Working Paper
Financial exclusion problem in New Member States in comparison to EU-15.
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1. Introduction

Political and economic transformation in post-communist NMS and other post-communist countries has improved the living standards, but significant part of society lives in poverty. Social exclusion – as we shall present below – plays predominant role for financial exclusion and any improvements in social inclusion are necessary to increase the number of people using banking or financial services.

It is worth noting that after economic and political transformation many Central and Eastern European countries experienced banking crises (Baltic States, Bulgaria, Poland) or at least needed significant restructuring efforts (e.g. Slovakia, Czech Republic, Hungary). Such a situation required the national authorities and banking sector to improve the financial standing of the banks and maintain the trust (or re-build reputation) in the banking sector.

The problem of financial exclusion in post-communist New Member States and other post-communist countries has not been on the political agenda since the beginning of the transformation. This paper is actually the first one to diagnose and analyze this problem from the European perspective.

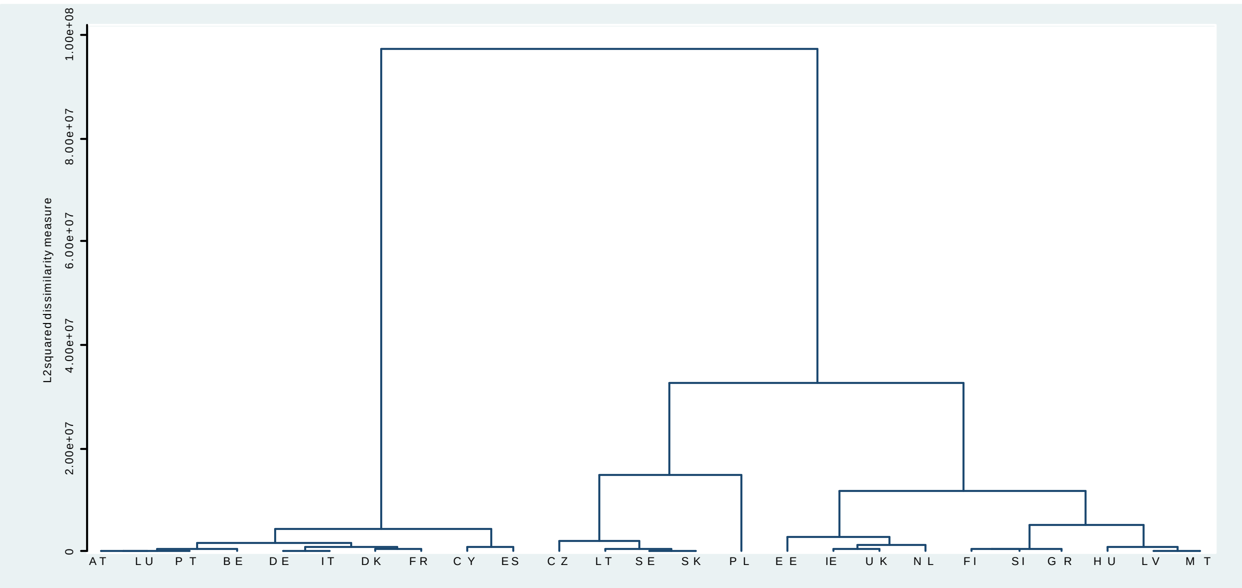
One of the leading problems in conducting research in this field was the availability of data. The only data that are comparable for the whole region came from Eurobarometer Surveys. Locally available data and information are scarce and not comparable. According to the regulation of European Commission No. 215/2007 (28th of February, 2007) all EU countries will perform a survey on Financial Exclusion and Overindebtedness in 2008. It must be noticed, that this survey will not be periodical, but may help to improve data availability. In our research we tried to cover all post-communist NMS, although in more detailed way we shall present situation in Baltic States (Estonia, Latvia, Lithuania), Bulgaria, Poland and Slovakia.

2. Main conclusions from Eurobarometer data analysis regarding FE in NMS

Analysis of Eurobarometer data will be conducted for two general purposes. Firstly, we shall position NMS with regards to financial exclusion on the European level, then we shall analyze data on the country level for NMS.

On figure 1 there are three groups (types) of countries for EU-25[1] that were constructed with the use of 7 variables: unemployment rate (*macroeconomic indicator, Eurostat*), GDP per capita in PPS (*macroeconomic indicator, Eurostat*), population per ATM (*ECB, accessibility of banking services*), population per branch (*ECB, accessibility of banking services*), assets/GDP (*EBC, financial deepening for the banking sector*), a percentage of persons that declared to have a current account which comes with a payment card and/or a cheque-book and a deposit account which pays interests, but has no payment card or a cheque-book (*Eurobarometer, 2005*[2]).

Figure 1: Cluster analysis for EU-25 (2005)



Source: Data Eurostat, ECB, Eurobarometer (2005); own preparation

First type represent 10 countries (AT, LU, PT, BE, DE, IT, DK, FR, CY, ES) with easy access to banking services (branches and ATM), well developed banking system, high use of banking services and favorable macroeconomic indicators. Second type refers to countries (CZ, LT, SE,

[1] Available data on the banking sector and the use of financial services for 2005 did not cover 2 countries that entered EU in January 2007 – Bulgaria and Romania.

SK, PL) with the highest number of population per ATM and branch, underdeveloped (except Sweden) banking sector and lower or comparable to EU-25 use of banking services. Macroeconomic indicators are differentiated. Third type (EE, IE, UK, NL, FI, SI, GR, HU, LV, MT) represent the average EU-25 situation: good accessibility of banking services, well developed banking sector (except Latvia and Hungary), differentiated use of banking services and macroeconomic indicators. The CEE countries either represented the second (CZ, LT, SK, PL) or third type (EE, HU, LV). In general the use of banking services in CEE countries is lower than EU-25 average.

Table 1: Levels of financial exclusion in the individual EU 10 countries (cell percentages[3])

	No transaction bank account	No revolving credit[4]	No savings	Financially excluded[5]	Weighted base
All	***53***	***72***	***54***	***34***	***8,493***
Cyprus	48	54	24	18	*79*
Czech Rep	40	62	35	17	*1,165*
Estonia	35	80	67	16	*153*
Hungary	49	78	58	34	*1200*
Latvia	65	80	76	48	*265*
Lithuania	65	86	61	41	*382*
Malta	51	70	30	21	*44*
Poland	58	73	60	40	*4,368*
Slovakia	48	81	40	26	*614*
Slovenia	13	36	32	6	*223*

Source: Eurobarometer 2003.5
Base: All adults aged 18 or over

According to Eurobarometer (2003.5, table 1) data in NMS 53% of adults aged 18+ did not have transaction bank account, while in "old" EU countries it was only 18%. The worst situation was in Latvia and Lithuania (65%) and the best in Slovenia (13%) and Estonia (35%). Slovenia – as the richest from all post-communist countries in terms of GDP per capita – has also the lowest rate of people not having revolving credit (36% in comparison to 54% in EU-10) and savings (32% in comparisons to 54% in EU-10). The highest level of population not having revolving

[2] It was decided to use data from Eurobarometer 2005 survey in order to have all data for the same period of time. In futher parts of the paper Eurobarometer data from 2003 were analyzed.
[3] All figures are expressed as cell percentages, e.g. 48 per cent of people in Cyprus do not have a transaction bank account
[4] After comparing having no revolving credit (no credit card or overdraft on current account) against having no credit at all (no credit card, loan for car, loan for anything else and overdraft on current account), it was found the percentages excluded was little different. For this reason it was decided to use having no revolving credit
[5] To be financially excluded is to have no transaction bank account, revolving credit or savings

credit facility was in Lithuania – 86%, Slovakia – 81%, Estonia and Latvia – 80%. In three Baltic States also the level of people without savings was the highest.

3. Analysis of locally available data and information on FE

Locally available data differ in scope and methodology. Generally, there are no official statistics on the national or regional levels regarding problem of financial exclusion. Available data in several cases have commercial character and were prepared as a part of reports conducted by financial sector. In Poland (Pentor Research Institute, www.pentor.pl, see: table 2) and Slovakia (Focus Agency, www.focus-research.sk) commercial research institutes conducted surveys regarding banking services, which also included questions related to the number of bank accounts. Complete reports are not available to the public.

According to PentorResearch Institute in 2005 70% of Polish households had a current bank account[6] and almost 60% of people aged 15 or more declared to have them (table 2). According to Focus Agency from 2005, in Slovakia the average of those with at least one bank account was about 72% and the rest were the individuals with no bank account at all (figure 2). To our knowledge for Baltic countries and Bulgaria there were no commercial reports on usage of banking services available.

Experts also checked data availability for other post-communists EU Member States, like Hungary, Czech Republic and Romania. We found no data regarding financial exclusion or just usage of bank accounts. We assume that situation is similar in all NMS, i.e. there are no official statistics regarding financial exclusion and the only available may come from financial sector reports, but they are not comparable due to the different methodology. The regulation of European Commission No. 215/2007 may improve significantly the situation.

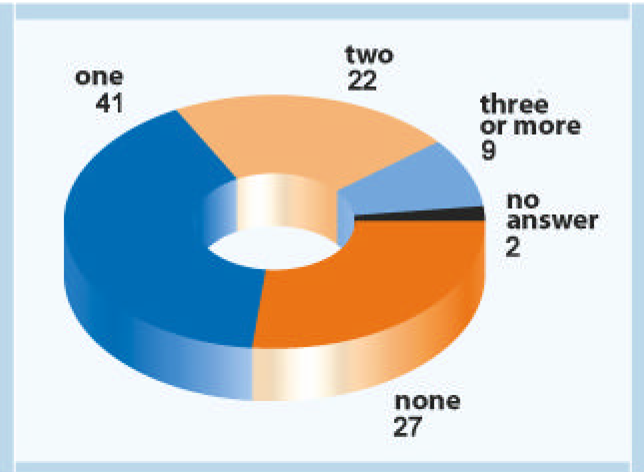
[6] Typical current account offered for households in Poland combines the features of transaction account and savings account, but due to the low level of interest rate the saving feature is not important. Any household can open a typical savings account with no or very limited possibilities to exercise transaction banking.

Table 2: Number of persons using personal current account in Poland (2000-2005)

Year	Number of persons using current account (age 15+)	Number of households using current account
2000	54,30%	54,90%
2001	57,50%	60,10%
2002	57,30%	62,40%
2003	55,80%	63,60%
2004	54,80%	66,10%
2005	58,90%	70,00%

Data: Pentor; own preparation

Figure 2: Number of current accounts per household (%)



Note: data collected between 4 – 10 May 2005, number of respondents: 1038, representative sample of general population aged 14+
Source : Focus Agency

In comparison to "old" Member States, data availability in NMS is worse, but according to country reports, the situation in "old" countries is much differentiated and in many cases there are no official national statistics. Reports provided by financial sector, academics or NGOs are more often used in EU-15 than in NMS. The reason probably lays in the lack of public debate on financial exclusion/inclusion in NMS and more commercial attitude of financial services providers.

4. The meaning of economic changes and social exclusion for financial exclusion in NMS

The main reasons for social exclusion in NMS are:

- low level of income,
- unfavourable employment structure (including a high percentage of employment in

agriculture),

- high unemployment rate with a high percentage of long-term (more than a year) unemployed,
- a relatively low level of education,
- relatively worse living conditions in small towns and rural areas.

In 2005 the average income in EUR (exchange rates of 1.1.1999) in the EU-15 countries was 18028 EUR, while in NMS it was only 3718 EUR. A much lower level of income means that the threat of poverty is much greater, although it is usually not very serious. The high unemployment rate, especially long-term unemployment, is a much bigger problem. Long-term unemployment leads to loss of the right to benefits and a further lowering of household income. Among the unemployed registered in 2005 in the EU-15 42.1% were long-term unemployed (unemployed for more than a year). The same group in NMS accounted for 55.8% of all unemployed.

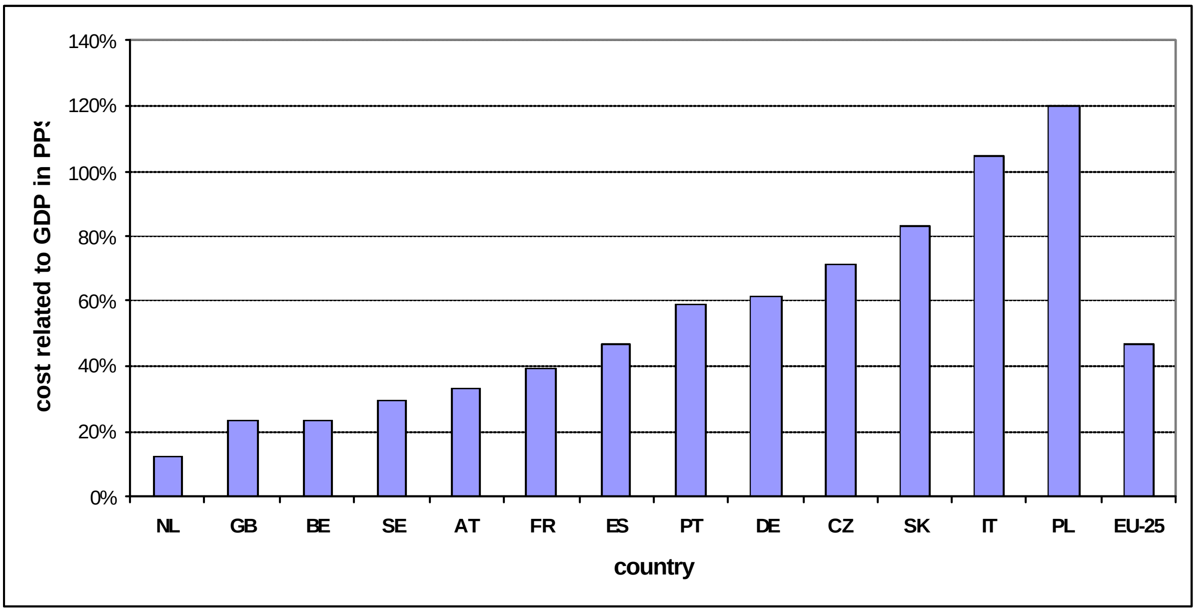
The relatively low level of education and vocational training decreases the spacial and professional mobility. This means that the unemployment rate in some regions is particularly high (structural unemployment, which is very difficult to overcome). Social exclusion is also influenced by living conditions, which are significantly poorer in rural areas and small towns (up to 20 thousand inhabitants). Both the possibility of employment and of fulfilling individual and social needs in these places are rather poor (Polityka Spoleczna 2006).

Social exclusion is the main source of financial exclusion in NMS. However, it has to be taken into account that financial exclusion is also caused by reasons connected with the political and economic development of this part of Europe in the second half of the 20th century. Within the communist period (central planning in economy) market instruments were not commonly used. The banking system was highly centralized and subject to strict control by the state. Banks made no efforts to gain customers and did not introduce such instruments for individual users as cards, cheques or debit.

At the same time most employers paid their employees wages in cash. Cash was therefore used to cover most expenses, such as rent, credit or shopping. People therefore did not develop the habit of using bank account. Para-financial institutions were not allowed to function in the central planned economy.

Additionally, in the1980s, in some NMS, there was a rapid growth of inflation, which caused many people to "lose" their money in real terms. Therefore people gave up saving money with banks.

Figure 3. Cost of basic banking services in relation to GDP per capita in PPS



Source: Eurostat Yearbook 2005 and World Retail Banking Report 2005 (Capgemini) from: M. Iwanicz-Drozdowska, E. Cichowicz: The role of cost of currrent account in households' budgets in Poland and other EU countries (Ocena roli kosztów prowadzenia ROR w budzetach gospodarstw domowych w Polsce i innych krajach UE), Gdansk Institute for Market Economy, manuscript, 2006

Also the prices of banking services had a great influence on people's behavior and the fact that they were not prepared to use financial services. In the common perception banks became institutions for the wealthy. As presented on figure 3, the prices of basic banking services related to GDP per capita in PPS are higher in NMS than in "old" Member countries. It was only recently that banks started to compete for individual clients, offering many services, which were formerly only available for wealthy clients (e.g. credit cards).

All those processes led to a serious social exclusion problem in NMS. Two main reasons for this are connected with the economy. The first is high unemployment, and especially long term unemployment, which led to the "new poverty" phenomenon and turned the unemployed into an underclass of society. The other reason is connected with the low level of income from wages and social benefits, which created the problem of poor workers. People with low income cannot make savings and are therefore not interested in having an account. It has to be added that for a long time banks did not attempt to gain clients with low income, and even discouraged them with high costs.

A high percentage of young people faces the risk of poverty in the NMS, because their unemployment rate is particularly high, especially in Poland and Slovakia. At the same time, the lower number of elderly endangered by poverty is not caused by better social protection, but by the fact that the general level of income and spendings in this group in NMS is low. Therefore there are few people who spend less than 60% of the average expenses in households of retired people. As presented in the table 3, the percentage of the people at the poverty risk in the NMS is high, especially amongst the youngest groups. A risk of the poverty, which is connected with low incomes, is one of the most important factors that boost the financial exclusion. Also low income and spendings in the oldest group in the NMS have an impact on such exclusion.

Table 3. People at risk of poverty – rates by group of countries, age and gender (%)

		Age			
	Total	16 - 24	25 - 49	50 – 64	65 and more
Total					
EU-25	24	27	20	19	29
Old EU	23	26	19	19	31
NMS	25	30	25	20	18
Males					
EU-25	22	25	19	19	25
Old EU	22	24	18	18	27
NMS	25	29	24	21	12
Females					
EU-25	25	29	21	20	32
Old EU	25	29	20	20	34
NMS	25	31	25	19	22

Data: Eurostat; own preparation

As Eurobarometer data (2003.5, see table 4) show in EU-10 countries, as in the EU-15, the highest level of financially excluded individuals is within the group of unemployed (71%), retired or unable to work (72%) and looking after the house (69%). Also people living in rural areas and people with lowest income are less financialized.

Table 4. Types of people likely to be financially excluded in the EU 10 accession countries (cell percentages)[7]

	No transaction bank account	No revolving credit[8]	No savings	Financially excluded[9]	*Weighted base*
All	***53***	***72***	***54***	***34***	***8,493***
Family type					
Single parent	60	75	62	40	*280*
Couple with children	44	64	51	28	*2,131*
Single no children	60	79	61	42	*1,686*
Couple no children	51	73	49	30	*3,211*
Respondent work status					
Self employed	38	56	33	17	*744*
Employed	29	57	40	13	*2,978*
Looking after home	69	82	66	52	*458*
Student	54	77	72	39	*601*
Unemployed	71	84	77	57	*975*
Retired/unable to work	72	87	61	48	*2,736*
Self employed	40	59	40	20	*1,051*
Employed	39	65	49	23	*3,911*
Looking after home	78	89	84	67	*103*
Student	35	65	78	26	*73*
Unemployed	76	88	76	62	*397*
Retired/unable to work	72	87	62	49	*2,794*
Age left education					
Up to 15	79	89	69	57	*1,685*
16-19	52	73	51	32	*4,100*
20 +	29	56	42	16	*1,997*
Still studying	52	77	71	39	*523*
Gender					
Male	51	69	49	30	*3,921*
Female	54	75	58	37	*4,572*
Age					
18-25	51	73	67	36	*1,219*
26-44	39	61	48	23	*2,923*
45-64	52	73	49	30	*2,773*
65 +	80	91	65	56	*1,578*
Geographical area					
Rural area or village	63	79	59	43	*2,967*
Small or middle sized town	48	71	51	30	*3,284*
Large town	44	66	52	25	*2,151*
Income quartile					
Lowest	75	86	70	55	*2,027*
Second lowest	61	80	56	37	*1,775*
Second highest	41	66	45	20	*1,618*
Highest	27	53	37	14	*1,441*

Source: Eurobarometer 2003.5 ; Base: All adults aged 18 or over

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[7] All figures are expressed as cell percentages, e.g. 60 per cent of single parents do not have a transaction bank account

[8] After comparing having no revolving credit (no credit card or overdraft on current account) against having no credit at all (no credit card, loan for car, loan for anything else and overdraft on current account), it was found the percentages excluded was little different. For this reason it was decided to use having no revolving credit

[9] To be financially excluded is to have no transaction bank account, revolving credit or savings

5. Social inclusion programs in NMS

In most EU member states social inclusion programs were developed and introduced. This was similar in NMS, where at the break of the 20th and 21st century similar documents were developed (Golinowska, 2005; Bledowski, Kubicki 2007). The preparation of these documents was preceded by a precise social diagnosis, finding the reasons for social exclusion and selecting target groups, which should be subject to particular interest from the state policy. National Strategies for Social Integration aim to include NMS in the realization of the second goal of the Lisbon Strategy, the modernization of the European social model, which contains investing in people and combating social exclusion. Particular aims are:

- adjusting the education and vocational training system to the requirements of life and work in a knowledge-based society;
- developing active employment policy increasing the number of employed;
- modernizing the social protection system, including retirement systems and health care, among other things to give them financial stability and appropriate coordination with educational and employment policy;
- supporting social integration to avoid the creation of a permanently excluded group, which is not adapted to functioning in a knowledge-based society.

The Nicea Aims are a specification of the Lisbon Strategy in terms of social integration. They include four basic activities, supported by European governments, local government and NGOs (Joint report 2005). These aims include:

1. Providing access to work, resources, laws, goods and services for everybody

2. Preventing the risk of exclusion

3. Help for those most threatened (supporting the weakest)

4. Mobilising all of the actors/organizations from the spheres of policy, economy and social activity.

In the EU social exclusion is seen not only as a consequence of material poverty, but also as a collection of processes, the consequences of which do not allow a person or family to take part in social life and use institutions in a way which is perceived by the society as basic. The multidimensional aspect of social exclusion is caused by the fact that for a satisfactory participation in the life of a modern society one needs not only an appropriate level of income, but also appropriate knowledge and the ability to use commonly available appliances. Even though EU documents on social exclusion and inclusion do not directly mention financial exclusion, the mentioned aims and specific tasks create conditions for combating this form of exclusion as well.

All NMS have developed their national social integration strategies before joining the EU. They all define groups which are particularly prone to social exclusion and show priorities for integration policy taking into account the specific needs of particular countries (Report on Social Inclusion in the 10 New Member States, 2005). Some examples of this specific character is a high percentage of people living in rural areas and working in agriculture (Poland), low level of rural income (Bulgaria) or cultural and ethnic diversity (Slovakia). In every case it is stressed that the country has an obligation to treat all social groups equally. Aims coming from the specific situation of particular EU states are consistent with the decisions of the Joint Inclusion Memorandum. The strategies are not documents, which would decide on the dates of realisation of particular aims or the necessary spending. National action plans are the realisation of the strategies, what is still under way.

6. Types of institutions and activities supporting financial inclusion

In separate paper we will discuss the role of credit unions in NMS as the alternative financial services provider. In this paper we will present only selected issues related to credit unions, which are not present in all post-communist NMS.

Beside mainstream financial services providers (banks, insurance companies, investment funds, pension funds) that are prevailing on the market, there are some kind of alternative financial services providers that focus either on specific segment of customers or on specific type of services. The alternative financial services providers may be classified as follows:

- credit unions – providing scope of services similar to the one provided by banks to individuals with low or middle income;
- credit companies – providing loans with relatively high interest rates to low income people or people with bad credit history;
- finance agencies – delivering bill payment services at hypermarkets and supermarkets,

- special agencies – providing credit guarantees or supporting credit activities – in many cases supported by the government.

To some extend “financial inclusion” as a permanent state, not only on casual basis, is supported by credit unions (explicitly) and special agencies (implicitly). Credit companies and finance agencies are commercial providers, so their interest lays in generating satisfactory income out of provided services and not supporting financial inclusion *per se*. To some extend co-operative banks, operating mostly in rural areas may be regarded as institutions supporting access to financial services, but not necessarily financial inclusion of low income individuals.

Credit unions are operating in almost all post-communists Member States, except Slovakia. The customers’ segment are low and middle income people. Further analysis of credit unions will be presented in a separate working paper.

Special agencies are dealing mostly with credit activities and are supporting financial inclusion implicitly thanks to activities fostering employment, creation of new employment possibilities, and thus allowing to improve social status of individuals. Especially in Poland, Slovakia and Bulgaria unemployment rates used to be high, so this problem was one of the first to be solved in order to promote financial inclusion. Another type of special agency is providing credits for housing to low income people.

One of the important measures for solving unemployment is the development of entrepreneurial environment. Small family businesses, through self-employment, are capable of providing work for large numbers of employable population. However, one of the barriers which prevents the foundation and development of small family businesses is the difficult access to financial resources. Mainstream financial services providers offer micro loans mainly to already established entrepreneurs with a proved track record. New micro-enterprises or people willing to start their micro-business mostly have to look for other sources of financing. Financial inclusion with the use of micro-credit shall promote social inclusion.
According to MFC et al.’s report (2007), in year 2005 505 microfinance organizations in Western Europe provided credit totalling 58 million EUR to 16.000 entrepreneurs and in Eastern Europe 3,6 million EUR to 1,3 million active borrowers. Many micro enterprises are not willing to use credit as source of financing. E.g. MFC (2007) estimated that in Poland about 29%

of low income households constitutes a microcredit market, out of which 17% are existing enterprises and 83% potential start-ups. Only about 3% of then use microcredit.

Existing entrepreneurs declared that they did not need microcredit (48%) or are afraid of borrowing (25%). In case of potential entrepreneurs those afraid of borrowing were prevailing (31%). Microcredit institutions are often supported by the state either directly through small loan for self – employment (Slovakia, Poland) or through guarantee system. E.g. in Slovakia "Slovenská zárucná a rozvojová banka" (the Slovak Guarantee and Development Bank) plays an important role in this field. Together with respective Ministry provides the guarantees for the business beginners. In Poland there are many guarantee providing institutions, that are owned by local authorities, banks and other institutions. In Lithuania there are two institutions providing states guarantees for business beginners, but their requirements are quite high to meet. In Estonia loans to agriculture are guaranteed by Rural Development Foundation, export loans by Estonian Credit and Export Guarantee Fund KredEx. In Bulgaria there are no state guarantees for business beginners. Anyhow, there are guarantees for the enlargement of the capital of the co-operatives. For example during the last seven years the Agency USAID support the creation of 38 business-center in the frame of Jobs project and support the credits delivered to the small entrepreneurs. The Agency USAID with the co-operative "Nachala" have an Agreement for guarantee for financing the future microcredits. Also, in the beginning of 2007 have been created Bulgarian Alliance for Microfinance. The aim is to guarantee and enlarge the capital of the credit unions. The Bulgarian-American Credit Bank S.A. (Balgaro-Amerikanska kreditna banka A.D.) also has a special program for crediting and giving guarantees for credit the small and medium business.

In Baltic States AmCredit is operating as alternative provider housing credit. AmCredit is institution specialized on housing loans. AmCredit's parent company, the Baltic-American Enterprise Fund, was founded in 1994 by the public sector of the United States of America. It provides credit to persons with low income who had met problems to get it from mainstream providers. In 2007 AmCredit has been issued more than 16 000 housing loans in the three Baltic States in aggregate (AmCredit, 2007). To some extend housing loans are also supported by specific government programs (Lithuania, Poland, Slovakia, but they are not very successful). In Bulgaria housing loans are not supported by specific government programs, but the Municipality bank S.A. (Obshtinska banka A.D.) has been created in order to provide financial resources at reasonable conditions for the development of the cities and the building of municipality houses for those who have not the financial possibility to get credit. Nevertheless, the bank is acting now like a profit-oriented financial institution, and cannot fulfil its social task. Only the low level of interest rates and competitiveness caused high growth rates of credit housing, what happened in some NMS.

It is worth noting, that the initiative to solve problems of financial exclusion deriving from geographical reasons, appear from the local communities in the Baltic States. The local municipalities started the debate and requested commercial banks to establish branches in distant areas. Although those initiatives were not successful, as commercial banks are profit oriented. Only niche providers (as credit unions) were interested in solving the problem. In rural areas in Poland co-operative banks are the most common financial services provider, so the problem of geographical exclusion is not the crucial one. In the 1990s there existed in Slovakia a special communal bank (Prvá komunálna banka - The First Communal Bank), whose focus was loan support for regions and towns. In the year 2000 it was purchsed the foreign bank Dexia, which changed strategy into a profit-oriented one.

7. Are there any indications that improvements are taking place? Do we expect any further improvements?

According to experts' knowledge and scarce data available we may state that since the beginning of the transformation there were signs of improvement in both social and financial exclusion, but we are not in a position to provide exact figures. From the public administration and non-governmental organizations point of view, financial exclusion in NMS is treated as less important than social exclusion. In spite of lack of full information concerning financial exclusion, it is possible to expect that in accordance with high percentage of people being at risk of poverty, the number of people excluded in terms of finances is considerable. In the future, it can lead to some kind of 'vicious circle': social exclusion - financial exclusion - deeper social exclusion.

The level of GDP per capital in post-communist NMS has been increasing over time due to high level of economic growth in these countries. Also the EU accession will speed up economic growth. This is, as mentioned above, one of the leading factor for improving the situation.

EU accession and opening of several labour markets encouraged many NMS citizens to migrate in order to seek opportunities to improve their living standard. In case of Poland, many of them started to use banking services abroad (e.g. current accounts or simple money transfers), which has been noted by the banking sector[10] and regarded as a new opportunity to gain customers.

Social exclusion in NMS is the most important reason of financial exclusion. The development of financial services goes faster than changes in tendency for people to use those services. The improvement of this situation requires not only better availability of services (especially in areas of small population, like village) but also better information about conditions of using these services. Important meaning have also relatively high, in comparison with average income, charges for using financial services.

Fighting against social and financial exclusion is possible among other things due to the professional activation of population, as well as rising educational and occupational qualification levels. Simultaneously, the increasing trend towards paying wages into employees' bank accounts and to cashless transactions in larger number of stores and service points, may also stimulate the use of financial services.

According to our opinion, in order to improve the situation in post-communist NMS, first necessary steps are as follows:

- to start the public debate between government, local authorities, banking sector and credit unions, NGOs and academics on financial exclusion/inclusion problem (round table);
- to increase the level of awareness in the society about the advantages and disadvantages of using banking and financial services;
- to provide educational programs at schools in order to teach future, potential customers, especially in rural areas;
- to co-ordinate and support any initiatives aiming at increasing financial awareness.

Without any public debate and other measures it is not possible to improve the level of financial inclusion in post-communist NMS. The "natural" increase deriving form the growth in income level is not enough to catch up with the average in EU-15.

[10] E.g. Two banks operating in Poland decided to open a branch in London to provide Polish citizens with banking services, especially convenient money transfers. Additionally some UK and Irish banks started either to service Polish customers in their native language or offered low-price money transfers.

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