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Financial inclusion of Migrants in Germany

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Osservatorio Nazionale
sull'Inclusione Finanziaria
dei Migranti

L'Osservatorio Nazionale sull'Inclusione Finanziaria dei Migranti costituisce un'esperienza unica in Italia e in Europa, che offre un'analisi e un monitoraggio costante e organico del fenomeno dell'inclusione finanziaria dei cittadini immigrati nel nostro Paese, quale condizione necessaria per favorire il processo di integrazione, fornendo ad operatori e istituzioni strumenti di conoscenza e di interazione che consentano di individuare e definire strategie integrate per il suo rafforzamento e ampliamento. Il Progetto, finanziato dalla Commissione Europea e dal Ministero dell'Interno (Fondo Asilo, Migrazione e Integrazione) è stato assegnato, sulla base di una gara pubblica, al CeSPI (Centro Studi di Politica Internazionale).

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1. Introduction

Since the Second World War a large number of people have migrated to and settled in Germany. Large waves of migrant from countries such as Turkey, Spain, Italy, Portugal and former Yugoslavia first came to Germany in the 1960s and 1970s as part of “guest-worker” programs. These programs were designed to attract foreign workers in order to deal with rapid economic growth and a shortage of workers and were not designed to be permanent, nevertheless many former guest workers settled in Germany as a consequence. After a stop of the “guest worker” programs there was a slowdown in migrations. In the late 80s and 90s a new wave of migration concerned a large number of refugees who arrived in Germany from the Kurdish part of Turkey and from former Yugoslavia. The same happened after the collapse of the Soviet Union, when a large number of people from these countries arrived in Germany. In more recent years the civil war in Syria has caused a large influx of Syrian refugees to Germany. Furthermore, a large number of migrants from other countries in the Middle East and Africa have been given refugee status.

Being excluded from the financial system in a country that one migrated to can cause a large number of problems in daily life and hinders integration into society in general. At the most basic level, not having a bank account might mean that a migrant is unable to find a job. It can also exclude from other activities: If you do not have a bank account, in a country such as Germany, you are not able to rent a flat, get a mobile phone contract nor join a gym. On the other hand, financial inclusion does not just mean having a bank account. It also means that migrants cannot have access to any other form of formal credit to invest into entrepreneurial activities. Furthermore, being financially excluded means that migrants are not able to save money at formal financial institutions. Financial exclusion therefore does not only mean that people are unable to participate in everyday activities, but it also means that they are unable to deal with potential economic shocks.

This report looks at financial inclusion of migrants in Germany. It is important to distinguish between migrants that have lived in Germany for a large number of years and who might have German passports, and recent migrants that have come to Germany during the recent inflow of people mostly from Syria, but also from other countries in the Middle-East and Africa. These groups differ not only because of the number of years they have lived in Germany but also because of their financial needs and financial cultures, depending on their country of origin.

2 Are migrants financially included?

To the best of our knowledge not much research has been done on financial inclusion and financial knowledge of migrants in Germany. The majority of research on this topic looks at remittance behavior of migrants that have been in Germany for a number of years. This strand of research mostly looks at savings behavior of migrants. Less research has been done on migrants’ access to credit.

2.1 Migrants that have been in Germany for many years

This first section looks at some of the research that has been done on migrants that arrived in Germany during the early years of migration.

Bauer and Sinning (2011) compare savings rates of migrants and native Germans using data from the Socio-Economic Panel (SOEP). In this study migrants are defined as foreign-born people that immigrated to Germany after 1948. The SOEP is a representative panel of households in Germany, it has been running since 1984. New samples are drawn on a regular basis. The SOEP is run out of the DIW Berlin, which is an

independent research institution. Each year about 30000 individuals in 11000 households are part of the survey¹.

The paper finds that migrants have significantly lower savings rates than the German-born population. Interestingly, if remittances to the country of origin are regarded as savings, the gap in the savings rate between migrants and the native population disappears. The authors perform decomposition analysis to look at the differences between migrants and natives, as well as between temporary and permanent migrants. In both cases they find that the largest part of the differences in savings rates can be explained by differences in socio-demographic variables (50% of the differences between migrants and natives, and more than 70% in the differences between temporary and permanent migrants). The authors further explore whether the unexplained part of the decomposition may be explained by differences in interest rates between Germany and the host country. They do find evidence for this, but only if remittances are regarded as savings².

Sinning (2005) studies remittances of migrants (defined as the non-German born respondents that migrated to Germany after 1948) using SOEP data. The author finds that return intentions to the country of origin are a major driver of remitting behavior. Migrants that intend to return to their country of origin are significantly more likely to send more remittances than migrants that wish to stay in Germany. At the same time, remittances tend to be higher if close relatives live in the migrant's country of origin. Looking at households of migrants in Germany, the author finds that migrants in larger households send less remittances. Furthermore, women are less likely to send remittances and they send smaller amounts³.

The Kreditanstalt für Wiederaufbau (KfW), the German development bank, runs a survey of newly founded companies and start-ups. The start-up monitor is an annual panel survey where 50 000 randomly selected individuals are surveyed and asked about their start up activities. The survey is representative for people living in Germany⁴. One report based on this survey compares migrants (people who do not hold German passport or people, who were born with a different nationality and later got a German passport) who started business activities, to members of the native population that started a business. The report compares both businesses characteristics and socio-demographics of people that run these businesses. The study finds that migrants are more likely to start a business. Noticeable is also that a larger proportion of migrants holding a university degree start businesses compared to the native population with the same education level. At the same time the report finds that migrants tend to start larger businesses that employ more people. Similarly, migrants spend more time on their business and are more likely to start a business as part of a team. The report argues that migrants' start-up activity is highly dependent on job market opportunities. Migrants are more likely to start a new business when they have difficulties finding a job, but they are also more likely to terminate that business if labor market opportunities change. Interestingly, migrants use different sources to finance their business compared to the native population. Compared to the native population, migrants are more likely to finance their business activities by borrowing from friends and family members and are more likely to use bank account overdraft facilities. They are, hence, less likely to get a loan from a bank. One can only speculate whether this is due to demand or due to supply side reasons. Migrants may be excluded from getting formal bank loans, alternatively they might also be less likely to ask for a bank account⁵.

¹ SOEP information page: https://www.diw.de/de/diw_02.c.221178.de/ueber_uns.html (opened 13/03/2018).

² Bauer Thomas and Matthias Sinning (2011), The savings behaviour of temporary and permanent migrants in Germany, *Journal of Population Economics*, Vol. 24, No.2, 421-449.

³ Sinning, Matthias (2005), Determinants of Savings and Remittances, Empirical Evidence from Immigrants to Germany, *Ruhr Economics Papers*, No. 23.

⁴ <https://www.kfw.de/KfW-Group/KfW-Research/KfW-Gr%C3%BCndungsmonitor.html> (opened 13/03/2018).

⁵ Leifels, Anne (2017), Migranten gründen häufiger und größer: mehr Wochenstunden, mehr Angestellt, *KfW Research Fokus Volkswirtschaft*, Nr. 165, 4, April 2017.

2.2 Migrants who are new to Germany

As part of this project a small survey was conducted that asked refugees from Syria about their experiences with the financial system in Germany. In order to conduct this survey, a questionnaire was designed by researchers at DIW Berlin in cooperation with CESPI. The questionnaire was designed specifically to gain information on the experiences with financial services in Germany and also financial experiences before the migrants left Syria. In addition a number of questions were asked about welfare and about experiences in the labor market. Lastly, the survey included questions on household composition.

The questionnaire was written in English and was translated into Arabic by a native Arabic speaker that has experiences with survey design. Most interviews were, hence, conducted in Arabic. The sample consisted entirely of Syrian refugees. Having refugee status was a requirement for participating in this survey. Participants were recruited for our survey using three different channels: i) refugees that are in the social circle of the research team, ii) Syrians contacted in a German language school in Berlin and interviewed after class, iii) a third set of people part of a group run by volunteers helping Syrian women to integrate into the German labor market. Overall, recruitment of subjects was very difficult. Many people that were approached refused to participate in the survey. There seems to be a high level of distrust and many refugees seem to find it hard to distinguish between independent researchers and other government employees.

Overall, we ended up with a sample of 31 individuals. This includes 17 men and 14 women. Most of the respondents arrived in Germany in 2015 (18 out of 31). Respondents are very young, with an average age of just below 31. Despite there being many young people, education levels are pretty high with 12 out of 31 having completed a Bachelor degree. Employment is low, as 18 out of 31 report that they are unemployed, but are looking for work.

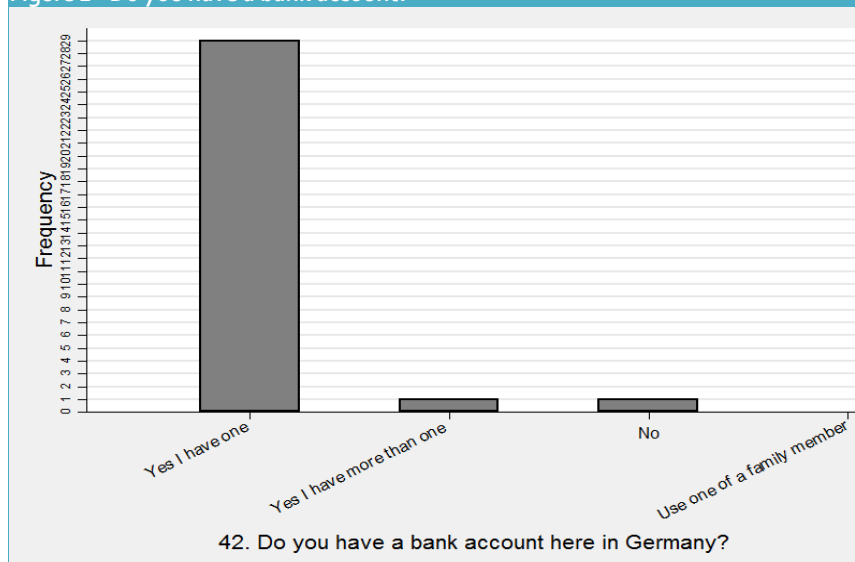
In addition to the survey, two focus groups were conducted.

One focus group consisted of five people and another focus group consisted of four people. One focus group was composed entirely of male participants, recruited among people that a former volunteer in a refugee shelter knew. The other was recruited through a center that brings together people that are new in Berlin and also consisted entirely of men. Focus groups were conducted in German.

A number of interesting results come out of these studies: First, the large majority of those that we interviewed have a bank account in Germany. Those that do not have a bank account are young and reported that someone in the family has a bank account. Most people said that they were able to open a bank account in Germany within the first six months of arriving. However there are some outliers and one person who reported that it took them 15 months to open a bank account in Germany. The majority of the people interviewed reports that they found it very easy to open a bank account in Germany. Three people report that they had some problems and three people report that they found it rather hard.

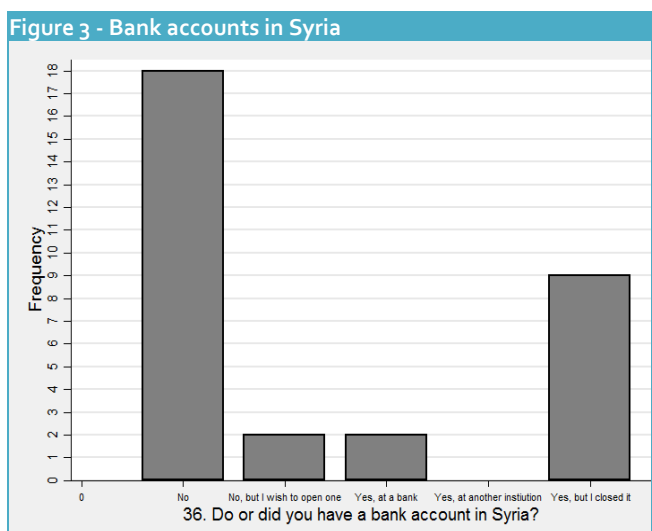
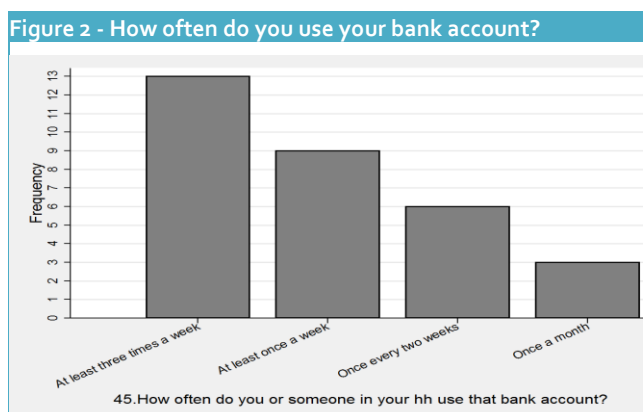
All but one person had a bank account at the Sparkasse, the Germany savings bank (details in Appendix 1). During the focus groups we tried to look further into this and three main reasons were identified: first refugees were sent to the Sparkasse by people in refugee shelters; second, there is a dense network of Sparkasse bank branches in Berlin and so people feel that it makes banking easy; third, there seem to be

Figure 1 - Do you have a bank account?



peer effects, meaning that people tend to open bank accounts at the bank where other individuals in their social circle already have an account.

About half of the people that we interviewed said that they use their bank account at least three times a week. Hence a number of people seem to not just have a bank account, but they also make use of a bank account frequently. However, there are some individuals that only use their bank account about once a month. A number of respondents said that they take all the money that they receive out of their account and store it at home in cash. During the focus group, two reasons for this emerged: first, the Syrian economy is mostly cash-based, people are used to dealing with cash and have no experiences with cards or ATMs; second, there seems to be some confusion about the fee structure of the bank account. Many believe that withdrawing cash from an account is very expensive.



Based on this data it can be said that inclusion of Syrian refugees into the German financial system has been relatively successful on a basic level, since most people do own an account and most people use their account regularly. Another interesting finding regards online banking, which can be seen as a more sophisticated use of financial services. In our study, less than one third of the sample reported the use of online banking. In addition, none of the refugees that we interviewed had any other financial product from a German bank.

One worrying result that came out of the focus group is that a number of refugees have credit cards that they got on the internet. These cards seem to have relatively high credit limits and at the same time participants do not seem to understand that these cards come with high interest rates.

On the other hand, there seems to be strong reliance on informal finance. Many of our participants reported borrowing from networks of friends and family in case of emergency. The majority of those we interviewed said that if they ever did not have enough money, they would borrow from friends and family. The second largest share of respondents said that they would work more in case they needed money. Another interesting point is that only six people of those we interviewed said that they send money to friends and family. This is surprising considering what is known about more settled migrant groups, which tend to remit a lot of money to their country of origin. This may be partly because transferring money to Syria using a normal bank account is not allowed, in line with international laws on anti money-laundering. During the focus group some reported that there is a black market through which to send money to Syria. Not having any family members left in Syria on the other hand does not seem to be the reason. Only 7 out of 31 people report that they have no family members left in Syria.

One thing that may explain the low use of other financial products apart from bank accounts, and the heavy reliance on family and friend networks, is that most people that we interviewed had limited experiences with financial products and low levels of financial literacy. Most people did not have a bank account in Syria.

Similarly, levels of financial literacy are also very low. We asked three financial literacy questions that are designed to measure financial knowledge. These questions have been used in a large number of countries, which makes it possible to compare financial literacy levels between different countries. In our survey only 32% of people could answer all three questions correctly. Using similar questions in Germany usually results in around 65% of respondents being able to answer these questions⁶.

3 Programs to improve financial inclusion

3.1 Governmental programs designed to help migrants

The last two sections examine the state of financial inclusion of migrants in Germany. This section looks at programs and initiatives that are being conducted in Germany to help migrants integrate into the financial system and more generally into society.

Basic bank account

In June 2016 a new law came into effect wherefore everyone that is legally in the European Union or that cannot be deported has the right to a basic bank account. This made it easier for refugees, “tolerated people” and homeless people to open bank accounts, while previously many banks required them to have identification or proof of residency. Since the law was changed these are no longer needed, in line with a EU directive from 2014 that makes basic bank accounts a legal right for everyone.

The law (Paragraph 31, Section 1 of the Zahlungskontengesetz (bank account law)) says: an institution that offers bank accounts to consumers, is required to open a basic bank account for any person that fulfills §33. This is any consumer who is in the European Union legally, even if he/she does not have a permanent residence: refugees as well as people without residence permits that cannot be deported for legal or actual reasons are thus included.

The basic bank account has to offer three functions: i) consumers must be allowed to pay cash into it and take it out either at a bank branch or using a machine, ii) they must be allowed to make bank transfers, iii) consumers have to be given a bank card that they can use for payments. There is no requirement for any overdraft facilities. Although banks are free to offer these.

In order to get a bank account, consumers have to fulfill only two requirements: i) they have to apply for a bank account and fill out a form. This form is also standardized by law and has to be provided to potential customers for free. ii) Consumers have to prove their identity. This can be done using a passport otherwise an *Ankunftsnachweis*, a document that refugees get when they first arrive in Germany. The *Ankunftsnachweis* contains a picture so acts as proof of identity. For tolerated people i.e. people that cannot be deported, the *Duldungsschein*, - a document showing someone’s identity and declaring this person cannot be deported- is enough.

There are very few situations where a basic bank account can be refused to someone. One such situation is when someone cannot prove nationality.

If a bank refuses to provide someone a bank account that person can report the bank to BaFin - the German banking regulatory body – (see Appendix 1 for details) at no costs. The bank is required to inform the person of the possibility to report the bank to BaFin and also has to provide the necessary forms.

All state transfers are transferred to refugees’ bank accounts. At the beginning of the refugee crisis in 2015, this was not the case since many refugees did not have bank accounts, as this was before the law changed. This led to very long lines at offices giving out state transfers which got international attention.

⁶ Klapper, Leora, Annamaria Lusardi and Peter van Oudheusden (2015), *Financial Literacy around the World: Insights from the Standards and Poor’s Ratings Service Global Financial Literacy Survey*, <https://www.finlit.mhfi.com>

Hence, there was a special appeal by the state offices to open bank accounts for refugees. Some banks responded positively to this appeal even before the law changed. In Berlin the office that is responsible for giving out transfers is the Landesamt für Gesundheit und Soziales (LAGeSo- see Appendix 1 for details).

Integration courses

A large number of integration courses are offered throughout Germany. These courses are run by both public and private institutions and funded by the Bundesamt für Migration und Flüchtlinge (BAMF see Appendix 1 for detail). Furthermore, all organizations that offer integration courses have to be licensed by the BAMF. A license is usually given for five years.

There are two sections to all integration courses; the first and larger section is the language section. The aim of this section is to bring all participants to at least a B1 language level, a level at which participation in everyday activities in Germany should be possible. In addition to the language section, all integration courses also contain an orientation course, which follows the language course. During this course, topics on German law and political system, religious freedom, equality of men and women, how to deal with people from foreign cultures, education and the family, are covered. The German financial system is only covered at the margins. All integration courses are concluded by both a language test and a test about "Leben in Deutschland" (life in Germany). In addition to the general integration courses, a number of specialized courses exist. These are aimed at particular groups of migrants, such as families, women, and young people or at people that need extra help with learning the language, often because they are unable to read and write or they are not able to write Latin letters.

Participation in the integration courses is mandatory for some migrants and voluntary for others. Participation is mandatory for non-EU citizens that are new to Germany or that have been here for longer and are receiving unemployment or other benefits. Refugees and tolerated individuals under certain conditions are also required to participate in these integration courses. In 2016, 339 000 people had the right to participate in an integration course. Out of these, 152 000 were new in Germany, the integration course was mandatory for 44.8% of these people. A further 136 000 were people that have been in Germany for longer, EU-citizens and Germans, the course was also mandatory for 40.3% of these people. Migrants from Syria made up the largest groups of participants at 42%. The next largest group was formed by people from Iraq at 8.2%.

Migrationsberatung für Erwachsene (migration advice for adults)

These are centers that give advice and counseling to migrants. Similarly to the integration courses these are run by a number of non-governmental organizations and are approved by the BAMF. Their aim is to complement the integration courses and to advance integration into German society. These services give individual advice and help with issues such as searching for a flat or dealing with bureaucratic problems. This service is meant to be used within the first three years of arriving in Germany.

Investitionsbank Berlin gives microcredit to refugees

The Investitionsbank Berlin started a new initiative, as part of which it will be able to give out micro-loans to refugees, even if they do not have permanent residence status. The duration of the loans will be linked to the time that the refugee is allowed to stay in the country. The maximal amount that can be borrowed is 25 000 Euro and the application is argued to be relatively easy. Forms are designed to be relatively easy and loan decisions are meant to be made quickly. The loans are intended to fund new business project. The loans are financed by the European Fund for Regional Development (EFRE) and by the Investitionsbank Berlin.

3.2 Non-governmental programs designed to help migrants

Sparkasse bank branches opened to serve refugees

Due to the large inflow of refugees in 2015 and 2016, there was also a large increase in people wanting to open an account. Refugees often require particular attention when they open an account, due to poor language skills and a lack of understanding regarding the financial system in Germany. Due to this there was overcrowding in bank branches. The Sparkasse Berlin has opened a number of branches that only serve refugees. In other towns and cities Sparkassen have extended their opening hours exclusively to the refugee population. Indeed, during our survey many participants reported that they were specifically told to go to a specific branch for refugees. All participants interviewed by us, had their bank account at the Sparkasse. In some branches the staff also speak Arabic or there are translators present. In addition, some of the information leaflets are also available in Arabic and in Farsi. The Sparkasse in Berlin alone opened 8450 new accounts for refugees in 2015, 19 350 in 2016 and 4 450 in 2017.

Fit for finance, strong for life (Deutschland im Plus/Germany in the black)

As part of this project a module was developed to especially teach young migrants aged 16 to 21 about the financial system and other related issues such as insurance and work in Germany. Topics such as consumption and shopping, and questions such as - how to open an account and what do I do with it, where may there be hidden costs, how much can I expect to earn when I get a job - are addressed.

The module was developed by the foundation "Deutschland im Plus" (Germany in the black) in cooperation with researchers in the didactics of economics at the Hochschule Weingarten (a higher education institution based in Weingarten). The foundation's mission is to prevent over-indebtedness in Germany in general and developed modules on financial education also for students and parents that are not migrants.

The module for migrants is designed to be taught by cooperation partners and so far is used in education centers in Nuremberg and Dusseldorf⁷.

Verbraucherinformationen für Flüchtlinge (consumer information for migrants)

The Federation of Consumer Associations in Germany has set up a website that contains a number of YouTube videos and example letters that are designed to help refugees with issues that affect consumers in Germany⁸. These include: what I need to look out for when opening a bank account, what insurance do I need, what to look out for when renting a flat. The website is targeted at refugees and people working with refugees. The sound for all videos is in German, but there are Arabic, Farsi and English subtitles.

WirtschaftsWerkstatt (Economics Workshop)

This is the educational initiative of the largest credit registry bureau, SCHUFA (details in Appendix 1). The initiative provides information about finance aimed at young people on its website, but also provides materials for teachers. Some of these materials are being worked over and changed to target the needs of refugees. The materials are being tested as part of another initiative that is run by the Bildungswerk der Badenwürttembergischen Wirtschaft (an NGO funded by companies in one of Germany's Baden-Württemberg, a federal states) that are intended to help refugees with integrating into German society⁹.

Zielgruppenorientierten Verbraucherschutz (consumer protection directed at special groups)

This is a project that aims to train people working with migrants such as people who work in group-homes, shelters and community centers on issues of consumer protection. The aim is to inform these people to give migrants advice on specific problems regarding consumer protection. The idea behind this pro-

⁷ <https://www.deutschland-im-plus.de/Projekte.htm>, opened 21/12/2017.

⁸ <https://www.vzbv.de/pressemitteilung/vzbv-veroeffentlicht-youtube-videos-fuer-gefluechtete>, opened 23/12/2017.

⁹ <https://www.bwhw.de/von-uns/aktuelles/artikel/fluechtlinge-erwerben-mit-der-wirtschaftswerkstatt-finanzwissen>, opened 23/12/2017.

ject is that migrants have different needs and are especially vulnerable to fraud. At the same time migrants are less familiar with consumer protection and may also be more reluctant to use consumer protection offices, because of language problems. The project aims to reach people that are not familiar with consumer protection and are not aware of their rights.

The project was initiated by the cooperation of Türkischer Unternehmer und Handwerker (Groups of Turkish entrepreneurs and tradespeople) and is funded by the Senat of Berlin¹⁰.

Programs that help other vulnerable populations

In recent years, in light of the financial system becoming increasingly complex and the social benefit system becoming less and less generous, an increase of public and policy attention has focused on low levels of financial literacy, which particularly affects vulnerable parts of the population. As a result a large number of projects have been developed that are designed to improve financial literacy and to help vulnerable parts of the population make better decisions. We here present a selection of initiatives that aim to improve financial literacy in the German population in no particular order.

Economics and Finance as a subject in schools

Germany's education system is organized at a federal level. This means the amount of financial or economics education that a student receives strongly depends on the Bundesland in which the student lives. So far the only Bundesland that has introduced economics as a school subject is Baden-Württemberg. The new government of Nordrheinwestfalen is also planning to introduce economics as a subject in schools. In other Bundesländer economics and finance are usually taught in some form as part of other subjects, such as general social sciences.

My Finance Coach

My Finance Coach provides teaching material and sends finance experts into school to teach students about basic economics and finance. One of the main aims of the project is to raise awareness about over-indebtedness. The classes are aimed at children in school years 6 to 9. The majority of schools that My Finance Coach works with are lower track school forms (Germany has a track system). The coaches are invited into the classroom at the request of the teacher and hence whether children are taught about these issues is up to the teacher¹¹.

My Finance Coach is a foundation funded by 60 companies and organizations that largely operate in the financial industry. The finance coaches are employees of these companies. My Finance Coach has been criticized, because of the influence that private companies are potentially exerting in German schools¹².

SchulService Sparkassen

The German Savings Banks association offers materials for schools on topics such as financial literacy and economics. The materials are offered for free and are free of advertising. The SchulService targets students of all ages. In addition to material, the service also offers from Sparkassen employees to go into schools teach students at the request of the teacher¹³.

¹⁰ <http://www.mentor-verb.de/index.php/ct-menu-item-9>, opened 21/12/2017.

¹¹ <https://www.myfinancecoach.org/>, opened 23/12/2012.

¹² <https://www.verbraucherbildung.de/material/my-finance-coach-mach-dich-finanzfit>, opened 23/12/2017.

¹³ <https://www.sparkassen-schulservice.de/index.php>, opened 23/12/2017.

4 Summary and lessons from the German case

Some interesting lessons can be learned from the German case. First even after having lived in Germany for many years, the financial behavior of early migrants is still different from that of the native population. This can be seen in their savings behavior and in other financial behaviors such as getting funding for business activities.

Another interesting finding is that because of legal regulation and the strong role of the savings banks, most refugees that came to Germany over the last few years do have a bank account. However, not all refugees are able to use a bank account in an optimal way. Furthermore, refugees do not seem to have or use any other financial services at Germany's financial institutions. This may be partly due to poor understanding of financial concepts, partly resulting from not having any experiences with bank accounts or cashless payment systems.

Lastly, in recent years large efforts have been made to integrate migrants into Germany society in general. However, the financial system is not a major part of these integration efforts, as most emphasis is put on learning the language and getting integrated into the labor market. Some NGOs and foundations try to fill this void. However their scope is considerably smaller and participation is often voluntary.

Since the Second World War, Germany has received a large number of migrants. This report looks at access and use of financial services by migrants, with a special focus on Syrians that came to Germany over the last few years.

In a first step we look at literature, which examines financial behavior of more settled migrants. These studies show that financial behavior of migrants is considerably different from financial behavior of native Germans.

We also conducted a small survey and two focus groups. Five lessons can be drawn from this: One, access to basic bank account is good and was easy for most. Two, use of financial services is not optimal, there is a strong reliance on cash. There seem to be some confusion about fees of bank accounts and online banking. Four, part of the reasons for confusion seem to be strong cash reliance in Syria and individual's low levels of financial literacy. Five, Syrian refugees strongly rely on informal finance, many borrow from friends and family.

Lastly, the report looks at different initiatives and policies, which are designed to help migrants and especially refugees integrate into the financial system and into Germany in general. One important policy that helps migrants integrate is the law that guarantees a basic bank account for all people, who are in the EU legally. Other state-run integration programs mostly focus on teaching migrants German. As a response to this, a number of non-state programs have been set up. Many of them aim to help migrants and refugees understand how the German financial system works.

If one wanted to do further research into the financial inclusion of migrants in Germany a number of interesting questions could be pursued. First, how migrants could be further integrated into Germany financial system, so that they also use more sophisticated financial products, is an interesting question. Second, it would be interesting to explore if the initiatives that are designed to teach migrants about the financial system are effective.

Appendix A: List of institutions

BaFin - is the federal financial supervisory authority. It is hence a government-funded institution. Its main objective is the stability, functioning and integrity of the German financial system. BaFin has 1780 banks, 676 financial services institutions, 573 insurance undertakings and 31 pension funds as well as about 6000 domestic investment funds and about 260 asset-management companies under its supervision (as of 31 December 2014). There are three strands of operations conducted: first, solvency supervision, here BaFin helps ensure the ability of banks, financial services institutions and insurance undertakings to meet their payment obligations. Second, market supervision – BaFin here enforces standards of professional conduct which preserve investors' trust in the financial markets. Third, investor protection, this means that BaFin seeks to prevent unauthorized financial business.

Landesamt für Gesundheit und Soziales (LAGeSo) - it is an office of the state of Berlin. It is responsible for health and other social services.

Bundesamt für Migration und Flüchtlinge (BAMF) - is the federal office for migration and refugees. This office is part of the ministry for internal affairs (BMI). The Federal Office is responsible for implementing asylum proceedings and for granting refugee protection in Germany. At the same time, it coordinates the promotion of integration at national level.

Investitionsbank Berlin (IBB) - IBB is the business development bank of the Federal Land of Berlin. Its aim is to give business support and so to contribute towards developing Berlin and its businesses and industry.

Sparkassen - This is a group of regional banks in Germany. The Sparkassen operate independently on a regional level, but there is an association that acts as an umbrella organization. The savings banks were founded 200 years ago, with the goal to increase financial inclusion. Their claim is that their main aim is not to maximize profits, but to serve communities and provide financial services.

SCHUFA - this abbreviation stands for "Schutzgemeinschaft für allgemeine Kreditsicherung" (General Credit Protection Agency). It is Germany's largest credit bureau, they collect information for corporate and private customers, holding credit rating information about 67.5 million persons and 5.3 million companies. They are not state funded.