

Study on financial services provision and prevention of financial exclusion

COUNTRY REPORT STAGE I: 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.)?

No
Yes

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

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

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

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

National government
Regional government
Municipalities
Commercial financial service providers and their associations
Not-for profit financial service providers
Consumers' associations
Academics
Non governmental agencies
Others (describe):

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

See the Survey of the Household finances (EFF): description, methods, and preliminary results, in “Economic Bulletin”, Banco de España, January 2005

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The above mentioned statistics consider the following type of assets:

- **Account and deposits usable for payments : 97.7% of all households has it**
- **Accounts not usable for payments and house-purchase savings accounts: 16.6%**
- **Listed shares (10.8%)**
- **Mutual funds (7.2%)**
- **Fixed income securities (1.9)**
- **Pension schemes and unit linked or mixed life insurances 24.1%**
- **Unlisted shares and other equity 2.3%**
- **Other financial asset 4.5%**
- **Some type of financial asset: 98.5%**

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

Official European data details on periodicity:

Official national data **Survey of the Household finances (EFF):** details on periodicity : **it has been published the first survey of a projected periodical (bi-annual ?) survey in January 2005.**

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 :

We can infer (by difference) those who lack any type of financial asset

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

Official European data Eurobarometer details on periodicity:

Official national data **Survey of the Household finances (EFF):** details on periodicity : **see above**

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) :

The Eurobarometer data are not coherent with the national ones.

Specify how the exclusion is measured/estimated :

The Survey gathers data on household that own "Accounts and deposits usable for payments": the percentage is 97.7% . By difference it is possible to estimate the level of banking (i.e. transactin) exclusion as low as 2.3% of the households.

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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

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

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no X

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
no X

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

The phenomenon of unbanked/underbanked is not relevant and therefore not studied.

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

- Unbanked yes no
- Marginally banked yes no

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

yes no

As above mention we lack specific studies on this aspect

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 X
- Receive regular bank account statements

We should mention that, compared to other countries, banks and savings banks undertook commercial policies to expand their market share in the remittance market and they did it successfully (reducing both the market share of money transfers and, probably, of the informal sector).

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Q 2.1.4.: Which types of banking service are there particular difficulties to use (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.2.2.: Where do people go to access to those services if they are refused by/ have difficulties accessing/choose not to use mainstream providers?

Traditionally savings banks played an important role in serving low-moderate-income people and, in recent years, they promoted the attention/competition of the commercial banking sector too. Therefore, there is little unsatisfied demand that can address to alternative financial providers (money lenders, cash chequers, pay-day lenders, etc.)

There are few experiences of alternative financial providers offering microcredit: they operate often on a small scale, in narrow area and often with still pilot schemes. Other initiatives in the area of microcredit belonging to the galaxy of the banking sector (i.e. promoted by mainstream providers, but operating in a niche) are those of :

- **Microcredit programme of ICO (Instituto de Crédito Oficial), supported by yje EIF. ICO is contracting loan agreement with different Spanish banks, which in turn sign agreements with social institutions that are responsible for evaluating the feasibility, introducing projects to the banks, and monitoring. Beneficiaries of the programme are people who want to start a business, but lack collateral (unemployment, older people, one-parent households, immigrants, women, the disabled);**
- **Microbank, established in 2007 by “La Caixa” for start-up finance. . This subsidiary institute is uniquely dedicated to finance self-employment of disadvantaged people (especially unemployed, Handicapped, women and migrants) which are mostly unable to fulfil the formal requirements to obtain a traditional bank loan;**
- **Programmes promoted by savings banks: given their foundational nature, savings banks do not pay dividends, but rather donate a significant percentage of their profit to community welfare project, such as microcredit programmes. The most active are Caixa Catalunya, Caja de Granada and Caixa Galicia.**

Describe briefly:

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

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

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?

The savings banks sector plays a fundamental role in the Spanish market.

Savings banks have adopted custom-made strategies to meet the needs of customers at risk of exclusion whom they recognise explicitly as a market segment of increasing importance. Strategies adopted include: initiatives aimed at countering geographic exclusion by opening branches and automated teller machines in isolated low-population-density areas; the provision of products and customer relations approaches tailored to the specific profile of customers liable to experience difficulties in accessing the banking system (which therefore counts as a way of preventing socio-economic exclusion).

Moreover, savings banks play an important role in countering the exclusion of minority ethnic groups, offering special schemes and products for immigrants (savings accounts, special money transfer instruments, micro-credit facilities and other tailor-made services) and adopting targeted communication and delivery strategies².

Starting from 2004, a group of banks have been offering current or deposit accounts that include additional services (such as a credit or debit card, or bank transfer facilities) covered by a single all-inclusive flat rate commission. The details of the product (called *tarifa plana*, 'flat rate') varies from bank to bank, but typically it consists of a package of services for which a fixed price is paid monthly or at other regular intervals. Some banks have also developed commercial products in which the customer uses certain categories of services free of charge, provided that they agree to build a closer relationship with the bank, particularly through the direct payment of their wage or pension into their account.

As far as the postal sector is concerned, till 1977 the Caja Postal de Ahorros belonged to the Public Administration and in 1977 it became an independent body

¹² Carbó S., E.P.M Gardener and P. Molyneux (2005), pp. 120 and Anderloni L., E. Aro and P. Righetti (2005).

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of financial nature, part of the public administration system. In July 1991 it took on the legal form of joint stock company, with the status of bank. It performed the typical operation of a savings bank geared towards retail collection and mortgage credit, being provided with a widespread banking network (more than 500 branches) in addition to postal branches. Therefore Caja Postal became a specialized bank, part of the Grupo Argentaria. At the beginning there was an agreement between Caja Postal and Argentaria and Correos y Telegrafos to commercialise banking and para-banking products of the Caja Postal through its networks of 1600 Post Office branches throughout the country. Later on Deutsche Bank was selected and signed an agreement to supply a wide range of financial products (for payments, saving and investment, loans and insurance coverage) with the Deutsche brand name and experience.

In the past the Caja postal played an role in serving low-moderate-income people, today this function has been disappeared.

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

Carbó S., F. Rodríguez and R. López del Paso (2000) showed that 3.5% of the Spanish population are “financially rescued” and restored to the banking system thanks to the branch or branches of a savings bank, the only kind of banking institution present in the local area.

Barriers or cases of discrimination are quoted as rare exceptions. See GES (2000), p. 26.

See Anderloni L. Carluccio M.e: (2006).

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?

There are no specific concerns related to access to credit, however problems arise for people who experienced payment arrears or defaults in the past.

There is a well rooted tradition of savings account aimed at providing incentives to saving in order to access to mortgages for home buying (the so called *cuentas vivienda* or house –purchase savings accounts). Government-subsidised low-rate mortgage schemes for low-income households, aimed at promoting home ownership. Other banks, too, contribute to the prevention of mortgage exclusion and offer micro-credit facilities, but savings banks are particularly active in this area.

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

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yes X
no

If yes, what are the main barriers :

Payment arrears or defaults occurred in the past. Poor credit history and lack of stable monthly income.

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

yes
no X

Although the market of financial companies is growing rapidly.

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 :

The Spanish Survey on Household Finances (EFF), see above, provides data on Spanish households' wealth and financial situation. The Survey schedules few questions which give information about households access to prime credit market. The questions are:

3.12 How many loan applications have you made in the last two years (including applications to refinance previous loans)?

3.13 Why didn't you?

- didn't need it
- don't like borrowing money
- couldn't keep up with the repayments
- it would be turned down
- already have loans from previous years
- other (specify)
- don't know
- no answer

3.14 How many applications have been totally rejected?

3.15 What reasons did the financial institution give for turning down your application?

- characteristics of household
- employment situation
- guarantees
- excessive debt
- insufficient knowledge of the customers

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- **change in the institution's credit policy**
- **other (specify)**
- **don't know**
- **no answer**

The database on the households is freely available for further elaboration and research at <http://www.bde.es/estadis/eff/effe.htm>

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?

There are no official statistics on this phenomenon that is almost unknown.

Describe briefly :

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

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

Yes

No

Limited to specific cases/areas

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

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

Yes

No

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

Usury is regulated by the "Ley de repression de la usura de 23 julio de 1908", modified in 2000 (Ley 1/2000 de 7 enero, de Enjuiciamiento Civil). Anti-usury regulation does not fix interest rates ceilings: it only establishes that if a loan has an interest rate significantly above the average, the agreement is null and void. Usury is sanctioned with penalties and with the registration on the Central Register of Loan Agreements Declared Nulls and Voids held by the Spanish Ministry of Justice. So far, there are no evidences of the above mentioned Register; this may means that the

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law is not really effective.

In the last few months there has been an increasing debate on anti-usury. On 20 February 2007 the Government approved a motion with the aim to enhance transparency and to prevent usury on consumer credit market by creating a register, under the supervision of Bank of Spain, where all private lenders firms have to be registered and by introducing standardized rules on contract, interest rates and fees applied to consumer credit. Moreover, consumer associations are asking for a new anti-usury regulation where interest rate ceilings are established.

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

Yes

No

Specify:

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

There is a positive credit database - called *Central de Informacion de Riesgos* - implemented at national level and runned by the Bank of Spain since 1962.

The main purpose of the Spanish Central Credit Register is to provide financial institutions with the data required for optimum analysis of their credit risk. It also enables the Bank of Spain to obtain overall data on lending by institutions and thus facilitates the central bank's performance of its banking supervision tasks.

Financial institutions (banks, saving banks, credit cooperatives, specialized credit institutions and other financial institutions) have to report borrowers above the threshold of 6.000 euros.

Any institution reporting to the CCR has access to the aggregate information on all the credit extended by the financial system to the borrowers reported by that institution, or to other borrowers provided that they have expressly authorized such access. Any borrower whose credit has been reported to the CCR can request data from it.

[Banco de Espana (2005), *Memoria de la central de informacion de riesgos*]

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

Spain has a competitive credit reporting market, with many private credit bureaus. Private credit register bureau are regulated by article 28 of the *Ley Organica 5/1992*

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de Regulacion del Tratamiento automatizado de los Datos de Caracter Personal (LORTAD). The operation of credit bureaus is only allowed if the companies get the authorization from the Competition Court (Tribunal de defencia de competencia). Actually, Spain has a relatively rigid competition policy: in Spain it is considered that credit bureaus constitute a “form of trust” between forms of the same industry and that this is likely to influence competitive strategies. Therefore the practice is forbidden.

These bureaus are negative credit database and they register arrears on debts and financial commitments.

Asnef/Equifax provides information on insolvencies reported by creditors to banks, saving banks, cooperative banks, other financial institutions such as leasing and factoring, insurance companies, petrol companies and telecommunication companies. Information are provided only to those institutions who, in turn, report credit commitments that are in default to the bureau.

RAI (*Registro de Aceptaciones Impagadas*) collects information on dishonoured cheques or other payment instruments above the threshold of 300 euro. RAI provides information on amount and number of arrears and default on payment instruments.

There exist many other private negative credit bureau, such as Badex (which collects data on payment arrears or insolvency on credit cards, credit consumer, telephone and mobile bills), *Incidencia Judiciales* (which collects data on previous bankruptcies/court judgments), BDI, Experian.

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

Yes

No

Specify:

Asnef/Equifax: the time span of the negative database memory is 6 years

RAI: the time span of the negative database memory is 30 months

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

Yes **only for the Spanish Central Credit Register**

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:

They cover all financial institutions.

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

It is ensured by a law yes no

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

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It is implemented individually within some prime credit lenders yes **X** no
It is implemented individually within some alternative credit providers yes **X** microcredit providers no
It is not at all organized in my country yes **X** no

Specify:

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

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

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?

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?

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

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

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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?

19.8% 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 **18.4**% below ARPT

24-49 **15.7**% below ARPT

50-64 **16.7**% below ARPT

65+ **29.4**% below ARPT

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

Females **20.9**% below ARPT

Males **18.6**% below ARPT

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

Data from Living Condition Survey 2004

At work **10.8**% below ARPT

Unemployed **40.1**% below ARPT

Total inactive **54.9**% below ARPT i.e. retired 24.7% and others 30.2%

Q.6. Links between financial exclusion and over indebtedness

Do read and refer to point 4.3. of O.P.

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

No

Yes

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

Q.7. Links between financial exclusion and social exclusion

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

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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 **X**

Yes

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

FINANCIAL EXCLUSION (F.E.)

Q.8.Levels of financial exclusion

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

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

No **X**

Yes

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

The data of Eurobarometer are incomprehensibly disproportionately different. In effect the data gathered by Banco the España within EFF are more coherent with the opinion of the operators (both on the industry side, and on the side of consumers associations, not-for-profit organizations dealing with people at risk of social exclusion) and researchers (see Carbó Valverde S. and R. López del Paso (2002), Anderloni L. and M.E. Carluccio (2006).

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

No **X**

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 (

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

No **X**

Yes

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<p>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 (</p>
<p>Q.8.4.1.: Do you have any other specific comments regarding the Eurobarometer data analysis for your country (</p> <p>No <input type="checkbox"/></p> <p>Yes X</p> <p>Q.8.4.2.: If yes, what are your <u>comments</u>?</p> <p>As above notices, they (accounts and deposit usable for payments) are not coherent with the national data gathered by Banco de Espana with the EFF Survey and with the opinion of operators and reaserches.</p>
<p>Q.9. People most likely to be financially excluded</p> <p><i>Do read and refer to point 3 of O.P.</i></p>
<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?</p> <p>No X, because the need is not perceived</p> <p>Yes <input type="checkbox"/></p> <p>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 ? (</p>
<p>Q.9.2.1.: Is there any research describing the types of people most likely to be excluded from banking transactions in your country?</p> <p>No X</p> <p>Yes <input type="checkbox"/></p> <p>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 ?</p>
<p>Q.9.3.1.: Is there any research describing the types of people most likely to be excluded from credit in your country?</p> <p>No X</p> <p>Yes <input type="checkbox"/></p> <p>Q.9.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro</p>

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barometer data analysis ? (Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15

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

No **X**

Yes

Q.9.4.2.: 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

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 contend of point 4 of O.P

No **X**

Yes

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

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

No **X**

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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

See experiences of microcredit

Q.13.Development of new products and services by mainstream providers

See:

- **Savings banks mission statement**
- **Simple offer of account with a flat rate commission**
- **New platform for banking remittances**

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

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<i>2. Add full details of data source(s) for our bibliography below under Q. 15., Q.16., Q.17.</i>	
Q.15.Policy measures	== As above demonstrated, the phenomenon of financial exclusion is not acute in Spain
Q.16.Government as a facilitator	== (We can only mention the well rooted tradition of fiscal incentive to buy the home, via fiscal deduction on deposits made in special banking accounts (cuentas vivieda) . The main goal of this provision is to facilitate home ownership, indirectly they promote savings and banks deposits).
Q.17. Government as a legislator	== As above demonstrated, the phenomenon of financial exclusion is not acute in Spain
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.

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

	The possible relationship (+) if the factor facilitates financial inclusion, (-) if the factor causes financial exclusion
Societal factors	
Liberalisation of markets	(+) increased competition between savings banks and commercial banks resulted in more attention paid to all market segments, including low income people and migrants. (+) savings banks and credit unions continue to exist in Spain as categories of banks operating mainly on a local basis with a special attention to the needs of the local population and of the retail market.
Labour market changes	Neutral: although the labour market is becoming more flexible also in Spain and this means less stable incomes, however this does not seem to create in general on a large scale problems of creditworthiness. In some areas flexibility reduces unemployment and encourages bancarisation.
Money laundering rules/Identity checks	Neutral: preventing the use of the financial system for money laundering and financing of terrorism involves a greater bureaucracy to financial transactions also in Spain, but this does not seem to create a serious obstacle for accessing or using banking services, with the exception of some segments (migrants) which could find it more usage difficulties.
Fiscal policy	Neutral: we should however mention here the fiscal incentive on house-purchase savings accounts “cuentas vivienda” that encouraged and still encourages today savings for home buying.
Social assistance	Neutral
Demographic changes	Question mark: in the recent years the Spanish society is changing rapidly. This involves also the financial behaviour of the population. (see for example the development of consumer credits and Internet banking. There are no signals, at the moment, for growing risk of financial exclusion.
Income inequalities	Neutral
Supply factors	
Geographical access	Neutral: no impressive initiatives of rationalization of branch network, no disruptive operations of M&A in the banking sector.
Risk assessment	Question mark: the impact of Basel II on consumer credit and loans to households and self-employed persons
Price	Traditionally the costs of banking services are considered appropriate to the quality of the supply and there is a wide range of products with different characteristics of functioning and fees, able to meet the different needs
Product design (terms and conditions)	(+) See, for example, “tarifa plana” and “cuentas vivienda” and new remittances services.
Service delivery (eg internet)	Neutral
Complexity of choice	No relevant
Marketing	(+) Communication policies of banks are targeted to different market segments, including low income people and migrants

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Demand factors	
Belief that not for poor	No relevant
Fear of loss of financial control	No relevant
Mistrust of providers	No relevant
Concern about costs	No relevant
Preference for alternative providers and cultural factors	Neutral: this is not generally the case in Spain
Religion	Neutral: this is not generally the case in Spain
Opposition to use	Neutral: this is not generally the case in Spain

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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
Spain	2002 is the most common year of starting activities	Foundations or other public institutes promoted initiatives of Microcredit	See below.	Most of them operates on a very small scale(less than 100 - and more frequently 50 – customer financed each year).

Development of new products and services by mainstream providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Spain	All along	Savings banks and credit cooperatives mission statement	<p>Traditionally savings banks and credit cooperatives have in their mission statement to serve people on low income, at risk of exclusion. Spanish savings banks offer banking products that are designed specifically for vulnerable groups. In this context, according to <i>Carbó, Gardener and Molyneux 2005</i>, Spanish is probably among the leading countries in tackling financial exclusion via “private market” means.</p> <p>In particular the “welfare arms” of savings banks (Obras sociale) channel resources to Funds in order to promote initiatives of microcredit.</p> <p>Credit cooperatives (“Sociedades Cooperatives de Crédito) , serving the local area, play an important role in facilitating inclusion of people living in rural areas and/or with very basic</p>	The strategies and commercial policies of the savings banks sectors seems to have triggered a positive competition within the banking sector for serving this market segment.

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			needs.	
Spain	2004	Tarifa plana	<p>A group of banks voluntarily offers current or deposit accounts that include additional services (such as a credit or debit card, or bank transfer facilities) covered by a single all-inclusive flat rate commission. The details of the product varies from bank to bank, but typically it consists of a package of services for which a fixed price is paid monthly or at other regular intervals.</p> <p>Some banks have also developed commercial products in which the customer uses certain categories of services free of charge, provided that they agree to build a closer relationship with the bank, particularly through the direct payment of their wage or pension into their account.</p>	The approach of some Spanish banks seems to demonstrate that the market segment of low income people is profitable in the long run.
Spain	2005	«Bravo, envío de dinero»	<p>The new remittance service has been promoted by CECA (Confederacion Espanola de Cajas de Ahorros) and offers a common platform for making remittances via Swift/Internet (inrecambio de ficheros) . The delivery is assured in a short delay and the costs are competitive with those of the money transfers. The agreement has been signed by 32 savings bank in Spain and 14 countries in Latin America.</p>	Statistics on the dynamic of market share in the remittances market reveal that the banking sector (savings and commercial banks) is successfully gaining shares to the detriment of money transfers.

Voluntary charters and codes of practice

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

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

Government intervention (as facilitator)

Country	Name of the Initiative	Main provisions	
Spain	Cuenta vivienda	A fiscal incentive is granted to persons who save and deposit their savings on a special deposit account with the aim to buy their home. The sums deposited are tied up to that goal.	This is a very common and well-known instrument used also by low to moderate income people

Government intervention (as legislator)

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

Attached: electronic version **Survey of the Household finances (EFF):**