

COUNTRY REPORT STAGE II: THE NETHERLANDS

Introduction

In the Netherlands the prevention of financial exclusion is more of a market-lead initiative although public authorities are always invited at the discussion table. Since there are very few unbanked people (less than 1%), the debate is not heated. A covenant between a group of banks has been implemented in 2001 to allow any citizen over 18 years old the right to open a basic bank account. This measure has helped to reduce still more the amount of unbanked people.

Another initiative is underway, the CentiQ project, which aims to review all the financial decisions a person needs to take concerning banking issues. The results of this large investigation should be available in 2008 and will help to better assess the current situation.

A - DEBATE ON FINANCIAL EXCLUSION/INCLUSION

1- Actual state of the debate and key players

Concerning financial inclusion, there are different types of players:

- the commercial financial service providers and associations, such as the different banks and bank associations such as the Nederlandse Vereniging van Banken – “Dutch Bank Association”;
- alternative commercial providers, such as the social banks or municipality banks and its umbrella association Nederlandse Vereniging voor Volkskrediet – “Dutch council of municipal banks” (NVVK)
- consumers’ associations such as ConsumentenBond¹ – “Consumers’ Organisation” or Nationaal Instituut voor Budgetvoorlichting (NIBUD) – “National Institute for Budget Information”;
- not-for profit sector, where the most important actor is the Leger des Heils – “Salvation Army”. The Federatie van Opvang – “Foundation Federation of Shelters”² is worth mentioning;
- the national, regional and local public authorities.

Most players agree there is no real debate. Indeed, the Netherlands ranks amongst the very best countries of the EU regarding financial inclusion: more than 99% of the population has a personal bank account; therefore the debate is rather calm.

The main reasons for this high financial inclusion are the following:

¹ <http://www.consumentenbond.nl/>

² http://www.opvang.nl/leo/statpagina/show_pagina.asp?paginanr=11

- Universally high standards of living: although the growth of the Dutch economy lies under that of the EU since a few years, the Gross Domestic Product (GDP) still was, in 2004, 25 percent above the EU 25 average. Therefore, the Netherlands is amongst the richest EU countries;
- High social benefits coverage: among other, the total health expenditure represents 9.8% of the GDP (the second highest rate in the UE, after Denmark);
- High financial products coverage: anyone can find bank services within a radius of 5 kilometres;
- Universal and non-discriminatory banking: most of the actions are carried out on a local level, in cooperation with many stakeholders (bankers' association, consumers' organisation, municipalities, organisations providing social assistance) and tailor-made for any relevant group of the population (youth, elderly, migrants, etc.).

Although there is no real debate, some questions arise on financial inclusion in the Netherlands on three different topics: credit, banking services and indebtedness issues.

Credit

- There exists a legal maximum rate of 18% per year (which is composed by the “wettelijke rente” - reference rate of 6%, interest rate that is charged by law to consumers on late payments, + 12% maximum interest rate) that used to be higher a year ago. The idea behind this reduction is to better regulate the credit market.
- All loans are registered in a database by the Bureau Krediet Registratie³ – Credit Registration Bureau (BKR), a national private organisation.
- The Autoriteit Financiële Markten⁴ – “Authority Financial Markets” (AFM) regulates behaviour on the financial markets. There exists an Act for financial services and there are rules for advertising, intermediary expertise etc. Indeed, credit companies, like banks, have to comply with the legal requirements (*Wet Financieel Toezicht* – Law on Financial Control). These companies have to get an official agreement from the Authority of Financial Markets. This office controls the granting of credits and can sanction them in case of infraction.

Banking services

- Although no official figures exist on unbanked people, there remain some people without access to banking services. In 2001, thanks to the Salvation Army, banks agreed to establish a basis account. Nowadays, there are ‘more than 1000 basic accounts’ in the Netherlands.

Indebtedness

- As indebtedness can become a serious issue, some municipalities have established local debts help bureaus.

³ <http://www.bkr.nl/home/1.html>

⁴ <http://www.afm.nl/english.htm>

- Concerning overindebtedness, every community has a “municipal credit bank” or “social bank” that organises non-legal debt settlements. They are non-profit organisations owned by the municipalities and try both to prevent overindebtedness from occurring in the first place and, when it occurs, they try to help resolve it.
- People in a debt regulation procedure sometimes have their budget controlled: the income goes to an “administrator” who pays the fixed expenses such as rent and energy. The household then gets a weekly amount of money.

The policies in place have as consequence the financial inclusion of the vast majority of the population. Indeed, as the Netherlands is a rich and highly urbanised country with a social market economy, tackling financial inclusion issues on a local level in dialogue with all the stakeholders seems to be the general rule.

2- Future developments/possible players of the debate

As there are few financial inclusion issues, not much future further commitment is generated from stakeholders. However, some other points can still be raised, even though they are less prominent in the public debate. Indeed, the following topics are sometimes evoked:

- Some politicians argue that less advertising could help reduce overindebtedness (same idea as the smoking law on advertising).
- The energy bill is a debt that often appears in debt regulations. In order to prevent this, debt tests are done with prepaid energy.
- There are some questions raised about the provision of banking services to criminals or suspects of terrorism.
- Currently, in the case of a debt regulation, all creditors are treated equal. It is argued that if the most recent creditor gets less than a proportional part, creditors will be more cautious in giving out loans.
- For the moment the BKR only registers loans, but in the near future a system will be worked out, in collaboration with the NVVK, to have an integrative approach of all the registered debts. A better prevention of over-indebtedness will then be possible.
- Last but not least, better information is a good practice to prevent debts. Better credit scores, savings stimulation, money advice and budgeting are indispensable.

In general, however, if we consider the average annual price for a simple bank account (excluding accounts for particular groups of people, such as basic bank accounts) to be around 20€ per year⁵, this service is mostly available to all.

⁵ Oxera Report (2006). *The price of banking: an international comparison*, Report to the British Bankers Association, Oxera Consulting, London.

B - GOVERNMENT RESPONSE FOR FINANCIAL INCLUSION (POLICY MEASURES, AS FACILITATOR AND AS LEGISLATOR)

1- Government commitment to tackle financial exclusion

The Dutch government is clearly committed towards fighting social exclusion but financial exclusion has not really been analysed as such until now.

Indeed, initiated by the Ministry of Finance, a large collaboration project, called CentiQ, has been implemented end of 2006, to gather information on how Dutch consumers take financial decisions. As the results come in during 2008, an action plan will be delineated to tackle the different issues that are raised.

Currently, a strategic approach has been developed in a National Strategy Report on Social Protection and Inclusion⁶ with well-defined objectives, target groups and budget. This approach is developed on the identification of the plurality of poverty risks and on the analysis of poverty transmission risk from one generation to another.

For example, measures have been taken to include ethnic minorities: municipalities in which a high percentage of the population comes from ethnic minorities receive extra integration credits, which have to be assigned, in priority, to parents and unemployed.

On the other hand, it has been observed that lone parents might lose an important part of their revenues when leaving social welfare to get a job. As a consequence, additional parental benefits have been created for them in order to make employment more attractive.

For the migrants, projects of compulsory ‘integration lessons’ have been set up. Yet, long waiting lists and the high number of withdrawals slow the process and interfere with the expected results. At a second stage, measures are, therefore, taken to solve those practical issues.

Municipalities have created consultative organisms, composed of people benefiting from welfare payments. Moreover, the municipalities maintain the welfare payment system.

To conclude this National Strategy Report on Social Protection and Inclusion touches on various points: employment of most at risk of poverty population groups, high labour participation thanks to part-time jobs, job opportunity for the elderly, minimum financial resources to ensure a decent life to everyone, fight against education inequalities through prevention and life-long training, decent housing for everyone as well as improvement of public services to have them match the local and individual needs.

This program therefore indirectly fights again financial exclusion although no direct policy measures are actually taken to tackle it.

⁶ National Strategy Report on Social Protection and Inclusion in the Netherlands 2006-2008,
http://ec.europa.eu/employment_social/spsi/strategy_reports_en.htm, December 2007

2- Political framework and agenda regarding FE prevention

As previously mentioned, financial exclusion is not directly addressed as an issue in the Netherlands.

The National Strategy Report on Social Protection and Inclusion discusses the areas of economy, employment, social policy, pensions and health care and therefore indirectly financial inclusion. It is a joint effort of the Ministry of Employment and Social Affairs, the Ministry of Immigration, the Ministry of Finance and the Ministry of Justice. These governments have carried it out involving many stakeholders on diverse levels, such as the regional governments, municipalities, as well as associations and non governmental organisations.

No special committee has been set up to specifically investigate financial exclusion. However, another coordinated effort, this time on the wide theme of consumer financial decisions, but that includes the prevention of financial exclusion, is the CentiQ partnership. It is lead by the Ministry of Finance but involves a total of 33 stakeholders⁷ from different areas such as academics, consumer organisations, public authorities, banking associations etc...

As the Ministry of Finance defines it “CentiQ was created to enable a better understanding of the consumer needs in terms of financial decisions”. CentiQ is really an initiative to investigate the market needs and gaps in terms of financial policy and tools.

As the results of the current investigation come in, CentiQ partners hope to become aware of the most important issues that preoccupy the Dutch financial consumers. This research might well unveil some financial exclusion issues.

Meanwhile, one initiative the CentiQ partnership has put into place is the wide distribution (half a million copies) of an agenda for 2008 that contains useful tips and tricks as well as advice on financial matters. This agenda is available, free of charge, in municipalities, libraries, debt-relief agencies and many other places. If this action is though of as efficient through an evaluation, it will be repeated in the coming years.

On a national level, there are indeed many rules and regulations that the financial sector needs to follow. Also, there are regulating authorities such as the Authority for the Financial Markets.

Moreover, a three-year long media campaign financed by the Ministry of Social Affairs, has been implemented aimed at people with financial problems to educate them on budgeting and financial issues. This campaign “Blijf Positief!”⁸ will run on TV, radio and Internet in order to reach its target population.

On a more local level, the Municipal Credit Banks play an important part in debt resolution and therefore indirectly in financial inclusion. They are not-for-profit organisations that are owned by the municipalities, to which they are financially

⁷ http://www.publiekencommunicatie.nl/centiq/CentiQ_Partners.pdf

⁸ <http://www.blijfpositief.nl/>

responsible. The Nederlandse Vereniging voor Volkskrediet – “Dutch Popular Credit Association” is their national umbrella organisation.

3- Government response

In the Netherlands, municipalities are responsible for the payment of social welfare as well as for the application of the reintegration measures. Nowadays, all welfare payments are automated. As a consequence, any individual receiving social benefit needs to open a bank account. He or she gets information to do so from the social organization from which he will receive social welfare. This positively contributes to tackle and largely solve the issue of financial exclusion.

Moreover, concerning debt issues, municipalities play an important role. As already mentioned, the Municipal Credit Banks, owned by the municipalities, help people to settle non-legal debt issues.

Also, indebted people should be helped as soon as possible. Therefore some municipalities have established local debt help bureaus. Debtors and creditors can use these bureaus to find solutions to the debtors' issues.

Finally, Municipal Credit Banks also try to organise prevention through budget management classes for households that are in economical difficulty. These banks can also grant small loans on reasonable terms.

These actions contribute to the facilitator role the local government has as well.

4- Future (known and possible) developments

Concerning overindebtedness, some politicians argue that fewer advertisements are part of the solution to reduce debt issues. Another point is to provide more detailed and better information. Moreover, there is the issue that debts are regulated in a way that all creditors are treated equally. This can induce that the creditors could become more cautious about giving out loans. Finally, as energy bills are often an issue in debt regulation a solution could therefore be to implement prepaid energy cheques. This is still under investigation.

There are two other possible developments, common to other occidental, rich and urbanised countries, which occur with financial services in the Netherlands.

First, some elderly or illiterate people cannot handle the new technology (internet banking or even automated machine tellers - ATM) which can cause a type of financial exclusion, especially since some commercial banks are thinking of automating most of their transaction and eliminating human cash tellers' jobs.

However, banks seem to be conscious of this issue and therefore are developing creative solutions. For instance, they explain to the elderly clients how to get used to phone or computer banking or they encourage an illiterate client to follow reading lessons.

Second, although, according to the Dutch Association of Banks 2006 survey, 99.8% of the Dutch live within a radius of 5 kilometres from a bank service, there still seems to be a lack of bank branches or even cash dispensers in the countryside.

Again, here, the bank sector seems to be aware of the situation and has already brought a series of solutions. These are described below in the point C 1 a).

Finally, an innovative approach the Dutch government has financed through its research institute, the Sociaal en Cultureel Bureau – Social and Cultural Office (SCP), is an investigation on the non-use of financial instruments that people are entitled to.

It seems to be a big issue because purchasing power tables are based on a specific minimum income which can be ensured to all, if they ask for the safety nets. This research, named “Geld op de plank”, has shown that some people do not use governmental financial instruments up to 70%. This means there is an important gap between what The Hague believes the situation is and how it is felt from the population part.

Some reasons for this non-use could be ignorance, too much red tape or difficult access. Thanks to this research, the government now aims to track these people that do not use the financial nets correctly and to help them know their rights.

C- MARKET RESPONSE FOR FINANCIAL INCLUSION (VOLUNTARY CHARTERS, PROVISION BY ALTERNATIVE PROVIDERS OR MAINSTREAM PROVIDERS)

1. Stakeholders commitment

a) Banking industry commitment

There are very few unbanked people in the Netherlands. As previously mentioned less than one percent of the population has no banking account. The primary commitment from the banking sector is self regulation by way of a covenant that grants the right to a basic bank account to every citizen aged 18 and over. This basic bank account covenant was implemented in 2001 thanks to the collaboration of three different parties: the Salvation Army, the Dutch Bank Association and the Ministry of Finance.

Through this ‘primary payment services’ covenant, over a thousand customers, including many homeless people, have been able to open a basic bank account. Nearly three years after its introduction, sound and constructive consultations between the involved stakeholders have helped to reduce the threat of social exclusion of certain vulnerable groups. The current commitment is to improve this access to the basic bank account, which is done through regular evaluations of the system in place. The results and recommendations of these evaluations will be further developed in point D.

Although banks are not legally required to offer a bank account to anyone, the current agreement states that a bank may not refuse to open a bank account to any customer, not even the client is recorded in the Credit Registration Bureau database. This commitment is valid industry-wise, as the six largest retail banks in the Netherlands participate⁹, which covers around 98% of the market.

⁹ ABN AMRO, Fortis, ING, Postbank, Rabobank and SNS Bank.

Three areas of financial exclusion are mainly dealt with: basic banking services, debt settlement and credit providing. Whereas the right to a basic banking account is tackled industry-wise, debt settlement and credit providing is done more on a local level.

Upon specific signalling from the Salvation Army and in collaboration with the Ministry of Justice, the Dutch Association of banks has implemented a covenant on a basic banking account. In theory, this agreement allows for anyone, even people that have debts, to open a basic bank account. Overall this solution is working but its limits and improvements points will be developed in point D.

Concerning ways to contact target groups at risk of financial exclusion, banks have come up with creative solutions to reach them. For instance, the Rabobank has developed a brochure called 'Step by step banking' which aims to help people use the phone or internet banking system.

The bank has also trained seniors so that they can transmit information to local banks and social care organisations. Finally, for the illiterate, the bank developed a program according to which its internal employees and retail advisors know how to start up a dialogue with the client about this particular issue to lead him/her to follow reading- and writing lessons for adults. This solution has not been evaluated as such, but seems to help on a local level.

To reach geographically-isolated people, banks have been quite active in seeking alternative solutions. They include the regular branch offices and ATM terminals, respectively 3,700 and 7,200 all over the Netherlands, but also, they make themselves available in some locations through a 'bankbus'. Elsewhere, they have implemented cash-less environments or in 1,560 other locations, they have signed agreements with shopkeepers to enable the clients to withdraw money.

Moreover, the 2006 Crone law, instigated by the deputy Crone, aims to render banks accessible, both geographically and ergonomically. According to this proposal, the Minister of Finance can request banks to apply requirements of price, access and security, for all payment- and savings services. In case of insufficient accessibility, the Minister of Finance can also require a bank to make those services available in a determined area.

Finally, a workgroup has been set up (*Maatschappelijk Overleg Betalingsverkeer*), including bank representatives together with the Municipality representatives, to check whether any particular problem remains, within a number of areas, concerning the accessibility of banking services. All these efforts contribute to tackling financial exclusion and are the main solutions designed to meet the needs of low income clients.

Regarding access to credit, there are possible developments because not much has been done up-to-date on this topic. Recently, creditors have been working on a code of conduct that should enumerate a set of rules according to which creditors will grant access to¹⁰. Also, in December 2007, the banking industry has come up with a new sector income baseline which works according to the rule, the higher the household income, the higher

¹⁰ Lankhorst, Geert (2007). *Phone interview*, Ministerie van Justitie, 11/12/2007.

the credit possibility¹¹. For instance, a two-person household with a net income of € 1.635 can ask for a credit loan of circa €580.

b) Not for profit sector commitment

Primarily the not-for-profit sector tries to tackle financial exclusion through social inclusion. Clearly the main not-for-profit actor that fights for the right of the financially excluded is the Salvation Army. Its primary success is to have managed to convince the banking sector to promote a basic bank account in 2001. The Salvation Army is really the interface between many of the unbanked population and the financial system.

Another not-for-profit association working in this sector is the Federatie Opvang – “Shelter Foundation”. They also act as intermediary between the unbanked population and the banks offering the basic bank account. The basic bank account will be thoroughly explained in points C2 and D.

Concerning the basic bank account, one claim that the Salvation Army might want to insist on in the next round tables of discussions with the concerned stakeholders, is to eliminate for a specifically defined group the 4.50€ fee one has to pay to check his/her debt situation with the Credit Registration Bureau. Although this fee might seem very low, it can become a burden for homeless or very low income people. One solution would be to let the Salvation Army the rights to check this credit database for free for potential clients.

c) Other organisations commitment

The NIBUD is an educational institute that educates and advises the consumers on financial and budgeting issues. It is 70% self financed by services and products it sells, 15% by financial institutions and 15% by the government, which guarantees its independency. By its educational role, it aims to help reduce debt issues and financial marginalisation.

The Municipal Credit Banks are also part of the system brought collectively to unbanked people: they also collaborate in the basic bank account solution. Another important role the Municipal Credit Banks play is in the balance income system. This system aims to help people that are indebted or have tendency to become indebted. More details are provided in the section C 2. of this paper.

The Postbank in the Netherlands is part of the ING Bank. It offers the same banking services than the mainstream banks, such as reception of electronic funds, possibility to get cash, safe money storage, and electronic payment for goods and services and reception of regular bank account statements. Moreover, the Postbank is an authorized agent of Western Union, used to make remittance transfers. They also contribute to the basic banking account solution.

¹¹ <http://www.vfn.nl/index.php?p=62831>

d) Partnerships

Since financial inclusion is a very recent debate in the Dutch arena, not many partnerships exist tackling this issue. As previously mentioned, CentiQ is a partnership that deals with financial decisions of the Dutch consumers and therefore should enclose the issue of financial exclusion. It is a collaboration of organisations within the financial sector. It includes the government, consumer organisations and academics who work on the topic of financial decisions of Dutch consumers.

The ultimate objective of CentiQ is to achieve that financial consumers

- are well informed, educated, and interested;
- play an active role in the financial markets;
- can confidently make well-considered financial decisions.

The platform CentiQ was set up on 10 November 2006, by the Dutch chief treasurer, Ms Laura van Geest. It was implemented because there are an increasing number of complex financial products and consumers are responsible to make their own choices. Also, there is a debt increase as well as a debt amount increase among some consumer groups. The idea is that this newly created platform joins initiatives that have already been started by its partner organisations.

During 2007, CentiQ aims to do a thorough analysis of the Dutch market: inventory and investigation. The result of the analysis will be made available shortly on the website www.centiq.nl to the consumer¹². Needs will then be identified and measures and policies can be imagined and implemented.

2. Services provided and programmes implemented

a) Basic bank account

Basic bank account covenant content

Through the intervention of the not-for-profit organisation the Salvation Army (charity and social services organisation as well as a part of the Christian Church), the basic bank account was implemented in 2001.

The activities of the Salvation Army – ‘Leger des Heils’ include grant giving, faith services, social identification, clothes, textile and goods collection and help to find missing people but they also help people with debts.

The Salvation Army targets “people without help”, which can include the following:

- Households with problematic debts (particularly single-parent families, households with low income, young people and immigrants);
- Long-term unemployed people with a low education;
- (Ex-) drugs - or alcohol drug addicts, psychiatric patients and homeless people;
- Single, socially isolated elderly people dependent on institutional care and assistance;

¹² On 12/12/07 it was written autumn 2007, so probably the information will be shortly available.

- Young people which are premature school leavers (age of 12 up to 23 years) with insufficient home ties, who risk becoming criminals.

The Salvation Army is an international organisation with branches in most parts of the world. In the Netherlands, they are present in every province. This dual national-local presence has allowed the Salvation Army to negotiate a national agreement that also has a local impact.

Basic bank account covenant creation, development, support and perspectives

As Doctor Arnold Schilder, director of the Dutch Bank, puts it in his speech “the Salvation Army requested the Dutch Bank for an allowance to administer individual bank accounts for them, so as to safeguard their access to the financial services”. From this initial request and after a dialogue between different stakeholders, such as the Dutch Bank Association, the Ministry of Finance and others, a coordinated initiative is implemented in 2001 with the covenant on the basic bank account.

More precisely, a system of simplified bank accounts with payment means was developed to tackle financial exclusion: the basic banking service (*covenant'pakket primaire betaaldiensten'*). Its primary goal is to help people without a bank account to be able to open one.

Although banks are not legally required to offer a bank account to anyone, this agreement states that a bank may not refuse to open a bank account to any customer, not even people recorded at the Credit Registration Office. The services offered include cash withdrawals at the counter (there is no restriction on the number or value of transactions), means to pay electronically, regular account statements and the possibility to save money. However, no credit facilities are offered through the basic bank account. If, for exceptional reasons (fraud, money laundering, etc.), a client is refused and / or if a basic bank account is closed by the bank, it has to be justified by a written document.

It is supported both in the public and private spheres and instigated by the not-for-profit sector. As it is a mostly a market approach, self-regulated, it is financed by the relevant banks themselves.

This initial objective was to allow people who are outside of the financial system to reintegrate it by means of a basic bank account. The approach used is to have the Salvation Army and the Shelter Foundation as well as other social organisations promote the existence of this basic bank account to the interested population. This can be done in a number of ways, through informative pamphlets, informal discussions or in budget management trainings.

The objective seems to be reached since more than a thousand bank accounts have been opened through this system since its existence. Meetings with a stakeholder panel to notice and overcome obstacles take place periodically. More information will be detailed on the pluses and minuses of the basic bank account in point D.

To carry out this project, no significant investments were used. The participating banks have all pitched in to make it possible.

Although the public authorities participated in the round tables concerning this basic bank account, it is mostly a market driven response. According to the Dutch Bank Association, public authorities could intervene by putting in place a sound, clear and coherent legal basis to set things clearly. Indeed, on the one hand, banks are confronted with strict rules (customer due diligence, money laundering, attention against terrorist financing etc.) and on the other hand, they are supposed to provide individuals with a bank account that do not always meet the required criteria.

Moreover, as previously mentioned, one support to help more unbanked people to use this service would be a free access – through the Salvation Army for instance- to the Credit Registration Bureau database. Indeed, to some very low income people the 4.50€ fee can be a true obstacle to reintegrate the financial system.

b) Balancing income system

Balancing income system agreement content

As already stated, the Municipal Credit Banks, are owned by the municipalities and aim both to prevent overindebtedness from occurring and, when it occurs, they try to help the different stakeholders to resolve it. Their role is one of a mediator. Their activities range from debt solving, to financial education and granting loans. The balancing income system is an agreement, willingness –not enforced by law – to analyse one's financial situation and to improve it.

The target groups are people that are indebted or that have the tendency to become indebted. The whole of the Netherlands is concerned by this system.

Balancing income system agreement creation, development, support and perspectives

The players who took the initiative to start the balancing income system are the Municipal Credit Banks. It is a coordinated and collective effort between the Municipal Credit Banks (80%) and the Dutch Bank Association (20%) carried out on a national level.

This initiative started in 2000 and took a few months to be developed. It has been amended and has evolved since then. It is financed indirectly by the local authorities because the Municipal Credit Banks sell this balancing income system as a product to them.

The initial objectives are to help people with debts to be able to reintegrate financial transaction system and to go back to “normal” spending habits. The approach is a face-to-face interview with the concerned person to analyse their financial situation. Then a plan is set to monitor and regulate their spending and earning habits. Budgeting classes can be taken as well as general money management courses. Moreover, it is a real coordinated effort as the balance sheet presented to the concerned client is harmonised throughout the country.

Since its beginnings, the objectives have been reached with a very good success rate. Indeed, 75% of the people who enter the balance income system manage to control their money in a reasonable way in two years and a half.

Public authorities give two main supports to this project. First, as already stated, the local authorities buy the balance income system as a product to help prevent overindebtedness and therefore financial exclusion. Secondly, the Ministry of Social Affairs, which really believes in the system, will finance the certification of the whole process from receiving the concerned indebted client to letting him go back to “normal” spending habits. This certification, done by the Nederlands centrum van normalisatie - NEN¹³, will ensure the quality of the system from start to end as well as prevent phoney debt relief agencies to mislead indebted people. The idea here is to level the playing field.

Another type of support that would be welcome is the law enforcing this system as for the moment it only has the status of a gentlemen’s agreement. Indeed, debt relief is not a formal task owned by municipalities. The Dutch government is now examining the possibility of giving this task officially to the municipalities, which would then in turn work with the Municipal Credit Banks, in order to better accommodate the indebted. It seems it would make more sense to this way have an integral approach lead locally: financial, social and psychological.

In parallel to this measure, it would be good to have a law forbidding the “shark loans” to come in the market. There are not many of them for the moment, but they are starting to appear in the Dutch market.

D- EVALUATION OF IMPACT

Since the basic bank account covenant exists since 2001, there have been periodical evaluation reports carried out to improve the conditions of its functioning.

The Dutch Bank Association is the institution that regularly realizes qualitative evaluations of the way the basic payment services agreement is applied. The aim is to check how the remaining issues recorded in the previous evaluation have decreased or increased. On this basis, the evaluation report is used to start up a new dialogue between the banks and the aid services providers in order to decide on how the issues will be dealt with.

Moreover, in order to improve information, price transparency and comparability, the consumer organisation also regularly publishes and compares information on bank accounts and card fees for its members and the public at large.

Concerning the basic bank account, three elements are worthy of being applauded. First, this covenant has clearly enabled people with debts, who were out of the financial system, to reintegrate it and lead a normal “banking” life.

Secondly, there is a real coverage of the market since the six retail banks involved cover around 98% of the market, and the remaining banks are also asked to join the covenant.

¹³ http://www2.nen.nl/nen/servlet/dispatcher.Dispatcher?id=ABOUT_NEN

Finally, more than a thousand people are now able to enter the payment traffic and do usual daily financial transactions thanks to this basic bank account.

On the improvement side, there should be a better promotion of the mere existence of this covenant on a local level. This should be achieved through a better coordinated effort between the different local stakeholders (unbanked people, bank staff, social assistance organisations and municipal social services).

Also, there are some elements that should be better defined, especially concerning the fact that the bank account must be “managed” by a recognised assistance institute. The term “managed” does not seem clear in legal respects and sometimes leads to misinterpretation.

Finally, as the basic bank account is planned only for people that do not have any bank account, it sometimes happens that people actually have a bank account but are unaware of its existence. If the banking institution states that the requester already has a bank account and that information is contested, than the procedure is to ask the Credit Registration Bureau, research which is done for a fee of 4.50€. That fee to some people (such as homeless people) can be quite important in a small budget. A solution to this issue would be to give the right to the Salvation Army to check this database.

Moreover, two elements are interesting to take into account although not directly linked with the basic bank account. The first is that if someone has an old account that is actually in debt and wishes to open a basic bank account, these debts must first be paid out. That causes an obstacle for people to open a basic bank account.

Second issue that ought to be mentioned is the fee applied for a basic bank account. They are similar to a regular bank account. Although they are not so high (around 15-20€ per year), when they are cumulated with other fees (for instance to do an identity card), it might seem important to the requester. Financial help could be a solution to both these last issues.

The CentiQ project should unveil the financial situation of the Dutch and help the interested stakeholders (public authorities as well as private initiatives) to find other ideas to reduce levels of financial exclusion.

To conclude, as far as societal factors are concerned, the Netherlands is a mix of a liberal market (a lot of competition, low government regulation) with a social policy (broad social assistance, fight to decrease the income inequalities).

Supply factors are mostly taken care of by the financial sector: financial services cover the whole country; the basic bank account offers a complete range of services at a minimum price; local actions with the social players ensure that each group at risk is addressed.

On the demand factors, the cooperation between the financial sector, the public authorities and the social welfare organisations ease the inclusion of almost the whole population. This collaboration seems to be one of the success factors in tackling financial exclusion in the country.

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