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European Fund for the integration of third-country nationals

GOOD PRACTICES FOR FINANCIAL INCLUSION

A EUROPEAN OVERVIEW

By the National Observatory on Migrants' Financial Inclusion in Italy

June 2013

www.buonepratichedinclusione.it

Edited by

CeSPI

Centro Studi di Politica Internazionale

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The National Observatory for the Financial Inclusion of Third-Party Nationals, the first multi-annual project of this kind in Italy and in Europe, is a hub for the ongoing structured analysis and monitoring of the financial inclusion process for immigrants in Italy, which is key to their full integration. It provides various entities and institutions with tools to encourage knowledge-sharing and cooperation, and this in turn helps identify and define integrated strategies for strengthening and furthering the development of the financial inclusion concept. The project is financed by the European Commission and the Italian Ministry of Interior (through the European Fund for the Integration of Third-Country Nationals) and was awarded to CeSPI (the Centre of International Political Studies) following an open tender procedure.

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This Report has been brought about by Daniele Frigeri (Scientific Director of the Observatory), under the direction of José Luis Rhi-Sausi (Director of the Observatory) and in collaboration with Giulio Giangaspero (Good Practices United Kingdom) and Isabella Corvino (Good Practices France).

CHAPTER 1

A definition of financial inclusion

Addressing the issue of defining financial inclusion, as much as providing a coherent definition of the other side of the coin, financial exclusion, is not an easy task. First of all, it would be necessary to identify those "basic" financial services to which to refer to, most likely depending on the degree of financialization of each country (Anderloni and Carluccio, 2006[1]). Furthermore, there could be various degrees of financial exclusion, based on the level of complexity of utilized services and/or on the usage of non-official providers. The World Bank, for instance, distinguishes between "formally served" and "financially served"[2] and considers "financially excluded" to be only those who have no type of access.

Based on mainstream international literature and on gathered experience with regard to migrants' financial inclusion, it seems that the definition of financial inclusion tied to the sole possession of a current account or to the simple access to products and financial services does not take into proper consideration the complexity of the phenomenon and its related causes and consequences. If, in fact, we start from the general assumption highlighting the reciprocal connection between social inclusion and financial inclusion, whereas the latter becomes a necessary condition for the active participation in the economic life and, therefore, also social of the country where the individual lives and resides (alone or with family), it appears clear how it is necessary to extend the definition of financial inclusion to a variety of financial products and services and to the real possibility of using them in an efficient manner so as to achieve the individual's goals and play to his strengths.

If the bank account represents a fundamental access point to a variety of financial credit and payment products and services, the availability of asset-building tools aimed at accumulation and protection of savings appears indispensable within the process of reducing the vulnerability of the individual and their family. Finally, the possibility to start-up and manage a business activity, a relevant tool for social mobility, particularly for population segments whose specialization and professionalism levels are inadequately acknowledged or endorsed, like migrants, is strictly and increasingly connected to access to the financial system.

For these reasons, within the scope of this study, we are adopting a definition of financial exclusion as *a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong*[3]. It follows that financial inclusion will be seen as the entirety of activities developed to foster efficient access and usage of financial services by subjects and organizations not entirely included in the ordinary financial system. Such services include financial credit services, savings, insurance, payment, funds transfer and remittances, programs for financial education and branch reception, along with small businesses start-up.

[1] L. Anderloni, E. Carluccio, "Access to Bank Accounts and Payment Services", in Anderloni L., Carluccio E. e Braga M., *New Frontiers in Banking Services: Emerging Needs and Tailored Products for Untapped Markets*, Berlino, Springer Verlag, 2006.
[2] World Bank, *Indicators of Financial Access – Household Level Survey, 2005*.
[3] Financial Services Provision And Prevention Of Financial Exclusion, European Commission, March 2008.

CHAPTER 2

Financial inclusion, a global overview

Financial exclusion, as defined in the previous chapter, represents an important cause and consequence of social exclusion. In the last few years, awareness of the role financial inclusion can play within the process of development and poverty reduction, within the process of social integration of the more vulnerable and fringe segments of society, in contributing to increase a country's social as well as financial stability, in its input towards the development of financial systems and the growth of the effectiveness of welfare-oriented public policies, has grown at a global level. There are very different aspects relating to a greater financial inclusion, intended not only as a reduction of access barriers to financial products and services, but also as their effective usability by the individual in leading his life and in his participation in the social and economic life in the country where he resides.

2.1 Link between social exclusion and financial inclusion

The definition of social exclusion originates in France in the early Seventies (Barry 1998, Ebersold 1998[4]) and refers to the collection of complex processes which deprive certain individuals of access to a mainstream lifestyle. A definition which goes beyond the concept of poverty seen as minimum income threshold and which results from an elaborated deprivations system.

Such definition enables a multiplicity of indicators of social exclusion to drawn, which can be classified in three main categories:

- Economic indicators relating to the participation in the production and consumption process.
- Indicators relating to the level of political participation.
- Social/relational indicators regarding relationships and social networks.

However, the term financial exclusion is introduced in literature only in 1993. And the definition has always been related to the lack of access some population segments experience toward certain basic financial products such as bank accounts or payments services, savings services or access to credit.

We believe though, that the definition of financial exclusion should take into account its connection to social exclusion and, namely, the individual's capacity to actively participate in the economic life of the country where he lives (consumption and production). Therefore, our definition of financial exclusion defines the process which involves and blocks the individual not only in his access to financial products and services, but also in their correct usage to lead a normal life.

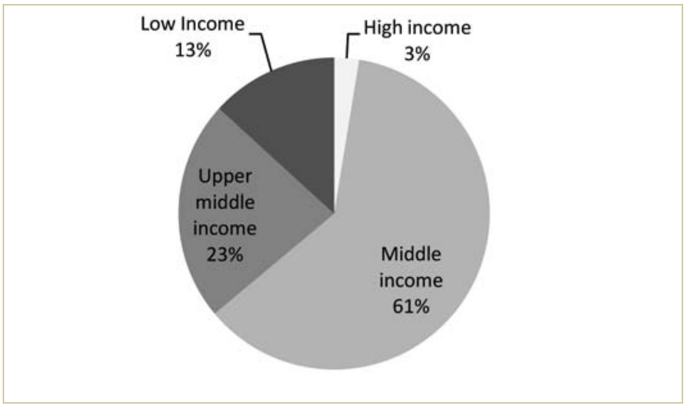
In this way it is clearly highlighted how financial exclusion/inclusion represents a key element in the process for social exclusion/inclusion, which can be directly influenced by a variety of factors such as regulation and legislation in the field of finance and consumer protection, single stakeholders commercial and sustainability-oriented strategies, public policies for support and incentive.

[4] Barry, M. "Social Exclusion and Social Work: An Introduction." Pp. 1-12 in *Social Exclusion and Social Work: Issues of Theory, Policy and Practice.* London: Russell House Printing. Ebersold, S, *Exclusion and Disability.* OECD: Centre for Educational Research and Innovation, 1998 [http://www.oecd.org/els/edu/ceri/conf220299.htm].

The accelerated process of substitution and reduction of cash usage and the development of new channels and tools for payment management, more than ever render the intermediation of a financial tool necessary, and hence an intermediary, for the management of the individuals' ordinary life, from current expenses to access to goods and services and, in not few cases, even up to social welfare tools (social card, public funds to sustain unemployment and more). All of which are situations requiring a current account or a payment tool. In the last decade access to basic financial services has gradually become a precondition for the participation in the social and economic life of a modern society and, therefore, for social inclusion.

At international level, according to recent estimates by the World Bank, over half the world's adult population, approximately 2.5 billion people, does not use official financial services[5]. Of these, more than 97% live in emerging and developing countries (*Graph 1*) with strong geographical differentiations (*Graph 2*).

Graph 1 – Financial Exclusion: percentage of the population lacking a current account



Source: elaboration by the National Observatory on migrants' Financial Inclusion in the Global Findex Database

Coherently with the wide definition of financial inclusion we adopted, the World Bank has developed a series of indicators, included in a public database (*Global Findex Database)* to measure financial inclusion. The indicators take into consideration the multi-dimensionality of the phenomenon, focusing on the measurement of the financial products used more than measuring the dimension of mere access[6].

i. Indicators regarding the ownership and usage of current accounts in formal institutions (mode of access, frequency of usage, purposes and barriers).

ii. Indicators relating to payments services and their usage.

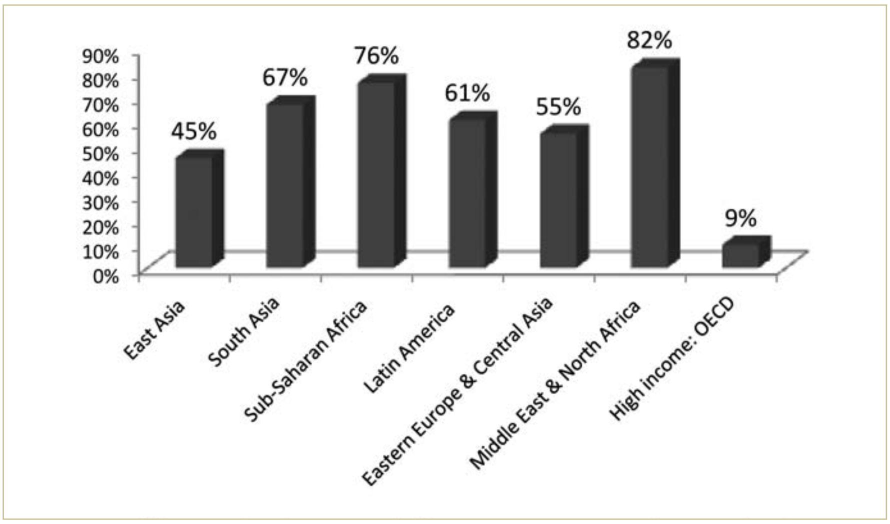
iii. Indicators relating to savings management.

iv. Indicators relating to credit access (through formal and informal channels) and the usage of credit cards.

v. Indicators relating to insurance products.

No less important, the availability of *asset-building* tools aimed at savings protection and accumulation appears crucial in the process of reducing the vulnerability of the individual and his family. Finally, the possibility to start-up and manage a business activity, an important tool for social mobility, is strictly connected, increasingly, to access to the financial system.

Graph 2 –Financially excluded population (percentage of adult population without a current account)



Source: elaboration by the National Observatory on migrants' Financial Inclusion in the Global Findex Database

[5] Global Partnership for Financial Inclusion "Report to the Leaders", G20 Leaders Summit, Cannes, November 5th 2011.
[6] A. Demirguc-Kunt, L. Klapper, *Measuring Financial Inclusion,* The World Bank, April 2012.

While, in most of the geographic areas, financial exclusion approaches the world average (equal to 49.5% of the adult population), in Africa it reaches peaks of 80% (Table 2). This is a very concise picture of the global phenomenon, utilizing a simple indicator connected to the possession of a current account which, as mentioned, greatly restricts the concept of financial exclusion.

The scope of this study does not include a detailed analysis of the causes for financial exclusion which can be attributed to a complex array of factors, interlinked and related to the socio-economic, institutional, regulatory, cultural characteristics and also related to the degree of development and the structure of the offer of financial services in each country. Recent studies in the English speaking world have brought forth a positive connection between the deregulation of the financial system and the intensified use of policies for maximizing financial enterprise value and financial exclusion, likewise new payment technologies, for instance linked to the use of mobiles, represent a lever for financial inclusion already substantial in various countries and, potentially, at global level. Similarly, regulatory actions, like anti-money laundering and terrorism financing legislation, can lead, as indirect consequence, to an increase in access barriers to financial services. Furthermore, there are elements related to the trust towards the stakeholders which directly affect this process.

Factors of a socio-economic nature are certainly the first cause for financial exclusion (65% of adults without a current account believe they do not earn enough), while the main access barrier is represented by high costs (25% of adults without a current account), followed by accessibility in terms of geographic distance.

The actions that can be put to effect in order to support and strengthen the process for financial inclusion can be various and achieved at several levels and, given the variety of factors coming into play, involve various actors. At international level there are increasingly more initiatives and studies on possible efficient policies for financial inclusion, starting from the creation of international standards for the collection and elaboration of statistical data crucial to monitor the phenomenon[7]. The *Centre for Financial Inclusion,* through a wide multi-stakeholder consultation process, has identified five main areas for intervention:

- Clientele and services level, aimed at a better understanding of the clientele needs and translated into actions for the widening of access to the services.
- Technological level, by analysing the potential of new technologies in terms of access, security and cost reduction.
- Clientele knowledge and financial capability, for a better understanding of the clientele's familiarity and ability to use the various financial services and products.
- Consumer protection level.
- Credit reporting level, extending it for the stakeholders' improved risk management.

The authorities can intervene at various levels in each of these areas, favouring appropriate social, demand and offer conditions for financial inclusion. They can promote innovation and competition in the financial services market, directly provide (or subsidise) private investment in infrastructures, ensure adequate consumer protection, support initiatives for financial education, initiate research to deepen knowledge on the phenomenon and draw a risk-based regulatory framework. Naturally, the proportionality parameter, i.e. a careful analysis of the cost effectiveness of the authorities' intervention, aimed at minimizing distortionary intervention, is a parameter that should always be taken into consideration in defining public policies also in this field.

2.2 The link between financial inclusion and financial education

If we define financial inclusion as the process whereby each individual accesses or uses financial services and products available in the mainstream market to make informed and effective choices and lead a normal social life in the society in which he belongs, the link to financial education, meant as knowledge acquisition, awareness, ability to manage self-resources and the usage of financial products, appears very evident.

[7] Chapter 3 provides a brief overview of the initiatives put into effect at G20's level, while Chapter 4 the analysis is about the European Commission Initiatives.

Education is a crucial component within this process, by preventing and removing some of the causes that foster the exclusion phenomenon. Researches in the field clearly show a positive link between education level and financial inclusion, highlighting, as well, that unemployed, low-income families and immigrants represent social groups in need of special attention with regard to initiatives for financial education. A greater financial culture, in addition to a more effective management of self-resources and an improved familiarity with the various financial products, also translates into a greater trust in intermediaries, a decreased usage of unofficial and illegal (like illegal moneylending) tools and channels.

The Organization for Economic Co-operation and Development (OECD) has defined financial education as:

> "*the process by which financial consumers/investors* [and, generally, the wider public of financial services consumers] *improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being*"[8].

Deregulation, technological progress and financial innovation have rendered the financial choices individuals have to face more complex and varied. More in general, the evolution and development of financial markets does not seem to be accompanied by a proportional growth in the citizens' awareness. At international level, various studies have demonstrated that an individuals' understanding of capital management and investment tools, knowledge of rights and ability to exercise them, are limited everywhere.

In line with the more general process for financial inclusion, the process for financial education has set the following as a target; allowing consumers to make informed choices, and in coherence with their needs on indebt, savings, investment, insurance and welfare, taking into consideration the costs and risks of financial products' and the relation between risk and return.

Not only the individual reaps the benefits of such a process, but also the whole financial and economic system, through a greater participation in the economic life, a better resource management and less daring financial behaviours

The recent financial crisis has further strengthened this belief. The analysis of its causes and effects has, in fact, brought out, amongst others, four aspects[9]:

- Scarce knowledge in matter of finance, with subsequent inadequate and unfair decisions, spread in amongst wide population strata.
- Financial issues can remain unnoticed for long periods of time before coming to a head.
- Consequences of financial errors can be devastating for individuals and families, as they weigh on savings and supplemental income.
- The costs for these errors are high, not only at microeconomic level, but also at macroeconomic level; consider for instance, the governments' intervention to save banks and financial institutions or the welfare benefits provided to families that have found themselves in difficult financial conditions.

Given the relevance and connection between financial education and inclusion, the Report contains a review of the European Good Practices for financial education, produced and published by the European Economic and Social Committee (by the specialised section Economic and Monetary Union and Economic and Social Cohesion - ECO) at the European Commission and kindly made available for circulation.

[8] OECD (2005b), *Recommendation on principles and good practices for financial education and awareness recommendation of the council*, http://www.oecd.org/finance/financial-education/35108560.pdf.

[9] G. Gomel, F. Bernasconi, M. Cartechini, V. Fucile, R. Settimo, R. Staiano, Issues on Economy and Finance. *Financial inclusion - G20 initiatives and the role of the Bank of Italy*, Occasional Paper, Banca d'Italia, n. 96, July 2011.

CHAPTER 3

G20 initiatives with regards to financial inclusion

At international level, attention to matters related to financial inclusion has rapidly increased in the last few years, also due to the financial crisis. On the occasion of the post-crisis Pittsburgh Summit, the G20 countries have decided to concretely engage in supporting financial inclusion. The summit's closing statement declares:

> "*We commit to improving access to financial services for the poor. We have agreed to support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and, building on the example of micro finance, will scale up the successful models of small and medium-sized enterprise (SME) financing. Working with the Consultative Group to Assist the Poor (CGAP), the International Finance Corporation (IFC) and other international organizations, we will launch a G20 Financial Inclusion Experts Group (FIEG). This group will identify lessons learned on innovative approaches to providing financial services to these groups, promote successful regulatory and policy approaches and elaborate standards on financial access, financial literacy, and consumer protection.*" Setting forth the guidelines for what will be the *G20 Financial Inclusion Action Plan.*

The G20 intends to assume the role of favouring, at a global level, the diffusion of knowledge in the field of financial inclusion, creating shared principles and standards, providing technical, political and financial support.

The *Financial Inclusion Experts Group* (FIEG) was established in December 2009, composed of experts from the G20 countries' Central Banks and Ministries of Finance and availing of two technical sub-groups:

The *Access Through Innovation Sub-Group* (ATISG) – which has dedicated access to financial services and retail payments through innovative channels[10] - and the *SME Finance Sub-Group* (SMEFSG), with the task to study effective models for the financing of small and medium sized enterprises.

The proceedings have progressed very quickly and, together with a broad review of successful experiences at international level, with the definition of the statistical benchmarks and the consultation with various stakeholders, have come to the definition, always within the G20, of the "*Principles for Innovative Financial Inclusion*", at Toronto's summit in June 2010 (*Box 1*).

[10] Starting from the evidence of the available data based on which the main cause for financial exclusion is represented by the high access charges, the Group's work has focused on the collection and analysis of the most successful innovative experiences in reducing such costs and in reaching the excluded, in addition to exploring the various regulatory approaches able to promote innovative inclusive models able to ensure: the availability of a satisfying range of services, the security in transactions, economic sustainability for the stakeholders and an adequate level of competition in the market. The results of this work are included in the Report "*Innovative Financial Inclusion*" (G20 FINANCIAL INCLUSION EXPERTS GROUP, (2010a), *Innovative Financial Inclusion - Principles and Report on Innovative Financial Inclusion from the Access through Innovation*) and have merged into the "*Principles for Innovative Financial Inclusion*".

BOX 1 - PRINCIPLES FOR INNOVATIVE FINANCIAL INCLUSION

1. **Leadership.** Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.
2. **Diversity.** Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.
3. **Innovation.** Promote technological and institutional innovation as a means to expand financial system access and usage, including addressing infrastructure weaknesses.
4. **Protection.** Encourage a comprehensive approach to consumer protection that recognizes the roles of government, providers, and consumers.
5. **Empowerment.** Develop financial literacy and financial capability.
6. **Cooperation.** Create an institutional environment with clear lines of accountability and coordination within government; and also encourage partnerships and direct consultation across government, business, and other stakeholders.
7. **Knowledge.** Utilize improved data to make evidence-based policy, measure progress, and consider an incremental "test and learn" approach by both regulators and service providers.
8. **Proportionality.** Build a policy and regulatory framework that is proportionate with the risks involved in such innovative products and services, and is based on an understanding of the gaps and barriers in existing regulation.
9. **Framework.** Consider the following in the regulatory framework, reflecting international standards, national circumstances and support for a competitive landscape: an appropriate, flexible, risk-based AML/CFT regime; conditions for the use of agents as a customer interface; a clear regulatory regime for electronically stored value; and market-based incentives to achieve the long-term goal of broad interoperability and interconnection.

The November 2010 summit has marked the beginning of the *Partnership for Financial Inclusion* (GPFI) with the objective of putting into effect the agenda related to financial inclusion, concretely implementing the principles and coordinating FIEG's tasks.

The plan consists of seven different actions, each including an array of specific activities:

1). Monitoring each G20 country's commitment to the concrete application of the Principles, both at domestic and international level;

2). Ensuring the coordination with the work of the *standard setting bodies (SSBs)* aimed at favouring financial inclusion;

3). Encourage the private sector to develop activities apt at increasing access to financial services;

4). Improving the quality and consistency of statistical data;

5). Promoting and supporting activities for the diffusion of knowledge and technical assistance;

6). Coordinating the G20 initiatives with those already into place in the various countries and at international level;

7). Integrating financial inclusion within the tools for the valuation of financial systems presently established at national and international level.

Finally, during Los Cabos summit in June 2012, member states adopted indicators for financial inclusion ("the Basic set"), with the objective of improving the process of standardisation of information, knowledge and monitoring of the phenomenon at international level.

The adopted indicators identify three key dimensions for financial inclusion measurement:

i. Access to financial services

ii Usage level of services

iii Products quality and accessibility

Box 2 sums up the identified indicators, pinpointing the reference dimension.

BOX 2- THE G20 BASIC SET OF FINANCIAL INCLUSION INDICATORS

Categories	Indicators	Measures dimensions
Formally banked adults	% of adults with an account at a formal financial institution	Usage
	Number of depositors per 1,000 adults OR number of deposit accounts per 1,000 adults	
Adults with credit by regulated institutions	% of adults with at least one loan outstanding from a regulated financial institution	Usage
	Number of borrowers per 1,000 adults OR number of outstanding loans per 1,000 adults	
Formally banked enterprises	% of SMEs with an account at a formal financial institution	Usage
	Number of SMEs with deposit accounts/number of deposit accounts OR number of SME depositors/number of depositors	
Enterprises with outstanding loan or line of credit by regulated institutions	% of SMEs with an outstanding loan or line of credit	Usage
	Number of SMEs with outstanding loans/number of outstanding loans OR number of outstanding loans to SMEs/number of outstanding loans	
Points of service	Number of branches per 100,000 adults	Access

CHAPTER 4

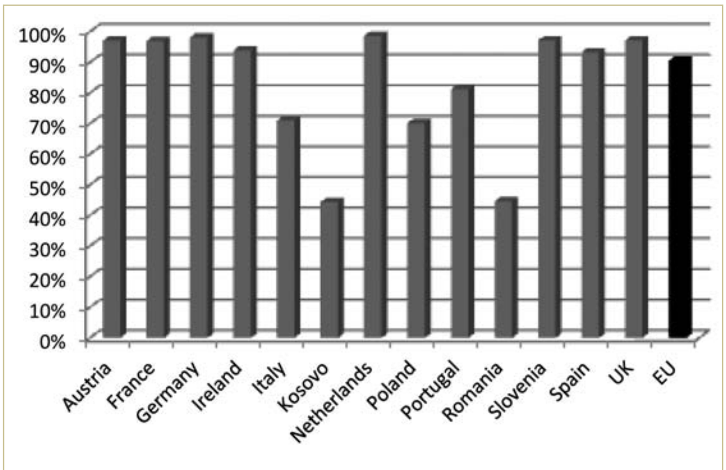
Financial inclusion European overview

The phenomenon of financial exclusion meant as inability or reluctance by certain subjects – individuals or enterprises – to access and use basic financial services, such as current and deposit accounts, loans, insurance and payments services, proves to be particularly complicated and elaborated. Financial exclusion is in fact the result of a complex array of factors, often interconnected and related to the socio-economic, institutional, regulatory, cultural characteristics also associated to the degree of development and structure of the financial services offer in each country. Measuring the degree of financial inclusion through synthetic indicators does not appear a simple or immediate achievement, both at national and international level where common standards are still at the definition stage.

At European level there are two main sources for the analysis of the phenomenon of financial inclusion:

- A study at European level on retail payment services (*Special Eurobarometer 373*[11]*), based on 26,856* questionnaires submitted to consumers of the 27 member states, on September 2011.
- A database realized and managed by the World Bank within the *Global Financial Inclusion Index* (FINDEX) which measures, at international level, a series of indicators at retail market level.

Graph 3 – Percentage of account holders at formal financial institutes



Source: elaboration by the National Observatory on migrants' Financial Inclusion in the Global Findex Database

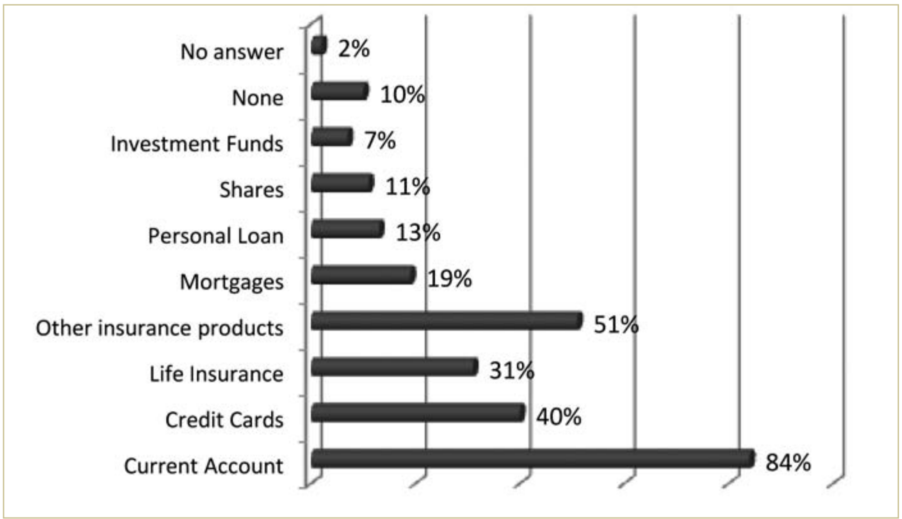
Based on this data it is possible to sketch out a synthetic overview of the phenomenon of financial inclusion at European level. In the EU 27's, from both used databases, a satisfying global data is emerging: only 16% of the population, according to the Eurobarometer, or 10%, according to FINDEX, do not have a current account at a formal financial institution. However, the data shows a high variability within the European context, *Graph 3* shows the data related to the percentage of population (older than 15 years of age) possessing a current account. From an almost total level of bancarization in countries such as Spain, France and Great Britain, there are very low values, around 44%, for Kosovo and Romania.

Furthermore, should we consider financial inclusion as access and usage of a range of financial tools and not only as ownership of a current account, then data at European level show much greater levels of financial exclusion. *Graph 4* shows the ownership of a range of financial products at European level. The accessibility and ordinary usage of a

[11] Special Eurobarometer 373, Retail Financial Services Report, April 2012.

range of financial products relating to various aspects of the process of participation in society's economic and social life seems a subject where there is ample space for improvement, both in social terms (culture, education, etc.) and in terms of demand and offer (information, education, accessibility, protection, etc.).

Graph 4 – Ownership of financial products, European data



Source: Eurobarometer

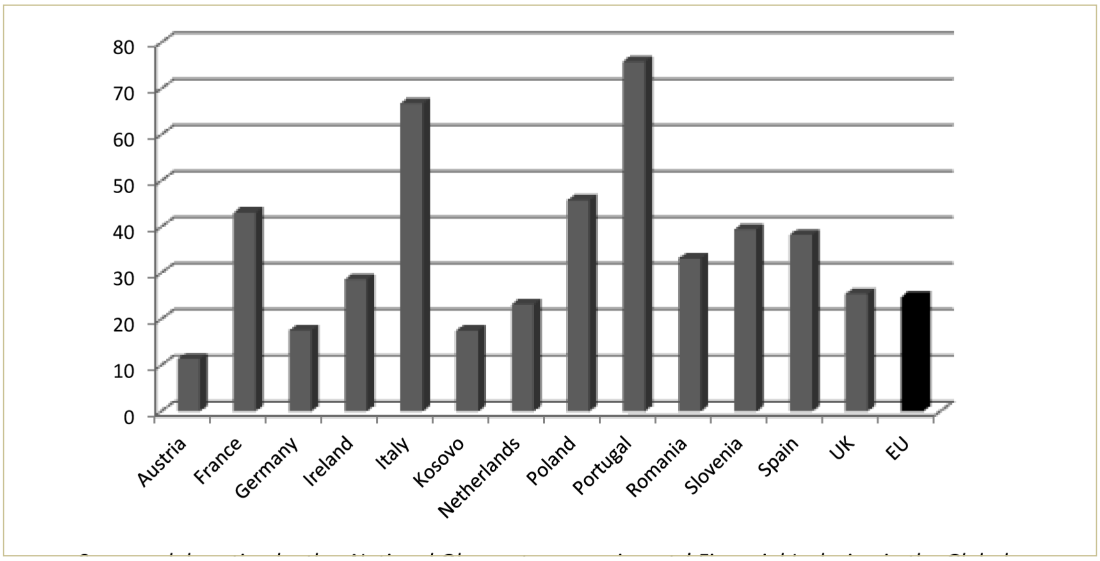
The research made by the European organization, analyses a series of socio-demographical factors and their correlation to the phenomenon of financial exclusion. The results are not so different from the main *drivers* that influence migrants' bancarization in Italy, as gathered and shown by the National Observatory on migrants' financial inclusion. There is, in fact, a greater financial exclusion for women and a correlation to variables such as age, degree of education and employment.

The research delves into the reasons for not having a current account and the main reason (56%) is tied to the notion of needlessness, followed by the usage of an account in someone else's name. The interesting emerging data is related to other identified causes associated to the refusal by the financial institution to open a current account. In 7% of the cases non accessibility is tied to age, while in 5% of the cases the individual's socio-economic conditions (credit history, lack of a regular entrance) are causes for financial exclusion.

Furthermore, Eurobarometer examines a whole series of elements from the offer's side, including access channels, client's mobility, etc., which complete the picture of the variables that can influence the process for financial inclusion, but that fall outside the objectives of this brief overview at European level.

Graph 5 shows the lack of correlation between the level of diffusion of points of access to financial intermediaries, in terms of branches per 100,000 citizens, and the level of financial inclusion, as a confirmation that the degree of development of the financial system, technological infrastructures and usage of new financial tools or network alternatives to traditional ones, represent elements that can influence access to financial services. Comparing, in fact, the data in *Graph 5* with that in *Graph 3* on the ownership of a current account, it emerges how to countries with a high ratio of branches per citizen, such as Italy or Portugal, it does not correspond a high level of bancarization. Conversely, countries like the United Kingdom, France, Holland and Spain show a very high level of bancarization even in front of a lower presence on the territory.

Graph 5 – Commercial bank branches per 100,000 citizens, details for certain European countries



Source: elaboration by the National Observatory on migrants' Financial Inclusion in the Global Findex Database

Italy

With regards to Italy, both sets of data, from the GFI and Eurobarometer, signal the existence of an issue with financial exclusion. In terms of bancarization (namely ownership of a current account in a formal institution) the data between the two sources are not so different: Eurobarometer shows a degree of financial exclusion, in terms of percentage of the population without a current account, equal to 25%, while FINDEX sets it at 29%. Data partially toned down by the overall picture which sees, in Italy, that the percentage of people declaring non ownership of a bank account because they use someone else's, equal to 21% against the European average of 9%.

Table 1 shows in detail the level of ownership of various financial products in Italy (in percentage of population), in relation to the European average, pinpointing a significant variance in terms of financial inclusion meant in the broad sense, rendered even more relevant by the fact that the percentage of those who do not have any financial product is double the European average.

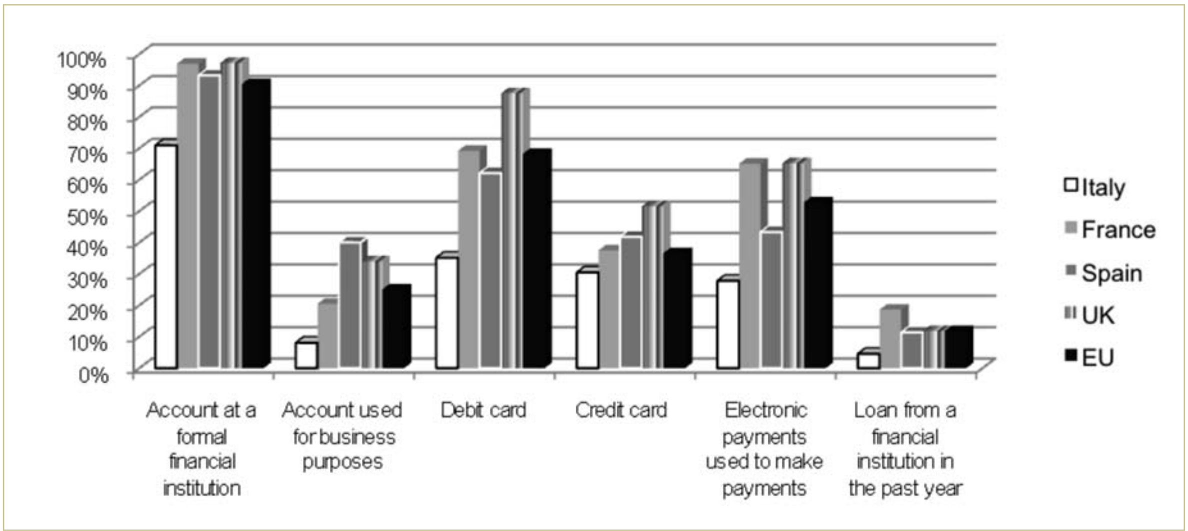
Table 1 – Ownership of financial products, comparison Italy – EU27

	C/A	Life Insurance	Other insurance products	Credit Cards	Mortgages	Loans	Bonds	Investment Funds	None
Italy	75%	15%	43%	31%	15%	9%	6%	7%	19%
EU Average	84%	31%	51%	40%	19%	13%	11%	7%	10%

Source: Eurobarometer

A comparison with the three European countries (France, Spain and Great Britain) identified in this Report as alternative models for financial inclusion actions in relation to certain indicators selected amongst those available in the FINDEX database (*Graph 6*), highlights what has so far been observed with regards to the presence of a greater financial exclusion in Italy. In relation to the six selected indicators, regarding access to the payment and credit system (current account, current account for business purposes, debit card, credit card, electronic payments and loans from a financial institution), Italy places well below the European average, with a significant gap with respect to the other three neighbouring countries.

Graph 6 – Comparison between Italy, France, Spain, United Kingdom and EU average in relation to certain financial inclusion indicators



Source: elaborations by the National observatory in migrants' financial inclusion based on data Global Financial Inclusion Index

4.1 A comparative analysis of European initiatives at regulatory level with respect to financial inclusion

The European Commission has, in these last years, carried out a series of initiatives for market analysis and stimulation, aimed at the introduction, in the member states, of initiatives to support financial inclusion. In particular, in July 2011 the Commission published a series of recommendations on access to a basic[12] payment account, alongside urging member states authorities to enforce the necessary measures and put them into effect within six months. The objective was to ensure consumers' access to a basic payment account offering a set of essential payment services, free of charge or at a reasonable fee, regardless of their residence within the Union or personal financial circumstance.

Between June 2011 and January 2012 the Commission carried out a study on the level of implementation of the recommendations[13] which represents, for us, an important tool for the comparative analysis of the regulations in place in the various European countries with regard to access to a basic payment account.

Table 2 reports a schematic synthesis of the document, distinguishing between regulatory-oriented initiatives (by law) and self-regulation initiatives, i.e. linked to a specific agreement and binding for the involved parties. Obviously, in valuing the various implemented solutions, it should be considered that, whereas self-regulation initiatives do not include adequate monitoring and enforcement tools, consumers' protection level and the norm's capability in being enforced, are lower in comparison with a legislative-oriented initiative.

The table indicates, for each country, three key elements included in the European Commission Recommendations: the definition of the right to open a current account for all Union citizens, the inclusion of a basic account and the definition of its minimum requirements, and finally the inclusion of a minimum or maximum fee for the management of the basic account.

[12] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:190:0087:01:EN:HTML.
[13] Commission staff working document. National Measures and practices as regards access to basic payment accounts. Follow-up Recommendation of 18 July 2011 on access to a basic payment account, Brussels, 22 august 2012.

Table 2 - Comparative analysis of the initiatives for the offer of a basic account at European level

Country	Entitlement to a current account	Definition of a basic C/A	Prevision of minimum/maximum economic requirements for a basic account
Belgium	YES, law *Only for residents*	YES, self-regulation *It defines the services included, amongst which the payment services included in the European Commission Recommendations regarding payment services*	YES, law *The Law prescribes a maximum cost of € 14.2 per year*
Bulgaria	NO	NO	NO
Czech Republic	NO	NO	NO
Denmark	NO *The law defines a general right to a current account whereby a bank cannot reject the opening of an account if lacking an objective reason*	NO *The specific account "Nemkonto" has been established by law, used to receive payments by public institutions*	NO
Germany	NO *In some Lenders the law obliges banks to offer a current account to resident citizens* *Furthermore, there is a recommendation by the Association of German Banks to provide a current account to everyone, defining the cases for rejection linked to false documentation or inability of the holder to pay the account's charges*	NO	NO
Estonia	NO *According to the authorities rejecting a current account is only permitted to oppose money-laundering and terrorism and it cannot concern the applicant's social status*	NO	NO
Ireland	NO	NO *There is an agreement between three banks and the Ministry of Finance for a pilot project on the supply of a basic account with standard provisions*	NO
Greece	NO	NO	NO
Spain	NO	NO	NO
France	YES, law *For residents, even temporary[14]. In case of refusal the Central Bank identifies, based on geographic proximity, the bank which will have to offer the account free of charge*	YES, law *It defines a basic account also including the payment services comprised in the Commission's recommendations*	YES, law *Free of charge for those who have opened the account due to the intervention of the central bank*
Italy	NO	YES, law *The "basic account according to the conditions prescribed by law and established within a convention stipulated between banks and the Ministry of Finance – dept. of Treasury*	YES, law *According to the provisions established by the convention between banks and the Ministry of Finance*
Cyprus	NO	NO	NO
Latvia	NO	NO	NO
Lithuania	YES, law *It defines a general principle for access to current accounts, the bank cannot refuse to open an account, except for reasons linked to money-laundering and terrorism and in no way tied to the client's social status*	NO	NO

>>>

[14] A recent verdict has rendered the norm applicable even to irregular citizens in the French territory.

Table 2 >>>

Paese	Diritto al conto corrente	Definizione di un c/c di base	Previsione condizioni economiche minime/massime per un conto di base
Luxembourg	YES, law *It defines the right to open a current account only limitedly to one provider, the organization for Post and Telecommunications*	NO	NO
Hungary	YES, self-regulation *(April 2012) it stops the banks from refusing the opening of a bank account for reasons connected to the lack of a regular income or permanent residency in the country*	NO	NO *According to the agreement between the institutions the fees for the account management cannot go beyond 1% of the minimum gross salary*
Malta	NO	NO	NO
Austria	NO	NO	NO
Netherlands	YES, self-regulation *Between the authorities and the Bankers' association, with no tools for monitoring and enforcement. The bank cannot refuse the opening of a current account to an individual who has permanent residency or an address at a support institution acknowledged in Netherlands*	YES, law – self regulation *For people with structural debt problems. It is a payment only account which does not allow withdrawing.* *The self-regulation refers, instead, to a basic account offering payment services in Netherlands, a debit card in the national circuit and direct debits*	YES, law *It cannot go beyond the cost estimated for accounts offering comparable services*
Poland	NO *Call for self-regulation by the Surveillance Authority*	NO *According to the authorities the basic account will be offered to all those EU citizens who do not already have an account*	NO *The cost will be calculated on the basis of the average system cost published annually by the Central Bank*
Portugal	NO	YES, self-regulation *Agreement between the Government and the Central Bank: "Minimum Banking Service", for those who do not have a current account. In line with the payment services called on by the EU Commission Recommendations, with limitations to the sole transfer of national funds*	YES, self-regulation *The costs for the Minimum Banking service cannot exceed 1% of the national minimum monthly salary*
Romania	NO	NO	NO
Slovenia	NO	NO	NO
Slovakia	YES, law *According to a draft bill (1st of June 2012) the right is applicable to those with an income not higher than the minimum salary at the moment of the application. The bank can require the basic account or change type if the annual worth of credit exceed a given limit*	YES, law *According to the draft the basic account would have the same characteristics included in the Commission Recommendations, even though only payment services at national level are ensured*	YES, law *Draft bill for a maximum of 1 Euro per month*
Finland	YES, law *For EU citizens regularly resident in the country*	NO *The law's ratio mentions that the basic account has to be a deposit account ensuring payment services, including the ownership of a card that allows withdrawing and payments*	NO
Sweden	NO *The Law contains a generic duty form the stakeholders to accept deposits that are not suspect of illegality by those who can prove their identity*	NO	NO
United Kingdom	NO	NO	NO

4.2 The Italian initiative for the introduction of a basic account

In these last few years, the interest toward themes related to financial inclusion has grown also in Italy and, as we have shown in paragraph 4.1, it has been one of the few countries to enforce the European Commission's Recommendations on payment services, stipulating the introduction, by law, of the "basic account".

This tool, introduced by the Save Italy plan (decree law no. 201 of the 6th of December 2011, converted into law no. 214 of the 22nd of December 2011) introduces the obligation for payment service providers to offer a current account or a basic payment account whose characteristics and conditions should be prescribed in a specific convention to be stipulated between the Ministry of Economy and Finance, the Bank of Italy, the Italian Banking Association, the Italian post office and the Italian Association of payments and electronic money Institutions.

The law sets the basic criteria for the definition of the account's characteristics:

a) Inclusion of an adequate number of services and transactions, including a free debit card.

c) A simple, transparent and easily comparable structure of charge fees.

c) Compliance with the European Commission's Recommendations with regard to payment services and a level of costs coherent with the objectives of financial inclusion.

d) Socially disadvantaged client's segments to whom the account is offered free of charges.

Furthermore, the law prescribes stamp duty exemption for cases where the clients belong to disadvantaged segments and cost-free opening of the account and management of the basic accounts destined to pension crediting and withdrawal for those entitled to pension packages up to 1,500 Euros per month.

The basic account unfolds, therefore, by explicit prescription by law, as a tool for financial inclusion.

The convention, signed by the parties indicated by the Law, reiterates this objective in its introduction and defines the main characteristics of the account; stipulating it is mandatory and an all-inclusive annual fee, which includes a certain number and type of transactions (see *Box 3*). Possible transactions exceeding the planned limits can never have higher fees for the client than the costs offered by the same service provider to other clients.

One of the main characteristics of the basic account regards the introduction of different types to meet the requirements for financial inclusion of consumers' categories with different financial needs and behaviours. The Convention identifies, in fact, 4 types of accounts:

- An ordinary basic account meeting the general purposes of financial inclusion, with the inclusion of an annual charge fee.
- The basic account for socially disadvantaged segments (for consumers with a valid ISEE [equivalent financial situation index] lower than 7,500 €), for whom there is no cost and stamp duty exemption.
- The basic account for those with pension packages up to 1,500 € per month, offered free of charge (for transactions planned by the same convention).
- The basic account for pensioners, more generic, subject to an annual charge.The amounts deposited into the basic account are not remunerated. The Convention also requires a biannual review of the norm and the establishment of a permanent Observatory, whose tasks are defining possible interpretive doubts, monitoring the effectiveness of the tool through the collection of statistical data and drawing up an annual report for the Ministry of Finance and Economy.

The interpretive guidelines published by the Observatory in April 2013 provide a series of pointers particularly meaningful for the interpretation and usage of this tool to complete what the Convention stipulated. First of all, it clarifies cases for refusal to open a Basic Account, exclusively linked to fighting money-laundering, opposing terrorism or lack of the requirements prescribed by the Convention. Furthermore, it expressly introduces the obligation to offer a basic account to non-resident consumers and the impossibility to offer cards with an IBAN, defining a generic compatibility of the Basic account with products and services which exhaust their function in a single transaction or beyond a stable contractual relationship.

BOX 3 – CHARACTERISTICS OF THE DIFFERENT TYPES OF BASIC ACCOUNTS

Types of services included . in the annual charge for a basic account	**Conditions for the ordinary basic account and for socially disadvantaged segment**	**Basic Account for pensioners**
	Number of transactions per year	*Number of transactions per year*
Balance sheet	6	6
Cash withdrawal at the bank counter	6	12
ATM withdrawal within the network of the payment service provider or the same group, in the national territory	unlimited	unlimited
ATM withdrawal at another payment service provider, in the national territory	12	
Sepa or national direct debit transactions	unlimited	
Payments received by Sepa or national transfer (including direct crediting of salary and pension)	36	unlimited
Recurring payments via sepa or national transfer made by direct debit on the account	12	
Payments made via Sepa or national transfer with direct debiting on the account	6	
Cash or cheque deposits	12	
Communications on transparency	1	1
Sending of periodical information	4	4
Payment transactions via debit card	unlimited	unlimited
Issue, renewal and substitution of debit card	1	1

The basic account represents an important innovation in the Italian scenario with regards to financial inclusion. Its recent introduction (1st of June 2012) still does not allow, in the actual scenario, an adequate valuation in terms of effectiveness in reaching the objectives, even though, in spite of this, the Observatory created at the Ministry of Economy and Finance has still wanted to draw up a first relation six months after the introduction of the measure.

From the point of view of financial inclusion we believe that the Basic Account could represent, in time, an important tool and the provision of its biannual review represents an opportunity for adjustment sufficiently prompt to correct possible distortions or weaknesses and to adapt it to the needs of the various consumers' profiles to whom it is dedicated. Particularly the expectation of a list of types and number of transactions included in the account if, from one side, ensures certainty with regards to the account's conditions, on the other side, by meeting the financial needs of two well-defined target profiles, can represent rigidity to its adaptability to other profiles like, for instance, migrants citizens (by including, for example, the possibility for cross-border transfers). Furthermore, other developments could concern online operativeness or the possibility to include (at the discretion of the payment service provider) a link between the account and microfinance tools aimed at supporting and strengthening the process for the creation and protection of savings, which is at the basis of the same process for financial inclusion. To this effect, the inclusion of a card with an IBAN, with a few minimal services, besides or as an alternative to the current account, could represent a basic tool for financial inclusion, able to meet the same purposes and better adaptability to younger and more dynamics financial profiles (in this case, it concerns migrant clientele in an age group younger than 40 years).

The stipulation of a minimum income as criteria for the ownership of a free basic account, shown through the submission of a valid ISEE, can represent an additional block in consideration to full accessibility to the tool by subjects characterized by financial exclusion. In addition to representing a psychological barrier, especially from the immigrants' point of view, this stipulation can also involve a cost in both time and economic terms. To this effect, the stipulation of an access criteria connected to non-ownership of another account with another service provider within the European Union, adopted by other countries, appears to reduce access barriers to a minimum, meeting the objective of inclusion of those subjects not yet banked.

With regards to accessibility, it can be noted the importance of giving adequate information and publicity to the existence of the Basic Account and of its obligatoriness for the payment service providers. The Law and the Convention identify an important monitoring tool, the Observatory, but they do not define the responsibilities or the tools for information and empowerment of the obligatoriness.

Finally, with the literature acknowledging the cost factor as the main barrier for financial inclusion, it could be important, in order to improve the effectiveness of the tool, to set up and provide adequate publicity to a series of criteria, transparent and easily understandable, for the determination of the annual charge-fee, also including a maximum cap. Such a measure would allow, in fact, a greater transparency and certainty and would contribute to increasing the awareness and trust of the excluded consumer.

4.3 The European Draft Directive for financial inclusion

Table 2 has shown a high variability between the various European countries, both with respect to level of enforcement of the Recommendations and undertaken measures. Various initiatives have been started by the European Commission following the described Recommendations.

In March 2012 the Commission launched a public consultation in order to collect the various stakeholders' point of view with regard to transparency of the costs linked to current account, access to basic accounts and ways of switching the account from one provider to another. Completed as a series of questionnaires submitted to consumers and civil society, it has revealed the existence of great room for improvement and the need for greater transparency and standardization between the payment service providers.

On the basis of the results of the analysis and consultations activities completed, the Commission has made an "impact assessment[15]" on the possible policies that can be undertaken with regard to transparency, accessibility and possibility of switching current accounts, which has highlighted the persistency of the obstacles to mobility between current accounts, insufficient information in terms of transfer of the account between providers and the lack of a shared regulatory framework in relation to transparency and mobility. With regard to accessibility, the study has also indicated the need to ensure the right to access a current account with basic payment services for every Union citizen.

On the evidence of the ineffectiveness of the previously undertaken measures, the study has also pointed at a mandatory regulation for member states as the most adequate policy tool in order to ensure the pursuit of the proposed objectives, ensuring a level playing field within the Union.

The Commission, in May 2013, thus proposed a Directive "*On the comparability of fees related to payment accounts, payment accounts switching and access to payment accounts with basic features*". We illustrate below the main contents and objectives, aware that these will be the subject, over the next months, of debate and consultations and therefore possibly modified, however, they set an important direction in the European legislation.

[15] Commission Staff Working Document, Impact Assessment. Accompanying the document "Proposal for a Directive of the European Parliament and of the Council on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features", Brussels 8 may 2013.

The Directive focuses along three main elements:

- Ensure adequate transparency and comparability of payment services costs.
- Ensure full consumers mobility among payment services (and current account) providers within the Union (therefore, also cross-border).
- Ensure full access to an array of basic payment services for all European citizens regardless of their residency in the country of the account opening application and their economic-financial circumstances.

Directive's quote:

> "*transparency of the conditions, full possibility to switch and right to access a basic account will give the Union's citizens greater mobility, the possibility to easily make purchases in the various countries and, lastly, allow them to benefit from a more efficient financial retail market*".

The intervention area is the sole consumers' market, generally excluding that of small-medium businesses.

With regard to **transparency and comparability of the fees**, the Directive (chapter 2) first of all tackles the criticality related to the standardization of the relevant terminology, by setting a procedure which obliges the member states to compile a list of at least 20 of the most representative payment services (covering at least 20% of the market), defining, for each one, standard terminology and definition. The Commission, on the basis of the lists provided by each member state, will define a standard terminology which will have to be adopted as reference.

On the basis of this new uniformed list, payment service providers will have to provide their clients with an informative document, separate and recognizable, regarding commissions and fees of the most representative services they provide, according to a standard ensuring full comparability amongst various providers in different countries. Furthermore, it stipulates that payment service providers have an obligation to communicate annually ex-post the costs and commissions applied throughout the year (indicating the main contents). Again, in order to increase transparency and information access, the Directive introduces the obligation to create a website for the comparison of payment services costs at national level. The website will have to be independent, periodically updated and could be managed either by a public authority or by a private organization, provided that it will be in compliance with the fixed requirements.

With regard to **switching** accounts and payment services the Directive (chapter 3) introduces two basic principles: the responsibility to start off, upon the client's request, and manage the procedure for the transfer is up to the new supplier and the consumer has to be protected for every financial loss deriving from delays or mistakes in the switching procedures. The procedures should be clear and speedy, even between different country stakeholders and in this direction the Directive establishes certain contents, deadlines and responsibilities in the process. The provider, who has been requested a switch by the old client, has to collaborate, providing all the information established by the Directive and required for the switch of relationship. Particular care is given to the transfer of standing debit orders and the account's residual balance. Furthermore, each member state will have to ensure that each payment provider renders information about the responsibilities in the switch process, timing, eventual commissions, procedures for the resolution of controversy and any other information required available for the consumer.

Finally, the Directive introduces a principle of law with regard to accessibility, obliging each member state to ensure full access to payment services irrespective of nationality and residence and defining the **right to access a current account with basic features**. According to what is established in the Directive's chapter 4, each member state will have to ensure that at least one provider on the territory provides full access to an account with basic features. Such an account should not be conditioned by the purchase of additional services and it can be rejected only on the occurrence of two conditions, stipulated in the norm, which avoid inaccessibility due to conditions dependant on their working and financial status:

- The ownership of another account in the Union's territory.
- Non-compliance with anti-money-laundering and anti-terrorism legislations.

By the same token, conditions are defined to allow the provider to unilaterally terminate the contract in case of criminal behaviours, non-usage of the account for over 12 consecutive months, if incorrect information has been provided upon open the account, in case the owner is not resident in the European Union anymore or opens another account in another member state.

Besides this, the Directive establishes the minimum basic services that should be offered by the account (art. 16, *Table 3*) leaving it to each state to establish the minimum number of transactions for each service according to the standard commercial practices in place.

Table 3 – Minimum payment services offered with the basic account

a)	services enabling all the operations required for the opening, operating and closing of a payment account;
b)	services enabling money to be placed on a payment account;
c)	services enabling cash withdrawals within the Union from a payment account;
d)	execution of the following payment transactions within the Union:
	1) direct debit;
	2) payment transactions through a payment card, including online payments;
	3) credit transfers.

Such an account will have to be offered free of charge or include affordable commissions in complying with its objective of financial inclusion, leaving it up to the single authorities to determine reasonable limits for services commissions and for transactions exceeding the established basic ones. Each member state will have to ensure adequate information and publicity regarding the availability of this basic account, its costs and the procedures to exercise the right and periodically provide the commission (three years after the implementation and afterwards biannually) an array of statistical information on the enforced measures. Furthermore, a review of the Directive is to be expected within 5 years of its implementation.

CHAPTER 5

Process for the selection and capitalization of best practices

The purpose of this research activity has been providing the elements to start off a process for the selection and capitalization of best practices, according to a methodology developed by CeSPI and applied to the context of financial inclusion, to identify virtuous paths, also repeatable in various backgrounds. The process that has been carried out through this Observatory's activity has been intended as a contribution to the research of practices and strategies for financial inclusion that present characteristics of repeatability also in Italy.

First of all, it is necessary to begin from one **definition of "capitalization"**; the combination of activities of collection, analysis and dissemination of knowledge on good policy practices in the research's specific area. It is, therefore, a **process of cooperative learning** whereby experiences are shared and integrated within a system policy.

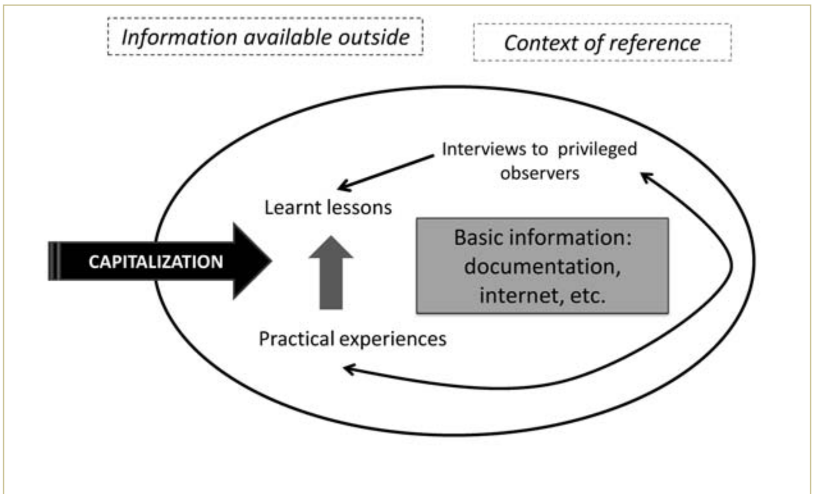
The capitalization process is therefore based on the results of a practice, measured on the basis of certain, specific **valuation criteria**:

- Relevance: correspondence between the project's objective and the recipient's needs; including territory and other stakeholders'.
- Effectiveness: meeting of the objectives determined by the project.
- Efficiency: meeting of the objectives of minimizing the employed resources.
- Sustainability: the possibility to extend the project to medium-long term.
- Added value originating from the project.

The capitalization process emerges in this instance as a collective exercise (*Graph 7*) which, through the sharing of both, explicit knowledge (documents, programs and strategies) and implicit knowledge (experiences and reflections), brings about good and bad practices, learnt lessons and innovation.

Such knowledge has to be **formalized, available, accessible and disseminated**.

Graph 7 – Scheme of good practices capitalization process



Once the concept and process for capitalization are identified, the following step was defining the concept of good practice and applying it to the specific concept of financial inclusion. A good practice, in relation to the aforementioned objectives, is identified by four characteristics:

- It generates a measurable output;
- is successful: generates an effective change, has an impact on policy or shows an innovative approach;
- is potentially repeatable (or transferable) in other contexts;
- shows some degree of sustainability.

In order to determine a good practice regarding financial inclusion, we have started off by defining financial exclusion, described in chapter 1, as the process whereby an individual *encounters difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong*[16].

The term financial inclusion therefore identifies a complex system of activities, characterized by an objective and a specific target of subjects to whom they are destined. The study specifically focuses on migrants' financial inclusion, not excluding, however, initiatives which for their nature, even if not destined to such a target, can be related to this segment (for example, financial inclusion programs or products generally aimed at subjects on low income or with characteristics, also common for migrants, of vulnerability or financial exclusion). In fact, at European level the mainstream approach concerns financial inclusion in itself, without specifically focusing on the segment of migrant citizens. There are multiple motivations, different for each country; to the extent where, to a voluntary universal approach to policies, we have to add different experiences in terms of receptivity and integration of the flow of migrants (both in terms of size and age) and, in some cases, scarce knowledge and attention to the specific phenomenon of migrants' financial exclusion.

Considering the multidimensionality of the described phenomenon, we have proceeded by creating a grid formed by a matrix (on the x-axis), representing the activities of the study, and by criteria for the identification of good financial inclusion practices (on the y-axis). For each component identified within the definition of financial inclusion, the grid has enabled us, through the application of guide criteria, to identify activities and initiatives which can be comprised within a broader definition of financial inclusion. In this way, it has been possible to obtain a wide range of initiatives and activities which, at various levels and at various stages of completion, have led to the identification of good practices. This approach, if on one side is more complex, on the other, is able to identify multiple answers to a complex phenomenon, indicating several feasible intertwining paths for the attainment of the predetermined objective.

In this way, we have deemed to better contribute to the objective of identifying virtuous paths able to inspire financial inclusion policies and strategies as effective as possible. The analysis grid has been the object of a long validation process also involving the Observatory's experts' group[17].

Activities object of the research:

- *Information activities* relating to financial services and products directed to migrants subjects (information in languages, call centres, guides for the usage of financial products, etc.).
- *Initiatives for financial education* aimed at financial inclusion (workshops, learning modules, manuals and guides, etc.).
- *Payment services access products*, like prepaid debit cards, mobile payments services.
- *Current account* aimed at financial inclusion.
- *Saving products* (savings accumulation plans, products aimed at education or healthcare).
- *Credit access products* (micro-credit, small loans or credit for the start-up of small enterprises).
- *Specific products for remittances transfer.*
- *Insurance products* for the protection of savings, supplementary pension or supplementary health insurances (for ex. Repatriation insurance).

[16] Financial Services Provision And Prevention Of Financial Exclusion, European Commission, March 2008.

[17] Technical-institutional round-table, stable body of the Observatory; composed by representative, from the main stakeholders in the process for financial inclusion, with a high technical-institutional profile; its objective is to verify and direct the research activity and the debate on the main directives of emerging policies. It composed by representatives of : Ministry of Interior, Ministry of foreign affairs, Ministry of integration, Employment and social policies Ministry, Minister of Finance and Treasure, Bank of Italy, ABI (Italian banking association), ANIA (Association between insurance enterprises), Italian Post Office, Unioncamere, CRIF.

- *Specific programs for the reception or assistance in migrants-dedicated branches* (creation of dedicated branches or targeted services and products packages).
- *Specific programs for dialogue and in support of migrants' communities* (associations, organizations etc.).

Identification criteria:

- *Aimed at migrants.*
- *Aimed at subjects on low income or characterized by elements of financial vulnerability* (for ex. Job insecurity).
- *Low costs.*
- *Conditions flexibility* (deadlines, amounts, selection and access criteria).
- *Without guarantee* (or guaranteed by third parties, like Guarantee Funds).
- *Accessibility* (documentation, procedures, language).
- *In support of small enterprises.*
- *Encourage the relationship with a financial institution and access to a multiplicity of products/services* (for example the current account).

Activities and criteria have thus formed the reference grid; inside it the single initiatives and good practices identified during the screening have been placed.

Table 4 – Grid for the analysis of good financial inclusion practices

Activities object of the monitoring/ identification criteria	Aimed at subjects on low income or financially vulnerable	Aimed at migrants	Low costs	Conditions flexibility	Acces-sibility	Without guarantees	Encourage the relationship with a financial institution and access to a multiplicity of products/services	In support of small enterprises
Information activities								
Initiatives for financial education								
Payment services access products								
Current account for financial inclusion								
Saving products								
Credit access products								
Credit for the start-up of enterprises								
Specific products for remittances transfer/valorisation								
Insurance products								
Specific programs for migrants-dedicated branches								
Programs for dialogue and in support of migrants' communities								

The starting point has not so much been the search for good practices, but experiences which could, in a different manner, relate to the reference context (Italy) for the capitalization process, providing useful elements to launch innovative and virtuous processes.

The reference context has therefore been the starting point for the selection of good practices and three macro-areas, which could provide a first degree of analysis and comparison between national experiences, have been singled out:

- The Regulatory framework in terms of access to a current account and as expression of the right to a current account.
- The applied approach in relation to financial inclusion, between a universal and particularistic approach (related to specific subject categories).
- The type of intervention from public institutions with regards to financial inclusion.

The analysis of these three variables within three different countries, with a tradition and history of evolved immigration and a significant degree of the phenomenon, represents a useful tool in valuing possible policies to support financial inclusion in a country, like Italy, where only recently, with the introduction of the basic account, they have started to face this issue also at a public policy level, but where a system strategy is still lacking.

Thus 3 countries have been selected; France, Spain and the United Kingdom, within which the process of selecting the good practices has been carried out. This first level of analysis has allowed the identification of the most significant experiences. From these, 2 of the most important have been selected, for each country, and subjected to a deeper analysis aimed at the aforementioned capitalization process.

Table 5 provides an initial synthesis of the 3 research macro-areas that led to the choice of these 3 countries, in addition to the specific characteristics of the immigration process in each one. France and the United Kingdom are primarily linked with the colonial experience and with a consolidated migratory history; the first link in the Mediterranean and African area in general, the second much more complex and widespread. Spain, the 3rd country selected both due to its more recent, but very intense, migratory process primarily linked to Latin America, also with an increasing role in recent years within Eastern Europe and due to the economic context and presence of a small business network similar to Italy. Three very different models, even if they all have a shared Universalist approach to the financial inclusion theme (an approach prevailing throughout Europe).

The attachment 1 provides a sample of the interviews made with each country's representative or with reference people for the singled out good practices.

The project has not allowed for direct interaction between Italians and stakeholders involved in the project for the research and selection of good practices. However, on one hand, the proceedings have started off a process for the diffusion of good practices, singled out through the creation of a dedicated website (www.buonepratichedinclusione.it), and on the other by organizing a workshop with a group of functionaries from the most active and interested in the financial inclusion of Italian migrants' banks.

The aim of the workshop has not only been to provide a feedback for the research work, but, moreover, to start off a participated debate on the main experiences guidelines and their repeatability in the Italian context, originating a capitalization process amongst the sector's stakeholders.

Table 5 – characteristics per country of Financial inclusion approach

	Regulatory framework	Approach	The role of public institutions
UNITED KINGDOM	No specific normative intervention with regard to access to a current account. To open a bank account it is sufficient to prove one's identity and to provide a valid address	Universalist	The approach is market-oriented, it relies on market forces actions. Public intervention is limited to supporting the private sector or through indirect funding. A department at the Ministry of Finance (Social Exclusion Unit) is in charge of developing and enforcing actions to deal with the social and economic exclusion of vulnerable population
FRANCE	Introduction of a norm ascribing all citizens the right to a current account and obligations for the banks to open a current account upon request from an individual not already in possession of another account	Universalist	Primarily the activities related to financial inclusion are devolved to private and third sector. Public intervention mainly aimed at supporting entrepreneurship
SPAIN	Introduction of a norm reducing current account access barriers, enabling the subscription also to non-residents	Universalist	Public intervention aimed at increasing the awareness and usage capability of financial tools: "the National plan for financial education" implemented appointed bodies to Monitor markets and banking sector. The initiatives from the side of the offer are left to the single stakeholder

5.1 Good practices – United Kingdom[18]

5.1.1. Institutional context and reference regulations

Financial inclusion appeared in the public policies agenda of the United Kingdom in 1998, when Tony Blair's Labour Government appointed one of the Policy Action Teams (PAT), formed within the Social Exclusion Unit (SEU) of the Ministry of Finance and Economy, to devise a strategy to increase financial services access for population from disadvantaged areas. Financial inclusion has been one of the key – and characterizing - issues of New Labour governments, the more recent conservative and liberal governments have not dedicated the same attention to the issue and, while writing this report, actions for financial inclusion are not being financed at public level.

The start off of a strategy to favour financial inclusion has occurred in a context where bancarization has long been at a rather high level if compared, for instance, to other European countries[19]: between 1998 and 2004 the percentage of unbanked British families settled on values between 8% and 6% and between 2004 and 2009 (years when, as will be seen, the strategy planned by the Policy Action Team was enforced) it was always below the 4% mark (Dayson and Vik, 2011[20]). The research carried out in the United Kingdom have singled out the most excluded subjects among the families in the £200 per week income bracket, a group in which the percentage of unbanked families remains at around the 10% mark across the considered timeline.

Table 6 – unbanked families, per weekly income 1998-2009

Weekly income	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<£100	16	18	16	16	17	15	10	10	11	7	10
£100-£199	19	21	21	18	19	16	10	6	6	6	6
£200-£299	10	12	13	11	12	10	6	4	4	4	3
£300-£399	3	4	6	5	6	5	4	3	3	3	2
£400-£499	1	1	2	2	3	3	3	3	2	2	3
£500-£599	1	1	2	1	3	2	2	2	3	2	2
£600-£699	1	1	1	1	1	2	2	2	2	2	2
£700-£799			1	1	2	2	1	2	3	2	2
£800-£899				1	2	1	1	2	3	1	2
£900-£999			1	1	2	1	1	2	2	2	2
>£1.000			1	1	2	1	1	2	2	1	2

Source: Dayson and Vik, 2011

[18] by Giulio Giangaspero. Special thanks to Leon Isaacs, PålVik e Gary Wells for the worthy information and suggestions provided during the interview.

Leon Isaacs is CEO of Developing Markets Associates - DMA, company specialized in remittances consulting and migrant banking for public and private sector. He is also Managing Director of the International Association of Money Transfer Networks (IAMTN). Leon Isaacs has been member of the *Financial Inclusion Taskforce* (interview carried out on the 14th of May 2013).

PålVik is a researcher at the Community Finance Solutions, an independent research center specializing in social and financial inclusion, formed at the University of Salford in Manchester (interview carried out on the 14th of May 2013).

Gary Wells is a Specialist Money Advice Manager at Toynbee Hall. Coordinator of the Financially Inclusive TowerHamlets FITH, project promoted by the London Tower Hamlets town hall to oppose financial exclusion of the residents in the neighbourhood (interview carried out on the 17th of May 2013).

[19] With regard to this, see chapter 4 in relation to the European situation.

[20] Dayson K. and Vik P. 2011. *The evolution of financial exclusion in Leeds since 2004*. Technical Report (February 2011). Community Finance Solutions, University of Salford, Manchester UK.

As mentioned, operational interventions aimed at financial inclusion have been carried out since 2004. These have tried specifically to deal with the market's flaws from the offer's side by supporting inclusion actions through the third sector, rather than adopting a legislation obliging the traditional commercial financial stakeholders to also service the excluded ones. For example, the United Kingdom is one of the few countries in Europe lacking a normative setting forth a maximum cap for interest rates and there are no laws requiring the dissemination of data related to loans to families on low income. On the contrary, the United Kingdom legislation is primarily focused on normative standards, norms for the consumer protection, codes of conduct relating to sales and publicity, including the guarantee that contracts for financial products are transparent, and the forbiddance of certain sale practices (for ex. Telemarketing).

Within this outlook, the British charities and foundation system is widespread and structured and the Government has used these organizations, by funding them, to carry out ad hoc interventions; the Financial Inclusion Fund was active from 2005 to 2011 and granted £ 250 million, so distributed: £ 38 million to support third sector associations in providing access to sustainable credit (*Growth Fund*), £ 12 million to coordinate the activity for financial inclusion throughout the country and £ 74 million to finance free of charge personalized meetings for consulting on debt and on other services related to financial inclusion. Another direction of the Growth Fund has been aimed at third sector organizations to increase the offer for sustainable credit for subjects on low income. This enabled these organizations to provide 207,000 loans for a total amount of £ 89 million between 2006 and 2010. In addition to this, finally, the *Phoenix Fund,* active until 2008, was launched in 2000 by the Department of Industry and Commerce to stimulate entrepreneurship in the most disadvantaged regions. Between 2000 and 2008 the fund loaned over £ 65 million, for the greatest part through the CDFI system[21].

Beside this, other public initiatives were put into effect. In 2004, the Basic Bank Account (BBA) was introduced, originating from a banking system self-regulation initiative promoted by the government: a process of sharing of a common objective, i.e. the reduction of non-owners of a bank account, between the Treasury and the British Bankers Association. In 2010, the Basic Account, destined to subjects on low income and combinable with a (small) plan for savings accumulation, was used by approximately 8 million people (Dayson and Vik, 2011[22]), meeting the objective, reducing by half the number of unbanked, predetermined by the Government and banking system at the moment of its start-off.

In 2005 the first *Child Trust Fund* (CTF) was launched: all children born between 2002 and 2011 were granted £ 250 by the Government to subscribe to a plan for savings accumulation which could not be touched until the child reached 18 years of age; the CTF was interrupted in April 2013 (although already active funds will continue until their natural deadline) and the Government now promotes Junior ISA, non-taxed long-term accumulation plans, but does not provide, like for the CTF, the initial capital anymore (for reference see paragraph below for more details on BBA and CTF).

Between 2005 and 2011 the Ministry of Finance established the *Financial Inclusion Taskforce,* a consulting group whose task is both studying the reasons and barriers to bancarization and creating financial products for subjects on low income. Another initiative of the Ministry of Finance, initiated in 2011 and terminated in March 2013, concerned a consultation between stakeholders and experts for the development of *simple-financial products*, i.e. products suitable to subjects with limited knowledge of the financial system and offered services (see the paragraph on good practices for details). Even in this case, as previously mentioned, politics' focus is directed towards opposing over-indebting and towards the creation and proposal of products and services. Finally, the government has created a web portal for financial information and education, *Money advice service,* still active (see the paragraph on good practices for details).

On the credit front, the Government has identified as the main obstacle to credit access for subjects on low income or financially excluded in the lack of competition between direct providers of financial services aimed at this segment of

[21] The Community Development Finance Institutions (CDFIs) loan money to enterprises (traditional and social) and to individuals encountering difficulties obtaining funds from traditional banks and finance companies. The CDFI support disadvantaged communities, by offering finance and support at affordable interest rates and costs to people with difficulties accessing credit. The CDFI are small independent organizations whose principal mission is supporting communities, by granting financing at affordable prices and re-investing the profits in the local community.

[22] Dayson K. and Vik P. 201, Op. cit.

clientele. In the United Kingdom the *Community Development Finance Institutions* (CDFIs), private institutions also financed with public money (for example, the aforementioned Phoenix Fund), loan money to enterprises (traditional and social) and to individuals experiencing difficulties obtaining financing from traditional banks and finance companies. The CDFI support disadvantaged communities, by offering financing and support at rates and costs tailored for people with difficulties accessing credit. The CDFI are small independent organizations, whose main mission is to support communities, by approving financing at affordable costs and by re-investing profits at a local level. Several CDFI, alongside profits resulting from the lending activity, obtain financing from Government and charitable trusts: for example, some receive financing from regional development agencies, others from the Department for Work and Pensions' fund. Other financing sources include European calls for proposals, social investments and traditional banks' loans.

On the front of services and products some British banks offer current accounts or service packages dedicated to migrants and, as mentioned, others offer a basic bank account. The offer is very variegated and condition and costs greatly differ.

Generally, the offer of products and services is going through a rather dynamic phase. On one side, we have assisted, in recent times, at a concentration of the current accounts market offer: the share of the four main banks (Lloyds, Royal Bank of Scotland, Barclays and HSBC) has increased, due to the reduction in banks' numbers following the banks' bankruptcies of 2008-2009, to up to 75% of the market (OFT, 2013[23]). On the other hand, other non-banking subjects, such as, for example, the Housing associations and building societies are putting into place policies to attract new clients[24].

To sum up, the British case presents a remarkably market-oriented approach and a series of public policies – which have been enforced in a period that goes from 2004 to 2011 – supporting third sector organizations, which are appointed to put into effect financial inclusion interventions, given the lack of a strategy specifically directed towards migrants. In the United Kingdom, in fact, there are no positively discriminating public policies aimed at specific population groups, selected, for example, on the basis of nationality: the Government has singled out low income subjects as the target for financial inclusion interventions, without further dividing such a group. This said, amongst third sector organizations (relating, therefore, to private subjects) there are a few which favour interventions aimed at *Black, Minority and Ethnic (BME) groups,* also comprising migrants.

BOX 4 – THE BRITISH CASE

Financial Inclusion in the United Kingdom presents three main characteristics:

- Public intervention takes place through supporting the private sector, to which the implementation of the interventions is devolved. The support is primarily carried out through the granting of financing and, to a lesser extent, through the involvement of financial stakeholders and sector experts in round tables for the devise of shared intervention strategies. With regards to the first type of public intervention, the Government has granted funds through the *Phoenix Fund* (to support small entrepreneurship, 2000-2008) and the *Growth Fund* (for credit access for disadvantaged subjects, 2005-2011). On the consultations front, the *Financial Inclusion Taskforce* was active between 2005 and 2011.

[23] Office of Fair Trading. 2013. *Review of the personal current account market*, UK Government, London, January 2013.

[24] Housing associations are the associations of constructors and managers of low-cost "social housing" (they are dealt with more diffusely in paragraph 2). Building societies are cooperative societies specialized in the distribution of home buyer mortgages. The Nationwide Building Society, the UK's and the world's largest building society, launched two new current accounts in November 2012 and in March 2013, obtaining good results: 365,000 new account holders, of which 123,000 came from other banks. The market share of Nationwide has grown from 5.1% in 2012 to 5.7% in May 2013 (source: Nationwide Building Society website and an article by Lee Boyce on the MailOnline of 23rd May 2013: "Dissatisfaction with big banks is leading people to vote with their feet": Nationwide Building society says it is opening 1,000 new current accounts a day).

- Public intervention is universalist oriented, it is not directed at specific segments of the population other than the group of disadvantaged and vulnerable subjects: a department of the Treasury (Ministry of Finance), named Social Exclusion Unit (SEU), is appointed to plan and put into effect actions to face the social and economic exclusion of vulnerable population. Consequently, there no financial inclusion strategy specifically directed at migrants, but the latter benefit from the interventions due to their belonging to the group of subjects on low income and to their concentration in low quality residential units (poor or disadvantaged areas).
- The approach is market-oriented, it relies on the action of the market forces and public intervention takes place at regulatory level or through indirect financing. An example is represented by the business case of the Housing associations which deal with financial inclusion.

5.1.2 Good practices analysis

Below, we introduce the good practices singled out in the United Kingdom. The following paragraph will then be dedicated to a deeper analysis of good practices which we deem are peculiar to the British case.

A consideration has been made on the service packages offered by Barclays and included in our research among good practices. We are talking of financial tools available to migrants and able to meet specific needs, particularly related to money management in two countries, on both sides of the migration. However, we think it useful to specify that, even though they do not play a role strictly for financial inclusion, such an offer still meets some of the financial needs of a particular group of migrants.

Initiatives from the government and local institutions

- **Financial Inclusion Taskforce**. Agency independent on the Government, active between 2005 through to 2011, created with the task to monitor the progresses of the Government strategy for financial inclusion and to provide directions and recommendations in relation to this theme. In addition to reports on the progress of the governmental interventions, it produced a mapping of the diffusion of financial services in the United Kingdom and researches on various subjects: the reasons and barriers to bancarization; products for subjects on low income; the ways of consulting on correct management of debt (www.hm-treasury.gov.uk/fit_index.htm) Website of the British Ministry of Treasury, related to the section on the *Financial Inclusion Taskforce).*
- **Simple Financial Products**. In November 2011, the Treasury promoted the creation of an independent consulting group to develop a series of simple, transparent and easy to understand financial products. Members of the group were: British Insurers Association, the British Bankers Association, a few consumers' associations and the same Treasury. In 15 months of work, more than 50 organizations collaborated and contributed to the development of the recommendations formulated in the final report. Among this, we highlight the introduction from banks and credit unions of 3 saving products (Simple Savings): one includes a minimum deposit of £ 1, no commission on withdrawals and daily transactions, active interest rates not linked to deposit and withdrawals. A second account with the same characteristics and beside, with the possibility to withdraw only upon communication to the bank 30 days in advance; an accumulation product set up with a mandatory periodic deposit. In the Report it is suggested the introduction of personal life insurance product (Simple life cover) where the client's information are extremely thorough and explained in a soft and easy manner (for more details, see Sergeant, Review of Simple Financial products, 2013[25]).

[25] Sergeant Review of Simple Financial Products: Final report. 2013. UK Government.

- **Child Trust Funds** *(CTF).* All children born between 2002 and 2011 were granted £ 250 or £ 50 vouchers by the Government, based on the income and vulnerability of the family unit, to subscribe to an accumulation plan (indeed the Child Trust Fund- CTF) which cannot be used until the child reaches 18 years of age. Up to a maximum of £ 3,720 can be deposited per year. The number of active plans in February 2013 was approximately 6.141 million, out of which approximately 2.2 million have received other contributions from the government because owned by children living in poor family units. The average contribution amounted to £ 318 and the total amount of the funds up to February 2013 is over £ 4.8 million. 78% of the plans are managed by specialized companies and the remaining share directly by parents or the child's trustees. (Website and sets of statistics related to the *Child Trust Fund:* https://www.gov.uk/child-trust-funds/overview and http://www.hmrc.gov.uk/ctf/stats.htm).

  The CTF was discontinued in April 2013 (even though the already active funds will continue its course until the natural deadline) and the government now promotes the Junior ISA, long term tax-free accumulation plans substantially similar to the CTF, but it does not provide the small initial capital anymore nor eventual later contributions.

- **Moneyadviceservice**. This is a web portal created by the Government in 2010 to promote the financial capability of the British population (not only vulnerable). The portal is a tool thought out to develop the consumers' financial education, to promote knowledge on financial issues and people's capability in managing their own financial transactions. The first task involves consulting on over-indebtness. Finally, Moneyadviceservice offers comparison tables for mortgages and loans, credit cards and current accounts. Alongside the portal there are a call-centre and a network of consultants to assist people experiencing difficulties managing debts. (https://www.moneyadviceservice.org.uk *Moneyadviceservice* website, established by the Treasury).

- **Basic Bank Account BBA**. Introduced in 2004, the BBA originated from a self-regulation initiative of the banking system promoted by the Government: a process for the sharing of a common objective, i.e. reducing the non-owner of a current account, between the Treasury (Ministry of Finance) and the British Bankers Association. The BBA is a cross-border account which does not provide a credit line (including overdraft). Actually, there are 16 banks and financial providers offering the BBA. Everyone offers ATM access, direct debits and withdrawal (but not necessarily deposit) at post offices counters; a few offer account online access. No one offers cheque books. 50 thousands per month were open between 2003 and 2006 (BBA, 2008[26]; data on monthly openings are missing for the following period) and by the end of 2010, 8 million BBA accounts were active. Although, it does not represent a right, the great majority of British banks offer the BBA and the opening is conditional upon acknowledgment of the applicant's identity and domicile. The documents requested to prove the requirements differ from bank to bank and the website *Moneyadviceservice* offers a detailed list of requests from the banks, which can, however, decide at their discretion whether or not to open the account.

- **Debt First Aid project e Money Mentors (Manchester)**. The project aims at developing, among frontline public employees in key-roles in contact with financially vulnerable population, the capability to recognize subjects which are potentially exposed to problematic debt circumstances. Furthermore, the project aims at enabling the personnel to either offer first aid to subjects experiencing not so complex debt situations or to refer people in difficult situations to specialized consulting agencies. Debt First Aid is included in the financial inclusion plan, Money Mentors financed by the *Manchester City Council.* Established since 2004, it offers consulting and financial education in Greater Manchester (Dayson, 2012[27]).

[26] British Bankers' Association. 2008. Press release: 'Basic bank accounts and financial inclusion – 4th quarter of 2007' British Bankers' Association, London.
[27] Dayson K. 2012. *The effectiveness and value for money of Financial Inclusion interventions. An evaluation template for social housing providers*. Community Finance Solutions, University of Salford, Manchester UK.

Initiatives from the private sector and from third sector organizations

- **Jam Jar Accounts**. The client's own Jam Jar account can be split in two: one account is only used for direct salary crediting and payment of bills; the other, often connected to a prepaid card, only receives the funds remaining after the monthly payments and it becomes the equivalent of a change purse with money for the daily expenses. Beside this, a consultant helps the client to set up the jam jar account and to manage money. This type of account allows managing the current bank account in a way similar to what happens for managing cash: in fact, as much as the account is split into different "pots", cash is often put in different "jars", each destined to meet various needs: for example, a jar could contain the funds for bills, another those to buy a present and another one could be the money box. The cost of the Jam Jar Account amounts, nowadays, to approximately £ 10/per month and in 2011 approximately 150,000 accounts of this kind are estimated to be active (Social Finance, 2011[28]). According to a study carried out within the Financial Inclusion Taskforce, if the charge-fee for this type of account went down to a level comprised of between £4-6 per month, it could spread further among the low income population (Social Finance, 2011).
- **Barclays Nonresident Indians (NRI) Saving Account**. Barclays has set up an offer of a few current accounts for Indians residing abroad. It can be opened by either the NRIs themselves, namely by people with Indian origins or whom have had, for a certain period of time an Indian passport, or by the spouses of an Indian. Based on the chosen type, the account allows for the opening of a deposit account with Indian currency, in joint-names with another NRI, for withholding tax, for a chequebook, for the possibility to transfer remittances in Indian currency and for an international debit card with ATM.
- **Post Office current account**. The British Post Office is launching new current accounts for clients on low income and with issues accessing the traditional banking channel. The Control account is one of the three current accounts at the start-up phase – in cooperation with the Bank of Ireland – in a pilot project in 29 branches. The complete launch throughout the postal network is expected by 2014. The *Control account* costs £ 5 per month and the minimum deposit is £ 20. The Post Office also offers an account with other services, for example overseas travel insurance, with an additional cost of £ 8 per month.
- **Money for life**. The Program by the Lloyds Banking Group through Lloyds TSB, Bank of Scotland and Halifax *(*2012 Business in Community award*)*, aimed at improving knowledge, trust and capability of the communities to support its member to better manage their money. The project is carried out in collaboration with various bodies in the United Kingdom: in England, Family Action, National Skills Academy for Financial Services and Toynbee Hall; In Scotland, College Development Network and Young Scot; in Wales, Colleges Wales and National Training Federation Wales; in Northern Ireland, NOW. It is primarily aimed at youths, setting forth one on one meetings to provide consulting in managing money and, furthermore, is directed to EU organizations active throughout the Kingdom, carrying out educational workshops (https://www.moneyforlifeprogramme.org.uk).
- **LASA Credit Union**. Credit union, headquartered in the welsh town of Swansea, offers a bankbook with Sharia Compliant certificate allowing acceptance of deposits. When a client deposits at Credit Union, the funds are put into an account operated by the co-operative Bank (Co-op) and the money is then transferred from the Co-op to the Islamic Bank of Britain. When the client wants to make a withdrawal, he receives a cheque which can be cashed at the Co-op. LASA also offers a savings account for funerals and for the *Hajj*[29]. LASA plans on also creating a savings account to cover wedding costs.

[28] Social Finance. 2011. *A new approach to banking. Extending the use of Jam Jar Accounts in the UK*. April 2011 (*Financial Inclusion Taskforce*).
[29] The *Hajj* is the pilgrimage to Mecca that every Muslim has to do once in their lifetime.

5.1.3 Case study: Housing Associations' strategies for financial inclusion

Builders associations and social housing providers engaging in financial inclusion represent an interesting peculiarity for the British case. According to the Report '*Promoting Financial Inclusion*' (Treasury, 2011[30]), traditional banks' doors are shut to members of one out of twelve families, and among them between 60 and 70% consists of families residing in social housing. According to Kempson and Collard (2012[31]) the same data amounts to 80%.

Migrants are to be considered included in these statistics, because the areas with the highest concentration of social housing also have the highest concentration of subjects on low income and for the main part such geographic mapping overlaps that of the areas with the most significant immigration: East and South-East London, Middlesbrough, Manchester, Bradford, Birmingham, Glasgow and Liverpool are the regions with the highest concentration of poverty and non-British residents[32].

Reducing arrears and loss of income due to empty houses represent a priority for landlords and social housing providers. Another necessity is reducing the costs related to the time employed by the personnel to deal with these issues and the incurred legal fees. Furthermore, it should be taken into account that the housing associations are in many cases the most structured organizations on hand in disadvantaged areas and this, besides the obvious need to ensure the tenants regularly pay the rent, has rendered them almost "naturally" adept at implementing financial inclusion interventions. In fact, by assisting them with financial inclusion, the associations support their tenants to stabilize personal income, to better manage the indebt situation and to diminish over-indebtness, hence offering more opportunities towards the tenants' social mobility. In conclusion, this type of interventions contributes to the wellbeing of a community, which can benefit from a lower abandonment rate and greater social cohesion, which are elements contributing to increasing the individuals' quality of life[33].

Many housing associations have undertaken financial education programs for their employees and tenants. These organizations have been able to benefit from a fund, *Big Lottery Fund's Improving Financial Confidence* (IFC), which has awarded £30 million to finance 37 projects aimed at improving the financial capabilities of social housing residents. The program has now ended and its results are being evaluated[34].

Instead we can refer to the data produced within the evaluation of an educational program carried out by one Housing Association (Collard, Finney, Hayes and Davies, 2012[35]). Between June 2011 and March 2012 Bedworth, Rugby e Nuneaton CAB (BRANCAB) provided free of charge workshops on financial capabilities to the tenants of *Orbit Heart of England Housing Association*(OHE) in the towns of Rugby and Stratford.

Participation to these workshops was voluntary and it was not only extended to defaulting tenants or other specific groups (particularly vulnerable). The objective of the workshops was supporting the tenants with maximizing their own available income, helping them in accessing and using adequate financial products to avoid possible financial difficulties. The evaluation[36] showed that educated people improved their financial skills; demonstrated more confidence and chose financial products more suitable to their condition. Furthermore, 78% of the participants reported on having modified (for the better) the management of their own money after the workshop. The program also resulted in improvement of avail-

30 http://www.finance.gov.ie/documents/publications/reports/2011/Fininclusreport2011.pdf.

31 Kempson E. and Collard S. 2012. *Developing a vision for financial inclusion*, Friends Provident Foundation, University of Bristol, Bristol, UK.

32 The groups with the highest level of exclusion have, on their turn, a peculiar and irregular geographic distribution. Afro-Caribbean men have a propensity to live in disadvantaged areas of the city, particularly in certain areas in London and in the same way, women from Bangladesh and Pakistan, but in different areas of London (Tower Hamlets, Newham, Bradford).

33 Randall B., Paterson B. and Dayson K. 2006. *Community Access to Money: Social Housing Landlords Reaping the Benefits*. Community Finance Solutions, University of Salford, Manchester, e Randall B., Paterson B. and Dayson K. 2005. *Community Access to Money: Housing associations leading on financial inclusion*. Community Finance Solutions, University of Salford, Manchester.

34 http://www.improvingfinancialconfidence.org. Website of the fund *Big Lottery Fund's Improving Financial Confidence* (IFC), which has granted £ 30 million to finance 37 projects aimed at improving the financial capabilities of social housing residents.

35 Collard, S., Finney, A., Hayes D. and Davies, S. 2012. *The impact of financial skills training for social housing tenants*, Personal Finance Research Centre, September 2012, University of Bristol, Bristol UK.

36 For more details on the evaluation methodology, see Collard, Finney, Hayes and Davies, 2012.

able income: whoever reported on modifying own behaviour also maintained a £10 weekly increase in savings. Finally, 13% of the participants changed bank or account type.

The Federation's financial inclusion national programs now active are:

- **CHANGE:** a partnership formed by Londoner building cooperatives engaged in fighting financial exclusion.
- **My Home Finance.** It is a *Community Development Finance Institution* (CDFI) formed by the *National Housing Federation* with the support of the Government, Royal Bank of Scotland, Wates Giving and various associations members of the Federation to oppose financial exclusion. The first branch opened in 2010 in the West Midlands area. In June 2012 MHF loaned approximately 3.5 million (source: MHF website). In addition to sustainable credit and financial consulting MHF also offers a current account and a saving account (http://www.housing.org.uk , the National Housing Federation – NHF – website and http://myhomefinance.org.uk , website of the agency *My home finance* formed by NHF).

The associations' dynamism and action with regard to inclusion is also proved by the related carried out/produced research. Particularly, on the front of impact evaluation, the Community Finance Solutions has created a template for the evaluation of financial inclusion interventions aimed at social housing tenants (Dayson, 2012[37]).

5.1.4 Case study: Toynbee Hall

Established in 1884, Toynbee Hall is an organization aimed at carrying out interventions for the reduction, also through experimentation of innovative tools and types of action, of the poverty and vulnerability of London's East End residents[38]. The intervention area is one of the poorest in the United Kingdom. For more than 15 years, the organization has been active on the front of financial inclusion: Toynbee Hall offers free advice and consulting to those in need of help accessing financial services and products. It is also involved in helping people to improve their capability to correctly manage the available funds. Migrants represent approximately 70% of the beneficiaries of Toynbee Hall's financial inclusion activity. In fact, even though this organization is not specifically directed to foreign citizens, the Tower Hamlets borough, within which the organization works, has a very high concentration of migrants.

From 2005 *Services against Financial Exclusion* (SAFE) of Toynbee Hall has provided assistance for the opening of a current account and for money management. The support consists of assistance with creating a personal budget, setting saving objectives, accessing sustainable credit, information on insurances a general consumer protection with regard to financial products and services.

Nowadays Toynbee Hall is facing financial inclusion through actions in different fields and various projects:

- **Financially Inclusive Tower Hamlet (FITH)**. The educational program Money Mentors, led by Toynbee Hall in collaboration with Tower Hamlet Borough and financed through the Big Lottery Fund (for more details on this Fund, see the case study on housing associations), is aimed at creating professionals expert in financial issues able to provide support to other members of the community. The participants attend a 60 hours course and attain a qualification valid throughout the national territory. Active since 2012, a first course for 50Money Mentors has already been completed and a second course is already planned.
- **Transact**. Transact – the National Forum for Financial Inclusion is an independent network grouping more than 1000 subjects and organizations working for and promoting financial inclusion. Transact provides information and updated news on the subject, represents a space for debate and it facilitates the diffusion of financial inclusion activities and programs. Transact has been a Toynbee Hall initiative which is still responsible for managing and running the forum. Within Transact the following definition of financial inclusion has been formulated: "*a state in which peo-*

[37] Dayson K. 2012. *The effectiveness and value for money of Financial Inclusion interventions. An evaluation template for social housing providers*. Community Finance Solutions, University of Salford, Manchester UK.
[38] http://www.toynbeehall.org.uk. Toynbee Hall's website.

ple have access to appropriate, affordable and desired financial products and services. It is achieved by financial literacy and financial capability on the part of the consumer, and access and products on the part of the financial product, services and advice suppliers" (http://www.transact.org.uk. *Transact*'s website).

- **Money, Access and Participation (MAP) Tool**. Another interesting on-going activity by Toynbee Hall involves the development of a tool for the measuring of financial inclusion impact on personal wellbeing. The program is carried out in partnership with the *National Centre for Social Research* and is financed by the Citi Foundation. The Money, Access and Participation (MAP) tool is formed by nine components assessing how the wellbeing of the analysed subject changes over time after participation to financial inclusion programs[39].
- **Money for life**. Finally Toynbee Hall is also a partner in the project Money for life, included in the good practice of the previous paragraph. Within this program, Toynbee Hall has carried out, between the end of 2012 and June 2013, 2095 one on one consulting meetings and has involved 12 Tower Hamlets organizations in the educational sessions[40].

5.1.5 Lesson learnt from the British Case

It is useful to remember that in the UK migrants are not specifically targeted by financial inclusion public policies, but they indirectly fall under various programs with a wider range/broad spectrum action.

For example, we remember that among the project financed through the Phoenix Fund (the Fund for supporting small enterprises, 2000-2008) a third of the beneficiaries were part of the *Black, Minority and Ethnic (BME)*, (Ramsden, 2005 e 2008[41]). In another case, for Housing Associations, the presence of subjects belonging to ethnic minority groups among social housing beneficiaries, and therefore among targets for the associations' inclusion actions, is very high. Finally, also Toynbee Hall's activities, occurring in another area with high concentration of migrants, are aimed at this segment of population. More in general, in fact, migrants benefit from the effects of all the actions aimed at opposing the social and financial exclusion of the vulnerable subjects on low income of a target community. For example the support to access and credit, encourages the empowerment of local enterprises so to create more workplaces; furthermore, the interventions carried out in a disadvantaged community improve the general offer of services which is beneficial for everyone.

With regards to learnt lessons, the first issue to be noticed is that a strategy limited to the offer of a basic current account or another financial service or product for inclusion is not alone sufficient to promote financial inclusion, particularly for the most vulnerable and poorest subjects. For financial exclusion, various aspects need to be taken into consideration: the front of education and consulting for the correct management of money, the choice and usage of a current account and other financial products and, finally, the aspect of credit, along with the possibility of accessing sustainable credit. In fact, due to lack of basic financial culture and trust toward financial stakeholders, there is a risk of mismanagement of the current account given the possibility of incurring in additional costs[42], with negative consequences also on available capital. For the newly banked, a personal relationship with the banking provider is very important to overcome the barriers deriving from scarce trust, knowledge and capability in financial matters.

It has emerged how the offer for a basic account should be accompanied by a tutorial service for those less experienced with financial services, an approach which has been implemented by the two analysed best practices. It is appropriate, in fact, to make a distinction between financial education and tutoring for the usage of financial services. We can define the first as a prevention strategy, more suited to youths or people already in possession of adequate knowledge and cultural tools to acquire familiarity with the financial system (for instance the Money for life program distinguishes between students and adults). On the contrary, for those who are excluded or vulnerable – non only in the financial sense – and, in

[39] For more information see the website http://www.toynbeehall.org.uk/money-access-and-participation-tool.
[40] Interview with Gary Wells (17th of June 2013).
[41] Ramsden P. 2005. *Evaluation: The Phoenix Development Fund*. Final Report. Freiss. July 2005; and Ramsden, P. 2008. "Out of the Ashes: Supporting specialist projects for minority ethnic entrepreneurs – The experience of the UK Phoenix Fund Program", in OLIVEIRA, Catarina Reis and RATH, Jan (eds.), *Migrações Journal* - Special Issue on Immigrant Entrepreneurship, October 2008, n. 3, Lisbon: ACIDI, pp. 207-228.
[42] In many cases the owner of a current account pays a commission fee if he makes a payment without having adequate coverage on his current account.

many cases, the elderly, personalized tutoring for the opening of an account or for accessing another type of financial product or service is a necessity. Even the simple opening of a bank account, for example, needs an adequate evaluation in order to understand to what extent it is sustainable for consumers on low income; in fact, the subject on low income who has opened the account incurs in the risk of worsening his financial situation for mismanagement of the account and subsequent[43] possible additional costs.

In order to offer products suitable to vulnerable subjects, the creation and offer of the Basic Bank Account, which has met a good degree of penetration, is nowadays used, as we have seen, by approximately 8 million clients. In spite of this, many experts point at the fact that many BBA owners could in reality have other types of fully functioning accounts and they estimate that owners of the sole BBA should amount to approximately 2 million (Social Finance, 2011). Furthermore, if, on one hand, the output given at national level by the British Banks' offer of a Basic Bank Account has promoted the entry of new clients in banks, on the other hand it is important to monitor both the progress of these accounts and the quality of the relationship developed between new clients and the financial stakeholder. For example, it would be important to collect data on the usage of the current account by subjects on low income and to evaluate if there has been a positive impact on their saving capacity or on their credit score[44].

Furthermore, with regards to the Jam Jar Account, which represents a product potentially suitable to subjects with low familiarity in money management, particularly of the virtual kind, only one large bank (Royal Bank of Scotland) offers such an opportunity and, so far, the diffusion of this account is limited. This is firstly due to the account's high costs, to the fact that awareness of such a product is still not widespread among the population (information on Jam Jar Account are still primarily conveyed through consultants' advice on indebtness and not through marketing campaigns on a large scale) and the providers offering it are not spread at national level[45]. By working on these aspects, by spreading this product's awareness and by increasing the client's base up to 500 thousand accounts so to allow the providers to lower maintenance costs, this type of account could meet the needs of many subjects on low income (Social Finance, 2011).

In light of these considerations, we stress that specific financial inclusion actions, not framed within a larger context of interventions aimed at opposing all aspects of financial exclusion, can only have limited results, or, at least, lose part of the effectiveness that can only be ensured by a system strategy. As confirmation of this, the experts contacted have noted how complex local programs, contemporarily dealing with the various aspects of exclusion, have brought about good outcomes; with regards to this, we hereby mention the case of the city of Leeds, where actions put into place between 2004 and 2010 developed alongside various directions: sustainable credit, consulting on debt management and financial education, effecting one the various causes for exclusion (Dayson and Vik, 2011).

At the conclusion of the evaluation of public policies at national level, there is still a lot to do to oppose the deeper reasons for poverty and social exclusion which, together with financial exclusion, are two sides of the same coin and phenomena feeding off of each other. Furthermore, interest rates caps and the issue of competition within the banking services sector, which, although going though, as we have seen, a dynamic phase, remains a very concentrated market, represent issues which the national Government should probably take more into consideration from a regulatory point of view.

The British government appears very attentive to promoting financial inclusion essentially based on delivering financial consulting and education services, with the objective of rendering the individuals more aware and capable. And, in fact, it stresses individual responsibility in becoming financially aware subjects. We notice, however, that some institutions engaged in opposing financial exclusion have introduced a view which puts the responsibility of the consumer-citizen on the same level with the need for financial providers to commit to promoting financial inclusion and a fair behaviour

[43] The analysis has singled out 4 different segments among the newly banked, which present diverse experiences and outcomes after accessing a bank. Only two of the segments, representing 50% of the sample, financially benefit from opening a current account. The remaining part does not gain financial benefit and is at high risk of failure in managing the current account (Lawton K. and Platt R. 2010. *Review of access to essential services. Financial inclusion and utilities. An IIPR report to the Equality and Human Rights Commission*, September 2010; e Mitton L. 2008. *Financial Inclusion in the UK: Review of policy and practice*. York: Joseph Rowntree Foundation).

[44] Note: interview with Pal Vik (14th of May 2013).

[45] Offer Jam Jar Accounts: Secure Trust Banl, Spectrum Financial Group and ThinkBanking (Social Finance, 2011).

towards the most vulnerable subjects (definition from Community Finance Solutions[46] and Toynbee Hall). We think this is a more complete view for a more effective path toward financial inclusion.

On the front of credit access and indebtness, even though progress has been made thanks to financial education programs, support to CDFIs and to other subjects addressing excluded population, there is a high risk for over-indebtness among vulnerable subjects. In fact, we have assisted, on one side, to a crunch on loans granted following the financial crisis and, on the other to an increase in usage of other channels, such as *home lending* and *pay day lending*[47]. In recent years the volume of lending from finance companies – non banking and not belonging to the credit unions circuit – specialized in retail credit and in servicing subjects without a guarantee has gone up from £100 million in 2004 to £1.9 billion in 2010 and the number of clients is now close to 2 million (House of Commons 2013[48]).

Even though such an offer meets a really existing demand, there are a few critical aspects, first of all connected to generally high interest rates and to the recurring cases of mismanagement of debt and consequent over-indebtness of individuals and families; it should be considered, for example, that approximately half of the returns from the payday market comes from rollovers on already granted loans or from loans granted to pay off a previous one and almost 20% of the loans have been re-financed 4 times, as an indication that the vast majority of the clients are in constant difficulty with credit repayment (House of Commons, 2013).

46 http://www.communityfinance.salford.ac.uk. *Community Finance Solutions' website*, independent research centre specializing in social and financial inclusion, formed at the *University of Salford* a Manchester.

47 *home lending means* "*where loans are purchased and payments collected in the borrower's home*"; *payday lending* means "*A type of short-term borrowing where an individual borrows a small amount at a very high rate of interest. The borrower typically writes a post-dated personal check in the amount they wish to borrow plus a fee in exchange for cash. The lender holds onto the check and cashes it on the agreed upon date, usually the borrower's next payday. These loans are also called cash advance loans or check advance loans*." (Financial Times' Glossary).

48 House of Commons Committee of Public Accounts. 2013. *Regulating Consumer Credit Eight Report.* House of Commons, London, UK, 29 May 2013.

5.2 Good Practices – France[49]

5.2.1 Institutional context and regulatory framework

France differs from other European countries due to the highest rate of bancarization, amounting to 99% (CREDOC 2012[50]); even 99% of families in poverty own at least one deposit account. This percentage is the result of long work aimed at financial inclusion, which began in the 80's and is ruled by universal laws in the Monetary and Financial Code: art. L. 312.1, R. 312.3, D. 312.5 e D. 312.6[51] and, by the last reference law for the simplification and improvement of the quality of the right to an account (art. 52) L 2011 – 525 of the 17th of May 2011.

In order to achieve legislation on this subject, over the years, 8,000 public and social stakeholders have taken part in meetings held by the territorial committee FBF (French Banking Federation) concerning banking services access.

According to statistics, 75 % of the French feel well informed and access daily his own current bank account. 81% of French has a positive outlook and opinion of his own bank[52].

Among families living in poverty[53], as mentioned, 99% has a deposit account, less than 1% does not have a deposit account, but has a bank book.

95% of families have a cheque book and a debit card; families living in poverty generally only have a debit card, 81%, but there are no barriers to ownership of other tools.

By taking on this data, one must not assume that financial inclusion is not a topic of interest; in fact the French Banking Federation continues to carry out the activity of support and coordination of the many initiatives (market oriented) individually undertaken by banks for certain kind of "particular clientele" or "international clientele". The Government's approach to the issue remains universalist, i.e. with no distinction between natives and migrants. The groups dubbed as vulnerable in relation to financial inclusion are, by definition, those living in poverty or experiencing problems in being banked, because they are blocked from accessing the account and banking services.

Products related to *diversity banking*[54] are offered by banks to a clientele characterized by particular needs for certain specific services. The banking system has developed a greater closeness to the various clients' profiles, especially international, through partnerships with stakeholders acknowledged by the same clientele, through socially responsible initiatives allowing coming in contact with communities and associations existing in certain territories (see the project balie described below).

[49] by Isabella Corvino.

[50] Les actions des banques en faveur des clients vulnérables, Fédération Bancaire Française 2012. (Banks' actions in favour of vulnerable clients, French Banking Federation, 2012).

[51] "Any individual or entity residing in France, without a deposit account, is entitled to open an account at credit institution of his choice and has the right to access services". The law allows any individual or entity residing in France without a deposit account to obtain the opening of an account at a credit institution. These provisions are applicable to those exclude from the banking sector or to those registered at the FICP (fichier national des incidents de remboursement des credits aux particuliers - National Database on Household Credit Repayment Incidents). Account access is not limited to the account itself, but entitles to various services and financial tools, including credit and payments.

[52] Fédération Bancaire Française (the French Banking Federation) 2012, Op. Cit.

[53] Defined as individuals living below the line of the "social minimum". From an economic point of view (the minimum indexes are developed in 9 points singling out 9 types of different vulnerabilities) the received monthly amounts to € 387.96 per single person, € 440.86 for non possessors of a house and € 681.95 per couple (married or not).

[54] the term "diversity banking" defines financial products and services looking at the various ethnic communities as one of the affinity components of society and economy (like belonging to other affinity groups: women, young, seniors…) and wants to meet the more articulated needs, connected to the phenomenon not of immigration, but integration, relating to both, the greater root in the country of destination and the persistance of deep and varied ties to the country of origin. Source : Sia Parners, Ethnic Marketing, from welcome banking to diversity banking, anticipating the upcoming market transformation, Dicembre 2012.

The *welcome banking*[55] is less developed than the *diversity banking* because the vast majority of foreigners in France speak French (francophone Africa or former-French colonies) and, therefore, there is no language barrier. In many banks there is information material in various languages and each branch implements specific actions based on the area and on the main clientele that can be found in the territory.

Two programs for information, designed and managed by FBF, are accessible through the internet and disseminated in hard copies. It comes down to activities aimed at risk prevention through consumers information: the program "the bank, my bank and I" is directed to under 18's and it includes general but very simple information (www.mabanqueetmoi.fr); while the program "the bank's keys" is aimed at over 18's and offers specific and thorough information, addressing 3 types of target: families, entrepreneurs and social stakeholders (reaching 2.1 million visits on the website in 2012).

All the material is available in hard copies or electronic format, in associations and places of interest and are distributed free of charge.

Many efforts have been made to favour transparency and competition between banks and for the improvement of offered services. There are several websites for comparing prices and banking services. These are activities supported and deemed of great significance by FB to allow clients to make informed choices and in line with their own needs and to increase the degree of competition among banks, inspiring a reduction of the offered services costs.

A positive indicator of the degree of vitality of the banking system lies with the fact that the price of bank services in France in the last ten years has been slower in increasing than inflation, as maintained by FBF studies, beside the efforts to increase price transparency increase the level of competition, creating both a further decrease of the costs related to accounts and a broader offer of services.

FBF's commitment to reflecting on the issue of financial inclusion is remarkable; it participates, in fact, in the group "*financial inclusion and fight against over-indebtness*"[56] while the French government continues to participate in the *Global Partnership for Financial Inclusion (GPFI),* collaborates with the African Development Bank (AfDB) since 2008 through the initiative "migration and development" which, since 2009, works with the objective to strengthen the transfer stakeholders in Northern Africa and in the francophone regions (critical area for immigration in France).

The privileged relationship between France and Africa result in a lot of attention being attributed to this area; particularly interesting, in this direction, is a study financed by the African Development Bank and the French Agency for development (AFD), "Savings without frontiers" carried out by the association (FSE) in Senegal, Cameroun, Comoros, Morocco and Tunisia. The study provides a series of recommendations including:

- Studies for improving twin accounts
- Analysis of the needs in relation to financial products, like products for individual or collective investment products and development credits (lodgings, commercial products, touristic complexes)
- Attainment of the various regulatory and legislative amendments in the countries and regions subject to study
- Creation of specific workshops on particular financial products (guarantee and risk sharing terms) and the needed evolution of the norm (collective investment, support to the development of micro-finance institutions).

Special care has been given to remittances transfers, reason for the launch of the website www.envoidargent.fr, under the guidance of three departments appointed by the Development Public Aid and implemented by the Development French Agency. This website aims at improving the conditions for migrants' remittances to the country of origin by providing a comparative analysis of the costs. At the moment it is possible to compare services and prices offered in 21 countries Comoros, Mali, Morocco, Senegal, Benin, Tunisia, Algeria, Gabon, Democratic Republic of Congo, Congo, Haiti, Cape Green, Cameroun, Burkina Faso, Vietnam, China, Brazil, Ivory Coast, Mauritius, Madagascar, Sri Lanka. 18 banks have joined the initiative, committing to render available to users precise data on costs and mode of transfer.

[55] Meant as the array of initiatives aimed at providing a basic equipment for needs linked to the immigration phenomenon: Sia Partners, Ethnic Marketing, December 2012, Op. Cit.

[56] This group originates from the *Conseil national des politiques de lutte contre la pauvreté et l'esclusion social (National Counsel for policies to fight poverty and social exclusion)*, and it is lead by the Ministry of Finance.

All actions carried out are the result of consultations and partnerships between banks, local committees and third sector stakeholders.

Productive and personal micro-credit are tools for financing projects and creating self-employment or maintenance (maintenance meaning a brief period of employment inactivity dedicated to seeking a new job or to create an enterprise. It is possible, in France, to apply for micro-financing to face such a situation. These products are often used and the offer is very broad and competitive).

FBF acknowledges the socio-economic significance of these tools and encourages their development, with a double aim: promote the realization of personal or professional projects and financial independence autonomy for those people who, without assistance, could incur the risk of bankruptcy.

Micro-credit is not, therefore, perceived as a channel for non-bankable but as a tool gradually driving subjects to be reliable, with a credit history, creating the necessary preconditions for a bank loan.

Furthermore, France has been one of the first countries to embrace the mobile banking technology. Banks such as BNP Paribas and Société Générale have been the pioneers of mobile banking in Europe and since 2009 all large French banks have launched applications for *iPhone* and *iPad.* The first mobile banking services were essentially based on the development of a phone service, to then offer clients services like balances, balance sheets and SMS notifications. At a later time, the providers focused on money transfers and payments.

French banks and mobile providers are quickly moving to seize this market opportunity and in the last two years there has been a broad offer of mobile payments in France. The main stakeholders in this process are: Buyster, Cityzi, Kwixo, Kix e S-soldi. Some banks have adopted contactless NFC-based mobile payments, while others have chosen to launch mobile payment applications based on the internet.

BOX 5 – THE FRENCH CASE

Data on immigrations

France has, as of the 1st of January 2010, a population of 65,447,374, with a positive net migration recorded for the last few years amounting to approximately 100,000 individuals per year. The more recent immigration is primarily due to family reunions (more than 50%); among foreign nationalities, African countries prevail (especially Algerians and Moroccans) although immigration from the new European Union member states is increasing.

The migratory situation in France has been increasingly considered, in the last three decades, as cause for social problems, with particular prominence given to the issue of the immigrants' socio-economic and cultural integration. From 2002, the migratory policy has acquired a more restrictive outlook in order to better direct immigration to the economic needs of the country. Foreign parents' children born in France obtain French citizenship when they turn 18 and there is a high degree of naturalization. In 2005, 4.93 million immigrants lived in France (8.1% of the population), of whom 1.97 million have then obtained French nationality (Source: INSEE Reports – *Institut national de la Statistique Et des Études Économiques – National Institute of Statistics and Economic Studies*).

Foreign Entrepreneurship in France:

Entrepreneurial tendency in France amounts to approximately 9%, 12% of enterprises are established by foreigners (6.5% by extra-EU citizens and 5.5% by EU-15 citizens). Foreigners show a higher inclination to entrepreneurship than French, even though a higher degree of business mortality is noted. Just 40% of these businesses go further than the first five years, the first and third year are particularly difficult. The enterprises established by third country nationals are mostly concentrated in three sectors: construction (32%), commerce (30%) and personal services (18%). Overall, 39% of the new businesses established by third country nationals are small in size.

[57] La création d'entreprises en France en 2011 (The creation of enterprises in France in 2011) - January 2012, APCE.

Survival rate up to 5 years for businesses established by French sits around 54%, while for foreigners it is 49% if the owner is a EU15 citizen and 40,5% for third country nationals[57].

Financial Inclusion:

The approach to the issue remains universalist, the right to have a current account and a few basic services is extended to any individuals or entity in the French territory. A lot of attention is given to removing any reference to the migration origin as discriminating; the groups deemed vulnerable are those living in a state of poverty or deprived of the minimum requirements to access various financial tools and services due to lack of guarantees.

The banks' approach is market-oriented; banks have started off committees for consulting specific groups to design/plan an offer of products and services meeting their needs. The branches, based on the area in which they are, offer targeted welcome services and animation activities – particularly education activities for preventing debt, savings management, set of specific products for vulnerable or international clientele.

Micro-credit in this country has one of the longest histories in Europe, starting from the 80's. The volume of awarded credit is growing, banks and insurances usually collaborate with third sector's subjects for specific programs aimed at favoring self-employment in vulnerable groups. Education and tutoring actions are always present and mandatory for credit. The average amount of credit is between € 3 and 10,000[58].

5.2.2 Good Practices

We introduce below the good practices singled out in France. The following paragraph will then be dedicated to analyzing the best practices which we deem peculiar to the French case.

Third sector initiatives

- **Seniors Entrepreneurs**, 2011 aims at supporting associate seniors and youths in the creation of jobs, according to the principle of cross-generational solidarity. The basic assumption leading to the birth of this organization is that a large portion of seniors (unemployed, retired, etc.) have the competence, the interest and the resources to start up new types of businesses or to support a few already established.

- **Cre'Action, 2002** has been launched by the *Centre d'Education et de Formation Interculturel Rencontre* (*CEFIR, Intercultural Education and Training Centre Encounters*). Cre'Action aims at valorizing self-employment opportunities for individuals coming from Northwest Africa. In 2005 this project was followed by the follow-up program "*De la migration à la création d'activité*" (From migration to the creation of activity) based on using the resources of a network of active entrepreneurs within the African area of interest, with the objective of increasing economic trading. The activities of the CEFIR include:

  1. The reintroduction of people excluded from the employment market.
  2. Social housing projects (CEFIR Habitat).
  3. Development program for the African area of interest in the rural tourism, capacity building and intercultural sectors.
  4. A radio station for social integration.

[58] Rapport Annuel ADIE, 2011, ADIE.

- **France Active**, *Fonds de garantie pour la création, la reprise, le développement d'entreprise à l'initiative des femmes* 1989 (Guarantee Funds for the creation, revival and development for enterprises on women initiatives) Insurance, Guarantee fund to encourage women to start up new businesses or to take control of preexisting businesses. The FGIF guarantees covering up to a maximum of 70% of the value of the loan, between € 5,000 and € 38,000 with repayment terms between 2 and 7 years.

- **Initiative France**, their approach to microcredit brings together the local human and financial resources, with the objective of mobilizing the solidarity of the local community members in order to promote their economic development. In coherence with its mission, it offers personal microcredit, "trust loan", interest free, unsecured and free, together with technical assistance, networking, coaching and monitoring.

- **ADIE – BNP Paribas, inner city project**: created in December 2005 after the period of unrest in the inner city, the program was aimed at creating employment and supporting social cohesion in the underprivileged neighborhoods. In 3 years, 850 businesses have established, support has been offered to the local activities undertaken by the neighborhood associations and educative support has been given to the illiterate. The total spent in these 3 years has been € 3,000,000.

- **CHAPKA**, health insurance for Au Pairs. This service ensures assistance, activity packs and networking to those who benefit from the service.

Government Initiative: The right to a bank account

The right to an account at any French bank is guaranteed by the Bank of France, in the event of being denied this the client has the right to free services of the basic bank account at a bank indicated by the Bank of France based on pre-established criteria, among which the geographic vicinity.

Since April 2006, the procedure for accessing the opening of this account has been simplified and the time needed has been reduced, in one working day access to the account should be guaranteed and the denied subject is taken under the responsibility of the Bank of France that assigns directly the referral bank.

In autumn 2005 the French banks have established and offered a series of alternative payment tools to the bank cheque which include transfers, withdrawals, TIP (Interbank Payment Slip: a payment system that accompanies an invoice and allows punctual payments for rent, bills etc. without emitting a cheque) and a card that only authorizes payment if covered on the account. These products allow for simple and secure management of the account, making getting into debt difficult, something the Bank of France has taken into great consideration.

The right to an account includes:

- Opening, management and closure of the account
- One change of address per year
- RIB (IBAN)
- A monthly bank statement
- Cheque deposits and transfers
- Cash deposits and withdrawals (in bank)
- Direct debit payments
- Interbank payment slip (TIP)
- A payment card that's use is subject to the authorization of the credit institution that released it
- Two bank cheques a month

The level of bancarization in France, even before the right to an account existed, was already high, therefore the numbers related to this right might seem relatively low (*Table 7*). This right, extended also to businesses, is of great relevance for the real social and financial integration of vulnerable subjects.

Table 7 – The right to an account, number of accounts activated in the last three years

	2010	2011	2012	Apr. 2013	Total
Total	35,691	36,684	40,785	16,501	129,661
of which individual		28,301	32,016	13,211	73,528
of which businesses		8,383	8,769	3,290	20,442

Banking sector initiatives

- **HSBC**, selected accounts: among the services for this type of clientele (predominantly immigrants or second generation youths, although no bank makes the distinction between French nationals and foreigners in as much as it would be considered discriminatory behavior) we can find property finance, life insurance, online and mobile assistance services, medium and long term investment plans.
- **Banque Libano Francese**, directed above all to the Lebanese clients, places a lot of attention on loans to buy homes in France and their place of origin, life insurance, phone assistance and online banking services. They assure the release of a credit card to all clients.
- **ChaabiBank**, Moroccan bank that offers online and phone communication services, preferential treatments for buying homes in the place of origin; free release of a credit card and a fund transfer service to Morocco at zero cost.

*5.2.3 Case Study: The financial inclusion strategy of Societé Généra*l

"Your bank here and there" is an account for a specific target; foreigners that maintain relations with their country of origin. To design this account SG carried our analysis, created committees and established partnerships with foreign banks present in the interested territories.

The offer has the characteristics of the welcome banking and diversity banking; new clients are helped with the opening of an account (the personnel is trained to provide simplified and precise information, assists the client with the process of collection of the required documents both in France and abroad), services are based on the management of a twin account, which facilitates the transfer of money, and on the offer of credit products for investments and repatriation insurance products.

In order to open an account of this kind, it is necessary to submit: an ID card or passport or a valid French residency permit, proof of residency in France (bills from the last 3 months, last pay slip); for individuals resident in their country of origin: ID card or passport. If the Group Société Générale is not to be found in the country where one wishes to open an account, a consultant issues a reference letter which will simplify the account opening procedure at the chosen bank.

It is possible to obtain a credit card, ask for a cheque book and access the online accounts: consultation, transfers, and electronic bank balance and scholarships application. The same operations can be set up through phone contact. *I-transfert* is a service allowing sending money abroad through phone. The payment is made via phone call to a voice server, available 24/7 in France or abroad. The funds are available within the 2-3 following working days. The fee is unique, in the form of a monthly fee of 1 Euro and fixed commission (inclusive of exchange rate margin) charged on the transaction, regardless of the sent amount of money.

The service is now available for the following countries: Algeria, Benin, Bulgaria, Burkina Faso, Cameroun, China, Ivory Coast, Egypt, Georgia, Ghana, Guinea, Equatorial Guinea, Jordan, Lebanon, Madagascar, Mauritania, Morocco, Moldavia, Republic of Macedonia, Romania, Russia, Senegal and Serbia.

Maetis is instead the insurance for body repatriation and assistance abroad designed by SG and Europe Assistance. This product covers the expenses for the arrangement and management of body repatriation for burying; it supports transportation, accommodation and expenses incurred in by the family or relatives.

SG also offers products for estate financing abroad.

This type of account with its products and related services has been designed with the support of consultants and researchers who have identified the particular needs of the selected targeted clientele. As of now, after 10 years since the introduction of this format, the number of accounts continues to grow and clients' level of satisfaction remains high.

5.2.4 Case Study: ADIE financial inclusion strategies

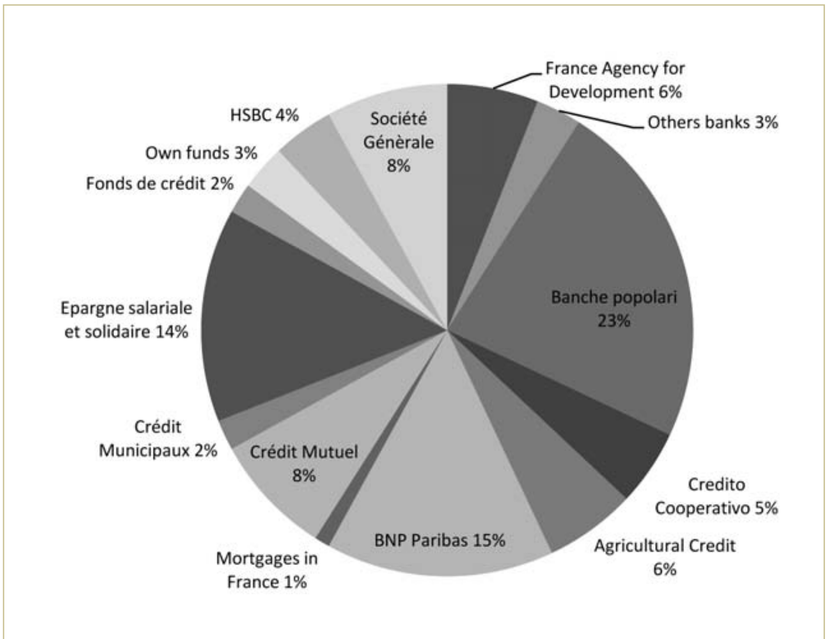
ADIE is an association which helps people excluded from the employment market and traditional banking system into creating their own enterprise and therefore self-employment, through micro-credit. In addition to micro-credit products, ADIE offers a follow-through service adequate to the needs of its clients. Approximately 28% of the clients are foreigners.

During the follow through they always highlight the fact that the micro-credit is not a substitute for a relationship with the banks, but instead this relationship remains fundamental above all for small businesses that are requested to open a *small business* account at a financial institution. 80% of ADIE clients consider the relationship with the bank to be good (very good in 30% of the cases); two thirds of the micro-entrepreneurs have opened a small business account and 61% of these did so at the moment the business was created.

The training includes legal, administrative, fiscal, financial, commercial, marketing and communication management. This range of courses and services are free for clients, the courses have been studied to promote independence and occupation, maximising the possibility of the projects success.

Graphic 8 shows the distribution of micro-credit connected to ADIE up until 2012 among the various banking institutes. In some cases there is a partnership that lasts for many years.

Graph 8 – Distribution of micro-credit by issuing institute



Alongside the traditional activities, ADIE has developed a pilot project of micro-insurance with the objective of creating micro-insurances for the entrepreneurs that are excluded from the banking system and don't have access to neither bank credit nor the insurance products suitable for their business. Two insurance companies (AXA and Macif) and ADIE work together in the planning of micro-insurance products. The micro-insurance products subject to the current experiment have been specifically designed to facilitate the access to insurance products for the vulnerable part of the population, simplifying the contracts and reducing the costs (around 40% less than market costs).

The types of entrepreneurs included in this type of offer are identified in "*J'ai un locale*"; subjects who work from home, "*Je DeMarre de chezmoi*", vehicles and goods transport "*Automobile et transports*".

The insurance can be signed up to for a maximum of three years, after which the micro-entrepreneurs are requested to sign up for a commercial insurance product in line with the growth and stability of their business.

The project, started in September 2007, was expanded to other areas of France in 2009. The insurance companies have calculated that the product would be sustainable with a minimum of 4,500 active clients.

To create this product a survey of 600 entrepreneurs was carried out to evaluate their insurance needs and it was discovered that a quarter of them had established a business without and insurance coverage. The entrepreneurs that establish their businesses without any form of insurance coverage can, in fact, not manage to sustain their business in the event of professional, domestic or unforeseen health incidents. Micro-credit and micro-insurance are complimentary: the first allows for the preparation and development of the business while the micro-insurance provides the coverage against the business risks, supporting the business during moments of crisis.

5.2.5 Lessons learned

The French situation demonstrates a complex scene of experience at government, public and third sector levels. The subject of economic integration has been tackled head of its time and today the level of policies demonstrate a universalistic approach which does not differentiate between French nationals and foreigners; also because levels of bancarization this elevated do not demonstrate the need made to measure strategy for particular potential clients.

The consultation work of the banks with the target groups, and the increase in transparency and comparability of the products and services, have given very effective results in meeting the needs of certain clients.

The level of trust in the banks is elevated, the system guarantees transparency of the costs and communication which puts the client in the condition to choose that which meets their needs better. Information and training activities aren't lacking and specific programs exist in the areas in which it is thought they need to be strengthened.

The right to a bank account offers the possibility for everyone to enter and remain within the formal banking system and this mechanism appears fundamental because they can create innovative universal legislative systems that respond to the specific needs, without modifying the base level of bancarisation.

The third sector is very well organized and manages to integrate their own services, and therefore their users, with the banking system; the training, always present in the services offered, shows the way of integration as the principle direction to reach through the preparatory steps, in the case that they don't already.

5.3 Good Practices – Spain

5.3.1 Institutional context and reference regulations

According to the Spanish legislation both residents and non-residents can open an account at a bank or financial institution. The law distinguishes between:

- Residents, for whom it is only necessary to present a document that shows their legal status.
- Non-residents that can request to open savings or fixed term accounts on sight, by presenting a "non-residency certificate", that can be obtained from their consulate or any police station by showing their passport, or they can delegate the bank to request the certificate, agreeing to the opening of the account upon its release.

The procedure has not shown any significant differences in the conditions applied to the resident accounts in respect to non-resident accounts. Where differences do exist these are related predominantly credit concession (limitations in the provision of a credit card or concession of credit for a total greater than the deposited savings).

According to the legislation on the movement of capital and economic transactions[59], every two years the banks request the clients to justify their non-resident status (if no justification is given then the account gets blocked and no longer matures interest), while in practice, in some cases, the accounts conceded to non-residents allow for automatic closure after a certain period of time.

From an institutional and legislative point of view the Spanish context has been characterized in these years for financial inclusion based predominantly on a universalistic approach, aimed at eliminating the legislative barriers to access to an account, considering this instrument as fundamental starting point for an inclusion process left to the initiative and strategy of the sector stakeholders. The results of this strategy are summarized in **"EncuestaFinanciera de las Familias"** (Families' finance survey) of 2008[60] where a specific module on debt and financial exclusion has been included. According to the study 98.7% of adult Spanish citizens resulted in possession of a bank account, with a level of financial exclusion, according to the definition of access to an account, almost non-existent. The same study also highlights that only 37% of citizens did not possess a credit card, well above than the European average. The most indicative data to come from the study is the identification of a financial exclusion problem confined in some segments of the population: fundamentally pensioners and immigrants (a situation that compares the Italian case to the Spanish one). The crisis has increased this percentage, but not in a significant manner, with an effect on financial exclusion terms, as we will see, different from only access to an account.

No other measures with the aim of financial inclusion have been placed alongside this regulatory initiative, apart from the prevision of a fiscal incentive on savings in a deposit account for home purchase. Furthermore, according to the Spanish authorities, the introduction of legislation related to the Money-laundering battle and financing of terrorism, if on one side it has increased the bureaucratic costs for the shareholders, it has not had any direct effect related to financial inclusion.

A second level of measures on the financial inclusion theme has instead reviewed the micro-credit that has developed in Spain starting from 2000 and has seen, in the last few years, a flowering/thriving of initiatives by means of non-financial private institutions and by banks, particularly savings banks. As for the great majority of European countries, in Spain micro-credit has also developed based on the so called "individualistic" model, whereby credit access is on individual basis and there are no forms of shared credit management as, instead, implemented in the original model developed in Bangladesh by Mohammad Yunus with the *Grameen Bank.*

[59] Ley 19/2003, July 4th.
[60] http://www.bde.es/bde/es/areas/estadis/Otras_estadistic/Encuesta_Financi/.

The financial crisis has however highlighted some of the limits of the financial inclusion model developed in Spain. Particularly, it has strongly emerged the phenomenon, never adequately monitored or faced with preventative policies, of over-indebtness which nowadays causes the exclusion from the financial system of a significant portion of the population. Particularly, it is evident how an array of factors, among which the lack of adequate financial education, particularly aggressive commercial policies of the banking system and favourable economic circumstances have fostered a phenomenon which, nowadays, worries for its effects in terms of exclusion from the banking system for individuals and families so far included.

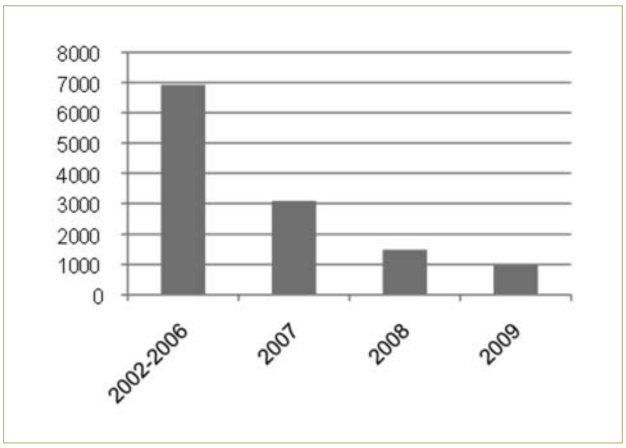
The crisis has also drawn attention to the second main financial inclusion tool developed in recent years, micro-credit. Recent impact evaluation analyses carried out in Spain have highlighted some fundamental critical aspect of the Spanish model that can be summarized in a few fundamental points:

- Ineffectiveness in terms of capacity to reach the poorest strata of the population, but primarily aimed at already banked subjects.
- The forecast of high investments amounts (in terms of percentage of the planned expenses not financed by micro-credit) hardly sustainable by subjects on low income.
- Impossibility to valorise eventual real guarantees the applicants have at their disposition.
- Vary high average credit sum total.
- The evidence of a micro-credit model focused on the role of the banking stakeholders whom have granted this form of credit with traditional evaluation and cultural models, whereby a subject on low income continues to be seen as the most at risk, scarcely profitable (because of very high management unit costs) and generally little deserving of credit. The sole economic circumstance allowed, factually, the banking stakeholders to grant this type of credit in a non-sustainable manner.

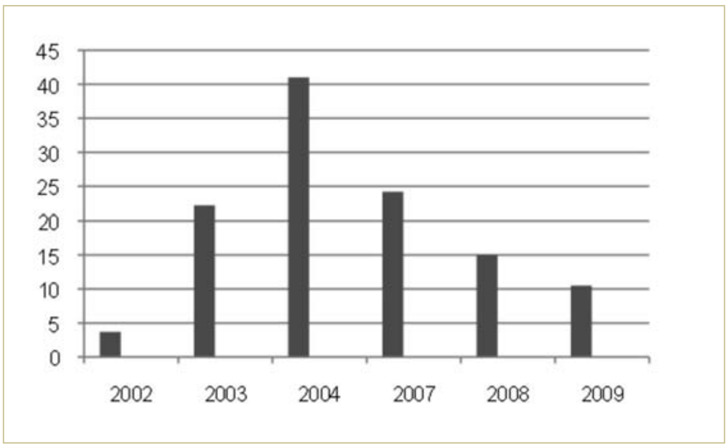
The crisis has brought to light these critical aspects clearly visible both in terms of volumes (*Graph 9*) and in terms of number of transactions (*Graph 10*).

Therefore the financial inclusion problem occurred not just in terms of access to current accounts and payment services, but also exclusion from the financial and credit system, real lack of competencies, information and capacity for a correct and effective usage of the existing financial products and services.

Graph 9
Number of micro-credit granted in Spain



Graph 10
Volumes of micro-credit granted in Spain (million Euros)



The need for adequate tools for financial education, able to reach wide portion of the population, has been identified as the principal tool, previously neglected, to be combined with full access to financial tools. For this reason, the authorities have intervened with a National Plan for Financial Education, developed by the Banco de España e dalla Comisión Nacional del Mercado de Valores, the two financial monitoring and regulating bodies, which has been studied among the good practices singled out in this report.

BOX 6 – THE SPANISH CASE

The migratory phenomenon in Spain

According to the data of the Spanish National Institute of Statistics, as of the 1st of January 2013 5.118 million foreign citizens live in Spain, equal to 11% of the total population. The crisis has had a significant impact on the migratory phenomenon in Spain, with a 2.3% decrease with respect to the previous year and a negative drop of 162,000 people (almost 500,000 immigrants left Spain during 2012). Romania and Morocco are the main nationalities present in the territory even though the drop involved all nationalities.

The financial inclusion process

- Financial inclusion strategies, which find Spain in among the first European countries in terms of percentage of owners of a current account, are based on regulatory tools able to ensure full accessibility to the current account. Spanish legislation prescribes, in fact, the possibility to open a bank account also for non-residents, with some limitations described in this report. Only recently it has arisen, due to the financial crisis leading to the exclusion of a large portion of the population from the traditional financial system, the problem of over-indebtness and need to provide consumers with tools for adequate knowledge and effective usage of financial products, starting off a national, multi-year plan by the sector monitoring authorities.
- In recent years, from an institutional and legislative point of view, the Spanish context is characterized by a financial inclusion mainly based on a universalist approach, aimed at eliminating the regulatory barriers to access to the current account, considering this tool as the fundamental starting point for a financial inclusion process left to the initiative and strategies of the sector's stakeholders.
- The approach remains primarily market-oriented, devolving the role of facilitating access to adequate financial tools to the action of the market forces. Microcredit has represented an important tool for financial inclusion up to the financial crisis which has highlighted the main critical aspects in terms of development model.

5.3.2 Good practices

The Spanish context does not appear to be characterized by a particular dynamism in initiatives of financial inclusion, even though, as we will see, singled out Good Practices represent interesting, significant examples.

Similarly to Italy, the prevailing role is played by that segment of the banking sector which, for tradition and statutory values, has as main objective the development of the territory and financial inclusion, represented by Savings Banks. Even the traditional banking system has, throughout the years, put in place a series of initiatives not so much for the bancarization of immigrant citizens as much as for attracting a new target of clientele, considered potentially appealing, through the development of a few products and services able to meet specific needs, first of all the issue of remittances.

The crisis, which has strongly hit the Spanish financial system, has brought into question a financial inclusion model based on commercial strategies particularly aggressive and has originated in the need to invest in terms of client's capacity to use correctly and effectively the existing tools through a public plan for national financial education.

In terms of Good Practices six of the most significant experiences in the Spanish context have been singled out:

- The Santander Bank has developed its own financial inclusion program (comprising the segment of migrants as specific segment for intervention through tailor-made products) focusing on a multi-layered strategy:
  - Avoiding the exclusion from the financial system of individuals characterized by over-indebtness.
  - The start off of a wide program for financial education mainly aimed at youths.
  - Increasing the accessibility of the banking channel by investing on multimedia and web.
  - The creation of an array of products and services in answer to the specific needs of the most excluded clients (among these, a few products aimed at immigrants clients: Superlibreta Internacional Express, Tarjeta Internacional Express, planes de ahorro garantizado y Tarjeta Santander Contigo and the remittances service through the money transfer provider of the Santander group: Santander Envios).
  - The development of a program, named "Queremo ser tu banco" aimed at self-employed workers and to the micro-enterprises which plans the elimination of service commissions.
- The Caixa which, in addition to the development of its own operating unit, has created its first bank specialized in micro-credit: MicroBank (see the in depth analysis).
- The Bilbao Vizcaya Argentaria (BBVA) has recently started off a program aimed at financially excluded subjects called Segmento Express/Blue" expressly aimed at banked subjects or to clients whom, for their socio-economic situation, are characterized by low profitability. The client segment is in its turn divided into three sub-groups: the youths, the unbanked and clients on low income. The objective is the creation of simple and accessible products (low costs) as alternative channels to the traditional outlets such as internet, ATMs, mobile banking and the creation of an easily accessible current account.
- The National Plan for Financial Education carried out by the Banco de España and by the Comisión Nacional del Mercado de Valores (*see in depth analysis*).
- The pilot project Foundation Cajsol – Foundation of the Istituto de Credito Oficial, started off in June 2008 in Seville, successively extended to the Foundation Caja Navarra in 2010, involving the Provinces of Huelva, Barvellona and Pamplona, aimed at granting microcredits inspired by the Grameen methodology. Objectives of the project:
  - Provide unsecured financial and non-financial support to the basis of the pyramid (subjects on low income.)
  - ease social and financial exclusion.
  - provide individuals excluded from the financial system with tools able to help them to valorize their skills to generate new entrepreneurs.
  - develop positive attitudes among the poorest through the promotion of close human relationships.

  The project is based on the concept of a group as a union of individuals making decisions together, sharing a similar socio-economic situation, developing and taking advantage of mutual trust following the registration to the program. According to the project's feasibility study carried out in Seville immigrants and women (with problems of social vulnerability) are the utmost target to be reached in terms of financial exclusion.

  The fund's underlying philosophy is based on a well-defined approach:
  - it is the granting body who reaches the consumer and not the opposite.
  - the clients are organized in groups (it is mandatory to take part in periodic meetings, every 2 weeks).
  - the loans are made available and managed at individual level, but the granting occurs through the mediation of the group.
  - the granting of credit depends on mutual trust in the applicant.

  The program offers financial and non-financial resources (credit): periodic meetings, workshops, education and assistance, formal and informal capacitating also through a network of public and private institutions providing such services.

Table 8 – Characteristics of the granted credits

Type of credit	Amount	objectives	Length
Loans on trust	€ 600 max	Free destination	1 year
Personal loan	€ 3,000 max	Free destination	2 years
Self-employment loan	€ 15,000 max	To start off (or improve) a commercial activity or an income producing activity	5 or 6 years

The process starts off with the formalization, by the client, of his application to the group, during one of the periodic meetings. For Loans on trust and Personal loan he only has to explain the reason for the loan and how he will pay it off. For the self-employment loan he has to submit a small business plan. Only if the group approves the granting of the loan the application is sent to the financial institution for an evaluation on the merits of the credit. Once the credit is approved the client opens an account to service the loan at the Bank granting the loan.

- Among public initiatives on the issue of financial inclusion, it is finally noted the memorandum of understanding, signed in 2007 by the Ministerio de Trabajo y Asuntos Sociales (Minister for employment and social affairs), the Ministerio de Asuntos Exteriores y de Cooperación (Minister of Foreigner affairs and cooperation) and the Confederation of the Spanish Saving Banks in order to carry out activities and initiatives aimed at improving remittances and consequently a greater financial inclusion of this significant share of migrants' savings.

5.3.3 Case study: Caixa and MicroBank

Within its own strategies specifically directed at migrants citizen, the Caixa has developed an office within the marketing area (Servicio Nuevos Residentes – New residents service) purposely dedicated to the development of products and services for this category of clientele which as of 2010 reached approximately 10% of the bank's clientele. The migrants' associations have represented a privileged interlocutor to know the needs and channel the offer.

In view of the choice not to modify the bank model for this clientele, but to consider it as ordinary clientele with specific needs to be fulfilled, various custom-made products, particularly interesting from a financial inclusion point of view, have been realized: CaixaGiros, TarjetaInternacional Transfer, LibretaProyecto Estrella, Seguro Repatriación, Visa Electron Transferencias Internacionales, Libreta basica: a package for individuals on low income, with a flat fee (€ per month) and offering a series of products and services (C/A and ATM card free of charge, a certain amount of free transfers, etc.).

Furthermore, the model for the management of remittances is particularly interesting, developed starting from the traditional banking channel (through SWIFT), integrating it with a series of services able to widen its effectiveness and to ensure a competitive service in comparison with Money transfer operators, at affordable costs for the clientele: a call centre and an agreement with a distribution network in the recipient country and the possibility to send remittances also through the ATMs spread in the territory. The service has been an important success factor in attracting foreign clientele, proving economically sustainable.

In Spain, the crisis has had an impact on the immigrant citizens segment stronger than in Italy. Due to this the Caixa has deemed the project "Servicio Nuevos Residentes"(New Residents Service) not sustainable in the medium term and has decided to suspend it, leaving in place the already existing products.

From a financial inclusion point of view, the most significant and innovative experience is represented by microBank, a bank specialized in granting micro-credit. It was established in 2008 with the specific purpose to channel microfinance activities of the banking Group within a specialized financial institution able to facilitate credit access for financially excluded subjects in an effective and sustainable manner.

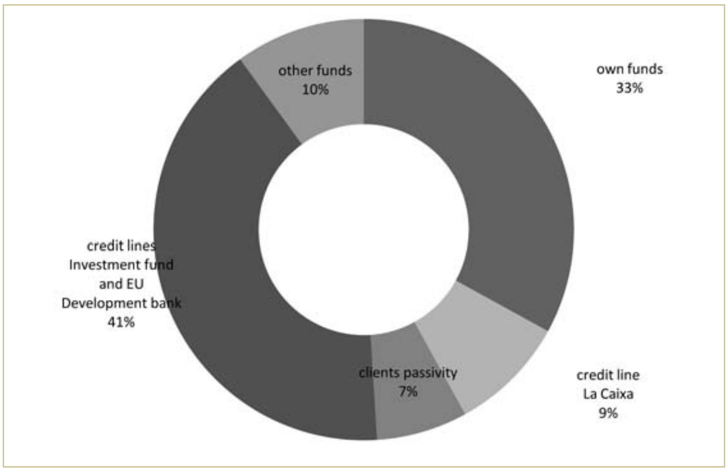
The model appears to be interesting in various aspects.

In terms of development model: Microbank was created as a specialized bank, regularly registered among the banking institutions (therefore not as a branch of the main bank's activity). The choice is an answer to a precise strategic choice finalized to an investment directed to the growth and development of a model for financial inclusion sustainable through time, hardly achievable within the broader strategy of a traditional commercial bank. Therefore, the intention has been to combine two components in Microbank, as an independent banking activity, economic and social.

In the same way, the offer model envisages a very close connection with the commercial bank which widens the effectiveness and allows maintaining a structure at sustainable costs. Particularly:

- Caixa is the sole shareholder in Microbank with a share of 138.6 million Euros as capital and a credit line for credit granting.
- Microbank avails of the Caixa's network for the distribution of its products (6,342 counters throughout the national territory), the latter owning a commission for covering the management costs. While Microbank finances microcredit products, taking on the risk.
- A series of functions for granting credit are devolved to the Caixa network: acceptance of the application for microcredit, identification and transfer of the application, evaluation and direct approval of the application (according to models developed by MicroBank and available to the Caixa network) in relation to the segment of financial microcredit.
- Caixa provides a series of centralized services, like legal area, marketing, back-office, a scoring model for the credit remaining within the Group according to Basel, allowing the Microbank to have a very light structure at low costs: 14 employees and 6 managers.
- The definition of clients' profiles shared with Caixa allows to easily identify different competencies, in answering to the financial needs of the clients among the products and services offered by the two institutions. The switch from Microbank's client to the commercial bank client, once the financial product changes and vice-versa, from the moment in which Caixa acquires a client belonging to the profile corresponding to the institution's clientele, is envisaged and ratified by shared procedures, thus avoiding overlapping. An approximate estimate quantifies to approximately 25% the share of Microbank clients whom have switched to a more evolved profile.
- The development of a series of agreements with more than 500 public and private entities carrying out support activities for the development of entrepreneurial projects financed by microcredit (consulting, assistance with the business plan and for the implementation phase).

Graph 11 - Source of MicroBank financing – December 2012



- The development of its own model for the credit scoring and merits evaluation integrated within the Caixa network with regards to the financial microcredit segment and a second model directly managed by Microbank for the forms of credit whereby the component of financial inclusion is greater
- A model for funds collection which sides own funds (coming from the first Caixa installment and from the re-investment of profits) and Caixa's credit line with a diversification of financing sources able to ensure funding at competitive conditions (*Graph 11*). 80% of needs are covered by external funds and by ordinary activity.

Table 9 summarizes the main products offered by MicroBank.

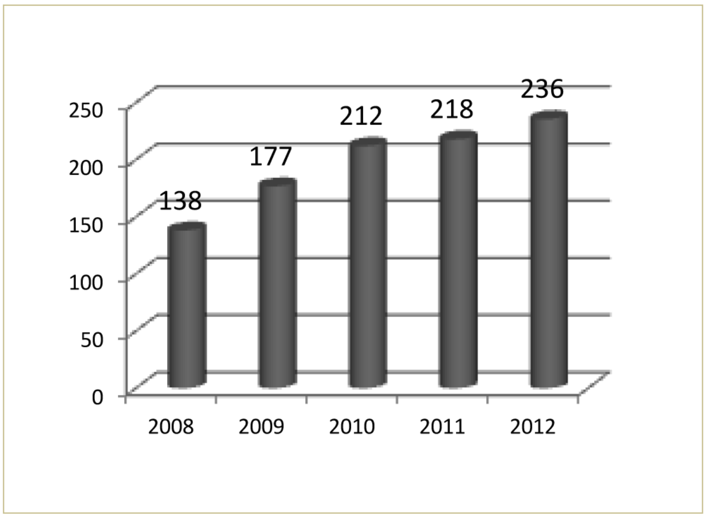
Table 9 – Products offered MicroBank

	Active side products				**Passive side products and services**
	Microcredit for entrepreneurs			**Personal Microcredit**	
	Financial microcredit	*Social Microcredit*	*Economic microcredit*	*Personal and household microcredit*	*Basic Account: commission free and free of charge basic services for individuals with income lower than minimum salary*
CLIENT'S PROFILE	Micro-entrepreneurs on income lower than € 60,000 or micro-enterprises with a turn-over lower than € 50,000 and a number of employees lower than 10 units	Micro-entrepreneurs in need of support for the development of an entrepreneurial idea (subjects excluded by the traditional financial system)	Self-employed workers and micro-enterprises within the echo-environmental segment or for the development of products for the reduction of environmental impact	Individuals with annual incomes lower than € 18,000 and with needs for credit related to household needs	Current Account
AMOUNT	Up to € 25,000	Up to € 25,000	Up to € 25,000	Up to € 25,000	Servicuentas (a set of integrated services)
FINANCED PERCENTAGE	100%	Up to 95%			Debit card
REAL GUARANTEES	None	None	None	None	MicroBank ethic fund
LENGHT	5 years	5 years	5 years	6 years	
REQUIREMENTS	Business plan	Business plan and relation on volume of support			

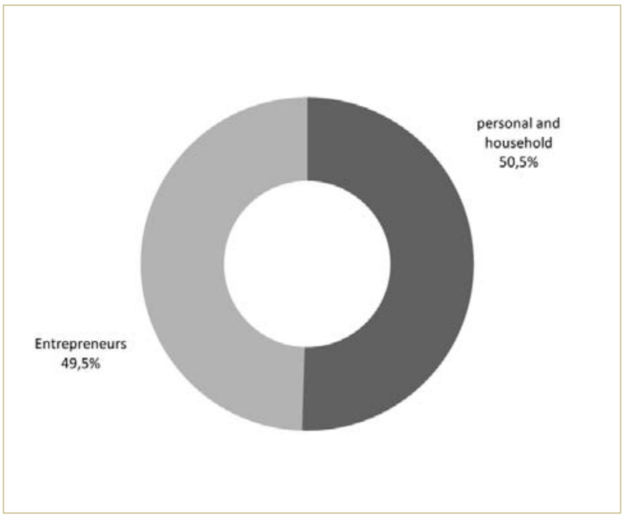
The analysis of data for the results achieved by this institution over the years is indicative of the success of its development model. As of the 30th of April 2013 there were more than 186,000 microcredit overall granted, for a total sum of .145 million Euros. Graphs 12 and 13 show some figures in relation to Microbank's activities.

Two synthetic data show the economic sustainability of the bank (always as of the 31st of December 2012): a 12% ROE (with a margin of interest and a gross margin growing by 15% with respect to the previous year), a 2% delinquency[61] rate, a 3,07% insolvency rate within a national context showing much higher level of insolvency.

Graph 12
Evolution of granted Microcredit in million Euros



Graph 13
Composition of granted microcredit per typology



In terms of the number of granted microcredit, instead, personal and family microcredit prevail, characterized by lower average amounts (€ 4,700 for family microcredit and € 11,300 for entrepreneurial).

The most interesting data, as confirmation of the crisis impact on the segment of migrant clientele, comes from the comparison of the influence of this specific target of clientele on the bank's portfolio and on its composition. While, in fact, in 2009 the immigrated clientele accounted for 42% of the portfolio of granted microcredit, and Latin America for 23% of the total portfolio, in 2012 the weight of the immigrants segment drops to 16.8% with an almost equal presence of nationalities coming from Latin-America and Eastern Europe.

An additional data useful to identify MicroBank as a good practice, in addition to sustainability, concerns its effectiveness, namely the capacity to reach the predetermined objectives in terms of financial inclusion, namely effectively reaching the segments of financially excluded population. In this case some indicators are provided by independent research, carried out by the *Instituto de Innovación Social ESADE (Institute for Social Innovation),* on the social impact of microcredit containing a focus on Microbank. According to this study it is estimated that microcredit granted by the institution have contributed to create or consolidate over 78,000 workplaces, with an average of 2 employed personnel for each financed enterprise. In the same way 73% of the financed activities continue with its activity, only 24% has closed down and 3% has given up the enterprise.

The in depth analysis has also wanted to deal with the development potentiality of microfinance products different from microcredit. In terms of savings products it is confirmed the perception of a clientele segment, migrants' one, with very high savings potentiality, only partially intercepted by traditional products.

61 Credit unpaid for over 90 days after the third delayed installment.

The opportunity and the need to develop accumulation and savings protection products emerges, especially insurance-oriented, but the main problem lies in the difficulty to find, within the sector, a partner available to study solutions adequate to the segment of clientele of subjects on low income without them being simple downward adjustments of existing products, considered inadequate for the specific segment.

5.3.4 Case study: National plan for financial education

In 2008 the Banco de Españae and the CNMV have publicly undertaken a commitment to start off a project aimed at improving the level of financial culture of the Spanish population, devising a Plan for financial education on multi-year basis (2008-2012) defining the fundamental pillars:

1. **Universality** aimed at the whole population (youths, adults, students, parents, pensioners etc.) and concerning all financial products and services. From here the collaboration with the General Direction of Insurances and Pension Plans (Dirección General de Seguros y Planes de Pensiones) with the objective of availing of a team of experts for the banking, investment and insurance branch.
2. **Cooperation**: envisaging the participation of the institutions, of social public and private actors, also through the undersigning of collaboration agreements with a multiplicity of entities, specific objectives are set for specific categories of subjects characterized by greater difficulty accessing financial education tools.
3. **Continuity**: in spite the plan has initially been though off for a five year period, the nature of its objectives requires the maintaining of the measures also in the future.

Good practices carried out during the 2008-2012 period

One of the primary objectives has been, and continues being, the introduction of financial education in the school curriculum. In 2009 a memorandum of collaboration was signed with the Minister of Education, sport and culture for the start off of a pilot project for financial education for the third year of E.S.O. where 3000 students, 70 teachers and 32 education centre in 14 independent communities participated. For the program materials were developed on the basic concepts of financial education (savings, payment methods, responsible consumption, etc.) and a website www.gepeese.es with multimedia tools, games and workshops available for students and teachers but also the wider public. The pilot project aroused great interest and participation and, on the basis of the achieved results, in 2012 its extension was contrived to the whole national scholastic system through the direct involvement of local institutions and of the main educational associations and teachers' forums. More than 400 secondary schools (public and private) have signed up for the program in all of the Autonomous Communities.

A second wave of activities concerned the necessity to increase the awareness level within institutions and individuals about the need for financial education, through seminars and events for insiders, mass communication channels, a marketing campaign at national level and usage of social networks.

Consejosbásicos de economíafamiliar" (basic advice on household economy) are instead a tool aimed at families, carried out through the creation of 12 data sheets, disseminated as magazines inserts (like the magazine "Latino" aimed at Latin-American migrants) and rendered available in banks and public offices.

A comedy show in which a couple faces, in different episodes, financial decisions is aimed at the wider public, while a series of courses for financial capacitation are aimed at insiders through the work of the education of educators.

The success and relevance of the Program and the underlying need have led the promoting bodies to renew the Plan until 2017. The intent has been signed for on the last 4th of June.

Finally the realization of a web portal entirely dedicated to financial education www.finanzasparatodos.es with tools from education to management of savings and household budget, beside information related to the usage of various products and financial services and indications on what to do and whom to speak to in case of problems.

Principal lessons learnt by the development of the first five year period

The financial crisis has demonstrated the need for financial culture and for a level of education more wide spread and adequate, able to prevent situations which could endanger the financial vulnerability of families, such as over-indebtness and getting into risky inadequate positions. The awareness that, alongside a wider accessibility of tools and financial tools, there has to be adequate capacity to understand their main characteristics and their usage is more and more widespread.

In order to improve the effectiveness of the measures the new Plan envisages the realization of research and evaluation works, for an improved knowledge and monitoring of the phenomenon and a better impact evaluation of the activities determined in the new five year period (actually an evaluation of the concluded pilot project in high schools is at the implementation phase). Furthermore a survey on the degree of financial education is planned to be carried out.

Furthermore, the necessity for a sort of "preventative supervision" has emerged, which the CNMV will carry out through a series of monitoring activities with the objective of anticipating the occurrence of significant problems and to anticipate, when at initial stages, future conflicts for investors. A task which will particularly focus on the monitoring of the savings migration process which is occurring from bank deposits to other financial products.

European Economic and Social Committee
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FINANCIAL EDUCATION FOR ALL

Financial educational strategies and best practices within the European Union

European Economic and Social Committee

Section for Economic and Monetary Union and Economic and Social Cohesion (ECO)

This publication is based on an own-initiative opinion of the European Economic and Social Committee (EESC) on Financial education and responsible consumption of financial products[62] adopted on 14 July 2011.

The rapporteur for the opinion was Carlos Trias Pintó, a Spanish member of the EESC belonging to the Various Interests Group. Enrique Castelló Muñoz, Chair of Business Economy at the Complutense University of Madrid made an expert contribution to the opinion.

The opinion provided a grounding for this publication, the research work for which was carried out by ASGECO Confederación, the Spanish General Association of Consumers. The contributions from the president of the EESC's Section for Economic and Monetary Union and Economic and Social Cohesion (ECO), Michael Smyth, as well as from the ECO-secretariat, in particular Gerald Klec and Raffaella Zaccheddu, were crucial.

[62] OJ C 318, 29.10.2011, p. 24.

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Preface

Staffan Nilsson,
President of the European Economic and Social Committee

Ladies and gentlemen,

The key political message I chose for my presidency of the European Economic and Social Committee was **"Engaging people for a sustainable Europe"**. Engaging stakeholders in providing financial education programmes and offering transparent financial products is a particularly important aspect of this broader objective, because it will lay the necessary foundations for a sustainable banking model.

I should therefore like to thank my colleagues from the EESC's Section for Economic and Monetary Union and Economic and Social cohesion for their initiative, which has resulted in an EESC Opinion on financial education and responsible consumption of financial products and to this interesting publication.

At my initiative, on 25 September 2012, the EESC held a major conference entitled, **Step up for a Stronger Europe**. One of the key conclusions of this conference was that there is a need for **stronger protection for consumers of financial products** and that this will require EU financial support and a **dedicated dialogue between the financial industry and civil society organisations** on regulation, self-regulation, **financial education** and **access to transparent financial products and services**.

With this publication, the EESC, as the institutional representative of organised civil society at European level, wishes to make its own contribution to this process, by helping to disseminate information on financial education initiatives.

I hope you will enjoy reading it.

Staffan Nilsson,
President of the EESC

The importance of financial education

Michael Smyth,
President, Section for Economic and Monetary Union and Economic and Social Cohesion, EESC.

Ladies and gentlemen,

This EESC brochure deals with a subject that is very close to my heart, namely financial education and the responsible consumption of financial products. I actively participated in the EESC's work on this subject.

Socially irresponsible behaviour by financial institutions played a major part in causing the financial crisis, which has developed into a serious economic, social and political crisis. Financial innovation and a general lack of transparency in the system have made it hard for the people of Europe to understand what is in any case an inherently complex and globalised market, overwhelmed by a vast range of financial products.

Financial education is a strategic tool which should go hand in hand with the new process of better regulation of the financial system. A more robust, safe and transparent financial system needs responsible consumers who are actively involved in improving their financial awareness.

A significant proportion of the decisions that people make in their lives have a financial element. Those financial decisions have a direct impact on their personal lives and families, from seeking student funding to planning a pension for retirement. Financial education will allow consumers to make informed decisions and will promote the intelligent consumption of financial products.

The aim should not only be to pass on knowledge and skills ("financial education"), but also to ensure that people are financially literate enough to be able to take the right decisions when managing their personal finances in the real world ("financial empowerment").

Financial institutions also have a key role to play, by giving a commitment to society to ensure honesty and transparency in their customer service provision. The EESC wants to see measures implemented to curb financial innovation that is not socially useful.

I am certain that initiatives that aim to provide financial education will benefit society as a whole by empowering people, enabling them to take the right decisions on managing their personal finances in the real world. That has the potential to reduce financial exclusion and over-indebtedness and raise well-being overall.

Michael Smyth
President of the Section for
Economic and Monetary Union and
Economic and Social Cohesion, EESC

Financial education background: the role of European institutions and international organisms

The EESC has repeatedly spoken about the need to promote financial education policies with a view to improving consumer protection in the financial markets. This results from the fragile position of the retail consumer faced with a market inundated with complex financial instruments and a financial sector that has to some extent been behaving irresponsibly by not informing people about the risks that these products entail.

Financial education is the process through which consumers improve their understanding of financial products, financial risks and the opportunities presented by the market, so that they can make informed decisions on their finances. Making financial education widely accessible will benefit society as a whole, reducing the risk of financial exclusion and encouraging consumers to plan ahead and save, which would also help to prevent people getting into excessive debt.

To promote financial awareness among consumers, various different initiatives – known as financial education schemes – have been set up by supervisory bodies, financial institutions and other players in civil society.

This concept is not new: The European Commission[63], the OECD[64], the Economic and Financial Affairs Council (ECOFIN) and the International Organization of Securities Commissions (IOSCO)[65] have all sought to address the issue.

The most significant measures taken by EU institutions in this area have been the implementation of a large section on financial education as part of the consumer education project **Development of online consumer education tools for adults (DOLCETA)**, and the establishment of the Expert Group on Financial Education (**EGFE**) by the European Commission in October 2008. The EGFE met regularly between 2008 and 2010 to examine the different strategies for rolling out financial education programmes, and for encouraging public-private cooperation to improve the way programmes are implemented.

In general terms, international bodies and European institutions aim at increasing the level of financial literacy and promoting the responsible consumption of financial products. Insofar as is possible, they should also evaluate the impact of the various programmes launched over recent years, so that best practices can be replicated in as many countries as possible.

In any case, financial education will not by itself be enough unless backed by appropriate legislation to protect consumers, shielding them against misleading and fraudulent practices.

[63] The European Commission published eight basic principles for the provision of high-quality financial education schemes in its Communication on Financial Education – COM(2007) 808 final.

[64] In July 2005. The OECD also ran a project on financial education in 2009.

[65] The International Organization of Securities Commissions (IOSCO) pioneered recognition of the importance of financial education in 1998.

The EESC opinion on Financial education and responsible consumption of financial products

A) Key messages:

The EESC recognises that the European Commission and the OECD have responded to growing complexity and lack of transparency in the financial system;

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- therefore calls on the financial industry to apply the new legislation properly and to self-regulate in order to foster appropriate and honest practices and making it easier to access transparent financial products;
- feels that Europeans have a responsibility to improve their financial awareness throughout their lives. Financial education should be seen as a comprehensive policy in which all stakeholders work together.
- calls for financial education to become a compulsory subject on the school curriculum, and this education should be followed up in training and retraining programmes for workers.
- feels that financial education that is accessible to everyone will benefit society as a whole. The financial industry itself has an obligation to be actively involved in programmes focusing on both microfinance and education, and in the provision of access to basic financial services.
- wishes to point out that current financial education programmes have limited reach and stresses that is important to evaluate their suitability;
- stresses that the needs of financial-product users must be a priority issue at high-level international meetings such as the G-20 summits. It therefore calls for the setting-up of a group of expert in consumer financial protection.

B) Financial education programme outline[66]

Products	Topics and target groups	Means of imparting the information
Savings and liabilities (savings accounts, pay slips)	Learning how to save (children and young people)	Schools
Investments and assets (consumer loans and mortgages)	Starting work (young people)	Workplaces
Payment methods (debit and credit cards)	Starting to live independently (young people)	Employers associations and trade unions
Other financial products (insurance, pensions)	Starting a family (adults)	Consumer associations and NGOs
Services (transfers, advice, charges)	Preparing for retirement (older people)	Retirement homes
	Managing money in a micro-business (entrepreneurs)	The media
		Internet

[66] This outline programme should serve as an example - it is certainly not exhaustive and should not be limited to the above.

A composite summary of good practices on financial education within the European Union

This chapter presents a representative selection of good practices concerning financial education (FE) under the highly diverse programmes and projects conducted by a wide range of actors – social, educational, financial, etc. – from both the private sector and public bodies. The aim is for them to serve as a benchmark.

This compendium of exemplary practice was drawn up to reflect geographical diversity and target populations, avoiding overlap. Readers should not therefore be surprised to see that although not everything possibly relevant is included, everything included is indeed relevant.

In order to make them easier to read and compare, and to allow for replication, we have listed these practices in standard form, in each case including the same items. To make it even more user-friendly, links to the various programmes are included providing direct access to the relevant information.

In addition to the specific references given on the following pages, the website created by the OECD[67] is an essential on-line tool on financial education initiatives in more than 70 countries, that can be searched in a number of ways: by sector, programme and so on.

67 http://www.financial-education.org/.

AUSTRIA (1)

PROMOTER:

Oesterreichische Nationalbank (OeNB) in cooperation with public and private bodies

TARGET GROUP:

The general public, particularly students.

PROGRAMME OBJECTIVES:

The programme's basic objectives are to:

- *"help* improve financial education in Austria, seeking to promote responsible consumption of financial products amongst a broad section of the public;
- *"disseminate basic economic knowledge:* so that people understand, amongst other questions, the implications of fluctuations in exchange rates, the consequences of inflation and other economic policy measures taken by monetary authorities;
- *"increase households' knowledge* regarding the impact of indebtedness.
- *"communicate and promote* understanding of the functions of central banks and the reasons for their mandates and decisions;
- *"create a platform* to coordinate financial education actions in the country.

SUMMARY OF ACTIONS:

There are numerous strategies for implementing the programme, which are summarised below:

- "Financial education symposium (April 2011), the aims of which were to exchange experiences with other financial education coordinators with a view to identifying best practices, so that they could be reproduced in Austria.
- "A Money Museum, illustrating the development and history of the monetary system. Approximately 16 000 people visited the museum in 2010.
  http://www.oenb.at/en/ueber_die_oenb/geldmuseum/money_museum_and_collections.jsp.
- "Online training and dissemination programme supported by a website displaying the financial education platform and all teaching material and other support tools. The website's content includes:
  - *Inflations Cockpit:* on-line tools including games and competitions.
    http://www.oenb.at/de/ueber_die_oenb/wirtschaft/Inflationscockpit/inflationscockpit.jsp.
  - *Currency calculator:* includes comparison of developments in the consumer price index and their impact on shopping baskets, and a currency simulator.
  - *Direktzu*[68]: online communication platform enabling the public to contact the OeNB in order to resolve any issue relating to financial education.
  - *Credit calculator:* compares different types of loan and illustrates them graphically.
  - *Risk and Return*, accessible to students aged between 15 and 19 and the general public, intended to make them aware of their risk profile when taking financial decisions.

68 http://direktzu.at/oenb.

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- "A financial education hotline, by means of which members of the public can consult a group of experts in relation to financial education. In 2010, 36 000 consultations took place.
- "The *Euro Bus,* with a training plan focussing in particular on the euro and its conversion to the national currency (schillings), as well as other aspects of financial education which are of fundamental importance to the public.
- "Organising financial education seminars for teachers, carried out in cooperation with the Volkswirtschaftliche Gesellschaft (a non-profit institution providing for education in economic issues). http://www.vwg.at.
- "Financial education materials have been created and distributed for students and the general public. This work has been carried out in cooperation with the Oesterreichisches Gesellschafts- und Wirtschaftsmuseum (Austrian Museum for Social and Economic Affairs) and can also be downloaded from the Internet. http://wirtschaftsmuseum.at/oegwm.htm.
- "*Euro Kids Tour,* informing primary school pupils about the proper use of money.
- "*VKI Competition*, financial education for students, organised by the consumer association *Verein für Konsumentenorganisation* (VKI). More than 1 000 students aged between 12 and 19 have taken part.
- "*GEWINN info Day*. A one-day congress on economic issues for pupils between 16 and 20 years from all over Austria, organised by the *Gewinn*-publishing house. http://www.gewinn.com/veranstaltungen/gewinn-infoday.
- "Competition campaigns in fifteen Austrian secondary schools and business schools, comprising online competitions with three levels of difficulty, 1 000-word essays on financial topics and the presentation of a decision on interest rates. Prizes include the opportunity for winners to visit the president of the European Central Bank (ECB) in Frankfurt.

RESULTS ACHIEVED:

As a result of the wide variety of actions carried out, and the broad section of the population targeted, the programmes carried out have been widely disseminated. Since they are rigorously controlled and monitored, the number of people they have reached can be identified. Notably, the web platform is visited by more than 40 000 people per month, more than 5 000 students and 3 000 teachers attended the investors' fair and the Euro Bus was visited by more than 650 000 people, or almost 10% of the Austrian population.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

This is a very wide-ranging model, in terms of both actions and beneficiaries, and there is good coordination and complementarity between the various bodies cooperating in the programme, and it can therefore serve as an example to follow.

WEBSITE: http://www.oenb.at

AUSTRIA (2)

PROMOTER:

Schuldnerhilfe Oberösterreich (body assisting people affected by over-indebtedness), Arbeiterkammer Oberösterreich (AK), in cooperation with public bodies.

TARGET GROUP:

The general public, particularly young people.

PROGRAMME OBJECTIVES:

To provide basic instruction in both financial education and other consumer rights.

SUMMARY OF ACTIONS:

The **Finanzführerschein** (financial driving licence), an innovative form of financial education, has been introduced in the federal region of Oberösterreich (Upper Austria) as part of efforts to prevent financial exclusion.

The project is an example of cooperation between public bodies and consumer protection organisations, being implemented by the Schuldnerhilfe Oberösterreich in conjunction with the Arbeiterkammer (Chamber of Labour). The federal region of Oberösterreich provides funding for the project.

To earn their "driving licence", programme participants must successfully pass a number of modules on financial matters (in the Upper Austria federal region the programme consists of ten sessions in five different modules), covering matters such as: Building money management skills, on-line purchasing, knowledge of a range of financial products (credit, loans, insurance, etc.), the ability to compare products offered by different banks, household budgets, and training for household financial planning, one of the objectives being to help prevent over-indebtedness.

Training has a clearly practical slant, and seeks to prevent specific problems such as excessive mobile phone bills, bank overdrafts or financing purchases by credit card at exorbitant rates of interest. Training takes place in small groups of eight to 15 people. Content is adjusted according to the participants' age.

Award of the licence confirms people's ability to drive their financial lives with a sense of judgment and responsibility. Obtaining the licence is free for participants.

RESULTS ACHIEVED:

During the first stage of the project, approximately a third of participants gained their *financial driving licence* by passing all modules. The project is gradually being consolidated and extended to the entire country.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

Many day-to-day situations that people face are tackled, which could easily be transferred and adapted to any other context.

WEBSITE: http://www.schuldner-hilfe.at/cms/index.php?menuid=12.

FRANCE

PROMOTER:

Ministry of the Economy, Industry and Employment, in cooperation with public and private bodies.

TARGET GROUP:

Aimed at young people as well as entrepreneurs, pensioners and other social stakeholders.

PROGRAMME OBJECTIVES:

To provide consumers with knowledge and understanding of the financial world.

SUMMARY OF ACTIONS:

- *"Les clés de la banque"* ("The keys to the bank") is a service made available to the public by the French Banking Federation, intended to provide information and advice on understanding banking mechanisms and using them in the best possible way. This programme does not use any commercial name when analysing financial products and uses simple and educational language. Content is tailored to the target group, with four different sections: private individuals, professionals, young people and other social actors. For instance, professionals are taught to draw up a business plan and young people are taught how to fund their studies, both in their own country and abroad. Material includes information sheets and explanatory videos. There is also a glossary of financial terms, FAQs, and access to useful websites.
  http://www.lesclesdelabanque.com.
- In 2009, the Institute for Public Financial Education (IEFP) published a book *"Finances personnelles pour les nuls"* ("Personal finance for dummies"), which seeks to provide guidance on financial decision-making and handling money carefully. It also organises activities in cooperation with French consumers' associations working to disseminate financial education, free of charge, to the public in general.
- *"Finance pour tous"* ("Finance for All") is a financial education programme developed by the IEFP, via its website and face-to-face training.
  http://www.lafinancepourtous.com.
- *"Finances et Pédagogie"* ("Finance and Education") is an initiative set up by the Caisses d'Epargne (savings banks), intended to raise awareness and provide training on the use of money. Activities are carried out in cooperation with local partners from the community: associations of consumers, workers, young people, schools etc. The basic objective of the programmes is to provide advice in order to prevent exclusion and risks in financial decisions. All programmes are evaluated on completion.
  http://www.finances-pedagogie.fr.

RESULTS ACHIEVED:

75 000 people accessed the Finance and Education programme alone, providing more than 4 000 training sessions over the last year, thereby achieving the objective of disseminating financial education widely.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

Providing programmes in cooperation with local partners from each community can serve as an example, since it facilitates access to actions, helps disseminate them and ensures that programmes are tailored to meet the specific needs of beneficiaries.

WEBSITE: www.lafinancepourtous.com

GERMANY

PROMOTER:

Sparkassen-Finanzgruppe (SBFIC)

TARGET GROUP:

Essentially, people living in the areas where the savings banks operate.

PROGRAMME OBJECTIVES:

To promote local and regional development on a solid financial education basis in order to create awareness of the rational use of financial resources and financial planning.

The programme is intended to promote economic growth, creating confidence and stability within households, companies and local and regional economies. Programmes are coordinated by the *Sparkassen* (savings banks) and decentralised institutions geared towards supplying financial banking services. Their objectives, which are laid down in law, include promoting financial education among the general public and raising awareness among children and young people regarding the use of money and the need to save. The Sparkassen have been carrying out this work for more than 70 years.

SUMMARY OF ACTIONS:

- Carrying out studies and analyses.
- Producing materials for financial education teaching.
- Organising strategic forums to discuss the future of financial education and to establish means for the practical implementation of actions.
- Specific programmes for the training of entrepreneurs and employers on economic and business-management topics.
- Also specific programmes to promote financial education in Latin America: Mexico, El Salvador, Peru etc.
- Experts from the savings banks finance group :
  - Provide training activities with a view to improving understanding of economic and financial concepts and operations, rights and obligations and inherent risks.
  - Assist with promoting responsible consumption in order to ensure sound decision-making and prevent over-indebtedness.

RESULTS ACHIEVED:

Given the enormous number of savings banks in Germany, programmes are disseminated very widely. Furthermore, the fact that they are obliged by law to carry out financial education actions ensures the continuity and effectiveness of the actions.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

The German savings bank model provides a cornerstone of both financial education and social and industrial development.

WEBSITE: http://www.sparkassenstiftung.de

HUNGARY

PROMOTER:

The Central Bank of Hungary-Magyar Nemzeti Bank (MNB), in cooperation with the Hungarian Association of Qualified Financial Planners (HAQFP) and the Ministries of Education and of Finance.

TARGET GROUP:

Students, teachers and the general public.

PROGRAMME OBJECTIVES:

To raise awareness of the importance of acquiring financial knowledge and skills in view of the low level of interest in this area.

SUMMARY OF ACTIONS:

- The MNB's visitor centre opened in 2004 with the aim of introducing basic financial education concepts and of improving the credibility and image of the Central Bank.
- Since 2005, the MNB has organised financial education conferences, seminars and round tables with teachers, with the aim of coordinating initiatives and reproducing best practices in other schools.
- Since 2007, financial education has been included in the education system's study programmes, but with no legal requirements regarding their content and format.
- In cooperation with the Ministries of Education and of Finance, guides are produced for pupils in their final year at school.
- Leaflets are distributed each year through 1 200 secondary schools to 230 000 pupils.
- Competitions are held between schools on financial knowledge for pupils of between 15 and 17 years old.
- There is a website linked to the Central Bank's website which explains the meaning of basic financial terminology in everyday language.

RESULTS ACHIEVED:

In 2007, the MNB carried out a study to identify the level of financial knowledge amongst the public and found that the majority of Hungarian young people were not interested in acquiring knowledge of financial services, since they do not consider it important in their lives (for example, less than 6% of young people use electronic banking). Programmes are therefore drawn up on the basis of various studies analysing the shortcomings, making the approach a very practical one.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

Drawing up programmes on the basis of a prior study of the level of financial literacy is a worthy model to follow, since this will make it easier to effectively implement concrete measures aimed at overcoming existing shortcomings.

WEBSITE: http://www.mnb.hu

IRELAND

PROMOTER:

The National Consumer Agency (NCA), a public body set up by the Irish government in May 2007 to promote consumer rights by defending consumer interests at local and national level.

TARGET GROUP:

Consumers in general.

PROGRAMME OBJECTIVES:

To provide on-line and written support regarding any problem relating to finances, and educating consumers in both general and specific ways.

SUMMARY OF ACTIONS:

- In Ireland, the monetary regulator runs a personal finance information service which includes a telephone help-line (which also responds in writing) and an information centre in Dublin.
  http://www.nca.ie.
- The following are covered: handling money, insuring assets, asking for loans, saving and investing, planning for retirement and advice on how to lodge complaints (http://www.nca.ie/how-to-complain), and a powerful tool for comparing financial products from different providers.
  http://compare.nca.ie.
- There are training programmes for schools and seminars for adults aimed at providing the skills to use money. They involve one-hour seminars for workers in their workplaces given by professionals (http://www.financialeducation.ie).

Marketing: Strong financial education campaigns in Ireland have been widely disseminated on television, in the press, on the internet and on radio, the latter proving to be a very effective medium.

RESULTS ACHIEVED:

To bring financial education to all segments of the population, including an easily accessible line for resolving their doubts and problems.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

It enables universal access to free advice (reaching the whole of the population, offering guidance with a view to well-informed decision making).

WEBSITE: http://www.nca.ie/

ITALY

PROMOTER:

PattiChiari Consortium. an independent body with legal personality created by a consortium of Italian banks with the active participation of its partner Economiascuola.

TARGET GROUP:

The public as a whole, tailoring programmes to suit different times in people's lives.

PROGRAMME OBJECTIVES:

To help consumers of financial products to make informed financial decisions. Includes multiple financial education programmes, particularly for students, with a view to their becoming financially responsible and educated adults.

Key to the success of the programmes implemented are their wide geographical coverage, the many actors taking part, ease of implementation and standardisation, which makes them easy to reproduce.

Legislation on financial education is the responsibility of the Senate and actions are implemented by the Ministry for Education in cooperation with numerous institutions such as commercial banks (Banco popolare, UBI, Banca Marche, Unicredit Banca, etc.), educational institutions (Sacro Cuore Catholic University and local education authorities), various consumer associations (ANCI, Adiconsum, ADOC, Altroconsumo, Casa del consumatore), and others.

As far as possible, financial education actions reflect the characteristics of the region in which they are to be implemented. In the Calabria region, for example, the aim is to increase awareness of the importance of the legal economy, with a view to eliminating the informal economy.

SUMMARY OF ACTIONS:

- Programmes for adults: In cooperation with consumer associations, programmes have been carried out in fifty cities with the aim of helping to improve people's understanding of financial products and enabling them to take responsible and well-informed decisions.
  http://www.pattichiari.it/home/pattichiari-e-gli-impegni/educazione-finanziaria.
- A website has been created[69], aimed at the educational community and the general public. The objective is not just to train, but also to provide the opportunity to download materials for working directly with the target groups, and to create a Community Area for exchanging experiences.
- *"L'impronta economica plus"* ("Economic fingerprint plus"): This programme for adults is based on multimedia applications providing users with information on the management of economic resources. It is aimed at young couples, households and the elderly. It seeks to familiarise people with the use of budgets, responsible spending, preventing over-indebtedness and avoiding the excessive interest rates that sometimes comes with it.
  http://www.economiascuola.it/impronta-economica-plus.
- Programmes for schools: The system used to teach finance to pupils is the Teaching Mix, based on a "learn by doing" method, which enables children to learn even the most abstract and complicated concepts. Lessons are simple and interactive and experts share with pupils the skills and knowledge they have acquired in their professional lives.

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69 http://www.economiascuola.it.

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- *Our community:* This programme deals with finances in everyday situations. The aim is to put students in direct contact with their local community by means of innovative and practical learning methods which teach basic economic dynamics and responsible behaviour, as well as the functioning of institutions. It is aimed at pupils of 9 and 10 years old.
  http://www.economiascuola.it/programmi/elementari/imp-ec-kids.
- *"L'impronta economica"* ("Economic fingerprint"): Educational programme for young people aged 12 and 13, and for those aged 17 and 18 in their last year at school. They are trained in economics and finance, prompting them to examine aspects of finances in their everyday lives. The methodology is based on the simulation of real-life situations.
  http://www.economiascuola.it/programmi/medie/imp-ec-junior.
- *Financial education week:* Banking professionals give master classes in schools based on economic realities, teaching basic aspects of money management.
- Multimedia CDs are supplied to pupils free of charge. Teachers are also given a Teaching Kid for training purposes.

RESULTS ACHIEVED:

Programmes in schools for 2010/2011 were accessed by 27 425 pupils from 405 schools, although over the last 5 years the programme has reached 261 000 pupils, from all regions of Italy.

In addition to the concrete actions promoted by Pattichiari, the Bank of Italy carries out surveys of households every two years in order to ascertain levels of financial education.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

This is a model to follow, given the broad range of initiatives and the broad section of the population it reaches, and because it provides an example of public-private cooperation.

WEBSITE: http://www.pattichiari.it

SLOVAKIA

PROMOTER:

Národná Banka Slovenska (NBS)

TARGET GROUP:

The general public, particularly students and teachers.

PROGRAMME OBJECTIVES:

To familiarise people living in Slovakia with the handling of money and to provide them with basic financial knowledge.

SUMMARY OF ACTIONS:

- The NBS website attaches particular importance to financial education: teaching material is highly effective and adjusted to the level of each target group.
  - Children: includes games and stories so they can understand the material in any easy and attractive way. http://www.nbs.sk/sk/vzdelavanie/deti.
  - Students: short presentations and videos for them to familiarise themselves with financial questions and how to use money. http://www.nbs.sk/sk/vzdelavanie/studenti.
  - Teachers: download content, posters and other teaching material. http://www.nbs.sk/sk/vzdelavanie/ucitelia.
- The Slovak Ministry of Finance and the NBS have included financial education across-the-board in the curriculum for core subjects. For example, in history lessons, children learn why money was created and in mathematics they learn how to calculate the interest rate for a loan.
- The Bank Note and Coin Museum carried out educational programmes geared to schoolchildren. http://www.muzeumkremnica.sk/sk/uvod.
- Since 2010, a body responsible for financial education has been created: the Academy for Financial Education. It is an independent non-profit making organisation supported by the NBS and which, in cooperation with it, meets the needs of the NBS itself and of commercial banks and other financial institutions, thereby providing educational activities to increase financial literacy amongst the general public. http://www.nbs.sk/sk/ibv.

RESULTS ACHIEVED:

Basic knowledge acquired by the public and financial skills acquired in schools.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

Introducing finances into schools is necessary and is viable in any context.

WEBSITE: http://www.nbs.sk/sk/vzdelavanie

SPAIN

PROMOTER:

Banco Bilbao Vizcaya Argentaria (BBVA)

TARGET GROUP:

Targeted at two groups: at the educational community and at people at risk of social and financial exclusion.

PROGRAMME OBJECTIVES:

To give users the skills to make use of basic financial services. Takes a very practical approach, taking people from 'being aware' to 'knowing', but above all from 'knowing' to 'knowing how'; to help people to develop the skills needed for the responsible consumption of financial products.

SUMMARY OF ACTIONS:

"Banca para todos" ("Banking for all¨) is the general name for BBVA group's financial education plan both in Spain and Portugal and in North and South America.

Actions aimed at disseminating financial education have been under way since 2009.

The Plan Global de Educación Financiera [General Financial Education Plan] is implemented by means of specific programmes in each geographical area in which the group has a presence:

- *"Adelante con tu futuro"* ("Ahead into the future") aimed at people with bank accounts or able to obtain bank accounts, essentially implemented in Latin America.
  http://www.adelantecontufuturo.com.mx.
- *"Valores de futuro"* ("Future Values") is designed for children aged 11-14 in compulsory secondary education in Spain and Portugal.
  http://www.valoresdefuturo.com/es/home.
- Support for financial education initiatives by bodies in the United States, with programmes such as "Money smart" for adults and young people, and "Teach children to save" and "Get smart about credit" for children.
  http://kidmoney.about.com/od/savingmoney/ht/savemoney.htm.

In the majority of cases, programmes start with the training of teachers, and it is the staff of the organisation who, acting as volunteers, disseminate the programmes directly or by means of cooperation with other independent and non-profit-making advisory bodies.

The concrete actions of the various programmes are:

- Personal finance workshops intended to provide people over the age of 17 with basic financial skills so that that they use financial services in a well-informed manner.
- The "*Adelante con tu futuro*" website provides tips, i.e. selected recommendations on financial topics; saving, pensions, credit cards, creditworthiness and mortgages, written in simple and easy-to-understand language. There are also videos and comic strips illustrating the proper use of financial tools and instruments.

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- *Future values in Primary and Secondary Education,* given in Spain and Portugal, dealing with financial education in values. Its aim is to promote discussion, debate and dialogue in the classroom on the values associated with the proper use of money. It offers 56 participatory workshops, four theatre and debate workshops and two new project-workshops, enabling the teacher to choose those most suited to their programme.
- Visits by volunteers to disseminate good financial education practices in the classroom. The volunteer team is essentially made up of bank workers, specifically trained to teach the programme, attending those schools requesting it and carrying out dynamic and participatory activities in classrooms lasting an hour. It is possible to choose from topics such as opening a bank account, managing weekly pay and drawing up a budget after leaving school.

RESULTS ACHIEVED:

Overall, EUR 23 million have been invested and 1.3 million people have benefitted under the BBVA General Financial Education Plan 2009-2011.

The most significant achievements are providing banking for people at risk of social and financial exclusion and raising interest in financial education amongst the educational community, resolving the shortcomings of public programmes which do not include finances on the curriculum.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

Returning to society a portion of what is earned in business is a question of corporate social responsibility. However, it is crucial that there be no conflict of interest in these activities, and a very clear distinction should therefore be made between their educational function and their commercial function.

WEBSITE: http://bancaparatodos.com

SWEDEN

PROMOTER:

The Kronofogden, equivalent to the Ministry of Finance.

TARGET GROUP:

The general population, families, young people, etc.

PROGRAMME OBJECTIVES:

To provide Swedish citizens with financial skills.

SUMMARY OF ACTIONS:

- *Household finance from childhood*: Firstly, through prevention based on financial education. A subject is taught in Swedish schools called "Household and finance". The Kronofogden is responsible for helping to draw up subject matter and instructing teachers on how to communicate this knowledge to pupils.
- *Via local authorities*: Every local authority in Sweden has "debt and budget advisers", a mandatory post in all of the country's local authorities. They are responsible for carrying out studies and giving free advice to citizens in relation to any financial doubts they may have, from dealing with small print to buying a home and the essentials for making the most of their household budget. All of this is channelled via the central administration of the Kronofogden, which is responsible for implementation and decision-making.
- *Action to tackle over-indebtedness*: The Kronofogden takes action when households are irreversibly over-indebted:
  - When a Swedish household is over-indebted, it applies to the Kronofogden, either through the local authority's financial adviser or directly to the central administration, to seek to clear its debts.
  - It must show that it has tried every available means to resolve the situation.
  - The Kronofogden analyses the situation in terms of expenditure, income and debt, and verifies that the household itself is unable to repay its debts.
  - It draws up a plan to ascertain what funds remain for the household after its essential expenditure and draws up a monthly payment plan to creditors, applying an identical percentage for each of them. After five years, the household or individual will have cleared their debts and can start with a clean slate. This service can only be used once in a lifetime.

RESULTS ACHIEVED:

People receive help in managing extreme personal situations. This service is of very high social value, preventing people from amassing debts that can overwhelm them and damage their health.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

This is an expensive service which requires considerable prior preparation of attitudes, but once established, the benefits it offers are very clear.

WEBSITE: http://www.kronofogden.se/

UNITED KINGDOM

PROMOTER:

The Money Advice Service, formerly the Consumer Financial Education Body (CFEB), an independent body that plays a key role in coordinating consumer advice on financial products in the United Kingdom, under the authority of Parliament.

TARGET GROUP:

The general public, particularly young people.

PROGRAMME OBJECTIVES:

For young people to leave school with the financial knowledge needed in everyday life. Such is the importance attached to financial education that it has been incorporated into the school curriculum.

SUMMARY OF ACTIONS:

- It provides a good model in terms of financial education (FE), given the broad range of actions carried out and the obligatory inclusion of FE in the school curriculum since 2011.
- *Financial Capability Tools*, which include a guide to help monitor and evaluate FE programmes carried out by experts.
  http://www.fsa.gov.uk/pubs/other/fincap_delivering.pdf.
- The *Make Money Make Sense* website is aimed at young people, providing them with adequate knowledge when starting to make basic financial decisions: taking out their first loan, becoming independent, etc.
  http://www.moneymakesense.co.uk.
- *Support 4 learning:* Training programme for teachers which, as well as training them, gives them the option of downloading teaching materials so that they themselves can disseminate FE to children and young people. They are given support by voluntary experts from various organisations, who help them to prepare financial education lessons .
  http://webarchive.nationalarchives.gov.uk/20060820083451/http://support4learning.org.uk/money/index.cfm.
- *Divorce calculator*: to calculate the costs associated with divorce and help to plan finances in the new circumstances, and to calculate the costs of dividing assets.
  http://divorce.moneyadviceservice.org.uk.
- The *Now Let´s Talk Money Campaign* is a campaign aimed at combating financial exclusion. Amongst other measures, this programme seeks to combat exclusion through the modernisation and expansion of credit unions. It is also intended to help the most deprived sectors of the population to access basic bank accounts, affordable credit, home insurance and impartial financial advice so that they can make informed and responsible financial decisions.
  http://www.dwp.gov.uk/other-specialists/now-lets-talk-money.
- *Financial Literacy Resource Centre:* financial literacy centre providing materials both for students and for the adult population in general.
  http://www.financialeducatorscouncil.org/

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- Awareness-raising videos have been produced using real cases which illustrate everyday life situations relating to finances.
- Specific programmes to reach rural areas of Wales, based on the concept of enabling mediators. In this case, during pregnancies, midwives provide expectant mothers with some basic concepts regarding household finance.
- *Money Guidance*, distributed to more than 750 000 people and intended to be a guide to basic financial decision making.
  http://www.yourmoneyguide.co.uk.
- For adults, the strategy has been to reach people at key moments in their lives:
  - Birth of a child: *The parent's guide to money* is distributed to parents via their midwives, and children's centres are also being used
    http://www.moneyadviceservice.org.uk/parents.
  - Work: *Making the most of your money* – volunteers channel information to employees in the workplace
    http://www.moneyadviceservice.org.uk/workingwithus/default.aspx.
  - Other significant life events are also included, such as separation or divorce and retirement.
    https://www.moneyadviceservice.org.uk/en/categories/retirement

There is considerable involvement by the government. From 2008 to 2011 it spent GBP 30 million to provide financial education staff in schools.

RESULTS ACHIEVED:

Various studies and analyses have been carried out of the effectiveness of financial education programmes in parallel with the programmes themselves, including very comprehensive studies on the dissemination of financial education programmes, such as that drawn up by the defunct FSA, entitled *Financial Capability in the UK; Establishing a Baseline*, which identifies and analyses the financial education needs of the UK public, and programmes are geared towards those shortcomings.
http://www.fsa.gov.uk/pubs/other/fincap_baseline.pdf.

Financial education programmes have been disseminated very widely, including in schools, and their highly practical approach has boosted people's capabilities in terms of the responsible consumption of financial products and the proper management of financial decisions.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

The government's economic and formal support for a wide variety of actions, and the introduction of financial education into curricula as the European authorities have been advising, should be one of the key objectives for all countries. Only in this way, by making financial education mandatory in schools, will the proper importance be attached to acquiring financial knowledge and the public assured the knowledge required to manage their daily finances carefully and safely.

WEBSITE: http://www.moneyadviceservice.org.uk

EU Financial Education Initiatives of the European Commission

PROMOTER:

European Commission – Directorate General for Health and Consumers (SANCO)

TARGET GROUP:

The population of the 27 EU countries, with on-line material in all EU languages.

PROGRAMMES:

Dolceta (up to 30 June 2013) and *Consumer Classroom* (as from 15 March 2013)

■ Dolceta

PROGRAMME OBJECTIVES:

To provide interactive modules with information on rights, services and educational resources with a view to responsible consumption, aimed at adults and primary and secondary pupils. This programme places particular emphasis on financial literacy.

All materials cover three aspects: skills, attitude and understanding. The aim is to create the greatest possible capabilities in terms of the responsible consumption of financial products.

SUMMARY OF ACTIONS

The content breaks down as follows:

- Teaching units aimed at the different ages of the target public (primary and secondary school children and adults). The financial services module covers: managing the household budget, consumer and mortgage credit, current accounts, payment methods and investments, with a detailed analysis of the different savings products.
- Glossary of financial terms, intended to increase literacy and assist in the handling of the most common terms.
- Practical activities based on real life (for example, the teacher gives students a photocopy of a credit or debit card and asks them to analyse it and describe its features).
- Questionnaires relating to the activity itself, aimed at financial literacy.
- Products and services on the financial market are compared, making them available to the consumer with a view to bringing about sustainable consumption.
- Analysis of everyday material: the pupils make use of financial materials. In relation to credit cards, for example, the child is asked to bring a card payment receipt for detailed analysis.

RESULTS ACHIEVED:

The Dolceta programme is being widely disseminated amongst the population of the 27 European Union countries, harmonising people's skills, knowledge and financial capabilities. There is an average of some 70 000 visits per month.

EXAMPLE-SETTING AND POSSIBILITY OF TRANSFER:

It is a joint financial education tool for all European Union Member States.

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■ Consumer Classroom

PROGRAMME INFORMATION:

Following an evaluation of its Consumer Education activities, the European Commission has launched a new interactive Consumer Education Community-based website in March 2013. The Consumer Classroom aims at the information of a specific target audience, the school teachers. More specifically, the new programme is a re-development that includes the "teachers' corner" content of the dolceta website. It offers a platform for exchange of experiences, dialogue and teaching materials on consumer education.

The European Commission is also creating an expert group to discuss the development of Consumer Education, one item of which is the Consumer Classroom project.

WEBSITE: http://www.dolceta.eu

Future Financial Education perspectives

The EESC is fully aware of the European Commission's limitations as far as education is concerned,[70] but would argue that financial education is more than just education for the sake of it: it is also about empowering people, addressing social exclusion and promoting responsible consumption.

The Committee calls on the Commission to give serious consideration to developing legislative measures obliging the Member States to promote financial education in an effective manner.

Looking to the future, there is a broad consensus among bodies and institutions – possibly the most relevant in terms of financial education is the OECD's International Network on Financial Education (INFE) – on the material and methods which are most appropriate for financial education. The EESC agrees fully with these proposals, and therefore calls on governments and financial institutions to provide sufficient resources to promote their initiatives:

- Implement common methodology to assess people's level of financial literacy and inclusion.
- Ensure there is more financial education on the curriculum in schools. Implement international methodology to assess the efficiency and effectiveness of schemes in schools[71].
- Draw up national strategies on financial education, with appropriate processes for monitoring and impact assessment.
- Strengthen financial inclusion strategies. Step up efforts to target specific groups (young people, women, immigrants, people on low incomes).
- Protect consumer rights on financial products.
- Organise a European day for financial education, for example, endorsed by the EU presidency at the time, and promote an annual conference on financial education, with the involvement of recognised experts.
- Set up a system at EU level to ensure the best initiatives on financial education and best practice are given public recognition (e.g. a prize).
- Strengthen cooperation between the European Commission, the OECD and national governments to exploit potential synergies and avoid duplication of work and organise regular inter-governmental meetings on financial education schemes in progress and include these considerations in the national political agenda (these meetings should not only involve describing the actions which are being carried out but also assessing their impact).

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70 According to Article 165 of the Treaty on the Functioning of the European Union, the Member States are responsible for legislating on education.

71 The OECD Programme for International Student Assessment (PISA), through its surveys of 15-year-olds in the principal industrialised countries, in its next edition (2013) will introduce financial education issues, in order to assess the degree of knowledge.

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The EESC would like to add the following suggestions which bring together initiatives to improve people's financial skills and measures to increase consumer protection in the field of financial products:

- Set up an independent body to provide advice free of charge to consumers on financial products, and on how to incorporate ESG criteria in their financial decision-making: this body could give advice either face-to-face or via a phone hotline.
- Regulate the role of financial intermediaries and public officials in financial education, to improve access to financial information and ensure it is easier to understand[72]. Monitoring mechanisms should be put in place to guarantee the impartiality of their behaviour.
- Set up a European agency to protect the consumers of financial products, supervise banking practices (especially the accessibility, transparency and comparability of financial products) and combat fraud. This agency should have the power to impose sanctions.
- Make it compulsory for the financial industry to provide material that informs the consumers of financial products about their rights and the steps to take if they disagree with a proposal or decision made by a financial institution.
- Include warnings in the information provided with financial products (similar to the warnings that come with medicines) on any secondary or potentially adverse effects and the secondary effects of the product, together with key points on the conditions of the contract.
- Set up an expert group on financial education in each Member State. The expert group should have a financial education strategy designed to consolidate the plans proposed, and should involve a range of representatives from organised civil society.
- European Commission support to design a coherent financial education strategy (for the national authorities of the Member States that have not yet done so). The Member States that have made the most progress in this area should be used as the benchmark.
- Produce a budgetary plan for each national financial education strategy, setting out who will fund financial education plans and with what resources.
- The European Commission should increase its sponsorship of financial education initiatives in the Member States, on the basis of good practice that is identified.
- Promote the widespread use of national social security accounts, so that all employees are informed, once a year, about the pensions they would receive when they retire.
- Promote financial products tailored to young people (from the age of 14, in other words, before young people can leave school and start working) and give them regular updates on the characteristics of these products and how they work.
- Encourage the toy industry to develop educational toys involving financial concepts.

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[72] Whilst respecting the natural training role that falls to the education system.

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- Broadcast short TV and radio programmes (10-15 minutes long) on basic financial issues (loans, mortgages, insurance, etc. and basic concepts such as profitability and risk), create multimedia initiatives and promote financial education through social networks.
- Make better use of consumers' associations and other independent organisations from organised civil society to disseminate and implement government initiatives in the field of financial education.

Lastly, the EESC stresses that the needs of financial-product users must be a priority issue at high-level international meetings such as the G-20 summits. Consumers International[73] calls for an expert group to be set up on consumer financial protection which would report to the G-20, to guarantee access to stable, fair and competitive financial services.

The G20 summit held in June 2012 tied in with these recommendations, endorsing the full implementation of measures to promote financial inclusion and financial education through the use of innovative approaches and models offering practical tools for this purpose, such as exchange of best practices.

More specifically, the G20 insisted that women and young people must have the option of using financial services and financial education, identifying the barriers they face in gaining access to valuable, affordable, secure and comprehensive financial services.

[73] Consumers International represents 220 consumer organizations in 115 countries.

Glossary of financial education terminology

TERM	DEFINITION
Bank	Body that acts as an intermediary, receiving money from people wishing to deposit their savings and lending this money to people or businesses who need funding, for which they charge a commission. They also deliver other services such as direct debits, currency exchange, managing investments, etc.
Bank commission	Charge for a bank product or service.
Budget	Predicted income and expenditure for a given period.
Budget deficit	Technical term describing the difference between income and expenditure.
Collateral	Assets pledged by a borrower to cover any failure to meet the agreed conditions of the loan or credit.
Cooperative	Group of persons or businesses joining together for a single purpose.
Credit card	A means of delayed payment allowing the holder to make purchases and withdraw money from ATMs without the need to have sufficient funds at the time of purchase or withdrawal.
Credit line	Contract under which a financial institution makes a sum of money available to a client, who pays interest only on the amount actually drawn, which must be repaid within the agreed time limit.
Currency	An instrument accepted as an accounting unit, unit of value and means of payment.
Distance banking	Banking transactions via internet or other means (telephone, ATMs, etc.) carried out by clients without needing to physically go to the bank.
DOLCETA	Development of On Line Consumer Education Tools for Adults, produced by the European Commission's Directorate-General for Health and Consumers.
EESC	European Economic and Social Committee.
EGFE	Expert Group on Financial Education, set up by the European Commission.
Euribor	Interbank interest rate at which banks in the euro area buy and sell money from and to each other.
Financial education	Process by which consumers and investors increase their understanding of financial products and concepts through information, learning and objective advice, developing the skills and confidence to be aware of financial risks and opportunities and therefore to take informed decisions and know where to seek assistance in order to enhance their financial well-being and protection.
Financial institutions	Intermediary bodies within the financial system, channelling capital from savers to applicants for funding. They also deliver other money-related services for which they charge fees or commissions.
Financial planning	Strategy and organisation of decision-making, with a view to achieving specific objectives from an economic starting point.
Financial risk	The extent to which the outcome of an investment is uncertain.
Financial skills	The ability to take informed financial decisions.
Financial transaction	Negotiation or contract between two or more parties to buy or sell financial products.

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TERM	DEFINITION
IGFE	International Gateway for Financial Education, part of the OECD.
Indebtedness	Having debts.
Interest	Gain generated by money deposited in an account or by investing in particular products.
Interest rate	The price of money, i.e. the amount that a debtor must pay to a lender in order to have a sum of money for a specified period. This amount is fixed as a percentage of the amount lent.
Investment	Use of part of savings to generate a return by buying goods or financial assets. According to the type of asset, the investment may entail more or less risk.
Liquidity	The ability of a financial product to be converted into cash.
Loan	Transaction whereby a lender transfers a sum of money to the borrower, who undertakes to replay it together with the agreed interest by the deadline and in the way previously laid down. The key difference with a credit line is that the lending body transfers the sum in a single transaction, paying it into the client's account.
MIFiD	EU Market in Financial Instruments Directive. Directive 2004/39/EC
OECD	Organisation for Economic Cooperation and Development.
Overdraft	Negative balance on a bank account, i.e. when funds are not available to meet payments; more money has been spent than is available on the account.
Retirement pension	Pension received after retiring from employment at a given age or on account of disability.
Return	Gain made on an investment or economic activity.
Savings	That part of income that is not spent, forming a surplus built up to meet future needs.
Solvency	A person's financial capacity to meet their payment obligations.
Surety	*Guarantee under which a person undertakes to assume responsibility for the obligations or debts contracted by another person, in the event that the latter fails to meet such obligations or debts.*
Transparency	Term used to describe an attitude of openness and clarity, improving public access to information and producing clear and understandable documents.

ANNEX 1

Outline of Interview questions

Institutional and normative framework

(*the questions are valuable both for a concept of universal financial inclusion as well as for one aimed at solely migrants. Signal differences where they exist*)

- Could you give me a definition of Financial Inclusion? (*If a common definition exists, otherwise yours or your institutes'*)
- Does data exist on financial inclusion in general and in particular of the migrants? How do you measure it and who does it?
- Do rules or regulations to support the processes of financial inclusion exist? (eg access to a C/A, access to credit, basic account etc.)
- Do institutions or public programs exist that are dedicated to, or that deal in a specific way with, financial inclusion?
- Do partnerships or round tables between institutions, operators and/or others stakeholders of the financial inclusion process exist?
- Does a formula similar to the basic current account exist? (*an account provided for by law for low income subjects*)
- What is the effectiveness of these rules, public policies, institutions? Does related data exist? What lessons have been learned during the years in terms of policy on financial inclusion?
- What is the perception of the institutions on this topic? Has it changed in time? How and why, what are the motivations and the stimuli? (particularly regarding migrants). And of the operators?

Analysis of the good practice

- Which activities, products and services have your institution initiated/realized for financial inclusion?
- For how long they have they dealt specifically with this topic?
- Who deals with it? (office/management etc…) and how does it fit in to the operator's strategy?
- Do migrants constitute a meaningful target for your institution? Why? Can you quantify it?
- Which business model has been chosen for this topic? (Dedicated spaces in the branches, an independent structure, credit rating models different from traditional ones, etc…)
- Have the migrants been consulted? How? The associations have had a role?
- Have partnership with other subjects been created? (Public, private, civil society)
- Regarding the single activities/products and services for financial inclusion
    - What is the added value?
    - What has worked?
    - What has not worked? What are the possible causes and what are the responses given to the critical points?
    - How has it evolved in time and why?
    - What are the future prospects?
    - What are the results? *Let them give the data, so that a value can be given to the effectiveness of results*
    - Is it a sustainable product/service/initiative? (*Explanations*)
- Do other good practices, of which you have become aware of, exist in the country and that you deem appropriate to point out?

GOOD PRACTICES FOR FINANCIAL INCLUSION

A EUROPEAN OVERVIEW

By the **National Observatory on Migrants' Financial Inclusion in Italy**

June 2013

The National Observatory for the Financial Inclusion of Third-Party Nationals, the first multi-annual project of this kind in Italy and in Europe, is a hub for the ongoing structured analysis and monitoring of the financial inclusion process for immigrants in Italy, which is key to their full integration. It provides various entities and institutions with tools to encourage knowledge-sharing and cooperation, and this in turn helps identify and define integrated strategies for strengthening and furthering the development of the financial inclusion concept. The project is financed by the European Commission and the Italian Ministry of Interior (through the European Fund for the Integration of Third-Country Nationals) and was awarded to CeSPI (the Centre of International Political Studies) following an open tender procedure.