

BULGARIA

Study on financial services provision and prevention of financial exclusion

COUNTRY REPORT STAGE I: QUESTIONNAIRE

Please, answer directly in the questionnaire

PRELIMINARY QUESTIONS

Q.1. Existence of financial exclusion problem, public debate and data

Q.1.1.1.: Is there a problem of financial exclusion in your country (in broad terms, for details see Q.2.)?

The financial exclusion in Bulgaria is linked with the overall impoverishment of the society after the end of the planned economy and the changing of the economic system to market organized society. Because of the war in ex-Yugoslavia, Bulgaria has been isolated from the transport corridors to Western Europe and this even more deteriorated the internal market and cutted the perspective to develop an export-oriented economy. The unfavourably macroeconomic environment determine the spare possibilities of the increase of revenues at national scale and to increase the living status of the population. In addition in 1996-1997 15 banks failed in insolvency and many people lost their money, despite the decision that one part of the account may be reimbursed..

To answer to this question, please refer to point I of the overview paper (OP) concepts and definitions

No

Yes

Q.1.1.2.: If yes, please describe below whether this arises because financial services providers do not meet the needs of certain groups of people or whether there are some groups of people who choose not to use financial services (eg: because they think they would be inappropriate to their needs or they would be refused access) : It arises because financial services providers do not meet the needs of certain groups of peopleAnd other groups of people with very low level of revenues choose not to use financial services because they would be inappropriate to their needs and they are no access. **It means especially one part of the Roma and Turkish people. The lack of education because of the impoverishment of this people during the transition period is a condition of their isolation of the financial services.**

Q.1.2.: Is there currently a public debate on financial exclusion in your country?

Yes

BULGARIA

No

Debate limited to specific issues or involving only few parts They are debating about the social aid for the less-favorized various strata of the society. And not especially for financial services, taking into account that the financial services are in the prerogative of the private commercial banks and that is always decided by the priorities of the bank policy. The private bank according this kind of policy can not fulfill social functions. There were 2 main conferences debating about the role of the Credit unions in Bulgaria and the perspectives of their development.

- 1) The role of Credit unions in the microfinance system in the rural area . 15.11. 2006 organized by the Ministry of Agriculture and Forestry]
- 2) Conference organized by the Bulgarian union for microfinance with the help of MFC with a headquarter in Warsaw (Poland) 31.05.2007-02.06.2007.

Not a specific information or debate about financial exclusion, but a positive indicator is the starting up of a debate and meetings regarding the possibility of financial inclusion.

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

The main goal is to supply financial resources for stimulating the micro and small enterprises and cooperatives, agricultural managers, craft producers, to prevent the unemployed to sink in poverty]

More than 10 years in Bulgaria is under way the construction of a system for finance and business services for small enterprises, employment of people without work and revenues, people with bad opportunities to find jobs at the labor market and those without access to financial resources from the banking sector.

-

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

National government X

Regional government X

Municipalities X

Commercial financial service providers and their associations

Not-for profit financial service providers X

Consumers' associations

Academics X

Non governmental agencies X

Others (describe): Foreign credit institutions creating offices in Bulgaria like USAID (USA) and Opportunity International (USA)

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

The following:

<http://www.mlsp.govrnment.bg>

<http://www.mrrb.govrnment.bg/>

BULGARIA

<http://www.minfin.government.bg/>

- Data from the Central bank of Bulgaria – <http://www.bnb.bg>
- Data from the National statistical Institute – <http://www.www.nsi.bg>
- Data from a lot of other sites and namely: <http://www.financebg.bg>
- <http://www.Bank.bg>
- <http://www.Credit.bg>
- <http://moneyibox.bg/>
- <http://www.fsc.bg>
- <http://www.nasmb-bg.orgg>
- <http://wec.rcci.bg>
- <http://www.undp.bg>
- <http://www.madeinbulgaria.info>
- <http://www.craftcenter.org>
- <http://financebg.bg>
- <http://www.popkasa.com>
- Academic and governmental sources.

Please, send an electronic or paper version of all relevant the data/report(s) to RFA if not yet listed in the bibliography available on finincl.eu

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

Official European data details on periodicity:
Official national data X details on periodicity :
Official regional data X details on periodicity :
Academic reports X details on periodicity :
Financial sector reports details on periodicity :
Non governmental organization reports details on periodicity :
Others (describe) :

Specify how the exclusion is measured/estimated : The matter is not developed in Bulgaria, and the project is especially useful for Bulgaria bearing in mind that a debate can be open in the country.

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

Official European data details on periodicity:
Official national data X details on periodicity :
Official regional data details on periodicity :
Academic reports details on periodicity :
Financial sector reports X details on periodicity :
Non governmental organization reports X details on periodicity :
Others (describe) : Information from the on-line presentations of the commercial banks and from the Central bank, as well as from sites like mentioned above.

Specify how the exclusion is measured/estimated :none

BULGARIA

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

Official European data

details on periodicity:

Official national data

details on periodicity :

Official regional data

details on periodicity :

Academic reports

details on periodicity :

Financial sector reports X

details on periodicity :

Non governmental organization reports details on periodicity :

Others (describe) : The data collection is as mentioned from different sources in Bulgaria, including financial reports from the non-governmental financial sources.

Specify how the exclusion is measured/estimated :none

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

Official European data

details on periodicity:

Official national data

details on periodicity :

Official regional data

details on periodicity :

Academic reports

details on periodicity :

Financial sector reports X

details on periodicity :

Non governmental organization reports details on periodicity :

Others (describe) : The data collection is as mentioned from different sources in Bulgaria, including financial reports from the non-governmental financial sources.

Specify how the exclusion is measured/estimated :

none

Q.1.3.5.: Sources of data/statistics available related to use of financial services other than mentioned above:

Official European data

details on periodicity:

Official national data

details on periodicity :

Official regional data

details on periodicity :

Academic reports

details on periodicity :

Financial sector reports X

details on periodicity :

Non governmental organization reports details on periodicity :

Others (describe) :

NATIONAL CONTEXT OF FINANCIAL SERVICES

Q.2. Banking transactions

Q.2.1.: Is there a problem of financial exclusion regarding transaction banking services in your country?

BULGARIA

Refer to point 1.1.1. of OP

yes X
no

Q.2.1.1.: Is the distinction between unbanked/marginally banked people relevant to your country?

*(Unbanked people are the people with no banking relationships at all
Marginally banked people are people with a deposit account that has no electronic payment facilities, no payment card or cheque book and no means of remitting money, OR people who do have these facilities but make little or no use of them.)*

Yes
no X

If that distinction is not relevant in your country, explain: There are not a distinction between unbanked and marginally banked people. The non-governmental organizations, the banks, the government are not debating the question.

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

- Unbanked yes X no
- Marginally banked yes X no

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

yes X no

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

- Receive regular electronic payment of funds such as wages, pensions or social assistance X
- Convert cheques or vouchers into cash X
- Store money safely until it needs to be withdrawn X
- Pay for goods and services other than in cash X
- Pay bills electronically (via self-banking or desk officer) X
- Make remittances
- Receive regular bank account statements X

Q 2.1.4.: Which types of banking service are there particular difficulties to use (tick relevant boxes) ?

- Receive regular electronic payment of funds such as wages, pensions or social

BULGARIA

assistance

- Convert cheques or vouchers into cash
- Store money safely until it needs to be withdrawn
- Pay for goods and services other than in cash
- Pay bills electronically (via self-banking or desk officer)
- Make remittances
- Receive regular bank account statements

NB! The types of banking services are different because the unbanked people received some social and other payments via the pay room/office in the municipality. The unbanked people in the small villages receives their money by the services of the post.

Q.2.2.: Where do people go to access to those services if they are refused by/ have difficulties accessing/choose not to use mainstream providers? In Bulgaria 23 mainstream providers offer consumer credits at the Bulgarian market. The mainstream providers procure consumer credits, for the poor and for the small enterprises there are the possibility to have financial services from institutions like the credit unions. There are a debate in the country-to create new structures for microfinancing and financial services or to develop the financial capacities of the already existing institutions. Bulgaria has a large tradition up to 1946.

Mainstream providers are all institutions legally recognized as banks: savings banks and postal banks and public owned banks may , in that respect, be considered as mainstream providers

Describe briefly:

- The kind of alternative providers existing in your country (not for profit and/or commercial providers) and (if possible) some indications of the number of customers and/or number of service outlets they have.
- There are 9 non-banking institutions and their clients are up to now 15 000 persons. The entire capital is of 35,790432 million EUR. 100 thousand work places have been created.
-
- The kind of services they provide (cheque cashing, bill-payment, remittances services...) The services provided are especially loans from 153.39 EUR to 1533.90 EUR with possibility to increase the amount of money up to 20452 EUR.
- How their costs and terms and conditions differ from those in mainstream market commercial banks. The interest rates on the loans depends of the size of the risk factor, from the numbering of the requested loan, as well from the history of the acquittal of previous loans. The average annual interest rate is around 16% and the effective increase of the cost of the financing is around 9%. The term of the loan differ from 6 to 36 months. There are a mortgage on the piece of property on the benefit of the non-banking institution. There are also a 3 months gratis period.

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

BULGARIA

findings:

<http://212.122.186.151/bg/about/default.asp>

www.cci-bl.org/programi_za_finansirane.html

www.epi-bg.org

www.financebg.com

bulgaria.usaid.gov/2/200706/calendar.html

banks.dir.bg/view_all_finance.php?page

www.creditcoops.org

www.jobtiger.bg

wec.rcci.bg

www.undp.bg

and others

The data collection of the financial services is scarce and difficult to be find, but nevertheless there are a variety of sites dealing with the financing of small and medium enterprises, on the financing of the women willing to create their own business, for the enhancing of the effectiveness of the microfinancing and newly created small enterprises. The 9 non-banking institutions are offering loans and the other financial services are provided by the banks.

Q.2.3. How important is the role of savings banks and/or postal banks in meeting the needs of people to access to those services?

In Bulgaria the 26 banks operating on the market are presenting the same kind of services. Around 90% of the banking market in Bulgaria is owned by foreign banks. Describe briefly:

- The savings banks/postal banks/public owned banks existing in your country
- The kind of services they provide (cheque cashing, bill-payment, remittances services...) and (if possible) some indications of the number of customers and/or number of service outlets they have. All kind of banking services plus consumer credits, credit cards, cheque and payments, microfinancing by Raiffeisenbank (Bulgaria) EAD.
- How their costs and terms and conditions differ from the rest of the mainstream market commercial banks

The costs and terms and conditions are the same for all the banks. Normally the interest rate is higher because of the risk factor.

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

<http://banki.start.bg>

The opportunity for financial services are coming from the banks. There are no a possibility to get a cheap credit under the credit interest rate.

Q.3. Credit

Q.3.1.1.: Is there a problem of some people not having access to credit/choosing not to use credit in the prime credit market in your country?

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

BULGARIA

Refer to point 1.1.3. of OP

yes
no

If yes, what are the main barriers :

Q.3.1.2.: Is there a problem of some people choosing deliberately to subscribe a credit in the sub-prime credit market in your country?

Sub-prime credit market: credit with high risk, high interests and poor conditions

Refer to point 1.1.3. of OP

yes
no

If yes, what are the reasons for them to do so?

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

Q.3.2.: Where do people go to access to credit if they are refused by or choose not to use the prime credit market?

Describe briefly :

- The kind of **alternative credit providers** existing in your country (not for profit and/or commercial organizations , sub-prime lenders, ...) and (if possible) some indications of the number of customers and/or number of service outlets they have
- The services they provide
- How their costs and terms and conditions differ from those in the prime credit market There are 9 non-banking institutions and their clients are up to now 15 000 persons. The entire capital is of 35,790432 million EUR. 100 thousand work places have been created. The services provided are especially loans from 153.39 EUR to 1533.90 EUR with possibility to increase the amount of money up to 20452 EUR. The interest rates on the loans depends of the size of the risk factor, from the numbering of the requested loan, as well from the history of the acquittal of previous loans. The average annual interest rate is around 16% and the effective increase of the cost of the financing is around 9%. The term of the loan differ from 6 to 36 months. There are a mortgage on the piece of property on the benefit of the non-banking institution. There are also a 3 months gratis period.

BULGARIA

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

Yes

No X

Limited to specific cases/areas In Bulgaria there are an interenterprise lending which is not quite legal, but it is not referring to the topic of the project.

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

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

Yes

No X

NB! Up to 1995 existed credit pyramids and illegal financial houses with an usury ceiling which created a very bad financial environment in the country. This process has been stopped with the currency board and all the National bank policy for the strengthening of the financial and banking system.

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

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

Yes

No X

Specify:

Q.3.5.: Credit referencing and files registering (regarding the dishonoured cheques or other payment instruments) in your country

Q.3.5.1. Is there a positive credit database (listing all outstanding credits) implemented

- At national level? Yes no
If yes, is it Publicly run or privately run
 Voluntary or mandatory

- At banking sector level? Yes no
If yes, is it Publicly run or privately run
 Voluntary or mandatory

- Individually within each credit provider? Yes no
If yes, is it Publicly run or privately run
 Voluntary or mandatory

- At another level (explain) :

BULGARIA

It is done at the level of the Bulgarian National Bank and the Governmental institutions.

Q.3.5.2.: Is there a negative credit database (listing details of bankruptcies/court judgments which are normally publicly available information as well as details of all credit commitments that are in default) implemented

- At national level? Yes no
If yes, is it Publicly run or privately run
 Voluntary or mandatory

- At banking sector level? Yes no
If yes, is it Publicly run or privately run
 Voluntary or mandatory

- Individually within each credit provider? Yes no
If yes, is it Publicly run or privately run
 Voluntary or mandatory

- At another level (explain) :

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

Yes

No X

Specify:

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

Yes X

No

Q. 3.5.5.: Do the mentioned registers/files cover all the financial institutions and all the credit transactions or are they limited to some categories? - Specify: The mentioned registers cover all the financial institutions and all the credit transactions according the Law of Banks and Credit Activity (Decree N 246 of the State Journal of Bulgaria) There you can find the Specific Surveillance Under an insolvency and bankruptcy, also under liquidation.

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

It is ensured by a law yes no

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

It is implemented individually within some prime credit lenders yes no

It is implemented individually within some alternative credit providers yes no

It is not at all organized in my country yes no

BULGARIA

Specify:

The Law of Banks and Credit Activity (Decree N 246 of the State Journal of Bulgaria) There you can find the Specific Surveillance Under an insolvency and bankruptcy, also under liquidation.

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

The measures have been described in the Law of Banks and Credit Activity. The most important of them are the following: The Bank is declared in insolvency when the bank assets are not enough to cover the debts and the Bank is not in a position to execute the responsibilities regarding the payments and credits for corporate clients and individuals.

When an insolvency is declared the Bulgarian National Bank is requiring from the law-court to open a procedure for insolvency. When the Bank is under such a procedure The Managerial staff can not rule anymore, the total propriety of the Bank is under prohibition and start a process of evaluation of the assets of the bank. (Under rule 74 (1) from the Law. An assignee in bankruptcy is named.

Q.3.6.3.: Are the above mentioned registers/file part of a responsible lending strategy or do they meet mostly other needs? - Specify: no

Q.4. Savings

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

Refer to point 1.1.2. of OP

yes x

no

If yes, what are the main barriers:

The main barriers are:

- a) poverty
- b) unemployment
- c) salaries under the requirements for a normal living standard
- d) people which do not trust the banks and they prefer to keep money at home.

Q.4.2.: Is there a problem of some people choosing not to make their **savings deposits** in a bank or similar provider in your country?

Refer to point 1.1.2. of OP

Yes x

no

If yes, what are the main reasons:

BULGARIA

- a) they do not trust the banks
- b) they prefer to export their money abroad
- c) they prefer to keep the money in the community (Roma people)
- d) there are no bank offices in the area (small village).
- e) No incentives and possibilities for savings.

Q.4.3.: Where do people go to make savings deposits when they unable to or choose not to open a savings account with a bank or similar provider?

- Describe briefly the kind of alternative savings providers (non profit or commercial organization, informal savings groups) existing in your country and the services they provide.
- In Bulgaria there were after the start of the transition period up to 1993-1994 alternative savings providers which collected the savings of the people with the promise to give them a higher interest rate than the banks after a period of 6 months up to 1 year. These funds have been razed to the ground after that many people loose their money in these financial pyramids. This history was really disastrous for the financial stance of the country in the early years of the transition period.
- Describe briefly the other ways people use to make savings when they don't save through a formal or informal provider none

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

SOCIAL EXCLUSION AND POVERTY

Q.5. people exposed to social exclusion

For this section, please refer to EU-SILC (European Union – Statistics on Income and Living Conditions) results regarding your country for year 2005

Q.5.1.: What percentage of the population is at risk of poverty (below 60% of the national median income) in your country?

Between 10% and 20% of the population % of the population is at risk of poverty

Level of poverty in Bulgaria

1. Capital (metropolis) – 4.3%
2. District (regional) town – 12.2 %
3. Other town – 17.0%
4. Villages – 17.9 %

Q.5.2.1.: What is the risk of poverty rate by age in your country? (% below at risk of

BULGARIA

poverty threshold-ARPT)

16-24	Bulgarian – 9%, Bulgarian Turks – 24%, Roma people – 64%	% below ARPT
24-49	Bulgarian – 10%, Turks – around 21%, Roma 60-70%	% below ARPT
50-64	Bulgarian – 11%, Turks – 21%, Roma 70%.	% below ARPT
65+	Bulgarian -	25.57% % below ARPT

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

Females	approx 10.37.	% below ARPT
Males	approx. 10 %	% below ARPT

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

At work	approx.27.7	% below ARPT because of the law salaries.
Unemployed	approx. 6.36 %	% below ARPT
Total inactive	approx 21-24 %	% below ARPT

Bulgaria is the poorer country in the EU.

Q.6. Links between financial exclusion and over indebtedness

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

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

No x
Yes

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

Q.7. Links between financial exclusion and social exclusion

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

Q.7.1.: Have any research/studies carried out in your country explored the causal link between financial exclusion and the broader phenomenon of social exclusion?

No x
Yes

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

FINANCIAL EXCLUSION (F.E.)

BULGARIA

Q.8.Levels of financial exclusion

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

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

No x

Yes

Q.8.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

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

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

No x

Yes

Q.8.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

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

No x

Yes

Q.8.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings (extent, who is affected, causes and consequences) and compare them to statements made in the Euro barometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

Q.8.4.1.: Do you have any other specific comments regarding the Eurobarometer data analysis for your country (*Table 2 levels of financial exclusion in individual EU 15 Countries in O.P. new tables about EU 27 coming soon*)

BULGARIA

No x
Yes

Q.8.4.2.: If yes, what are your comments?

Q.9. People most likely to be financially excluded

Do read and refer to point 3 of O.P.

Q.9.1.1.: Is there any research describing the types of people most likely to be financially excluded (overall financial exclusion) in your country?

No x
Yes

Q.9.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon*)
)

Q.9.2.1.: Is there any research describing the types of people most likely to be excluded from banking transactions in your country?

No x
Yes

Q.9.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon*)

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

No x
Yes

Q.9.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P “Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon*)

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

BULGARIA

No x
Yes

Q.9.4.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis? (*Table 3 in O.P. “Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon*)

CAUSES AND CONSEQUENCES OF FINANCIAL EXCLUSION

Please, read and refer to point 4 of O.P.

Q.10. Factors affecting difficulty of access or use of financial services in your country

Q.10.1.: Comment on all factors affecting difficulty of access or use in your country

Use table 6 of O.P.: Factors affecting difficulty of access or use. (ANNEX 1)

Add in that document other causes of exclusion that exist in your country and comment ALL causes relevant to your country.

In Bulgaria the factors affecting the difficulty of access or use of financial services are primarily demand factors.

- a) Belief that not for poor
- b) Fear of loss of financial control
- c) Mistrust of providers
- d) Concern about costs
- e) cultural factors
- f) Opposition to use

Q.10.2.: Give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4 of the O.P.

Q.11. Causes and consequences of financial exclusion

Q.11.1.1.: Do you have any comments regarding the specific causes and consequences of financial exclusion related to your country?

To answer refer and compare with the contend of point 4 of O.P

No
Yes

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

The specific causes and consequences of financial exclusion are linked first of all with the transition from centrally planned economy to a capitalist economy. The destruction of the old industrial and agrarian structure of the country leave a lot of people outside the borders of a normal life, throw into confusion their personal expectations. One part of the population like the unemployed, the (old-age) pensioners and other groups became

BULGARIA

impoverished because the offered social aids and pensions it was so difficult to survive and immediately this people has been thrown up in poverty. Now, the small salaries do not permit to do plans for the future. Most of the people are in the position of survival. From 8 to 10% of the population are the rich people in the country.

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

No different sources
Yes

Q.11.2.2.: If yes, please give full details of the data source for our bibliography, briefly describe the findings and compare it to statements made in point 4 of the O.P.

MARKET RESPONSE FOR FINANCIAL INCLUSION

Please look at the annex II of the overview paper table called “a synthesis of the main experiences of responses”.

1. *Check in the document if your country is already mentioned in the table*

- *If it is, copy-paste all the paragraphs related to your country in ANNEX 2 (enclosed to this questionnaire), check whether the information about your country is adequate, comment, and add ALL missing information*
- *If not, fill in ANNEX 2 (enclosed to this questionnaire) with all relevant information and comments*

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

Q.12. Provision of services by alternative providers

See Annex 2

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

See Annex 2

Q.14. Voluntary Charters and codes of practices

See Annex 2

GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION

Please look at the annex II of the overview paper table called “a synthesis of the main experiences of responses”.

1. *Check in the document if your country is already mentioned in the table*

BULGARIA

- *If it is, copy-paste all the paragraphs related to your country in ANNEX 2 (enclosed to this questionnaire), check whether the information about your country is adequate, comment and add ALL missing information*
- *If not, fill in ANNEX 2 (enclosed to this questionnaire) with all relevant information and comments*

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

Q.15.Policy measures

Q.16.Government as a facilitator

None at least in the frame of Ministry of Agriculture and Forestry

Q.17. Government as a legislator

See Annex 2

Q.18. Please use a separate sheet of paper to **tell us anything else you think should be included in our report** about the topic of financial exclusion in your country

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

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

Add in this document other causes of exclusion that exist in your country and comment ALL causes relevant to your country

	Access or use	The possible relationship*	Type of service affected**
Societal factors			
Liberalisation of markets	Access	<p>(+) increased competition may result in more attention been paid to all market segments or</p> <p>(-) less attention to marginal market segments</p> <p>(-) levelling the regulation of different banking/financial institutions generally resulted in the disappearance of types of financial institutions which traditionally served people on low incomes</p>	Banking**, Credit; Savings
Labour market changes	Access	<p>(-) more flexible markets mean less stable incomes and, often, less creditworthiness</p>	Banking; Credit
Money laundering rules/Identity checks	Access; Use	<p>(-) preventing the use of the financial system for money laundering and financing of terrorism brings a greater bureaucracy to financial transactions</p>	Banking; Savings
Fiscal policy	Access; Use	<p>(-) duties and taxes on banking services may represent a heavy burden for people on low incomes people, reducing the convenience of using the services,</p> <p>(+) but fiscal measures can provide incentives (reducing cost or granting fiscal advantages) for financial inclusion</p>	Banking; Savings, Credit
Social assistance	Access; Use	<p>(-) paying social assistance in cash can deter people from opening a bank account</p> <p>(+) but antipoverty policies can facilitate financial inclusion</p>	Banking; Credit, Savings
Demographic changes	Access; Use	<p>(-) older people generally suffer more from the technological divide</p> <p>(+) young people have a higher propensity to use credit, but</p> <p>(-) their risk of over-indebtedness is higher and may lead to exclusion.</p>	Banking; Credit;
Income inequalities	Access	<p>(-) higher income inequalities and literacy disparity are normally associated with greater difficulties of access</p>	Banking, Credit
Supply factors			
Geographical access	Access	(-) / (+)	Banking; Savings
Risk assessment	Access	(-) / (+)	Banking; Credit
Price	Access; Use	(-) / (+)	Banking; Credit
Product design (terms and conditions)	Access; Use	(-) / (+)	Banking; Credit
Service delivery (eg internet)	Access; Use	(-) / (+)	Banking; Credit; Savings
Complexity of choice	Access	(-) / (+)	Savings
Marketing	Access	(-) / (+)	Banking; Credit; Savings
		Generally, in the past, supply factors played a negative role (obstacles), recently sometimes new strategies of some innovative banks turned these factors positively in order to satisfy the specific needs of marginal segments	

BULGARIA

Demand factors				
Belief that not for poor	Access	(-)		Banking; Credit; Savings
Fear of loss of financial control	Access	(-)		Banking; Credit
Mistrust of providers	Access	(-)		Banking; Credit; Savings
Concern about costs	Access; Use	(-)		Banking; Credit
Preference for alternative providers and cultural factors	Access	(-)		Banking; Credit; Savings
Religion	Access	(-)		Banking; Credit; Savings
Opposition to use	Access	(-)		Credit

BULGARIA

ANNEX 2 - Q.12.,13.,14.: MARKET RESPONSE FOR FINANCIAL INCLUSION

Provision of services by alternative providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Bulgaria	1990-1993 1	National credit union of the credit unions “Evrostar”] “Association of the popular booking-clercks in Internet] Credit Union “Nachala”] Кооперация “Начала” OIKO Credit] USAID for Bulgaria. From 1990 г. Up to now the supply of credits is of 600 millions USD. Others Total 9 non-banking institutions.	Credit for a small business	At the beginning of the debate and development of the financial inclusion.

Development of new products and services by mainstream providers

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Bulgaria	none		credit	Up to now there are not new products

Voluntary charters and codes of practice

Country	Year of first introduction	Name	Main provisions	Other notes and criticism
Bulgaria	Law of		Reglementation of credit and financial	none

BULGARIA

	Credit Institutions.		services from the non-banking institutions in Bulgaria.	
--	-----------------------------	--	--	--

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

Government intervention (as facilitator)

Country	Name of the Initiative	Main provisions	
Bulgaria	Not especially	Only in the frame of the Ministry of Agriculture and Forestry	

Government intervention (as legislator)

Country	References	Main provisions	Further details	Further provisions Elements to be analysed in order to identifying the Costs and Benefits
Bulgaria	Law of Credit Institutions.	Credit		