, Udo / Michael Knobloch/Wilfried Laatz/Matthias Cantow (2007): iff Überschuldungsreport 2007. Private Überschuldung in Deutschland. <http://news.iff-hh.de/media.php?t=media&f=file&id=2385>

The iff report on over-indebtedness (*iff-Überschuldungsreport*) provides information about people and households in Germany affected by over-indebtedness. The report is based on data about approx. 3,000 individuals who due to their private over-indebtedness situation turned to a debt advice centre in 2005/2006. Findings are that low-income households are affected by over-indebtedness above average as well as by unemployment and other critical life events.

Reiter, Gerhard (1991): Kritische Lebensereignisse und Verschuldungskarrieren von Verbrauchern. Berlin: Dunckert und Humblot.

The study attempts to close the gap in theories on the topic of „consumer indebtedness” under a theoretical point of view. The empirical objective is to trace the sequence of financial crises in individual case analyses. Regarding the practical area, counselling

GERMANY

offers provided by debt advice and conflict advice centres are evaluated. The social dimensions of unemployment and poverty are given emphasis with respect to indebtedness. Findings are that consumer indebtedness is mostly linked to the coincidence of crisis situations in life.

Richter, Antje (2002): Armut, Gesundheitsrisiken und Verschuldung, in: Psychiatrisches Zentrum Nordbaden: Verschuldung und psychische Gesundheit. Schulden machen krank – und Krankheit kann Schulden zur Folge haben. Tagungsband. Fachtagung 8. und 9. März 2002, o.V.: o.O., S. 28-40.

The conference texts describe the unequal health situation of socially disadvantaged children and youth as well as the psychosomatic diseases causes of which are linked to existential concerns through economic problems. Findings are that it is absolutely essential to further explore these relations both practically and academically and to test new models of cooperation.

Schlabs, Susanne (2007): Schuldnerinnen – eine biografische Untersuchung. Ein Beitrag zur Überschuldungsforschung. Verlag Barbara Budrich: Opladen und Farmington Hills.

The study uses biography research to work out structuring life events and patterns of action which can be identified as (latent) starting points of individual crisis developments. Biographies are investigated from the perspective of over-indebted women. Also the relation between gender and debts in the context of social inequality is briefly discussed (Kap. 1.1.2). One of the findings is that the social component of over-indebtedness should not be left out in counselling (any longer) as otherwise more social problems will develop and consolidate in the long run.

Schwarze, Uwe (1999): Schuldnerkarrieren: Institutionelle Problembearbeitung zwischen Sozialberatung und Finanzmanagement. Ergebnisse einer empirischen Analyse zu Wegen aus Armut und privater Überschuldung. Arbeitspapier Nr. 55. Juli 1999. Sonderforschungsbereich 186 der Universität Bremen.

<http://www.sfb186.uni-bremen.de/download/paper55.pdf>

Receiving social assistance over a longer period of time often brings along the accumulation of other problems. One of these accumulating problems is over-indebtedness. The paper summarizes 17 problem-focused interviews with over-indebted individuals and applies them to the practice of debt counselling as a relatively new field of social work. A typology of debtor careers is worked out and allows the conclusion that there are structurally different types of debtor careers which can clearly be identified. These are: Debtor assistance in chronic debtor careers – counselling paradox, debtor assistance in critical debtor careers and debtor assistance in stabilized or solved debtor careers – start-off aids

Verbraucherzentrale Bundesverband/Deutscher Caritasverband/Deutsches Rotes Kreuz/Diakonisches Werk der EKD (2006): Schuldenreport 2006.

The number of over-indebted private households has more than doubled since the first *Schuldenreport* was published in 1993. At present every twelfth household is considered to be over-indebted, about 3.13 million households in total. These households are no longer able to fulfil their financial commitments. The high rate of over-indebted

GERMANY

households is predominantly related to the long-lasting mass unemployment. Other decisive factors are critical life events such separation of partners or failed self-employment. Permanent low-income is a further contributory factor to over-indebtedness.

Research projects currently underway :

Soziale Netzwerke und die Bewältigung von Armut/Schulden unter Bedingungen der Migration.

Projektleitung : Prof. Dr. C. Schweppe, Johannes Gutenberg Universität Mainz

In Germany, the life situations of people with migration backgrounds are characterized by disproportionately tight financial resources. The mechanisms developed by migrants to cope with the resulting problems have not been a desideratum to social science research to date. Therefore the project turns to examining strategies and patterns used by people with a migration background to cope with poverty and debts. In doing so special attention is given to analysing social networks. They are to be examined with respect to their availability, composition, and their contribution in the context of coping with poverty and debts. In theory the project is based on agency-concepts considering poor and indebted people to be agents who actively organise and manage their life situations.

ASG-Studie. Armut, Schulden und Gesundheit

Projektleitung : Prof. Dr. Böhler, Prof Dr. Letzel, Johannes Gutenberg Universität Mainz

The study focuses on the collection of quantitative data about the health and life situation of over-indebted private individuals. The objective is to demonstrate the problem situation of those affected on an economic, social and health level. Described is also the need for assistance provided by debt advice centres and other institutions. Measures are to be developed to enable especially people with financial problems to obtain optimal health care.

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 (X)

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***)

Arbeitsgemeinschaft Schuldnerberatung der Verbände (AG SBV): Recht auf ein Girokonto und Erhalt von Girokonten. Köln, April 2004.

Deutscher Bundestag: Bericht der Bundesregierung zur Umsetzung der Empfehlung des

GERMANY

zentralen Kreditausschusses zum Girokonto für jedermann. 14.07.2006.

Reifner, U.: Gleicher Zugang zum Girokonto. Schriftliche Stellungnahme zum Expertenhearing des Finanzausschusses des deutschen Bundestages am 29. November 2006. „Girokonto für jedermann“. Hamburg, 2006. <http://news.iff-hh.de/media.php?t=media&f=file&id=2311>

Neither the German banking industry nor other sources provide reliable figures regarding the total number of citizens without access to a current account.

a) The Arbeitsgemeinschaft Schuldnerberatung der Verbände AG SBV (working group on debt counselling of the associations) estimates the number of affected private households at least at 500,000. These estimates are based on surveys carried out between 2004 and 2006. (Deutscher Bundestag, 2006, p. 9).

b) In a statement on the subject of an “Everyman current account” published in 2006, Prof. Dr. Udo Reifner (IFF) refers to an evaluation of data provided by debt agencies regarding “over-indebted households lacking a current account”. (see chart)

According to Reifner, an extrapolation taking into account every over-indebted person would result in about 800,000 over-indebted people without a current account.

c) Due to insufficient cooperation of the German banking industry (Deutscher Bundestag 2006) information on the number of people affected has to be obtained in an indirect way. According to the Agentur für Arbeit, 104,605 people receiving unemployment assistance, i. e. about 2.5 %, had no current account in 2003. (AG SBV, 2004). A survey carried out in 2004 by the AG SBV came to the result that in 75 % of all cases banks explained their refusal to open a bank account either exclusively or mainly by negative SCHUFA records and in 57 % of all account cancellations by account garnishments through third parties. (AG SBV, 2004).

For Ireland, Spain and UK please comment points 2.2.1., 2.2.2., 2.2.3. or 2.2.4. of O.P. regarding national surveys and name and describe other existing surveys.

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

GERMANY

in your country?

No

Yes (X)

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*)

Statistisches Bundesamt: Einkommens- und Verbraucherstichprobe. Wiesbaden 2005.
www.destatis.de

The Statistische Bundesamt (Federal Statistical Office of Germany) carries out an income sample and a consumer sample (quota sample) in the form of an official statistics on living conditions of private households in Germany, comprising all social groups. According to this survey, 9.7 % of the asked households were without financial assets in 2003. (1998: 7.7%; 1993: 3.0%).

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*)

No (X)

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 (X)

A comprehensive study, taking into account all three fields regarded here, does not exist.

There is one study based on a telephone survey investigating into the issue of Turkish speaking migrants and financial services, especially examining the use of savings account, current account, EC card, credit card, securities depot and online banking. According to this study 92 % of the people interviewed have a current account and 76 % an EC card. The services are less often used by Turkish speaking migrants than by the

GERMANY

total population. With respect to households lacking a current account this distance grows with diminishing income. However, there are no data regarding the question which percentage has to be considered „unbanked“

Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz: Migranten und Finanzdienstleistungen. 2006.

http://www.bmelv.de/cln_045/nn_752314/SharedDocs/downloads/02-Verbraucherschutz/Finanzdienstleistungen/MigrantenFinanzdienstleistungen.html

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 (X)

Similar to the question of how many people actually do not have a current account, also the question of which population groups are affected has not yet been examined statistically.

One group especially affected are over-indebted people. According to the IFF (2006), about 20.6 % of over-indebted people do not have an own current account.

Reifner, U.: Gleicher Zugang zum Girokonto. Schriftliche Stellungnahme zum Expertenhearing des Finanzausschusses des deutschen Bundestages am 29. November 2006. „Girokonto für jedermann“. Hamburg, 2006. <http://news.iff-hh.de/media.php?t=media&f=file&id=2311>

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**)

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

No (X)

Yes

Q.9.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly

GERMANY

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

Yes (X)

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

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 (X)

Yes

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

In Germany there is no survey known to us that goes into this matter in such a detailed way.

GERMANY

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

No (X)

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.

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*

2. *Add full details of data source(s) for our bibliography under Q 12, Q13, Q14.*

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

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*

GERMANY

➤ *If not, fill in ANNEX 2 (enclosed to this questionnaire) with all relevant information and comments*

2. *Add full details of data source(s) for our bibliography below under Q. 15., Q.16., Q.17.*

Q.15.Policy measures

Q.16.Government as a facilitator

1) Access to „Saving“: Riesterrente

To cushion the reduction of the legal benefit level the federal government introduced in the year 2002 the Riesterrente, with which it supports the private retirement-provision. The saver chooses between different forms of investment. A support of the state exists in the form of bonuses or tax advantage, which is orientated on the family situation of the saver. Legitimate for the support are persons, who pay into the legal pension insurance. The amount of the support depends on which percentage of the sozialversicherungspflichtigen brutto-income of the recent year was used. This form of retirement-provision can also and especially respectively be interesting for persons with a low-income and demonstrates therefore a measure which supports the saving for the retirement-provision.

Consumer´s Central of the Federal Association e.V. www.vorsorgedurchblick.de

2) Zugang zu Sparen: vermögenswirksame Leistungen

The saving of the population shall also be supported by asset-creation offers. Employees conclude a saving plan and they have the chance to get supported by the employer or the state. From a support by the state in the form of a employee´s saving bonus those people can profit who choose a building saving agreement, an equity fund or the liquidation of a building saving credit and who stay below a determined income-limit. Thus especially low-income entrants can have a benefit from the support by the state and eventually a benefit by the employee. It is however questionable if this really supports an access to financial services. The consumer´s centrals for example often call attention to the fact, that only less than 50 % of the claimants really use the possible benefit by their employees.

Stiftung Warentest: http://www.stiftung-warentest.de/online/geldanlage_banken/special/1385473/1385473.html [as of 18.05.2007]

3) Bundesministerium für Familie, Senioren, Frauen und Jugend

www.meine-schulden.de

The internet offer gives the consulters the first information of how to handle their debt problem. It consists of an information part, a service part and an adviser part. In the information part the consulters are systematically led through the regulations related to

GERMANY

the topic “debt relief”. The process of debt regulation and of the consumer’s insolvency is as well illustrated as the lots of practical details about what creditors are allowed to do and what they are not allowed to do. Do the concerned persons have a concrete question, they can search for an answer at the website. There typical questions from the debt advice are answered and tips about the handling of debts are listed. In the service you can find several model letters as well as a search machine for the nearest debt counselling service. The guidebook was developed by the Federal Association of Debt Advice together with the Federal Ministry for Family Affairs. (www.sfz-mainz.de) The internet offer gives among other things also model letters for the application of a saving account for everyone and the contact details of the arbitration and complaining boards of the credit institutes.

4) Finanzielle Bildung als Prävention von finanziellem Ausschluss

The rational usage of a (saving) account, with insurance, with investment and saving form, with credits and private retirement-provision becomes a “key for the participation on the private economy” (Reifner 2003, S. 16). Financial education means in contrast to just a knowledge transfer in the sense of “financial literacy” not the streamlined adaptation of the consumers on the necessity of the provider of financial service. Financial education targets much more the emancipation in the sense of a responsible, critical and rational consume and usage of financial services. Financial education contributes therefore in different forms to the prevention of financial exclusion. Financial education targets as a primary and secondary prevention the avoiding of overindebtedness, which again is an important source of financial exclusion. Furthermore informs an financial education oriented on emancipation about rights and contributes therefore to enable concerned persons to defend themselves. Thirdly financial education is orientated on a productive, rational usage of credits and can by that counteract against a self exclusion by virtue of missing knowledge and experience related to the usage of financial services. However against the background of a missing legal general framework and a growing intransparency, exactly these chances have to be questioned to avoid an individualisation of structural problems.

In Germany financial education is no inherent part of the school education. If it is a subject in school it is mostly considered from an economic point of view. Again and again there are by the Federation, the states or the communes supported projects to prevent debts or overindebtedness. Mostly however in the form of a project and therefore few sustainable.

Example: Financial literacy to prevent poverty (Institut für Finanzdienstleistungen 2003-2004)

The IFF developed by the support of the Federal Ministry of Family Affairs, Seniors, Women and Youth concepts of financial literacy, which are targeted on a productive usage of financial services. In this context they developed for example learning-modules for the strengthening of skills and abilities of persons in a financial crises. The modules are orientated on a productive and informed usage of financial services. (www.finanzielle-allgemeinbildung.de)

Example: Financial fit – a learning opportunity for young people

GERMANY

(Expert Debt Advice Center Mainz 2005-2006)

The aim of the project “financial fit” was the integration of offers for financial education in the qualification and integration measures as well as job opportunities for unemployed young people under twenty-five. The project was supported by the Federal Ministry for Labour, Social Affairs, Health, Family and Women Rhineland-Palatinate. “financial fit” was an offer for the secondary prevention of overindebtedness, which was set on a time when the participants of the program were in an at least potential financial crisis and therefore had a corresponding need of knowledge. In the context of the project in the year 2005/ 2006 material for the prevention work was developed and trainings for unemployed young people and multiplier were accomplished. The aim was, the improvement of the financial planning competence, the financial education and the competence for crisis management of the young adults.█

5) Verbraucherzentralen

The consumer’s centrals represent the interests of the consumers in front of politics, economy and the public. They offer advice for the consumer’s questions and help in the case of legal problems. They are organisations which are independent from the providers and mostly publicity financed and which consult the consumers in issues concerning the private consume. A focal point is put on the individual advice, for example concerning the issues “insurance”, construction financing, forms of investment etc. Besides the consumer’s centrals administrate the prevention of consumer protection for the commonality, for example by cooperation with schools, the information by the media, exhibition etc.

www.vzbv.de

6) How can the internet contribute to the reduction of financial exclusion?

The internet provides new opportunities for disadvantaged members of society to get access to financial services or products. A broad range of information on individual financial offers are accessible. These are not only published by respective providers in the form of online advertising but also numerous institutions and private individuals provide consumer information on comparisons and valuations on the internet, most of them free of charge.

Internet offers regarding targeted financial education go one step further. These are often provided in the form of advisor manuals or interactive question-and-answer forms and offer new sites of learning to interested consumers who want to acquire financial competencies. Knowledge in budgeting or consumer law can be imparted here in a low-threshold way.

As the internet is a meeting point for people with same interests or questions it can support an exchange between consumers through discussion forums and can often even offer concrete assistance with questions about access to financial services. In such virtual “communities” problems and solutions of other consumers may be read or own experienced problems put forward, and new solidary networks can develop.

GERMANY

Often financial exclusion is also caused by the fact that many people are hardly able to visit the next bank branch. To these people online-banking can provide the possibility to take part in economic activities, for instance for people with limited mobility because of not being able to walk properly or because of unfavourable working hours.

The number of internet users in Germany has been constantly increasing in recent years. In the first quarter of 2007 61 % of all Germans above the age of 14 were surfing the internet on a regular basis (cf.: Forschungsgruppe Wahlen

http://www.forschungsgruppe.de/Aktuelles/web_I_07_1.pdf, page 1 [23.04.2007])

According to the (N)onliner-Atlas 2006 published by Infratest, the group of low-income earners with a monthly net household income below 1,000 Euro has reached an onliner-percentage of 37.8 . Within the group of the unemployed 51.7 percent use the internet on a regular basis (cf.: TNS Infratest http://www.nonliner-atlas.de/pdf/dl_NONLINER-Atlas2006.pdf, page 15 [01.08.2006]) with the issue of money playing an important role in using the internet. In the first quarter of 2007 as much as 52 % of Germans did their banking online, 34 % went online to find information on different insurance offers, and 79 % used the internet for price comparisons. (cf.: Forschungsgruppe Wahlen http://www.forschungsgruppe.de/Aktuelles/web_I_07_1.pdf, page 2 [23.04.2007])

6.1. What internet offers are provided in Germany in order to reduce financial exclusion?

6.1.1 Internet offers provided by the government and governmental promotion and support of internet offers

At present no internet offers explicitly aiming at the prevention of financial exclusion are provided by the German government.

An example for governmental promotion and support of respective internet projects is the knock-off-financing of the debt advice site www.meine-schulden.de run by the “Bundesarbeitsgemeinschaft Schuldnerberatung” (see section 6.1.3.3). The consumer protection organisation “Stiftung Warentest” is partly also funded by the government.

6.1.2 Internet offers of the banking industry – finance sector

Germany’s banks and savings banks provide a wide range of information on their financial products via their websites. However, most of it is advertising.

Besides, many banks and savings banks use the internet to provide contact possibilities via email or web-based contact forms. Banks do not provide support in the form of chat-rooms or discussion forums. Some banks offer interactive calculation services, the Hamburger Sparkasse for instance provides the calculator „Musterkalkulation auf dem Weg zur Wunschimmobilie“ (sample calculation for your ideal property)

(<http://www.haspa.de/Haspa/Privatkunden/AngeboteFuerPrivatkunden/EigenheimUndImmobilie/Online-Beratung/Online-Beratung.html>), then there is the „Bausparrechner“ of the LBS (<http://www.lbs-bausparrechner.de>), an online asset consultant of the Sparkasse Rhein-Neckar-Nord (<http://www.sparkasse-rhein-neckar-nord.de/bc064426678ee06d/index.htm>) and another asset consultant

GERMANY

(<http://www.naspa.de/onlineberatung.html>) provided by the NASPA. However, at the time being these offers cannot yet replace direct consulting by a bank clerk but can only provide first clues for the further decision process.

The Sparkasse Erlangen has made first attempts to provide consulting via avatars (Avatars are artificial individuals or graphic representatives of a real individual in the virtual world of the internet) on their website (<http://www.sparkasse-erlangen.de/>). However, the practical benefit for the internet user is still quite limited due to immature programming.

On their websites none of the big banks explicitly mentions the possibility of opening basic bank accounts. However, the Ethikbank www.ethikbank.de, a branch of the Volksbank Eisenberg eG, offers the so-called „Mikrokonto“ especially to debtors involved in insolvency procedures or who have successfully achieved an out-of-court agreement. (See also Q. 2.). The account allows participation in online banking against a fee of 7.50 Euro per month. However, according to the Ethikbank the account may be closed any time in case of going overdraft, return debit notes or garnishments (<http://www.ethikbank.de/index.html?/inhalt/privatkunden/produkte/mikrokonto/lebenohnegirokonto.htm>). Furthermore, also this bank makes inquiries at the German credit control association Schufa (Schutzgemeinschaft für allgemeine Kreditsicherung).

„Private Lending“ is a new lending model without direct participation of banks that is currently being started in Germany. Such credit brokerage services try to bring together private lenders and private borrowers via the internet. An example is the offer of the company Smava www.smava.de. However, in Germany a banking license is required and therefore Smava has to cooperate with a German bank (the deutsche Bank für Investments und Wertpapiere AG (BIW) located in Willich) in the background. The bank awards the credits chosen by the borrowers and sells them without extra charge. The bank carries out a credit rating before applicants will be allowed to present their credit inquiry on the Smava webpages. Credit applicants will only be given access to the platform if their financial background meets the requirements and if there are no Schufa records like for instance late payments. Due to the bank acting in the background Smava works within the legal context of the German banking law and therefore provides basic protection to both private lenders and private borrowers. However, for exactly the same reason this model prevents groups of financially excluded individuals with negative Schufa records from being granted credits. Consequently it is hardly suitable to contribute to the participation of these people in the German finance industry.

The consulting service of the “Sparkassen-Finanzgruppe” within the “Deutscher Sparkassen- und Giroverband Geld und Haushalt” occupies a special position within the German banking industry. The service aims at supporting consumers through the provision of cost-free offers round the issues of household and finances. This is to achieve sustainable improvements of economic competencies and financial elbowroom of people in Germany. The website at www.geldundhaushalt.de offers consumers a wide range of information on dealing with money including a detailed Online Budget Analysis. The system allows people to feed current income and expenses to produce a quite

GERMANY

extensive evaluation of the personal data, comprising about 15 pages. On the one hand, the comparison with average figures from existing statistical surveys is rather useful. This way people can recognize quickly if individual income or expense entries are significantly below or above average and might be spurred to have a closer look. On the other hand personal data are compared to a “required state” defined by the provider, which may for instance point to a lack of certain insurances or to individual pension plans having been considered insufficiently so far.

The budget analysis cannot replace individual household advice but it provides a low-threshold and cost-free opportunity to obtain pointers and ideas for the individual financial behaviour via the internet.

6.1.3 Internet offers by not-for-profit organisations

It is especially non-governmental and non-commercial institutions and initiatives that provide useful internet offers for financial education.

6.1.3.1 Example: Stiftung Warentest

www.stiftung-warentest.de

The Stiftung Warentest is a German consumer protection organisation testing and comparing goods and services from various suppliers and claiming to be independent. Their activities include numerous comparison tests in the field of finances, for instance evaluation of different credit, insurance, and pension scheme offers by the finance industry. Additionally they inform and educate consumers with respect to economical housekeeping.

Due to the fact that they are financially independent from the market economy and due to their sound research the Stiftung Warentest enjoys high confidence among consumers in Germany. Therefore, many companies use the “Stiftung Warentest” test results of their products in their advertisements. Apart from their monthly magazine the Stiftung Warentest offers a unique collection of test results and information on their website. However, using the information has partly to be paid for.

6.1.3.2 Example: Verein Forum-Schuldnerberatung e.V.

www.forum-schuldnerberatung.de

The non-profit association “Forum Schuldnerberatung“ originated from a private association of several debt advisors and is currently the most comprehensive information and exchange platform in German speaking countries addressing the topic of “Dealing with debts”. The consulting area of the website gives information and tips on how to obtain a basic bank account. At the centre of the internet offer are several discussion forums allowing over-indebted people to exchange their experiences in dealing with money problems. On the website there is also an official list of all debt advice centres in Germany, which is funded by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. First attempts to set-up chat-office hours of debt advisors for advice

GERMANY

seekers are currently underway.

By means of a virtual self-help group the forum offers individual tips and advice to many people who are affected by financial exclusion to help them cope with their financial problems. It is an example for the provision of a successful and frequently used support offer via the internet. However, due to lack of financial support professional guidance of advice seekers is only possible through voluntary work of the association members. It is therefore quite limited.

6.1.3.3 Example: Bundesarbeitsgemeinschaft Schuldnerberatung e.V.

www.meine-schulden.de

The umbrella organisation of German debt advisors, the “Bundesarbeitsgemeinschaft Schuldnerberatung”, has worked out a detailed online-guidebook for dealing with debts, financially supported by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth. Beside an information and service section the site provides a special consulting area including frequently asked questions selected from debt advice experience and the corresponding answers given by a specialist team. Amongst others, there are information and tips on how to obtain a basic bank account, on budgeting, etc.

The cooperation of the “Bundesarbeitsgemeinschaft Schuldnerberatung”, the Federal Ministry for Family Affairs, and numerous debt advice experts has resulted in this high-quality information offer on problems in dealing with money and debts. Thanks to its recognized cooperation partners consumers can easily identify the offer as a reliable source of information.

6.1.3.4 Example: Schuldnerberatungsstelle VSE Schuldnerhilfe Essen e.V.

www.finanzfuehrerschein.de

The association “Schuldnerhilfe Essen e.V.“ has developed the Finanzführerschein (financial driving license) in cooperation with the foundation “Aktion Mensch” and the youth welfare office in the town of Essen. In the form of a “driving license exam” it offers young people the opportunity to go into the topics of money, consumption, and debts on the internet and to learn more about debt traps in day-to-day life.

The example of the „Finanzführerschein” shows how the otherwise serious issue of money and debts can be made more accessible to children and youth. Through its provision on the internet, the „Finanzführerschein” can be accessed free of charge any time and any place.

6.1.3.5 Example: Alexander Schmidt

www.online-kredit-hilfe.de

Apart from the government, banks, and social institutions also private individuals offer numerous information sites on the internet. The site of Alexander Schmidt, for instance,

GERMANY

offers assistance with decisions regarding credit issues. Amongst others, also the possibility and related risks of taking up Schufa-free loans abroad are mentioned.

Many consumers use the internet to tell other people about their own experiences in the finance sector. However, there are also many internet offers where it is difficult to identify the intention behind it and to find out if the supplied information is correct. The site of Alexander Schmidt, for instance, comprises advertising for credit providers and points to a cooperation partner offering loans without Schufa inquiries. Visitors of the site need to have special media competencies to decide whether the offer is maybe just a skilfully wrapped commercial advertisement.

6.2 Overall evaluation of internet offers in Germany

At present the German Federal Government does not provide own internet offers for the prevention of financial exclusion.

Internet product presentation by the mainstream financial sector almost exclusively aims at lucrative and solvent customers. There are no offers for people with problems to participate in the financial market. Online-advice offers for customers are mainly limited to the possibility of asking questions via simple contact forms. Only online-banking represents an important contribution through enabling people with limited mobility to participate financially.

Even with new credit offers such as "Private Lending" or the online-account of the Ethikbank many interested people are prevented from taking part due to negative Schufa records. In Germany, also on the internet people with a negative Schufa record have no possibility to obtain a respectable loan.

Apart from honest offers, there are numerous dubious offers for consumers who are no longer accepted as customers by mainstream banks. Most of all, the immense offer of Schufa-free loans, pushing many consumers only deeper into the debt trap by taking credit brokerage fees and high interest, require internet users to have comprehensive competencies in order to assess them properly.

At the time being, useful assistance on the internet is almost exclusively offered by non-government and non-commercial institutions. Consumer protection organisations and non-profit associations provide comprehensive assistance and information offers to support financial participation.

However, the potential of the internet as a medium to respond to financial exclusion is by far not used to its full extent. Most of all, the advantages of an assistance independent from place and time and providing low-threshold access open up new possibilities to reach those people belonging to the "target group citizen" that could not be reached by previous information and education offers.

Q.17. Government as a legislator

Reform of account garnishments

In January 2007, the Bundesministerium der Justiz (Federal Ministry of Justice) has presented a draft bill on reforming the account garnishment protection act (Kontopfändungsschutzgesetz) which could come into force beginning of 2008. This reform explicitly aims at reducing cancellations of current accounts because of account blocks. The bill provides for an automatic protection from garnishment of the monthly garnishment-free amount of 985,15 € if the amount is deposited on a garnishment protection account agreed between bank and customer. This does not depend on type of income and will be considered automatically by the bank without a court decision being necessary as it has been the case so far. The individual account garnishment writ remains valid and can still be applied for at the enforcement court, but the protection from garnishment of the garnishment protection account has priority.

The Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e. V., the Bundesarbeitsgemeinschaft Schuldnerberatung and the Bundesverband der Verbraucherzentralen appreciate this bill, however, they fear the intended impact might be avoided if banks refuse to open such garnishment protections accounts. Therefore the need for a right to a current account will stay on the agenda also after the act will have come into force.

Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e. V./

Bundesarbeitsgemeinschaft Schuldnerberatung e. V./ Verbraucherzentrale

Bundesverbandes e. V.: Stellungnahme zum Referentenentwurf eines Gesetzes zur Reform des Kontenpfändungsschutzes. Januar 2007. http://www.fsb.de/download/kontopfaendungsreform_agsbv_042006.doc [as of Mai 2007]

Bundesministerium der Justiz: Referentenentwurf eines Gesetzes zur Reform des Kontenpfändungsschutzes. www.bmj.de [Januar 2007]

Consumer insolvency

The possibility of consumer insolvency is of course a long-term legal measure to reduce financial exclusion. Over-indebtedness is an important reason for people lacking access to financial services (see chapter Q.11) By means of discharge of outstanding debt related to consumer insolvency people are enabled to regain discrimination-free access to financial services in a long-term perspective (after 6-10 years).

Moreover, about 34 % of interventions carried out by advice agencies in cases of refused or cancelled current accounts are successful. Thus, counselling may enable access to adequate financial services at least in some cases. (AG SBV, 2004). However, insolvency proceedings may also present a reason for banks to cancel an existing current account. (ibidem)

Arbeitsgemeinschaft Schuldnerberatung der Verbände (AG SBV): Recht auf ein Girokonto und Erhalt von Girokonten. Köln, April 2004.

GERMANY

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

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

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 (-) levelling the regulation of different banking/financial institutions generally resulted in the disappearance of types of financial institutions which traditionally served people on low incomes	Banking**, Credit; Savings
<p><i>(+) increased competition may result in more attention been paid to all market segments or</i></p> <p><i>(-) levelling the regulation of different banking/financial institutions generally resulted in the disappearance of types of financial institutions which traditionally served people on low incomes</i></p> <p>Following the liberalisation of the European financial market numerous financial service providers have entered the German market. Some providers like for instance „ING Diba AG,“ and „Santander Consumer Bank AG“ offer, mainly in the form of direct banks, various services such as current accounts, investment possibilities and consumer credits . Other providers like for instances „Barclays Bank PLC“ concentrate on the credit card market. A third group mainly operates on the consumer credit market, like for instance the “Royal Bank of Scotland plc”. At the same time German financial providers like f. i. the Deutsche Bank have started to subdivide their consumer banking activities: One of their subsidiaries, the „d24“, especially addressed less potent customers – however, the „Deutsche Bank“ has abandoned this model in the meantime. Other providers developed new products, predominantly in the field of consumer credits, and have introduced own credit brands such as „easycredit“. „Easycredit“ is a product of the „norisbank GmbH“ which sells consumer credits via own „Kreditshops“. Especially heavily advertised are consumer credits that aim at people on low and average incomes in particular and praise, for instance, the financing of holiday trips by credit.</p> <p>The only bank that has specialised on a so-called <i>Mikrokonto</i>, that means a current account without overdraft facility meant for</p>			

GERMANY

people who are over-indebted and have been refused by other banks, is the Ethikbank (since 1995). However, consumer protection activists have been criticising its business model. (Cf.: Q2.2 and Annex II Development of new products and services by mainstream providers)

Labour market changes

Access

(-) more flexible markets mean less stable incomes and, often, less creditworthiness

Banking; Credit

(-) more flexible markets mean less stable incomes and, often, less creditworthiness

At present, more and more banks go over to investigate the individual creditworthiness through computer-based scoring procedures (e.g. easycredit), results of which are based on data regarding income/available income, occupation, employer, and employment situation.

Cf.: www.easycredit.de

Cf.: Bankenfachverband: Finanzierung 2006. S. 9.

Cf.: Unabhängiges Landeszentrum für Datenschutz Schleswig-Holstein (USD) (Hrsg.): Scoringsysteme zur Beurteilung der Kreditwürdigkeit - Chancen und Risiken für Verbraucher. Im Auftrag des Bundesministeriums für Verbraucherschutz, Ernährung und Landwirtschaft (BMVEL) bzw. der Bundesanstalt für Landwirtschaft und Ernährung (BLE), Projekt-Nummer 04HS051 vom 15.05.2005 bis 25.11.2005, S. 50ff.

Money laundering rules/Identity checks

Access; Use

(-) preventing the use of the financial system for money laundering and financing of terrorism brings a greater bureaucracy to financial transactions

Banking; Savings

(-) preventing the use of the financial system for money laundering and financing of terrorism brings a greater bureaucracy to financial transactions

According to German money laundering rules (Geldwäschegesetz – GwG) transactions starting at an amount of 15,000 € are to be recorded by the financial service provider and the corresponding depositors are to be identified. “Identifying” in the sense of this law means to verify the name by means of a valid identity card or passport as well as date and place of birth, nationality and address, as far as included, and to register type, number and issuing authority of the official identity document.

Smaller amounts are not registered. As the tasks of recording and reporting are the sole responsibility of the service provider, the intensification of controls because of money laundering and terrorism have not resulted in greater bureaucracy regarding financial services and savings.

Cf.: Federal Ministry of Justice: Money laundering law (GwG): <http://www.gesetze-im-internet.de/gwg/index.htm>

GERMANY

Fiscal policy	Access; Use	<p>(-) duties and taxes on banking services may represent a heavy burden for people on low incomes people, reducing the convenience of using the services, (+) but fiscal measures can provide incentives (reducing cost or granting fiscal advantages) for financial inclusion</p>	Banking; Savings, Credit
<p style="text-align: center;"><i>(-) duties and taxes on banking services may represent a heavy burden for people on low incomes people, reducing the convenience of using the services, (+) but fiscal measures can provide incentives (reducing cost or granting fiscal advantages) for financial inclusion</i></p> <p>In Germany there is no set uniform scale of charges, instead the differences between rates are partly used as a marketing instrument. The amount of charges differ considerably in parts. In some cases the basic charge for account-keeping is cost-free but may well amount to about 130 Euro per year in others. Fees for transactions, statements, cash delivery, customer cards, credit cards, etc. add to the basic charge. But as there are low-cost offers as well, fee amounts hardly have an impact on use. Cf.: Finanztest: Champagner statt Schorle. Heft 6/2007.</p> <p>The costs of credits depend on customers' creditworthiness and the related estimated credit risk for the banks. Creditworthiness is rated by means of scoring procedures. Cf.: Q.3.1.1</p> <p>In 2007 interest income from savings investments and other unearned income are exempted from taxation up to 750 Euro (sections 20 paragraph 4, 44a paragraph 2, 44 b paragraph 1 and 45 d paragraph 1 of the Income _Tax Act (EStG)). Source: Federal Ministry of Justice: Einkommenssteuergesetz (EStG): http://bundesrecht.juris.de/estg/index.html#BJNR010050934BJNE009732301</p> <p>Since 2002 there is the so-called „Riester-Rente“, named after the then Federal Minister of Labor and Social Order, Walter Riester. The Riester-Rente is a voluntary, private and additional pension plan, supported by government allowances and tax benefits. Promotion is limited to people taking part in the official pension scheme system (people insured with the government pension scheme and civil servants). The additional pension-plan was introduced on the background of decreased future performance of the government pension scheme. Promoted are certified investment products comprising regular deposits paid into pension plan contracts.</p> <p>During the first stage deposits are made into certified saving contracts according to the law on pension scheme contracts – certification act (AltZertG /Altersvorsorgeverträge-Zertifizierungsgesetz) During the period in which deposits are made, people</p>			

GERMANY

can claim a pension plan allowance (Chap. XI EStG) depending on marital status, or tax-reducing deduction of extra-expenses (section 10a, sections 79 ctd. EStG) regarding their income tax. Capital saved in a Riester contract will remain unconsidered in the context of social assistance, for instance with respect to calculation of the respective ALG II (unemployment benefit II).

Source: Federal Ministry of Justice: Einkommenssteuergesetz (EStG):

<http://bundesrecht.juris.de/estg/index.html#BJNR010050934BJNE009732301>

Social assistance	Access; Use	(-) paying social assistance in cash can deter people from opening a bank account (+) but antipoverty policies can facilitate financial inclusion	Banking; Credit, Savings
<p><i>(-) paying social assistance in cash can deter people from opening a bank account (+) but antipoverty policies can facilitate financial inclusion</i></p> <p>Section 42 of Book II of the German Social Security Code (§ 42 SGB II) states that social assistance is to be paid into a domestic current account. In case the respective person has no current account, payment is to be effected via crossed cheque and the person affected has to pay for the costs involved unless they bring evidence that they are prevented from opening an account without own fault. In special circumstances it may be possible to effect payments at office-internal cash dispensers or via open cheques. Only if the latter possibilities are not available for the long term, social assistance may be paid in cash as well.</p> <p>Source: Sozialgesetzbuch II, § 42 und arbeitsagentur: http://www.arbeitsagentur.de/zentraler-Content/A01-Allgemein-Info/A015-Oeffentlichkeitsarbeit/Publikation/pdf/GesetzestextAend-42-SGB-II-Auszahlung-Geldleistung.pdf (as of: 15.05.2007)</p>			
Demographic changes	Access; Use	(-) older people generally suffer more from the technological divide (+) young people have a higher propensity to use credit, but (-) their risk of over-indebtedness is higher and may lead to exclusion.	Banking; Credit;
<p><i>(-) older people generally suffer more from the technological divide</i></p> <p>This applies mainly to the use of electronic services such as home banking and financial services provided at automatic teller machines. However, all age groups still continue to ask for the services at bank branches.</p> <p>Source: Jung, Christian: Vox Populi: Die Filiale bleibt unersetzlich. In: Bundesverband Deutscher Banken (Hrsg.) Die Bank. Heft 11/2005. S. 68 ff.</p> <p><i>(+) Younger people have a higher propensity to use credit</i></p>			

GERMANY

(-) but their risk of over-indebtedness is higher and may lead to exclusion.

Between 2003 and 2005 the average credit burden increased across all age groups. The average credit burden shows an increase from age 20 through 29 but then remains more or less the same across all other age groups.

Source: SCHUFA: Schuldenkompass 2006. Abb. 1.1, S. 31.

However, the percentage of loan loss is highest in the age group of 25-29 and then again decreases with growing age.

Source: SCHUFA: Schuldenkompass 2006. Abb. 1.5, S. 35.

It has to be taken into consideration that in this context not only demographic and technological changes are decisive, but that young people in particular start building own families or livelihoods respectively and often need loans to this purpose.

The 2005 statistics of the debt advice centres for Rhineland-Palatinate show that over-indebtedness is predominantly a problem of middle aged people.

Source: SFZ Mainz: Landesstatistik der Schuldnerberatungsstellen 2005. S.9.

Though, over-indebtedness usually results in financial exclusion.

Income inequalities	Access	(-) higher income inequalities and literacy disparity are normally associated with greater difficulties of access	Banking, Credit
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(-) higher income inequalities and literacy disparity are normally associated with greater difficulties of access

As lending and interest rates depend, amongst others, on the economic situation and consequently on the amount of income, people on higher income have far better access to favourable credit offers.

Access to financial services does not depend on the level of financial literacy, however, the use does: If “financial literacy” includes, amongst others, critical consumer awareness as well as knowledge of credit forms and how they work, the decision to make use of a credit offer will be taken after critical comparison of various offers and critical reflection of the own financial situation.

The situation is similar with current accounts as providers partly offer different products for different income levels.

Cf.: Finanztest: Champagner statt Schorle. Heft 6/2007.

Unfortunately no study is available in Germany that investigates the question if there is a correlation between financial literacy and

GERMANY

income level or between financial literacy and access to financial services. There is also no study on the level of financial literacy among the population in Germany.

Cf.: Reifner Udo: Finanzielle Allgemeinbildung- Bildung als Mittel der Armutsprävention in der Kreditgesellschaft. Baden-Baden 2003.

Supply factors			
Geographical access	Access	(-) / (+)	Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments
Risk assessment	Access	(-) / (+)	
Price	Access; Use	(-) / (+)	
Product design (terms and conditions)	Access; Use	(-) / (+)	
Service delivery (eg internet)	Access; Use	(-) / (+)	
Complexity of choice	Access	(-) / (+)	
Marketing	Access	(-) / (+)	
			Banking; Savings Banking; Credit Banking; Credit Banking; Credit Banking; Credit; Savings Savings Banking; Credit; Savings
Supply factors		Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments	
Geographical access	Access	(-) / (+)	Banking; Savings
<i>(-) / (+) Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments</i>			
<p>Mostly savings banks and co-operative banks (Volks- und Raiffeisenbanken) dispose of a dense network of branches throughout the whole country. Altogether, the total number of bank branches is slightly decreasing.</p> <p>Source: Bundesverband deutscher Banken: Anzahl der Banken und ihrer Zweigstellen in den einzelnen Bankengruppen. http://www.bankenverband.de/pic/artikelpic/082006/774-Bankstellen-BGr0806.pdf (Stand 15.05.2007)</p> <p>But savings banks in particular are obliged by the laws of the respective Laender to accept savings deposits from each person resident in their business district. Cf.: Q 4.3.</p> <p>Source: Sparkassengesetz Rheinland-Pfalz (SpkG): http://rlp.juris.de/rlp/SparkG_RP_P2.htm</p> <p>Source: Bundesverband deutscher Banken: Anzahl der Banken und ihrer Zweigstellen in den einzelnen Bankengruppen.</p>			

GERMANY

<http://www.bankenverband.de/pic/artikelpic/082006/774-Bankstellen-BGr0806.pdf> (Stand 15.05.2007)

In Germany usually every bank offers direct banking and there are also banks specialising on direct banking. Therefore access to financial services via direct banking depends on access to a telephone or internet connection. As a precondition for supplying such connections more and more providers require successful assessment by credit reference agencies.

Risk assessment	Access	(-) / (+)	Banking; Credit
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(-)/(+) Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments

According to the banking association the main criteria of banks when assessing creditworthiness or for providing a current account are as follows:

- income situation (salary and other income, expenses, existing liabilities)
- employment situation (occupation, employer, length of employment)
- experiences from business relationships to date (repayment of other credits according to contract, quality of account-keeping with a current account)
- information by credit reference agencies

Source:

- Bankenfachverband: Finanzierung 2006. S. 8 f..
- Unabhängiges Landeszentrum für Datenschutz Schleswig-Holstein (USD) (Hrsg.): Scoringsysteme zur Beurteilung der Kreditwürdigkeit - Chancen und Risiken für Verbraucher. Im Auftrag des Bundesministeriums für Verbraucherschutz, Ernährung und Landwirtschaft (BMVEL) bzw. der Bundesanstalt für Landwirtschaft und Ernährung (BLE), Projekt-Nummer 04HS051 vom 15.05.2005 bis 25.11.2005, S. 30 ff.

Price	Access; Use	(-) / (+)	Banking; Credit
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(-)/(+) Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments

Prices and fees of banks for various products differ considerably between individual banks. Cf.: Societal factors/fiscal policy and cf. Finanztest: Champagner statt Schorle. Heft 6/2007

The only limitation regarding fees, interest, etc. is the one referring to „usury“ in section 138 of the Civil Code. This is the case if

GERMANY

performance and counterperformance are out of proportion. Transactions of this kind are contrary to public policy. Nullity of the transaction is the legal consequence. Performance and counterperformance are considered to be out of proportion when the performance is more than 100 % above market price, this is described as “limit of the double”. In section 291 Criminal Code (StGB) usury is considered a criminal offence which will be punished with imprisonment or fine, depending on the severity of the case.

Source:

- Bassenge, Dr. Peter, Brudermüller, Prof. Dr. Gerd: Palandt. Bürgerliches Gesetzbuch. 65. Auflage. München 2006. S. 137 ff..

Tröndle, Dr. Herbert und Fischer, Dr. Thomas: Strafgesetzbuch und Nebengesetze. 52. Auflage. München 2004. S. 1956 ff..

Product design (terms and conditions)	Access; Use	(-) / (+)	Banking; Credit
<p><i>(-)/(+) Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments</i></p> <p>There is a broad range of offers regarding both current accounts and credits for different target groups, being partly essentially different regarding terms and conditions. Cf.: Finanztest: „Champagner statt Schorle. Heft 6/2007.</p> <p>Differences in terms and conditions of credit products are mainly due to risk assessment of the respective applicant. Access to and/or use of financial services are hampered by insufficient financial literacy. People do not choose the product which is best suited for them but the best advertised product .</p>			
Service delivery (eg internet)	Access; Use	(-) / (+)	Banking; Credit; Savings
<p><i>(-)/(+) Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments</i></p> <p>In Germany most providers offer current accounts, credit and possibilities to invest savings. Usually every bank offers direct banking or there are banks specialising on direct banking. However, according to the banking association “Bundesverband Deutscher Banken” visiting a branch is important to many customers.</p> <p>Source: Federal Association of German Banks: die bank. Heft 11/ 2005. pp. 68</p>			

GERMANY

Belief that not for poor	Access	(-)	Banking; Credit; Savings
<p>(-)/(+) Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.</p> <p>There is no study available on this subject in Germany. But during the realisation of measures for financial literacy it has repeatedly been observed that participants, when it comes to the question of available forms of saving, take the opinion certain products were only accessible for financially potent depositors. Cf.: Reifner Udo: Finanzielle Allgemeinbildung. Bildung als Mittel der Armutsprävention in der Kreditgesellschaft. Baden-Baden 2003.</p>			
Fear of loss of financial control	Access	(-)	Banking; Credit
Mistrust of providers	Access	(-)	Banking; Credit; Savings
<p>(-)/(+) Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.</p> <p>When realising the education offers „financially fit“, advisors of the expert debt advice centre frequently encounter the problem that participants have a very positive perception of financial service providers. The reason for this positive perception are the different “advertising characters” financial service providers use in their marketing activities.</p>			
Concern about costs	Access; Use	(-)	Banking; Credit
<p>(-)/(+) Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.</p>			

GERMANY

Cost are important factors regarding credits as through the interest burden or the credit costs involved a credit may become unaffordable for the prospective customer.			
Preference for alternative providers and cultural factors	Access	(-)	Banking; Credit; Savings
<p>(-)/(+) Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.</p> <p>There are no alternative providers of financial services in Germany.</p>			
Religion	Access	(-)	Banking; Credit; Savings
<p>(-)/(+) Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.</p> <p>Due to interest being prohibited by the <i>Sharia</i>, the access to credits is complicated for religious Muslims. However, within the religion there is a debate on the exact meaning of the word “riba”. Does it mean usury or, and this is majority opinion, just interest in the general sense. Due to prevailing interpretations every fixed-interest investments and credits are therefore forbidden for religious Muslims. However, this barrier may be avoided by the „murabaha“ regarding current accounts, investment forms and finance operations. „Murabaha“ means that the bank purchases a certain asset for the customer and then sells it to the customer adding an extra charge, consequently acts as a broker. Whereas the seller of the asset is paid his price immediately, the bank extends the term of payment to the buyer who then pays the amount by instalments to the bank.</p> <p>The „Islamic Bank of Britain“ has specialised on this target group and now intends to extend their business to Germany.</p> <p>Source: Central Council of Moslems in Germany e.V.: www.islam.de/2828.php und Islamic Bank of Britain: http://www.islamic-bank.com/islamicbanklive/GuestHome/1/Home/1/Home.jsp</p>			
Opposition to use	Access	(-)	Credit
<p>(-)/(+) Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.</p>			

GERMANY

confidence in the banking system may reduce their negative impact.			

GERMANY

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

Development of new products and services by mainstream providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
GERMANY	2002	Ethikbank	The Ethnic Bank offers a so called “Micro account”. This is a saving account for persons who did not get an account from other banks or whose saving account from the respective house bank got cancelled e.g. for the reason of overindebness. However the opening of such an account is linked to some conditions: It needs the signature of a debt counsellor that a debt regulation was agreed with the creditor or the resolution of the insolvency court about the verification of the judicial debt settlement plan. In the case of a private insolvency the insolvency administrator has to agree to the account opening.	The Ethnic Bank is an agency band of the Volksbank Eisenberg eG in Thuringia. The Ethnic Bank is a direct bank. It does not give credits, but just offers the opportunity for money investments and account management. The name of the bank comes from the fact that the investment strategy of the bank is linked to ethnic-ecological conditions. However there are critical statements of the consumer protection concerning for example the amount of the account management fee, the cancelling of the account in

GERMANY

				the case of attachment, Rücklastschriften etc. Source: www.f-sb.de , www.sfz.mainz.de
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Voluntary charters and codes of practice

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
GERMANY	1995	Charter of the Central Credit Committee (a lobby organisation of all German banking associations "Girokonto für Jedermann")	This code of conduct is a recommendation suggesting to all associated banks to provide a current account to anyone without looking at the income situation. This voluntary code of conduct also names circumstances which make it unreasonable for a bank to offer a current account. If a bank wrongly refuses to open a current account, the concerned customer can file a complaint to one of the complaint offices of the four major banking associations.	

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

Government intervention (as facilitator)

Country	Name of the Initiative	Main provisions	
GERMANY		The German Federal Government is committed to improve access for low-income groups of people to basic banking services, and is currently working together with the banking industry to access and improve the existing situation.	

Government intervention (as legislator)

Country	References	Main provisions	Further details	Further provisions Elements to be analysed in order to identifying the Costs and Benefits

GERMANY

