

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.)?

To answer to this question, please refer to point 1 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) :

There is a problem for people with low income (eg. :students, retired persons) to get credit because they do not meet requirements of credit institutions. Elder people refuses to use such services as internet banking, for they think they would not be able to use it.

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

Yes ☐
No ☐

Debate limited to specific issues or involving only few parts ☒

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

People after privatization of banks and closing of their branches, in some urban areas have financial exclusion do to geographical reasons. They write requests to local municipalities to help them to establish a bank branch in their hometown. Though banks act as commercial institutions, and they policy is not to establish branches in non profitable areas. In some cases, credit unions or their branches, become an alternative for financial inclusion

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

National government ☐

Regional government ☐

Municipalities ☒

Commercial financial service providers and their associations ☐

Not-for profit financial service providers ☐

Consumers' associations ☐

Academics ☐

Non governmental agencies ☐

Others (describe):

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

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

No specific reports are available on financial exclusion in Lithuania. According to the regulation of European Commission No. 215/2007, 28th of February, 2007, Lithuanian Department of Statistics will perform a survey on Financial Exclusion and Overindebtedness in 2008. This survey will not be periodical.

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

Official European data ☐

details on periodicity:

Official national data ☐

details on periodicity :

Official regional data ☐

details on periodicity :

Academic reports ☐

details on periodicity :

Financial sector reports ☐

details on periodicity :

Non governmental organization reports ☐

details on periodicity :

Others (describe) :

Specify how the exclusion is measured/estimated :

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

Official European data ☐

details on periodicity:

Official national data ☐

details on periodicity :

Official regional data ☐

details on periodicity :

Academic reports ☐

details on periodicity :

Financial sector reports ☐

details on periodicity :

Non governmental organization reports ☐

details on periodicity :

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Others (describe) :

Specify how the exclusion is measured/estimated :

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

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

Specify how the exclusion is measured/estimated :

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

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

Specify how the exclusion is measured/estimated :

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

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

NATIONAL CONTEXT OF FINANCIAL SERVICES

Q.2. Banking transactions

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

Refer to point 1.1.1. of OP

yes ☒
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 ☐

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

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

- Unbanked yes ☒ no ☐
- Marginally banked yes ☒ no ☐

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

yes ☒ no ☐

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

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

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

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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 ☐

There are

problems for elder people to use internet banking.

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?

***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
- The kind of services they provide (cheque cashing, bill-payment, remittances services...)
- How their costs and terms and conditions differ from those in mainstream market commercial banks

Credit unions are commercial providers of credit, deposit, bill-payment, remittance services. There are 66 credit unions in Lithuania with c.a. 73 000 members. The cost of services they provide is usually higher than mainstream providers'. Some bill-payments may be done in (newspaper kiosks?). The net of these kiosks is very dense and costs are lower than in banks. This type of service is quite new, so there is no information about number of customers.

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

Statistical reports on credit union activities may be found on the website of Lithuanian Central Bank: www.lb.lt.

Research on credit union activities were made by:

1. [Levišauskaitė K., Kaupelytė D. Credit unions in Lithuania, their regional development and perspectives // Organizacijų vadyba: sisteminiai tyrimai, 2003, Nr. 26., p.113-129. ISSN 1392-1142.](#)
2. [Levišauskaitė K., Kaupelytė D. Risk Management in Credit Unions: Tendencies and Impact on The Sector's Development in Lithuania // Organizacijų vadyba: sisteminiai tyrimai, 2005, Nr. 33, p.63-83. ISSN 1392-1142.](#)
3. [Levišauskaitė K., Kaupelytė D., Keršys M. The Role Of Cooperative Financial Institutions In Development Of Knowledge-Based Economy Through Promotion Of Innovative Processes In SMEs // International Scientific conference Knowledge -](#)

Mise en forme : Puces et numéros

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<p><u>Based Economy Management of Creation and Development Proceedings, 2005, p.177-187. ISBN 9955-12-074-6.</u></p> <p><i>Publications in periodic foreign scientific journals:</i></p> <p>4. <u>Kaupelytė D., Igarytė J. Implementation of the network of credit unions in Lithuania // IRU-Courier, 2003, No.2, p.19-27. ISSN 1682-1831.</u></p> <p>5. <u>Kaupelytė D., McCarthy O. Comparative aspects of credit unions development in retail market in Lithuania, Poland and Ireland in the context of the European Union // Finance in Enlarged European Union, 2004, p.83. ISBN 83-7246-285-2</u></p> <p>6. <u>Kaupelytė D., McCarthy O. Risk Management In Lithuanian And Irish Credit Unions: Trends And Impacts On Credit Union Development In The Single European Market // Journal of Rural Cooperation, 2006, 34(2), p.179-196. ISSN 0377-7480.</u></p> <p><i>Publications in foreign scientific literature:</i></p> <p>7. <u>Bubnys S., Kaupelytė D. Development of co-operative enterprises in Lithuania // Trends and challenges for co-operatives and social enterprises in developed and transition countries, 2004, p.253. ISBN 88-88224-19-4</u></p> <p><i>Publications in proceedings of Lithuanian scientific conferences:</i></p> <p>8. <u>Kaupelytė D. Lietuvos kredito unių vystymosi prielaidos mažmeninės bankininkystės kontekste // Lietuvos aukštųjų mokyklų vadybos jaunųjų mokslininkų konferencijų darbai, 2002, p.35-42. ISBN-9955-12-038-X</u></p> <p>9. <u>Kaupelytė D. Centrinės kredito unijos vaidmuo Lietuvos kredito unių sistemoje // Lietuvos aukštųjų mokyklų vadybos jaunųjų mokslininkų konferencijų darbai, 2003, ISBN-9955-12-038-X</u></p> <p>10. <u>Kaupelytė D., Keršys M. Kooperatinių finansų institucijų vaidmuo skatinant verslo inovacijas: prielaidos, perspektyvos // Lietuvos aukštųjų mokyklų vadybos jaunųjų mokslininkų konferencijų darbai, 2005, p.43-49. ISBN-9955-12-038-X</u></p>	<p>Mise en forme : Puces et numéros</p> <p>Mise en forme : Puces et numéros</p> <p>Mise en forme : Puces et numéros</p>
<p>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?</p> <p><u>There are no savings banks or postal banks in Lithuania.</u></p> <p>Describe briefly:</p> <ul style="list-style-type: none"> - 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 - How their costs and terms and conditions differ from the rest of the mainstream market commercial banks <p>Please give full <u>details of data</u> source(s) for our bibliography and briefly <u>describe</u> the findings:</p>	
<p>Q.3. Credit</p>	

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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

Refer to point 1.1.3. of OP

yes ☒
no ☐

If yes, what are the main barriers : Main barrier is mainstream credit provider's requirement of certain official income level.

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? Some persons may have income required by credit providers, but not official.

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

Supprimé : ¶

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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

Credit unions. More details in Q2.2

Alternative credit institutions like AM Credit which provides housing loans. There are 2 offices of this company in Lithuania, number of clients is not announced officially. The price of services is higher than mainstream providers'.

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

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Yes ☒

No ☐

Limited to specific cases/areas ☐

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

There is problem of personal lending which is not legal. The role of such type of lending is decreasing. In newspapers can be found advertisements of this type of lending.

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

Yes ☐

No ☒

The rate of return is regulated by competition in the market.

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 ☐

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 ☐

There is a database for loans higher than 50 000 Litas. There is a project to establish Credit Biuro, which would collect positive and negative information about loans from all utilities, telecommunication services and bank services providers.

➤ 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 ☒

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- At another level (explain) :

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) :

Supprimé : ¶

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

Yes ☐

No ☒

Specify:

By default persons should be deleted from the database as soon as they repay credit, though in some cases happen, that credit providers do not delete the information from the database.

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

Yes ☐

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:

As participation is voluntary, not all credit institutions participate in the provision of databases. Inclusion to the database depends on the internal decision of credit institution and it's creditability as a credit institution (e.g. credit unions still do not have access to the database of Lithuanian Central bank for loans higher than 50 000 Litas).

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

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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 ☒

Specify:

Some prime credit lenders have a code of Ethics, which sets general principles of responsible lending. Though in most cases credit providers obey not the rules for responsible lending, more they monitor over the quality of loans portfolio.

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

The principles of responsible lending set in the codes of Ethics set the non-discriminatory policies, but mostly they diminish conflicts of interest that could appear between the employees and governing bodies of the banks while using services of credit providers.

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

Q.4. Savings

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

Refer to point 1.1.2. of OP

yes ☒
 no ☐

If yes, what are the main barriers:

Slightly less than half of residents do not have funds left after all expenses. Among elder people there is still mistrust of credit institutions after bank crisis in 1995. Interest rate of bank deposit is lower than return provided by other investments.

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 ☒
 no ☐

If yes, what are the main reasons:

Same as Q 4.1

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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.

Saving service can be provided by credit unions.

- Describe briefly the other ways people use to make savings when they don't save through a formal or informal provider

31 % of residents keep their saving at home and 11% choose to invest in realty.

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

Research made by Lithuanian securities commission in 2006

<http://www.vpk.lt/lt/index.php?fuseaction=content.viewArticle&id=2662>

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?

% of the population is at risk of poverty

Note: data for the end of 2005

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

16-24 % below ARPT
 25-49 % below ARPT
 50-64 % below ARPT
 65+ % below ARPT

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

Females % below ARPT
 Males % below ARPT

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

At work % below ARPT
 Unemployed % below ARPT

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Total inactive	<input type="checkbox"/> % below ARPT
Data not available	
Q.6. Links between financial exclusion and over indebtedness <i>Do read and refer to point 4.3. of O.P.</i>	
Q.6.1.: Have any research/studies carried out in your country explored the relationships between over-indebtedness and financial exclusion?	
No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>	
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 <i>Do read and refer to point 4.2. of O.P.</i>	
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 <input checked="" type="checkbox"/> Yes <input type="checkbox"/>	
Q.7.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in point 4.2. of the O.P. (are the conclusion similar, different,...)	
FINANCIAL EXCLUSION (F.E.)	
Q.8. Levels of financial exclusion <i>Do read and refer to point 2 of O.P.</i>	
Q.8.1.1.: Are there any national survey(s) data regarding the extent and causes of transaction banking exclusion in your country?	
No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>	
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 (<i>Table 2 levels of financial exclusion in individual EU 15 Countries in O.P.</i> new tables about EU 27 coming soon)	
<i>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.</i>	
Q.8.2.1.: Are there any national survey(s) data regarding the extent and causes of credit exclusion in your country?	

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No ☒
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 ☒
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*)

No ☐
Yes ☒

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

The extent of financial exclusion was not measured in details in Lithuania. Not all the causes for financial exclusion are evaluated while measuring access to financial services, so it is difficult to measure the extent of the problem. The only official data are articles in the newspapers, analyzing the problems people face accessing credit or savings at banks or other financial services providers.

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 ☒
Yes ☐

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<p>Q.9.1.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (<i>Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon)</i>)</p>
<p>Q.9.2.1.: Is there any research describing the types of people most likely to be excluded from banking transactions in your country?</p> <p>No <input checked="" type="checkbox"/> Yes <input type="checkbox"/></p> <p>Q.9.2.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (<i>Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon)</i>)</p>
<p>Q.9.3.1.: Is there any research describing the types of people most likely to be excluded from credit in your country?</p> <p>No <input checked="" type="checkbox"/> Yes <input type="checkbox"/></p> <p>Q.9.3.2.: If yes, please give full details of data source(s) for our bibliography, briefly describe the findings and compare them to statements made in the general Euro barometer data analysis ? (<i>Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon)</i>)</p>
<p>Q.9.4.1.: Is there any research describing the types of people most likely to be excluded from credit in your country?</p> <p>No <input checked="" type="checkbox"/> Yes <input type="checkbox"/></p> <p>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 ? (<i>Table 3 in O.P “ Types of people likely to be financially excluded in the EU 15 new tables about EU 27 coming soon)</i>)</p>
<p>CAUSES AND CONSEQUENCES OF FINANCIAL EXCLUSION Please, read and refer to point 4 of O.P.</p>
<p>Q.10. Factors affecting difficulty of access or use of financial services in your country</p>

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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 I)

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

Societal factors:

Liberalisation of markets:

- Increased competition after privatization of commercial banks has resulted in more attention paid to all market segments;
- The was a threat for credit unions to disappear from Lithuania, due to capital requirements set for commercial institutions during the integration process to the European Union. Although the exception has been made;

Demographical changes:

- Elder people have more problems accessing financial services, as technologies develop;
- Young people, especially students have been excluded from financial services for a long time, though recently the situation changes and their financial inclusion (due to increasing competition in the banking market) is been monitored;

Supply factors:

- Geographical access and the underdevelopment of telecommunications infrastructure in regions causes financial exclusion;
- Risk assessment is still a problem for financial exclusion, as banks have “credit pools” where people are not evaluated individually – they are evaluated as individuals belonging to a certain “credit pool”, this causes financial exclusion;
- Service delivery also causes financial exclusion, especially for older people;
- Complexity of choice causes financial exclusion, as not all people are educated enough to understand financial services;

Demand factors:

- Elder people and people living in rural areas have fear of loss of control;
- After banking crisis, people still have mistrust in financial services providers;
- Poor people, and people who have not official income believe that financial services are not for them.

Mise en forme : Puces et numéros

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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.

There is no special research made in this area.

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 ☒

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

The situation changes mainly because of high competition in the financial markets, though all the financial services providers are orientated to the most profitable services of the markets. These tendencies cause the financial exclusion of marginal segments.

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

No ☐
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.

The research on geographical exclusion and credit unions dealing with geographical exclusion:

Levišauskaitė K., Kaupelytė D. Credit unions in Lithuania, their regional development and perspectives // Organizacijų vadyba: sisteminiai tyrimai, 2003, Nr. 26., p.113-129. ISSN 1392-1142.

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

- Credit unions (www.lku.lt)
- Am Credit housing loans
<http://www.amcredit.lt/lt/>

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

Small loans, loans for farmers, saving products for small amounts. housing loans.

Q.14.Voluntary Charters and codes of practices

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<u>There aren't any.</u>
<p>GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION</p> <p><i>Please look at the annex II of the overview paper table called "a synthesis of the main experiences of responses".</i></p> <p>1. Check in the document if your country is already mentioned in the table</p> <ul style="list-style-type: none"> ➤ <i>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</i> ➤ <i>If not, fill in ANNEX 2 (enclosed to this questionnaire) with all relevant information and comments</i> <p>2. Add full details of data source(s) for our bibliography below under Q. 15., Q.16., Q.17.</p>
Q.15.Policy measures
<u>No specific policy measures</u>
Q.16.Government as a facilitator
<p>Resolution on State aid on housing loans (Nr. 670, 2003) http://www3.lrs.lt/pls/inter3/dokpaieska.showdoc_e?p_id=213380</p>
Q.17. Government as a legislator
<u>No specific policies</u>
Q.18. Please use a separate sheet of paper to tell us anything else you think should be included in our report about the topic of financial exclusion in your country

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

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

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*	
Societal factors			
Liberalisation of markets	Access	(+) increased competition may result in more attention been paid to all market segments or (-) less attention to marginal market segments (-) 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	
Labour market changes	Access	(-) more flexible markets mean less stable incomes and, often, less creditworthiness	
Money laundering rules/Identity checks	Access; Use	(-) preventing the use of the financial system for money laundering and financing of terrorism brings a greater bureaucracy to financial transactions	
Fiscal policy	Access; Use	(-) duties and taxes on banking services may represent a heavy burden for people on low incomes people, reducing the convenience of using the services, (+) but fiscal measures can provide incentives (reducing cost or granting fiscal advantages) for financial inclusion	
Social assistance	Access; Use	(-) paying social assistance in cash can deter people from opening a bank account (+) but antipoverty policies can facilitate financial inclusion	
Demographic changes	Access; Use	(-) older people generally suffer more from the technological divide (+) young people have a higher propensity to use credit, but (-) their risk of over-indebtedness is higher and may lead to exclusion.	
Income inequalities	Access	(-) higher income inequalities and literacy disparity are normally associated with greater difficulties of access	
Supply factors			
Geographical access	Access	(-) / (+)	
Risk assessment	Access	(-) / (+)	
Price	Access; Use	(-) / (+)	
Product design (terms and conditions)	Access; Use	(-) / (+)	
Service delivery (eg internet)	Access; Use	(-) / (+)	
Complexity of choice	Access	(-) / (+)	
Marketing	Access	(-) / (+)	
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			

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Demand factors				
Belief that not for poor	Access	(-)	Listed demand factors generally play a negative role. Initiatives to improve financial capability and literacy as well as actions aimed to encourage to develop confidence in the banking system may reduce their negative impact.	
Fear of loss of financial control	Access	(-)		
Mistrust of providers	Access	(-)		
Concern about costs	Access; Use	(-)		
Preference for alternative providers and cultural factors	Access	(-)		
Religion	Access	(-)		
Opposition to use	Access	(-)		

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

Provision of services by alternative providers

Country	Year of first introduction	Name	Main provisions	Other
	1995	Credit unions	Credit, deposit, bill-payment, remittance services.	
	2005	Am Credit	Housing loans	

Development of new products and services by mainstream providers

Country	Year of first introduction	Name	Main provisions	Other

Voluntary charters and codes of practice

Country	Year of first introduction	Name	Main provisions	Other

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

Government intervention (as facilitator)

Country	Name of the Initiative	Main provisions	
Lithuania	Gouvernement support on house loans	Government covers 10-20 % of housing loans for families with low incomes.	

Government intervention (as legislator)

Country	References	Main provisions	Further details	Further provisions

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				identifying