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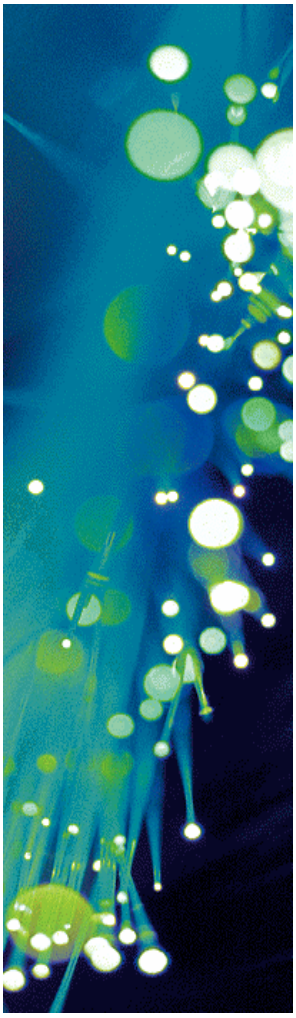

Data collection for prices of current accounts provided to consumers

Contract N° 17.020300/08/518767

Final Report

2009

Van Dijk Management Consultants in partnership with Centre for European Policy Studies

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Final Report

Van Dijk Management Consultants in partnership with Centre for European Policy Studies

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ACRONYMS USED

ATM:	Automated Transaction Machine
ECB:	European Central Bank
EPC:	European Payments Council
FIs:	Financial Institutions
OTC:	Over-The-Counter
POS:	Point-of-Sale
SEPA:	Single European Payments Area

AT	Austria
BE	Belgium
BU	Bulgaria
CY	Cyprus
CZ	Czech Republic
DK	Denmark
EE	Estonia
ES	Spain
FI	Finland
FR	France
DE	Germany
GR	Greece
HU	Hungary
IE	Ireland
IT	Italy
LV	Latvia
LT	Lithuania
LU	Luxemburg
MT	Malta
NL	The Netherlands
PL	Poland
PT	Portugal
RO	Romania
SK	Slovakia
SI	Slovenia
SE	Sweden
UK	United Kingdom

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The team also acknowledges the suggestions and comments by David T. Llewellyn, Loughborough University.

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EXECUTIVE SUMMARY

Objectives and scope

DG SANCO commissioned a price survey of the retail banking sector in the European Union to:

- Determine the transparency of fees charged in the context of having and using a current bank account;
- Compare prices for the services linked to a current account;
- Be in a better position to analyse the underlying factors behind price differences within and across Member States.

These data could be used for possible future action of the Commission in this field.

This data-gathering process conforms to the initiative of monitoring consumer outcomes in the single market as established in the EU Consumer Policy Strategy 2007 – 2013 which strives to empower EU consumers and to place their welfare at the heart of well functioning markets.

The objective of this survey was therefore to produce statistically reliable data on the prices and tariffs for using the services linked to a current bank account in the EU Member States. The data collected on prices needed to be publicly available information, i.e. information available on web sites or leaflets from financial institutions, or from their customer service.

The outputs of this assignment are:

- A representative database of usages, prices and tariffs for using the services linked to a current bank account in the EU Member States;
- A comparison of these usages and tariffs between Member States and a measure of price dispersion within Member States, based on several user profiles;
- An assessment of the transparency and comparability of fees for current accounts.

This executive summary presents the following:

- The findings with regard to inter-country comparisons, price dispersion within and across countries, and transparency and comparability of prices;
- The applied methodology;
- Conclusions and recommendations.

Findings

Inter-country comparison

The inter-country comparison analysis was based on:

- The usage rates in each country compared to EU benchmarks i.e. averages for EU27, EU15 and NMS12;
- Current account pricing for different usage profiles;
- Ranking of the countries according to the prices of the user profiles.

Our comparisons reveal remarkable differences concerning usage rates (i.e. number and value of transactions) and pricing across the EU.

With regard to usage, there is widespread use of key transactions associated with current accounts in older Member States; for example, the top ten countries with the most intense use of payment-related transactions are almost all EU15 countries. Furthermore, the use of OTC transactions is quite high in NMS12 countries. There are a number of potential reasons for these differences. The necessary infrastructure for the widespread use of payment-related services might be inadequately developed in NMS12. It is also possible that users are uninterested in using card payments (a popular means of payment in the EU15 countries), preferring instead to make cash payments. In other cases, pricing differences may be the cause.

Regarding differences in total costs paid by consumers, our findings show that countries with lower usage rates, i.e. the NMS12 countries, do not necessarily have the cheapest current accounts. In some of these Member States, the total costs incurred by account holders are critically dependent on which user profiles (passive vs. active, domestic vs. European) are used. These findings show that high prices may be inhibiting the development of the use of some key services. Additionally, the relative cost ranking of countries is partly explained by the breakdown of charges. It was also observed that for a majority of countries, applying domestic or EU profiles only marginally affected the ranking but that it changed substantially for one third of countries.

Italy and Spain have the most costly accounts in the EU. In Spain, the pricing arrangements are subject to negotiation on a case-by-case basis between the client and his or her bank. The actual costs could therefore be expected to be lower than the official price lists. Latvia, France and Austria also remain consistently among the most expensive countries.

At the other end of the cost spectrum, Bulgaria and Portugal consistently secure low rankings, implying that current accounts are inexpensive in these countries for all customer profiles. The costs associated with current accounts offered in Belgium and Netherlands were also found to be low.

All other countries hold intermediary positions.

Dispersion of prices within countries

The analysis of price dispersion within each country was based on an indicator of the dispersion, amongst financial institutions, of the values of the priced profiles (domestic and European, average, active, passive and basic).

Price dispersion varies from country to country, it being in particular a function of the diversity and differentiation of offers, the diversity of offering institutions and the extent of price competition in each country.

Consistency can be observed between domestic usage patterns and domestic tariffs due to a mutual adaptation process. This consistency is to some extent lost with EU profiles, which explains why their value is greater than the domestic in a majority of countries, independent of the relative intensity of usage. This is confirmed by the way in which domestic profiles and EU profiles differ in dispersion for a number of countries.

For most countries, dispersion is greater for the basic and passive user profiles than for the average and active ones. This is because the former profiles increase the effects of rather atypical tariff setting from some banks. For this reason we focused on an analysis based on average and active user profiles.

Analysis of the dispersion of priced profiles allowed for a distinction to be made between countries with stronger price-based competition amongst financial institutions and those with weaker price-based competition amongst financial institutions:

- Countries with stronger price-based competition (lower dispersion) include: BE BG CZ EE FI HU IE LT NL SI and SK;

- Countries with weaker price-based competition (higher dispersion) include: DK FR IT LV PL PT SE and UK.

However, a higher degree of price competition does not necessarily mean a lower price, and vice versa, as evidenced by a low correlation coefficient between the two parameters (0.17).

The fact that the dispersion between countries is greater on average than it is within them is an indication of the fragmented character of the European market of retail banking services.

The average dispersion rates vary between 0.52 and 0.70 depending on the user profiles concerned. This means that the retail banking services differ from several other European services presenting a median value of 0.44 (2nd Consumer Markets Scoreboard) and thus that the Internal Market is more fragmented in the area of banking services than in other areas.

Transparency and comparability of prices:

The analysis of the transparency and comparability of prices was based on three sources:

- The fact that the data collectors did or did not contact the financial institutions to collect information not available on the web sites, or to confirm interpretation of the information gathered;
- A synthetic appraisal by the team in charge of the quality of the data collected regarding the transparency and simplicity of the tariffs at country level;
- An examination of the relationship between price levels and the degree of transparency.

The time required to collect information was recorded per FI. It highlighted that collecting the data was extremely time consuming on the whole and that therefore a consumer who wanted to compare all these charges would have to invest a great deal of time.

Altogether, 66% of the banks surveyed required additional contact, while the remaining 34% did not since the information located on their web sites was satisfactory for data collection purposes. These figures confirm those of the 2007-2008 study preparing the monitoring of the impact of SEPA which were respectively 69% and 31%. Banks were contacted in all countries, though to different extents. The reasons provided for contacting the banks were as follows:

- To confirm price interpretation or acquire additional tariff clarifications (40% of banks);
- To acquire price information for incomplete tariff lists (33% of banks);
- To obtain price information because this was inadequate or unavailable on their web sites (10% of banks);
- To obtain very general information on their offering in order to clarify the pricing pattern in the country (5% of banks).

A synthetic analysis of transparency of prices was carried out based on, on the one hand, indicators of availability, visibility and clarity of tariffs as provided by the data collectors, and, on the other hand, a consensus building exercise between members of the quality team. They elaborated two dimensions of transparency that affected comparability of prices and positioned the 27 countries as follows:

- The relative simplicity of tariffs, i.e. the fact that the number of components of a tariff is limited or at the other extreme is large; 63% of countries are above average regarding simplicity, compared with 37% that are below;
- The relative transparency of tariffs (versus opacity) i.e. whether there is a need to make an in-depth search to fully understand the scope of a price and subsequently to identify the total price to be paid by the consumer; 56% of countries are above average, compared with 44% that are below;

Thus, overall, there is better performance as regards simplicity than as regards transparency; 44% of the countries are above average regarding the two dimensions and the EU12 countries perform better than the EU15 in the two areas but more particularly in the area of transparency. Countries that are above average on the two dimensions are BE DE EE FI LT LU LV MT NL PT SE SI and SK.

A significant correlation between prices and transparency was also identified: it established clearly that countries where tariffs are more transparent tend to have lower prices and vice versa. This correlation was also confirmed by the relationship between prices and the percentage of consumers experiencing difficulties when comparing current account offers, data which was collected for and presented in a Eurobarometer survey commissioned by DG SANCO.

Regarding the analysis of transparency and comparability of prices as a whole, we conclude that there remains work since a minority of financial institutions (34%) provide sufficiently clear public information.

Methodology

Selection of financial institutions

The selection aimed at obtaining, in the EU27, a representative sample of financial institutions that offer retail banking services to private customers, taking into account both the quantitative and the qualitative aspects. This meant that the institutions selected had to represent a significant part of the market as well as the diversity of categories of institutions. Overall the sample represented 81% of the market in terms of customer deposits for the year 2007.[1] Total customer loans and total assets were used as control parameters of customer deposits. The sample also represented the diversity of financial institutions since in addition to commercial banks it included savings, cooperative, real estate/mortgage and postal banks whenever relevant to the countries concerned.

Accounts selected

The data collection requested a pre-established list of accounts available in the 27 Member States. For setting up such a list, several features related to the account offer were selected, like the range of banking services accessible through the account, the pricing models and the channels of distribution. Also three main features motivated the exclusion of accounts:

- Too restrictive access to services i.e. accounts that did not allow for at least cash utilisation and payment transaction services simultaneously;
- Too specific consumer banking needs (e.g. direct access to foreign currencies);
- Conditional access to accounts related to specific consumer characteristics (such as professions or occupation, age, marital status including family situation).

Based on the information collected, the application of the third criterion was made more flexible to include 'student & young people' and post accounts in the selection due to their relative importance.

Information was collected for different types of accounts corresponding to the criteria presented above i.e. basic/social accounts, current accounts (including family and post accounts), electronic accounts, packages and young people/student accounts.

Transactions considered

[1] Most recent data at the time of FIs selection.

The transactions considered were all transactions related to using a current account. They included in particular the operations linked to the account itself (e.g. opening), to debit cards, to delayed debit or credit cards, to credit transfers including standing orders, to direct debit orders and to cheques.

The services related to using an account included in particular distance banking services as well as overdraft facilities, which affect the price of accounts significantly in particular countries like the Baltic countries and UK for overdrafts, FR and SE for distance banking services.

Setting-up the user profiles

Consumer profiles were defined along two main lines:

- intensity of usage of the services, i.e. numbers of operations per banked individual per year; four profiles/intensities of usage were considered: average, active, passive and basic;
- domestic and European[2] usages/standards: domestic standards reflect the country-specific numbers of operations per banked individual per year; the European standards reflect EU average numbers of transactions in order to facilitate inter-country comparisons of prices only.

The use of these two main lines led to a total of eight types of user profiles.

The user profiles in each country were based on a variety of resources, in particular data from the European Central Bank's Payment and securities settlement systems information (the 'Blue Book' database). However, since the Blue Book database covers only part of the transactions included in the study, supplementary information was employed to construct the usage rates for these remaining transactions, including data from national central banks, market studies, consumer association surveys and assumptions where data were not available. Market authorities (including banking associations) were asked to participate in this process by providing inputs regarding the composition of profiles or by confirming the number of operations. Annex 9 lays out the details of the organisations consulted and those who responded.

Pricing the profiles

The parameters used in the price calculations included all tariffs collected that represent a cost for the consumer and that correspond to operations actually used. Examples are the costs of account statements, cash withdrawals, renewal of debit card, issuing a credit transfer, etc. All parameters represent a charge with the exception of interest paid on accounts, which is considered revenue thereby reducing the total cost of the account.

Pricing the profiles involved first a filtering process regarding all tariff data collected: per bank, sets of accounts/packages and cards, compatible with each user profile, were selected with a view to retaining the most standard. Each set specified the services included in the account/package as well as the price of each service.

Then, priced profiles were derived from an automated process matching the selected sets with the profiles developed, i.e. for each service, multiplying a price by a quantity to obtain a unique price per user profile.

From these priced profiles at bank level, national averages were calculated taking into account market shares based on customer deposits.

[2] European profile is sometimes referred to as EU27 profile.

Conclusions and recommendations

Conclusions

Overall, the study improved the knowledge of the market of retail payment services in the 27 EU countries.

First, it provided a detailed collection of the prices of accounts, packages and operations for 224 banks covering on average 81% of the EU market and representing the diversity of institution categories.

Second, for each country and for the EU27 as a whole, it developed four categories of user profiles, i.e. average, active, passive and basic. To do so, it used the limited existing data and made assumptions that were discussed with central banks and bank associations.

Third, it matched prices and user profiles to produce 'priced profiles' to analyse dispersion of offers within countries and draw comparisons between countries.

Fourth, it provided an assessment of the transparency and comparability of prices for consumers.

Moreover the study highlighted a major hindrance to carrying out the monitoring: to create the profiles, we had to cope with a lack of consistent data covering all the services targeted. The ECB Blue book data was used as a basis for payment-related services and supplemented with other information sources. Since no source provides pan-EU information, a series of assumptions were made to extrapolate the available data to other countries. These assumptions were discussed with experts and market operators. Our contacts have shown that even these specialists lack basic information on usage rates in their own countries. This suggests that the final outcome is a best proxy that has two implications: first it illustrates that the difficulties encountered in the comparison of the prices of current accounts are similar to the issues consumers have to deal with when searching for an account that provides the best value for their needs; second, it paves the way to a process of data and information exchanges with the sector to improve the figures obtained so far.

Finally, the current study is very important in the context of the improvements that will be introduced by the Single Euro Payments Area (SEPA) to the market of payments. SEPA is an initiative of the European Banking Industry, represented by the European Payments Council (EPC), set up with the purpose of creating a single domestic market for retail payments, i.e. to make all electronic payments across the euro area – e.g. by credit card, debit card, credit transfer or direct debit – as easy as domestic payments within one country are now. All SEPA tools will be in full operation in the Euro zone countries, and will also be in use for euro payments in the other Member States of the European Union, together with Iceland, Liechtenstein, Norway and Switzerland. Banks have been able to make the first SEPA products available since 28 January 2008.

SEPA will bring several changes for industry, governments and consumers. New SEPA means of payment will facilitate many international payments, including clearing and settlement, for both payment providers and consumers. Facilitated payments might affect prices, services and quality standards. Consumers could benefit from new rules ensuring transparent pricing and prompt transfer. In addition to direct effects, SEPA is expected to have indirect effects on competition (cross-border competition, non-FIs payment operators, money transfer services).

The diversity of payment systems, habits and provider cost models makes it even more important to ensure systematic monitoring of these changes. Tariff monitoring is necessary but not sufficient to assess systematically the impact of the progressive introduction of SEPA current and new emerging

instruments. Transparency of information on the new products, their characteristics (prices, services and standards quality) and any hidden costs (interchange fees, etc.) are also essential.

Recommendations

The recommendations address in particular best practices regarding data collection and analysis.

Data collection of tariffs

- Take full account of the diversity of usages, pricing models and practices among countries;
- Stimulate all banks to make their complete tariffs publicly available on their web sites, in the clearest possible way;
- Envisage in each country and at EU level a central price comparison web site (e.g. domestic central banks and European Central Bank) where banks provide their tariffs annually in a pre-defined format.

If the last practice were to be implemented, it would be possible, as a further step, to set up an interface allowing consumers to identify easily the best account for their needs in terms of price and service. This would certainly help consumers to deal with the difficulties they face when trying to compare the prices of current accounts. The annual number of operations for each consumer would be necessary for such a comparison tool. An accurate account of these figures can only come directly from financial institutions that should provide this information to their customers to make comparison easier. This is especially important when considering that Eurobarometer surveys reveal that more than one in three EU consumers finds it difficult to compare current account offers.

Data collection of usage patterns

Launch a European wide process of exchanges on quantified and qualified user profiles, involving the European Central Bank, domestic central banks, consumer organisations and bank associations. This will complement the existing EU-wide information sources, like the ECB Bluebook data, with harmonised and validated data on transactions and services where pricing differences could have a critical impact, such as account balances, overdrafts, etc. Additionally, the databases, the Blue Book included, should provide sectoral breakdowns to allow the monitoring of usage characteristics in the household, corporate and financial sectors.

Data analysis

Stimulate further analysis of the links between price and profile dispersion, transparency of tariffs, usage rates, available payment infrastructure, breakdown of account charges, market structure and degree of competition.

1. INTRODUCTION

This report outlines the activities performed, the key findings of the study and conclusions and recommendations.

1.1. *OBJECTIVES AND SCOPE OF THE STUDY*

The aim of DG SANCO was to commission a price survey of the retail banking sector in the European Union in order to:

- Determine the transparency of fees charged in the context of having and using a current bank account;
- Compare prices for the services linked to a current account;
- Be in a better position to analyse the underlying factors behind price differences within and across Member States.

These data could be used for possible future action of the Commission in this field.

This data gathering process conforms to the initiative of monitoring consumer outcomes in the single market as it was established in the EU Consumer Policy Strategy 2007 – 2013 which strives to empower EU consumers and to place their welfare at the heart of well functioning markets.

The objective of this survey was therefore to produce statistically reliable data on the prices and tariffs for using the services linked to a current bank account in the EU Member States. The data collected on prices needed to be publicly available information, i.e. information available on web sites or leaflets from financial institutions, or from their customer service.

The output of this assignment was:

- A representative database of prices and tariffs for using the services linked to a current bank account in the EU Member States;
- A comparison of these tariffs between Member States and a measure of price dispersion within and across Member States, based on several user profiles;
- An assessment of the transparency and comparability of fees for current accounts.

1.2. *TASKS UNDERTAKEN*

Three major tasks were undertaken:

- Collecting data on tariffs in the 27 Member States;
- Setting-up representative profiles of usage of the services in the 27 Member States;
- Analysing price dispersion within countries and between countries, as well as analyzing transparency and comparability of fees.

Data collection of tariffs progressed as planned.
Setting-up representative user profiles faced obstacles due to unavailability of data on usage: this unavailability was revealed to be more significant than originally expected and data had to be created from various sources.
Due to the delays in setting-up the profiles, analysis was carried out in two stages: first with a number of temporary user profiles, then with profiles whose basic assumptions had been refined.

1.3. *STRUCTURE OF THE REPORT*

The report is structured as follows:
2. Findings;
3. Methodology;
4. Conclusions and recommendations.

In annex, we provide the following information:

- The task specifications (Annex 1);
- The selected financial institutions (Annex 2);
- The data collection guidelines (Annex 3);
- The assumptions and data used for the profiles (Annex 4);
- The weighted average price per profile and per country (Annex 5)
- The dispersion of priced profiles (Annex 6);
- The cluster analysis (Annex 7);
- The breakdown of average charges (Annex 8);
- The contacts with Central Banks, regulators and banking associations (Annex 9).

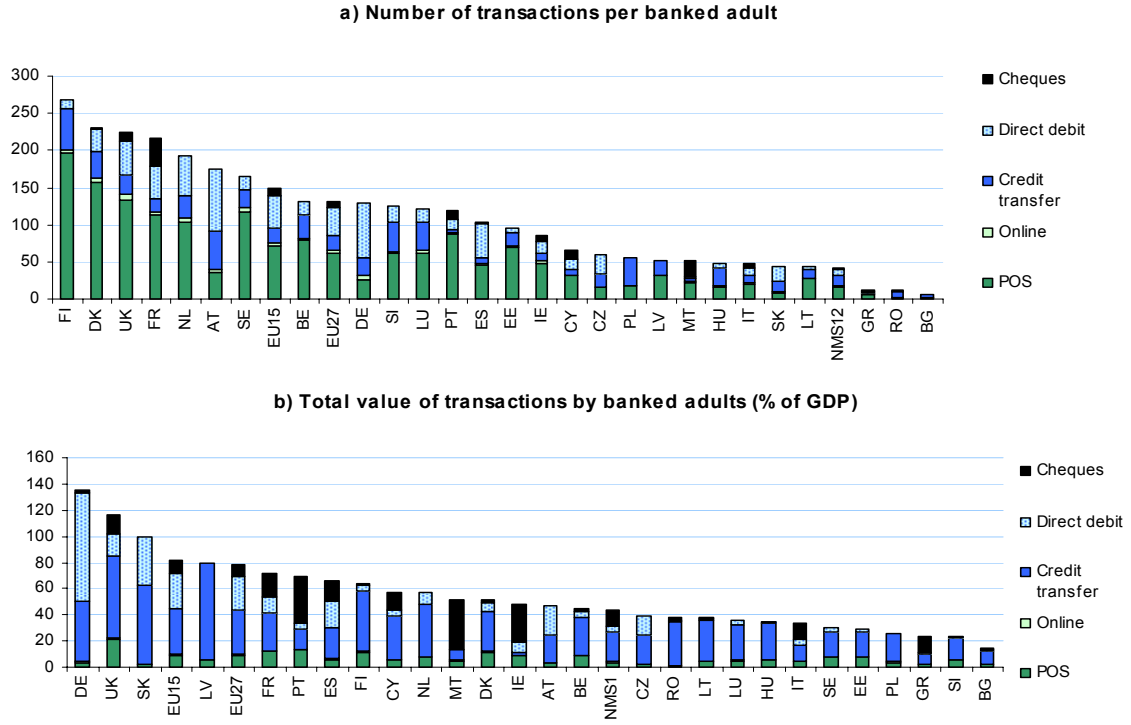
2. FINDINGS

The findings presented hereafter relate to three domains: the inter-country comparisons, the dispersion of FI priced profiles within and across countries and the transparency and comparability of prices. These findings are based on the methodology described in section 3 of the present report.

2.1. *INTER-COUNTRY COMPARISONS*

To set the scene for the analysis of the priced profiles, we present below an inter-country comparison of the intensity of usage of the main payment services and terminal transactions.[3]

Graph 1 – Comparison of payment-related transactions



The above graph depicts a ranking of Member States according to the total number of transactions per capita across all payment services and terminal transactions. There are no NMS-12 countries among the top 8 countries in panel a), which compares countries according to number of transactions.

The most predominant forms of payment transactions (in terms of total value) are credit transfers and direct debits. Although they are frequently conducted (panel a), POS payments comprise less than 10 percent of the GDP, except in a handful of countries (panel b). The use of cheques as a

[3] For more details, please refer to section 3.5 Usage of payment-related services.

means of payment is quite common in a number of countries, such as Cyprus, France, Ireland, Malta, Portugal, and UK.

In cross-border transactions, data is available only for outflow transactions. For this type of transactions, UK fares higher than the EU15 average. In particular, an UK average household engaged in 4 transactions of this kind in 2007, as compared to an EU15 average of 3 transactions.

The graphs on the following pages present an inter-country comparison of the values of the priced profiles, i.e. they compare the total annual costs incurred by different user profiles of account holders using the country-specific usage rates. Afterwards, Graph 3 presents similar data based on Union-level average usages. The average figures of these graphs are presented in Annex 5.

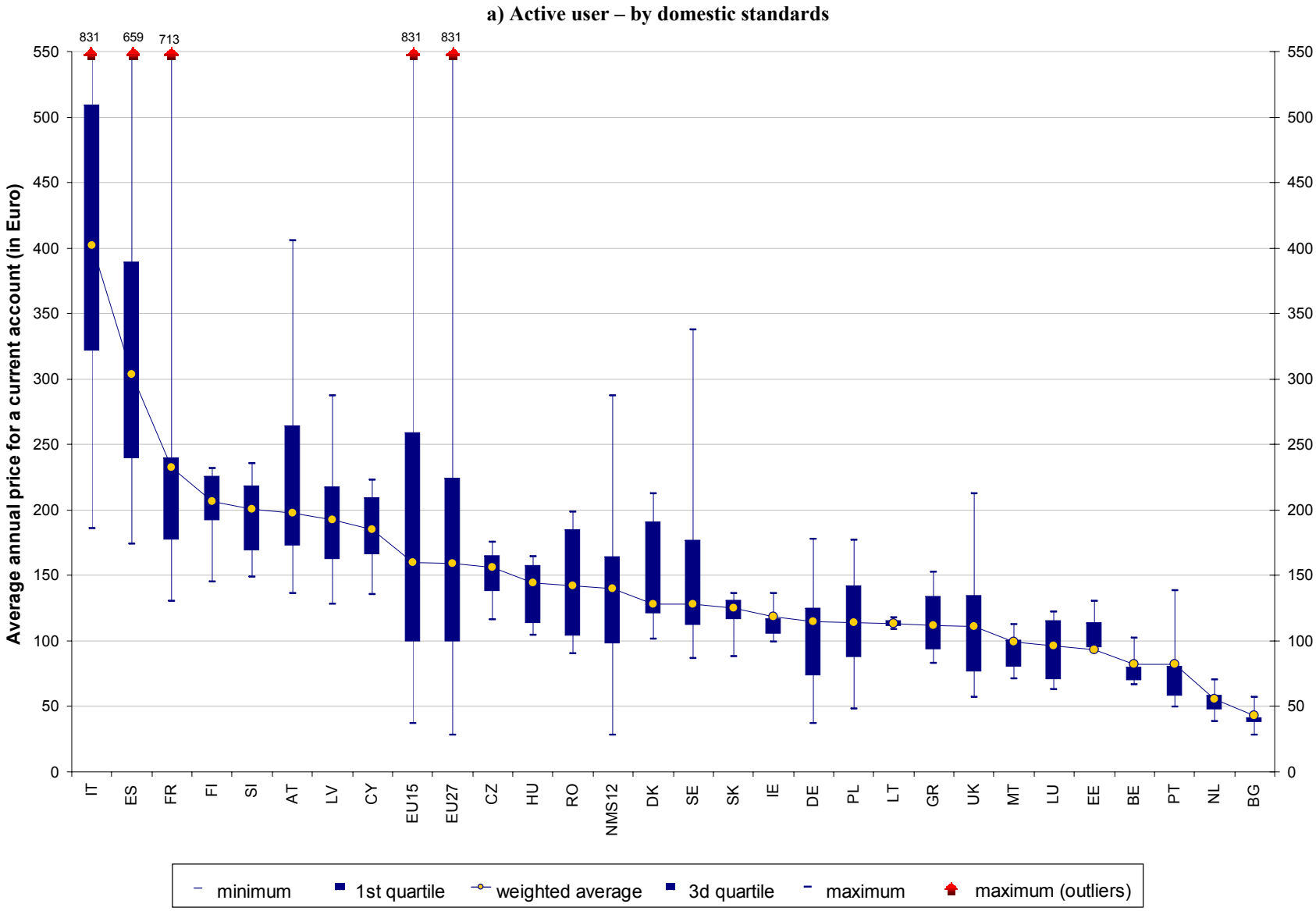
A total of eight consumer profiles using both domestic and a European (EU27) usage rates were considered. The domestic usage rates are based on a variety of country-specific data sources. The European (EU27) usage rates are a weighted average of the 27 domestic ones, banked adults being used as weight factor. Domestic and European consumer profiles consisted of four types of consumer profiles:

- **Average user profile** corresponds to the entire population of current account holders, providing an understanding of how a random individual from the relevant population behaves;
- **Active user profile** is composed of those who engage in each transaction frequently, comprising the top 1/3 users when individuals are ordered according to their usage intensities;
- **Passive user profile**, in turn, comprises the bottom 1/3 users ordered according to usage intensities;
- **Basic user profile** comprises users with a low-cost "basic account", where the permitted transactions are clearly defined.

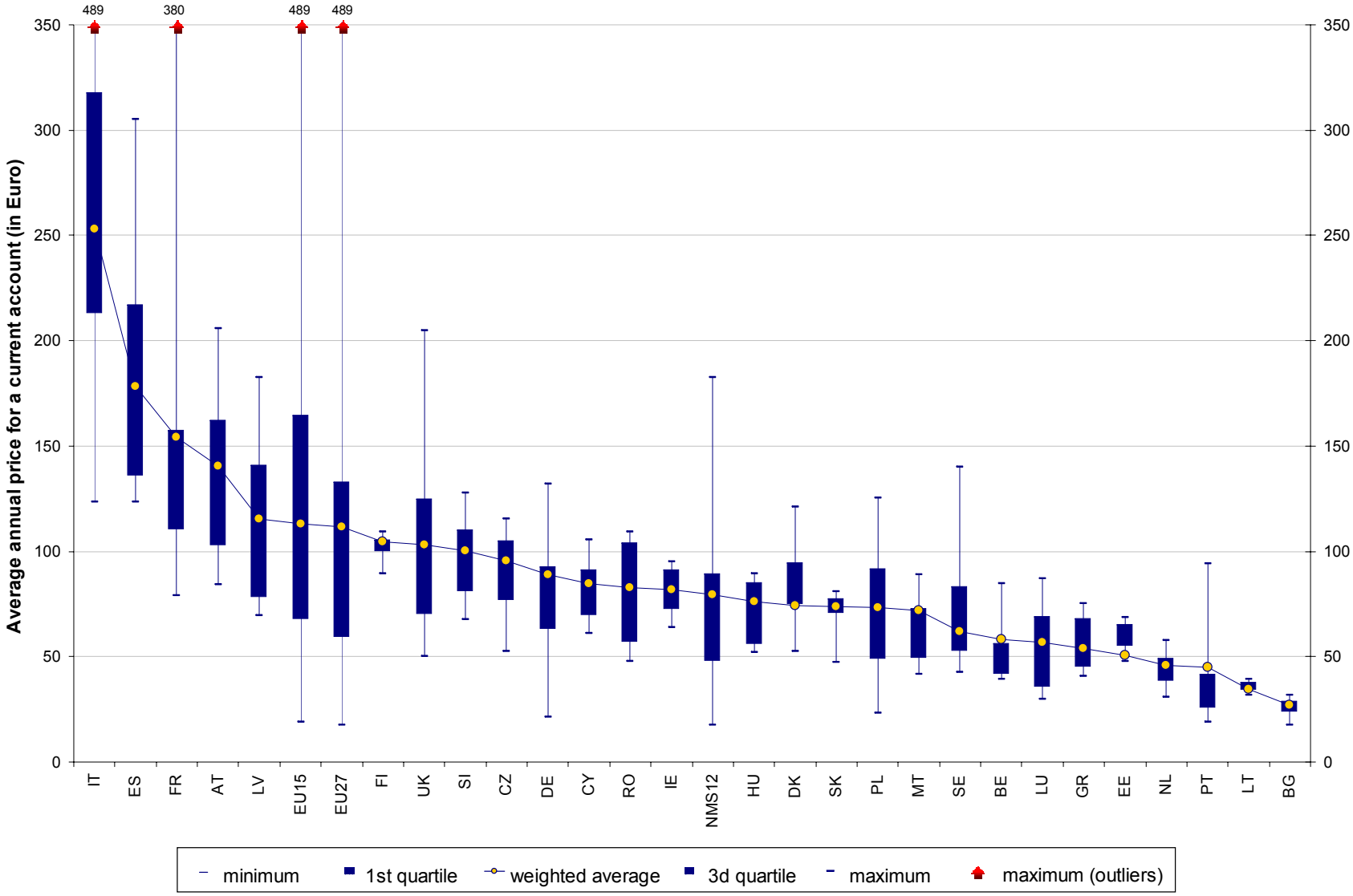
The "box-and-whisker" diagrams depict five-number summaries for the sample of banks. The top and bottom points marked by a dash ("-") correspond to maximum and minimum priced profiles. The solid-coloured box gives the range of observations within the first and third quartiles. The dot gives the sample average weighted by each bank's share in customer deposits[4].
Regarding countries with maximum values exceeding the scale of the charts, these values are shown by figures highlighted by red arrows on the top of the whiskers.

[4] On the graphs presented, the average is never located at equal distance from the 1st and 3d quartile, due to the fact that the weighted average is used. Countries where the weighted average is above (below) the box (representing the 1st and 3d quartile) reveal that prices applied by banks with a larger market share are higher (lower).

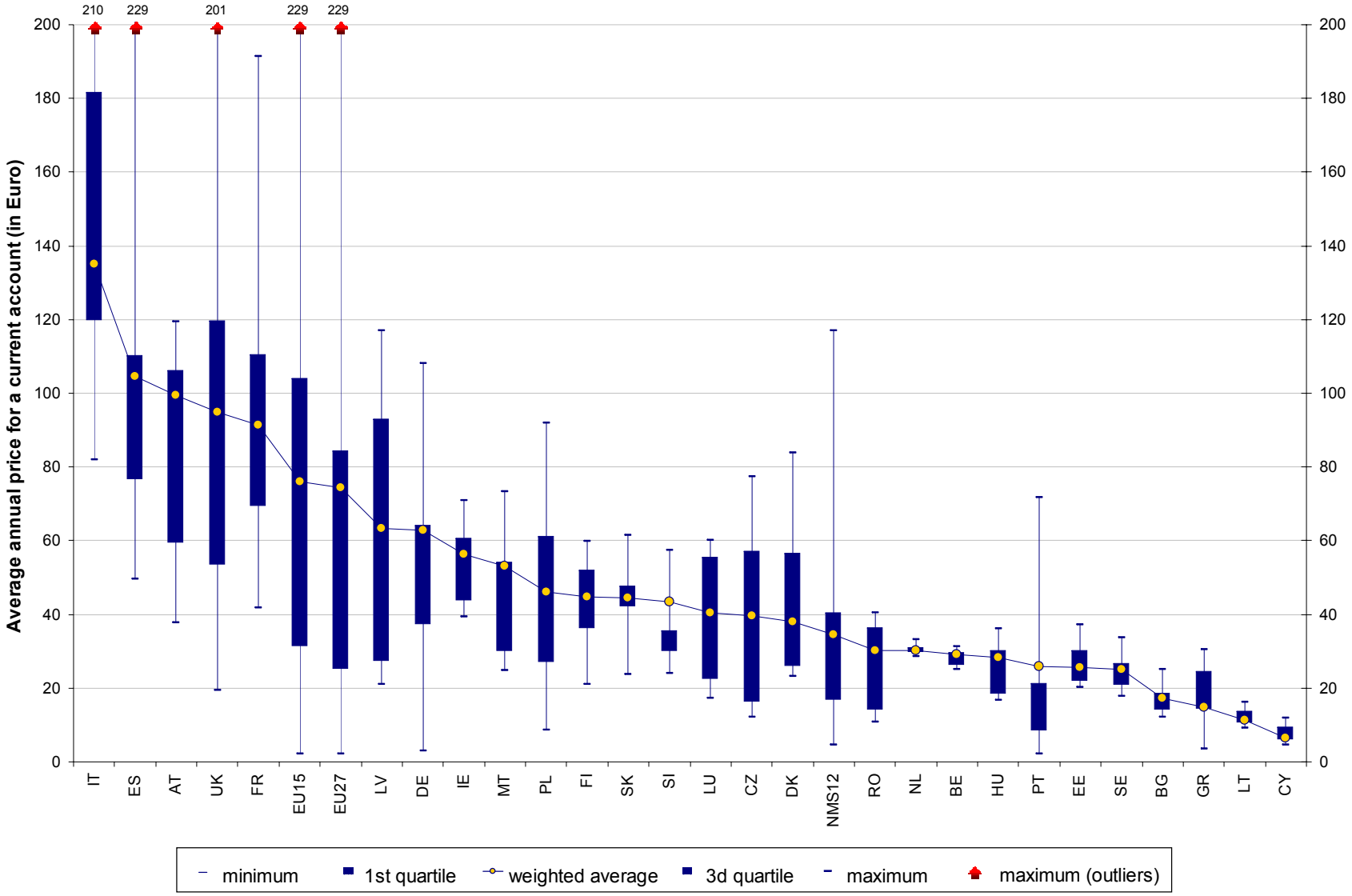
Graph 2 – Comparison of current account pricing for domestic usage profiles



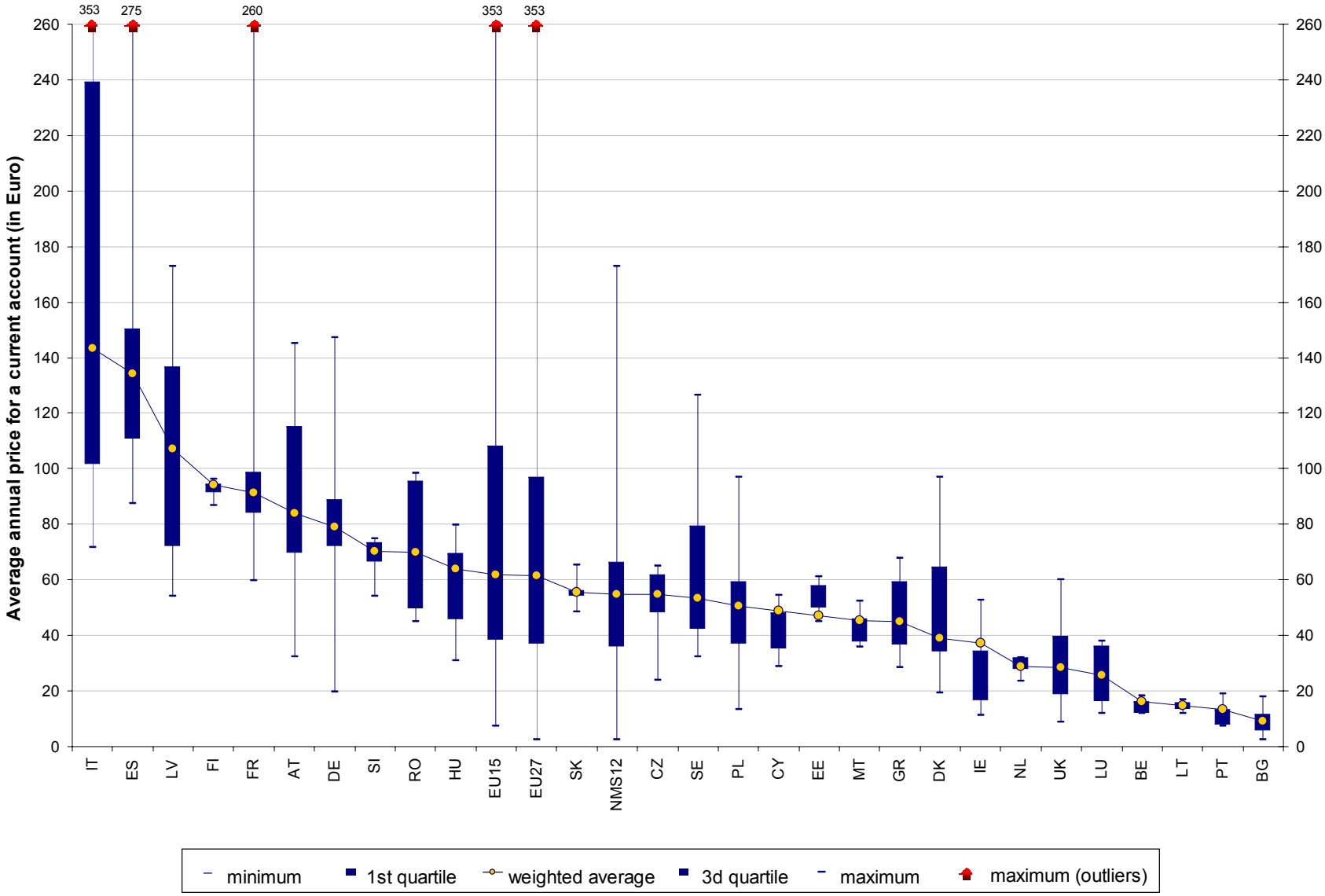
b) Average user – by domestic standards



c) Passive user– by domestic standards



d) Basic user – by domestic standards



For active users (panel a), the average prices range from a high of €402 in Italy to a low of €43 in Bulgaria. However the overall price difference is more extreme and ranges from a maximum of €831 in Italy to a minimum of €28 in Bulgaria. Among the top three countries where current accounts are the most expensive for these users, the costs differences are vast. For example, the average cost of a current account for France, third country from left, is €232, nearly half of Italy's €402. It is also important to note that cost distributions for these three countries are skewed towards high prices, especially for France, implying that the price discrepancies arise from a relatively small number of expensively priced accounts.

Moving further down the comparison of pricing for active users, the cost of having a current account remains over €100 for the next 20 countries. In general, the new Member States tend to have cheaper accounts. However, notable exceptions among EU15 also exist. For example, Belgium, Luxembourg, Netherlands, Portugal and the UK are among the cheapest countries for active account holders.

When compared to active users, the costs incurred by average users (panel b) are naturally less due to lower usage intensities. Italy, Spain and France once again top the rankings while the NMS-12 countries have lower costs. Among the EU15 countries, Belgium, Luxembourg, Netherlands, and Portugal continue to have lower costs. However, UK's relative ranking goes up 13 places, which puts the country among the top-10 within the union in terms of costs. Lithuania exhibits a more modest change in the opposite direction, becoming the second cheapest country for average users. Less notable ranking changes are noted for Germany and Sweden, which remain among the mid-range countries where the pricing differences are relatively small.

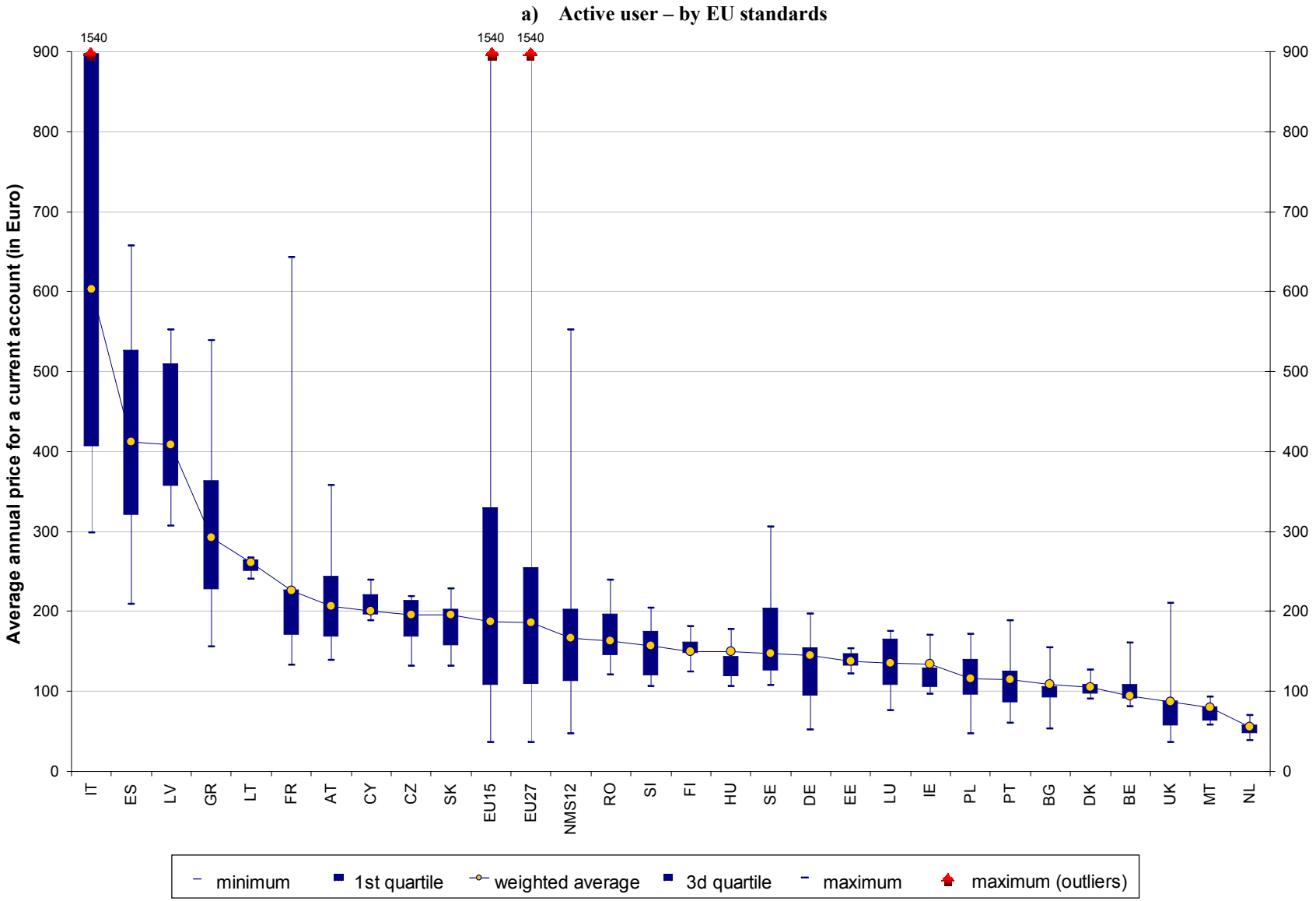
Passing on to passive users (panel c), Cyprus becomes the cheapest country among the EU27 while Lithuania holds on to its place as the second cheapest county. Hungary also moves down and becomes one of the cheapest countries for passive users. At the other extreme, Malta moves up and joins the ranks of the countries with the most expensive accounts. Luxembourg, which has cheap accounts for active users and on average, moves up the list but still remains within mid-range. Meanwhile, UK continues its ascent to become the 4th most expensive country among the EU27 Member States, with an average €95 of annual fees per account holder.

The fourth diagram (panel d) makes price comparisons based on the usage levels associated with basic current account holders. As explained in detail in the Annex 4, section 4.4, only 9 countries[5] provide these accounts, which offer more or less the same set of services with only minor differences in usage restrictions and the availability of certain transactions. For the rest of the Member States, an average social account profile (or basic user profile) was generated based on the common elements of the basic/social accounts offered in the 9 countries.

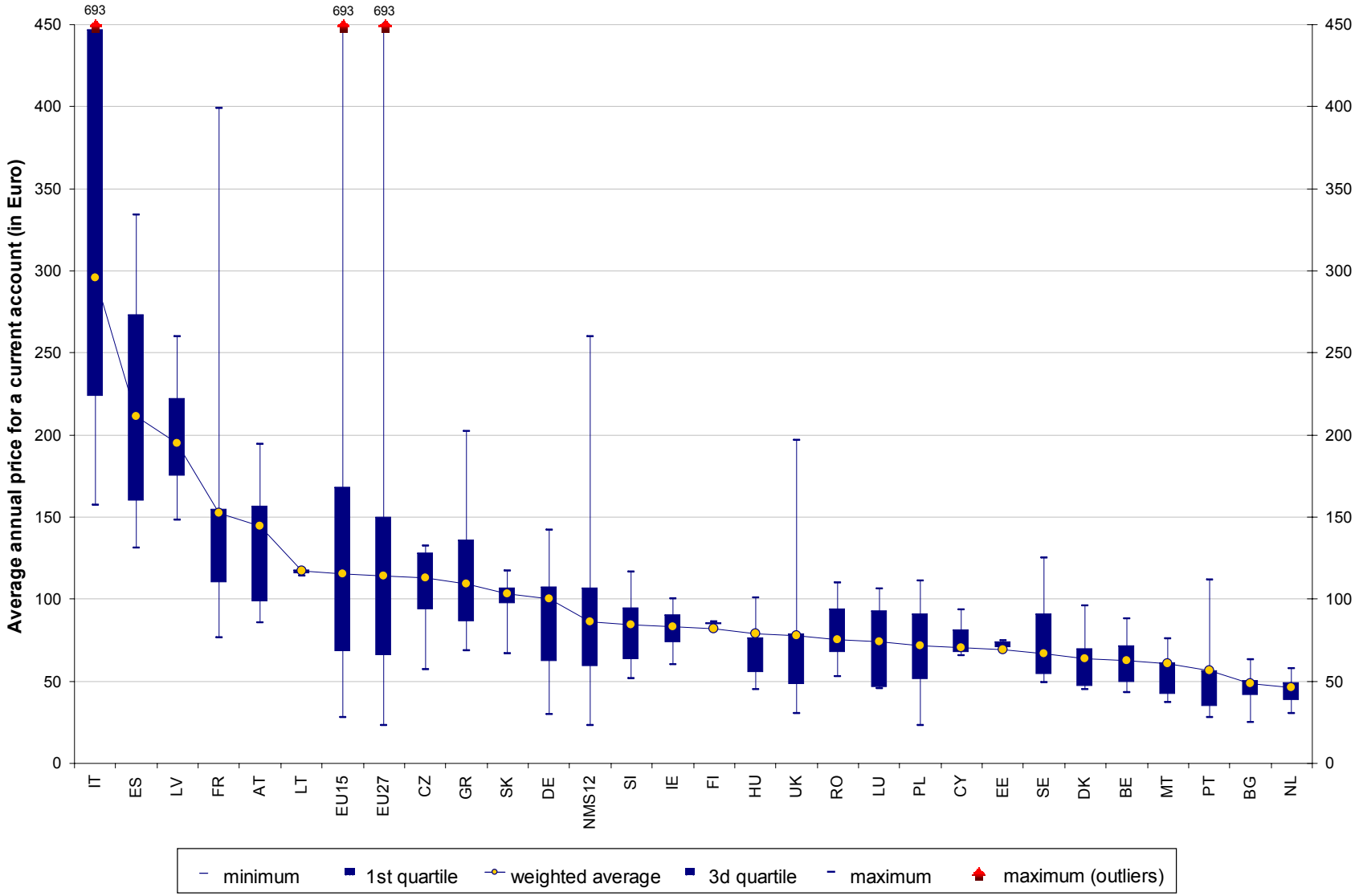
Panels b (average users) and d (basic users) exhibit large similarities. Italy and Spain once again are the most expensive locations for basic users. UK, on the other hand, is one of the cheapest countries for basic users despite the costs from average users. The same can also be said for Ireland to a lesser extent, which ranks much lower for this class of users.

[5] Including Ireland where the provision is currently under discussion as noted previously.

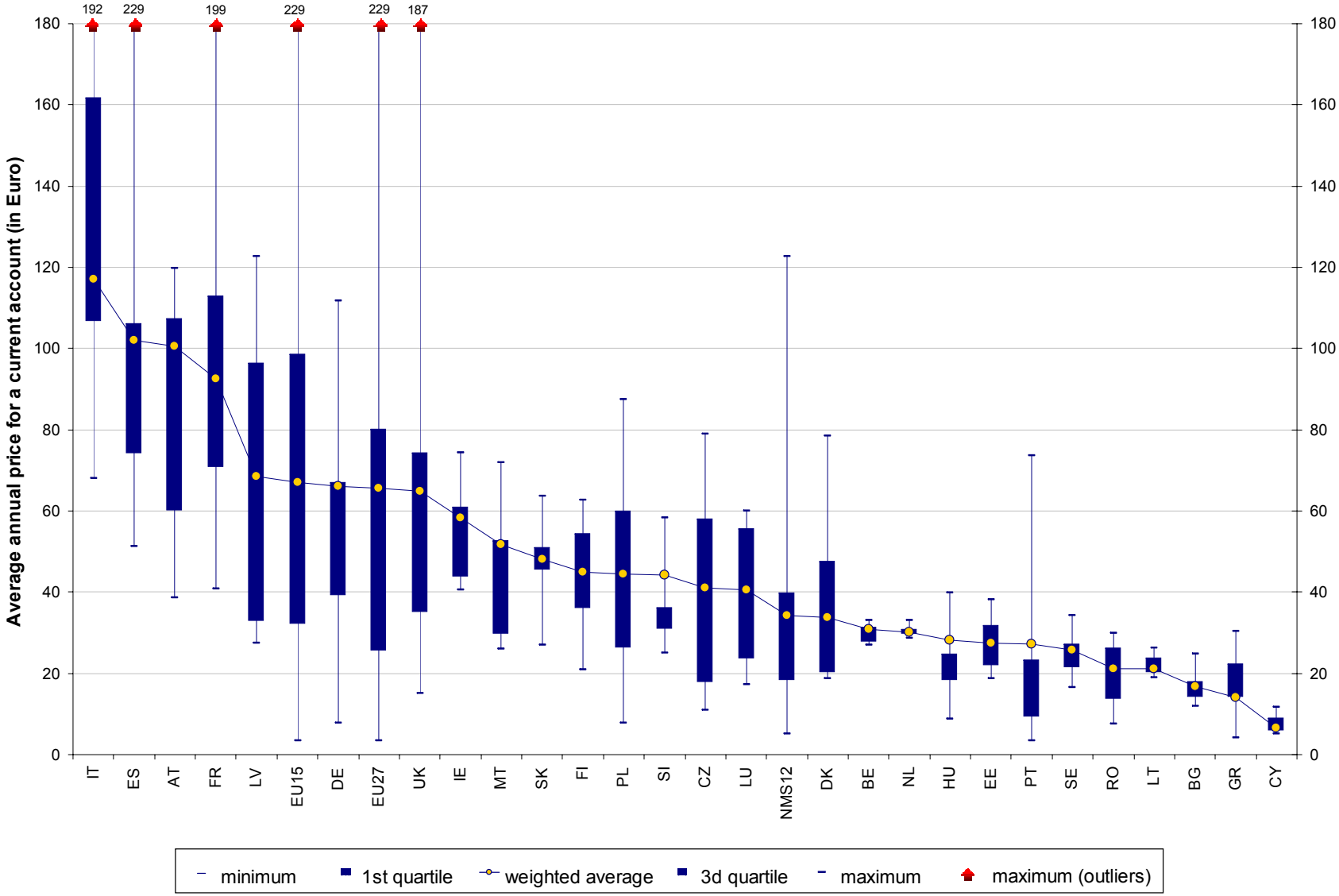
Graph 3 – Comparison of current account pricing for EU user profiles



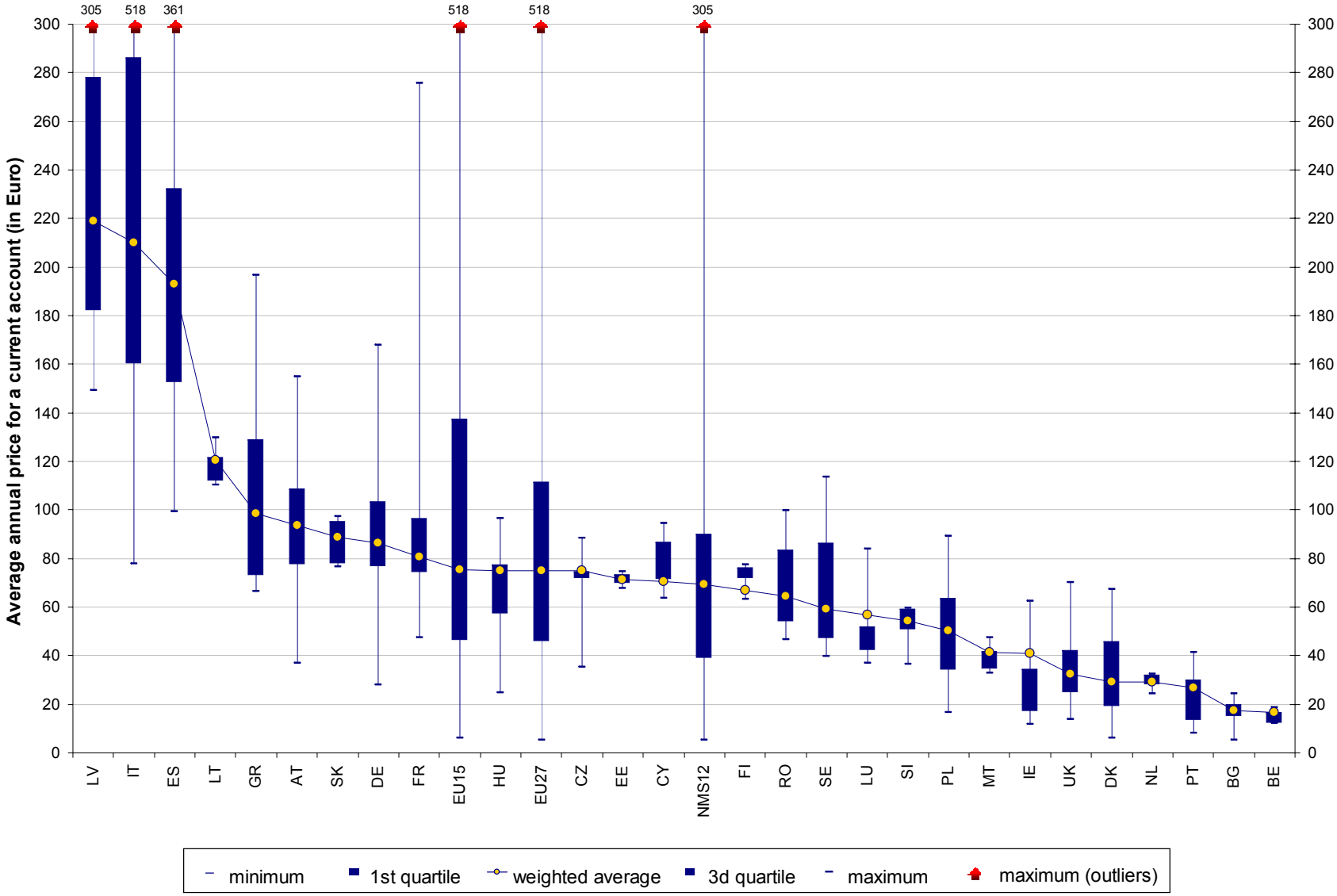
b) Average user – by EU standards



c) Passive user – by EU standards



d) Basic user – by EU standards



The previous set of diagrams provides the pricing comparisons using the EU usage profiles, which are based on union-wide usage patterns. Unlike the country-specific comparisons given above, the European profiles allow a comparison of the costs associated with current accounts without taking account of varying usage patterns between Member States.

When comparing the pricing differences between domestic and EU profiles, three issues can be highlighted. First, the list of most costly countries does not change much when the European user profiles are considered. In particular, Italy and Spain occupy the top three spots, although Latvia becomes the most expensive EU country when the basic profile is considered. Second, two countries rank consistently lower (implying lower costs) when the comparisons are made according to the European average usage rates. This is the case for two Nordic countries, Denmark and Finland, which move down considerably when the EU active usage and average usage are applied. The same can also be said for UK, although to a lesser extent, which attains lower ranks when the European profiles are considered. Third, several countries rank higher when the European profiles are considered. For example, while Greece and Lithuania are among the cheapest countries for domestic profiles, they move up considerably when the EU average usage rates are used. [6]

The following table summarises the relative ranks of the countries according to the eight different user profiles mentioned above (rank 1 refers to the more expensive country, rank 27 to the least expensive one).

The ranking is based on the position of each country for the eight profiles considered together. The first group refers to the systematically more expensive countries for whose average cost is higher than the third quartile of the EU27. Countries in group 2 have a cost between EU27 average and the third quartile. Group 3 gathers countries with costs between the first quartile and the EU27 average. Countries in group 4 have systematically lower charges as their average is below the EU27 first quartile.

Table 1 – Ranking of countries

Group	Rank	Country	Key contributing factors
Group 1	1	Italy	All key charges are very high
	2	Spain	All key charges are very high
	3	Latvia	Very high account and debit card charges; low basic annual charges
Group 2	4	France	High basic annual charges; very high debit card charges
	5	Austria	Very high basic annual charges; low credit transfer charges
Group 3	6	Finland	All key charges are high
	7	Czech Republic	High basic annual charges
	8	Slovenia	High basic annual charges
	9	Germany	Very high basic annual charges; high debit card charges; very low account charges
	10	Greece	High credit transfer charges

[6] For information purposes, Annex 7 presents the above results by clusters, based on the relative usage of electronic versus over-the-counter payment tools.

	11	Slovakia	High basic annual charges
	12	Lithuania	Very low basic annual charges
	13	Cyprus	Low basic annual and account charges; high credit transfer charges
	14	Romania	Low basic annual charges
	15	Hungary	High debit card charges
	16	Ireland	High account charges; very low credit transfer charges
	17	United Kingdom	Most charges are very low; very high account charges
	18	Sweden	Very low account charges; high debit card charges
	19	Poland	Charges are within EU27 averages
	20	Luxembourg	Low account charges
	21	Estonia	Very low basic annual charges; high account charges
	22	Denmark	Low debit card charges
	23	Malta	Very low basic annual charges and credit transfer charges; high account charges
Group 4	24	Portugal	Very low account charges
	25	Belgium	Very low account and credit transfer charges
	26	The Netherlands	Very low account charges; high basic annual charges
	27	Bulgaria	Low basic annual and account charges

Source: Own calculations

The following results emerge from the ranking and analysis of the breakdown of charges.

1. In the first group, the top two positions are occupied consistently by Italy and Spain, with the exception of one profile, implying that the two countries have the most costly accounts in the EU. In Spain, the pricing arrangements are subject to negotiation on a case-by-case basis between the client and his or her bank. The actual costs could therefore be expected to be lower than the official price lists[7]. Latvia's high ranking is largely due to the high charges associated with the usage of cheques (in the EU27 profile), which are virtually non-existent in the country.[8]
2. The second group includes Austria and France which present the most expensive accounts in almost all user profiles. As the breakdown of charges provided in Annex 8 clearly shows, these high costs are mostly due to a combination of above-average basic annual charges and

[7] Keeping in mind that the official price lists are the only sources of price information for the present study.

[8] The findings in points 1 and 2 are, by and large, in line with the European Commission's Retail Banking Sector Inquiry Interim Report II (released on 17 July 2006). The report's results on account usage and pricing were based primarily on a market survey of 234 banks. The findings confirm that charges on account management and selected payment transactions (only corresponding to fees on credit transfers, standing orders and direct debits) were extremely high in Italy (p.89). In Latvia, charges were also found to be high for the covered payment transactions, even though charges on cheques were excluded. The Commission's report does not consider charges on card transactions, which could explain why our findings for France are not echoed in the report. For Spain, the report finds that the account management fees are below the EU-27 averages, which may be taking into account the actual prices resulting from case-by-case negotiations between the banks and their customers.

account charges.[9] For France, an additional contributing factor is the high debit card charges.

3. At the other end of the cost spectrum (group 4), Bulgaria and Portugal consistently secure low rankings, implying that the current accounts are cheap in these countries for all customer profiles. For Bulgaria, the low usage intensity does not appear to support this result; although the country ranks last in both the number and value of transactions by banked adults (see section 3.5), the country's relative ranking changes little when the significantly higher EU average usage rates are used. Likewise, Portugal's ranking changes little when the EU profile is used.[10] The current accounts offered in Belgium and Netherlands are also relatively low-cost. As depicted in the breakdown of charges given in Annex 8, in both countries variable costs arising from fees and charges associated with the number of transactions are also very low. In turn, the basic annual charges comprise a significant share of total costs (especially in the Netherlands), with a share of over two-thirds in the domestic average profile. The existence of these high fixed costs also explains why the two countries' relative rankings go up when the lower usage rates associated with passive profiles are considered. Nevertheless, despite these high costs, the costs associated with transactions are low, which contribute to the lower ranking of the two countries.[11]

4. Group 3 includes all other countries, some of them devoting a particular attention:

   - Finland and Denmark, in turn, are cheaper when the EU profiles are considered than when the country-specific rates are applied. The individuals in both countries have above-average usage of credit transfers (see section 3.5), which contribute to high costs emanating from these transactions.[12] When the usage rates for credit transfers are reduced to EU27 average levels, the rankings for these countries go down;

   - Greece and Lithuania are costlier when the EU profiles are considered even though the two countries are at the bottom of the list when the country-specific usage rates are applied. For Greece, the higher costs arise from high charges associated with credit transfers. These transactions are significantly below the NMS-12 averages in the country, (see section 3.5 for comparisons). These findings suggest that the high costs may be inhibiting the development of credit transfers or other electronic transactions in the country. For Lithuania, the high rankings in EU profiles arise from charges on cheques, which are virtually unused in the country according to the country-specific usage rates, (see section 3.5);[13]

[9] As remarked in Annex 8, basic annual charges comprise package and account maintenance fees while account charges include charges on opening/closing accounts, overdrafts, insufficient funds, OTC transactions, account movement, internet and phone banking as well as income from credit interest.

[10] The finding on Portugal runs somewhat counter to the results of the European Commission's Retail Banking Sector Inquiry Interim Report II. One reason could be the exclusion of a number of key transactions from the analysis provided in the report. It is also possible that the services have become cheaper since 2004, the year that the survey for the report was conducted.

[11] Belgium and the Netherlands were also found to have low-cost current accounts in the European Commission's Retail Banking Sector Inquiry Interim Report II.

[12] These findings are in line with the European Commission's Retail Banking Sector Inquiry Interim Report II, which found that the estimated costs per payment transactions (which cover credit transfers as well as direct debits) are above the European averages in both countries, (pg. 89). Much like our study, the charges in Finland were found to be greater.

[13] Accordingly, the European Commission's Retail Banking Sector Inquiry Interim Report II found that the estimated costs per payment transactions (which excluded cheque transactions) in Lithuania was close to the European average calculated in the study.

- In the UK, the average cost of an account for passive users according to country-specific usage (i.e. domestic profile) is only €16 lower than what the active account holders pay. For the EU15 countries, the average costs incurred by passive users (€76) are less than half of that for active users (€160), implying a much wider difference. The relative insensitivity of costs in the UK to usage intensities is due to the existence of a fixed component in account charges, which represent over 90% of total costs. A significant proportion of these costs comprise overdrafts and insufficient funds charges;

- A similar situation also applies in Ireland and Malta. In each of these three countries, the relative ranks rise (implying higher relative costs) when profiles with less intense usage are considered.

2.2. *DISPERSION WITHIN COUNTRIES*

2.2.1 VALUES OF PRICED PROFILES

Considering the average and active user profiles, for a majority of countries (16 out of 27), the value of the EU profiles are higher than that of the domestic profiles; for six countries (CY FR HU NL PL RO) they are identical and for five countries (DK FI MT SI UK) the domestic profiles have a higher value than those of the EU.

This might be surprising for those who would have expected the value of the domestic profiles to be higher than that of the EU in countries with more than average transactions. Indeed the EU profiles apply domestic tariffs to EU average usage patterns. Our view is rather that domestic prices and usage patterns are adapted to each other; and when one applies the domestic prices to an EU profile, which is by definition abstract and does not result from an interactive process, the overall priced profile is inflated by e.g. dissuasive prices applied by banks on operations they try to discourage.
In fact the ratio value of domestic profiles/value of EU profile does not reflect the relative importance of domestic vis-à-vis European average transactions. The quantities are indeed mediated by prices in the following sense:

- Per bank or country, tariff setting aims also at influencing/adjusting usage patterns: we can therefore assume consistency between domestic prices and domestic usage patterns;
- When one applies average EU usage patterns to domestic prices the consistency mentioned above might be partly lost: e.g. tariff setting in Austria discourages the use of cheques. If one applies the Austrian price for cheques to the EU average use of cheques (higher), then this component of the AT EU priced profile will be somehow inflated.

The basic priced profile data reveal that in most countries without social provisions for basic/social accounts, basic profiles have a higher value than passive ones, because basic user profiles were built as a mix of passive and average profiles. For AT BG LU and MT basic profiles have a lower value than passive profiles.
Regarding the countries with provisions related to social accounts:

- In four countries (out of six) with such provision,[14] i.e. BE, IE, PT and UK, the basic profiles have a lower charge than the passive profiles. This is because access to those accounts is restricted to financially excluded people;
- In FR and NL the two profiles have the same value;

[14] In total nine countries have a provision (BE, DE, FR, IE, IT, NL, PT, SK and UK, being understood than such provision is currently under discussion in IE) but only six have a specific account only accessible to financially excluded people: BE, FR, IE, IT, PT and UK.

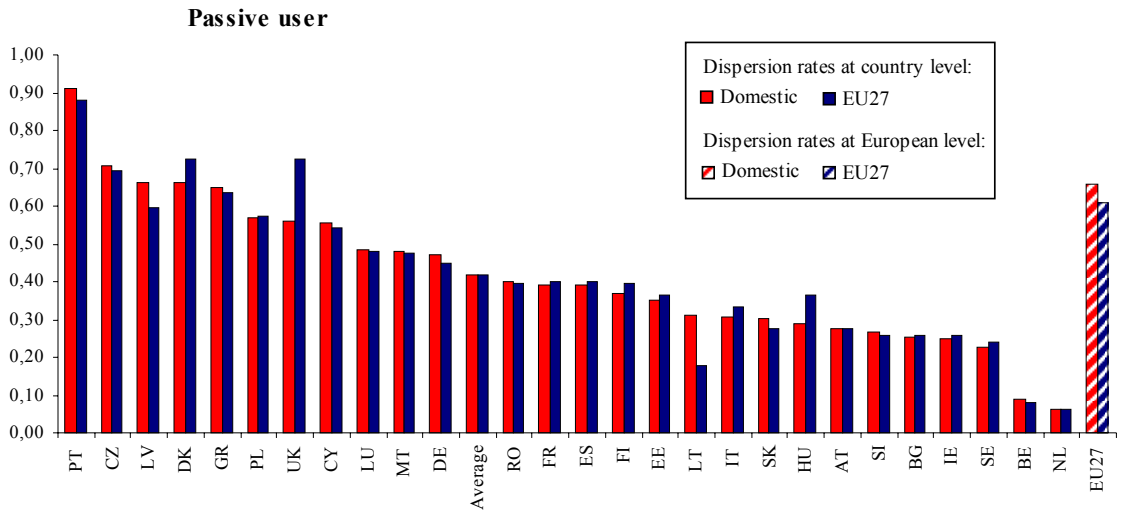
- In DE and IT the basic profiles are slightly higher than the passive profiles. In DE this is explained by the fact that the provision guarantees access to an account but there is no preferential price. In IT the basic profile includes more transactions than the passive profile while pricing is transaction-based.

2.2.2 DISPERSION ANALYSIS

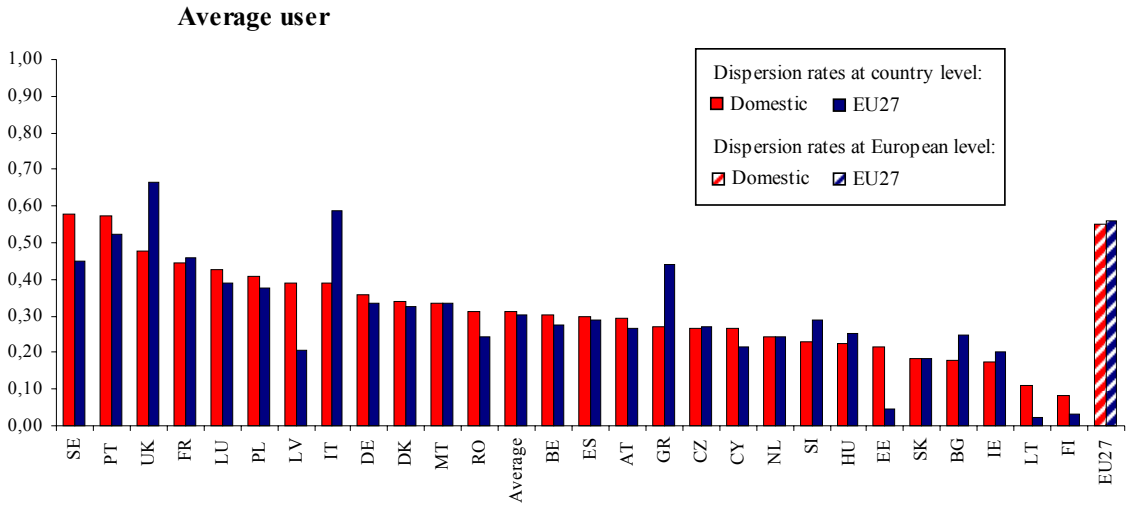
Dispersion analysis addresses the degree of dispersion of the priced profiles of a country's financial institutions. A low dispersion ratio means that the offers of the financial institutions are close in terms of price of the usage of a current account. This is usually related to a relatively higher degree of price competition between institutions. A high dispersion ratio is an indicator of price differentiation and of a relatively lower degree of price competition between institutions[15].

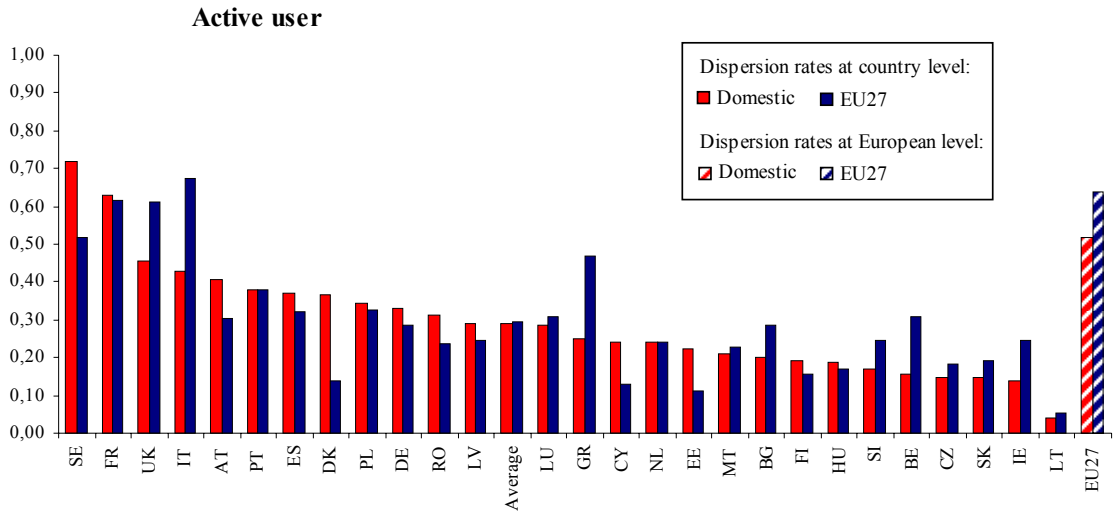
In the following graph the histograms show the degree of dispersion within the different countries for the different profiles. They also include the degree of dispersion between the 27 countries (extreme right bars). The figures used for this graph are presented in Annex 6.

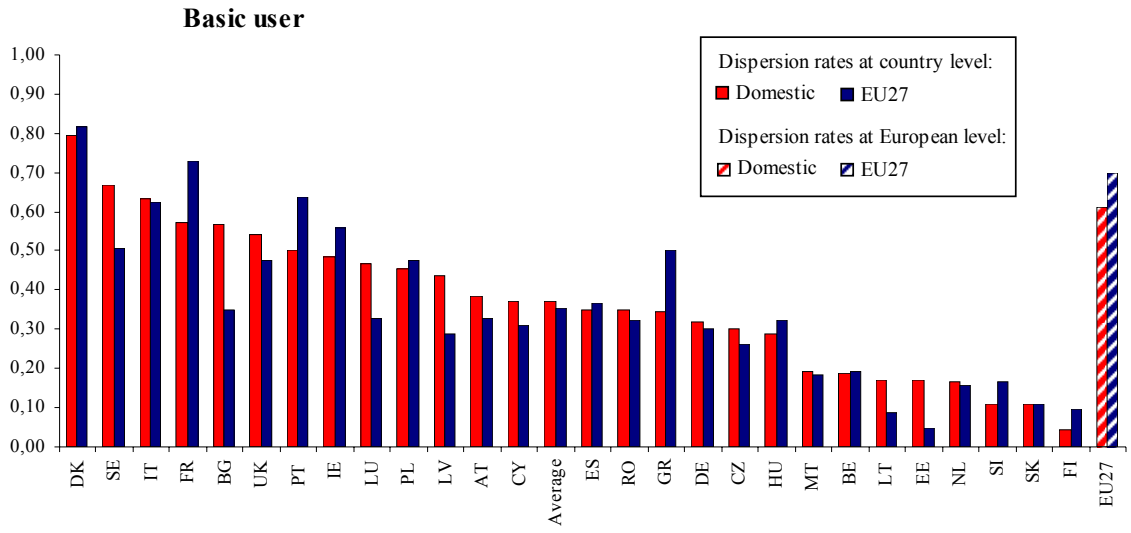
Graph 4 – Dispersion of the values of priced profiles



[15] A higher degree of price competition does however not necessarily mean a lower price, and a lower degree of price competition does not necessarily mean a higher price. This is evidenced by a low correlation coefficient between the two parameters (0.17) and reflects that the price levels are influenced by other factors as well.


Average user
1,00
0,90
0,80
0,70
0,60
0,50
0,40
0,30
0,20
0,10
0,00
Dispersion rates at country level:
Domestic
EU27
Dispersion rates at European level:
Domestic
EU27
SE
PT
UK
FR
LU
PL
LV
IT
DE
DK
MT
RO
Average
BE
ES
AT
GR
CZ
CY
NL
SI
HU
EE
SK
BG
IE
LT
FI
EU27


Active user
1,00
0,90
0,80
0,70
0,60
0,50
0,40
0,30
0,20
0,10
0,00
Dispersion rates at country level:
Domestic
EU27
Dispersion rates at European level:
Domestic
EU27
SE
FR
UK
IT
AT
PT
ES
DK
PL
DE
RO
LV
Average
LU
GR
CY
NL
EE
MT
BG
FI
HU
SI
BE
CZ
SK
IE
LT
EU27



1. Dispersion according to profiles

   Overall (21 out of 27 countries), there is more dispersion for the passive and basic profiles than for the average and active profiles. However the opposite is true for the following countries: AT BE FR NL SI SE.

   This higher dispersion for passive and basic profiles might be explained by the fact that the pricing of some banks would not be well suited to the basic and passive profiles: e.g. where a bank's pricing accounts for a significant use of credit transfers that are of limited relevance for these profiles. Such situation would increase the differentiation of these banks compared to the others in the same country and thereby increase dispersion.

   This kind of partial mismatch between basic and passive profiles on the one hand, and the pricing patterns of some banks on the other can be illustrated with the very low value of the passive profile for a bank in GR or for another bank in PT. We also observed examples of countries with one or several banks whose priced profiles are atypical, i.e. very low or very high compared to the other banks.

2. Country dispersion

   Considering the average and active domestic profiles[16], for 23 countries out of 27 the positioning above the average (larger dispersion) or below it (smaller dispersion) is similar across the two profiles. This is not the case for AT ES LU and MT.

[16] We focus on these two profiles for the reasons explained in section 2.2.1 above: the basic and passive profiles tend to increase dispersion while average and active profiles provide a better representation of it.

The countries that present a larger than average dispersion are: DK FR IT LV PL PT SE UK. We would infer that in these countries there is a relatively lower degree of price competition between institutions.

The countries that present a smaller than average dispersion are: BE BG CZ EE FI HU IE LT NL SI SK. We would infer that in these countries there is a relatively higher degree of price competition between institutions.

3. Domestic versus EU

On average, there is no difference in dispersion between EU profiles and domestic ones, and this for all profiles. This is also the case for a majority of countries (two thirds on average).

However, for a few countries, there is a significant discrepancy between the domestic and EU dispersions. This can be explained by the fact that in a given country, banks' priced profiles react differently to the EU profile: in some cases, dispersion is reduced (e.g. EE, LV and LT for average users), in other ones (more numerous) dispersion increases due to a kind of "over-reaction" of the priced profile of some banks which have a slightly atypical pricing model compared to other banks in the country. This is in particular the case for:

- A bank in the UK, unlike other banks which penalise unauthorised overdraft per occurrence/month, also penalises them according to the duration in days: this makes these overdrafts more costly for its accounts especially for the EU profile, accounting for less frequently occurring overdrafts;
- For IT, the EU profile provides for a larger number of transactions than the domestic; and this larger number is applied to an expensive and dual pricing model (based on packages and cost of transactions);
- In GR, a bank does not apply any particular (lower) tariff for electronic credit transfers; another bank applies a very high price to chequebooks;
- A Bank in Ireland imposes higher charges for account movements than do other banks;
- A bank in BE has two accounts out of three for which cheques are very expensive.

4. Dispersion between the 27 EU countries

There is more dispersion between countries than on average within them. E.g. for the domestic average profile, the respective figures are 0.55 versus 0.31. This confirms the fragmented character of the European market of retail banking services.

Domestic average and active profiles are less dispersed than domestic passive and basic ones. This confirms the findings mentioned under 1 above regarding the dispersion within countries.

Dispersion is a bit greater by EU standards than by domestic ones. This results from the fact that EU standards increase the differences of price levels between countries, as they do within them.

2.2.3 SYNTHESIS

The review of the values of priced profiles and of their dispersion provided the following evidence:

- Consistency can be observed between domestic usage patterns and domestic tariffs due to a mutual adaptation process[17]. There is less consistency with EU profiles and this explains the higher value when compared with domestic profiles in most countries, regardless of the intensity of usage; this is confirmed by the deviations in dispersion between domestic and EU profiles for a number of countries;
- For most countries, dispersion is greater for the passive and basic profiles than for the average and active ones. This is because the former profiles increase the effects of rather atypical tariff setting from some banks. It made us favour an analysis based on average and active profiles;
- Analysis of the dispersion of priced profiles allowed distinguishing between countries with stronger versus weaker price-based competition between financial institutions.

Referring to the analysis of the second edition of The Consumer Markets Scoreboard, pp 25 and 26, we observe that in the present study, the dispersion of country average prices varies between 0.52 and 0.70 depending on the profiles concerned. This confirms that prices of retail banking services are more dispersed across Member States than other services presenting a median value of dispersion of 0.44 (2nd Consumer Markets Scoreboard) and thus that the Internal Market is more fragmented in the area of retail banking services than in other areas.

2.3. *TRANSPARENCY AND COMPARABILITY OF PRICES*

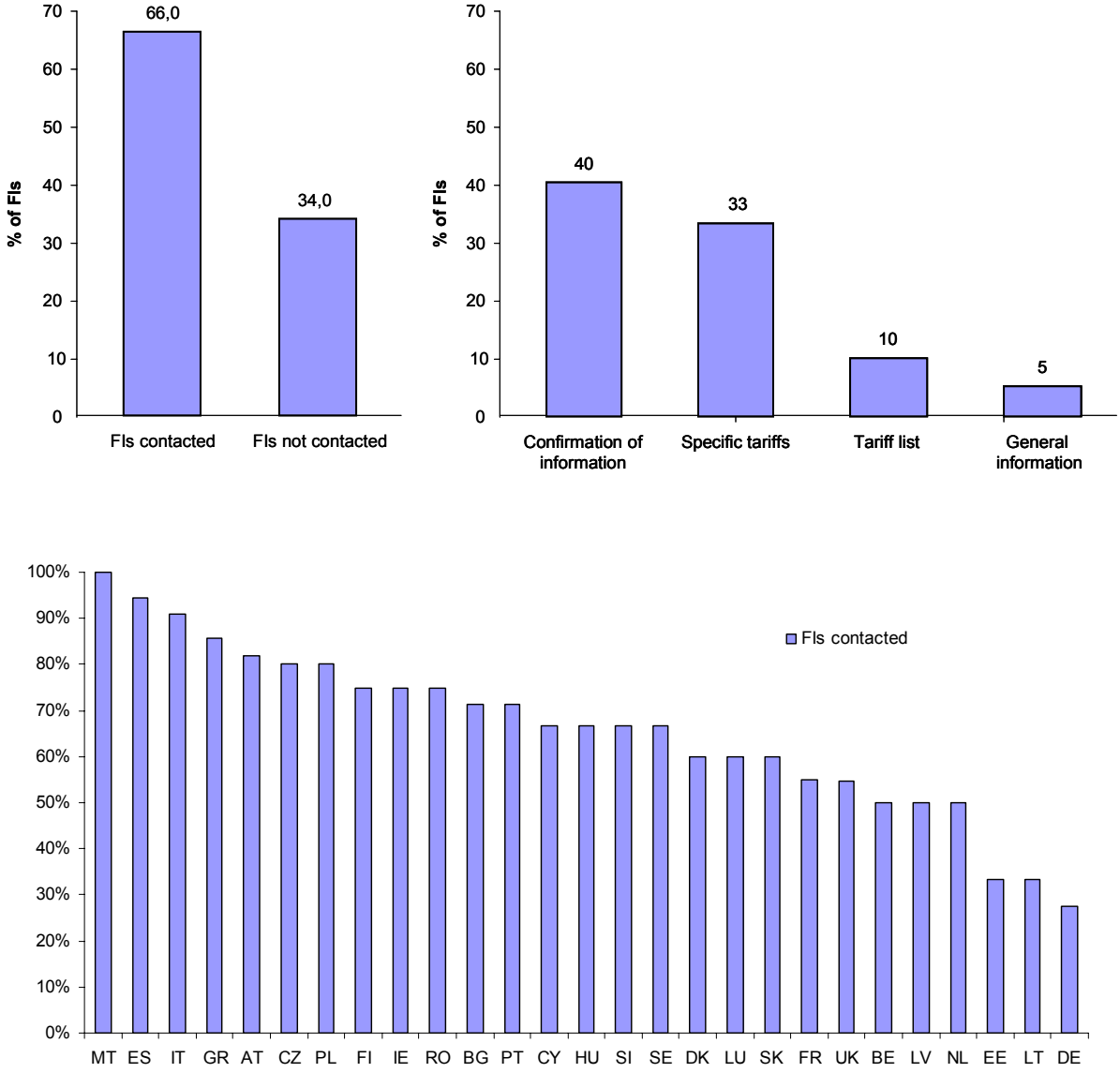
Transparency and comparability of prices was analysed as follows: we first analysed the needs to contact the financial institutions in order to complement the information available on their web sites. Afterwards we proceeded with a synthetic appraisal of the transparency and simplicity of the tariffs. We concluded with an analysis of the relation between the transparency of prices and their level.

2.3.1 CONTACTS WITH FINANCIAL INSTITUTIONS

The following graph shows the share of banks that needed to be contacted in order to complete the information available on their web sites, the types of information required as well as the proportions of banks contacted per country. It is worth noting that these figures regard mostly the availability of information on the bank web sites for the purpose of data collection.

[17] Such consistency is also observed in the second edition of The Consumer Markets Scoreboard, p. 33: "…bank fees are to some degree adjusted to local needs …"

Graph 5 – Status of contacts with the 224 financial institutions[18]



Altogether, 66% of the banks surveyed required additional contact while 34% did not since the information located on their site was sufficient for the purpose of data collection. These figures confirm those of the 2007-2008 study preparing the monitoring of the impact of SEPA which were respectively 69% and 31%.

Among the reasons why the banks were contacted, there are two major ones and two minor ones:

- 40% of FIs were contacted to confirm data collectors' interpretations of prices or for additional tariff clarifications;

[18] Some institutions were contacted to obtain several types of information.

- For 33% the price information in their tariff list was incomplete and they were contacted for completing it;
- 10% had no or little price information available on their website, which made it necessary to ask for a complete tariff list;
- 5% were contacted for very general information on what they offered. This contact was usually necessary in order to clarify the pricing pattern in the country.

When looking at contacts per country, a first observation is that banks were contacted in all countries.
The countries where most banks were contacted are Austria, Greece, Italy, Malta and Spain. In Austria, Greece and Malta, the main reason for contact was to obtain a tariff list or some specific tariffs. Confirmation of tariff interpretation was the main reason in Italy and Spain, and a second reason for contact in Greece.

Countries for which a limited proportion of banks were contacted for a complete data collection were Estonia, Germany and Lithuania. In these countries, complete price information was usually available on the banks' websites and contact was only necessary in a few cases to confirm some tariff information collected or to obtain specific missing tariffs.

Data collectors reported that contacts with bank employees did not always go smoothly. Banks were contacted either electronically or by phone. Email contact proved to be less efficient while phone contact usually allowed for better communication on the information required. The request for tariff lists was in most cases difficult and required recurring contacts. When contacting bank employees by email, they usually referred the data collectors to the customer service phone number. When calling, they agreed to give the information orally but refused or were reluctant to send the tariff list electronically or even to fax it. One bank replied they were not allowed to send price related information in writing. Prices were said to be only accessible over the phone or in the bank branches. Data collectors however systematically asked for written confirmation by email which was done in most cases.

When additional tariffs or clarifications were requested, bank employees were usually more flexible. In the case of very specific services, they were however not always able to help the data collectors. It was observed that their knowledge of general prices was satisfactory but that they were often facing the same questions as the data collectors when looking at the details of tariff lists.

These data indicate first that for a two-thirds majority of the institutions, information on their website either is not fully clear or is incomplete; second, that in about half of these cases the incompleteness is related to specific tariffs that are missing; in the other half it is related to some lack of clarity.

2.3.2 APPRAISAL OF THE TRANSPARENCY AND SIMPLICITY OF TARIFFS ACROSS COUNTRIES

Assessment of transparency and simplicity proceeded as follows.
The primary inputs from the data collectors[19] on different parameters of the transparency of price-related information were reviewed as to their quality: this review was applied to all tariffs collected

[19] These primary inputs were quantified assessments (from 5 (high score) to 1 (low score)) of the availability of the tariffs on the banks' web sites, their visibility and accessibility, and their clarity. The time needed to collect information was also recorded per financial institution. This figure highlighted that collecting the data was extremely time consuming on the whole and that therefore a consumer who wanted to compare all these charges would have to invest a lot of time.

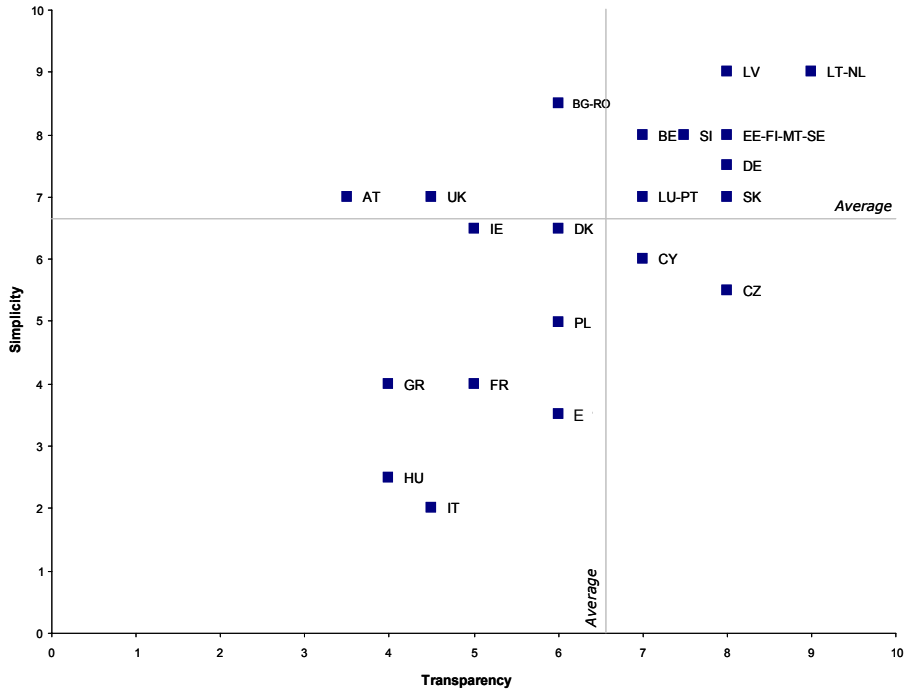
from all banks; it gave the consultants in charge of quality of the data collected an in-depth knowledge of the tariffs as well the opportunity to reflect on the transparency of tariffs between countries from a consumer point of view.
Then, two consensus building sessions took place, one to design two indicators of transparency (see below) and the other to build consensus scores on the two indicators for each of the 27 countries.

We distinguished between two dimensions affecting understanding of the current account tariffs from a consumer point of view:

- The relative simplicity of tariffs, i.e. the fact that the number of components of a tariff is limited or, in complete contrast, is large;
- The relative transparency (versus opacity) of tariffs i.e. the fact that there is a need or not, to make an in-depth search to fully understand the scope of a price and subsequently to identify the total price to be paid by the consumer.

The consensus building process led to the following positioning of the 27 countries along the above-mentioned dimensions.

Graph 6 – Country positioning on simplicity and transparency of tariffs



This graph reflects a significant correlation between the two parameters (0.66) which can be explained by the fact that the smaller the number of components of a tariff, the easier the understanding of the whole scope of the tariff will be.

From this graph, we can derive the following conclusions:

- Overall, 17 countries are above average regarding simplicity, compared to 10 that are below;
- For transparency, 15 countries are above average, compared to 12 that are below; overall the performance is thus a better as regards simplicity than as regards transparency;

- 13 countries are above average on the two dimensions, compared to 14 that are not; countries above average on the two dimensions are BE DE EE FI LT LU LV MT NL PT SE SI SK;
- EU12 countries perform better than EU15 on the two dimensions but more particularly as regards transparency, due to a weaker performance by EU15 countries. This better performance of EU12 countries confirms the results from the previous section.

Regarding the analysis of transparency and comparability of prices as a whole, we conclude that there remains work to be done since a minority of financial institutions (34%) provide sufficiently clear public information and a small majority of countries (56%) are above average in terms of simplicity and transparency of tariffs.

2.3.3 PRICE LEVELS AND TRANSPARENCY-SIMPLICITY

The graph below shows the positioning of countries when considering the price levels of the domestic average user profile and an indicator of transparency and simplicity[20].

The positioning of the 27 countries is represented by the dotted line which shows a significant negative correlation (coefficient of -0.56[21]) between prices and transparency/simplicity.

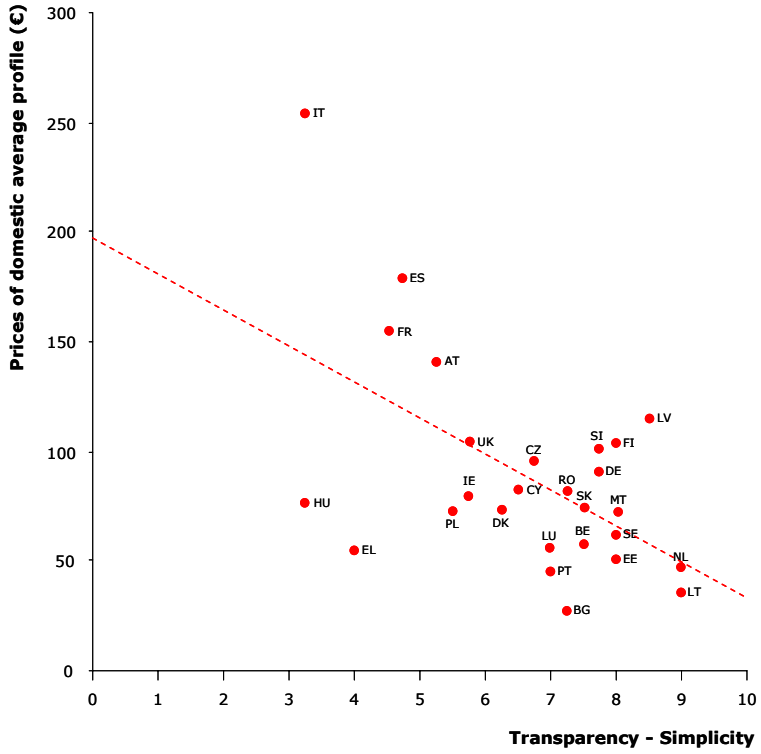
This result is very interesting in that it establishes clearly that a relation exists between price levels and transparency levels; and that countries where tariffs are more transparent tend to have lower prices and vice versa.

This result is also confirmed by a correlation (coefficient of -0.53) between the prices of current account (domestic average user) and the "percentage of consumers who find it difficult to compare current account prices" (source: Flash Eurobarometer 282 carried out in 2009, to be published).

[20] This indicator combines the values of the transparency and simplicity indicators presented in section 2.3.2 above.

[21] The corresponding coefficients for the active, passive and basic profiles are respectively -0.51, -0.48 and -0.39.

Graph 7 – Price of average profile vs. transparency and simplicity



3. METHODOLOGY

The present section addresses the following topics: the data collection, the setting-up of the profiles, their pricing, the data analysis and the usage of payment related services.

3.1. *DATA COLLECTION*

The first step in the data collection was the selection of the financial institutions (FIs) in the 27 Member States.

The objective of this selection was to obtain a representative sample of FIs offering retail banking services to private customers, from a quantitative as well as qualitative point of view. This meant that the institutions selected had to represent a significant part of the market as well as the diversity of institutions' categories. Overall the sample represented 81% of the market in terms of customer deposits for the year 2007[22]. Total customer loans and total assets were also used as control parameters of customer deposits. Data on the market shares were collected using the Bankscope database. When available, unconsolidated data were preferred. For a number of countries, consolidated data had to be used because recent unconsolidated data were not available for each company. The sample is also representative of the diversity of financial institutions since in addition to commercial banks it includes savings, cooperative, real estate/mortgage and postal banks whenever relevant to the countries concerned.
The details of this selection are presented in Annex 2.

The second step was the selection of accounts. The data collection requested a pre-established list of accounts available in the 27 Member States. To allow for setting up such list, several features related to the account offer were selected, such as the range of banking services accessible through the account, the pricing models and the channels of distribution. Also three main features motivated the exclusion of accounts:

- A too restrictive access to services i.e. accounts that did not allow for at least cash utilisation and payment transactions services simultaneously;
- Too specific consumer banking needs (e.g. direct access to foreign currencies);
- Conditional access to accounts related to specific consumer characteristics (such as professions or occupation, age, marital status including family status);

Regarding the application of the third criterion, information collected on the web sites of relevant banks across countries as well as from banking associations in most Member States made us nonetheless retain 'students & young persons' accounts and post accounts in the selection due to their relative importance.

For the banks in the sample, information was collected for different types of accounts corresponding to the criteria presented above: basic/social accounts, current accounts (including family and post accounts), electronic accounts, packages and young people/student accounts. The following table gives the number of banks per country for which each of these account types were available.

[22] Most recent data at the time of FIs selection.

Table 2 – Number of FIs per country offering different types of accounts

Number of FIs offering different types of accounts	total # banks in sample	basic / social account	Current account	electronic account	package	young people and student account
Austria	**11**	0	8	0	11	10
Belgium	**6**	4	6	2	5	3
Bulgaria	**7**	0	7	0	1	0
Cyprus	**3**	0	3	1	0	3
Czech Republic	**5**	0	5	1	5	4
Denmark	**5**	0	5	1	4	4
Estonia	**3**	0	2	0	1	3
Finland	**4**	0	4	0	3	2
France	**20**	12	13	6	19	18
Germany	**29**	0	25	12	17	22
Greece[23]	**7**	0	6	0	1	3
Hungary	**6**	0	5	3	6	3
Ireland	**4**	-[24]	4	0	2	4
Italy	**22**	15	19	19	18	17
Latvia	**6**	0	4	0	2	1
Lithuania	**3**	0	3	0	0	0
Luxembourg	**5**	0	5	0	3	4
Malta	**3**	0	3	2	1	1
Netherlands	**4**	0	2	0	4	3
Poland	**10**	0	10	7	9	8
Portugal	**7**	3	7	0	5	6
Romania	**8**	0	8	0	3	0
Slovakia	**5**	0	5	0	5	5
Slovenia	**6**	0	6	1	2	5
Spain	**18**	0	17	2	7	4
Sweden	**6**	0	6	1	0	2
United Kingdom	**11**	8	11	0	1	7
TOTAL banks	**224**	42	199	58	135	142

Special social provisions exist in nine countries. Specific basic accounts were found in six countries (see table above). In three other countries, i.e. Germany, The Netherlands and Slovakia, banks agree to offer the simple current account to financially excluded people under the principle of "an account

[23] In Greece, the data collection targeted seven FIs altogether. Since no pricing information could be obtained from one bank, the analysis is based on the data from six banks.
[24] In Ireland, provisions for social accounts are still under discussion.

for everyone". In Ireland, a proposal for a basic bank account is under discussion, though not yet implemented.

Standard current accounts were available in most banks. It was observed that a few banks were only offering packages of services. Electronic banks in the sample only offer electronic accounts.

Electronic accounts are available in 58 banks (13 countries). When no electronic account is available, the account holder can usually access electronic banking, including ATM, phone, internet and/or mobile banking, for a low or no fee.

Packages offered by banks include at least one service in addition to the current account. This concerns free transactions, cards or the use of electronic channels. Some packages only include a few services, while others offer a whole range of services. In three countries (Cyprus, Lithuania and Sweden), no packages are offered.

It is widespread to offer student, graduate or young people accounts. When no specific account exists for this category, banks often offer special cards for students. This is for example the case in Lithuania. In some cases, they may also offer lower fees for students or young people. This was observed in Germany and Sweden among other countries.

The transactions considered were all transactions related to using a current account. They include in particular the operations linked to the account itself (e.g. opening), to debit cards, to delayed debit or credit cards, to credit transfers including standing orders, to direct debit orders and to cheques.

The services related to using an account include in particular distance banking services as well as overdraft facilities, which significantly affect the price of accounts in particular countries like the Baltic countries and UK for overdrafts, FR and SE for distance banking services.

The third step of the data collection was the development of data collection guidelines that ensured homogeneous searches across countries and FIs. The data collection guidelines that were used are presented in Annex 3.

Once the selections were completed and the guidelines ready, the collection of tariffs of the payment-related services began. Data were collected from February 2009 till April 2009. Most data were found on the web sites of the FIs. However, in some cases it was necessary to call the FIs directly or require further information from agencies.

As detailed in Section 3.4 Transparency and comparability of prices, in terms of availability of the whole information regarding tariffs on the FIs' web sites, the results were fully satisfactory for one third of them.

3.2. *SETTING-UP THE PROFILES*

We considered a total of eight consumer profiles using both domestic and a European (EU27) usage rates. The domestic usage rates are based on a variety of country-specific data sources to identify average usage frequencies for each service or transaction associated with a current account. The European (EU27) usage rates are a weighted average of the 27 domestic ones, banked adults being used as weight factor. Domestic and European consumer profiles consisted of four types of consumer profiles:

1. **Average user profile** corresponds to the entire population of current account holders, providing us an understanding of how a random individual from the relevant population behaves;

2. **Active user profile** is composed of those who engage in each transaction frequently, comprising the top 1/3 users when individuals are ordered according to their usage intensities;
3. **Passive user profile**, in turn, comprises the bottom 1/3 users ordered according to usage intensities.
4. **Basic user profile** comprises users with a low-cost "basic account", where the permitted transactions are clearly defined. Such an account is available in seven EU members. For other countries, a generic basic account is assumed to exist. See Annex 4, section 4.4, for a detailed description of the construction of social profiles.

The usage rates displayed significant variance among the EU Member States. The varied usage patterns are most likely a natural outcome of price differences within the Union. In one country demand for a particular service is lower than in another country when its price is relatively higher.[25] In turn, price differences may be an outcome of the supply mechanics, such as the infrastructure, and the banks' market power.

An inter-country comparison based on domestic profiles has advantages and disadvantages: it takes account of the domestic adjustments of prices and usage rates; but at the same time it is not a pure price comparison since domestic usage rates are at stake. One way to address this disadvantage is to use a uniform profile that reflects Union-wide use of services, or the EU27 average usage rates.[26] By applying a single series of usage rates to all Member States, the comparison helped to highlight differences in relative prices only. As an additional benefit, the Union-wide usage rates also provided a means for measuring the robustness of our comparisons. To achieve this latter purpose, EU27 usage rates were calculated for the four profiles of consumers, consisting of passive, average, active and basic/social users. A relative disadvantage of the EU profiles is that, by its very nature (uniform usage rates), it takes insufficiently account of the matching of domestic prices and usage rates (for further explanations, refer to section 2.2.2 above).

To build the usage profiles in each country a variety of resources were used. The total number and value of transactions for key transactions such as card payments, non-card payments, withdrawals and deposits were obtained from the European Central Bank's Payment and securities settlement systems information (the "Blue Book" database) .[27] A summary of the Blue Book transactions that were used in this study are as follows: [28]

[25] In some cases, there may be other, non-price factors at work; an underdeveloped infrastructure, presence of a big unbanked population, or a lack of interest in electronic services could lead to lower usage of specific services.

[26] An alternative method of making comparisons would be focusing on an arbitrary set of services or usage patterns. However, such comparisons can be flawed since the additional use of one service often leads to other transactions. For example, apart from the per-transaction charges, most services often involve fixed set up or initialisation fees. Moreover, one transaction often substitutes another: an additional standing order transaction replaces other types of payments, such as credit transfers, cash withdrawals, or cheque payments. This implies that the relevant cost reductions also need to be factored in when considering the overall costliness of a service. Perhaps most importantly, the relevance of all these costs depends on the frequency and value of all the transactions involved. To ensure that the comparisons are not based on flawed grounds, the uniform profile has to reflect realistic usage patterns.

[27] European Central Bank, 2007, 'Blue Book – Payment and Securities Settlement Systems in the European Union', Statistical Data Warehouse; available at: http://sdw.ecb.europa.eu/reports.do?node=100000760

[28] The definitions are in line with ECB (2007), *Detailed Reporting Requirements for General and Payments Data*, November.

1. **Card payments.** Payment transactions performed with debit or credit cards at a terminal or via other payment channels. Two forms of payments are also reported separately as **card payments – debit** and **card payments – credit**. Payments using delayed debit cards[29] are included in the category of credit card payments. E-money transactions[30] (see below) are excluded. Card payments cover **point of sale (POS) transactions,** which are initiated through a POS terminal[31] using a card with debit, credit or delayed-debit functions. Non-POS payments include online and phone payments.
2. **Credit transfers.** Paper-based or non-paper-based (i.e. electronic) payment orders initiated by the payer to transfer funds to the beneficiary.
3. **Direct debits.** An authorised debit of funds from the payer's bank account initiated by the beneficiary.
4. **Cheques.** A written order of payment requiring one party to pay a specified sum on demand to another party.
5. **Cash withdrawals.** Automated Teller Machine (ATM) cash withdrawals using a card with cash function and over-the-counter withdrawals. Cash advances at point of sale (POS) terminals are included, unless they take place along with a payment transaction that is considered as a POS transaction (see below).
6. **Cash deposits.** ATM and OTC cash deposits using a card with cash function.

Although the above list covers a large portion of transactions that are associated with a current account, it is nevertheless incomplete. First, the Blue Book database does not provide a breakdown according to sectors (i.e. households, corporations, government, etc.). This means that we only have information on aggregate number and value of transactions but do not know which ones are initiated by households, which is the sector on which we focus. Second, there is no information on the intensity of usage, which makes it impossible to distinguish between active and passive users. Third, the database does not cover all the transactions associated with a current account.

3.2.1 ADJUSTING DATA FOR HOUSEHOLDS IN BLUE BOOK DATA

In order to remove the transactions of non-household sectors, i.e. corporations and the government, we used supplementary information to determine the share of transactions by households. For adjusting the number of transactions, it was assumed that one Euro held in a deposit account generated a constant number of transactions by different sectors. For example, it was clear that for ATM withdrawals, one Euro of deposit would generate significantly more transactions by households than any other sector. For adjusting the (total) value of transactions, it was assumed that one Euro of expenditure generated a constant value of transactions by different sectors. It was almost certain that the non-card payments conducted by corporations should by and large overwhelm the payments by households since total expenditures of corporations were typically two to four times the expenditures of households. A more detailed explanation of the adjustments to the Blue Book data is in Annex 4, section 4.3.

[29] A card with a delayed debit function enables the holder to have the purchases charged to an account and not directly debited from the card-holder's account. Unlike a credit card, the card holder is obliged contractually to settle the account in full at the end of a pre-specified period.
[30] As specified in Directive 2000/46/EC, electronic money (or "E-money" for short) is monetary value that can be stored on an electronic device, which is issued upon the receipt of funds not less than the issued amount and accepted by undertakings other than the issuer.
[31] A POS terminal is a device which allows the use of payment cards at a physical point of sale.

After the total number and value of transactions conducted by households are adjusted as above, it is necessary to obtain per capita transactions. We focused on banked adults, i.e. proportion of banked individuals multiplied by the entire population aged 18 and over, as a description of the relevant household sector. The following equation summarises this adjustment:

$$\text{Transactions per capita}_{\text{Country A, 2007}} = \frac{\text{Total transactions}_{\text{Country A, 2007}}}{\text{Adult banked population}_{\text{Country A, 2007}}}$$

3.2.2 OBTAINING USAGE INTENSITIES

To construct the active and passive profiles, information on how often a customer engaged in a specific transaction was needed. Data on usage intensities covering all the member studies and the range of services considered in the study was generally not available. We had access to a limited number of resources provided by national central banks, industry studies and consumer association surveys on the usage of key services to obtain this information. In Annex 4, there is a detailed explanation of these sources and as well as an explanation on how the usage intensities obtained for one country were extrapolated to other countries.

3.2.3 TRANSACTIONS NOT COVERED IN BLUE BOOK

The Blue Book covers only a quarter of all the transactions included in the study. A number of supplementary sources of information were used to construct the usage rates for the remaining transactions. These sources included information provided by individual central banks and industry studies. See Annex 4 for a detailed description of the methodology for constructing profiles when Blue Book data was insufficient.

3.3. *PRICING THE PROFILES*

The parameters that enter into the price calculations were all tariffs collected which represented a cost for the consumer and corresponded to operations actually used. Examples are the costs of account statements, cash withdrawals, renewal of debit card, issuing a credit transfer, etc. All parameters represent a charge with the exception of interests paid on accounts which are a revenue reducing the total cost of the account.

Pricing the profiles implied first a filtering process regarding all tariff data collected: sets of accounts/packages and cards, compatible with each profile, were selected with a view to retaining the most standard. Starting from each account and package, these sets were combined with one or two cards. The sets were completed by adding the other services necessary to match each profile.

Each set specified the services included in the account/package as well as the price of each service. In a number of cases, pricing that was too detailed required a reduction of the complexity, i.e. by calculating averages.

Priced profiles were then derived from an automated process matching the selected sets with the profiles developed, i.e. for each service multiplying a price by a quantity to obtain a unique price per profile.

From these priced profiles at bank level, national averages were calculated taking into account market shares based on customer deposits.

Priced profiles expressed in local currencies were converted in euro using the average of the Eurostat exchange rate data over the period February - April 2009 corresponding to the data collection and quality control timing.

3.4. *DATA ANALYSIS*

3.4.1 INTER-COUNTRY COMPARISONS

The inter-country comparison analysis was based on graphs:

- Showing the usage rates in each country and making the necessary comparisons to EU benchmarks, the averages for EU27, EU15 and NMS-12;
- Comparing current account pricing for different usage profiles; and ranking the countries according to the pricing of the profiles.

3.4.2 ANALYSIS OF PRICE DISPERSION WITHIN COUNTRIES

This analysis was carried out country per country and at a European level...

For each country, the analysis was based on a graph that considered the domestic and EU active, average, passive and basic average priced profiles, for each FI and for the country. The country averages took into account the market shares of the FIs. The degree of dispersion of the priced profiles between the country's financial institutions was calculated as the coefficient of variation i.e. the ratio between the standard deviation and the average.

At European level the coefficient of dispersion referred to the dispersion between the average national prices of the 27 EU countries.

3.4.3 TRANSPARENCY ANALYSIS

Transparency and comparability of prices was analysed as follows: first an analysis of the needs to contact the financial institutions in order to complement the information available on their web sites. Afterwards a synthetic appraisal of the transparency and simplicity of the tariffs was made. The analysis was concluded with an examination of the relation between the transparency of prices and their level.

Transparency analysis was carried out on the basis of primary inputs provided by data collectors and reviewed by the consultants in charge of quality assurance.

Behaving like average consumers looking for information on the tariffs of current accounts, data collectors provided, for each financial institution studied, the following information:

- Time needed to collect information;
- Availability of tariffs on the FI's website;
- Visibility and accessibility of tariffs on the FI's website;
- Clarity of tariffs;
- Languages in which the information was available;
- Comments: additional comments explaining information provided or any other comment relevant to assess transparency.

The study team was aware that the scores mentioned above were provided by different data collectors, that these kinds of indicators leave room for subjectivity in scoring, and that no provision had been made to actually calibrate the data collectors' assessments on transparency. Therefore, we proceeded with a synthetic appraisal of the transparency, as explained below.

A synthetic appraisal of transparency was carried out, based on three components:

- The information given by the data collectors, as explained above;
- The quality review of the tariffs operated by the quality team; this review was applied to all tariffs collected from all banks; it gave the team an in-depth knowledge of the tariffs as well the opportunity to reflect on the transparency of tariffs between countries from a consumer point of view;
- Two consensus building sessions, one to design two indicators of transparency (simplicity and transparency) and the other to build consensus scores on the two indicators for each of the 27 countries.

The two indicators of transparency were defined as follows:

- The relative simplicity of tariffs, i.e. the fact that the number of components of a tariff is limited or, in complete contrast, is large;
- The relative transparency (versus opacity) of tariffs i.e. the fact that there is a need or not, to make an in-depth search to fully understand the scope of a price and subsequently to identify the total price to be paid by the consumer.

3.5. *USAGE OF PAYMENT RELATED SERVICES*

This section presents the main usage characteristics of banked adults in each Member State. To make these comparisons, seven types of payment transactions extracted from the ECB Blue book database have been selected, i.e. card payments (distinguishing between credit and debit card payments), POS payments, credit transfers (distinguishing between paper and non-paper based transactions), direct debits, cheques drawn, cash withdrawals and deposits (distinguishing in both cases between transactions conducted through ATM and OTC terminals). The Blue Book data is based on reports from individual credit institutions collected by each central bank.

For each Member State, the presentation comprises of two graphs that depict the transactions of banked adults for each of the seven payment transactions. The data tables corresponding to the diagrams are in Annex 4, section 4.3.

The first diagram provides a comparison of the number of transactions per banked adult for the country in question and the relevant benchmarks. The comparisons were made with the EU27 countries, the pre-2004 members (EU15) and the new Member States that entered the union after 2004 (NMS-12). This comparison allowed us to draw conclusions on the relative popularity of each payment-related service between countries with differing levels of financial development.

The second diagram provides the ratio of the total value of transactions to GDP, once again for each particular service. With this comparison, we get a more complete understanding of the importance of a particular service in payments transactions. While the usage intensity of a payment transaction may have a significant impact where significant fees are charged for each transaction, the overall value of transactions conducted through a particular channel gives a better understanding of the overall usages and where fees are charged according to the value of transactions.

Notes relative to the graphs below:

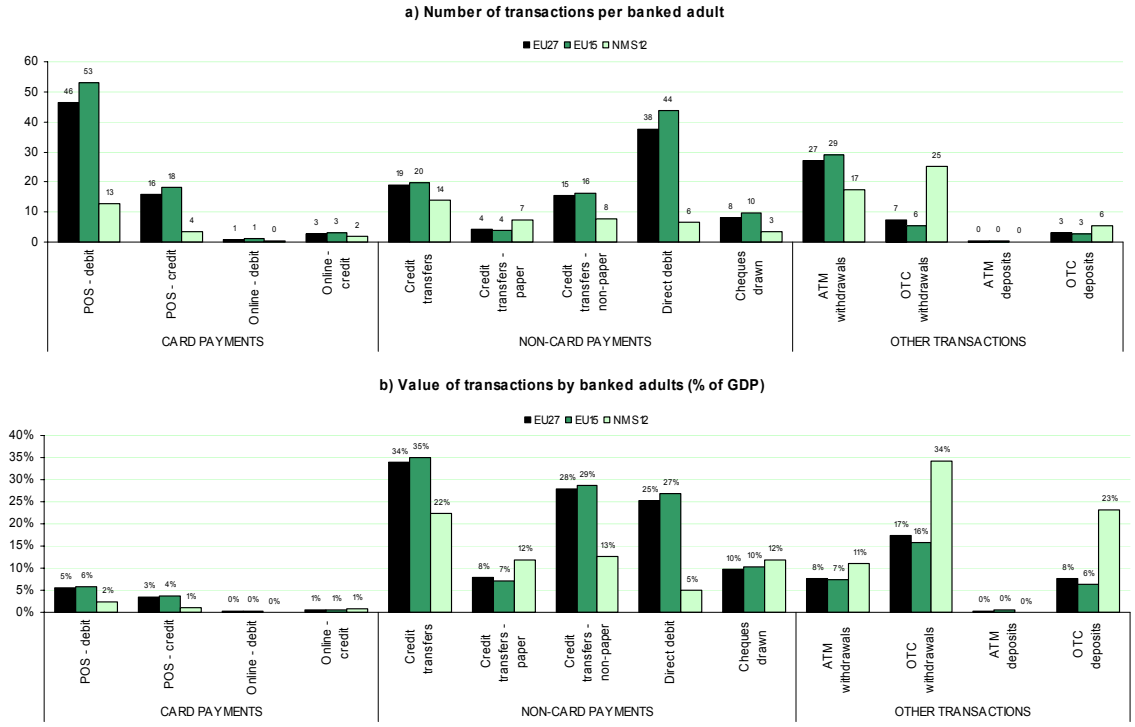
(1) All card payments are by cards issued in the country, excluding cards with an e-money function

(2) According to the definition of the ECB[32], card payments with credit function group the following sub-categories:
– "Payments with cards with a delayed debit function"
– "Payments with cards with a credit function"
– "Payments with cards with a credit and/or delayed debit function".

As a preliminary remark to introducing national specific features, average transaction numbers of the overall 27 Member States allow for establishing a standard European household behaviour. The comparison is complemented by including EU15 and NMS-12 averages as supplementary benchmarks according to the country in question.

The figures below present the relative importance of the selected payment-related services on average in the EU27.

Graph 8 – EU27, EU15, EU12 averages - relative importance of payment related services in 2007



The first diagram (panel 'a') shows that an average banked adult in the EU27 engaged in 62 point-of-sale (POS) payments comprising 46 debit payments and 16 credit card payments in 2007. Direct debit transactions were also quite popular in general, with an average of 38 transactions for EU27 countries. ATM cash withdrawals were also conducted relatively frequently, with 27 transactions in 2007.

In all but OTC transactions, the usage rates in the EU15 are higher. The greatest differences are in POS debit card payments, where the EU15 averages are about five times the NMS-12 averages; and, in direct debits, where an average NMS-12 banked adult engaged in only 6 transactions compared with an EU15 average of 44. In turn, the individuals in NMS-12 countries have a much higher rate of usage of OTC transactions, which is quite natural given the fact that a number of

[32] Ibid.

bank-based payment services are used much less. One exception is the paper-based (manual) credit transfers, which are used slightly more often in NMS-12 countries.

The second diagram (panel b) reveals the ratio of the total value of transactions to GDP. The figures make it clear that the total value of card payments is very small when compared to other forms of payments. The following general results emerge after an examination of the figure:

1. Card payments are conducted less in NMS-12 countries, although the differences are smaller for online payments. The wide-spread availability of POS terminals in some of the EU15 countries is probably the main reason for this outcome.
2. Credit transfers, which account for one-third of the GDP of EU15 countries, are a much less significant means of payment for NMS-12 countries. However, the difference is almost entirely due to the infrequent usage of non-paper based credit transfers. For paper-based transactions, there is little that separates the usage rates (i.e. total number and value of transactions) of NMS-12 and EU15 countries.
3. Direct debit transactions are conducted much less frequently by NMS-12 countries. This is represented in both the transactions and the value which is much lower than the EU27 and EU15 averages.
4. Cheques are used much less often as means of payment in NMS-12 countries, however the total value of cheques drawn by banked adults is slightly higher than the EU15 average.

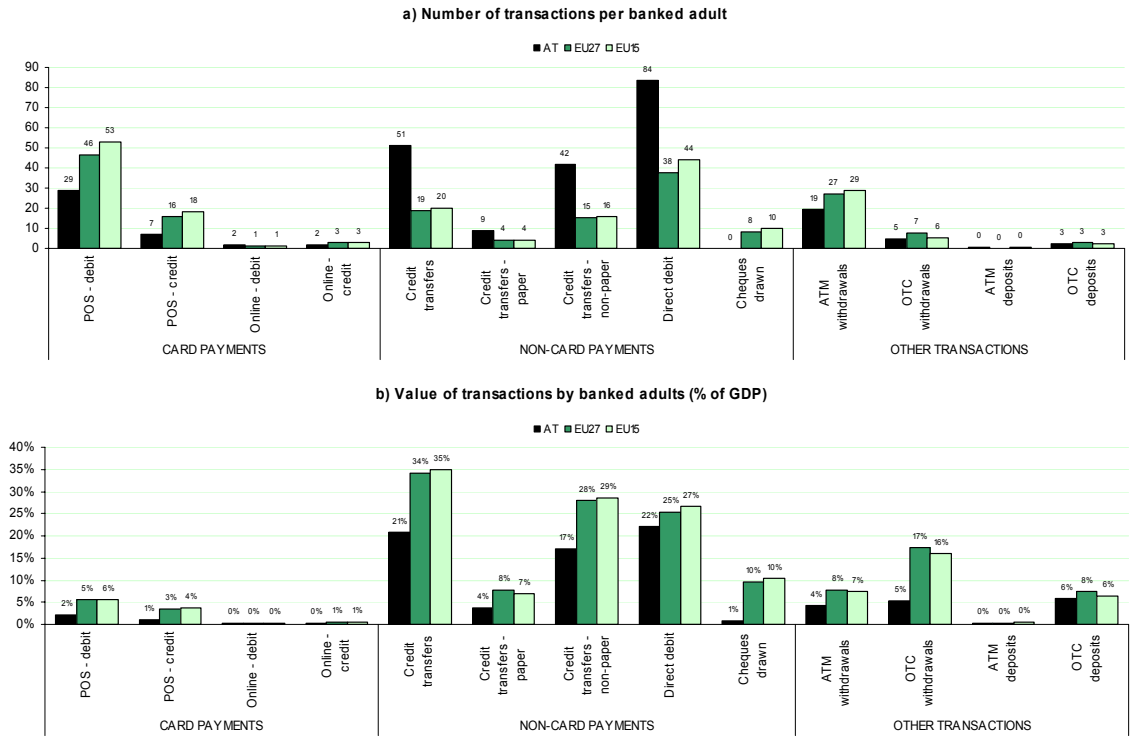
5. Amounts withdrawn from both OTC and ATM terminals are greater in NMS-12 countries, possibly accounting for the fact that other forms of payments are less popular. Combining the two panels, it is clear that the amount of cash withdrawn from an ATM for each transaction is greater in the NMS-12 countries. The costs associated with making ATM withdrawals could account for this, either in the form of on-us/off-us charges or in the form of transaction costs like distance to closest terminal.

We will continue our analysis by examining the usage rates in each country and making the necessary comparisons to EU benchmarks, the averages for EU27, EU15 and NMS-12.

In what follows, payment-related transactions refer to card payments and other (non-card) payments, comprising of credit transfers, direct debits, and cheques.

AUSTRIA

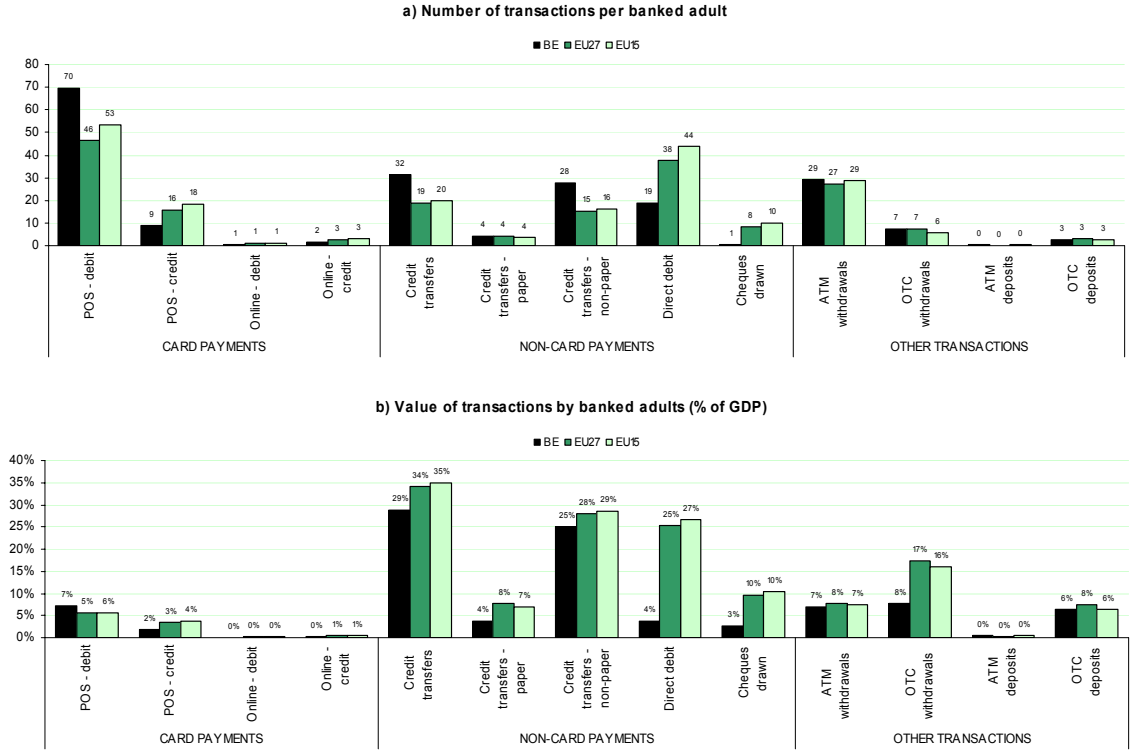
Graph 9 – AT - Relative importance of payment related services in 2007



- Payment related services are relatively popular in Austria. In terms of total usage, an average household engaged in a total of 175 payment-related transactions in 2007, which is above the EU15 average of 149 transactions.
- Austrian consumers use credit transfers and direct debits more readily. An average household in Austria engaged in 51 credit transfers and 84 direct debits in 2007, twice the EU15 average. Non-paper-based credit transfers are used particularly frequently, with an average banked adult engaging in nearly 3.5 of these transactions per month.
- In terms of total transaction value, direct debits have a dominant position, representing over 22% of the country's GDP in 2007, which is slightly lower than the EU average of 25%. Credit transfers, especially non-paper-based transactions, represent a lower proportion of national income and are significantly lower than EU averages.
- In terms of card payments, POS transactions are used less frequently and have a lower share in total value of transactions than the EU averages. While an average EU15 banked adult engages in 53 POS payments using a debit card, the comparable figure is only 29 in Austria. Similarly, the total value of transactions for debit card POS payments represents only 3% of the GDP, which is less than half of the EU27 and EU15 averages. Online card payments are used as often as the EU averages.
- On average banked adults engage in ATM and OTC withdrawals less often than in other EU Member States. The value-to-GDP ratios for these two transactions are below the EU averages. As in the rest of EU, OTC transactions occupy a large proportion of total transactions, accounting for about 20% to 25% of the GDP.

BELGIUM

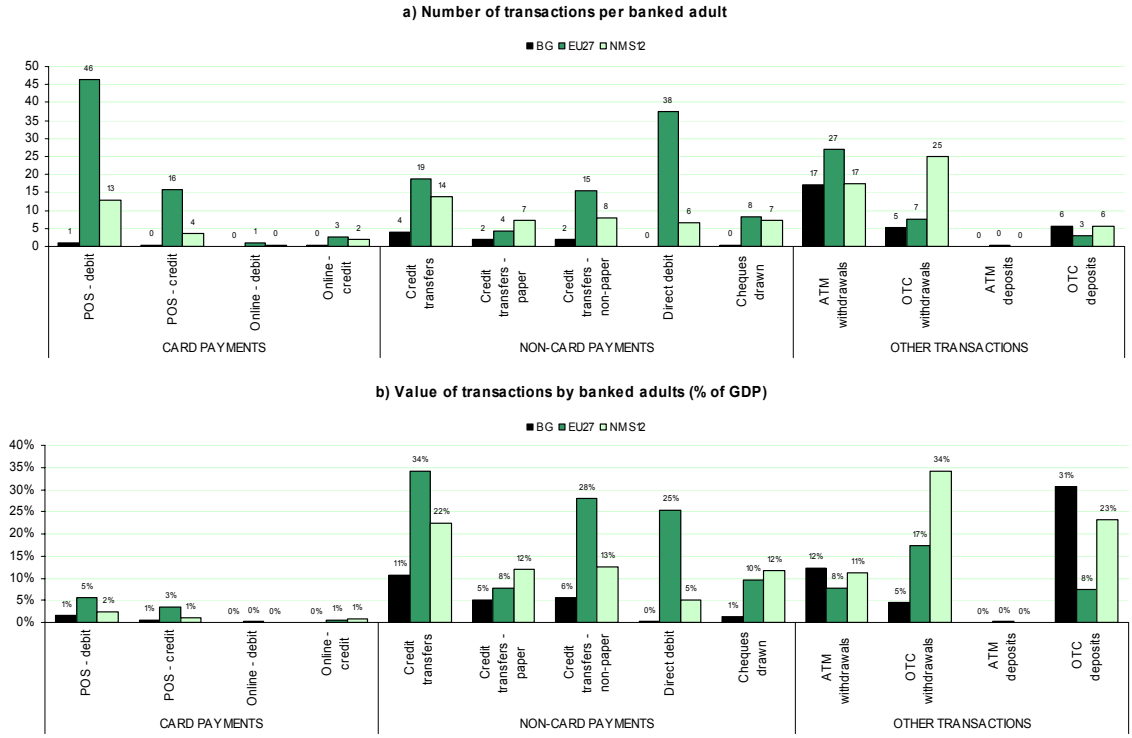
Graph 10 – BE - Relative importance of payment related services in 2007



- The use of payment related services in Belgium is comparable to the relevant EU averages. In terms of total usage, an average banked adult engaged in a total of 132 payment-related transactions in 2007, which is lower than the EU15 average of 149 transactions.
- Among all payment related services, Belgian banked adults use non-paper credit transfers and POS payments with a debit card more frequently than the EU averages. However, the two services represent around 32% of domestic income, about the same as the EU averages.
- Direct debits are used significantly less frequently and contribute to a much smaller proportion of the income.
- Belgian households appear to engage slightly more frequently in ATM cash withdrawals than in EU27, while the use of cheques is virtually non-existent.

BULGARIA

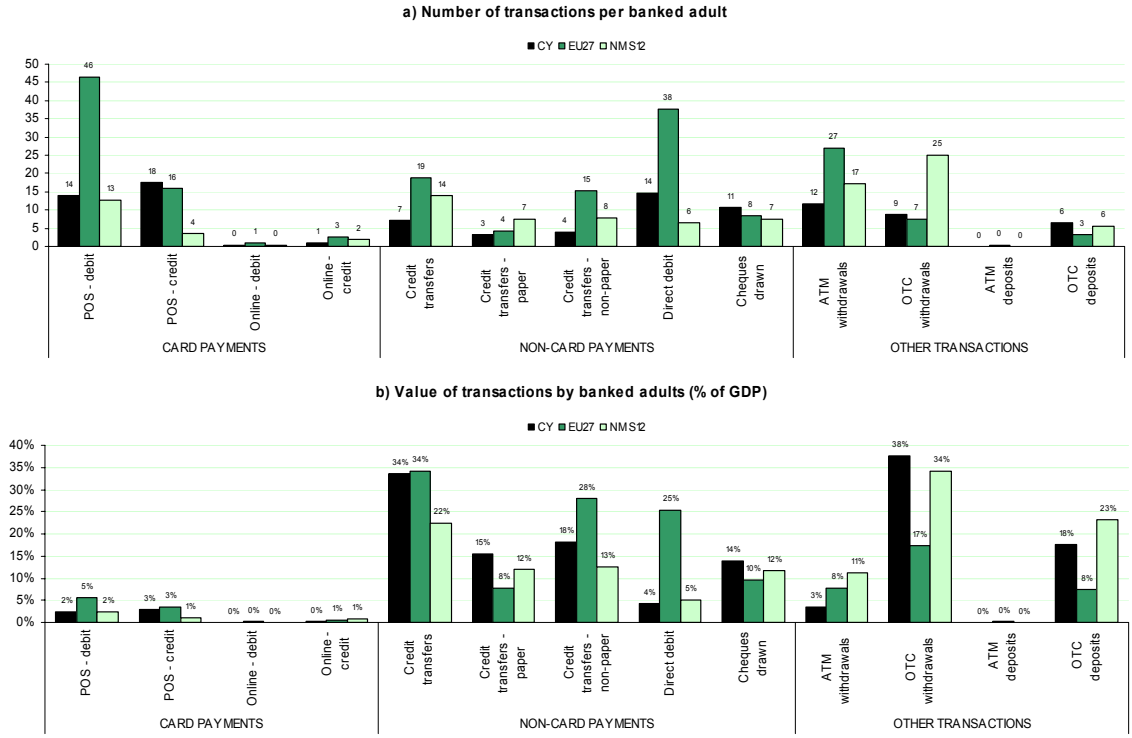
Graph 11 – BG - Relative importance of payment related services in 2007



- Bulgaria is well below the average for new Member States in all transactions except ATM withdrawals and OTC deposits, highlighting that the payment-related services are used less frequently.
- An average household engaged in a total of only 6 payment-related transactions in 2007, which is well below the NMS-12 average of 47 transactions.
- POS transactions and direct debits – popular means of payments in the EU27 – are rarely used in Bulgaria. The number of credit transfer transactions (4 transactions per banked household) is also nowhere near the EU averages. Online transactions are also virtually non-existent.
- In turn, an average banked adult made 17 ATM withdrawals, which equal to the NMS-12 average. These attributes of the Bulgarian payment services system show that electronic services are used less.

CYPRUS

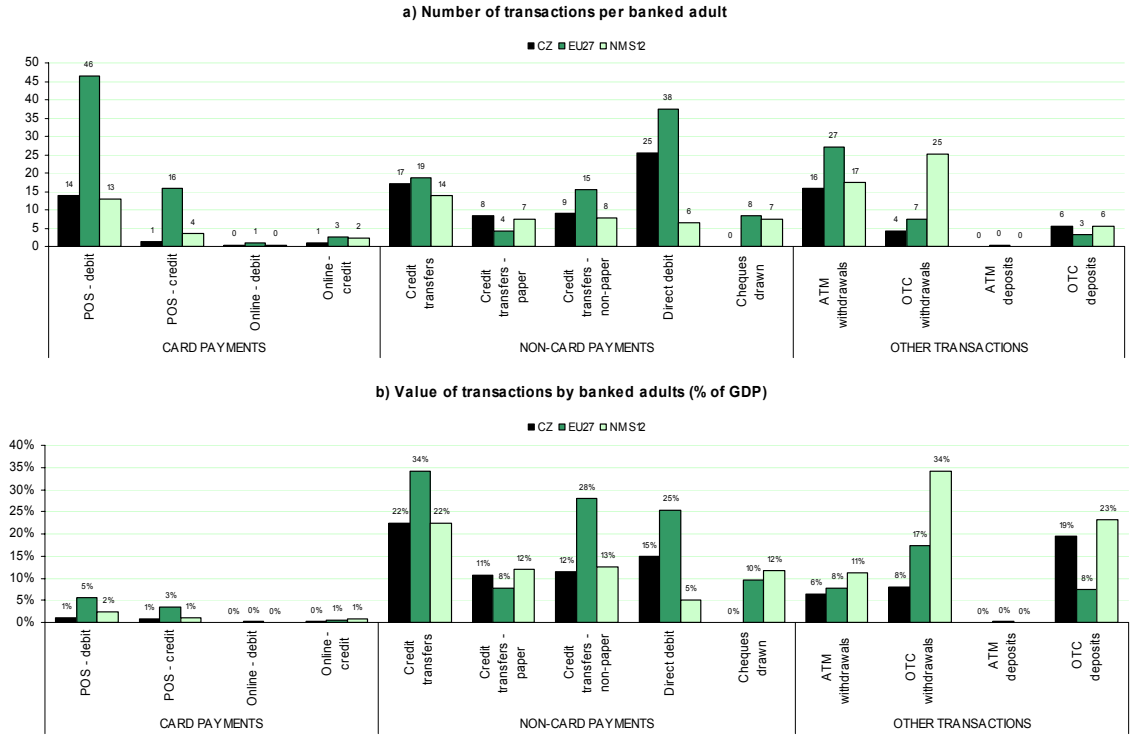
Graph 12 – CY - Relative importance of payment related services in 2007



- The use of most payment services are above NMS-12 averages in Cyprus. An average household engaged in a total of 65 payment-related transactions in 2007, which is higher than the NMS-12 average of 47 transactions.
- Credit transfers, withdrawals and deposits are not used frequently in Cyprus compared to the NMS-12 averages. Despite this, over-the-counter (OTC) cash withdrawals still account for a significant share of all transactions made in Cyprus with a total value equivalent to 38% of the GDP in 2007. The credit transfer values are likewise greater than NMS-12 averages, representing 34% of the country's GDP.
- Direct debits are used more frequently (when compared to NMS-12 averages) but to transfer smaller amounts.
- POS transactions are above the NMS-12 averages, with an average of 32 transactions per household in 2007. The use of credit cards is particularly widespread in the country, which is evident from the number and the gross value of POS transactions.
- Credit card payments are above EU27 and NMS-12 averages. An average banked adult in Cyprus engages in 18 credit card POS transactions. Online transactions are also virtually non-existent.
- The frequent usage of cheques constitutes a particular feature of the payment related services. The total value of the 11 cheques drawn by banked adults in 2007 was around 14 percent of the country's GDP.
- These figures put the use of payment related services above the averages of new Member States but nevertheless below those of EU15.

CZECH REPUBLIC

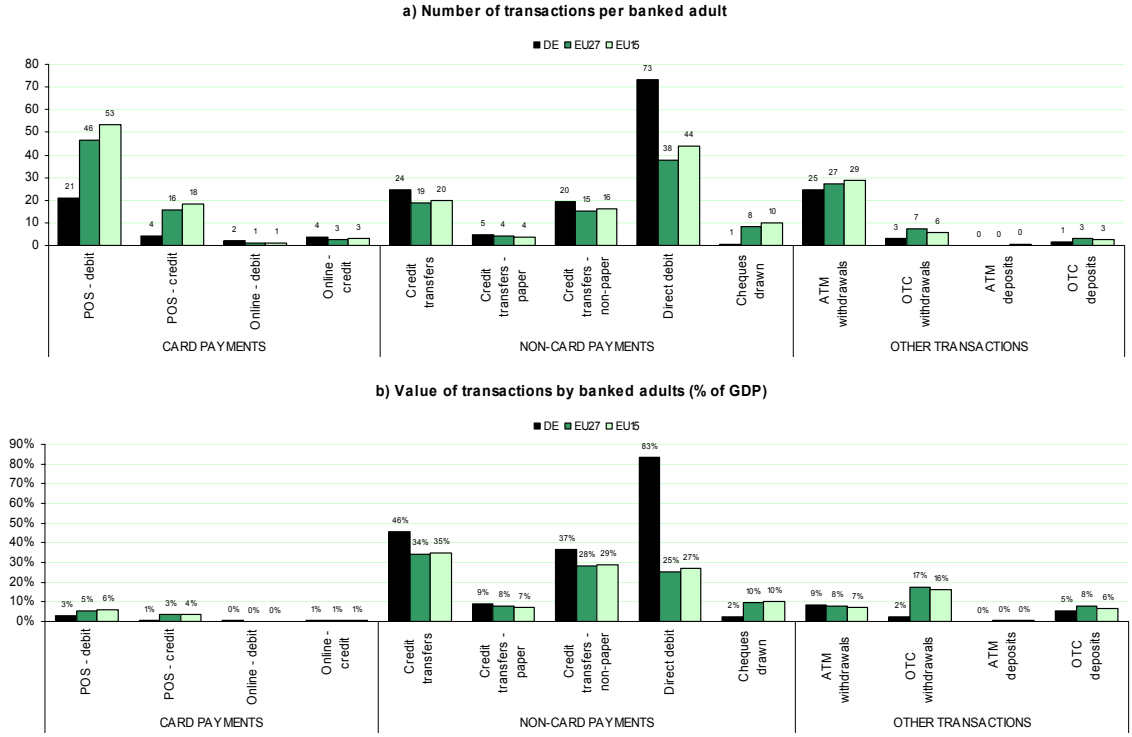
Graph 13 – CZ - Relative importance of payment related services in 2007



- An average household engaged in a total of 59 payment-related transactions in 2007, which is above the NMS-12 average of 47 transactions.
- POS debit card payments, credit transfers and direct debits are used frequently by households. The total value of transactions conducted through credit transfers or direct debit represent 22% and 15%, respectively, of the country's GDP. For direct debit usage, the usage rates are significantly higher than the NMS-12 averages, both in number and in value of transactions.
- ATM cash withdrawals represent 6% of GDP, with an average banked household engaging in around 16 withdrawals per year or about 1.5 withdrawals per month. These usage rates are comparable to NMS-12 averages. However, OTC withdrawals are significantly below the EU averages.

GERMANY

Graph 14 – DE - Relative importance of payment related services in 2007

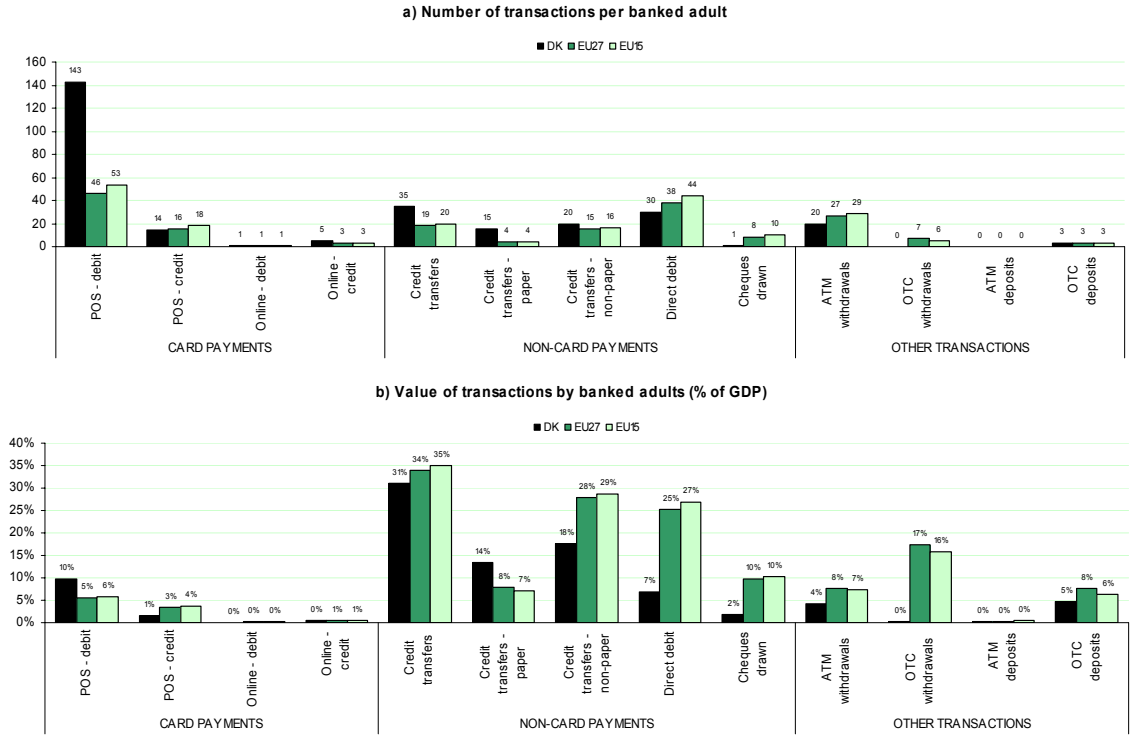


- An average household engaged in a total of 129 payment-related transactions in 2007, which remains well below the EU15 average of 149.
- Direct debits constitute an important payment related service in Germany. In 2007, an average household engaged in 73 direct debit transfers, about twice the EU15 average. These transactions also weigh heavily among all payment-related services, accounting for 83% of the country's GDP, three times the EU15 average.
- Credit transfers, which are a popular means of payment, are also an important category of transactions. The total value of transactions is about 40% above the EU15 average.
- A striking feature of payment related services is the low incidence of POS transactions. This could be due to the fact that such payments are often carried out through the electronic direct debit system, or the so-called "Elektronisches Lastschriftverfahren"(ELV)[33]. Indeed, when the direct debit and POS transactions are considered together, the difference between Germany and the EU27 is largely offset. In particular, an average household uses either service an average of 100 times in the EU and 98 times in Germany.
- An average German household engaged in more than 6 online payments, this is 1.5 times more than the EU15 average of 4 transactions.

[33] According to European Central Bank, August 2007, "Payment and securities settlement systems in the European Union: euro area countries": "The German retail industry has developed a system … which makes payments by (German debit) bank card possible without online or offline authorisation. This system is known as the electronic direct debit system (ELV). The customer's signature on the receipt or an additional document authorises the dealer to collect the amount of the purchase by direct debit."

DENMARK

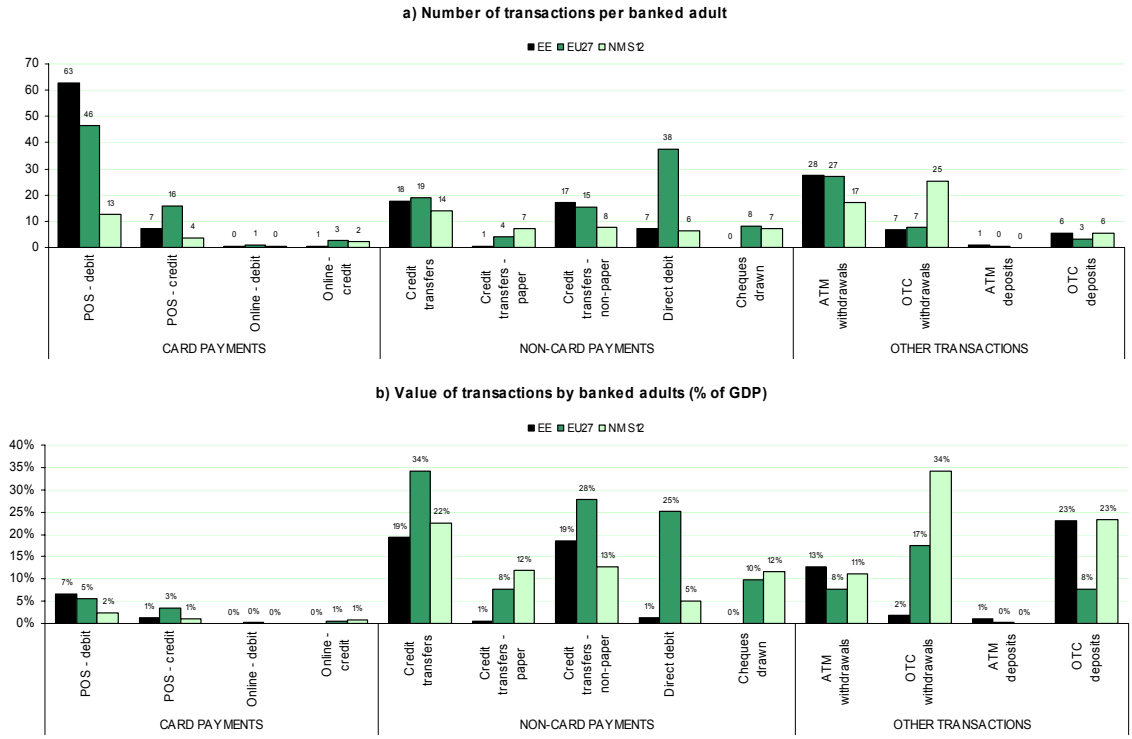
Graph 15 – DK - Relative importance of payment related services in 2007



- An average banked adult engaged in 229 payment transactions in Denmark in 2007, which is significantly higher than the EU15 average of 149.
- Denmark's payment related services are highly developed in terms of payment transactions. About two-thirds of the total payment transactions (equivalent to 143 transactions per banked adult) are conducted through POS terminals using debit cards, which represent 10% of the country's GDP.
- Credit transfers and direct debits are used for lower value transactions when compared with the EU averages. Cheques are used quite rarely and ATM withdrawals exhibit a less intense usage than the EU averages, both in terms of its relative importance and the number of transactions per household. The same is also true for the usage of cheques.

ESTONIA

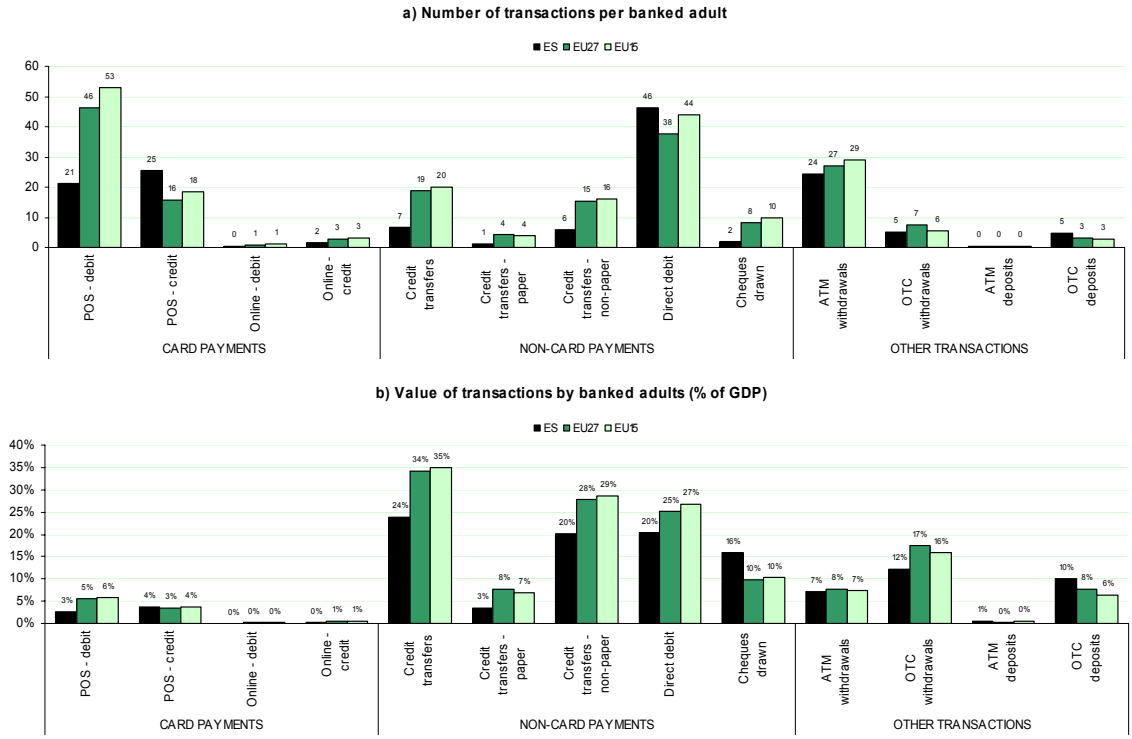
Graph 16 – EE - Relative importance of payment related services in 2007



- Banked adults in Estonia engage in a large number of debit card POS payments. Credit transfers and direct debits are also used quite often even though the latter is used for smaller purchases.
- An average household engaged in a total of 96 payment-related transactions in 2007, which places the country between the NMS-12 average of 47 transactions and the EU15 average of 149 transactions.
- The number and value of ATM withdrawals per banked household is also slightly higher than the EU averages, representing 13% of the country's GDP in 2007.
- These figures put Estonia significantly above the NMS-12 averages and more in line with the EU15 averages, pointing to the relatively advanced state of the use of payment-related services.

SPAIN

Graph 17 – ES - Relative importance of payment related services

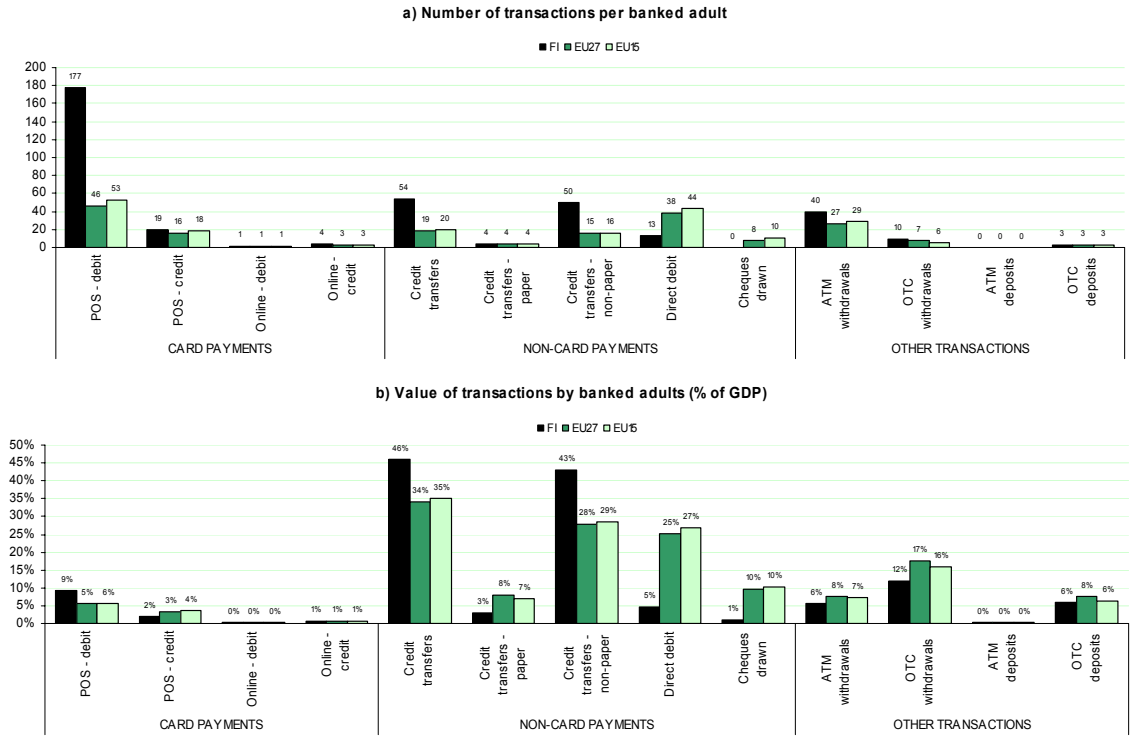


Note: Payments by cards issued by three-party schemes are not included in debit and credit card POS payments.

- An average banked adult in Spain engaged in a total of 103 payment-related transactions in 2007, which is below the EU15 average of 149.
- Credit transfers are used less frequently in Spain than in EU15 countries. An average household engaged in 7 transactions in 2007 in this category, less than half of the EU15 average of 20 transactions.
- POS payments using debit function are similarly lower than the EU15 averages. The use of cheques is with only a fifth of the EU average also lower.
- In turn, credit cards are used quite often for POS purchases, more than twice a month. Direct debits are also very significant, exceeding the EU15 average in frequency of transactions but total value of transactions stays around the same level.
- In other aspects, the usage of various payment services is largely comparable with the EU15 countries.

FINLAND

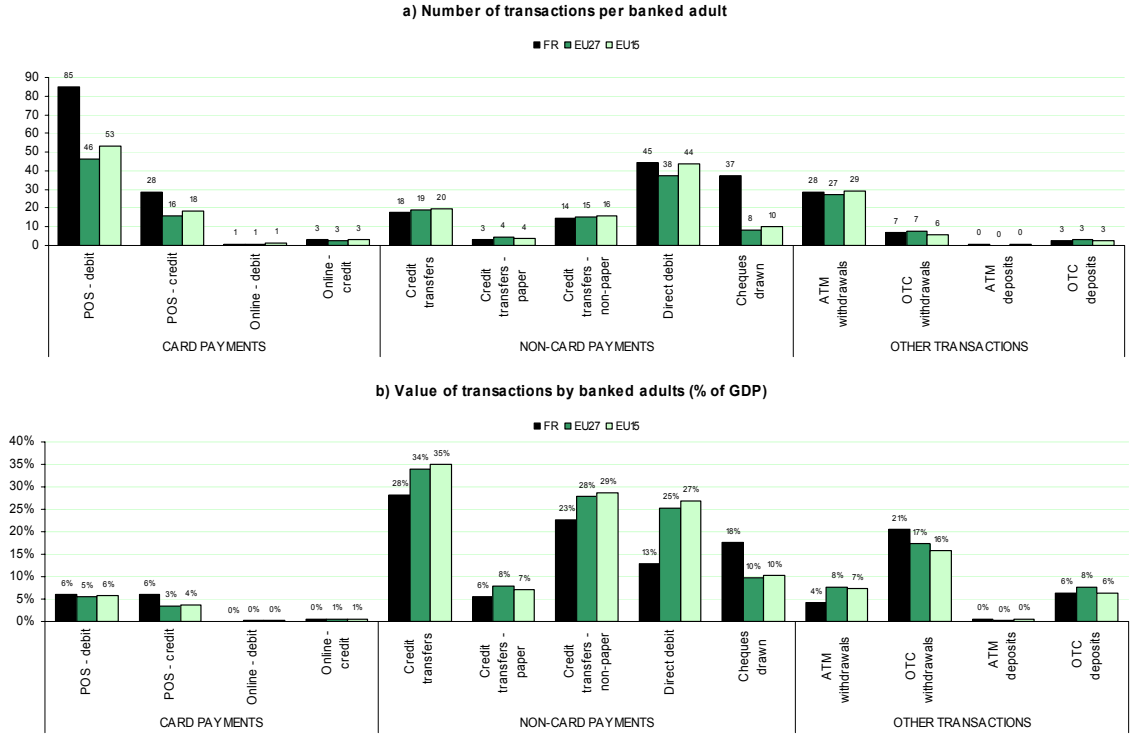
Graph 18 – FI - Relative importance of payment related services in 2007



- Much like Denmark and other Nordic countries, Finland exceeds the EU averages in a number of key areas in terms of payment related services. An average household engaged in a total of 268 payment-related transactions in 2007 (approximately one transactions per working day), which is well above the EU15 average of 149.
- The numbers of credit transfers and card payments using the debit function are relatively high, two to four times the EU15 averages. In all of these categories, an average Finnish household engaged in over fifty transactions in 2007. The share of the total value of transactions in the GDP is 1.5 times lower than the EU15 average.
- There are also more ATM withdrawals than the EU averages, however they represent a lower relative value in GDP terms.

FRANCE

Graph 19 – FR - Relative importance of payment related services

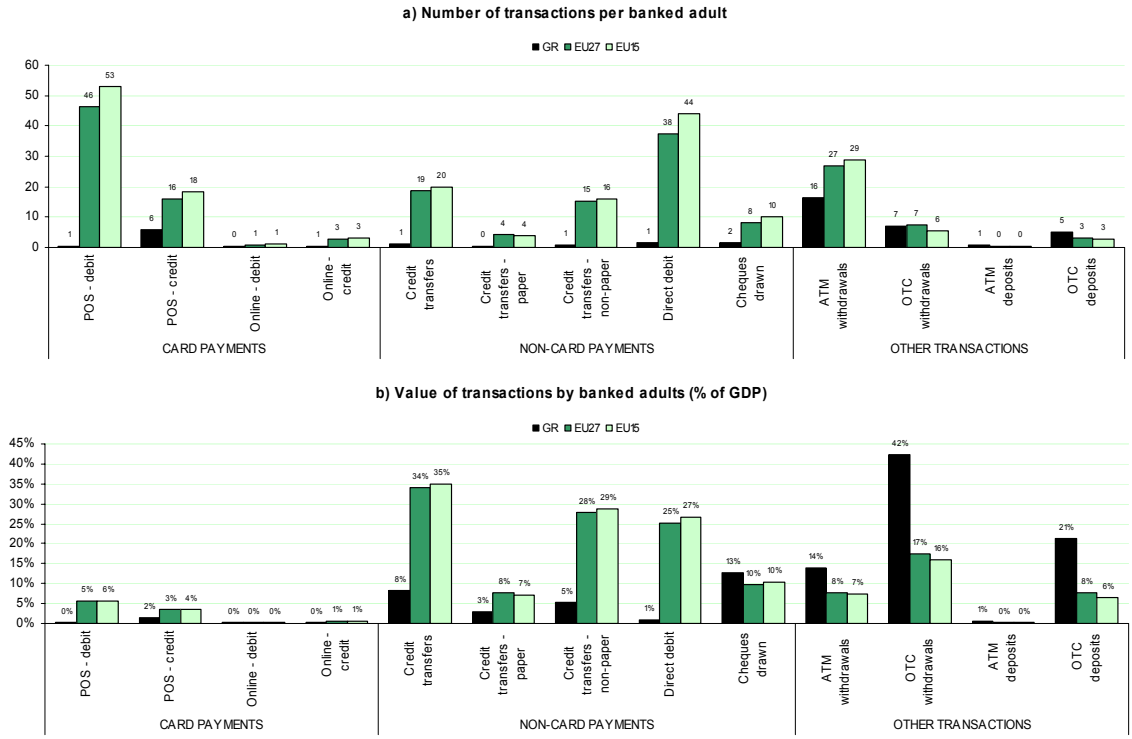


Note: Only aggregated data is provided for card payments in France. The aggregated data was adjusted to obtain the credit and debit card transactions depicted above using the fact that nearly 75% of all transactions are debit transactions in EU15 countries.

- An average banked adult engaged in a total of 217 payment-related transactions in 2007, which is much greater than the EU15 average of 149.
- POS payments are conducted more frequently with an average banked adult engaging in 113 transactions per year, significantly greater than the EU15 average of 72 transactions. The total value of POS payments represents 12% of the country's GDP in 2007, which is greater than the 9% of the EU15 average.
- The use of direct debits and credit transfers is comparable to the EU15 averages, even though their relative importance (i.e. total value in GDP) is lower compared to EU15 averages.
- One aspect that clearly distinguishes France from most EU members is the reliance of cheques as a means of payment. With 37 transactions per banked household in 2007, these transactions represent 18% of the country's GDP.

GREECE

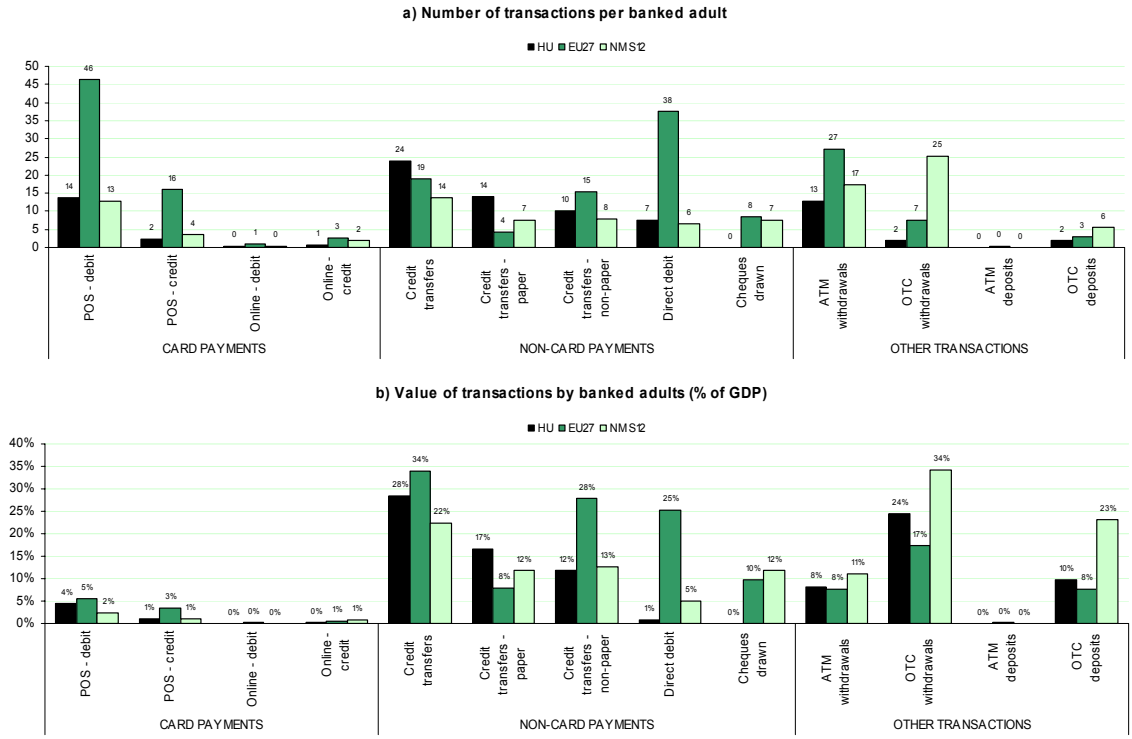
Graph 20 – GR - Relative importance of payment related services



- Payment related services are used relatively rarely in Greece when compared to other EU15 countries. Panel b shows that most transactions are conducted using over-the-counter, with the total value of OTC withdrawals and deposits standing at 63% of the country's GDP in 2007. ATM cash withdrawals account for 14% of the GDP.
- An average household engaged in a total of only 11 payment-related transactions in 2007, which is well below the EU15 average of 149 transactions and even lower than the NMS-12 average of 47 transactions.
- Key services, such as credit transfers, direct debits, and POS transactions using a debit card are scarcely used, about once a year by an average banked adult in 2007. These figures are nowhere near the EU15 average, putting Greece closer to new the Member States Bulgaria and Romania in terms of the usage of payment-related services.

HUNGARY

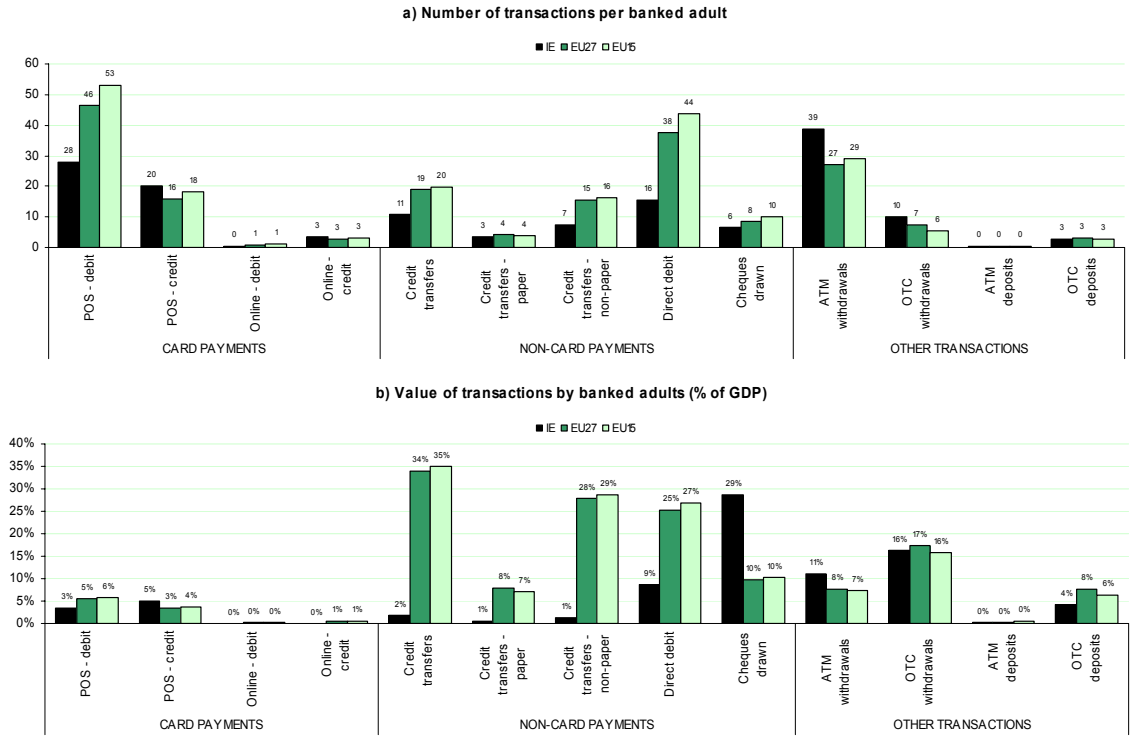
Graph 21 – HU - Relative importance of payment related services in 2007



- With the exception of credit transfers, payment transactions services are used relatively rarely, mirroring the situation in most new Member States.
- An average household engaged in a total of 48 payment-related transactions in 2007, which is slightly greater than the NMS-12 average of 47 transactions.
- Hungarian households have a slightly greater use of debit card POS transactions than the NMS-12 countries, with an average banked household engaging in 14 transactions per year.
- Credit transfers are used sparingly in Hungary, where banked households engaged in an average of 24 transactions in 2007, which surpasses all EU averages. The total value of credit transfers represents 28% of the country's GDP which is higher than then the NMS-12 average but lower than the EU27 average.
- ATM and OTC withdrawals are lower than the NMS-12 and EU27 averages. The value of OTC transactions is also significantly higher than the EU27, but less so than in other new Member States.

IRELAND

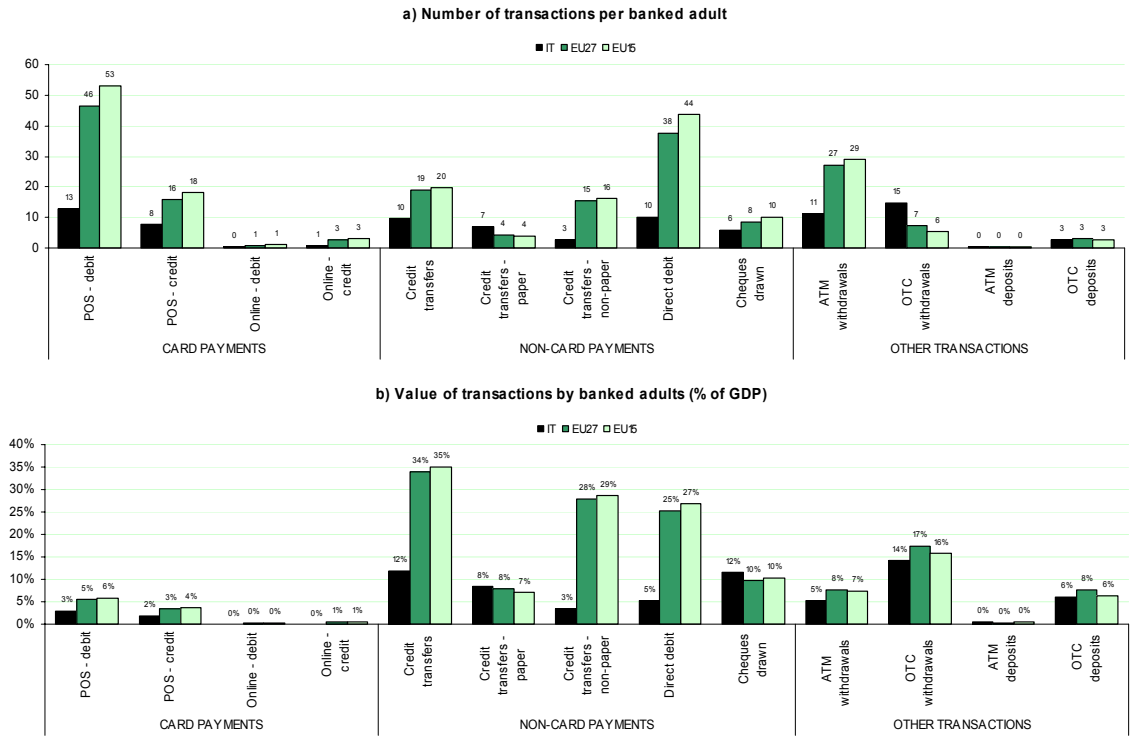
Graph 22 – IE - Relative importance of payment related services



- Overall, an average Irish banked adult engaged in a total of 84 payment-related transactions in 2007, which is much lower than the EU15 average of 149.
- Credit transfers, direct debits and POS payments with debit cards are used less commonly than in other EU countries, especially when the comparison is with the EU15. For these three services, banked households engaged in 57 transactions in 2007 while the EU15 average is 117.
- Only POS payments using credit cards are greater than the EU averages, pointing to the greater indebtedness of households.
- ATM withdrawals and cheques are quite popular as means of payment, potentially offsetting the low use of direct debits and POS transactions. The total value of cheques drawn by banked households was more than twice the EU averages.

ITALY

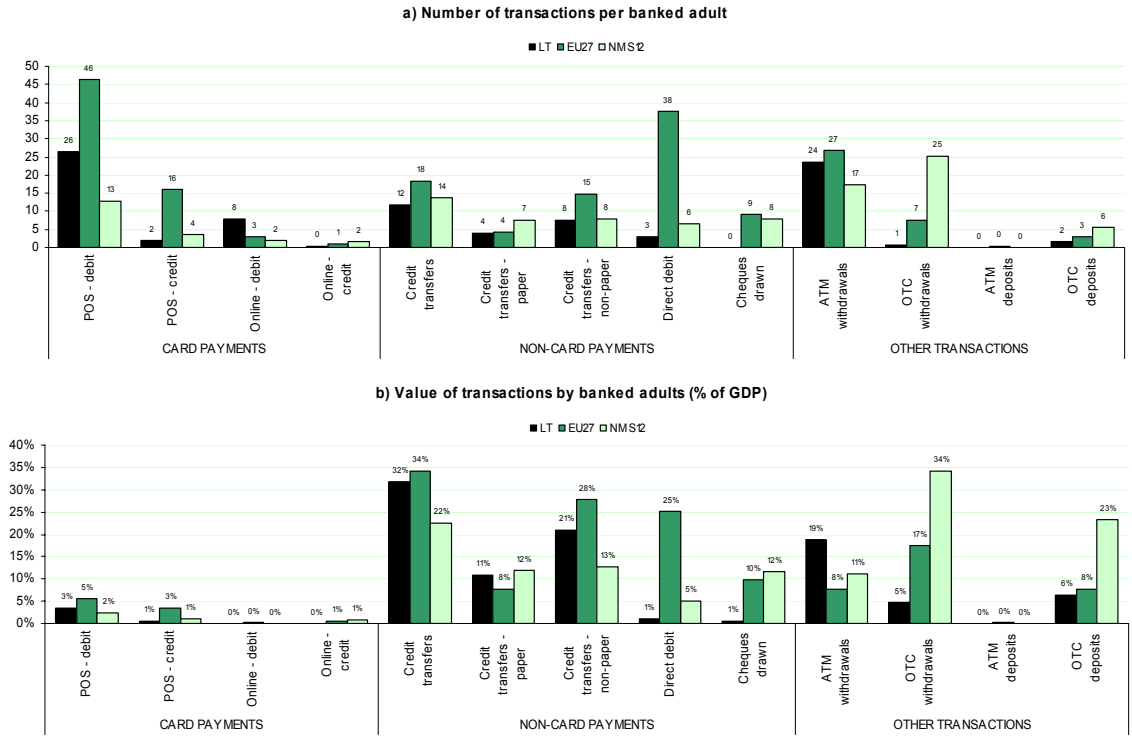
Graph 23 – IT - Relative importance of payment related services in 2007



- In Italy, payment-related services are used less frequently than in most EU15 countries, remaining below the group averages in all the payment-related services depicted in the figures above except for paper-based credit transfers.
- An average household engaged in a total of 48 payment-related transactions in 2007, which is lower than the EU15 average of 149 transactions and closer to the NMS-12 average of 47 transactions.
- The most notable differences are in the use of credit transfers, direct debits, ATM withdrawals and POS payments. For these services, the number of transactions per banked household in Italy remains 20% to 50% of the EU15 averages.
- Cheques remain an important means of payment, even though they are used less frequently than the EU averages.

LITHUANIA

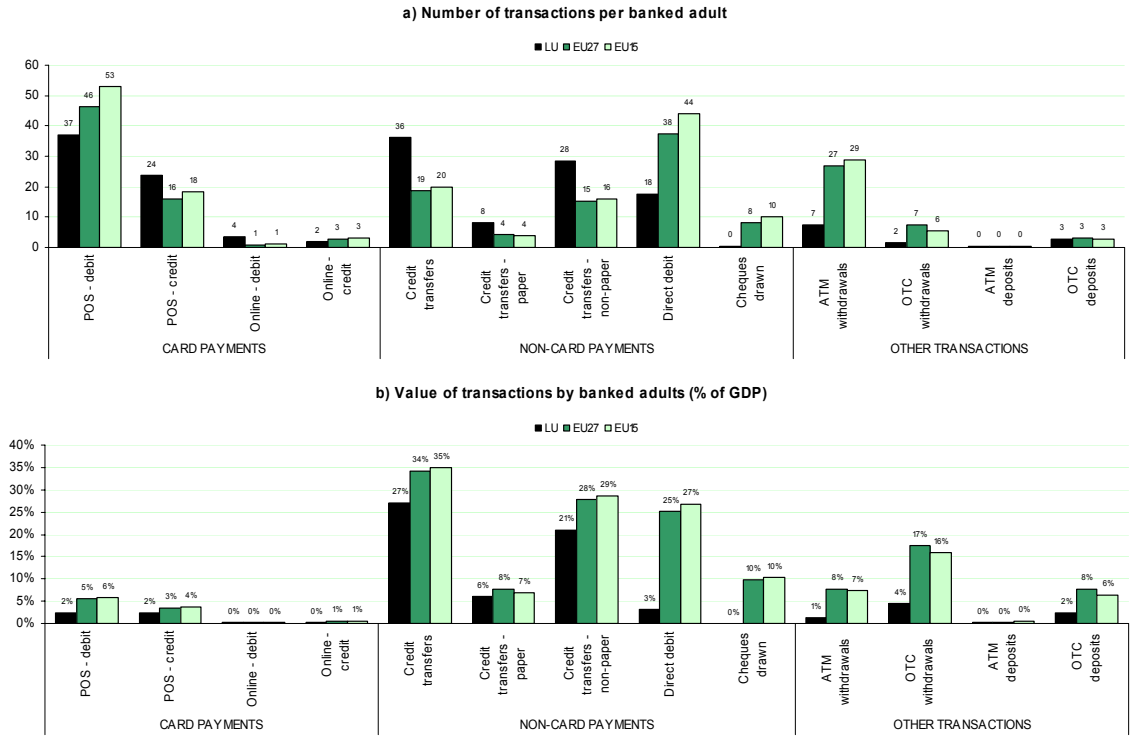
Graph 24 – LT - Relative importance of payment related services in 2007



- Much like in other new Member States, Lithuania households engage less in payment related services. Most importantly, the use of credit transfers, direct debits and credit card payments are lower than the NMS-12 averages.
- An average household engaged in a total of 43 payment-related transactions in 2007, which is slightly lower than the NMS-12 average of 47 transactions.
- POS transactions with debit card and ATM withdrawals are more popular than in other NMS-12 countries.

LUXEMBURG

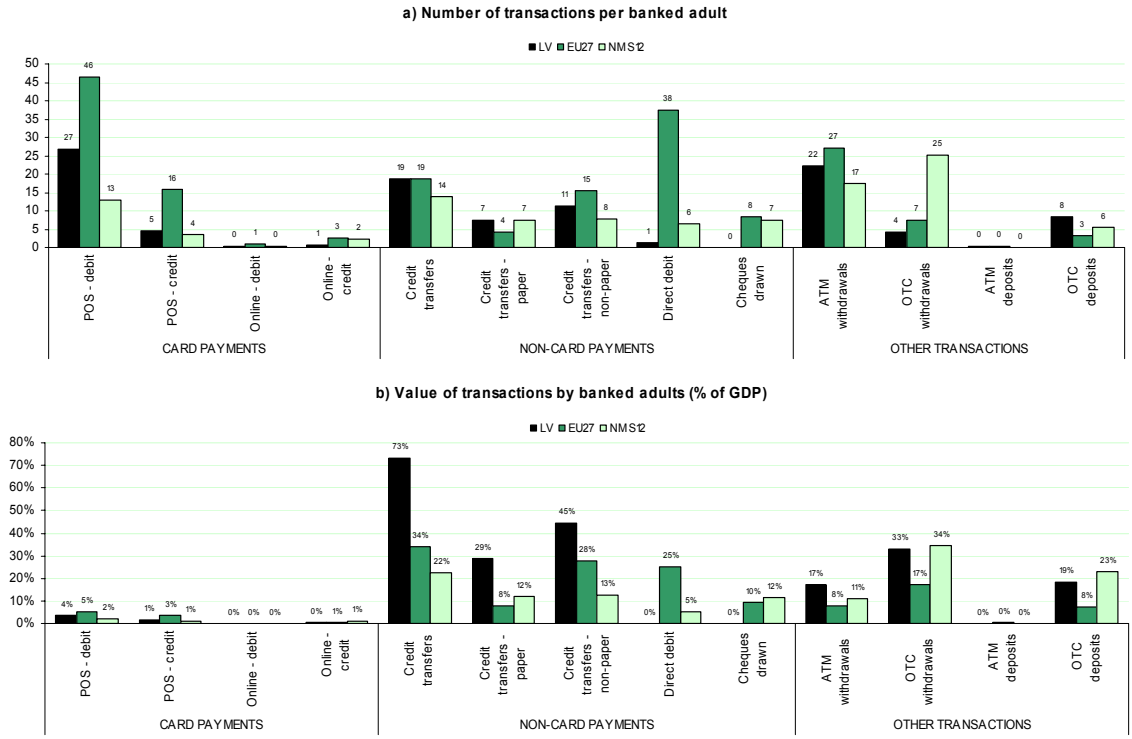
Graph 25 – LU - Relative importance of payment related services in 2007



- The use of payment related services in Luxembourg remains comparable to the EU15 countries in general. Credit transfers are used heavily by households; an average household engaged in 36 credit transfers in 2007, significantly above the EU15 average of 20 transactions. POS credit card payments are also very commonly used as a means of payment.
- An average household engaged in a total of 121 payment-related transactions in 2007, which is lower than the EU15 average of 149 and the EU27 average of 130.
- The number of debit card POS payments is lower than the EU15 average, both in absolute values and share in total number of transactions. Similarly, an average household engaged in less than half the number of direct debits as in EU15 countries.
- Cheque usage is virtually non-existent in the country as a means of payment. ATM withdrawals are also far less prevalent than the EU15 averages, possibly due to the prevalent use of other means of payment, like card-based payments or the credit transfers.

LATVIA

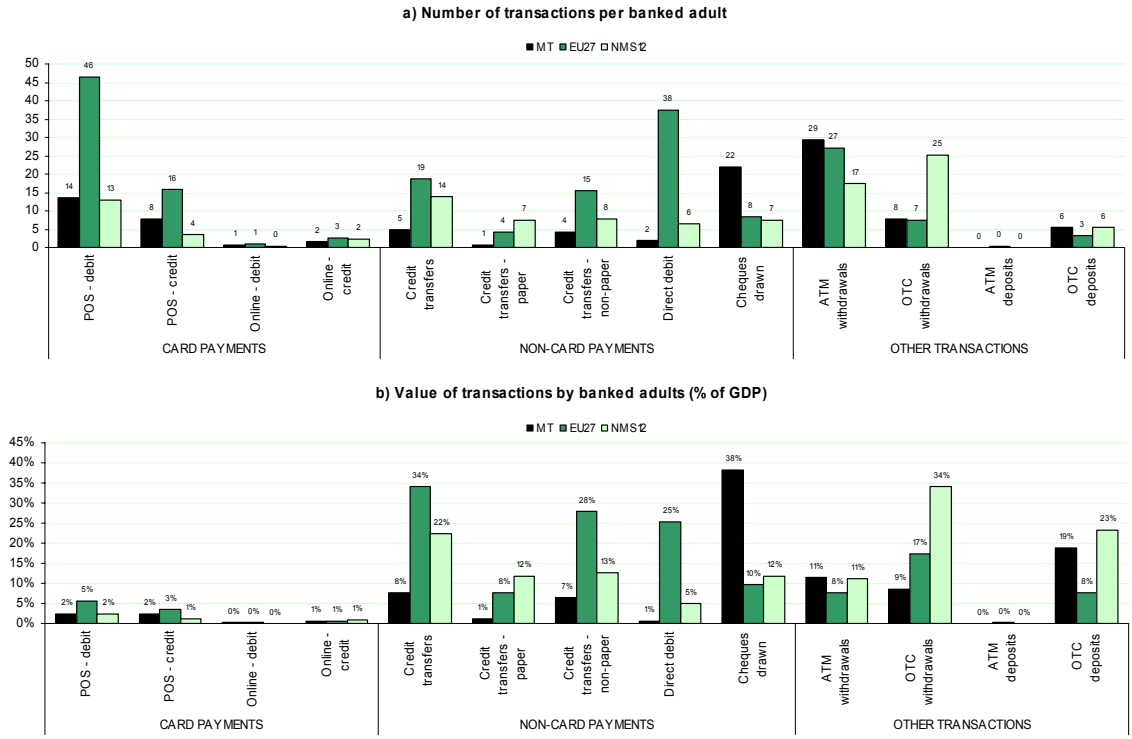
Graph 26 – LV - Relative importance of payment related services in 2007



- In a number of key payment related services, Latvian households make more transactions on average than the NMS-12 group that they belong to.
- An average household engaged in a total of 52 payment-related transactions in 2007, which is close to the NMS-12 average of 47 transactions.
- Credit transfers and ATM cash withdrawals remain popular means of payment. An average Latvian household's usage of these transactions surpassed the NMS-12 averages. In POS transactions, the usage remains significantly lower than the EU27 average but higher than the NMS-12 average.
- One problem was in the use of direct debits. For this service, an average household engaged in 1 transaction in 2007, which is nevertheless quite smaller than the NMS-12 average of 6 transactions.
- For card payments, the usage is closer to the EU norms.

MALTA

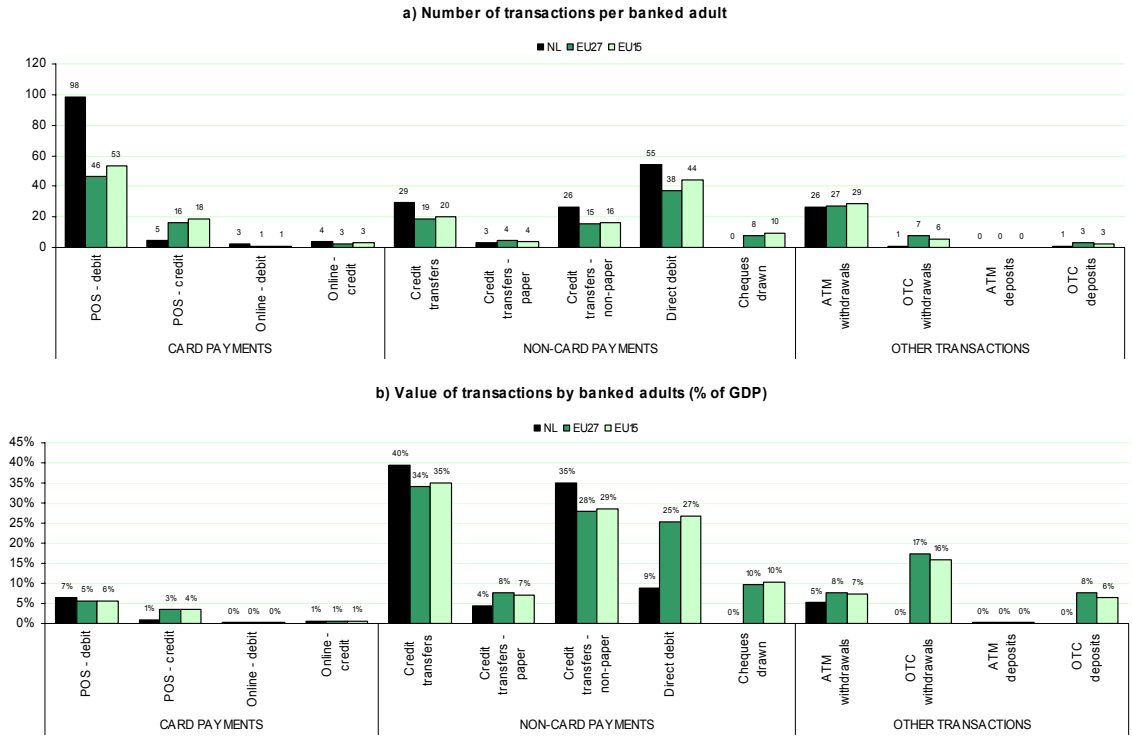
Graph 27 – MT - Relative importance of payment related services in 2007



- In Malta, an average banked adult does more card payments than average in the NMS-12 countries. The number of non-card payments is for al types, except cheques, lower.
- Nevertheless, an average household engaged in a total of 52 payment-related transactions in 2007, which is almost equivalent to the NMS-12 average of 47 transactions. This was largely due to the relative popularity of cheques.
- Cheques represent more than a third of all the payment related transactions. Moreover, the average number of cheque transactions per banked household is more than two to three times greater in Malta than the EU countries on average.
- Other striking differences between Malta and the NMS-12 countries are in credit transfers and direct debits. In these cases, the average number of transactions per banked household is around a third to a quarter of NMS-12 averages. In particular, banked households engaged in only 5 credit transfers and 2 direct debits in 2007, as compared to the NMS-12 averages of 14 and 6, respectively.

THE NETHERLANDS

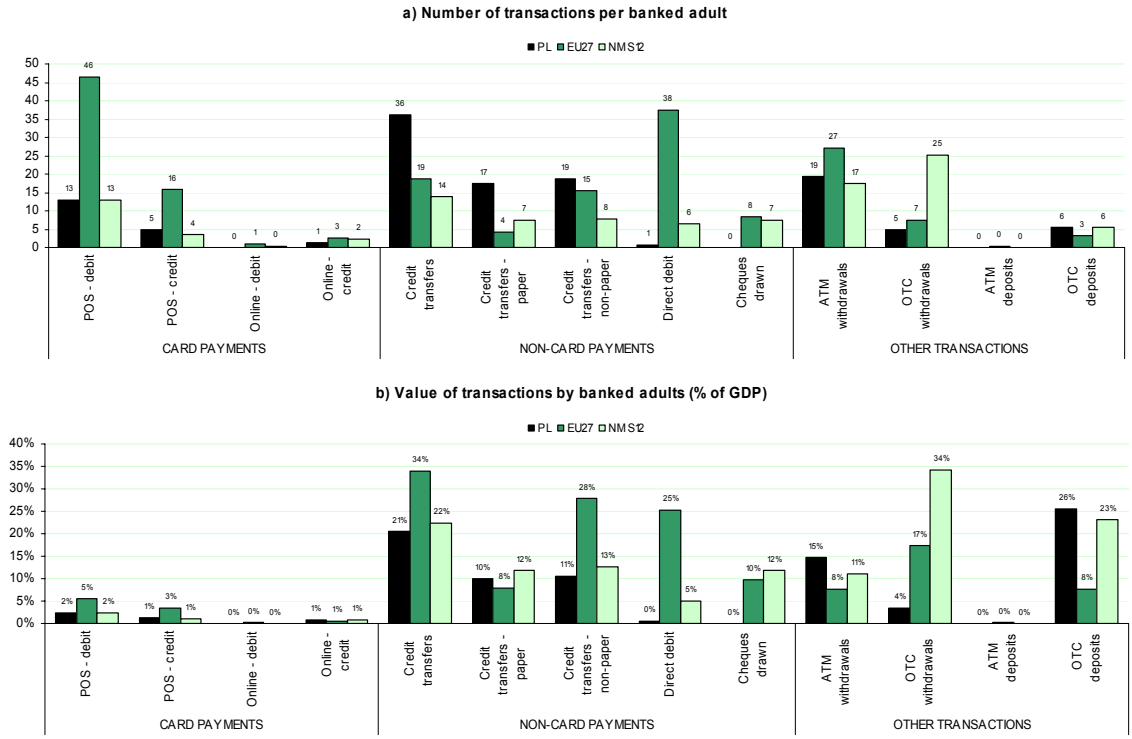
Graph 28 – NL - Relative importance of payment related services in 2007



- The use of payment related services in the Netherlands exceeds the EU standards, with per capita usage above EU15 averages in most cases.
- An average household engaged in a total of 193 payment-related transactions in 2007, which is more than the EU15 average of 149 transactions.
- The use of direct debits, debit card POS transactions and credit transfers per banked household are significantly higher than the EU standards. The most striking differences are related to POS transactions, where an average Dutch household engaged in almost twice as many transactions as an average EU15 household.

POLAND

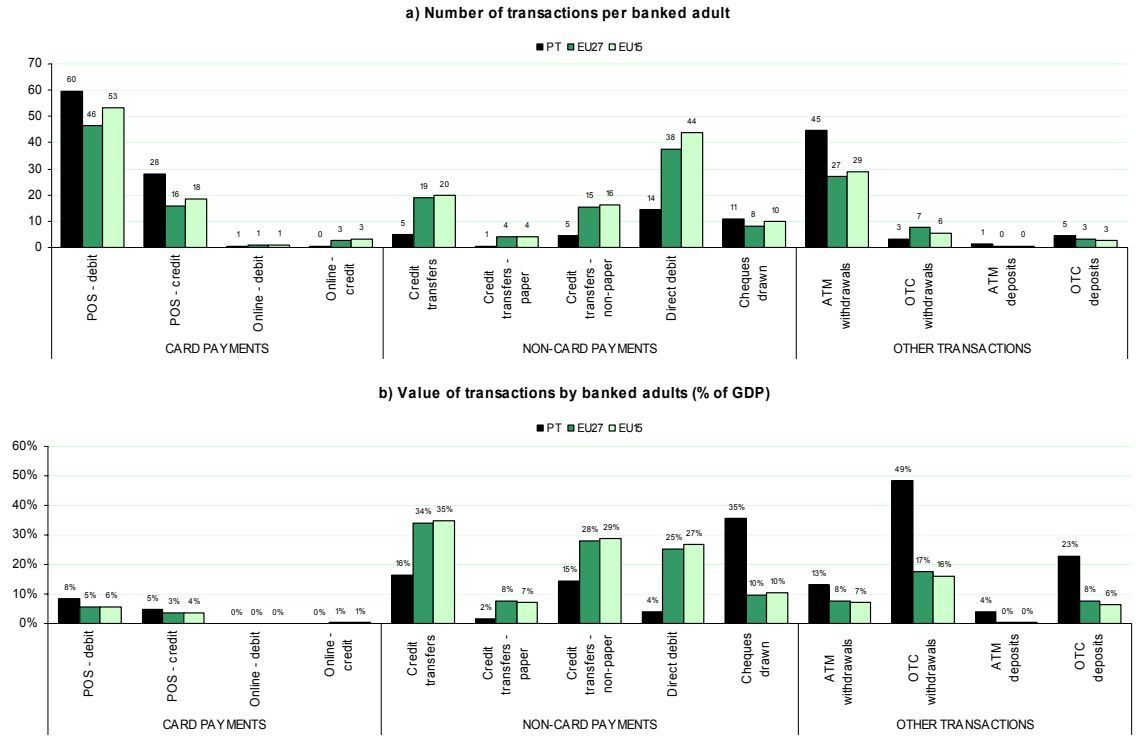
Graph 29 – PL - Relative importance of payment related services in 2007



- Poland lags behind the EU averages in number of transaction per banked individual for all payment related services, except for credit transfers, putting the country below most other Member States.
- An average household engaged in a total of 56 payment-related transactions in 2007, which is higher than the NMS-12 average of 47 transactions.
- Direct debits, card payments and POS transactions are used particularly marginally in the country.
- The use of credit transfers, the most popular form of payment related service, is more than twice the NMS-12 average. The households engaged in an average of 36 credit transfers in 2007, as compared to the NMS-12 average of 14.
- ATM cash withdrawals are relatively popular, accounting for more than a third of all payment related transactions and close to the NMS-12 averages.

PORTUGAL

Graph 30 – PT - Relative importance of payment related services in 2007

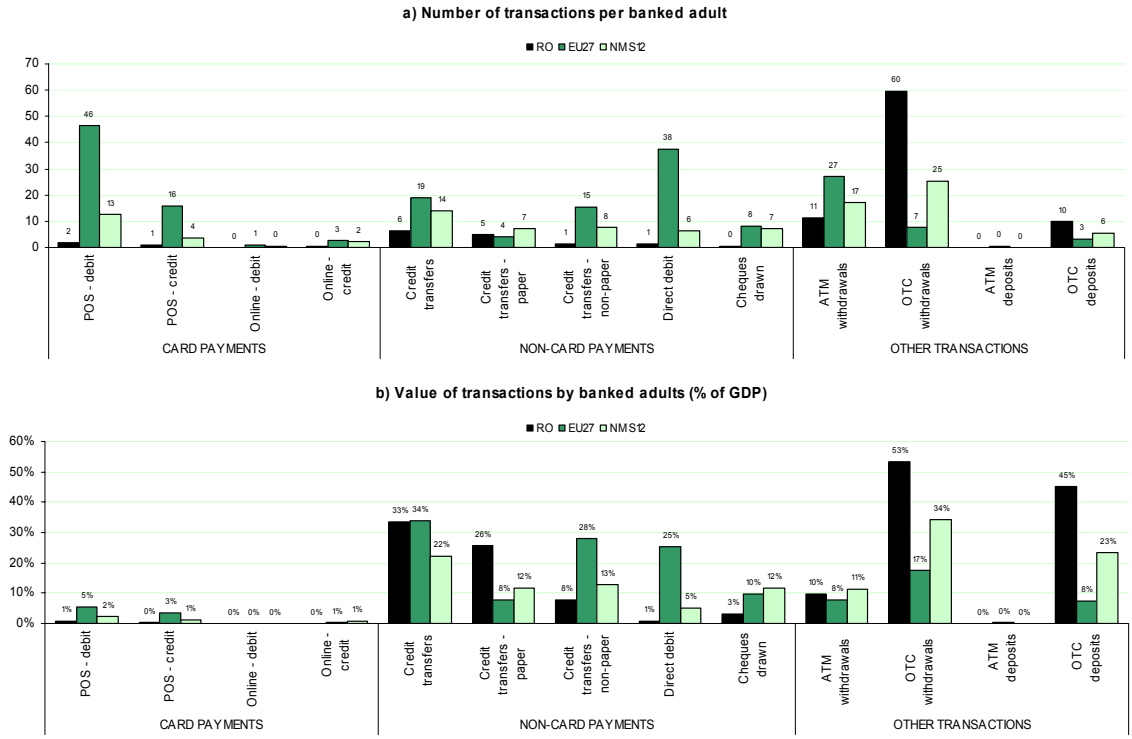


Note: Certain card issuers do not provide data on card payments by type of function, which means that some debit and credit card payments are counted twice.

- The use of payment related services is lower in Portugal than the EU15 averages. An average household engaged in a total of 119 transactions in 2007, which is lower than the EU15 average of 149 transactions.
- Card payments are a very important means of payment in Portugal. Both debit and credit cards are used extensively when compared to the EU27 countries. In 2007, the average number of card payment transactions per banked household was 88, which is almost 20% higher than the EU average.
- POS transactions and ATM cash withdrawals and cheques are also higher than the EU15 average to a similar extent. Cheques are also used more commonly than most EU members.
- In turn, the use of credit transfers and direct debits remain relatively low, with a per capita usage a half to a sixth of the EU15 average.

ROMANIA

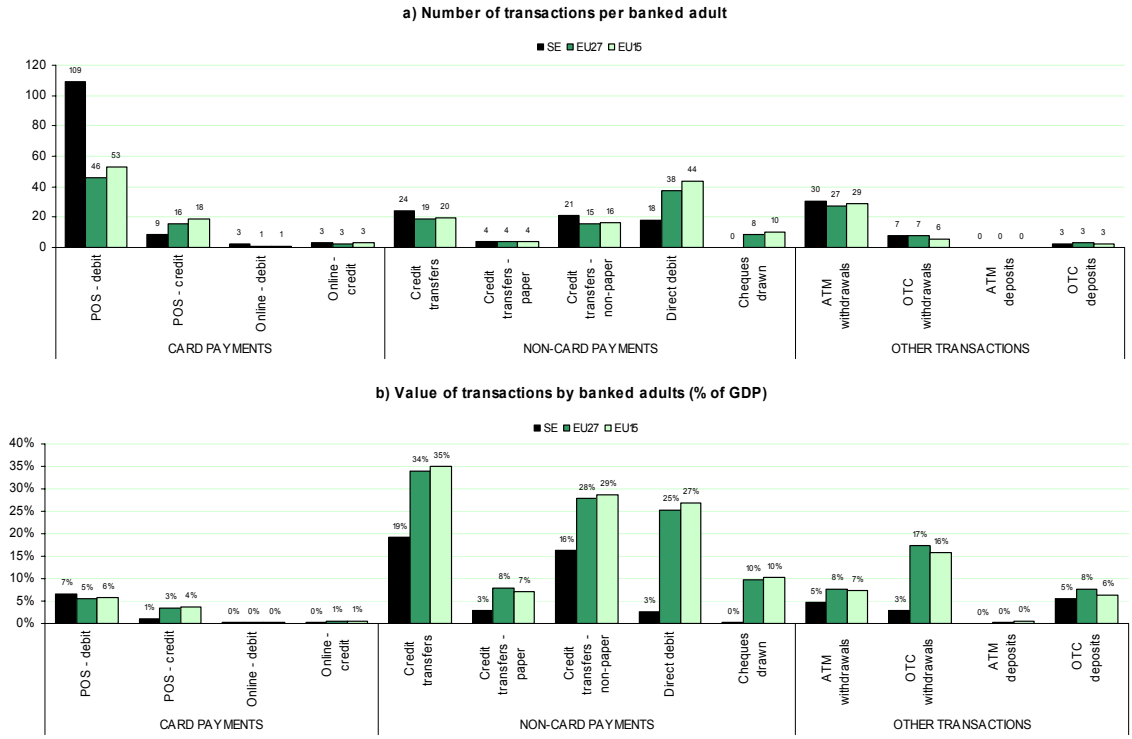
Graph 31 – RO - Relative importance of payment related services in 2007



- Romania has one of the lowest usage rates for several key payment related services across all EU members, including NMS-12 countries, with a dismal use of direct debits, card payments and POS transactions. Only Bulgaria had a lower score in these service areas.
- An average household engaged in a total of 11 payment-related transactions in 2007, which remains well below the NMS-12 average of 47 transactions.
- OTC and ATM withdrawals are the most popular form of payment related services, followed by the OTC deposits. These three services account for around 90% of all transactions.

SWEDEN

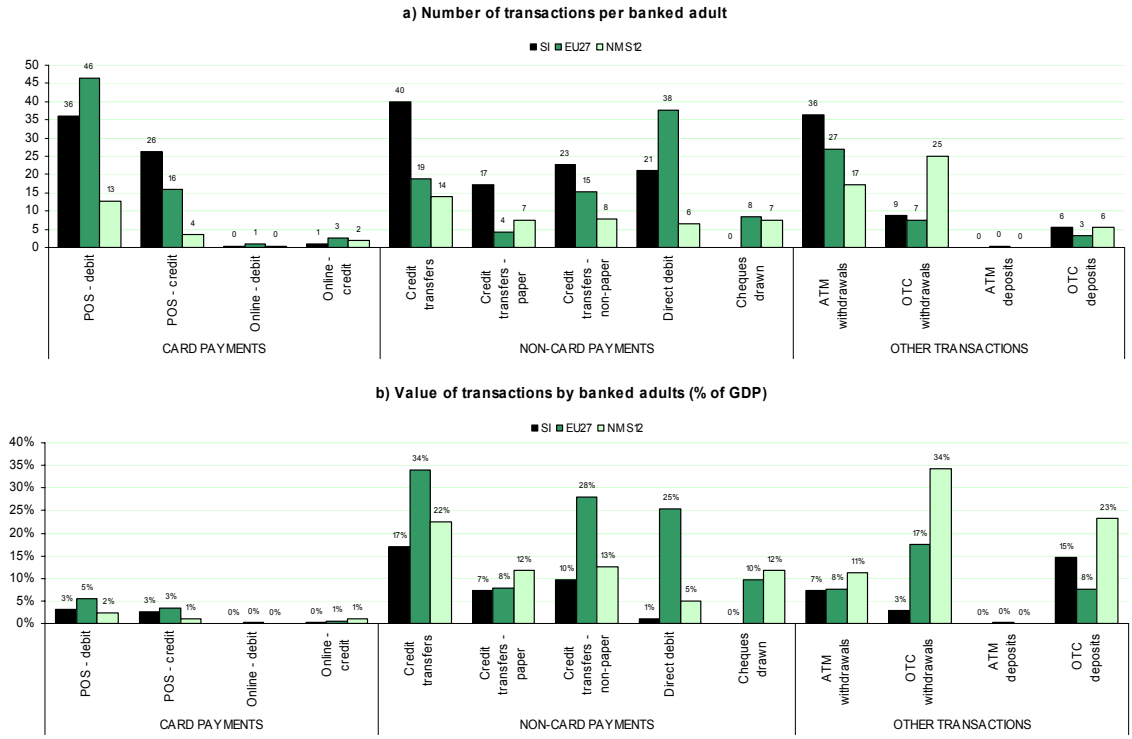
Graph 32 – SE - Relative importance of payment related services in 2007



- Much like other Nordic EU members, the use of payment related services are relatively high in Sweden.
- An average household engaged in a total of 165 payment-related transactions in 2007, which is greater than the EU15 average of 149 transactions.
- The most striking difference is the number of debit card POS transactions, where the average number of transactions per household is more than twice as much as the EU15 averages. This service represents two thirds of all payment related transactions. However, in terms of the value amounts, the difference between Sweden and EU averages is not as large, implying that the value per transaction is smaller.
- An average Swedish household engaged in less than half the number of direct debits of EU15 households in 2007. Moreover, cheque usage is virtually non-existent in the country. For other domestic services, the usage is in general higher than the EU15 averages.

SLOVENIA

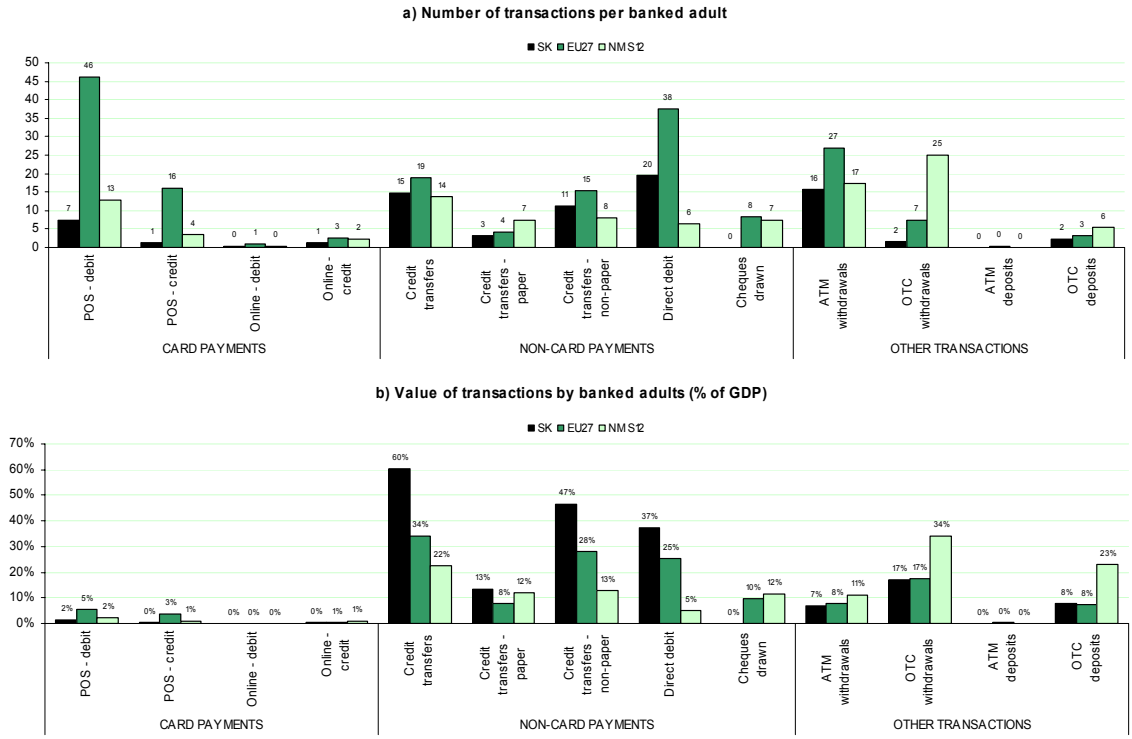
Graph 33 – SI - Relative importance of payment related services in 2007



- Among the new Member States, Slovenia has the highest use of payment related services. Indeed, the per capita usage is above the NMS-12 averages for all services (domestic or cross-border) for which data exists.
- In terms of total usage, the country is virtually indistinguishable from an EU15 county. An average household engaged in a total of 125 payment-related transactions in 2007, which is slightly lower than the EU15 average of 149 but much higher than the NMS-12 average of 47 transactions.
- Credit transfers are a particularly popular mode of payment in Slovenia. For this segment of services, the Slovenian households engaged in more than twice the number of transactions than the EU households. The credit transfers represent around a third of all payment-related transactions in Slovenia.
- The use of debit card payments is below the EU standards but much higher than NMS-12 averages. All other services are used more or less in line with the EU averages. In particular, the credit card payments, ATM cash withdrawals and POS transactions are (slightly) higher than in the EU27 average.

SLOVAKIA

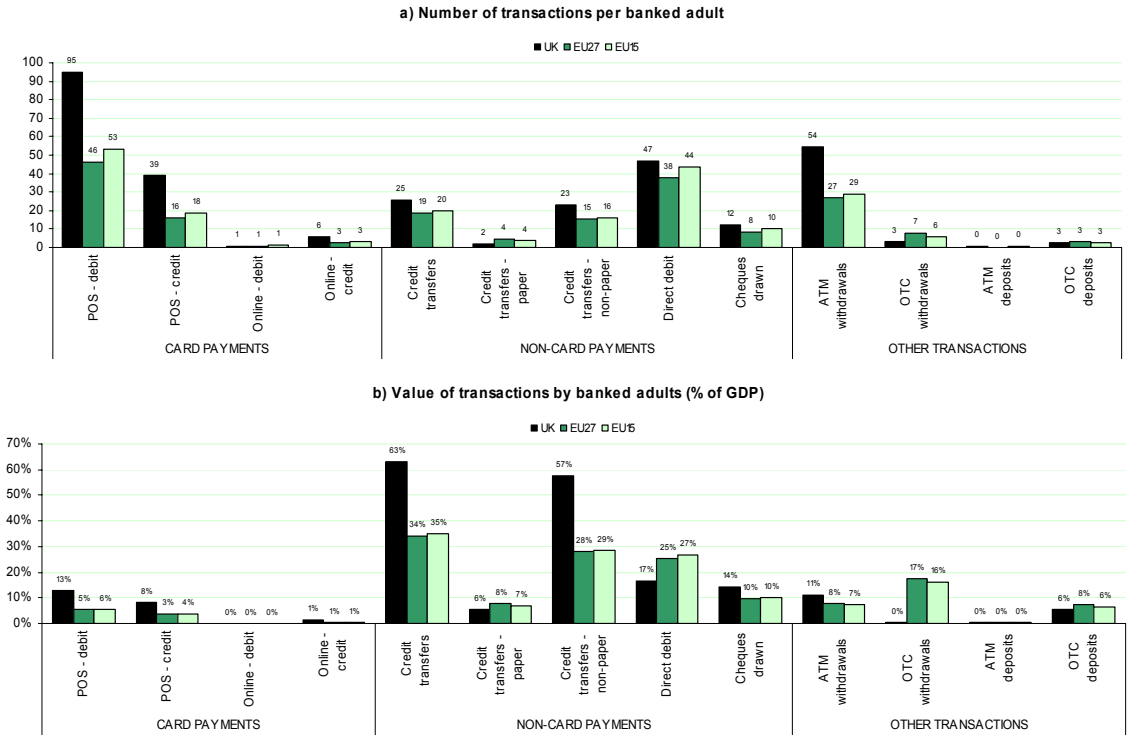
Graph 34 – SK - Relative importance of payment related services in 2007



- Much like most other new Member States, Slovakia lags behind the EU27 averages in some key payments related services. In terms of total usage, an average household engaged in a total of 45 payment-related transactions in 2007, which is lower than the EU27 average of 130 transactions, but close to the average of transactions in new Member States (47).
- The most striking deficiencies are in POS transactions, where an average Slovakian household engaged in half of the number of transactions in NMS-12 countries on average.
- In turn, the number of direct debits per capita is above the NMS-12 average.

UNITED KINGDOM

Graph 35 – UK - Relative importance of payment related services in 2007



- Payment-related services are extensively used in the UK and the country exceeds the EU averages in all segments. In terms of total usage, an average household engaged in a total of 225 payment-related transactions in 2007, which is much greater than the EU15 average of 149 transactions.
- The most striking differences are in direct debits and POS transactions (both debit and credit).
- Much like in several other EU15 countries such as France, Ireland and Portugal, cheques continue to be a key form of payment in the country. ATM cash withdrawals are also twice the EU15 averages.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. *CONCLUSIONS*

Overall, the study improved the knowledge of the market of retail payment services in the 27 EU countries.

First, it provided a detailed collection of the prices of accounts, packages and operations for 224 banks covering on average 81% of the EU market and representing the diversity of institutions' categories.

Second, it created for each country and for the EU as a whole, four categories of usage profiles, i.e. average, active, passive and basic. To do so, it used the existing data and made assumptions that were discussed and validated with central banks and bank associations.

Third, it matched prices and usage profiles to produce "priced profiles" to analyse dispersion of offers within countries and comparisons between countries.

Fourth, it provided an assessment of the transparency and comparability of prices for consumers.

Collection of the price data

For a majority of FIs, information was available on their web site. For 34% of FIs sufficient explanations were available while for the remaining 66%, contacts with the relevant institutions were necessary to confirm interpretation of information or to obtain further clarifications. Contacts occurred with banks in all countries, but in some of them, the complexity and the degree of details of tariffs setting create opacity for consumers. These figures confirm the ones of the 2007-2008 study preparing the monitoring of the impact of SEPA which were respectively 31% and 69%.

Setting up the profiles

The study highlighted a major hindrance to carrying out the monitoring: to build the profiles we had to cope with a general lack of consistent data. The ECB Blue book data was used as a basis for payment-related services and supplemented by other information sources. Since no source provides pan-EU information, a series of assumptions were made to extrapolate the available data to other countries. These assumptions were discussed with experts and market operators. Our contacts have shown that even these specialists lack basic information on usage rates in their own countries. This suggests that the final outcome is a best proxy which has two implications: first it illustrates that the difficulties encountered in the comparison of the prices of current accounts are similar to the issues consumers face when searching for an account that provides the best value for their needs; second, it paves the way to a process of data and information exchanges with the sector in order to improve the figures obtained so far.

Inter country comparisons

Our comparisons show remarkable differences in terms of usage rates (i.e. number and value of transactions) and pricing across the EU.

In terms of usage, older Member States have widespread use of key transactions associated with current accounts; for example, the top ten countries with the most intense use of payment-related

transactions are almost all EU15 countries. In turn, the use of OTC transactions is quite high in NMS-12 countries. These differences may arise for a number of reasons. The necessary infrastructure for the widespread use of payment-related services might be inadequately developed in NMS-12. It is also possible that users are uninterested in using card payments (a popular means of payment in the EU15 countries), preferring instead to make cash payments. In other cases, pricing differences may be the cause.

Regarding differences in total costs paid by consumers, our findings show that countries with lower usage rates, i.e. the NMS12 countries, do not necessarily have the cheapest current accounts. In some of these Member States, the total costs incurred by account holders are critically dependent on which profiles (passive vs. active, domestic vs. European) are used. These findings show that high prices may be inhibiting the development of the use of some key services. Additionally, the relative cost ranking of countries is partly explained by the breakdown of charges. It was also observed that for a majority of countries, applying domestic or EU profiles only marginally affects the ranking but for one third of them, it changes substantially.

Price dispersion within countries

Price dispersion between FIs within countries was analysed on the basis of priced profiles. Price dispersion varies from country to country, being notably a function of the diversity and differentiation of offers, the diversity of offering institutions and the extent of price competition in each country.

Consistency can be observed between domestic usage patterns and domestic tariffs due to a mutual adaptation process. This consistency is partly lost with EU profiles. This explains why they have a higher value than the domestic equivalent in a majority of countries, independent of the relative intensity of usage. This is confirmed by the deviations of dispersion between domestic and EU profiles for a number of countries.

For most countries, dispersion is greater for the passive and basic profiles than for the average and active ones. This is because the former profiles increase the effects of rather atypical tariff setting from some banks. It made us favour an analysis based on average and active usage profiles.

Analysis of the dispersion of priced profiles allowed distinguishing between countries with stronger versus weaker price-based competition between financial institutions.

The average dispersion rates vary between 0.52 and 0.70 according to the profiles concerned. This means that these services do in fact differ from several other European services presenting a median value of 0.44 (2nd Consumer Markets Scoreboard) and thus that the Internal Market is more fragmented in the area of retail banking services than in other areas.

Transparency and comparability of prices

The proportion of banks that needed to be contacted for further information on their tariffs (66%) indicates the difficulty for the average consumer to gain easy access to clear and complete information on tariffs, within countries and a fortiori across them. Overall EU12 countries perform better than EU15 regarding transparency and comparability of prices.

The data and information collected revealed an important diversity[34], especially between countries, regarding the following aspects:

- Pricing of packages and current accounts, in particular different degrees of complexity of pricing, and diversity of tariff levels;

[34] The diversity of pricing models across countries is perfectly illustrated by Annex 8 Breakdown of average charges.

- The way in which the tariffs are presented and explained on the bank web sites and/or documents.

This reflects in particular the differences between countries in terms of pricing models and usage patterns. It also highlights the limited integration of the domestic retail markets into a European market.

A significant link was also observed between price levels and transparency/simplicity levels: countries where tariffs are more transparent and simple tend to have lower prices and inversely.

Finally, the tariff transparency and dispersion aspects lead one to question the degree of competition on the markets.

SEPA

The current study is very important in the context of the improvements that will be introduced by the Single Euro Payments Area (SEPA) to the market of payments. SEPA is an initiative of the European Banking Industry, represented by the European Payments Council (EPC), set up to create a single domestic market for retail payments, i.e. to make all electronic payments across the euro area – e.g. by credit card, debit card, credit transfer or direct debit – as simple as domestic payments within one country are now. All SEPA tools will be in full operation in the Euro zone countries, and will also be in use for euro payments in the other Member States of the European Union, together with Iceland, Liechtenstein, Norway and Switzerland. Banks have been able to make the first SEPA products available since 28 January 2008.

SEPA will bring about several changes for industry, governments and the consumer. The new SEPA means of payment will facilitate many international payments, including clearing and settlement, for both payment providers and consumers. Facilitated payments might affect prices, services and quality standards. Consumers could benefit from new rules ensuring transparent pricing and prompt transfer. In addition to direct effects, SEPA is expected to have indirect effects on competition (cross-border competition, non-FI payment operators, and money transfer services).

The diversity of payment systems, habits and providers' cost models makes it even more important to ensure systematic monitoring of these changes. Tariff monitoring is necessary but not sufficient to assess systematically the impact of the progressive introduction of current and new emerging SEPA instruments. Transparency of information on the new products, their characteristics (prices, services and standards quality) and any hidden costs (such as interchange fees, etc.) are also essential.

4.2. *RECOMMENDATIONS*

The recommendations address in particular best practices regarding data collection and analysis.

Data collection of tariffs

- Take full account of the diversity of usages, pricing models and practices among countries;
- Stimulate all banks to make their complete tariffs publicly available on their web sites, in the clearest possible way;
- Envisage in each country and at EU level a central price comparison web site (e.g. domestic central banks and European Central Bank) where banks provide their tariffs annually in a pre-defined format.

If the last practice were to be implemented, it would be possible, as a further step, to set up an interface allowing consumers to identify easily the best account for their needs in terms of price and service. This would certainly help consumers to deal with the difficulties they face when trying to

compare the prices of current accounts. The annual number of operations for each consumer would be necessary for such a comparison tool. An accurate account of these figures can only come directly from financial institutions that should provide this information to their customers in order to make comparison easier. This is especially important when considering that Eurobarometer surveys reveal that more than one in three EU consumers find it difficult to compare current account offers.

Data collection of usage patterns

Launch a European wide process of exchanges on quantified and qualified user profiles, involving the European Central Bank, domestic central banks, consumer organisations and bank associations. This will complement the existing EU-wide information sources, like the ECB Bluebook data, with harmonised and validated data on transactions and services where pricing differences could have critical impact, such as account balances, overdrafts, etc. Additionally, the databases, the Blue Book included, should provide sectoral breakdowns to allow the monitoring of usage characteristics in the household, corporate and financial sectors.

Data analysis

Stimulate further analysis of the links between price and profile dispersion, transparency of tariffs, usage rates, available payment infrastructure, breakdown of account charges, market structure and degree of competition.

Annex 1: Task specifications

Downloadable through the following link:

www.bvdmc.com\SB\CA_Specifications_192482.pdf

Annex 2: Financial institutions selected

Downloadable through the following link:

www.bvdmc.com\SB\CA_SelectionFIs.doc

Annex 3: Data collection guidelines

Downloadable through the following link:

www.bvdmc.com\SB\CA_CollectionGuidelines.doc

Annex 4: Assumptions and data used for the profiles

ECB's Blue Book does not distinguish between the usages of services by different sectors in the economy. For this reason, the data needs to be adjusted to arrive at representative figures for households only. Two corrections are made to eliminate the transactions conducted by non-household sectors.

First, the number of transactions conducted by banked adults has to be estimated for each country and relevant service. For each transaction type, it is assumed that one Euro held in a deposit account generates a constant number of transactions. We suppose that the number of transactions generated by households for each Euro in a deposit account is x_{num} times the number of transactions for all sectors. Factor x_{num} may vary from transaction to transaction, which allows it to account for general usage differences between these services. For example, certain payment services, such as POS transactions and ATM withdrawals, are more likely to be conducted by households. If this is the case, factor x_{num} will be greater than 1, implying that one Euro held in a deposit account generates more transactions for households. In turn, having the amount of money held in deposit accounts as an additional adjustment allows us to consider the varying use of bank-based payment systems between different countries.

The **second** task is estimating the value of transactions conducted by households. Here, it is assumed that one Euro of expenditure generates a constant amount of transactions. We again suppose that the value of transactions conducted by households is x_{amt} times the value of transactions for all sectors. As above, factor x_{amt} is identical for all countries but may nevertheless vary among different types of transaction. The assumption of relying on expenditure data is justified by the fact that one Euro of expenditures usually gives rise to a proportional amount of payment transactions. Once again, the variability of factor x_{amt} accounts for general usage differences between services.

These two adjustments are used to discount the number and value of transactions to arrive at the relevant figures for households. The formulae are as follows:

$$share_{num} = x_{num} \cdot \frac{D_{hh}}{D_{total}} \qquad \text{(A1)}$$

$$share_{amt} = x_{amt} \cdot \frac{E_{hh}}{E_{total}} \qquad \text{(A2)}$$

Where D stands for deposits, E for consumption expenditures and hh is the index for households.

For most EU members, the data on deposits (D) is provided by Eurostat under the financial accounts of households. For countries where the data is missing, we use the national statistics as substitutes. The data is from Eurostat's national accounts database. For households, the expenditures were given by "Households' final expenditures". In turn, the total expenditures of an economy, including intermediate expenditures, were given by "Total use" as a proxy for expenditures of all sectors. Data was not available for certain years. In these cases, available data from earlier years is used. For countries where no observation is available (i.e. Bulgaria, Cyprus, Germany, Greece and Latvia) corresponding EU averages are used as proxies.

In order to estimate x_{num} and x_{amt}, which are kept constant across countries, we rely on the payment services data provided by Bank of Italy.[35] Using this data, we solve for the two factors using equations (A1-2). These common factors are then used to generate the household shares for number and value of transactions in each country and each relevant Blue Book transaction.

[35] See the bi-annual reports of Bank of Italy (2008), *Supplements to the Statistical Bulletin: Monetary and Financial Indicators – Payment System.*

The following table summarizes our assumptions for the common factors and the corresponding shares in Italy.

Table 1 - Household's shares in number and value of transactions in Italy and assumptions on common usage factors (various years)

	Share in number of transactions ($Share_{num}$)	Share in value of transactions ($Share_{amt}$)	x_{num}	x_{amt}
	% of totals in Italy		*factor***	
Debit card payments	89%*	76%*	1.1*	3.0*
Credit or delayed debit card payments	89%	76%	1.1	3.0
Credit transfers sent	32%*	3%*	0.4*	0.1*
Direct debits sent	72%	24%	0.9	0.9
Cheques drawn	48%	15%	0.6	0.6*
POS transactions	89%*	76%	1.1	3.0
ATM withdrawals	89%*	76%	1.1*	3.0
ATM deposits	50%*	31%	0.6*	1.2
OTC withdrawals	80%*	25%	1.0*	1.0
OTC deposits	48%*	25%	0.6*	1.2

Source: UN National Accounts Database, Bank of Italy (2008) and own assumptions
Notes: *Extrapolations based on own assumptions. **The constant factors are calculated by using UN data for 2005 and Bank of Italy data for 2007.

The two columns on the left correspond to the share of the number and amount of transactions conducted by households using data provided by the Bank of Italy. The use of debit cards and POS cards are naturally more common among households. In both cases, the households' share of transactions is roughly 89% of the aggregate numbers and amounts. In turn, cheques and direct debits are less used by households. In particular, the households' transactions represent about one-third of the total Euro value of direct debits and cheques. The usage rates are somewhat more varied for these transactions, with around three-quarters of all direct debit transactions and half of cheque payments conducted by the households.

The shaded columns on the right give our assumptions regarding the constant factors x_{num} and x_{amt}. For rows where Bank of Italy provides complete data, the factors are calculated by solving for equations (A1-2). In other cases, the results are matched based on assumptions on the usage of different services.

Individual corrections are also applied in certain cases where the factors were deemed unrealistic. The following assumptions were made to fill the missing elements and to correct for apparent problems.

1. It is assumed that debit card payments are similar to credit or delayed debit card payments, POS transactions and ATM withdrawals; therefore the factors are set to be equivalent for these cases. Both transactions are commonly used by households and do not constitute a convenient method of payment for corporations.
2. The use of cheque payments, OTC and ATM deposits are also expected to be similar. Both are frequently used by households and corporations alike, especially by small- and medium-sized enterprises for the deposit of receipts. However, since the expenditures of corporations by and large outweigh the expenditures of households, the households' share in total amounts should be less than their share in total numbers of transactions.

3. As already discussed above, credit transfers are anticipated to be used heavily by corporations.[36] Unfortunately, the Bank of Italy does not provide the usage breakdowns for this transaction. We therefore rely on assumed similarities between different products. One would expect that the numbers of transactions and amount per transaction (*not* aggregate amount) should be similar between direct debits and credit transfers since these two transactions are often used interchangeably.[37] The factor of 0.1 is thus chosen to arrive at comparable values for direct debits and credit transfers. The factor for number of transactions is set at 0.4, since credit transfers are deemed to be a popular means of payments, even more so than cheques, which is assigned a factor of 0.6.
4. For the factor for the number of OTC withdrawals by households, the factor is likely to be less than the ATM withdrawals, simply because smaller corporations are more likely to engage in such transactions. The deposits ratio is assumed to be a perfect estimator for this case, which means that one Euro in a deposit account gives rise to an equivalent number of transactions for households and corporations.

Several national authorities and banking federations responded to our usage questionnaires. Where the responses used a methodology that was comparable with ours, i.e. focusing only on transactions conducted by households, we adjusted our database in line with the input provided. A detailed list of the responses is in Annex 9.

Several resources were used as a basis for our assumptions. These were,

1. Detailed payment statistics provided by Austrian, Danish, Greek and Italian central banks as well as the Blue Book database of the European Central Bank (ECB);
2. The "**Consumer association survey**" conducted by Test-Achats (Belgium), Altroconsumo (Italy); Deco Proteste (Portugal) AND OCU (Spain) between June – August 2004;
3. UK's Office of Fair Trading "**OFT study**", entitled "Personal current accounts in the UK", published on July 2008;
4. "**Oxera study**", entitled "The price of banking", which was published on November 2006;

The rest of this annex is structured as follows:

1. Methodology on constructing profiles
2. Details on profiles
3. Data from Blue Book used for constructing the profiles
4. Construction of basic profiles

[36] Indeed, surveys conducted by the European Commission show that for around two-thirds of the corporations, credit transfers represent between 75% to 100% of payments sent and received. For more, see European Business Test Panel (EBTP), European survey on SEPA, 1st and 2nd rounds, *How do you Pay? How would you like to pay?*, surveys conducted in August – September 2007 and September - October 2008.

[37] Bounie and Francois (2008) use propriety data on French households' utility bill payments and find that the size of the bill (i.e. the payment amount) is not a statistically significant estimator for the choice between using a direct debit or credit transfer. This means that the amount per transaction would be comparable for the two services for an average household. For more, see Bounie, D. and A. Francois (2008), "The Economics of Bill Payments: An Empirical Analysis", *Working Papers in Economics and Social Sciences*, No. ESS-08-04, Télécom ParisTech ENST.

4.1. Methodology on constructing profiles

The following table summarizes the methodology used to obtain the usage profiles for each transaction included in the study. Section 4.2. of this annex details the procedures.

Table 2 – Services concerned, data available, data needed, hypotheses needed

Services for which prices were collected	**ECB Blue Book data**	**Consumer association survey data**	**OFT report data**	**Data sources**	**Assumptions**
Account opening & closing				Churn data available from DG COMP inquiry.	Cost * Churn; assume same for all countries and profiles
Account maintenance				Number of accounts data available from DG COMP inquiry.	Control for average number of accounts using DG COMP inquiry – price of account/package to be converted to an annual charge.
Account statements				-	12 statements per year; assume same for all countries and profiles
Credit interest on account				OFT study and Eurostat household income figures	Share of household average income as outstanding credit was calculated from OFT study for UK and applied to all countries using same factor.
Interest rate on authorised overdraft		√	√	**Frequency**: Frequency distribution for UK users from OFT Study. Also, "going-into red" frequency for Consumer association survey for 4 (BE, ES, IT, PT) countries, which does not distinguish between authorized and unauthorized transactions. **Amount**: ECB and some central banks provide aggregate outstanding overdrafts (ODs), without distinguishing between authorized and unauthorized transactions or different sectors. OFT study provides data for UK. **Duration**: UK study provides rough estimates for number of days an account remains in arranged OD	**Frequency:** In UK and NL, i.e. approximately 1/3 of all current account holders (i.e. all active users) use the facility. Use consumer association study to obtain usage intensities. No usage in basic profiles. **Amount:** For all countries without central bank data, adjust the ECB aggregate according to short-term loans to households. Adjust central bank data to obtain authorized overdraft amounts using the OFT study as a basis. Assume that the amounts are the same for all profiles. **Duration:** OFT study leads to duration of 25 days per transaction. Assume the same for all profiles and countries.
Interest rate on unauthorised overdraft		√	√	Same data sources as interest rate on authorized overdrafts	**Frequency**: In UK, 1/4 of all current account holders use the facility once a year while others do not use it at all. Use consumer association study to obtain usage intensities. No usage in basic profiles. **Amount**: For all countries without central bank data, adjust the ECB aggregate according to short-term loans to households. Adjust central bank data to obtain unauthorized overdraft amounts using the OFT study as a basis. Assume that the amounts are the same for all profiles. **Duration**: OFT study leads to duration of 10 days per transaction. Assume the same for all profiles and countries.
Insufficient account funds			√	Annex D of OFT study provides distribution (p. 34)	UK data leads to 1 in average number of insufficient account funds per year (4 for active and 0 for passive).

Services for which prices were collected	ECB Blue Book data	Consumer association survey data	OFT report data	Data sources	Assumptions
Withdrawal from account over the counter (OTC)	√	√		ECB Blue Book (BB) and Consumer association survey	Number of transactions for average usage and amounts from BB. Use consumer association survey for active/passive usage in 4 countries. Missing data is calculated by fitting values according to statistical relationship between OTC and ATM transactions.
Deposit on account OTC	√			Same data sources as OTC withdrawals	Same assumptions as OTC withdrawal; data for missing variables matched using EU.
Account movement	√			ECB Blue Book	Sum of all transactions except those with credit card/overdrafts
Access to internet banking				Eurostat (2008) "Internet usage in 2008: Households and individuals" *Data in Focus* No. 46/2008.	For average usage, data directly from Eurostat report. Since access is a binomial variable, active/passive usage can be calculated via average usage.
Access to phone banking				Capgemini (2006) *World Retail Banking Report 2005*	According to Capgemini report, for every 2 account holders that use internet banking, there is one that uses phone banking. Assume those who use online banking also use phone banking.
Debit card	√	√		ECB Blue Book and Consumer association survey	Consumer association survey suggests that active users in ES have 2.3 cards. Passive users have 0.7 cards on average. Average is 1.2. Control also for number of accounts per account holder. Duration is 3.5 years, as cards are typically valid 3 or 4 years. Use BB data for EU27 averages. For active/passive users in all countries other than Spain, active-to-average and passive-to-average ratios are from Spanish consumer association survey.
Replacement of stolen/lost debit card				Symantec report on number of credit cards stolen in US annually in 2007-8.	The reported figures suggest that there were about 1.3 million stolen credit cards, which represents a likelihood of 0.006 stolen credit cards per banked US household. Suppose that same number lose debit cards. Then, active users replace 0.04 cards per year, average user with 0.01 and 0 for passive. Same in all EU27.
Blocking debit card				Same data sources as replacement of debit card	Assume that all replaced cards are first blocked
Debit card withdrawal	√	√		ECB Blue Book (BB), Consumer association survey, and Bankscope	Since BB data on ATM withdrawals include all cards with cash function, subtract delayed debit/credit card usage. For on-/off-us usage, use deposit market shares to determine weights. Consider also network agreements which make distinction obsolete. Usage profiles and values constructed exactly as in OTC withdrawals.
Debit card deposit	√	√		Same data sources as in OTC withdrawals	Same assumptions as in OTC withdrawals
Debit card POS payment	√			ECB Blue Book (BB) and Austrian Central Bank (OeNB) surveys on POS usage	Since BB data on POS payments includes all cards, use share of debit card payments in all card payments as a weight. The amounts can also be calculated in a similar fashion. For active/passive usage, use Austrian Central Bank survey which provides frequencies for POS payments via debit or credit cards. Value per transaction calculated by making appropriate adjustments for households' transactions.

Services for which prices were collected	ECB Blue Book data	Consumer association survey data	OFT report data	Data sources	Assumptions
Debit card online payment	√			Same data sources as in debit card POS payments, Eurostat E-commerce statistics and PwC data on channel usage	For number of transactions, use frequency data from Eurostat e-commerce statistics. For value of transactions, use the difference between the BB data on debit card payments and POS payments. Other assumptions are the same as in debit card POS payments. For passive users, assume 0 usage.
Delayed debit or credit card	√	√		Consumer association survey	Consumer association survey suggests that active users in ES have 2.1 cards. Passive users have no cards on average. Average is 0.9. Initiating cost distributed over 3.5 years, which is the average validity of card. Use BB data for EU27 averages. For active/passive usage, use Spanish data as a basis.
Interest rate on delayed debit or credit card				Eurostat data on household indebtedness (short-term loans).	Monthly amount on delayed debit and credit cards can be calculated via the indebtedness figures. Short-term loans will be adjusted to exclude overdrafts and credit card debt.
Replacement of stolen / lost delayed debit or credit card				Same data sources as in replacement of stolen/lost debit card	Same as in replacement of stolen/lost debit card
Blocking delayed debit or credit card				Same data sources as in replacement of stolen/lost debit card	Same as in replacement of stolen/lost debit card
Delayed debit or credit card withdrawal	√			Information from uSwitch (2009) survey	uSwitch survey provides both frequency and value per transaction information for UK. An average card holder engages in less than 1 transaction per year. Apply to all EU27.
Delayed debit or credit card POS payment	√			Same data sources as in debit card POS payments	Since BB data on POS payments includes all cards, use share of debit card payments in all card payments as a weight. Other assumptions are as in debit card POS payments
Delayed debit or credit card online payment	√			Same data sources as in debit card online payments	Same as in debit card online payments, except for credit card information
Reception of credit transfer		√		Consumer association survey on direct billing received (salary, etc)	Frequency distributions from Consumer association survey are available. In ES and IT, ¾ of people receive transfers. Of these, almost all receive transfers once a month. In PT, almost no use at all. For NMS12 use PT averages and for EU15 use survey averages. .
Sending of credit transfer	√			Same data sources as in OTC withdrawals	Same as in OTC withdrawals. Consumer association survey on domestic bank transfers used to extract active/passive usage. Use BB data to distinguish between paper and non-paper based transactions. Value per transaction calculated by dividing value by the number of transactions, making appropriate adjustments for households.
Reception of standing order		√		Consumer association survey on direct billing received (salary, pension payments, etc)	Assume all monthly transfers (received) are standing order.
Setup, modification and closure of standing order				Oxera report on UK consumer profiles (p.87)	**Setup:** Once for active users, 0.5 for average users and zero for passive users. **Modification/closure:** 1/3 of all orders are modified and 1/3 closed within a year.

Services for which prices were collected	ECB Blue Book data	Consumer association survey data	OFT report data	Data sources	Assumptions
Sending of standing order transaction	√			ECB Blue Book (BB) and Oxera report on UK consumer profiles (p.87)	Assume that on average users pay only rent (12 times per year). Passive users, like students, only make quarterly payments (4 times) while active users make rent and three quarterly payments (21 times). BB data used to correct for other Member States.
Setup of direct debit order	√	√		Consumer association survey on direct billing sent and Flash Eurobarometer (2009) survey on consumers' switching of utilities	A new setup required each time the consumer switches utility. Half of these should be setting up a new direct debit order. More active (passive) consumers would be those that switch more (less) often. Use BB data to construct a weight on the popularity of direct debit payments across EU27.
Sending of direct debit transaction	√	√		ECB Blue Book (BB) and Consumer association survey on direct billing sent (utilities)	Same as in OTC withdrawals. Use Consumer association survey on direct billing to extract active/passive usage.
Modification & closure of direct debit order				Same data sources as in setup of direct debit order	Same assumptions as in setup of direct debit order
Chequebook	√	√		ECB Blue Book (BB) and consumer association survey	Assume chequebooks come with 25 checks. Use data on cheques drawn to get how many cheques different profiles of customers go through in a year.
Cheque drawing	√	√		ECB Blue Book (BB) and consumer association survey	Number of transactions and amounts for average usage from BB. Use consumer association survey for active/passive usage in 4 countries. For other countries, use the aggregated results from consumer association survey to get active/passive usage unless any guidance is available. Value per transaction calculated by making appropriate adjustments for households' transactions.
Cheque lodging		√		Same data sources as cheque drawing	Same as cheque drawing
Cheque bouncing		√		Italy's CB and consumer association survey on "going into red"	From IT CB, data on rejected checks exist (less than 0.5 percent chance per check); consumer association data may be used for validation and making usage calculations. Assume same for all EU27.

4.2. Details on profiles

Overdrafts

There is relatively little information on the use of overdrafts. Nevertheless, this section makes an attempt to use whatever information is available to extract usage rates across the EU.

In what follows, assumptions regarding three distinct aspects of overdrafts are outlined. First, consumer surveys on the usage frequencies of overdrafts are utilized to generate distinct usage rates for active, passive and average users. It is important to highlight that an account holder is considered have an additional overdraft when his or her account goes from a positive to negative balance. Second, how long an account remains in overdraft (i.e. successive number of days the account remains in red) is addressed. This is independent of the frequency; however, it is only by putting together frequency and duration information that one can identify how intensely overdrafts are used in a country. The last part addresses the amounts of overdrafts. Once again, this amount corresponds to the amount an account goes into debit each time an overdraft occurs.

Number of overdrafts per year

Two sources have been used for the frequency distributions and the corresponding number of transactions for active and passive users.

The first column of data in the table below is extracted from the OFT study and describes how often account holders with authorized overdraft facilities use this option. According to the figures, the use of overdraft is relatively rare. About two-thirds of the respondents (38%+25%) never have overdrafts. Of this amount, more than half (38%) do not have any authorized overdraft facility. Moreover, 15% of respondents are rarely in overdraft while less than a quarter of the respondents (22%) have a regular use of overdrafts.

The third (shaded) column of the table below gives assumptions regarding the annual usage frequency. Given that the duration of an authorized overdraft was around one month, it is assumed that those who use the facility permanently or usually engage in 9 overdrafts per year on average. The other usage rates are adjusted in line with this assumption.

Table 3 - Frequency of authorized overdrafts in the UK (2006)

	Share of respondents	Overdrafts per year
Respondents with no facility	38%	0
Respondents with facility	62%	
… who use it permanently or usually	10%	9
… who use it sometimes	12%	4
… who use it rarely	15%	1
… who never use it	25%	0

Source: OFT (2008) and own calculations

Using the figures above, an average current account holder in the UK engages in 1.5 transactions per year. For active users, the average is higher, 4.5 transactions per year; passive users do not engage in any authorized overdrafts. According to the table, around 4% of respondents who are not considered as active also used their overdraft facilities, but only rarely. With these, an average overdrawn respondent engaged in 4.1 transactions per year.

The same study also provides data on how often account holders engage in unauthorized overdrafts. Table 4 shows that over three-quarters of the respondents never exceed their limits.[38] Moreover, the share of account holders that exceed their limits more than once is very low (15%). Once again, the third (shaded) column of provides the assumptions regarding frequency of usage, which are mostly in line with the ranges of options provided in the questionnaire.

Table 4 - Frequency of unauthorized overdrafts in the UK (2006)

	Share of respondents	Overdrafts per year
Not exceeded limit	76%	0
Exceeded once	9%	1
Exceeded 2-3 times	7%	2.5
Exceeded 4-10 times	5%	7
Exceeded more than 10 times	3%	12

Source: OFT (2008) and own calculations

Using the figures above, we see that an average account holder engaged in only 1 unauthorized overdraft in 2006. Moreover, only active users make such transactions since only 24% of all respondents stated that they had an unarranged overdraft. The average number of overdrafts for these users was 3.

A survey on the use of current accounts conducted by consumer associations in Belgium, Italy, Portugal and Spain also provides information on how often account holders "go into red", which is equivalent to an overdraft, authorized or not. The last column gives the assumption on the number of transactions per year.[39]

According to the table below, around three-quarters of respondents never use an overdraft. This means that only active users engage in overdrafts. The results are largely in line with the UK figures detailed previously. Frequent use of overdrafts is very rare; in all countries except Belgium, no more than 5% of all respondents have more than a couple of overdrafts per year. A quick comparison of the table with the results for the UK reveals that the use of overdrafts is lower in the four countries.

Table 5 - "Going into red" in four countries (2004)

	All	Belgium	Italy	Portugal	Spain	Overdrafts per year
	% of respondents					
Monthly or more	3.7%	6.4%	3.1%	3.7%	2.3%	12
A couple of times a year	6.5%	12.1%	5.2%	5.6%	4.4%	4.5
Less	6.9%	10.1%	4.3%	7.1%	7.1%	1
Never used in past year	82.9%	71.4%	87.3%	83.6%	86.2%	0

Source: Consumer association survey (2004) conducted by Test-Achats (Belgium), Altroconsumo (Italy); Deco Proteste (Portugal) AND OCU (Spain); own calculations

[38] This share remains the same whether or not respondents with an authorized facility are accounted for in the calculation of averages. Those with an authorized facility are only slightly less likely to make unauthorized overdrafts; 77% of these respondents avoid making such transactions as opposed to 73% for those without a facility.

[39] Since the average duration of an overdraft is around 20 days, an account may go into red a maximum of 18 times per year. The gaps between different options mean that some respondents have to make approximate choices. For example, it is not entirely clear whether an individual who is in overdraft four times a year would choose the option "at least monthly" or "a couple of times a year". It is assumed here that choices are made according to proximity of available options. This means that all respondents that used overdrafts 2 to 7 times in 2004 would choose "a couple of times a year" to describe their behavior; those that used it more (more than 7 times or an average of 10 times) would choose "at least monthly" while the rest would choose the option "less".

The usage intensities in the table above can be translated into average number of transactions for all users (i.e. average usage). We do not perform the same calculations to arrive at number of transactions for active and passive users since the results depend critically on our assumptions. The average number of overdrafts per year range between a high of 1.4 for Belgium to a low of 0.5 for Spain.

Table 6 - Average number of overdrafts per year

	Belgium	Italy	Portugal	Spain	UK	Weighted avg.
All respondents	1.4	0.6	0.7	0.5	2.5	1.1

Source: Consumer association survey (2004); OFT (2008); own calculations

The table above summarizes the results from the two studies identified above. The columns of data for Belgium, Italy, Portugal and Spain provide the results of the surveys conducted by consumer associations in the four countries. The results of the OFT survey for the UK, which aggregates the authorized and unauthorized overdrafts, is presented next. The last column gives the weighted averages obtained by aggregating the data from the two surveys and weighting the results by the number of observations for each country.

According to the results summarized in the table, the use of overdrafts is highly common in the UK. An average consumer engages in 2.5 overdrafts per year, which is more than twice the average for the five countries. For Italy, Portugal and Spain, the usage rates are relatively low, with an average consumer engaging in between 0.5 to 0.7 overdrafts per year and active usage of around 1.5 to 2.2 overdrafts. Belgium's usage rates are slightly higher than the weighted average for the five countries depicted.

The data in Table 6 is used to extrapolate the average number of overdrafts per year in different countries. For the five countries on the table, the numbers as indicated are used. For the other 22 countries, the last column is used as a basis. To get distinct usages for authorized and unauthorized overdrafts, it is assumed that the share of authorized overdrafts in all overdrafts in UK is applicable to all other countries. The resulting overdraft usage frequencies are as depicted the table below**.**

Table 7 - Overdraft frequency (number of times per year)

	Belgium		**Italy**		**Portugal**		**Spain**		**UK**		**Others**	
	Auth.	*Una.*	*Auth.*	*Una.*	*Auth.*	*Una.*	*Auth.*	*Una.*	*Auth.*	*Una.*	*Auth..*	*Una.*
Average	0.8	0.5	0.4	0.2	0.4	0.3	0.3	0.2	1.5	1.0	0.7	0.4

Source: Own assumptions

The assumptions summarized above do not account for differences between countries. Additional guidance on usage rates (including qualitative information and interactions with country experts) may enable us, at a later stage, to distinguish between different groups of countries, such as

(i) low frequency countries like Italy, Portugal and Spain;
(ii) average frequency countries like Belgium; and,
(iii) high frequency countries like the UK.

With such guidance, the group averages may be applied to correct for differences between countries. Until such guidance is available, the above table will be used to determine usage frequencies in EU members.

Duration of overdrafts

Limited information is available on how long an account remains in overdraft on average among the different EU members. Most banks specify that an account may remain overdrawn for less than a specified number of

consecutive days or months, usually three months. These restrictions put an upper limit to overdraft duration but provide no information on the average value.

Only the OFT (2006) study mentions some quantitative figures. According to the study, the total duration of authorized overdrafts was 82 days (based on data from only 5 banks) for amounts not exceeding £100 and more for greater amounts (p. 64). For unarranged overdrafts, the same duration was between 16 and 61 days, depending on the bank (p. 66). These numbers suggest an average duration of around 10 days for unauthorized transactions and 25 days for authorized transactions.[40]

These assumptions should be interpreted with care. It is quite likely that the duration data, much like the frequency data, is quite varied among different Member States. Most overdrawn consumers go into red rarely, possibly in holiday periods and subsequent to making big purchases, to pay for one-time expenditures. For these account holders, the duration would be less than a month as they would get their accounts out of debit once their monthly pay checks arrive (assuming they are employed). Other account holders who have overdrafts more frequently may use these transactions to smooth their earnings over periods with no or irregular income. For these individuals, the duration per overdraft may well exceed one month.

Since no additional data sources are available for us to get estimates on the overdraft durations for these account holders, the UK numbers on duration will be used as a basis for all EU members. The assumptions are as depicted in the table below.

Table 8 - Overdraft duration (days per overdraft)

	Authorized	Unauthorized
All profiles	25	10

Source: Own assumptions

Amount per overdraft

For the total overdrafts, only 11 central banks provide data on business volumes.[41] However, it was brought to our attention from several national bank experts that the definition of overdrafts differed from country to country and included non-household transactions.[42] More importantly, overdrafts category include in most of the countries also loans taken as part of a credit line and in some cases for household mortgages. This meant that the overdrafts figures published for these countries were invariably included elements that were beyond the scope of a typical overdraft, which is a debit amount for a current account.

Our alternative approach was using data on outstanding short-term loans of households, which includes credit card balances and overdrafts, from Eurostat's financial accounts database. Using aggregate data provided in the OFT study, the average daily debit balance was about £390 (€533 in 2006 exchange rate) per banked household in arranged overdrafts and about £95 (€133 in 2006 exchange rate) in unarranged overdrafts. These corresponded to about 20% and 5% of the short-term loans of households, respectively. These shares were applied to all countries to obtain the two overdraft amounts in each EU member.

[40] Assuming that the duration periods are evenly distributed, the average duration per unarranged overdrafts would be 9.5 days, (average of 16 and 61 days divided by 4, the average number overdrafts for customers with at least one overdraft). For arranged overdrafts, assuming that an overdrawn account remained in debit for a total of 100 days and that a customer that exceeded his or her limit at least once did so an average of 4.1 times per year, the average duration per overdraft would come to 24.4 days.

[41] Data on business volumes for overdrafts is not available from the ECB for individual countries due to an agreement with national central banks.

[42] We would like to thank Javier Huerga at the European Central Bank and Justyna Wijas-Jensen at the Danmarks Nationalbank for these clarifications.

Withdrawals

Blue Book has data on ATM and OTC withdrawals, although no differentiation is provided for transactions using debit, credit or delayed debit cards. Instead, a breakdown for cards issued outside the country and withdrawals outside the reporting country are included. For the purposes of this exercise, only data on domestic withdrawals using cards issued in the reporting country is used.

For credit card withdrawals, the information provided by a UK consumer association (uSwitch.com), which is based on data from an opinion survey conducted by YouGov in September 2008 reveals that 16% of those with a credit card engage in 5.2 transactions per year of just under €125 per withdrawal. These lead to the following usage rates.

Table 9 - Assumptions on credit card usage

	Transactions per year	Amount per transaction (€)
Active user	2.5	125
Passive user	0	0
Average user	0.8	125

Source: uSwitch (2009)

The assumptions above are applied identically to all countries.

Number of withdrawals per year

The Blue Book data is used to construct average number of deposits (i.e. average usage) within the country. As for the active and passive profiles, the consumer association survey (2004) provides data on percentage of subjects that engage in withdrawals in a given frequency, i.e. daily, weekly, monthly, a couple of times a year or less. The information extracted from the consumer survey on withdrawals is summarized below.

Table 10 - Frequency of cash withdrawals in four countries (2004)

	All	Belgium	Italy	Portugal	Spain	Withdrawals per year
	% of respondents					
Daily	5.0%	1.1%	2.4%	9.5%	6.7%	120
Weekly	57.0%	53.2%	52.8%	64.2%	57.9%	35
Monthly	25.9%	34.9%	30.4%	16.2%	22.8%	12
Twice a year	5.6%	5.6%	7.7%	3.1%	5.6%	3
Less	1.7%	1.0%	1.4%	2.4%	2.1%	1
Never	4.8%	4.3%	5.4%	4.6%	4.9%	0

Source: Consumer associations survey (2004) conducted by Test-Achats (Belgium), Altroconsumo (Italy), Deco Proteste (Portugal) and OCU (Spain); own assumptions

The table above shows how often customers make withdrawals in the four countries surveyed. A quick look at the table shows that withdrawals are very frequent in Portugal; almost 10% of account holders surveyed stated that they withdraw money on a daily basis. On the other hand is Belgium, where the comparable share of respondent making daily withdrawals is only 1%. The last column gives our assumptions for converting the frequency categories to a number of transactions per year.[43]

[43] Due to gaps between options provided to respondents, it is not entirely clear whether an individual who uses withdrawals twice a week would choose the option "daily" or "weekly". Based on input from the Spanish consumer association, OCU, it is assumed that respondents make their choices by proximity of available choices, reading the options from top to bottom. If a respondent's usage falls between two options, i.e. three withdrawals per week, the respondent chooses the first

The study also provides the share of individuals who use Automated-Teller-Machines (ATMs) or over-the-counter (OTC) withdrawals. However, a separate distribution table is not provided for withdrawals from each terminal, which means that the data does not account for differences in the intensity of usages between the two terminals. It is entirely possible that consumers that withdraw money from ATMs do so more often. In order to minimize the risk of making erroneous assumptions regarding the two channels, we use the Blue Book data on the proportion of withdrawal operations conducted from either type of terminal. For Belgium, Blue Book does not provide OTC data; therefore, we apply the share of operations conducted from the consumer survey.[44]

The table below provides the number of transactions for the three profiles for OTC and ATM withdrawals and compares the population averages obtained from the surveys with those of the Blue Book data for 2004.

Table 11 - Number of cash withdrawals (2004)

	Belgium	Italy	Portugal	Spain	All four
OTC withdrawals					
Active user	6.4	22.5	2.2	9.2	10.3
Passive user	1.5	4.1	0.5	1.4	1.8
Survey average	4.1	13.8	1.3	5.5	6.3
Blue Book average*	-	14.3	1.6	5.2	-
ATM withdrawals (incl. credit cards)					
Active user	31.2	18.6	57.1	42.8	37.3
Passive user	7.2	3.4	13.1	6.6	6.4
Survey average	20.1	11.4	34.7	25.7	22.9
Blue Book average*	24.9	11.8	41.9	24.2	-

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

Note: *The 2004 Blue Book averages are depicted for illustration of the proximity of survey results.

The table above is only used as a basis for assigning the usage levels. For average users, the Blue Book averages (for 2007) are used. The values for active and passive users are then found by discounting this average usage value with the factors depicted below, which are based on the relationship between the survey averages and the two extreme profiles. The credit card withdrawals shown above were subtracted from the total ATM withdrawals in order to get the debit card withdrawals.

Table 12 - Assumed relationship between Blue Book averages and different profiles

	Belgium	Italy	Portugal	Spain	All others
Active user	155%	163%	165%	167%	163%
Passive user	36%	30%	38%	26%	28%
Average user	100%	100%	100%	100%	100%

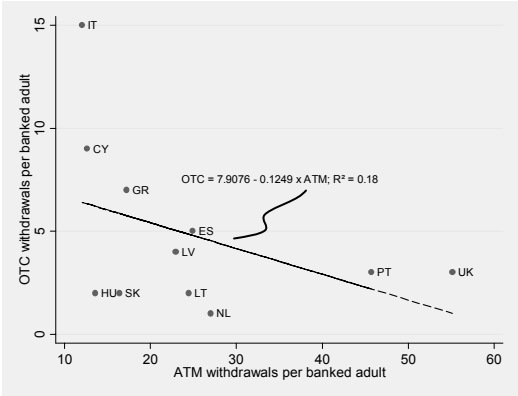
Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

option available. This means that all respondents that make one to five withdrawals per week would choose "daily" to describe their behavior. The assumptions regarding number of withdrawals per year were also corrected to minimize the sum of squared errors between the consumer association averages and the Blue Book averages for the same years.

[44] There is some overlap in the data regarding the terminal usage since some account holders (ranging between 12% and 22%) make some of their withdrawals from ATMs and others from bank branches. We assume that customers that use both terminals use them equivalently, i.e. half of their withdrawals are from ATMs and the other half is via OTC terminals.

For OTC withdrawals, the data is not complete for all countries; missing observations were completed by running a simple regression with ATM withdrawals as an explanatory variable. It is expected that the two types of transactions are substitutes. The more number of ATM withdrawals a banked adult conducts, the lower OTC transactions that he or she would be expected to conduct. An OLS regression analysis confirmed this hypothesis and was used to fit the missing OTC values. The following diagram plots the scatter graph for the existing values and the fitted line using OLS regression.

Graph 1. Relationship between number of OTC and ATM withdrawals



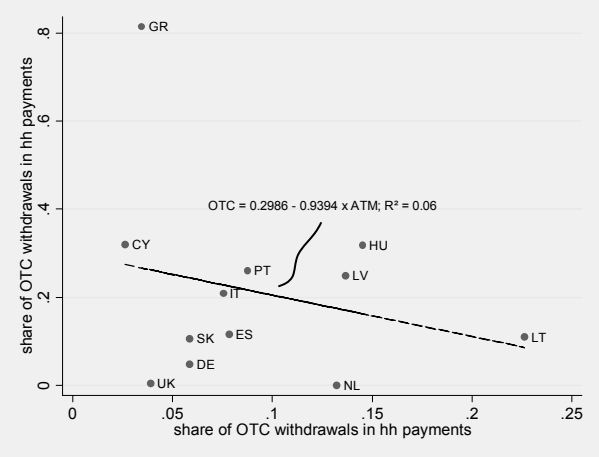
Source: Data obtained from ECB Blue Book; own calculations

Amount withdrawn

For amounts withdrawn per transaction, the ECB provides both total amounts and the number of transactions.

For missing OTC transactions, a procedure as explained above was used to fit the missing OTC values. The greater the share of ATM transactions in total final expenditures of households, the lower the share of OTC transactions is expected to be. An OLS regression analysis confirmed this hypothesis and was used to fit the missing OTC values. The following diagram depicts the relationship between the two variables and the fitted line.

Graph 2. Relationship between total value of OTC and ATM withdrawals



Source: Data obtained from ECB Blue Book and Eurostat; own calculations

On-us/off-us transactions

It is assumed that *only* active users conduct off-us withdrawals. Among these users (a third of all customers), the choice of on-us or off-us depends on how often a customer encounters an ATM of his own institution. In order to model this access problem, we assume that the number of ATMs (and their geographical spread) is a linear function of a bank's share in the deposit market and that the ATMs are uniformly distributed out in the country. With these assumptions, a customer's probability of encountering a distributor of his or her own bank is equivalent to that banks market share. Similarly, the share of on-us transactions in the country may be calculated as the sum of squared market shares for all banks – also equivalent to the Herfindahl-Hirschman Index (HHI) for deposits.

For off-us transactions, we assume that customers have clear preferences towards making on-us transactions. Exceptions arise only in moments of need. We assume that immediacy arises only in a third of all cases when customers encounter a distributor of another bank. Therefore, in the remaining 67% of cases customers nevertheless find distributors of their own bank. With these, the probability of making an off-us transaction for the customers of bank *i* is given by $\Pr_{i,off-us} = \frac{1}{3} \cdot (1 - share_i)$.

We additionally corrected the final figures by accounting for the availability of network sharing agreements in each country.[45]

Exceptions

The ATM withdrawals data had to be corrected for Denmark since the Blue Book numbers did not include on-us transactions and had to be extrapolated using the on-us off-us transaction ratio discussed above.

Deposits

Number of deposits per year

Blue Book has data on ATM and OTC withdrawals, with a breakdown for cards issued outside the country and withdrawals outside the reporting country are included. For the purposes of this exercise, only data on domestic deposits using cards issued in the reporting country is used.

The Blue Book data is used to construct average number of deposits (i.e. average usage) within the country. As for the active and passive profiles, the consumer association survey (2004) provides data on percentage of subjects that engage in deposits in a given frequency, i.e. daily, weekly, monthly, a couple of times a year or less. The information that is extracted from the consumer survey on withdrawals is summarized below. As in withdrawals, the last column gives our assumptions regarding the corresponding usage values for each frequency category.

[45] The data on network agreements are from the study on Preparing the Monitoring of the Impact of the Single Euro Payment Area (SEPA) on Consumers, commission by DH Health and Consumer Protection, Final Report submitted by the Consumer Policy Evaluation Consortium, 18 August 2008.

Table 13 - Cash deposits in four countries (2004)

	All	Belgium	Italy	Portugal	Spain	Deposits per year
			% of respondents			
Daily	1.0%	0.7%	0.7%	1.3%	1.2%	120
Weekly	6.8%	3.4%	5.1%	12.0%	6.4%	35
Monthly	32.1%	10.9%	31.6%	42.5%	39.4%	12
Twice a year	17.4%	22.8%	19.6%	16.7%	11.3%	3
Less	6.4%	8.0%	5.0%	6.7%	6.6%	1
Never	36.3%	54.2%	38.1%	20.8%	35.0%	0

Source: Consumer associations survey (2004) conducted by Test-Achats (Belgium), Altroconsumo (Italy), Deco Proteste (Portugal) and OCU (Spain); own assumptions

The figures above can be used to construct the usage rates in the four countries. As in withdrawals, ECB's Blue Book data was used as a guidance to separate between OTC and ATM deposits. Whenever this data was unavailable, the breakdown provided by the consumer association survey was used. The corresponding usage rates from either terminal are summarized below.

Table 14 - Number of cash deposits (2004)

	Belgium	Italy	Portugal	Spain	All four
OTC deposits					
Active user	10.0	17.4	20.0	18.4	16.4
Passive user	0.0	0.0	0.6	0.0	0.0
Survey average	3.5	6.9	9.3	7.9	6.6
Blue Book average*	-	-	4.6	3.7	-
ATM deposits					
Active user	1.7	0.5	4.7	2.2	3.6
Passive user	0.0	0.0	0.7	0.0	0.0
Survey average	0.6	0.2	2.2	0.9	1.4
Blue Book average*	-	-	1.1	-	-

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions
Note: *The 2004 Blue Book averages are depicted for illustration of the proximity of survey results; - Data not available.

As in withdrawals, these usage rates lead to the following rates that are used to discount the average usage rates to arrive at active and passive usages.

Table 15 - Assumed relationship between Blue Book averages and different profiles

	Belgium	Italy	Portugal	Spain	All others
Active user	284%	252%	215%	231%	249%
Passive user	0%	0%	6%	0%	0%
Average user	100%	100%	100%	100%	100%

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

For the four countries, Belgium, Italy, Portugal and Spain, the rates in the previous table were used to discount the Blue Book average usage rates to obtain the active and passive usages. For all other countries, the average response rates obtained by treating the four surveys as one were used to discount the Blue Book averages.

Amount deposited

For amounts withdrawn per transaction, the ECB provides both total amounts and the number of transactions. For OTC transactions, the data is incomplete; missing observations were completed by assigning EU15 and NMS-12 averages to countries in corresponding groups.

Exceptions

As in OTC withdrawals, Romania was excluded from the calculation of EU27 and NMS-12 profiles since the usage rates (94 transactions per banked adult in 2007) were about 8-9 times the EU27 average (11.8 transactions on average and 4.4 without considering Romania). Netherlands was also excluded from the calculation of EU27 and EU15 profiles for amount deposited per transaction since an average OTC deposit was around 2 Euros.

Credit transfers

Number of credit transfers received

For reception of credit transfers, the consumer association survey (2004) provides detailed information regarding usage frequencies for direct billing received. These transactions comprise of money received for salary, pension payments, etc. Since households are less likely to engage in commercial practices, direct debits are assumed to be only a small fraction of these payments received.

Table 16 - Direct billing received in four countries (2004)

	All	Belgium	Italy	Portugal	Spain	Receipts per year
	% of respondents					
Daily	0.5%	0.7%	0.6%	0.0%	1.0%	120
Weekly	1.3%	3.7%	0.6%	0.2%	1.2%	35
Monthly	47.6%	44.4%	69.8%	6.9%	62.7%	12
Twice a year	1.5%	2.4%	0.8%	1.0%	2.1%	3
Less	3.5%	3.9%	0.4%	1.6%	8.5%	1
Never	45.6%	44.9%	27.8%	90.3%	24.5%	0

Source: Consumer association survey (2004); own assumptions

These figures can be used to calculate the number of transactions corresponding to different usage profiles in the four countries. Since Blue Book data is not available on credit transfers received, no guidance exists to control for differences of usages among Member States. In order to distinguish between low and high usage, for NMS-12 countries, the Portuguese data was as a basis. For all EU15 countries except the four included in the survey, the data under "all others" was used. The following table summarizes the assumptions used in the study.

Table 17 - Assumptions on number of credit transfers received

	Belgium	Italy	Portugal & NMS-12	Spain	All other EU15
Active user	17.0	14.3	2.9	16.1	14.7
Passive user	0.0	1.5	0.0	0.3	0.0
Average user	7.6	9.3	1.0	9.3	6.9

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

Number of credit transfers sent

ECB's Blue Book provides data for credit transfers on the payer's side, i.e. credit transfers sent. For the usage frequencies, the consumer association survey (2004) data for direct billing for payments is used as a basis.

The following table summarizes the consumer survey data for domestic bank transfers, which include credit transfers sent.

Table 18 - Domestic bank transfers in four countries (2004)

	All	Belgium	Italy	Portugal	Spain	Sent per year
			% of respondents			
Daily	0.62%	1.96%	0.19%	0.20%	0.37%	180
Weekly	9.42%	39.78%	0.72%	2.78%	1.90%	52.5
Monthly	21.82%	40.05%	11.06%	25.25%	16.98%	18
Twice a year	15.54%	6.23%	25.29%	13.52%	13.87%	4.5
Less	8.70%	0.98%	10.63%	7.90%	13.27%	1.5
Never	43.90%	11.00%	52.10%	50.30%	53.60%	0

Source: Consumer association survey (2004); own assumptions

The table above (the right-most column) assumes that a household sends at least 1.5 credit transfers for each frequency category. These figures above can be used to construct the ratios to discount average rates to fit the three usage rates. The two tables below give, first, the usage rates for different profiles and the discounting factors.

Table 19 - Domestic bank transfers per year in four countries (2004)

	All	Belgium	Italy	Portugal	Spain
Active use	30.2	60.0	11.0	19.8	16.1
Passive user	0.0	9.1	0.0	0.0	0.0
Survey average	10.8	31.9	4.0	7.1	5.5
Blue Book average	-	27.2	9.2	3.0	5.6

Source: Own calculations based on consumer association survey (2004) and own assumptions

The following table provides guidance on how Blue Book data is discounted to obtain different usage rates.

Table 20 - Assumed relationship between Blue Book averages and different profiles

	Belgium	Italy	Portugal	Spain	All others
Active user	279%	188%	275%	279%	289%
Passive user	0%	28%	0%	0%	0%
Average user	100%	100%	100%	100%	100%

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

Amount sent by credit transfer and exceptions

For amounts per transaction, the ECB figures on total credit transfers (sent) was divided by total number credit transfers by households to obtain an amount per transaction. 2004 data was used for Czech Republic since that was the last year for which data was available.

On-us/off-us transactions

The calculation method is similar to the one used for ATM withdrawals above, except for two differences. First, it is assumed that all users may conduct off-us credit transfers. Second, the point about immediacy does not arise here as customers often do not have a choice in making on-us transactions when the counterparty bank is

not the same as one's own. Therefore, the probability of making an off-us transaction off-us transaction for the customers of bank *i* is simply $\Pr_{i,off-us} = 1 - share_i$.

Exceptions

The data had to be corrected for Denmark and UK. For Denmark, the Blue Book numbers did not include on-us transactions and had to extrapolated using the on-us off-us transaction ratio discussed above. For the UK, the same exclusion had to be also corrected. Additionally for the UK, the Blue Book numbers included interbank (CHAPS, LVPS and TARGET2/TARGET) transactions, which had to be excluded using additional information provided by Blue Book.

Standing orders

Number of standing orders received per year

The consumer association (2004) survey data on direct billing received (in the form of salary, pension and other social benefit payments) was used. Among these payments received, only the monthly ones were assumed to be standing order payments.

As already noted above, Table 16 summarizes the intensity of usage information from the survey. Using the same assumptions to convert the given frequencies to number of transactions per year, the following table gives the usages for monthly payments received only.

Table 21 - Assumptions on reception of standing order

	Belgium	Italy	Portugal (NMS12)	Spain	All others
Active user	11.9	12.9	2.5	13.0	12.2
Passive user	0.0	1.4	0.0	0.2	0.0
Average user	5.3	8.4	0.8	7.5	5.7

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

The reception of direct billing payments is assumed to be very low among the NMS-12. For this reason, the usage rates in these countries are assumed to be identical to those of Portugal. Moreover, the average rates for the four countries are applied to all remaining countries.

Setup, closure and modification of standing orders

A report by Oxera (2006) prepared for the British Bankers' Association provides assumptions on the setup of standing orders.46 According to the report, the setting up of standing orders is rare; only young professionals are active with one setup per year while others have little or no standing order activity. We assume that active users engage in one setup per year while average users engage in 0.5 setups per year, implying that some non-active users (i.e. those that are below the 67 percentile threshold) also have standing orders.

Standing orders are used mostly to make regular fixed payments such as monthly rent, insurance, mortgage, consumer credit payments or short-term instalment payments. A modification of the order is necessary each time the payment amount is changed. This would be necessary for indexed transactions, (i.e. inflation-indexed rent payments or variable-rate mortgages). It is assumed that any other change (i.e. modification of beneficiary details when account holder moves to another rental location) requires the closure of the current order and

[46] The information is extracted from Oxera (2006) *The price of banking: An international comparison*, Oxford, November, page 87.

setting up another. A standing order is also closed automatically when the pre-set payment period terminates. Therefore, it is likely that most standing orders are either modified or closed within a year.

To our knowledge, there are no data sources that detail the use of standing orders to make different sorts of payments. With no information to rely on, we assume that a third (33%) of all standing-orders is modified and a third (33%) is closed within a year while the rest (33%) remains unchanged.

Sending of standing orders

The Oxera report (2006) also includes the number of standing orders sent by different profiles of current account holders in the UK.[47] The report assumes that active users, i.e. young professionals, send 21 standing orders per year. In turn, a median-income family sends 12 standing orders on average. Comparing these numbers to the number of credit transfers per year (103.2 for active and 54.6 for average users) from ECB's Blue Book statistics, we see that approximately 20% of all credit transfers are standing orders. We apply this factor (0.2) to discount the Blue Book data on credit transfers sent to arrive at the number of standing orders sent per year.

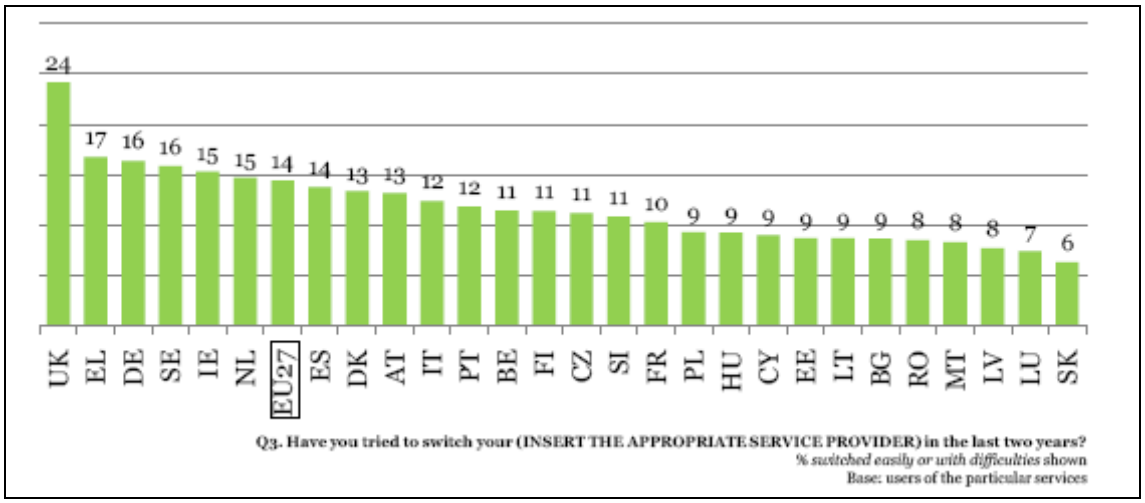
Direct debits

Setup and closure of direct debits

It is assumed that direct debits are used exclusively to pay bills due for various service providers, i.e. insurance, telecommunication, electricity, gas, water providers or mortgage payments. Rent payments are not considered as direct debits since they are often initiated by the payer, which makes them treated as credit transfers.

In what follows, we assume that the usage rates are as defined in the table above based on consumer survey data. We also assume that a separate setup of a direct debit order is necessary each time a customer switches his or her utility. The following diagram, which is extracted from a recent Flash Eurobarometer, was used as a basis for average switching rates.

Graph 3. Mean switching rate in past two years; by country and average for all services (2008 survey, figures correspond to % of respondents)



Source: Flash Eurobarometer No. 243, January 2009

[47] *Ibid.* p. 87.

We use half of these figures to generate the annual switching figures. For EU27, EU15 and NMS-12, population weighted averages are used. These numbers are then multiplied by the proportion of users with direct billing.

It is assumed that each setup requires a closure, which implicitly assumes that the number of new users (i.e. those with no previous direct debit facility) is very low. Therefore, the closure values are set as equivalent to setup values.

Direct debits sent

The procedure is exactly the same as in credit transfers sent, both for number of transactions and the amount per transaction. The consumer association data (2004) on direct billing payments proves to be a much closer match for the Blue Book data for this specific category of transactions. However, some significant differences still remain; in Spain, the Blue Book average is about five times the survey average. For the calculation of amounts, Slovakia amount was excluded as it was about 30 times the NMS-12 average and over 10 times the EU15 average. Also, 2004 data was used for Czech Republic.

POS payments

Number of payments per year

ECB's Blue Book has data on POS payments for all cards. For point of sale (POS) payments with a debit card, the share of debit card payments in all card payments, also readily available in the Blue Book, are used. As for the frequencies of POS transactions, the only complete data source is provided by the Austrian Central Bank (OeNB) in its quarterly payment card survey.[48] The table below depicts the results of the fall 2007 survey.

Table 22 - POS card payments in Austria (2008)

	Debit card	Credit card	POS payments per year
	% of respondents		
More often	27.2%	1.7%	100
Once a week	21.6%	4.5%	20
Once a month	12.0%	10.9%	6
Rarely	10.4%	9.5%	1
Never	28.8%	73.4%	0

Source: OeNB (2008) Payment card survey, Q3
Note: The figures have been corrected by considering the proportion of banked adults with cards.

The table above suggests that more than three quarters of the population (71.2%) uses debit cards while only a quarter (26.6%) uses credit cards in their POS transactions. As usual, these can be translated into usage rates in terms of transactions using our assumptions regarding the number of POS payments per year for each frequency category.[49]

[48] For the data, see the quarterly report at http://www.oenb.at/en/zahlungsverkehr/cardtrans/payment_cards.jsp.

[49] Our assumptions here differ from those relating to the consumer association survey (2004). The category corresponding to the most frequent use ("more often") provided by the Austrian survey is believed to be chosen by respondents that make less than one transaction per week. The corresponding option in the consumer association surveys ("daily") is believed to be chosen by users with more heightened use, i.e. those that make more than 3.5 transactions per week. A similar reasoning leads us to assume that the frequency of use by those who choose "once a week" in the Austrian survey is less than those that chose the option "weekly" in the consumer association surveys. The latter set of respondents might have engaged in more than one transaction per week (up to 3.5 per week) and made their choices according to proximity of available option. In turn, for the Austrian survey, those that engage in one transaction every one to two weeks would make the choice.

The following table shows that credit card transactions accounted for only 9% of all POS payments, with the remainder (91%) conducted by debit cards. These ratios are quite close to the share of credit card transactions in all payments (90% in 2007 as provided by the ECB's Blue Book), which include POS payments as well as other non-POS items such as online and phone payments

Table 23 - Number of POS payments per year in Austria (2008 data)

	Debit card	Credit card	Total
Active user	85.9	10.1	96.0
Passive user	0.1	0.0	0.1
Survey average	32.3	3.3	35.7
Blue Book average*	-	-	38.3

Source: Own calculations based on OeNB (2008) Payment card survey and own assumptions
Note: * Blue Book figure based on 2007 data.

The table above is also used to construct the active and passive usage rates in the EU Member States. These values, which are used to discount the average usages, are as below.

Table 24 - Assumed relationship between Blue Book averages and different profiles

	Debit card	Credit card	Total
Active user	266%	300%	269%
Passive user	0%	0%	0%
Average user	100%	100%	100%

Source: Own calculations based on OeNB (2008) Payment card survey and own assumptions

For the number of POS payments per year, ECB provides only the total figures, which include debit card and credit (or delayed debit) card transactions. In order to distinguish between the two card platforms, we use the Blue Book data on the share of credit card and debit card transactions in all payments.[50] Active, average and passive profiles are then constructed with the use of ratios summarized above, separately for each card. Delayed debit card payments are treated as credit card payments for our purposes in this exercise.

Amount per POS payment

For the amount of POS payments per transaction, the same adjustment applied to number of transactions using the ECB Blue Book data on credit vs. debit card transaction amount is used.[51] The transaction per amount is assumed to be the same for different profiles, provided that passive users do engage in a transaction.

Cheques

Cheques drawn

ECB Blue Book has data on the total number and amounts for cheques drawn. The consumer association (2004) has data on the usage frequencies for Belgium, Italy, Portugal and Spain. As usual, we use this data to obtain the discount values for active and passive usages around the Blue Book averages, or the average usage value. The consumer association data along with our assumptions are given below.

Table 25 - Cheque payments in four countries (2004)

[50] For France, data on all payments is not distinguished by types of cards. It is assumed for this case that 225% of all POS payments in France are conducted by a credit and/or delayed debit card, which is the EU15 average.
[51] Once again, for the POS amounts per transaction in France, it is assumed that an average debit card POS payment per transaction is 65% (the EU15 average) of the total card payment amount per transaction.

	All four	Belgium	Italy	Portugal	Spain	Cheques per year
	% of respondents					
Daily	0.97%	0.06%	0.86%	2.04%	0.79%	180
Weekly	3.71%	0.40%	4.57%	8.11%	1.32%	52.5
Monthly	10.96%	1.45%	17.35%	19.81%	3.27%	18
Twice a year	19.93%	5.98%	39.27%	21.97%	7.21%	4.5
Less	8.62%	6.93%	9.35%	9.90%	7.71%	1.5
Never	55.80%	85.20%	28.60%	38.16%	79.70%	0

Source: Consumer associations survey (2004) conducted by Test-Achats (Belgium), Altroconsumo (Italy), Deco Proteste (Portugal) and OCU (Spain); own assumptions

The last column shows own assumptions regarding the number of cheques for each category of usage intensity. For cheques, our assumptions are different from previous tables (i.e. Table 10). Here, we assume that consumers who choose a given intensity (i.e. daily, weekly, etc.) are likely to engage in more than a single transaction in that period. For example, account holders that use cheques for their monthly utility payments are likely to make several transactions each month. Based on our comparison of the consumer association survey (2004) and the ECB's Blue Book data, we find that each consumer writes around 1.5 cheques for a given frequency.[52] Therefore, each entry in the last column is equivalent to 1.5 times the frequencies from earlier tables.

These frequencies and assumptions depicted in the previous table give rise to the following usage rates in the four countries. The last row provides Blue Book averages for 2004.

Table 26 - Number of cheque payments per year in four countries (2004)

	All four	Belgium	Italy	Portugal	Spain
Active user	19.4	2.9	22.6	35.0	9.4
Passive user	0.0	0.0	0.2	0.0	0.0
Survey average	6.7	1.0	9.0	12.6	3.1
Blue Book average*	-	1.0	6.7	14.2	3.0

Source: Own calculations based on consumer association survey (2004) and own assumptions
Note: *The 2004 Blue Book averages are depicted for illustration of proximity to survey results; - Data not available.

The results of the survey depicted in the table above display significant variations. On the one hand are countries with very low usage of cheques, like Belgium and Spain, where an average household writes less than 3 cheques per year. In these countries, only active users make cheque draws. That is, the percentage of banked adult households that use cheques is equivalent to or less than 33%. On the other hand is Portugal where cheque usage is very high, with an average banked household writing around one cheque per month. In this case, the usage is more common among the current account holders, with some non-active users also writing cheques.

As in previous sections, the relationship between active/passive usage and survey averages is then used to discount the Blue Book data (which is assumed to correspond to average usage). However, unlike before, we apply the discount factors by categorizing countries into three usage levels, i.e. countries where average usage is less than 6 cheques per year (low usage), more than 12 cheques per year (high usage), and in between (regular usage). For low usage countries, the discount factors are calculated by the relationship between Belgium's or Spain's usage levels. For high usage countries, the discount factors relate to an average of Portugal's usage levels. For other countries, the average usage rate corresponding to the pooled sample (the "All four" column) is used.

[52] The assumptions regarding number of withdrawals per year were corrected to minimize the sum of squared errors between the consumer association averages and the Blue Book averages for the same years.

Table 27 - Assumed relationship between Blue Book averages and profiles

	Low usage country (< 3 drawn per year)	High usage country (> 12 drawn per year)	Regular usage country (all others)
Active user	300%	277%	290%
Passive user	0%	0%	0%
Average user	100%	100%	100%

Source: Own calculations based on consumer association survey (2004), ECB's Blue Book (2008) and own assumptions

Cheques lodged

The only source that provides information on cashed cheques is the consumer association survey (2004). The table below summarizes the findings.

Table 28 - Cheques cashed in four countries (2004)

	All four	Belgium	Italy	Portugal	Spain	Cheques per year
	% of respondents					
Daily	0.20%	0.14%	0.24%	0.12%	0.33%	120
Weekly	1.67%	0.59%	3.07%	1.31%	1.29%	35
Monthly	8.48%	2.62%	14.30%	8.28%	6.68%	12
Twice a year	16.80%	9.61%	30.05%	17.11%	7.70%	3
Less	12.66%	14.09%	12.44%	12.79%	11.50%	1
Never	60.20%	73.00%	39.90%	60.40%	72.50%	0

Source: Consumer associations survey (2004) conducted by Test-Achats (Belgium), Altroconsumo (Italy), Deco Proteste (Portugal) and OCU (Spain); own assumptions

The right-most column reverts to our original assumption that consumers who choose a given intensity (i.e. daily, weekly, etc.) engage in a single transaction for that period. This is simply because it is quite unlikely that a number of cheques will be received at the same time.

Comparing Table 25 with the figures above in the table above, it is easy to see that the usage intensities are similar in all countries except in Portugal. More specifically, in Belgium and Spain, cheque usage relatively low, both in terms of cheques drawn and lodged. In these two countries, about three-quarters of the population never engage in a transaction with cheques (either as a payer or a payee). In turn, in Italy the same figure goes down to a mere one-third of the respondents. In Portugal, the use of cheques as a payment method by households is quite high; above 60% of the population write cheques to make payments (Table 25). However, the households are much less likely to receive cheques, with only 40% cashing cheques, (see above). This discrepancy is most likely due to the use of cheques in particular transactions between a household and a corporation, such as mortgage down-payments.

These frequencies and assumptions depicted in the previous table give rise to the following usage rates in the four countries. As in cheques drawn, three categories of usages are determined to make the assignments more accurate. Countries with low cheque usage (with less than 3 cheques *drawn* per year) are assigned Belgium's usage rate. Countries with high usage (with less than 12 cheques *drawn* per year) are assigned Belgium's usage rate. Countries with high usage (with less than 12 cheques *drawn* per year), instead get assigned to Italy's usage rate.[53] All other countries are assigned the usage rate of Spain.

[53] Even though Portugal had the greatest number of cheque payments per year (Table 26), the number of cheques lodged in the country was not the highest; this led us to identify Italy as the "highest usage country".

Table 29 - Assumptions on cheques lodged

	Low usage country, Belgium (< 3 drawn per year)	High usage country, Italy (> 12 drawn per year)	Regular usage country, Spain† (all others)
Active user	3.3	10.6	6.0
Passive user	0.0	0.0	0.0
Average user	1.1	4.1	2.0

Source: Own calculations based on consumer association survey (2004) and own assumptions
Note: Portugal's usage rates were almost identical to Spain's, with active usage of 6.2 and average usage of 2.2 cheques per year

Number of chequebooks per year

It is assumed that the chequebooks come with 25 checks. Then, the number of cheques drawn is used to calculate the number of chequebooks each user goes through in one year.

Cheques bounced

For cheques bounced, the only data source is the payment statistics provided by the Bank of Italy.

Table 30 - Rejected cheques (2007)

	Cheques lodged*	Rejected cheques	Percent rejected
Number (th.)	359,350	664	0.18%
Value (mln. Euro)	815,853	2,550	0.31%

Source: Bank of Italy (2008)
Note: *The figures correspond to a sample of banks that reported rejected cheques and are therefore lower than the actual

As the table makes it clear, rejections comprise a very small percentage of cheques drawn. All in all, less than 0.2% of all cheques with a valuation of about 0.3% are rejected. These discount factors were applied for all countries to arrive at the cheques bounced in total numbers and values.

Exceptions

For the UK, the Blue Book data on cheques drawn included interbank transactions, which were excluded by using the retail payment system statistics provided by Blue Book.

Online and phone-based transactions

Access to internet and phone banking

Information from Eurostat (2008) and Capgemini's (2006) was used to determine the distribution of services among different channels.[54] According to Capgemini (2006), the proportion of services conducted online has grown from 4% in 2000 to 18% in 2005 and is predicted to grow to 28% by 2010 in major developed countries.[55] Services conducted over the phone have also grown, from 5% in 2000 to 9% in 2005 and to an expected 12% by 2010. Although it is possible that the "remote banking" services are treated as substitutes by some customers, the fact that the use of the two services has grown hand-in-hand suggests that they are treated as complements on aggregate.[56] Assuming that relative usage frequencies are similar for phone and internet

[54] For details, see Eurostat (2008) "Internet usage in 2008 Households and individuals" *Data in Focus* 46/2008 and Capgemini (2006) *World Retail Banking Report*
[55] The figures from Capgemini (2006) report are based on interviews with 41 global retail banks.
[56] Phone banking would be a substitute for customers that use it less as internet access becomes more available and secure. In turn, customers may also use the two services interchangeably, i.e. as complements. This would hold for customers who

banking, we may use the figures from the report to arrive at a relation between the number of customers that use phone and online banking. Using a time-trend, for every 10 customers that use online banking, there were about 5 with access to phone banking in 2007. [57] We use this relationship and online access figures available from the Eurostat study (2008) study to calculate the phone access figures.[58] The results are depicted below.

Table 31 - Assumptions on internet and phone banking usage (% of customers, 2008)

Country	Internet	Phone	Country	Internet	Phone
Austria	34	16	Lithuania	27	13
Belgium	67	31	Luxembourg	48	23
Bulgaria	1	0	Latvia	39	18
Cyprus	11	5	Malta	25	12
Czech Republic	14	7	Netherlands	69	32
Germany	38	18	Poland	17	8
Denmark	61	29	Portugal	14	7
Estonia	55	26	Romania	2	1
Spain	20	9	Sweden	65	31
Finland	72	34	Slovenia	21	10
France	40	19	Slovakia	24	11
Greece	5	2	UK	38	18
Hungary	13	6	EU27	30	14
Ireland	28	13	EU15	34	16
Italy	13	6	NMS-12	14	6

Source: Eurostat, Data in Focus 46/2008 "Internet usage in 2008 Households and individuals" for internet usage figures; own assumptions for phone banking

The calculation of usage rates for active and passive profiles is straightforward. If the amount in the table is superior to 33%, then all active users have access. If the average access is less than 33% some active users do not have access; their proportion is equivalent to the conditional mean of active users with internet access. If the average rate is more than 67%, then some passive users also have access. Their proportion, once again, is equivalent to the conditional mean of passive users with internet access.

Online payments

For the calculation of the value of online debit and credit card payments, we use the difference between the Blue Book data for all card payments and POS card payments to represent the total "remote payments", comprised of online and phone-based payments. The Blue Book data makes it possible to obtain this difference both for number of transactions and total payments. For Hungary and Netherlands, the total card payments figure was inferior to the POS payments.[59] In order to adjust these discrepancies, we use the average ratio of the

opt for phone services in areas where internet service is not available or not reliable, i.e. on the move, at work, away from personal computer, during vacation, etc.

[57] Using a linear time-trend formula, the proportion of transactions conducted online and over the phone is found as 21.5% and 10.1%, respectively. This means that for every online transaction there are 0.47 phone transactions.

[58] There are several potential sources of error in our assumptions. First, the two services may be treated as substitutes in some countries or among certain types of account holders where access to internet banking is highly popular. This would mean that phone banking would be over-estimated according to the procedure used here. Second, our calculations do not factor in the different pricing schemes that are available in different countries. In countries where one or the other service is significantly cheaper, the ratio of internet banking to phone banking may be radically different than our assumptions.

[59] For Hungary, the POS transactions include withdrawal and deposit transactions at some of the bank terminals, which are not as considered card payments. For Netherlands, the discrepancy arises from the fact that e-money transactions (included in POS payments) are not considered as card transactions in the Blue Book. For more, see the detailed General Notes for ECB's Blue Book country profiles.

value of POS payments in total card payments for the EU15 and NMS-12 countries to get the corrected POS payment figures for the corresponding countries.

For the number of transactions, data on usage frequencies extracted from Eurostat's e-commerce statistics on individuals who ordered goods and services over the internet for the year of 2007. It is assumed that customers who made such purchases in the last 3 months engage in 14 transactions per year, which is the average of 24 and 4 transactions corresponding to the extreme cases of one transaction every two weeks and every 3 months. Similarly, customers who made online purchases between 3 months and a year ago are assumed to engage in 2.5 transactions per year, which is the average of the two extreme cases of one transaction per 3 months and one transaction per year. Lastly, customers who engaged in an online goods and services purchase more than a year ago are assumed to engage in one transaction every two years. These assumptions and the data on frequency data give rise to the usage rates shown below in theTable.

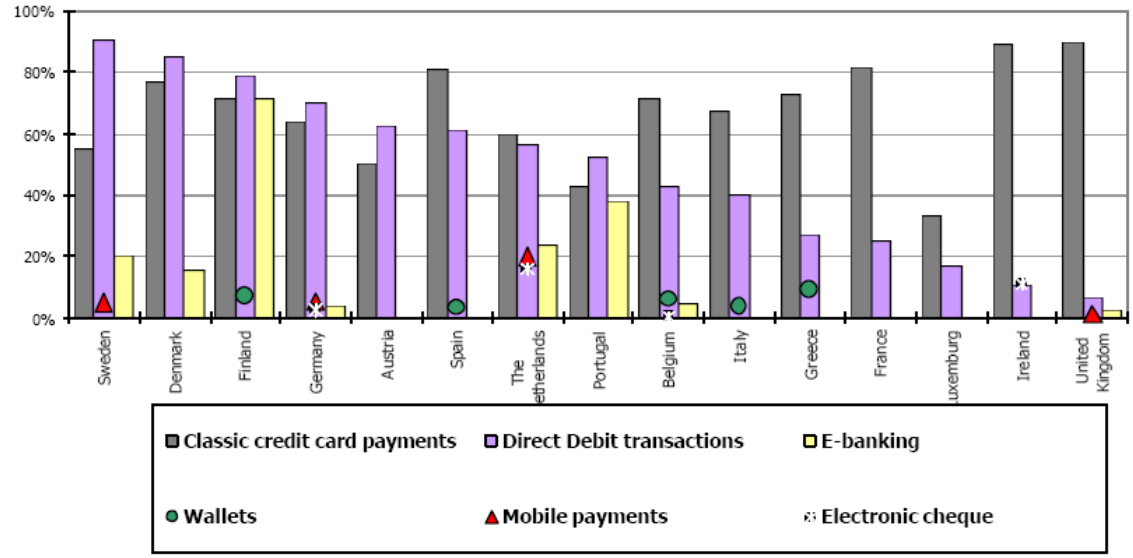
Table 32 - Assumptions on online payments per year (2007)

Country	< 3 months	3 to 12 months	> 12 mos	Number of transactions per banked adult per year
	percent of individuals who ordered goods or services over the Internet for private use			
AT	26	10	3	3.9
BE	15	7	4	2.3
BG	2	1	1	0.3
CY	8	2	2	1.2
CZ	8	8	2	1.3
DE	41	11	6	6.0
DK	43	13	5	6.4
EE	6	2	3	0.9
ES	13	5	3	2.0
FI	33	15	4	5.0
FR	26	9	2	3.9
GR	5	3	1	0.8
HU	7	4	1	1.1
IE	26	7	4	3.8
IT	7	3	2	1.1
LT	4	2	1	0.6
LU	37	10	4	5.5
LV	6	5	4	1.0
MT	16	5	3	2.4
NL	43	12	5	6.3
PL	11	5	4	1.7
PT	6	4	2	1.0
RO	2	1	1	0.3
SE	39	15	7	5.9
SI	9	7	5	1.5
SK	10	6	5	1.6
UK	44	8	4	6.4
EU27	23.3	7.1	3.4	3.5
EU15	27.5	7.9	3.6	4.1
NMS12	7.3	4.0	2.6	1.1

Source: Eurostat and own assumptions

To adjust for credit/delayed debit card transactions and debit card transactions, data on the share of payment methods most frequently proposed by e-commerce sites was used. The data, summarized by the following diagram, was extracted from a study commissioned by the DG Internal Market, European commission and undertaken by the PriceWaterhouseCoopers in 2003.[60]

Graph 4. Payment methods most frequently proposed by e-commerce sites (2003)



Source: PwC (2003), Study on the Security of Payment Products and Systems in the 15 Member States, Final Report, June 16.

Credit interest

In order to determine the average outstanding balance amount remaining as credit in a current account two sources were used. For the UK, the OFT study states that the average credit balance over the year (i.e. the sum of daily balances divided by the number of days in a year) was equivalent to £1,740, which is approximately equivalent to €2,600 using corresponding average conversion rate. This figure corresponds to approximately 11% of the mean equivilised household income for UK obtained from Eurostat. The same proportion was applied to the average household income in other Member States to arrive at the average outstanding daily balance. For the passive profile, half of these amounts were used to ensure that the overall costs remained realistic.

[60] PwC (2003), Study on the Security of Payment Products and Systems in the 15 Member States, Final Report, June 16.

4.3. Data from Blue Book used for constructing the profiles

Table 33 – Number of transactions per banked adult

	Total	Card payments						Non-card payments					Other transactions			
	Payment transactions	Total card payments	POS payments	Debit cards	Credit cards	Online - Debit cards	Online Credit cards	Total non-card payments	Credit transfers	Direct debits	Cheques	E-money	ATM withdrawals	OTC withdrawals	ATM deposits	OTC deposits
Austria	184.5	45.4	36.3	36.3	9.1	2.0	2.0	139.0	51.0	83.5	0.2	4.2	20.0	4.6		
Belgium	144.2	84.3	78.6	74.8	9.5	0.6	1.7	59.9	31.6	19.0	0.6	8.8	30.2	7.3		
Bulgaria	6.2	2.2	1.5	1.6	0.6	0.1	0.2	4.0	3.8	0.1			17.9	5.2		
Cyprus	71.9	39.5	31.4	17.4	21.9	0.3	0.9	32.4	7.1	14.5	10.8		12.6	8.8	0.1	6.4
Czech Republic	64.8	15.1	15.1	13.9	1.2	0.4	1.0	49.7	17.2	25.4	0.0	7.0	16.6	4.1		
Germany	126.0	27.2	24.9	22.8	4.5	2.2	3.9	98.8	24.4	73.1	0.6	0.7	25.4	3.3	0.2	1.3
Denmark	238.7	172.7	157.2	156.8	15.9	1.5	4.9	66.0	35.2	29.5	1.3		20.4	0.4		
Estonia	97.5	72.4	69.8	65.1	7.3	0.2	0.7	25.0	17.8	7.2	0.0		28.4	6.7	0.9	
Spain	105.0	50.0	46.4	22.2	26.7	0.4	1.6	55.0	6.8	46.1	2.1	0.0	24.9	4.9		4.7
Finland	264.1	196.8	196.5	177.5	19.3	1.5	3.6	67.4	54.1	13.2	0.1		40.8	9.8		
France	216.9	116.6	113.5	87.5	29.2	0.7	3.1	100.3	17.9	44.6	37.4	0.5	29.1	6.9		
Greece	12.0	7.7	6.3	0.6	7.1	0.2	0.6	4.3	1.2	1.4	1.6	0.1	17.2	7.1	0.7	5.1
Hungary	47.0	15.7	16.1	13.4	2.4	0.3	0.8	31.3	23.9	7.4	0.0		13.6	2.0	0.0	2.0
Ireland	83.7	50.9	48.0	29.4	21.4	0.4	3.4	32.8	10.7	15.6	6.5		39.5	9.9		
Italy	59.3	32.7	20.3	20.3	12.4	0.4	0.7	26.7	9.7	10.1	5.7	1.2	12.0	14.6		
Lithuania	50.1	35.6	28.4	33.2	2.4	0.2	0.4	14.6	11.6	2.9	0.1	0.0	24.5	1.6	0.1	1.5
Luxembourg	135.3	76.9	60.9	46.9	30.1	3.7	1.8	58.3	36.4	17.6	0.2	4.1	8.2	1.8		
Latvia	53.7	33.3	31.3	28.4	4.9	0.3	0.7	20.4	18.7	1.4	0.0	0.3	23.0	4.1	0.2	8.4
Malta	53.8	25.2	21.4	16.1	9.1	0.6	1.7	28.6	4.9	2.0	21.8		30.0	7.6		
Netherlands	190.3	96.5	102.9	92.2	4.3	2.5	3.8	93.8	29.3	54.5	0.0	10.0	27.0	0.7	0.3	1.0
Poland	31.1	18.1	17.6	13.2	4.9	0.5	1.2	13.0	12.5	0.5	0.0		20.0	4.8	0.0	
Portugal	121.3	91.0	87.7	87.7	41.5	0.6	0.4	30.4	5.2	14.4	10.8		45.7	3.0	1.2	4.6
Romania	11.5	3.4	2.5	2.3	1.1	0.1	0.2	8.2	6.5	1.3	0.4		11.9	59.7	0.2	9.8
Sweden	182.3	140.3	117.5	119.8	9.6	2.6	3.2	42.0	24.3	17.6	0.1		31.2	7.5	0.1	
Slovenia	126.0	65.1	62.2	37.7	27.4	0.4	1.1	60.9	39.8	21.0	0.1		37.1	8.8	0.1	
Slovakia	58.2	23.9	8.7	20.1	3.9	0.4	1.1	34.2	14.6	19.6	0.0		16.4	1.7	0.0	2.3
United Kingdom	224.1	140.0	134.1	98.9	41.1	0.6	5.7	84.1	25.5	46.5	12.1		55.1	3.2		
EU27	132.8	66.6	62.2	50.0	17.1	0.9	2.5	66.2	18.9	37.5	8.1	1.7	27.8	7.5	0.2	3.1
EU15	151.3	76.5	71.5	57.3	19.8	1.1	3.0	74.8	19.9	43.9	9.6	1.5	29.7	5.5	0.3	2.6
NMS12	43.5	18.2	16.4	14.2	4.0	0.3	0.8	25.4	13.9	6.4	0.3	4.7	18.1	25.2	0.1	5.6

Table 34 – Value per transaction per banked adult

	Card payments						Non-card payments				Other transactions			
	Total	POS payments	Debit cards	Credit cards	Online - Debit cards	Online Credit cards	Credit transfers	Direct debits	Cheques	E-money	ATM withdrawals	OTC withdrawals	ATM deposits	OTC deposits
Austria	47	38	38	83	74	74	176	114	1,674	5	98	500		
Belgium	50	48	45	93	64	64	375	84	1,963	4	98	436		
Bulgaria	98	154	98	100			312	248			81	100		
Cyprus	65	51	66	65	94	94	1,443	88	390		90	1,303	240	846
Czech Republic	34	21	22	173			231	105	723	0	72	347		
Germany	55	53	51	74	62	62	703	428	1,507	2	133	267	556	1,527
Denmark	41	40	40	60	49	49	486	126	816		118	500		
Estonia	18	17	17	32	29	29	161	27	273		69	44	163	
Spain	44	43	41	48	47	47	1,137	144	2,429	2	98	807		692
Finland	25	25	23	45	65	65	376	160	5,509		61	540		
France	43	43	38	113	64	64	639	117	190	2	60	1,200		
Greece	95	70	113	94	182	182	1,729	150	2,125	52	220	1,566	212	1,084
Hungary	27	54	26	32			196	17	0		105	1,987	134	788
Ireland	108	112	75	152	23	23	115	350	2,771		180	1,034		
Italy	94	98	90	101	40	40	516	217	868	58	196	410		
Lithuania	29	19	27	61	66	66	296	43	1,281	19	106	886	113	559
Luxembourg	97	82	79	123	87	87	791	197	0	3	187	2,741		
Latvia	33	25	28	62	93	93	601	28	424	20	121	1,227	191	337
Malta	46	41	36	63	69	69	289	56	320		71	208		
Netherlands	38	34	36	90			645	76	0	2	98	1	514	1
Poland	31	30	27	41	74	74	78	83	979		104	100	142	
Portugal	34	32	32	39	62	62	673	62	702		63	3,453	713	1,059
Romania	68	59	72	59	59	59	708	71	974		123	122	127	635
Sweden	46	31	34	69	33	33	375	69	1,916		72	184	254	
Slovenia	23	22	22	25	55	55	101	11	106		49	79	171	
Slovakia	47	34	48	43	41	41	635	294	182		69	1,521	231	525
United Kingdom	73	71	63	97	100	100	1,117	161	532		91	51		
EU27	54	52	47	86	73	73	647	241	433	9	102	839	486	879
EU15	55	53	48	88	74	74	705	245	433	10	102	1,159	527	978
NMS12	33	30	29	46	53	53	240	117	507	0	96	203	144	619

4.4. Construction of basic user profiles

The construction of the social accounts followed three steps.

First, the legal sources and other information obtained from national experts were culled to determine which services were offered as a part of social accounts and whether any restrictions were imposed on usage rates. In general, these accounts do not allow authorized overdrafts or credit cards. In some cases, there is some strict limitation, as in the case for the number of cheques an account holder is allowed to draw in France. More generally, the accounts provide a large number of services in an unlimited manner. This information was organized in a table, listing all the restrictions (if any) for the countries that offer social accounts.

Second, for each relevant service, an assignment was made to determine whether the usage rates for the social account correspond to active, passive or average profile. The households under the basic profile are assumed to be closer to "going into red" than other account holders. Therefore, the basic profile is associated with an active realization of blocked debit cards, bounced cheques, and insufficient account funds. In turn, these account holders are assumed to make fewer online payments and use standing order and direct debit facilities less than others. In all cases, the usage rates are assumed to be as in average profile.

As a **third** and a final step**,** the resulting matrices were used as a filter to determine the number of transactions for the social account. If a service was not offered or if the restrictions were binding, an appropriate adjustment was made to ensure that the usage rates remained within the imposed limits.

The following table summarizes our assumptions regarding the construction of social accounts. Transactions relating to overdrafts and delayed debit or credit cards were removed to save space.

Table 35 - Services offered by basic accounts in eight countries[61]

	BE	DE	FR	IE	IT	NL	PT	UK	Assigned usage
access to internet banking	1	1	0	1	1	1	1	1	Average
access to phone banking	1	1	0	1	1	1	1	1	Average
account closing	1	1	1	1	1	1	1	1	Average
account maintenance	1	1	1	1	1	1	1	1	Average
account movement	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
account opening	1	1	1	1	1	1	1	1	Average
account statements	24	Unlimited	24	52	Unlimited	Unlimited	Unlimited	4	Average
blocking debit card	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Active
cheque bouncing	0	0	Unlimited	0	0	0	0	0	Active
cheque drawing	0	0	24	0	0	0	0	0	Average
cheque lodging	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
chequebook	0	0	1	0	0	0	0	0	Average
closure of direct debit	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
closure of standing order	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
credit interest on account	0	0	0	0	0	0	0	0	Average
debit card	1	1	1	1	1	1	1	1	Average
debit card deposit	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
debit card online payment	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
debit card POS payment	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
debit card withdrawal	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
deposit over the counter	36	Unlimited	Unlimited	Unlimited	12	Unlimited	Unlimited	Unlimited	Average
insufficient account funds	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Active
modified standing order	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
reception of credit transfer	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
reception of standing order	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
replacement of debit card	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
sending of credit transfer	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average
sending of direct debit	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
sending of standing order	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
setup of direct debit order	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
Setup of standing order	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Passive
OTC withdrawal	36	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Average

Source: National source

[61] Slovakia, where basic/social provisions also exist, is not included in the table.

Annex 5: Weighted average price per profile per country

Table 1 - Weighted average price per profile per country (€/year)

€ /year	Domestic profiles				European profiles			
	passive	average	active	basic	passive	average	active	basic
Austria	99,54	140,47	197,46	83,95	100,63	144,60	206,10	93,68
Belgium	29,05	58,15	82,07	16,28	30,75	62,41	94,39	16,59
Bulgaria	17,14	26,94	42,83	9,30	16,78	48,57	108,29	17,32
Cyprus	6,52	84,59	184,99	48,74	6,45	70,41	201,12	70,51
Czech Republic	39,65	95,37	156,52	54,81	41,11	112,84	196,18	74,87
Denmark	37,92	74,27	128,41	38,91	33,69	63,76	105,35	29,19
Estonia	25,57	50,51	93,08	46,98	27,38	69,39	137,67	71,33
Finland	44,65	104,42	206,56	94,04	45,00	82,25	150,06	67,00
France	91,35	154,11	232,15	91,21	92,45	152,14	226,43	80,51
Germany	62,85	89,13	114,71	78,92	66,16	100,34	145,41	86,16
Greece	14,81	53,98	111,67	45,06	14,13	109,57	292,07	98,34
Hungary	28,39	76,20	144,42	64,08	28,19	78,75	149,99	75,10
Ireland	56,40	81,85	118,39	37,17	58,30	82,99	134,36	40,77
Italy	134,99	253,14	401,72	143,19	117,02	295,66	602,70	210,05
Latvia	63,26	115,24	192,28	107,33	68,59	194,77	407,86	218,98
Lithuania	11,20	34,76	112,92	14,69	21,02	117,29	260,77	120,49
Luxembourg	40,37	56,64	95,99	25,64	40,55	73,82	135,83	56,81
Malta	53,21	71,85	99,47	45,38	51,79	60,55	79,93	41,21
The Netherlands	30,13	45,95	55,60	28,85	30,10	45,87	55,52	29,17
Poland	45,97	73,21	114,01	50,55	44,43	71,87	116,11	50,24
Portugal	26,01	44,89	81,97	13,19	27,29	56,41	114,59	26,81
Romania	30,28	82,59	141,90	69,79	21,20	75,36	163,01	64,51
Slovakia	44,49	73,68	125,08	55,59	48,01	103,52	195,74	88,61
Slovenia	43,50	100,40	200,76	70,13	44,32	84,61	157,16	54,15
Spain	104,72	178,21	303,57	134,06	101,94	211,56	411,66	193,14
Sweden	25,16	61,84	128,21	53,35	25,77	66,94	147,41	59,16
United Kingdom	94,99	103,20	111,40	28,34	64,96	77,46	86,70	32,54
EU15	76,10	112,98	160,00	61,76	67,01	115,18	187,28	75,24
NMS12	34,57	79,23	139,85	54,85	34,33	86,09	166,67	69,34
EU27	74,41	111,62	159,18	61,47	65,68	114,00	186,45	74,98

Annex 6: Dispersion of priced profiles

Dispersion ratios, usually called coefficient of variation, were calculated both within each country (Table 1) and at European level (Table 2).

Dispersion at country level refers to the dispersion of the priced profiles among the FIs within a given country. Dispersion was measured in each country for each profile by computing a dispersion indicator being the ratio between the standard deviation and the average value of the FIs priced profiles.

Dispersion at European level refers to the dispersion of the average national prices within a given area (EU15, NMS12 or EU27). Here as well, dispersion was measured for each profile by computing a dispersion indicator being the ratio between the standard deviation and the average European value.

The standard deviation is a measure of the deviation of different values compared to the average: the closer the values are, the lower the standard deviation is. In other words, it is a measure of variability. In the context of the present study, the indicator measures the extent to which the banks' offers are close to each other or at the contrary are differentiated between each other. Usually the ratio between the standard deviation and the average will have a value between 0 and 1.

Table 1 – Dispersion ratios – country level

		Dispersion ratios								
		Domestic profiles				EU profiles				Average
		Passive user profile	Average user profile	Active user profile	Basic user profile	Passive user profile	Average user profile	Active user profile	Basic user profile	
Austria	AT	0,28	0,29	0,41	0,39	0,27	0,27	0,31	0,33	0,32
Belgium	BE	0,09	0,30	0,16	0,19	0,08	0,28	0,31	0,19	0,20
Bulgaria	BG	0,25	0,18	0,20	0,57	0,26	0,25	0,28	0,35	0,29
Cyprus	CY	0,56	0,26	0,24	0,37	0,54	0,21	0,13	0,31	0,33
Czech Republic	CZ	0,71	0,27	0,15	0,30	0,69	0,27	0,18	0,26	0,35
Denmark	DK	0,66	0,34	0,36	0,79	0,73	0,33	0,14	0,82	0,52
Estonia	EE	0,35	0,21	0,22	0,17	0,36	0,05	0,11	0,05	0,19
Finland	FI	0,37	0,08	0,19	0,04	0,39	0,03	0,16	0,10	0,17
France	FR	0,39	0,44	0,63	0,57	0,40	0,46	0,62	0,73	0,53
Germany	DE	0,47	0,36	0,33	0,32	0,45	0,33	0,28	0,30	0,36
Greece	GR	0,65	0,27	0,25	0,34	0,63	0,44	0,47	0,50	0,45
Hungary	HU	0,29	0,22	0,19	0,29	0,37	0,25	0,17	0,32	0,26
Ireland	IE	0,25	0,17	0,14	0,48	0,26	0,20	0,25	0,56	0,29

Italy	IT	0,31	0,39	0,43	0,64	0,33	0,59	0,67	0,62	0,50
Latvia	LV	0,66	0,39	0,29	0,44	0,60	0,21	0,25	0,29	0,39
Lithuania	LT	0,31	0,11	0,04	0,17	0,18	0,02	0,06	0,09	0,12
Luxembourg	LU	0,48	0,42	0,29	0,47	0,48	0,39	0,31	0,33	0,40
Malta	MT	0,48	0,34	0,21	0,19	0,48	0,34	0,23	0,18	0,31
The Netherlands	NL	0,06	0,24	0,24	0,16	0,06	0,24	0,24	0,16	0,18
Poland	PL	0,57	0,41	0,34	0,46	0,57	0,38	0,33	0,48	0,44
Portugal	PT	0,91	0,57	0,38	0,50	0,88	0,52	0,38	0,64	0,60
Romania	RO	0,40	0,31	0,31	0,35	0,40	0,25	0,24	0,32	0,32
Slovakia	SK	0,30	0,19	0,15	0,11	0,28	0,18	0,19	0,11	0,19
Slovenia	SI	0,26	0,23	0,17	0,11	0,26	0,29	0,25	0,16	0,22
Spain	ES	0,39	0,30	0,37	0,35	0,40	0,29	0,32	0,37	0,35
Sweden	SE	0,23	0,58	0,72	0,67	0,24	0,45	0,52	0,51	0,49
United Kingdom	UK	0,56	0,48	0,46	0,54	0,72	0,67	0,61	0,48	0,56

Table 2 – Dispersion ratios – European level

	Dispersion ratios								
	Domestic profiles				**EU profiles**				**Average**
	Passive user profile	**Average user profile**	**Active user profile**	**Basic user profile**	**Passive user profile**	**Average user profile**	**Active user profile**	**Basic user profile**	
EU15	0,61	0,59	0,60	0,68	0,58	0,63	0,75	0,77	0,65
NMS12	0,51	0,35	0,34	0,48	0,51	0,43	0,48	0,64	0,47
EU27	0,66	0,55	0,52	0,61	0,61	0,56	0,64	0,70	0,61

Annex 7: Cluster analysis

Based on usage of electronic versus manual payment tools, a usage preference ratio was extracted, allowing grouping countries according to their preferences. This ratio takes account of the usage of the following transactions:

- Withdrawals;
- Deposits;
- POS and online card payments;
- Sending of credit transfers;
- Setup of standing order;
- Modification of standing order;
- Closure of standing order;
- Setup of direct debit order;
- Closure of direct debit order;
- Cheque drawing;
- Cheque lodging;
- Access to internet banking;
- Access to phone banking.

Based on the calculated ratios, the following clusters were identified:

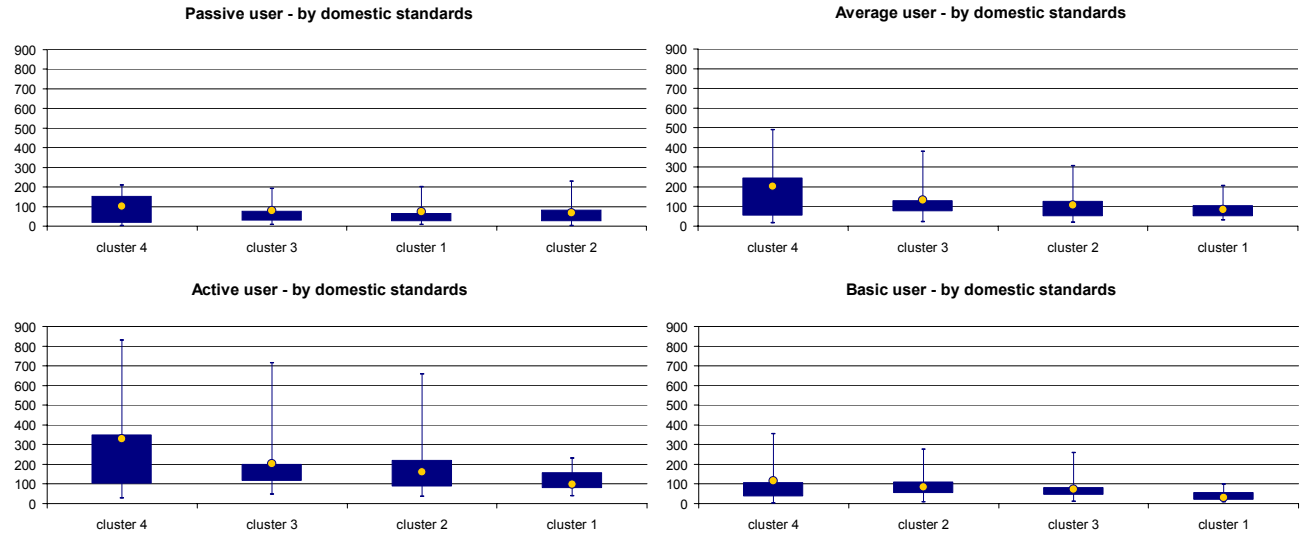
		Ratio of manual transactions	Ratio of electronic transactions
Cluster 1 Strong preference for electronic transactions	NL	0,08	0,92
	DK	0,10	0,90
	UK	0,12	0,88
	FI	0,12	0,88
	LT	0,13	0,87
Cluster 2 Preference for electronic transactions	SE	0,15	0,85
	BE	0,17	0,83
	PT	0,17	0,83
	EE	0,18	0,82
	DE	0,19	0,81
	LU	0,20	0,80
	AT	0,23	0,77
	ES	0,25	0,75
	SK	0,25	0,75
Cluster 3 Importance of manual transactions	IE	0,30	0,70
	LV	0,30	0,70
	SI	0,32	0,68
	FR	0,33	0,67
	HU	0,41	0,59
	CZ	0,42	0,58
	PL	0,43	0,57
	MT	0,44	0,56

Cluster 4 Preference for manual transactions	BG	0,53	0,47
	GR	0,53	0,47
	CY	0,56	0,44
	IT	0,64	0,36
	RO	0,90	0,10

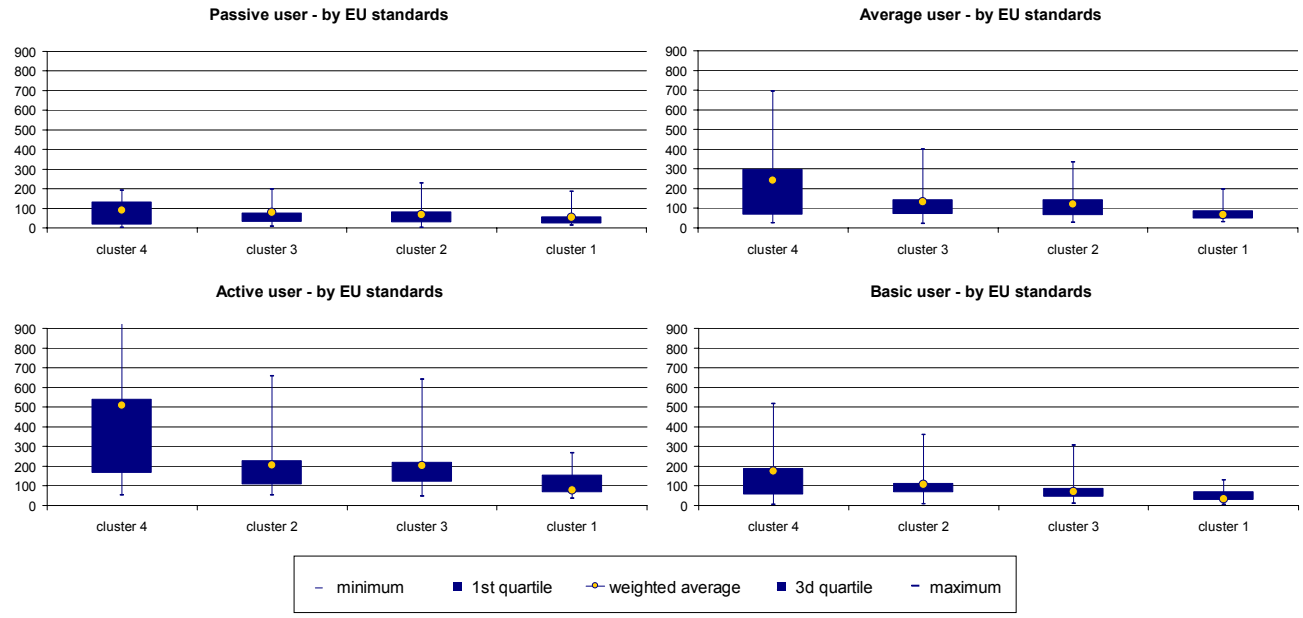
The following sections present comparison graphs per profile for each of the four clusters. The box plots show minimum and maximum value through the extended lines, 1st and 3d quartiles by limits of the boxes and weighted averages by a yellow dot.

The results indicate that the total charges for the customer tend to increase with the more intensive usage of manual transactions (i.e. moving from cluster 1 to cluster 4).

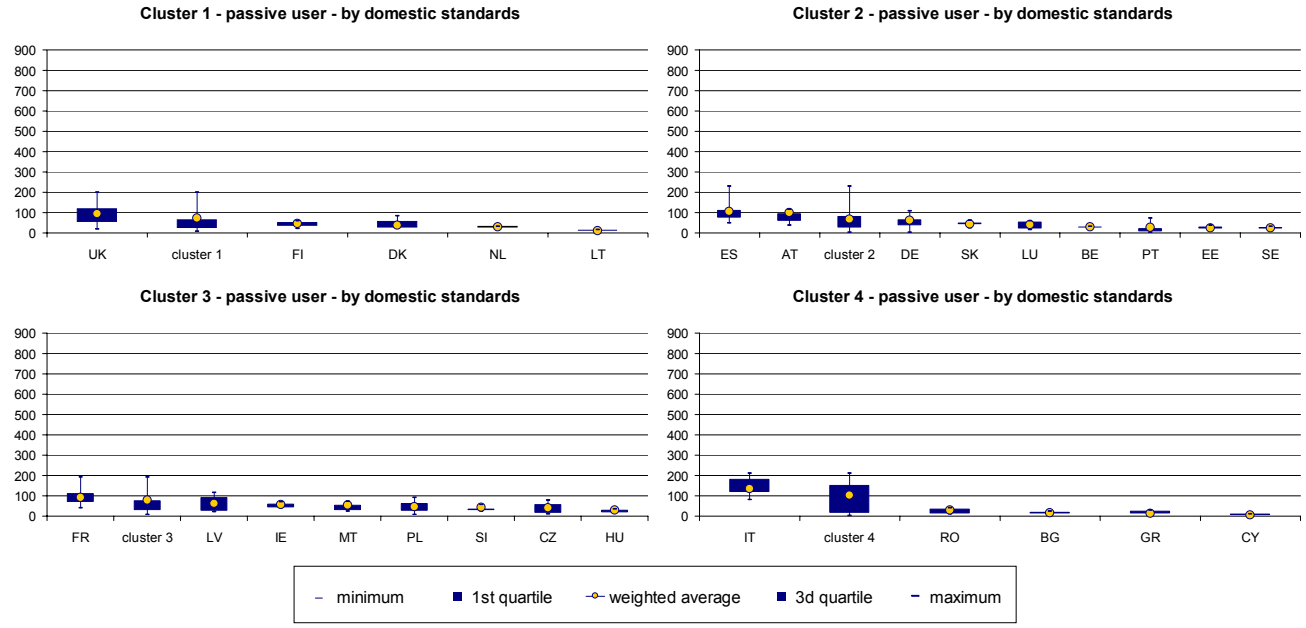
Graph 1 – Cluster analysis – Domestic user profiles



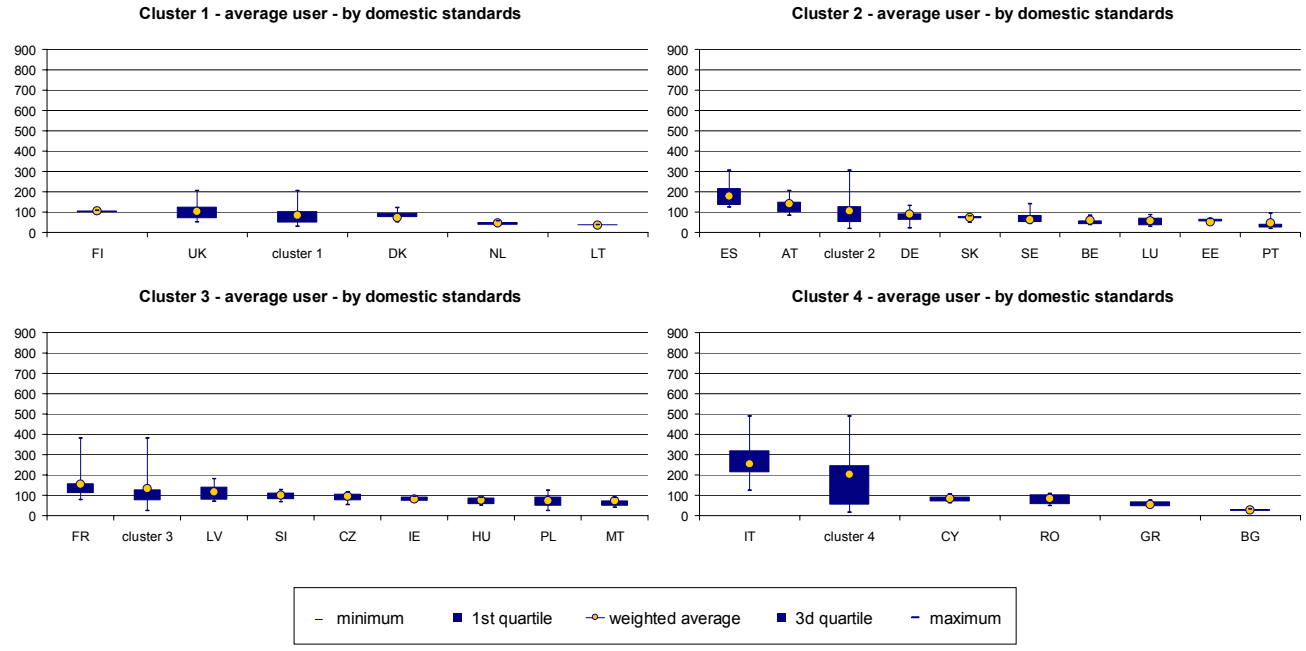
Graph 2 – Cluster analysis – EU user profiles



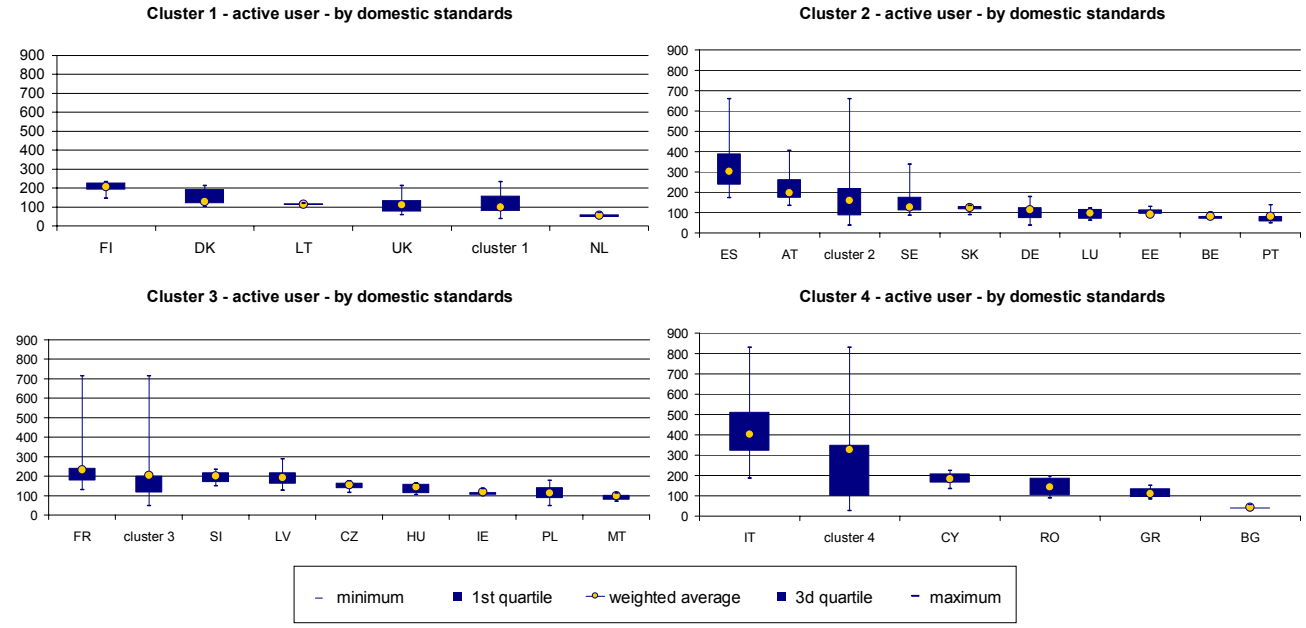
Graph 3 – Cluster analysis – Domestic passive user profile



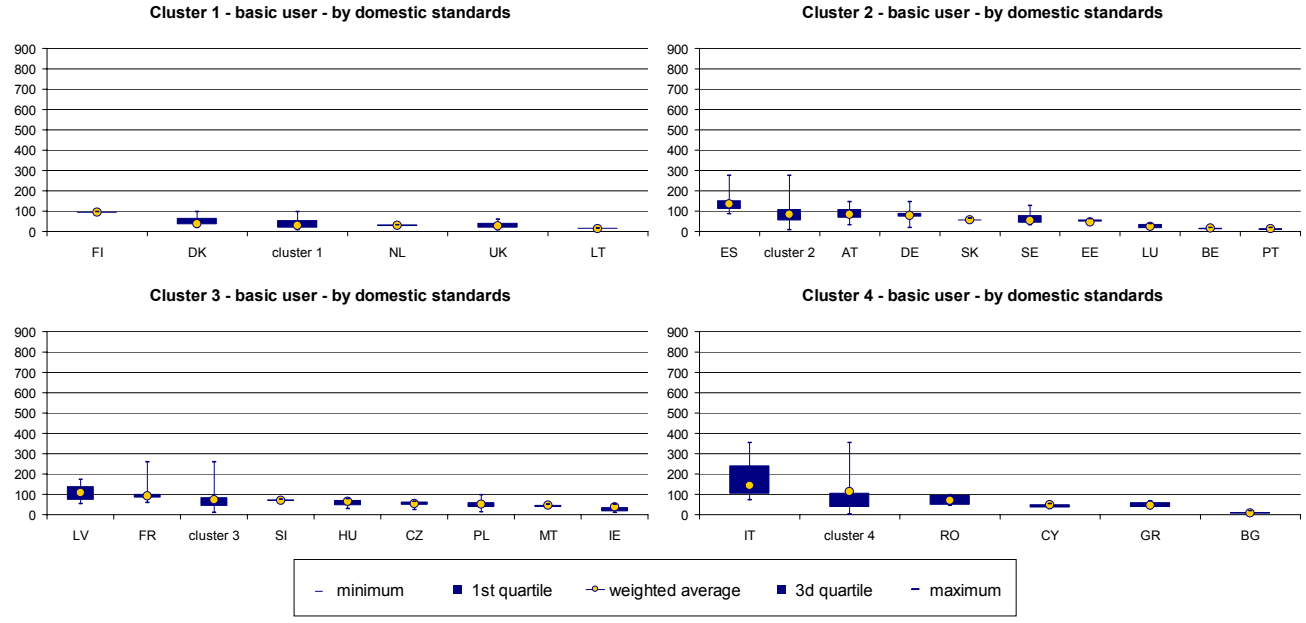
Graph 4 – Cluster analysis – Domestic average user profile



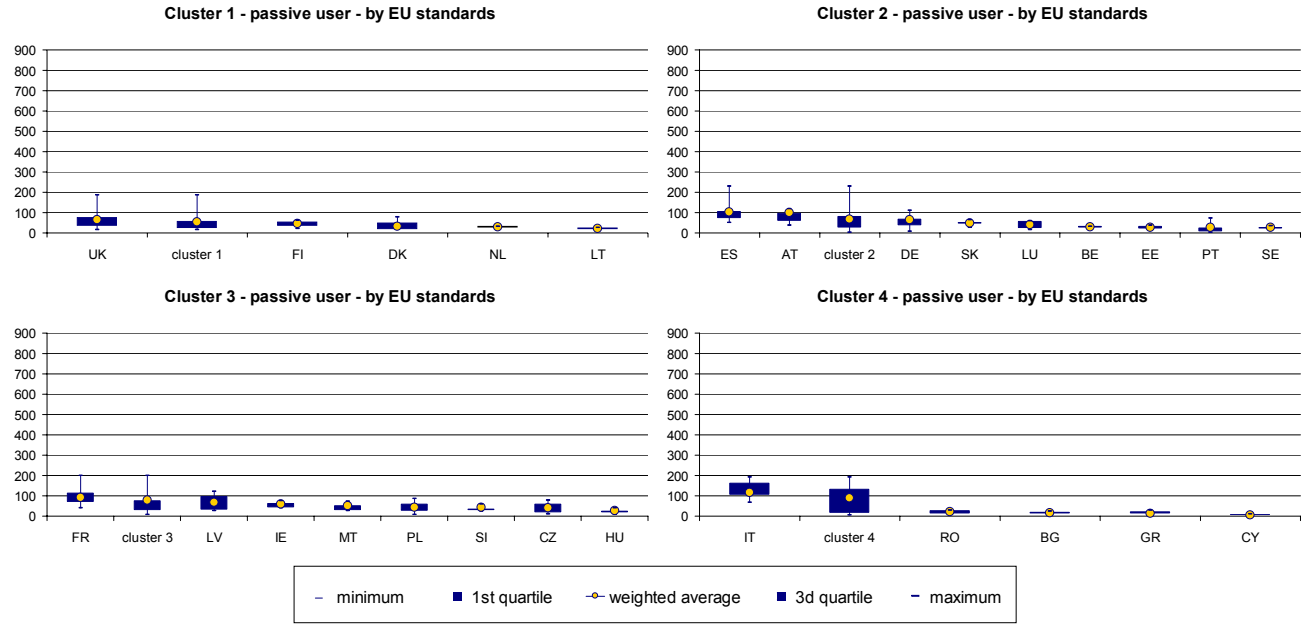
Graph 5 – Cluster analysis – Domestic active user profile



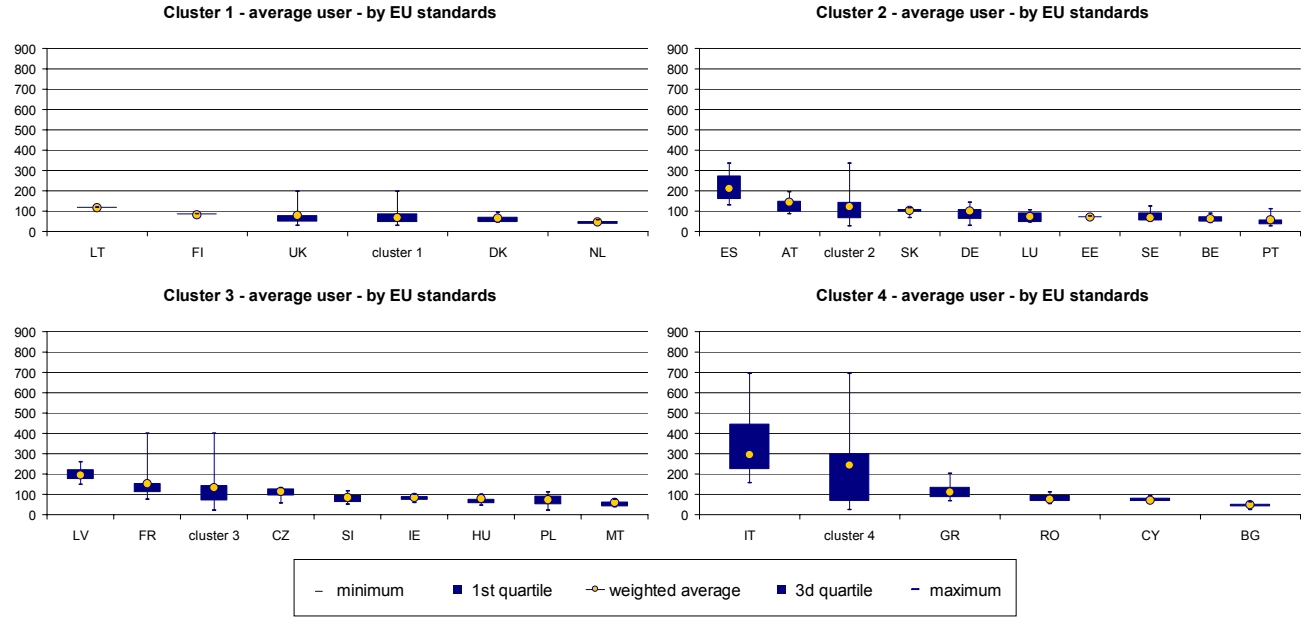
Graph 6 – Cluster analysis – Domestic basic user profile



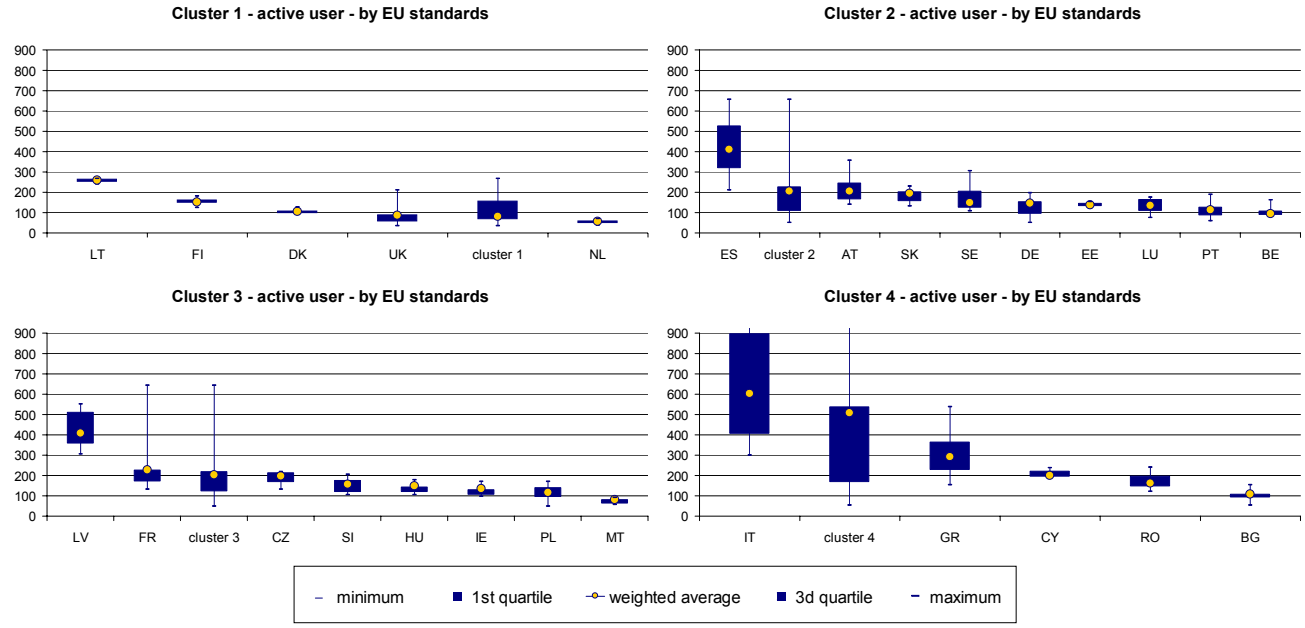
Graph 7 – Cluster analysis – EU passive user profile



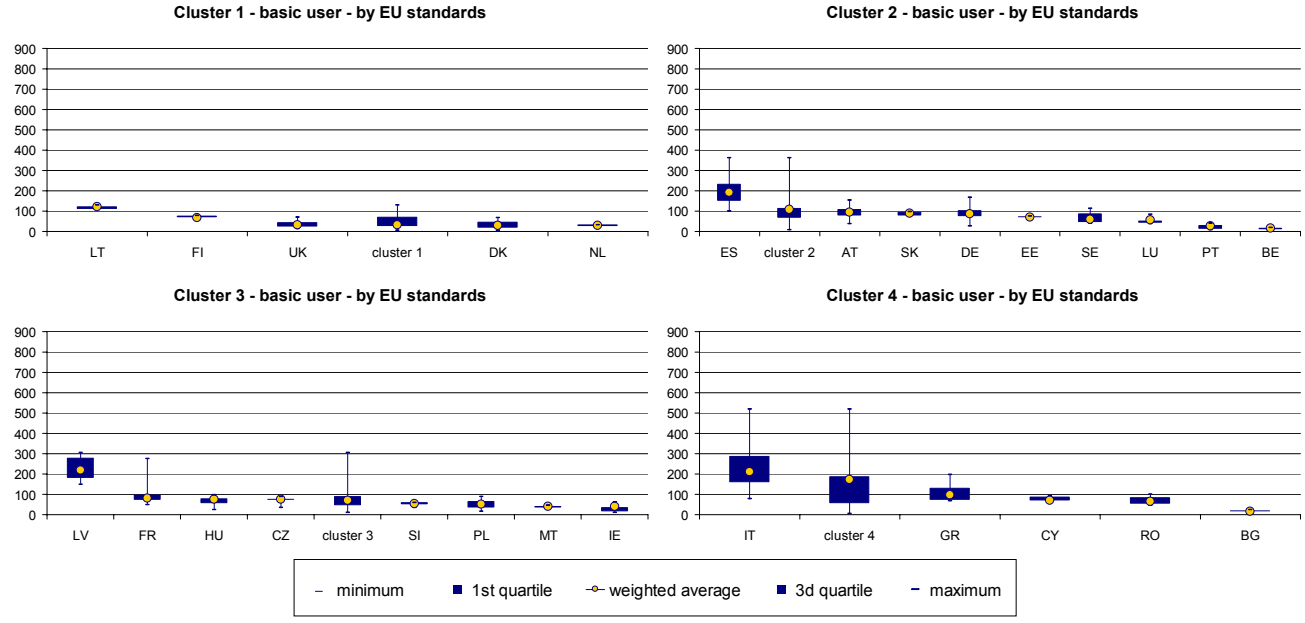
Graph 8 – Cluster analysis – EU average user profile



Graph 9 – Cluster analysis – EU active user profile



Graph 10 – Cluster analysis – EU basic user profile



Annex 8: Breakdown of average charges

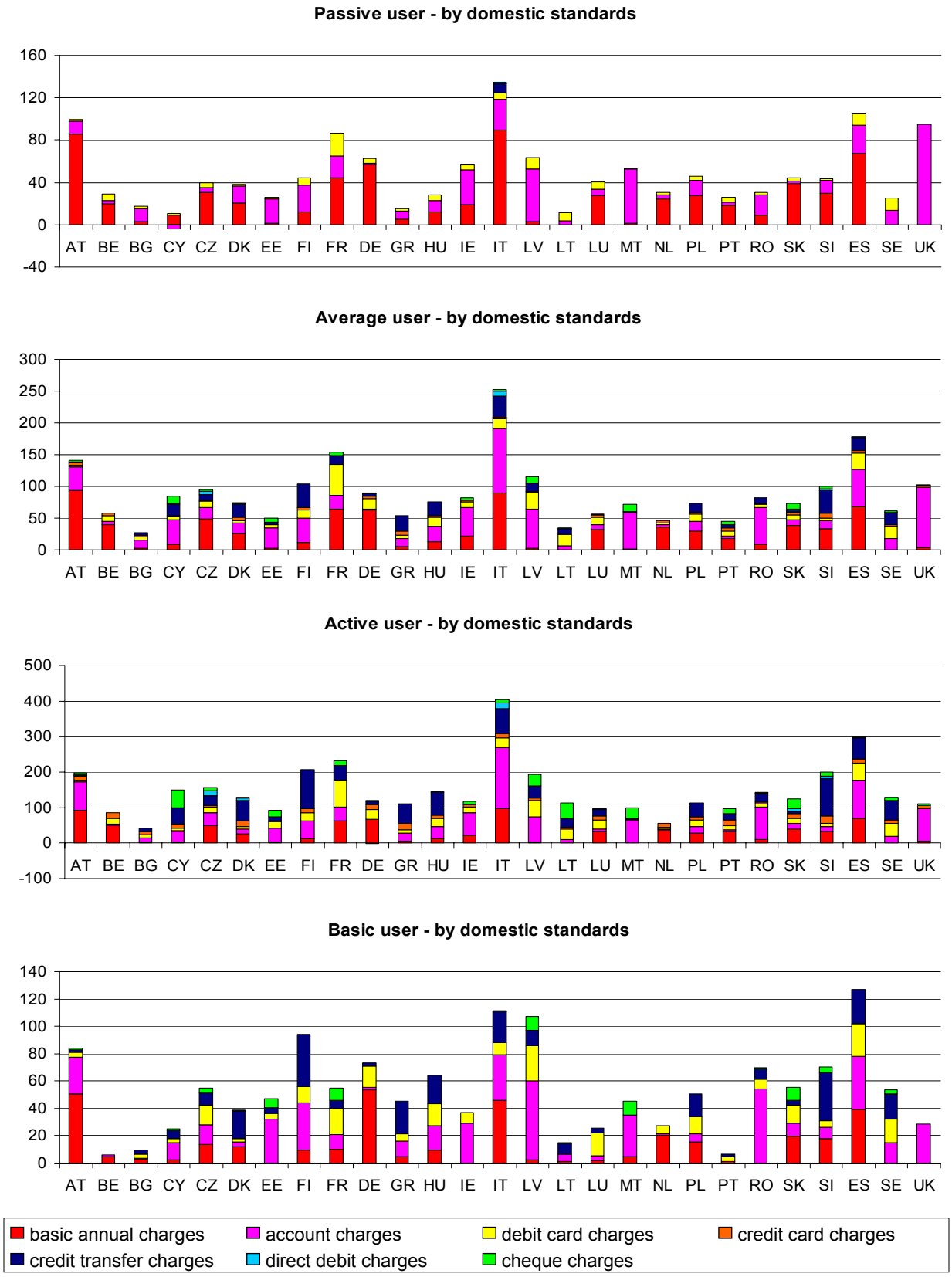
In order to analyse the relative importance of the different service charges in total charges linked to an account, average distribution of charges per country were calculated and plotted in graphs for each profile. The following categories of charges were considered:

1. Basic annual charges, including package fee and account maintenance charges;
2. Account charges, including charges for opening and closing of account, statements, overdrafts and insufficient funds, OTC withdrawals and deposits, account movements, internet and phone banking and income related to credit interest on accounts in credit;
3. Debit card charges, including issuance and annual fees, fees for blocking and replacement, and charges for withdrawals, POS and online payments;
4. Credit card charges, including issuance and annual fees, fees for blocking and replacement, and charges for withdrawals, POS and online payments;
5. Credit transfer charges, including fees for reception and sending of credit transfers, reception and sending of standing orders and charges for setup, modification and closure of standing orders;
6. Direct debit charges, including fees for sending of direct debits, setup and closure of direct debit orders;
7. Cheques related charges, including fees for order of chequebooks, cheque drawing, cheque lodging and cheque bouncing.

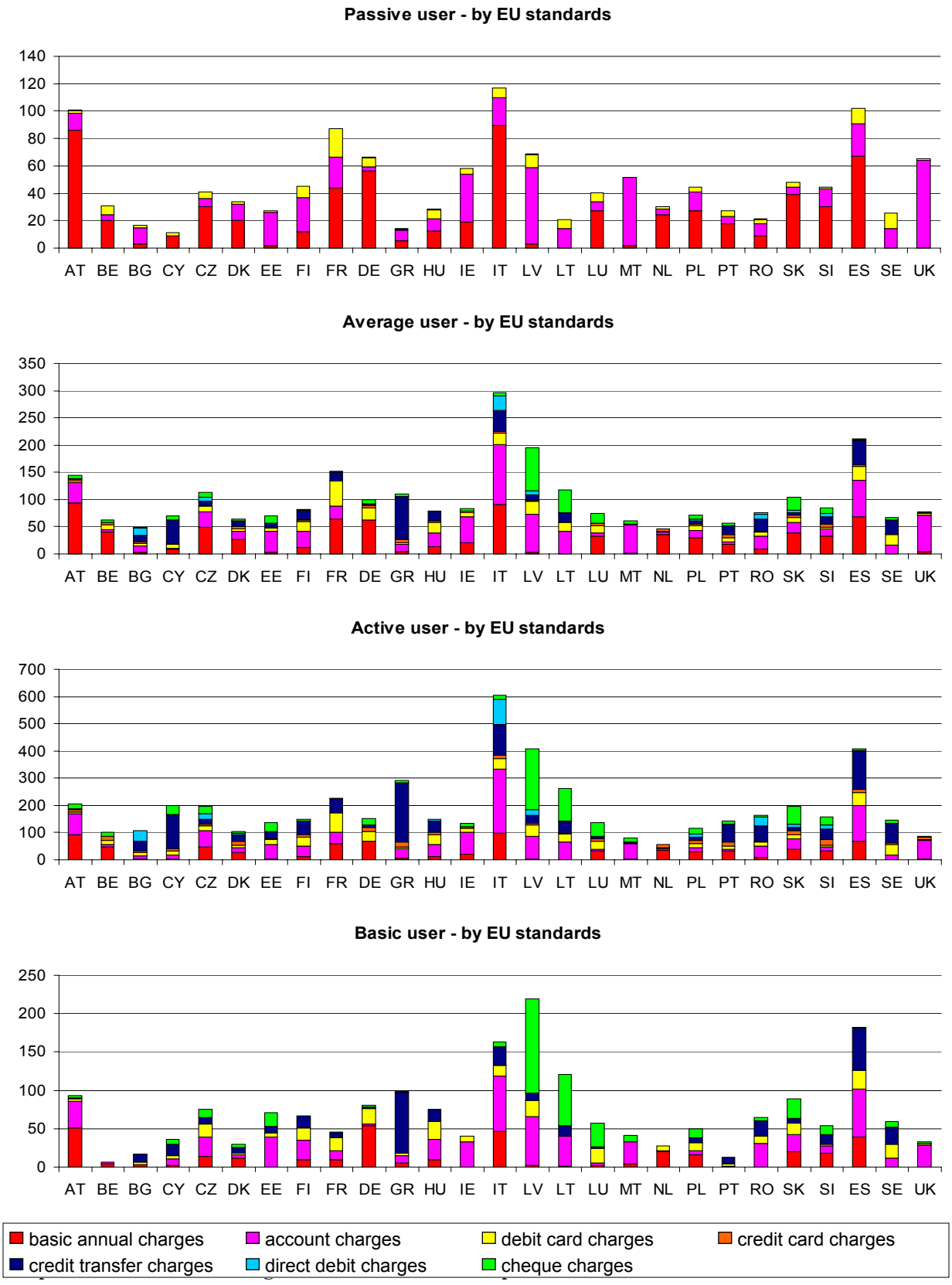
The analysis of the breakdown of charges indicates the following:

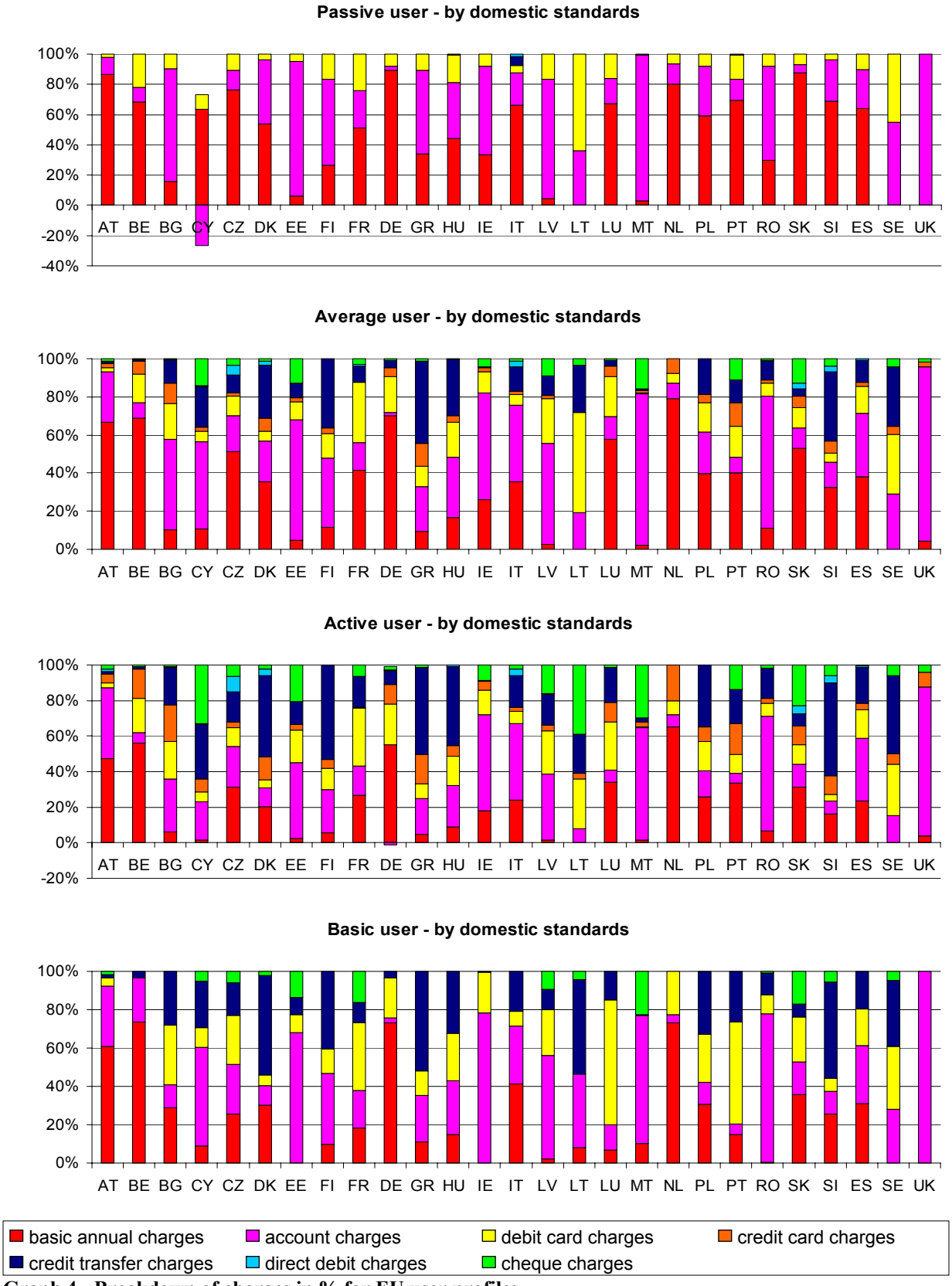
- The graphs are a perfect visual illustration of the diversity of the countries' pricing models;
- Customers with a passive profile are mainly charged by the three first categories of charges, i.e. basic annual charges, account charges and debit card charges;
- Charges related to transactions, i.e. credit transfers, direct debits and cheques, take more importance for average and active profile customers; this reflects the more intensive use of payment tools defined in the profiles.

Graph 1 - Breakdown of charges for domestic user profiles



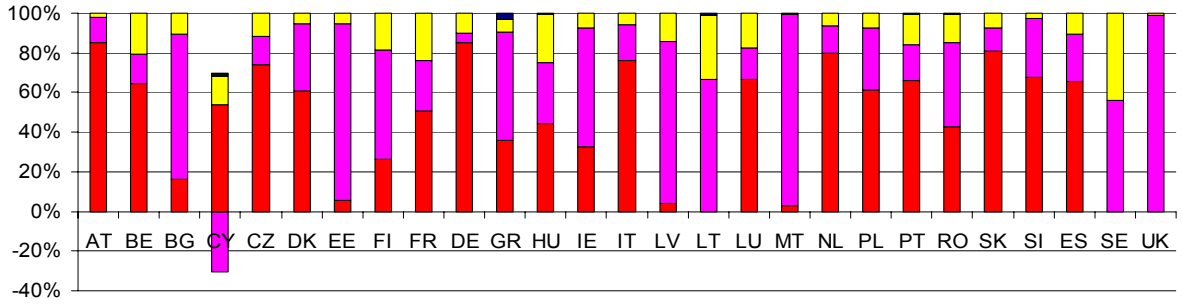
Graph 2 - Breakdown of charges for EU user profiles



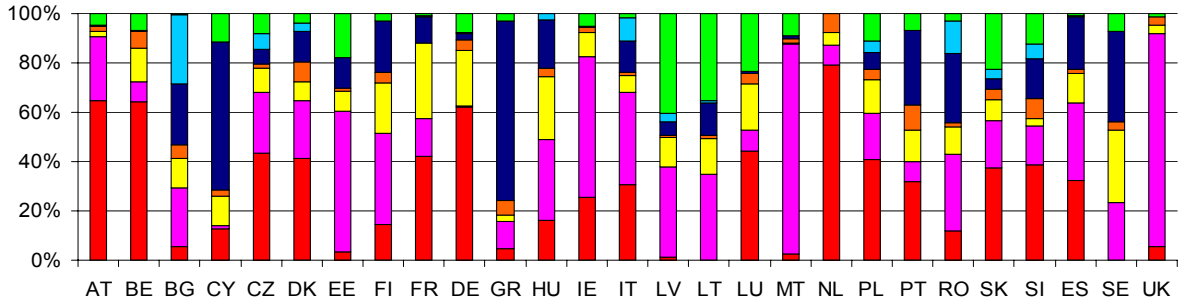


Graph 4 - Breakdown of charges in % for EU user profiles

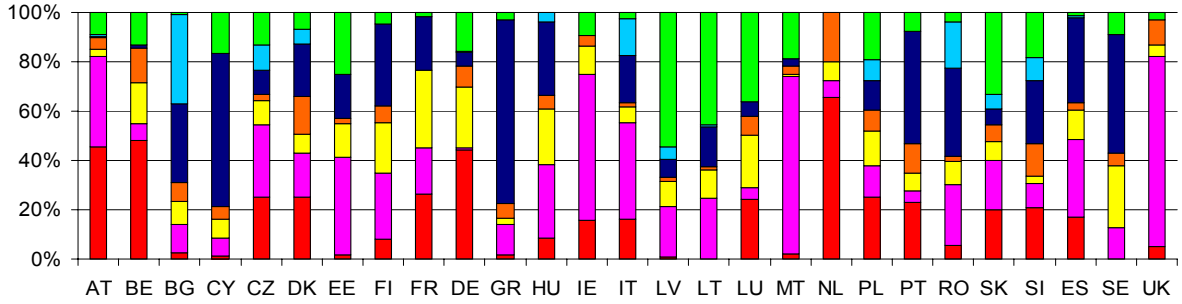
Passive user - by EU standards



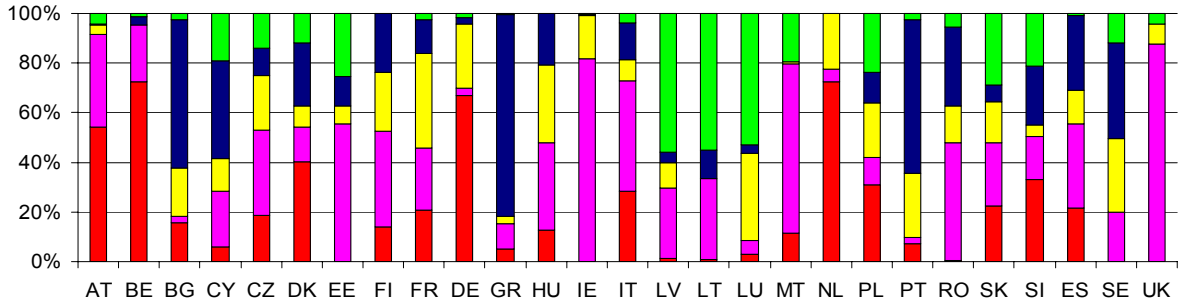
Average user - by EU standards



Active user - by EU standards



Basic user - by EU standards



Annex 9: Contacts with Central Banks, regulators and banking associations

We sent two waves of questionnaires. The responses for the initial wave were not sufficient and additional questionnaires were sent to remedy this shortcoming.

The second wave comprised two questionnaires, which provided the respondents with a proposed amount for key items and asked them to mark whether the figure is below, in line with or above the actual usage rates. The first questionnaire was sent to the members of the European Banking Federation (EBF) via the organization itself. The second questionnaire was sent to national banks. In most cases, there was no specific contact within the banks and the national bank's generic e-mail was used. The list of all organisations contacted is presented at the end of this annex.

We received seven responses which are summarised in Table 2 further.

The examples of the two questionnaires are given below. As it was sent at an early stage, the first questionnaire included only EU averages as proposed amounts. The second questionnaire included initial country-specific estimates. A mandate letter provided by DG Health and Consumers (DG SANCO) was sent along with the second questionnaire. It is presented below. Both questionnaires were also supplemented with a description of our methodology.

QUESTIONNAIRE SENT TO MEMBERS OF EUROPEAN BANKING FEDERATION (EBF)

15 May 2009

Current account usage across EU

Dear sir or madam,

As Centre for European Policy Studies (CEPS) and in partnership with Bureau van Dijk Management Consultants, we are in the process of preparing a study examining the pricing of current accounts throughout the EU for the European Commission Health and Consumer Protection Directorate General (DG SANCO).

For this exercise, we would like to determine the usage characteristics of key services and transactions relating to current accounts. We have already compiled a database for a number of key transactions using the European Central Bank's (ECB) Blue Book database. However, this database does not cover a number of key transactions (i.e. overdrafts) or provide data on different usage intensities within a country. Much like other studies of its kind, we therefore need to make a number of assumptions.

This questionnaire addresses the most crucial items for which we lack data. Its aim is to verify any assumptions that we make and to provide us with an understanding of differences between Member States.

For each transaction, we would appreciate if you could compare how the proposed amount (the EU27 average) is in relation to the usage characteristics in your country. You are also welcome to suggest any specific usage rates or point us to the right direction by providing data or resources.

The proposed usage rates are based on information drawn from a variety of sources and a number of hypotheses. Following is a list of resources that we have already consulted:

5. National central banks and the European Central Bank (ECB);
6. Consumer survey conducted by Test-Achats (Belgium), Altroconsumo (Italy); Deco Proteste (Portugal) AND OCU (Spain) between June – August 2004;
7. UK's Office of Fair Trading (OFT) study, "Personal current accounts in the UK", July 2008;
8. Oxera study, "The price of banking", November 2006;
9. Capgemini *World Retail Banking Report*, various years;
10. Own survey of consumer associations in Member States.

Please feel free to suggest any additional sources that may be useful for our purposes.

The completion of the questionnaire should take about 15 minutes. If you would like to get in touch with us for suggestions, respond to the questions in person, or have any questions, please feel free to contact us via e-mail or phone.

Thank you very much in advance for all your input and assistance.

With kind regards,

CEPS Research Team
Dr. Rym Ayadi (Senior Research Fellow) rym.ayadi@ceps.eu +(32) 2 229.39.32
Dr. Emrah Arbak (Research Assistant) emrah.arbak@ceps.eu +(32) 2 229.39.63

Instructions

The tables on the following pages list services and transactions for which we lack complete information on usage details. For each item, we specify an average for the EU27 as a whole, which is based on the various data sources identified above and own assumptions.

You are kindly asked to provide guidance on average usage details for the following three profiles:

1. **All users**, corresponding to the entire population of current account holders;
2. **Active users**, who engage in the transaction frequently, i.e. all those falling into the top 1/3 of all users when the account holders are ordered by their usage rates;
3. **Passive users** rarely engage in the transaction, representing the bottom 1/3 of all users when the account holders are ordered by their usage rates.

You are welcome to make a comparison (by comparing the usage in your country with the proposed EU27 average) or suggest a value that would be representative for your country.

At the end of the questionnaire, space is provided for your suggestions on any additional information (quantitative or qualitative) that may help us in our understanding of the usage characteristics.

The following definitions apply for the transactions in the table:

Credit transfers. Paper-based or non-paper (i.e. electronic) based payment orders initiated by the payer to transfer funds to the beneficiary. Also includes **standing orders,** which are conducted at regular intervals as instructed by the payer.

Direct debits. An authorised debit of funds from the payer's bank account initiated by the beneficiary.

Phone/internet banking. A service provided by a bank allowing account holders to perform transactions over the telephone/internet.

Point of sale (POS) transactions. Payment transactions initiated through a POS terminal[62] using a card with debit, credit or delayed-debit functions.

[62] A POS terminal is a device which allows the use of payment cards at a physical point of sale.

TABLE A. Number of transactions per year

For each item, please provide details by (i) comparing the usage in your country with the proposed EU average, or (ii) suggesting a usage rate under the column “as suggested below”. All figures are rounded.

	ALL USERS					ACTIVE USERS (TOP 1/3)					PASSIVE USERS (BOTTOM 1/3)				
	Avg. Usage in EU	Average usage in your country is …				Avg. Usage in EU	Average usage in your country is …				Avg. Usage in EU	Average usage in your country is …			
		less	about same	more	as suggested below		less	about same	more	as suggested below		less	about same	more	as suggested below
Authorized overdraft	0.7					2.1					0				
Unauthorized overdraft	0.4					1.3					0				
Insufficient account funds	1					4					0				
Over-the-counter (OTC) withdrawal	11					19					3				
OTC deposit	7					18					0				
Automated teller machine (ATM) withdrawal	28					45					8				
ATM withdrawal (on-us only)	18					29					5				
ATM deposit	0.3					0.6					0				
Sending of credit transfer	46					132					0				
Sending of standing order	9					26					0				
Sending of direct debit	37					107					0				
Point of sale (POS) payment with debit card	55					144					0				
POS payment with credit card	10					31					0				
Cheque payment	9					26					0				

TABLE B. Amount per transaction

For each item, please provide details by (i) comparing the amount per transaction in your country with the proposed EU average, or (ii) suggesting a usage rate under the column “as suggested below”. All figures are rounded.

	ALL USERS					ACTIVE USERS (TOP 1/3)					PASSIVE USERS (BOTTOM 1/3)				
	Avg. Amount in EU (€)	Average amount in your country is …				Avg. Amount in EU (€)	Average amount in your country is …				Avg. Amount in EU (€)	Average amount in your country is …			
		less	about same	more	as suggested below		less	about same	more	as suggested below		less	about same	more	as suggested below
Authorized overdraft	500					500					0				
Unauthorized overdraft	100					100					0				
Over-the-counter (OTC) withdrawal	550					550					0				
POS payments with debit card	51					51					0				
POS payments with credit card	12					12					0				

TABLE C. Additional usage characteristics

For each item, please provide details by (i) comparing the usage characteristics in your country with the proposed EU average, or (ii) suggesting a usage rate under the column “as suggested below”. All figures are rounded.

	ALL USERS					ACTIVE USERS (TOP 1/3)					PASSIVE USERS (BOTTOM 1/3)				
	Avg. Value in EU	Average value in your country is …				Avg. Value in EU	Average value in your country is …				Avg. Value in EU	Average value in your country is …			
		less	about same	more	as suggested below		less	about same	more	or, as suggested below		less	about same	more	as suggested below
Duration of authorized overdraft (days)	25					25					25				
Duration of unauthorized overdraft (days)	10					10					10				
Use of internet banking (% of users)	30					90					0				
Use of phone banking (% of users)	14					44					0				

Suggestions and comments

Are you aware of any resources (quantitative or qualitative) that may help us in our understanding of the usage characteristics for services and transactions relating to current accounts in your country? If so, we would appreciate it if you could provide the details below.

You may also use the space below for your comments.

Thank you for your participation and input!

QUESTIONNAIRE SENT TO NATIONAL CENTRAL BANKS

11 June 2009

Current account usage across EU

Dear sir or madam,

As Centre for European Policy Studies (CEPS) and in partnership with Bureau van Dijk Management Consultants, we are in the process of preparing a study examining the pricing of current accounts throughout the EU for the European Commission Health and Consumer Protection Directorate General (DG SANCO).

For this exercise, we would like to determine the usage characteristics for key transactions relating to current accounts. We have already compiled a database for such transactions using the European Central Bank's (ECB) Blue Book database. However, this database does not cover a number of key transactions (i.e. overdrafts). Much like other studies of its kind, we therefore need to make a number of assumptions on how households use various payment services.

This questionnaire addresses the most crucial items for which we lack data. Its aim is to verify our assumptions and to provide us with an understanding of differences between Member States.

For each transaction, we would appreciate if you could compare how the suggested numbers or values compare with the actual usage characteristics in your country. You are also welcome to suggest any specific usage rates or point us to the right direction by providing additional data or resources.

The proposed usage rates are based on information drawn from a variety of sources and a number of hypotheses. Following is a list of resources that we have already consulted:

11. Detailed payment statistics provided by Austrian, Danish, Greek and Italian central banks as well as the Blue Book database of the European Central Bank (ECB);
12. Consumer survey conducted by Test-Achats (Belgium), Altroconsumo (Italy); Deco Proteste (Portugal) AND OCU (Spain) between June – August 2004;
13. UK's Office of Fair Trading (OFT) study, "Personal current accounts in the UK", July 2008;
14. Oxera study, "The price of banking", November 2006;
15. Capgemini *World Retail Banking Report* for various years;
16. Own survey of consumer associations in Member States.

Please feel free to suggest any additional sources that may be useful for our purposes.

The completion of the questionnaire should take about 15 minutes. If you would like to get in touch with us for suggestions, respond to the questions in person, or have any questions, please feel free to contact us via e-mail or phone. You may also send the questionnaire by fax to +(32) 2 219.41.51.

Thank you very much in advance for all your input and assistance.

With kind regards,

CEPS Research Team

Dr. Rym Ayadi (Senior Research Fellow)	rym.ayadi@ceps.eu	+(32) 2 229.39.32
Dr. Emrah Arbak (Research Assistant)	emrah.arbak@ceps.eu	+(32) 2 229.39.63
Willem Pieter de Groen (Research Assistant)	willem.pieter.degroen@ceps.eu	+(32) 2 229.39.57

Instructions

The tables on the following pages list services and transactions for which we lack verifications. For each item, we suggest an average for your country based on the data sources identified above. We have also made an attempt to focus only on transactions conducted by banked households by excluding corporations and the government. Table A asks for your opinion on our basis assumptions regarding households' share in the total number and value of transactions conducted in 2007.

You are welcome to give your opinions in a number of ways. You may specify whether the usage in your country for a particular transaction is above, below or more or less equivalent to the suggested amount in the left-most column. You may also suggest a value that would be representative for your country. This amount will only guide us to make a better estimation and will not be used directly unless you specify us to do so.

At the end of the questionnaire, space is provided for your suggestions on any additional information or general comments.

The following definitions apply for the transactions in the table:

Credit transfers. Paper-based or non-paper (i.e. electronic) based payment orders initiated by the payer to transfer funds to the beneficiary. Also includes **standing orders,** which are conducted at regular intervals as instructed by the payer.

Direct debits. An authorised debit of funds from the payer's bank account initiated by the beneficiary.

Phone/internet banking. A service provided by a bank allowing account holders to perform transactions over the telephone/internet.

Point of sale (POS) transactions. Payment transactions initiated through a POS terminal[63] using a card with debit, credit or delayed-debit functions.

[63] A POS terminal is a device which allows the use of payment cards at a physical point of sale.

TABLE A. Share of transactions by households (2007)

For each item, please provide us details by (i) comparing the shares in your country with the suggested amount, and/or (ii) suggesting a specific share under the column “or, as below”. The presented figures represent the household shares in total transactions and amounts.

	AT	*In your opinion, households' share in total number of transactions in Austria is …*				**AT**	*In your opinion, households' share in total value of transactions in Austria is …*			
	Suggested household share in total number	*less*	*as suggested (± 10%)*	*more*	*or, as below*	*Suggested household share in total value*	*less*	*as suggested (± 10%)*	*more*	*or, as below*
Card payments (POS or online using debit or credit cards)	89%					86%				
Credit transfers - sent	32%					3%				
Deposits - ATM	50%					35%				
Deposits - OTC	48%					35%				
Direct debits - sent	72%					27%				
Withdrawals - OTC	80%					58%				
Withdrawals - ATM	89%					86%				

TABLE B. Number of transactions per banked adult (2007)

For each item, please provide details by (i) comparing the usage in your country with the suggested amount, or (ii) suggesting a usage rate under the column “or, as below”.

	AT	*In your opinion, average usage in Austria is …*				**EU27**	**EU15**
	Suggested average usage	*less*	*as suggested (± 10%)*	*more*	*or, as below*	*Average usage*	*Average usage*
Account - statements (number)	12.0					12.0	12.0
Cheques - lodged	1.1					2.0	2.0
Credit transfers - sent	50.6					45.7	45.7
Deposits - OTC	2.7					7.3	7.3
Direct debits - sent	82.9					37.0	37.0
Online payments - credit/delayed debit card	1.9					0.7	0.7
Overdrafts - authorized	0.7					0.7	0.7
Overdrafts - unauthorized	0.4					0.4	0.4
Standing orders- received	5.7					3.3	3.3

TABLE C. Value per transaction (2007)

For each item, please provide details by (i) comparing the value per transaction in your country with the suggested country average, or (ii) suggesting a transaction amount under the column “or, as below”.

	AT	*In your opinion, average value in Austria is …*				**EU27**	**EU15**
	Suggested average value (€)	*less*	*as suggested (± 10%)*	*more*	*or, as below*	*Average value (€)*	*Average value (€)*
Account - debit balance	7,588					6,964	8,111
Credit transfers - sent	222					1,052	1,380
Deposits - OTC	3,212					931	3,212
Direct debits - sent	145					271	297
Online payments - credit/delayed debit card	187					131	136
Overdrafts - authorized	500					500	500
Overdrafts - unauthorized	100					100	100

TABLE D. Duration per transaction in days (2007)

For each item, please provide details by (i) comparing the duration in your country with the suggested country average, or (ii) suggesting duration per transaction under the column “or, as below”.

	AT	*In your opinion, average duration in Austria is …*				**EU27**	**EU15**
	Suggested average duration	*less*	*as suggested (± 10%)*	*more*	*or, as below*	*Average duration*	*Average duration*
Overdrafts - authorized	25					25	25
Overdrafts - unauthorized	10					10	10

Suggestions and comments

Are you aware of any resources that may help us in our understanding of the usage characteristics for services and transactions relating to current accounts in your country? If so, we would appreciate it if you could provide the details below.

You may also use the space below for your comments.

Thank you for your participation and input!

LETTER BY DG HEALTH AND CONSUMERS, 11 JUNE 2009

EUROPEAN COMMISSION
HEALTH AND CONSUMERS DIRECTORATE-GENERAL

Directorate B - Consumer Affairs
B1 - Consumer Markets

Brussels,
SANCO/B1/DT/fl D(2009)210127

To whom it may concern,

Subject: Data collection for prices of current accounts provided to consumers

The Directorate-General for Health and Consumers has launched the above mentioned study.

This study, awarded to Van Dijk Management Consultants and its partner the Centre for European Policy Studies through a call for tender, has started in December 2008 and is expected to be finalised by July 2009.

As part of this study, a number of data and assumptions would benefit from discussions with experts on retail banking. The study team will contact national financial regulators, professional associations and consumer associations to take their views into account.

I hope I can count on your cooperation and contribution to this study.

I thank you in advance for your help in this study.

Yours sincerely,

David Mair
Head of Unit

Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel - Belgium. Telephone: (32-2) 299 11 11.
Telephone-Direct line: (32-2)29 99413. Fax: (32-2) 298 79511. Office: B232 2/46.
P:\2009\Surveys\Bank fees tender\Mandate letter-D210127.doc

Table 1 – Contact list

Country	Organization	Name	Email	Phone
AT	OENB (Austrian Nationalbank)	Christiane Burger	Christiane.Burger@oenb.at	+43-1404202221
AT	OENB (Austrian Nationalbank)	Rudolf Habacht	Rudolf.Habacht@oenb.at	+43-1404203102
BE	FEBELFIN	Febelfin Communication	COM@febelfin.be	+32-25076811
BE	FEBELFIN	Isabel Renneboog	Isabel.Renneboog@febelfin.be	
BE	National Bank of Belgium	National Bank of Belgium	Info@nbb.be	+32-22212111
BG	Bulgarian National Bank	Bulgarian National Bank	press_office@bnbank.org	+35-9291459
CY	Central Bank of Cyprus	Central Bank of Cyprus	via form on webpage	+35-722714100
CZ	Czech National Bank	Czech National Bank	info@cnb.cz	+42-0224411111
DE	Bundesbank	Bundesbank (interest statistics)	zinsstatistik@bundesbank.de	
DE	Bundesbank	Presse Information	presse-information@bundesbank.de	+49-699566-3511/3512
DE	Bundesbank	Sebastian Hügelschäffer	Sebastian.Huegelschaeffer@bundesbank.de	+49-699566-2337
DE	Bundesbank	Tobias Scheuerer	tobias.scheuerer@bundesbank.de	+49-699566-8632
DE	Bundesverband deutscher Banken	Bundesverband deutscher Banken	bankenverband@bdb.de	+49-3016630
DK	Danmarks Nationalbank	Justyna Anna Wijas-Jensen	jaw@nationalbanken.dk	+45 3363 6868
EE	Bank of Estonia	Bank of Estonia	info@epbe.ee	
ES	Banco de España	Banco de España	paymentsystem@bde.es	
EU	European Central Bank	Javier Huerga	javier.huerga@ecb.int	
FI	Bank of Finland	Bank of Finland	info@bof.fi	+35-8108311
FR	Banque de France	Banque de France	infos@banque-france.fr	+43-142923908
GR	Bank of Greece	E Koltsida	EKoltsida@bankofgreece.gr	+30-2103201111
GR	Bank of Greece	E Liapis	ELiapis@bankofgreece.gr	+30-2103201112
HU	Magyar Nemzeti Bank	MNB Kommunikáció/Információ	info@mnb.hu	+36-14282752
HU	Magyar Nemzeti Bank	Simonné Sulyok Brigitta	simonneb@mnb.hu	+36-14282600/1387
IE	Central Bank of Ireland		enquiries@centralbank.ie	+35-312246000
IE	Financial Regulator, Ireland	Manning David	david.manning@financialregulator.ie	
IE	Irish Banking Federation (IBF)	Irish Banking Federation (IBF)	info@ibf.ie	+35-316715311
IE	Irish Banking Federation (IBF)	Tom O'Connor	tom.oconnor@ibf.ie	+35-314748812
IT	Bank of Italy	Bank of Italy (General)	email@bancaditalia.it	+39-0647921
IT	Bank of Italy	Bank of Italy (Statistics)	statistiche@bancaditalia.it	
LT	Bank of Lithuania	Bank of Lithuania	info@lb.lt	+37-052680029
LT	Bank of Lithuania	Jurate Gutauskaite	jgutauskaite@lb.lt	+37-052680401
LU	Banque centrale du Luxembourg	Banque centrale du Luxembourg	stat@bcl.lu	+35-247741
LV	Bank of Latvia	Bank of Latvia	info@bank.lv	+37-167022442
MT	Central Bank of Malta	Central Bank of Malta	info@centralbankmalta.org	+35-625500000
MT	Central Bank of Malta	Romina Azzopardi	azzopardirm@centralbankmalta.org	
NL	DNB (Dutch Central Bank)	Communication department	Info@dnb.nl	+31-8000201068
NL	DNB (Dutch Central Bank)	Communication department	T.Turk@DNB.NL	+31-8000201068
NL	DNB (Dutch Central Bank)	K.O. Schluter	K.O.Schluter@DNB.NL	+31-8000201068
NL	Netherlands Bankers'Association (NVB)	Communication department	info@nvb.nl	+31-205502888

Country	Organization	Name	Email	Phone
NL	Netherlands Bankers'Association (NVB)	Edmond Stassen	stassen@nvb.nl	+31-205502834
NL	Statistics Netherlands	Statistics Netherlands / Ferry Lapré	infoservice@cbs.nl	+31-885707070
PL	National Bank of Poland	National Bank of Poland	nbp@nbp.pl	+48-226531000
PL	National Bank of Poland	Robert Klepacz	Robert.Klepacz@nbp.pl	
PT	Banco de Portugal	Banco de Portugal	info@bportugal.pt	+35-1213213200
RO	Banca Nationala a Romaniei	Banca Nationala a Romaniei	Info@bnro.ro	
RO	Banca Nationala a Romaniei	Denisa Gradinaru	Denisa.Gradinaru@bnro.ro	
SE	Sveriges Riksbank	Sveriges Riksbank	registratorn@riksbank.se	+46-87870000
SI	Banka Slovenije	Snježana Del-Fabro Delević	snjezana.del-fabro@bsi.si	+38-614719361
SK	Národná banka Slovenska	Alena Stiptova	Alena_Stiptova@nbs.sk	
SK	Národná banka Slovenska	Martina Solcanyiova	Martina_Solcanyiova@nbs.sk	
SK	Národná banka Slovenska	Národná banka Slovenska	webmaster@nbs.sk	+42-1257871111
SK	Národná banka Slovenska	Rudolf Pataki	Rudolf_Pataki@nbs.sk	
UK	Bank of England	Roger Beaton	enquiries@bankofengland.co.uk	+44-2076014878
UK	British Bankers' Association (BBA)	Patrik Karlsson	patrik.karlsson@bba.org.uk	+44-2072168809
UK	Millward Brown	Dominic Harders	Dominic.Harders@uk.millwardbrown.com	+44-1926826455
EU	European Banking Federation	Sébastien de Brouwer	S.deBrouwer@ebf-fbe.eu	+32-25083711

Table 2 – Summary of responses received

		German Banking Federation			National Bank of Greece (1)			Italian Banking Federation (ABI) (2)									National Bank of Lithuania		
		Average			Average			Average			Active			Passive			Average		
Transaction		Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.
credit interest on account	Amount																		
insufficient account funds	Transaction																1	±	1
access to internet banking	Transaction	30	>	38				30	26	13									
access to phone banking	Transaction							14	7	6									
account statements	Transaction																12	24	24
Delayed debit or credit card	Duration																1,278	±	1,278
	Transaction																1	0	0
Cheque drawing	Transaction	9	<	1				9	12	6	26	16	14	0	6	0			
Cheque lodging	Transaction																1	0	0
reception of credit transfer	Transaction																		
sending of credit transfer	Amount				2,595	21,553	1,729										584	364	364
	Transaction							46	19	10	132	30	18	0	9	3	30	12	12
debit card deposit	Transaction							0	0	0	1	0	1	0	0	0			
deposit over the counter	Amount				19,522	<	1,084												
	Transaction	7	<	1				7	13	3	18	13	7	0	8	0			
sending of direct debit	Amount				226	448	150										28	49	49
	Transaction	37	>	73				37	12	10	107	18	19	0	6	3	2	3	3
setup of direct debit order	Transaction																		
delayed debit or credit card online payment	Amount				258	178	182										215	78	66
	Transaction																1	0	0
debit card online payment	Amount				312	178	182												
	Transaction																		
authorized overdraft	Amount	500	<	222				500	>	516	500	>	516	500	±	516	500	±	17
	Duration							25	>	25	25	>	25	25	>	25	25	±	25
	Transaction							1	0	0	2	1	0	0	±	0	1	±	1
unauthorized overdraft	Amount							100	>	129	100	>	129	100	±	129	100	±	4
	Duration							10	>	25	10	>	25	10	>	25	10	±	25
	Transaction							0	±	0	1	±	0	0	±	0	0	±	0

Legend: "<" implies a suggestion (sug.) that the final figure (fin.) should be less than the proposed figure (prop.). Conversely, a suggestion of ">" implies that the final figure (fin.) should be more than the proposed figure (prop.). ± means that the final figure (fin.) is approximately (± 10%) the same as the proposed figure (prop.)

Notes: (1) The data provided corresponded to Blue Book averages without excluding the non-household sector and were therefore not taken into account.
(2) Results drawn from the search engine "Comparing current accounts" conducted by Pattichiari, also available on http://conticorrentiaconfronto.pattichiari.it/page3s.do?link=oln1f.redirect&changedAlts=. The profiles did not correspond to our definition of users and were therefore not taken into account in several cases.

		German Banking Federation			National Bank of Greece (1)			Italian Banking Federation (ABI) (2)									National Bank of Lithuania		
		Average			Average			Average			Active			Passive			Average		
		Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.
delayed debit or credit card POS payment	**Amount**	12	>	71	87	101	69	12	104	105									
	Transaction	10	<	4				10	6	8	31	12	23	0	±	0			
debit card POS payment	**Amount**	51	±	49	104	101	84	51	93	94	51	>	94						
	Transaction	55	<	21				55	50	13	144	55	33	0	35	0			
Sending of standing order transaction	**Transaction**							9	7	2	26	12	4	0	3	1			
reception of standing order	**Transaction**																1	±	1
delayed debit or credit card withdrawal	**Amount**																125	±	125
	Transaction																1	0	0
debit card withdrawal	**Amount**				275	250	220												
	Transaction	28	±	25				28	30	11	45	31	18	8	27	3			
debit card withdrawal (on-us)	**Amount**																		
	Transaction	18	>	21				18	23	8	29	25	13	5	23	2			
withdrawal from account over the counter	**Amount**	550	<	267	18,925	<	1,566										886	±	886
	Transaction	11	<	3				11	10	15	19	14	24	3	8	4	2	1	1

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Notes: (1) The data provided corresponded to Blue Book averages without excluding the non-household sector and were therefore not taken into account.
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		Polish national bank			Bank of Slovenia (3)			The British Bankers' Association (4)		
		Average			Average			Average		
Transaction		Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.
credit interest on account	Amount				333	±	1,132			
insufficient account funds	Transaction				1	±	1			
access to internet banking	Transaction									
access to phone banking	Transaction	8	>	0	10	±	0			
account statements	Transaction	12	±	12	12	±	12			
Delayed debit or credit card	Duration	1,278	±	1,278						
	Transaction	1	0	0						
Cheque drawing	Transaction							9	>	12
Cheque lodging	Transaction	1	0	0	1	±	1			
reception of credit transfer	Transaction	1	12	1	1	±	1			
sending of credit transfer	Amount				136	±	101			
	Transaction	30	36	36	95	±	40	46	<	25
debit card deposit	Transaction							0.3	<	0.3
deposit over the counter	Amount									
	Transaction							7	<	3
sending of direct debit	Amount				15	±	11			
	Transaction	1	1	1	20	±	21	37	<	47
setup of direct debit order	Transaction				0	±	0			
delayed debit or credit card online payment	Amount									
	Transaction	0	±	1						
debit card online payment	Amount									
	Transaction	0	0	0						
authorized overdraft	Amount				500	±	159	500	>	534
	Duration				25	>	25	25	±	25
	Transaction				1	±	1			
unauthorized overdraft	Amount				100	±	40	100	>	133
	Duration				10	±	25	10	0	10
	Transaction				0	±	0			

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Notes: (3) In its response, the Financial Statistics unit of Bank of Slovenia informed us that "on the basis of our statistical source for Blue book data, we cannot provide reliable estimation of the required data for the household sector".
(4) The number of transactions provided by the BBA corresponded to transactions per account and not transactions per individual. In all cases, the number of transactions per account should be less than the number of transactions per banked adult. For value of transactions, the figures provided were used when they differed substantially from our figures.

		Polish national bank			Bank of Slovenia (3)			The British Bankers' Association (4)		
		Average			Average			Average		
		Prop.	Sug.	Fin.	Prop.	Sug.	Fin.	Prop.	Sug.	Fin.
delayed debit or credit card POS payment	**Amount**				31	±	23	12		
	Transaction				27	±	26	10	>	39
debit card POS payment	**Amount**							12	>	62
	Transaction							50	>	95
Sending of standing order transaction	**Transaction**	14	±	7	12	±	8	9	<	5
reception of standing order	**Transaction**	1	±	1	1	±	1			
delayed debit or credit card withdrawal	**Amount**				125	±	125			
	Transaction	1	1	1	1	±	1			
debit card withdrawal	**Amount**									
	Transaction							28	<	54
debit card withdrawal (on-us)	**Amount**									
	Transaction							18	<	54
withdrawal from account over the counter	**Amount**							550	<	51
	Transaction							11	<	3

Legend: "<" implies a suggestion (sug.) that the final figure (fin.) should be less than the proposed figure (prop.). Conversely, a suggestion of ">" implies that the final figure (fin.) should be more than the proposed figure (prop.). ± means that the final figure (fin.) is approximately (± 10%) the same as the proposed figure (prop.)

Notes: (3) The data provided could not be rationalized using available data from Blue Book.

(4) The number of transactions provided by the BBA corresponded to transactions per account and not transactions per individual. In all cases, the number of transactions per account should be less than the number of transactions per banked adult. For value of transactions, the figures provided were used when they differed substantially from our figures.