



FEANTSA

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Tackling financial exclusion is not enough for people experiencing homelessness

FEANTSA response to the Commission Consultation on Financial Inclusion: Ensuring Access to a basic Bank Account

FEANTSA, the European Federation of National Organisations Working with the Homeless is an umbrella of not-for-profit organisations which participate in or contribute to the fight against homelessness in Europe. It is the only major European network that focuses on homelessness at the European level.

■ European Federation of National Associations Working with the Homeless AISBL

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People experiencing homelessness are affected by extreme poverty and multiple forms of exclusion, such as exclusion from adequate housing, employment, health and financial exclusion. Any initiative looking at one specific form of exclusion, such as financial exclusion, has to be part of a broader strategy tackling the different aspects of exclusion and aiming at the full inclusion of a person into society. For many people experiencing homelessness an improvement of their health and housing situation and access to adequate financial resources will be more important than accessing a bank account.

The following response to the Commission consultation has been prepared by the FEANTSA expert group on employment and homelessness¹. The response follows the questions set out in the Commission Consultation².

Question 1: Do you share the Commission's overall objective to ensure that, by a certain date, every EU citizen or resident has access to a basic bank account? What could constitute the main challenges in meeting this objective?

FEANTSA supports the Commission's overall objective to ensure that every EU resident has access to a basic bank account if they want to. However, financial inclusion for people experiencing homelessness first of foremost means access to adequate financial resources. A bank account without any money will not be enough.

People experiencing homelessness, and in particular people experiencing chronic street homelessness, are overrepresented amongst people without a bank account. In many countries the fact of not having a bank account has a very negative impact on the lives of homeless people. In France all social benefit payments are being made electronically and people without a bank account have therefore difficulties in accessing these. In the UK, some people without a bank account have to bear the costs for expensive alternative services, such as cash cheques. Depending on the different national contexts, access to a bank account can be particularly difficult for homeless EU migrants or third-country-nationals, either due to administrative procedures or due to language barriers.

However, in particular in some Eastern European countries, not having a bank account is not automatically regarded as a form of exclusion. In Poland, for instance, according to estimates of FEANTSA members, only 20% of all homeless people have a bank account. This does not necessarily constitute a factor of exclusion for homeless people as a significant part of the general population will not have and do not need a bank account either.

Another challenge is that a significant number of unbanked homeless people have debts. They are afraid that opening a bank account will make them visible and force them into paying the debts but not contribute to their financial inclusion or even deteriorate their financial situation.

Some people experiencing may also not wish to open a bank account. They may have had negative past experiences or just to not wish to engage with financial services.

People experiencing homelessness may also feel uncomfortable indicating the address of a hostel or shelter as their place of residence.

Question 2: Do you agree with the description of the causes and consequences financial exclusion? Please provide additional information if available.

Being homeless is a cause as well as result of financial exclusion. Not having a home and permanent residence (i.e. an address) is the most important barrier for people experiencing homelessness in accessing a bank account. Homeless people are often trapped in a vicious circle of exclusion: Without an address they cannot open a bank account, without a bank account people have difficulties finding a

¹ For more information, go to: <http://www.feantsa.org/code/en/theme.asp?ID=3>

² http://ec.europa.eu/internal_market/consultations/docs/2009/fin_inclusion/consultation_en.pdf



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job, and without a job they do not have the necessary financial means to access adequate accommodation.

In addition, the lack of the required documents can be a barrier for people to access financial services as well as overindebtedness.

Many people experiencing homelessness are not aware of their rights and possibilities to open a bank account. Some may find it difficult to claim their rights and express their needs towards the staff of financial services and may require support in dealings with banks.

Question 3: Do you think that one can reconcile financial service providers' legitimate need to make profit with any social obligation they may have vis-à-vis excluded groups? Should financial service providers play a stronger 'social' role in the society, in particular in combating financial exclusion?

Basic financial services are a service of general interest. Financial service provider should be legally obliged to offer basic financial services to all residents of the European Union, including to the most excluded groups.

Question 4: In your experience, where voluntary codes of conduct are in place, are they well applied?

Voluntary codes of conduct will not be enough in order to ensure access to a basic bank account for all. They can be effective measures that encourage financial service provider to offer additional services, such as financial skills training for people experiencing social and financial exclusion. There are good examples of voluntary codes of conduct in cooperative ethical banks.

Question 5: Should all providers be obliged to offer basic bank accounts to all citizens throughout the EU?

See question 3.

Question 6: Should basic bank accounts be provided on a commercial or not-for-profit basis; i.e. should they be free of charge? In case you favour the latter option, who should bear the costs?

Basic bank accounts for financially excluded groups should be free of charge. Financial service providers have the possibility to make profit with providing further, more complex financial services on a for profit basis. These resources should be used to pay for the costs linked to providing the basic financial services. Other solutions (e.g. state funded) can be found as long as they guarantee that the most excluded groups can access the financial service.

Question 7: Could the role of alternative commercial and not-for-profit financial services providers in addressing financial exclusion be enhanced? What could be done to encourage more such providers to help with access to basic bank accounts?

A legal obligation to provide basic financial services to excluded groups.

Question 8: Should regulators be required to consider the impact of regulation on financially excluded groups?

Yes as regulations that apply to the general population often indirectly exclude or negatively impact on very vulnerable groups such as homeless people. Before introducing new financial regulations an impact assessment looking on the effects on financially excluded groups should be made.



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Question 9: What is the most effective role public authorities can play in combating financial exclusion – e.g. providing an understanding of the problem; assessing the efficiency of policy measures implemented and their impact on financial inclusion; promoting and supporting market initiatives; contributing to the provision of financial services; raising awareness; intervening in cases of exclusion (e.g. via tax incentives, subsidies or regulatory penalties); introducing legislation?

Some countries have already introduced legal measures to ensure access to basic financial services to all residents. The examples of Belgium and France should be closely monitored and evaluated and could – depending on the results – serve as an inspiration for EU legislation on this issue.

Question 10: Should financial inclusion be addressed at EU level? How could the responsibilities and competences between the national and EU level be shared? What could/should be the Commission's role?

The Commission should assess the possibility of a directive that would oblige financial service provider to provide basic financial services to all residents, including the most excluded residents, in the European Union.

EU policies dealing with financial inclusion should, however, not replace genuine social inclusion policies. In order to promote the overall inclusion of people, a holistic approach is necessary.

Question 11: What could the Commission do to address the potential difficulties in opening basic bank accounts cross-border?

See question 10.

Question 12: Should the concept of financial inclusion cover financial services other than the provision of basic bank accounts?

Access to a basic bank account is an important first step to facilitate financial inclusion. This should be complemented by other initiatives looking at other financial services (e.g. savings, pensions). In many countries, ensuring access to fair credits is an important tool to promote the inclusion of people.

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