

**Study in the Area of Payment Systems into the
Transparency of Conditions for Remote
Cross-Border Payment Services and the
Performance of Cross-Border Transfers**

**Report for the
Commission of the European Communities (DG XV)**



**Retail Banking Research Ltd, London, England
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1. INTRODUCTION

1. INTRODUCTION

The Commission of the European Communities considers that users of cross-border payment systems have a right to clear and accurate information on the services being provided. Furthermore, the Commission takes the view that the full benefits of the single market will only be achieved if it is possible to transfer money as rapidly, reliably and cheaply from one part of the Community to another, as is now the case within most member states.

In 1990, the Commission of the European Communities (the Commission) adopted Recommendation 90/109/EEC on the transparency of banking conditions relating to cross-border financial transactions. The implementation of this Recommendation was discussed in the Commission's two advisory groups, the Payment Systems Technical Development Group (PSTDG) and Payment Systems Users Liaison Group (PSULG), whose members are drawn from banks, central banks, consumers, retailers and SMEs.

In the PSULG, the European Credit Sector Associations, consumers, SMEs and retailers discussed and agreed on "European Banking Industry Guidelines for Customer Information on Cross-Border Remote Payments". The Industry Guidelines, which were to be implemented by 31st December 1992, were annexed to the Commission working document "Easier cross-border payments: Breaking down the barriers" (doc. SEC(92)621) in which the Commission stated that it would monitor their implementation.

In order to do so, the Commission engaged Retail Banking Research Ltd (RBR) to carry out a study in February 1993, covering the implementation of the Recommendation and the Industry Guidelines. The results were published by the Commission in 1993 in a report entitled "Remote cross border payment services: Transparency in conditions offered and performance of transfers executed", ISBN 92-826-6875-4. (This current report refers back on occasion to the earlier study).

After evaluating the results of this study, the Commission decided that a further study should be carried out in the first half of 1994 in order to monitor the improvement, compared to the 1993 study.

1.1 Objective

The purpose of this study was to evaluate the level of transparency of service conditions as well as the performance of remote cross-border payments in all the Member States of the EU and the extent to which guidelines agreed with the banking community are being applied. Remote payments are all those implying the process of sending a payment across a border by an originator remaining in his country of residence. In particular the Commission wished to establish:

- the availability of information about such transfers;
- how transparent conditions and prices are to customers;
- the prices charged to senders and recipients;
- the extent of double charging;
- the time taken for such transfers to occur.

1.2 Scope

The study covered all twelve member countries in the European Union and comprised two separate exercises:

- A. market research study involving the collection of information from bank branches;
- B. an exercise in the transfer of actual funds including both a “main” sample where transfers were sent urgently and a “control” sample of ordinary (non-urgent) transfers.

1.3 Structure of Report

This report presents the results of these exercises. Following this introduction, there are three more sections:

- Section 2 describes the methodology used;
- Section 3 presents the results of the transfer exercise;
- Section 4 presents the results of the market research.

In addition there is a series of annexes that contain detailed tables that support the diagrams appearing in the main text, together with supplementary figures and tables. There is also an annex describing market research experiences in the individual countries.

1.4 Conventions Used in this Report

1.4.1 Nomenclature

The words sender and payer are used interchangeably in the report as referring to the person sending a transfer. Receiver, beneficiary, and recipient are similarly used for those receiving transfers. When talking about charges, the perspective is that of the customer; thus fees, costs and charges are all used to refer to the prices paid to their bank by those sending transfers, apart from where the charges were levied by the beneficiary's bank on the recipient – these are described as receiver fees or charges.

1.4.2 Number of Transfers Used in Analysis

The maximum amount of data available was used in the analysis of each section of the report. Since all transfers were sent but not all arrived, sender analyses in the transfer exercise are based on all transfers but recipient analyses (e.g. of time taken for transfers to arrive) are based on those transfers that arrived by the time the report was prepared.

1.4.3 Value Ranges

In tables and diagrams with value ranges, often only the upper limit is included for simplicity and to avoid cluttering the diagrams; value ranges are banded as higher than the lower limit and lower or equal to the upper limit. Thus for example:

Range	Interpretation
0	equal to zero
5	greater than zero and less than or equal to 5
10	more than 5 and less than or equal to 10

Totals do not always represent the sum of constituent elements because of the rounding of constituent elements.

1.4.4 Abbreviations

In tables in the report where individual country information is provided, the member states are listed in alphabetical order, in terms of the English language. In the diagrams, the Commission abbreviations of country names are used, as shown in the table below.

Country	Abbreviation of country name
Belgium	Be
Denmark	Da
France	Fr
Germany	De
Greece	El
Ireland	Ir
Italy	It
Luxembourg	Lu
Netherlands	Nl
Portugal	Po
Spain	Es
United Kingdom	UK

Where information or data was not available "na" is used while "n/a" is used for not applicable.

The following currency abbreviations are used in the report:

Country	Currency abbreviation
Belgium	BEF
Denmark	DKK
France	FRF
Germany	DEM
Greece	GRD
Ireland	IEP
Italy	ITL
Luxembourg	BEF
Netherlands	NEG
Portugal	PTE
Spain	ESB
United Kingdom	GBP
United States	USD
European Currency Unit	ECU

2. METHODOLOGY

2. METHODOLOGY

Two exercises were set up to run in parallel: a transfer exercise and a market research programme. The countries covered included all those currently in the Community: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and the UK.

2.1 Transfer Exercise

The purpose of the transfer exercise was to find out what happens in practice when people ask their bank to transfer money to other people in other countries. The transfer exercise consisted of sending close to twelve hundred transfers in two waves – a main sample of urgent transfers and a smaller control sample of non-urgent transfers. The purpose of the control sample was to see the extent to which charges and times taken with non-urgent transfers varied compared to the urgent transfers.

Cross-border transfers were arranged from each member country to every other member country.

In the main sample, as was specified by the Commission, four accounts in each large country were used (Germany, Italy, Spain, France and the UK) and two in each smaller one (Belgium, Denmark, Greece, Ireland, Luxembourg, the Netherlands and Portugal); thus a total of 34 accounts were used. None of these accounts were same as those used in the similar exercise the previous year; nor were any of the branches used the same as the previous year; however some of the banks were the same, which was desirable in some countries to ensure that leading banks were included.

In the control sample, one sender in each member state sent a transfer to all other senders. These senders were a sub-sample of the main senders in order to ensure sets of matched pairs of transfers (each pair of transfers travelling from and to the same points but with different instructions). In the event, not all banks offered two alternative methods but following consultation with the Commission, transfers were sent in these cases to see the degree to which the results would be similar.

2.1.1 Establishing the Network of Senders

The senders were a broad cross section of professional people of all ages, who were colleagues of RBR staff or colleagues of colleagues. They used a variety of banks – commercial, savings and cooperative. A list of the banks by country in terms of the type of bank is given in Figure 2.1.1 overleaf. The sample of banks broadly reflects the banking structure in the different countries. Postal banks were excluded from this exercise, as specified in the brief from the Commission.

The accounts used were personal current accounts with the exception of senders from Greece and one sender in Spain who used their savings accounts – in these countries savings accounts can be used in a similar way to current accounts – and two small business accounts were used in Portugal and Luxembourg.

A problem arose in France on the day the transfers were due to take place. One bank, which had provided information to the sender regarding options, cost and time, actually refused to carry out the thirty transfers. The sender was told it was against the law to send so many transfers from a personal account. Therefore it proved necessary to use another account to send the transfers. However, the original bank still received all the incoming transfers from other senders who had already sent their transfers.

There were potential problems in Greece because of exchange controls. Therefore in that country external accounts, denominated in pounds sterling, were used.

Each sender also acted as a beneficiary, a quite separate capacity in terms of the subsequent analysis.

Figure 2.1.1: Types of Bank Used for Main Transfer Exercise

Country	Commercial		Savings		Co-operative		Total
	Large	Medium/Small	Large	Medium/Small	Large	Medium/Small	
Belgium	1	1		0		0	2
Denmark		2		0		0	2
France	2	1 ¹		0	1 ²	1	5
Germany	2	0		2		0	4
Greece		2		0		0	2
Ireland		2		0		0	2
Italy	1	1	1	0		1	4
Luxembourg		2		0		0	2
Netherlands	1	0		0	1	0	2
Portugal		1		1		0	2
Spain		2		2		0	4
UK	1	2		1		0	4
Total	8	16	1	6	2	2	35

¹ Sender Only; ² Receiver Only

See section 2.2.1.4 for definitions of Large/Medium/Small

The 34 senders sent a total of 1,048 cross-border payments in the main sample exercise. This total was made up of:

- 7 small countries, each with 2 accounts from which cross-border disbursements were made to 32 accounts ($7 \times 2 \times 32 = 448$);
- 5 large countries, each with 4 accounts from which cross-border disbursements were made to 30 accounts ($5 \times 4 \times 30 = 600$).

In the control sample the number of payments carried out by the twelve senders was 132:

- 12 countries, each with 1 account, from which a transfer was sent to each of 11 accounts abroad ($12 \times 1 \times 11 = 132$).

The resulting numbers of transfers which were sent and which should have been received is shown in table 2.1.2.

Figure 2.1.2: Number of Transfers Sent and to be Received

Country	Transfers sent and to be received (main sample)	Transfers sent and to be received (control sample)
Belgium	64	11
Denmark	64	11
France	120	11
Germany	120	11
Greece	64	11
Ireland	64	11
Italy	120	11
Luxembourg	64	11
Netherlands	64	11
Portugal	64	11
Spain	120	11
UK	120	11
Total	1,048	132

2.1.2 Organisation of Transfers

The instructions were to send an amount equivalent to 100 ECU with an instruction that all charges should be paid by the sender. It was thus intended that the amount sent should be credited to the beneficiary without any deduction of charges.

Papers were prepared for each sender to assist their activities. Each was sent:

- a set of instructions;
- a list of transfers to be made;
- a set of forms to record transfers made and transfers received;
- a questionnaire about what their bank told them and the level of service they received.

As well as this written material, each sender was individually briefed by a member of the project team either face-to-face (in most cases) or on the telephone.

Transfers were organised to be originated in a single week (and as far as possible on a single day) to assist comparability and to minimise fluctuations in exchange rates.

Each person sending money kept records of:

- the date of the payment instruction;
- the date it was debited from the account;
- the type of documentation received;
- the charges made for the transfer (broken down into commission, transaction and other fees, if available);
- the information provided by the bank concerning the transfers.

Recipients of funds recorded:

- when the funds were recorded as received;
- when the funds were value dated (and thus available without interest costs to the beneficiary);
- when they were notified of receipt;
- the type and quality of documentation they received;
- how much money they received;
- whether they were aware that any charges had been deducted (and if so how much).

Other relevant information, such as qualitative comments on the transfers (e.g. difficulty or ease of obtaining information) was recorded in summary.

The instructions to the banks were to send transfers on the 26th April for the specified amounts to arrive within a week and for the sender to bear all charges (i.e. the beneficiary should receive in their account the full amount in their currency which was specified by the sender in their instructions). If more than one method of transfer was offered, the more rapid one was chosen.

The date of the 26th April was chosen as the earliest practical date after the award of the contract given the urgency with which the Commission required results. There were a number of national holidays at the end of April and in May. Therefore the calculations have been adjusted to take account of these by deducting the total number of non-overlapping holiday days in both countries involved. This adjustment may not be totally accurate since it was not possible to know where the transfer had reached on any particular day, and whether therefore it was actually held up. Thus this adjustment, which assumes that each transfer was held up the maximum time possible, could result in transfer times being underestimated, in some cases by as much as two days.

At the end of May, senders assembled the information they had received concerning both the transfers they had sent and those they had received. If they had not received this information, they requested it from their bank.

The information was then sent in June to RBR where it was possible to identify those transfers that did not appear to have arrived. Beneficiaries were then asked to double check whether the missing transfer had been received. In more than half of the cases it was possible to do so, because the transfer had arrived subsequent to the information first sent by the bank, or because the transfer had been present but had not been identified – which almost invariably was because it had arrived without adequate, and in some cases without any, identification.

2.2 Market Research

The purpose of the market research exercise was to find out what information bank branches provide concerning the methods, costs and time of making cross-border payments. In particular, the exercise collected data on:

- the availability of information about options, time and cost for transfers;
- the quality of information supplied;
- the tariff structure and charges levied;
- the basis of exchange rate used;
- the time quoted for transfers;
- guidance to suitability and warnings given (if any);
- availability of redress;
- other relevant information.

2.2.1 Coverage

Information was collected from a sample of 165 different banks across Europe. The banks were selected on the basis of covering as far as was practical the full range of types of bank (commercial, savings, co-operative) and a full range of size of banks at a range of locations. Unlike last year's exercise, information was not collected from postal banks. To provide a representative picture, particularly in smaller countries, more than one branch of the same bank was visited at different locations. Thus the number of successful visits totalled 352 (as compared to the target total of 300).

The table overleaf shows the number of banks covered and the number of branches visited in each country. The number of banks and branches covered varied according to the size of the country and the number of banks offering cross-border transfer services to personal customers. For example, there are over 4,000 retail banks in Germany but in the UK the number is less than 40, and in Ireland the number of significant banks is less than 10. Thus, the sample ranged from 10 branches in Luxembourg (a small country with few banks) to 30 or more in France, Germany, Italy, Spain and the UK. In most countries more than one branch of the same bank was visited.

Figure 2.2.1: Number of Banks and Branches Surveyed

Country	Number of banks covered	Number of branches visited
Belgium	11	25
Denmark	11	20
France	14	37
Germany	22	49
Greece	13	24
Ireland	5	24
Italy	36	46
Luxembourg	8	10
Netherlands	6	17
Portugal	13	25
Spain	16	41
UK	10	34
Total	165	352

2.2.1.1 TYPE OF BANK, NUMBER OF BRANCHES VISITED

The banks in the 12 countries were selected to cover the full range of types of banks. The proportion of different bank types visited generally reflected the banking structure in each country.

**Figure 2.2.2: Types of Bank Surveyed
(number of branches visited by type of bank)**

Country	Type of Bank			Total number of branches visited
	Commercial bank	Savings bank	Co-operative bank	
Belgium	17	8	0	25
Denmark	15	5	0	20
France	28	3	6	37
Germany	29	10	10	49
Greece	22	0	2	24
Ireland	20	4	0	24
Italy	36	9	1	46
Luxembourg	7	3	0	10
Netherlands	8	4	5	17
Portugal	23	2	0	25
Spain	32	9	0	41
UK	29	4	1	34
Total	266	61	25	352

2.2.1.2 LOCATION OF BRANCHES SURVEYED

Interviews were carried out in different locations, urban, suburban and rural, to provide a broader idea about services in the 12 countries and to check the extent to which branches that may perhaps have less demand for cross-border services also provide these facilities.

**Figure 2.2.3: Location of Branches Surveyed
(number of branches visited by location)**

Country	Location of branches			Total number of branches visited
	City	Suburban	Rural	
Belgium	18	7	0	25
Denmark	14	5	1	20
France	27	10	0	37
Germany	31	14	4	49
Greece	19	5	0	24
Ireland	15	4	5	24
Italy	37	8	1	46
Luxembourg	10	0	0	10
Netherlands	11	3	3	17
Portugal	20	4	1	25
Spain	39	0	2	41
UK	18	12	4	34
Total	259	72	21	352

2.2.1.3 SIZE OF BRANCHES SURVEYED

The branches visited varied considerably in size. This was measured by the number of counter positions.

In Germany, Greece and Italy most branches visited were medium to large. In other countries the typical branch size varied between 3 and 8.

**Figure 2.2.4: Size of Branches Surveyed
(by branch size)**

Country	Branch size				Total number of branches visited
	1-2 counter positions	3-4 counter positions	5-8 counter positions	9 or more counter positions	
Belgium	3	9	7	6	25
Denmark	3	7	5	5	20
France	3	18	7	9	37
Germany	0	10	11	28	49
Greece	0	5	11	8	24
Ireland	4	10	8	2	24
Italy	0	8	25	13	46
Luxembourg	1	5	2	2	10
Netherlands	2	8	5	2	17
Portugal	0	12	9	4	25
Spain	2	22	9	8	41
UK	2	17	14	1	34
Total	20	131	113	88	352

2.2.1.4 SIZE OF BRANCH ACCORDING TO ASSETS

The banks visited were also measured according to the assets held (as identified in "The Banker", July 1993). A bank with assets below USD 10,000 million was rated small; a bank was rated medium when assets ranged between USD 10,000 million and USD 100,000 million; a large bank was any with assets in excess of USD 100,000 million.

Figure 2.2.5: Size of Banks whose Branches were Surveyed (by Assets)

Country	Small (< USD 10,000 million)	Medium (USD 100,000 million < USD 10,000 million)	Large (> USD 100,000 million)
Belgium	4	17	4
Denmark	11	9	0
France	6	11	20
Germany	19	10	20
Greece	19	5	0
Ireland	10	14	0
Italy	24	18	4
Luxembourg	4	6	0
Netherlands	3	2	12
Portugal	15	10	0
Spain	7	34	0
UK	3	20	11
Total	125	156	71

2.2.2 Organisation of Exercise

Market researchers were recruited to carry out the investigations in most of the European countries. In the remainder (such as the UK and Ireland) the work was carried out by RBR staff.

It was decided not to use a professional agency to actually carry out the research because the wide geographical scope and relatively small number of branch visits in each country meant that the chain of communication would have been too long (RBR – professional market research co-ordinator – international agency – local agency – local market researcher). Instead, by using a combination of RBR staff and local contacts it was possible for RBR to effectively brief all researchers directly, mostly face-to-face, except in just one case where it was done by telephone.

A list of banks which had to be included was provided to each researcher. The market research was mainly carried out in May 1994; a small part was conducted in the last week of April and the first week of June.

The information gathered was analysed, and results drawn up for both the quantitative and the qualitative data. Comparisons were made by country.

2.3 Exchange Rates and Currency Fluctuations

In order to provide a basis of comparison between costs in different countries, the common currency used for comparison was the ECU. Because of the fluctuation of rates in the market over time, a date had to be selected and the 26th April 1994 was chosen as most appropriate, being the date on which most transfers were authorised. The exchange rates used for the calculations were based on the mid-points of the closing spot rates quoted in the Financial Times on the 26th April. Because the sums sent were relatively low in value, it was appropriate to use the previous day's closing market prices as these are in most cases the basis of the rates the banks would use the following day. Only in large value foreign exchange transactions would banks go to that day's market to obtain a rate.

Thus the exchange rates used for calculations of costs were as follows:

Figure 2.3.1: Exchange Rates Used for Currency Conversions

Country	Currency	Exchange rate to 1 ECU
Belgium	BEF	39.765
Denmark	DKK	7.5824
France	FRF	6.6297
Germany	DEM	1.9301
Greece	GRD	233.30
Ireland	IEP	0.7915
Italy	ITL	1848.9
Luxembourg	BEF	39.765
Netherlands	NEG	2.1704
Portugal	PTE	198.08
Spain	ESB	157.38
UK	GBP	0.77053

However, if a sender's account was not debited on 26th April using that day's rate to evaluate the fineness of the exchange rate used by the bank would have given inaccurate results. Therefore for the purposes of that calculation only, the ECU rate used was that for the day on which the sender's account was debited.

2.4 Accuracy of Results

When assessing the significance of the results, it is important to bear in mind the statistical strengths and limitations of the exercise.

Over 1,000 transfers were made between 34 endpoints in 12 countries, compared to an annual volume which the European Commission estimates may total 200 million transactions. The transfer exercise covered a sample of 34 banks out of the Community's 7,700 institutions¹ that offer payment services. The market research covered a sample of 352 of the Community's 167,000² bank branches.

^{1, 2} Source: "Payment Systems: EC Member States: Statistical Tables for 1992", European Monetary Institute, May 1994

To set the scale of the exercise in context, national political opinion polls for which an accuracy of $\pm 3\%$ at 95% probability is normally claimed are typically based on a sample of about 1,000 people out of a population of 40 million voters, i.e. about 1 in 40,000. This compares to coverage of 1 in 226 of the banks that offer international transfer services and 1 in 475 of branches in Europe covered in the course of the market research for this study.

However far more important for statistical accuracy is the absolute size of the samples used and whether or not the selection of the sample is reasonable. Since the choice of banks for transfers was random (in the colloquial sense), stratified by country and type of institution, and without any systematic bias, the scope of the exercise was sufficiently wide ranging and the scale was sufficiently large for the results to be statistically meaningful.

Furthermore, it is possible to rebalance and reweight the sample should this be desired, for example, if it was felt that savings banks were under-represented. However, when such reweighting was tested last year, this caused virtually no difference to the results. Reweighting does not affect the validity of the exercise, although it may affect the size of the confidence limits applied to the results.

The numerical interpretation of the results depends on what aspect is being considered. For example, in the market research for situations where the answer was effectively “yes” or “no” (e.g. “was a brochure provided?”), the confidence intervals were as overleaf (assuming independence of individual results and a binomial distribution).

Figure 2.4.1: Confidence Limits for Market Research Sample

Results	Confidence limits at 95.4% probability		Confidence limits at 99.7% probability	
	Lower	Upper	Lower	Upper
1.0%	0.0%	2.1%	0.0%	2.6%
5.0%	2.7%	7.3%	1.5%	8.5%
10.0%	6.8%	13.2%	5.2%	14.8%
20.0%	15.7%	24.3%	13.6%	26.4%
30.0%	25.1%	34.9%	22.7%	37.3%
40.0%	34.8%	45.2%	32.2%	47.8%
50.0%	44.7%	55.3%	42.0%	58.0%
60.0%	54.8%	65.2%	52.2%	67.8%
70.0%	65.1%	74.9%	62.7%	77.3%
80.0%	75.7%	84.3%	73.6%	86.4%
90.0%	86.8%	93.2%	85.2%	94.8%
95.0%	92.7%	97.3%	91.5%	98.5%
99.0%	97.9%	100.0%	97.4%	100.0%

i.e. if the market research sample showed that something occurred in 20% of branches, then we can be 95.4% sure that the actual proportion for all branches lies between 15.7% and 24.3%, and 99.7% sure that the actual proportion lies somewhere between 13.6% and 26.4%.

Some aspects of the market research, such as prices charged for transfers, could be expected to be uniform for all branches of the same institution. In many countries the research therefore covered virtually all the institutions offering cross-border transfers. In these cases the results approach those of a census. Here the results provided include the mean, the mode, the median, the maximum, the minimum, and the standard deviation.

In the transfer exercise, the scale of the sample compared to the total is more difficult to define – in terms of annual volume, the sample was about 1 in 200,000 but in terms of the transfers on the day the transfers were authorised it was about 1 in 800. Far more fundamentally what was the absolute size of the sample – since 34 endpoints were used for 1,048 transfers should the sample size be regarded as 34 or 1,048? Since the results showed that transfers from a single endpoint experienced many different results (in terms of the time taken to arrive, the amount of reference data received, etc.), it is not sensible to say the sample was 34; on the other hand, it is implausible to assume that each transfer was as independent as if 1,000 different senders had been used. As a reasonable compromise, when calculating confidence limits a notional figure of 500 independent transfers was used to establish the table of confidence limits below (which would be applicable to questions such as whether shortfalls or deductions occurred).

Figure 2.4.2: Confidence Limits for Transfer Exercise Sample

Results	Confidence limits at 95.4% probability		Confidence limits at 99.7% probability	
	Lower	Upper	Lower	Upper
1.0%	0.1%	1.9%	0.0%	2.3%
5.0%	3.1%	6.9%	2.1%	7.9%
10.0%	7.3%	12.7%	6.0%	14.0%
20.0%	16.4%	23.6%	14.6%	25.4%
30.0%	25.9%	34.1%	23.9%	36.1%
40.0%	35.6%	44.4%	33.4%	46.6%
50.0%	45.5%	54.5%	43.3%	56.7%
60.0%	55.6%	64.4%	53.4%	66.6%
70.0%	65.9%	74.1%	63.9%	76.1%
80.0%	76.4%	83.6%	74.6%	85.4%
90.0%	87.3%	92.7%	86.0%	94.0%
95.0%	93.1%	96.9%	92.1%	97.9%
99.0%	98.1%	99.9%	97.7%	100.0%

For aspects such as cost and time, summary and dispersion measures are provided, including the mean, maximum, minimum, median, mode and standard deviation.

When the phrase “EU Average” is used in the transfer exercise, this represents the average of all transfers or of all senders (i.e. effectively large countries are weighted twice as heavily as small countries). In the market research all countries were weighted equally to obtain the average and the whole sample was used to obtain the median, mode and standard deviation.

3. TRANSFER EXERCISE RESULTS

3. TRANSFER EXERCISE RESULTS

Transfers were sent from every member country to every other member country. In the main transfer exercise there were 34 senders in total – four in each of the larger countries and two in each of the smaller countries. Receivers also numbered 34.

Each account was a local currency account except for those in Greece, which were foreign currency accounts held in sterling – thus transfers from UK to Greece and vice-versa did not involve currency conversion. Similarly the currencies of Luxembourg and Belgium are at parity with each other.

3.1 Number of Transfers and Success Rate

In total 1,048 transfers in the main exercise were sent at the end of April. By the middle of July, 1,044 (99.6%) had successfully arrived. Of the four which failed to arrive, one was from Belgium to France which was returned to the sender after two attempts were made to deliver it, and the other three were still missing at the time of writing (mid-August). All three missing transfers are linked to a bank in Luxembourg, two transfers from banks in Greece and Portugal to Luxembourg, and one transfer from Luxembourg to the UK. In each case the sender bank is following up to check what has happened.

A summary of all the transfers sent and received is contained in figure 3.1.1 below.

Figure 3.1.1: Numbers of Transfers Sent and Received (Main Exercise)

Country	Transfers sent	Transfers expected	Transfers that had arrived	Missing transfers
Belgium	64	64	64	0
Denmark	64	64	64	0
France	120	120	119*	0
Germany	120	120	120	0
Greece	64	64	64	0
Ireland	64	64	64	0
Italy	120	120	120	0
Luxembourg	64	64	62	2
Netherlands	64	64	64	0
Portugal	64	64	64	0
Spain	120	120	120	0
UK	120	120	119	1
Total	1,048	1,048	1,044	3

* one transfer from Belgium to France was returned to the sender and is therefore not missing

One of the transfers from the UK to Greece arrived as a local currency (not sterling) cheque which could not be paid into the foreign currency account. It has not therefore been included in the analysis of time.

This was not the only case of a cheque being sent (despite a specific request for an account to account transfer) although in all other cases the cheque was in the same currency as the receiver's account, so the cheque could be paid into the account. One of the banks in Luxembourg sent cheques to France and the UK for example, and as well as the local currency cheque, another of the transfers to Greece arrived as a cheque. Under these circumstances the data has been included for analysis, in terms of the date the funds were available.

In the control exercise, each of 12 senders (one in each member state) sent one transfer to each other member country, 132 transfers were sent in mid-May. All had arrived by the time of writing of the report.

Figure 3.1.2: Numbers of Transfers Sent and Received (Control Sample)

Country	Transfers sent	Transfers expected	Transfers that had arrived	Missing transfers
Belgium	11	11	11	0
Denmark	11	11	11	0
France	11	11	11	0
Germany	11	11	11	0
Greece	11	11	11	0
Ireland	11	11	11	0
Italy	11	11	11	0
Luxembourg	11	11	11	0
Netherlands	11	11	11	0
Portugal	11	11	11	0
Spain	11	11	11	0
UK	11	11	11	0
Total	132	132	132	0

3.2 Time for Transfers

The time a transfer takes to arrive can be measured in several ways. That which seems most appropriate and corresponds to common sense is the time from the date the sender asks the transfer to be sent to the date the money is available to be spent by the beneficiary. This is called *total time* in the report.

The second measure used in this report is the time from the date the sender's account was debited to the time the transfer was value dated to the beneficiary's account. This is called *value time*. This measure represents the time during which the funds being sent are out of the hands of the customers and in the hands of the banks.

From the customer's point of view, the *total time* is the more meaningful measure, representing the time from when instructions are given to when the money is credited to the beneficiary's account and can be used. It was calculated as the time in working days between the date the transfer was authorised to be sent and the day when the transfer was value dated to the receiver's account. Corrections were made for bank holidays as described in the section on methodology (see section 3.2).

This measure is more complicated to interpret than might appear at first sight because of different banking practices in different countries. For example in the Netherlands, debits are generally value dated one day before and credits are value dated one day after the transaction date; in the UK transfers from abroad are usually value dated the day they are entered on the account (in contrast to domestic cheques which are generally value dated three or four days after being paid in). However, using the rules adopted provides a straightforward and meaningful picture across the range of countries.

Transfers took on average 4.79 days in *total time* and 2.86 days in *value time*. The most frequently occurring time (the mode) was 3 days in both cases; the median time (the time for the middle transfer to arrive when all transfers are arranged in ascending sequence) was 4 days for the total time and 3 days for the value time.

Several banks (for nearly 9% of transactions) value dated incoming transfers earlier than the date they were entered onto the statement; this was particularly true where transfers took a long time to arrive. This value date was often based on the date of authorisation for sending the transfer. Thus, if the sender bank delayed in debiting the sender account, this method of calculation could lead to a negative number. This explains the negative time of -5 in the table below. To this degree, the *total time* (as calculated) underestimates the actual time it takes for money to arrive, because the funds had not arrived by the value date and were therefore not actually available.

Figure 3.2.1: Measures of Time for Transfers to Arrive (in working days*)

Measures	Total time	Value time
Average	4.79	2.86
Mode	3	3
Median	4	3
Minimum	0	-5
Maximum	21	21
Standard Deviation	3.14	2.07

* Working days were taken as Monday to Friday. In some countries banks operate on Saturday, for at least part of the day. However to provide a uniform definition, it was assumed that there were five working days in a week in all countries.

For the remainder of this section the report discusses the results for *total time*. (equivalent analysis for *value time* is given in Annex A).

There was a range of total time from zero days (i.e. the transfer was authorised and value dated on the same day) to 21 days as shown in Figure 3.2.2. However both were infrequent occurrences. Nearly 75% of transfers arrived within a week (5 working days), and 95% within two weeks.

Figure 3.2.2: Total Transfer Time (from authorisation to value date)

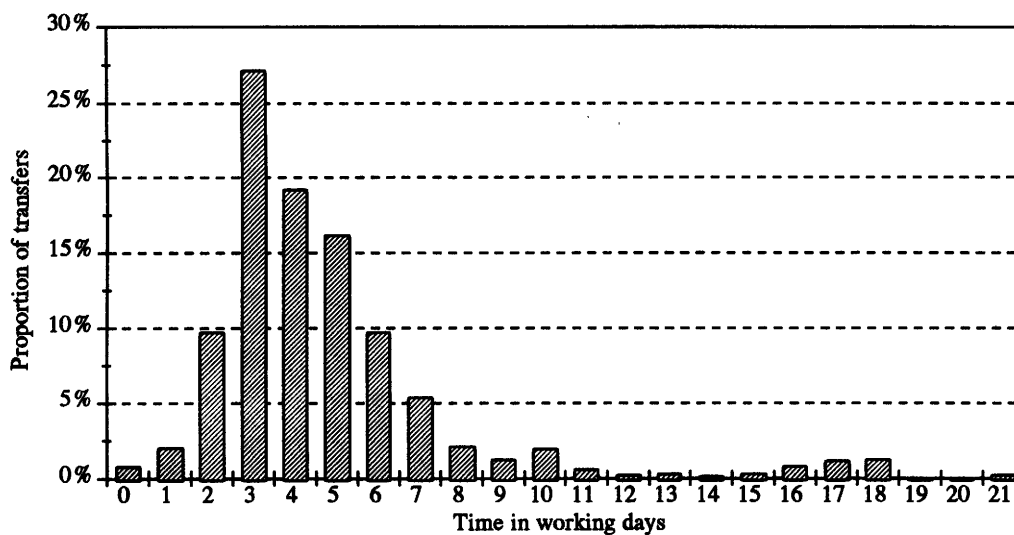


Figure 3.2.3: Total Time for Transfers to Arrive: Detailed Frequency (in working days)

Number of Days	Frequency	%	Cumulative %
0	8	0.8%	0.8%
1	21	2.0%	2.8%
2	101	9.7%	12.5%
3	283	27.1%	39.6%
4	200	19.2%	58.8%
5	168	16.1%	74.9%
6	101	9.7%	84.6%
7	56	5.4%	89.9%
8	22	2.1%	92.0%
9	13	1.2%	93.3%
10	20	1.9%	95.2%
11	6	0.6%	95.8%
12	2	0.2%	96.0%
13	3	0.3%	96.3%
14	1	0.1%	96.4%
15	3	0.3%	96.6%
16	8	0.8%	97.4%
17	12	1.2%	98.6%
18	13	1.2%	99.8%
19	0	0.0%	99.8%
20	0	0.0%	99.8%
21	2	0.2%	100.0%
	1,043		

Figure 3.2.4: Total Time for Transfers to Arrive: Frequency (in working days)

Number of days	Frequency	Proportion	Cumulative Proportion
0	8	0.8%	0.8%
1-5	773	74.1%	74.9%
6-10	212	20.3%	95.2%
11-15	15	1.4%	96.6%
16-20	33	3.2%	99.8%
21+	2	0.2%	100.0%
Total	1,043	100.0%	

3.2.1 Transfer Times by Country

Each country has two perspectives from which it can view the time international transfers take to arrive:

- how long it takes for outgoing transfers to arrive: the sender perspective;
- how long it takes for incoming transfers to arrive: the receiver perspective.

By contrasting the two perspectives it should be possible to see whether one country is particularly effective at expediting transfers (a low sender time) or another country causes transfers coming into it to be slowed down (a high receiver time).

Figures 3.2.5 and 3.2.6 overleaf show the results from the sender and receiver perspectives. The United Kingdom was fastest, both in terms of the speed of arrival of the transfers it sent and those it received, with an average of 3.0 days and 4.1 days respectively.

In terms of receiving transfers Ireland ranked second (4.2 days), but on transfers sent it ranked only eleventh (7.0 days). The Netherlands was the third fastest for receiving transfers, an average 4.3 days which was the same it took on average for transfers sent from that country. The slowest countries in terms of receiving transfers were Portugal (7.8 days), Luxembourg (5.5 days) and Spain (5.0 days).

For sending transfers Belgium was the second fastest, after the UK, with an average of 3.9 days; Denmark and Greece, with 4.0, and 4.1 days respectively, were the next fastest. The slowest countries for sending transfers were Italy (8.2 days), Ireland (7.0 days) and Portugal (5.1 days).

Combining the two times by averaging the rankings put the United Kingdom fastest overall, followed by Greece, Denmark and the Netherlands; slowest were Portugal, Italy and Luxembourg.

An alternative method of combining the sender and receiver results is to add the sender and receiver times. This makes only a slight difference to the rankings; the UK remains at the top, but Ireland drops from 6th equal to 10th. At the bottom, Italy and Portugal exchange places, so that Italy goes last.

Figures 3.2.7 and 3.2.8 show the minimum, average and maximum (in terms of total time) for sending and receiving transfers from each country. There was significantly more variation in the average sender times between countries, than between the times for receiver countries.

Figure 3.2.5: Total Time by Sender Country
(minimum, maximum and average ranking in brackets)

Country	Total by Sender		
	Minimum	Average	Maximum
Belgium	0	3.90 (2)	21
Denmark	0	3.95 (3)	7
France	1	4.69 (9)	17
Germany	1	4.24 (6)	13
Greece	0	4.05 (4)	15
Ireland	1	6.95 (11)	16
Italy	1	8.22 (12)	21
Luxembourg	1	4.59 (8)	17
Netherlands	0	4.27 (7)	17
Portugal	1	5.10 (10)	9
Spain	1	4.20 (5)	10
UK	0	2.98 (1)	6

Figure 3.2.6: Total Time by Receiver Country
(minimum, maximum and average ranking in brackets)

Country	Total by Receiver		
	Minimum	Average	Maximum
Belgium	1	4.75 (8)	18
Denmark	1	4.52 (6)	16
France	0	4.34 (4)	17
Germany	0	4.69 (7)	18
Greece	0	4.41 (5)	16
Ireland	1	4.17 (2)	18
Italy	2	4.91 (9)	13
Luxembourg	2	5.47 (11)	18
Netherlands	2	4.31 (3)	16
Portugal	3	7.77 (12)	21
Spain	1	4.96 (10)	18
UK	0	4.08 (1)	18

Figure 3.2.7: Total Time by Sender Country (from authorisation to value date)

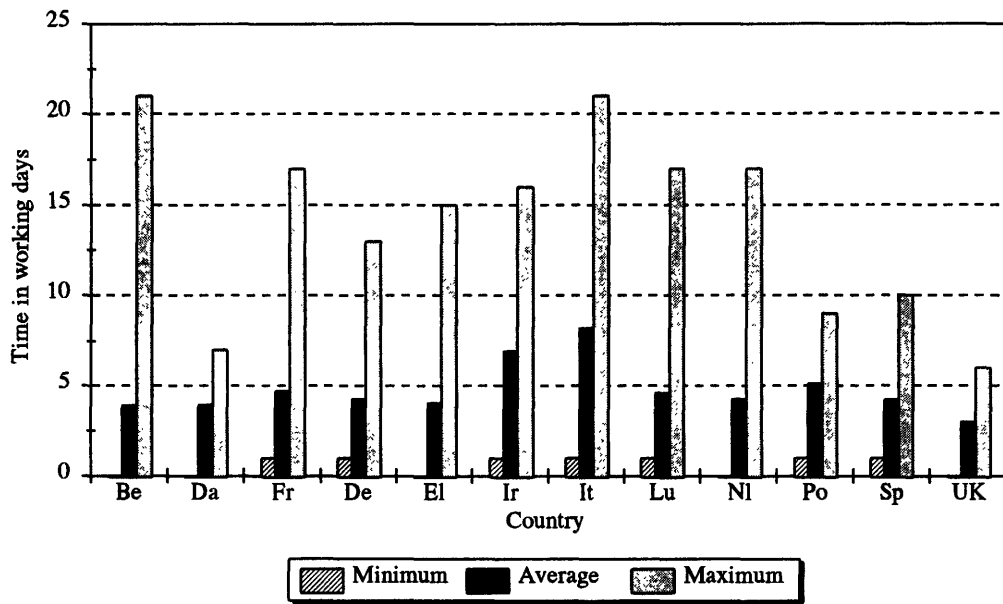
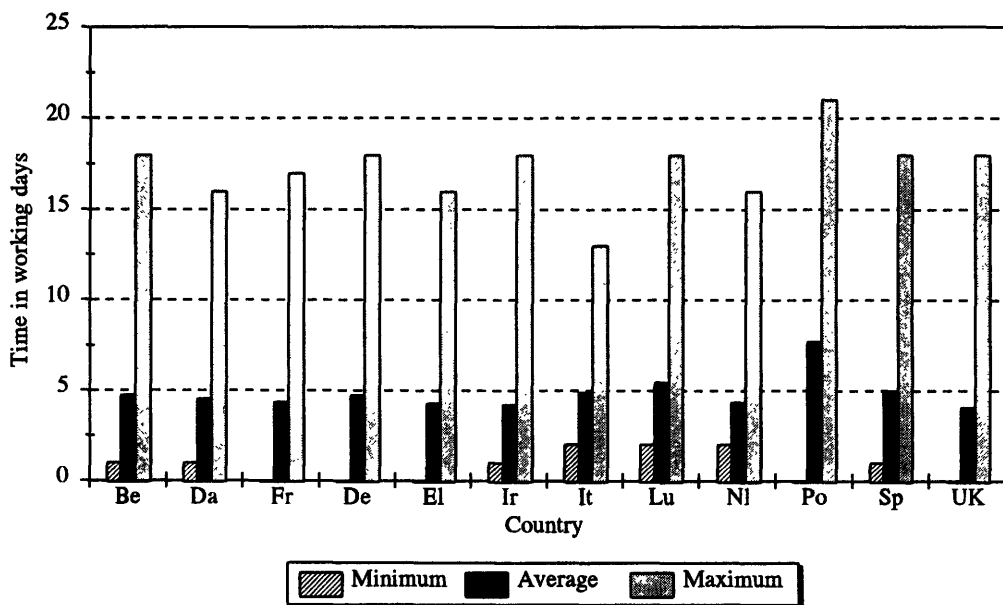


Figure 3.2.8: Total Time by Receiver Country (from authorisation to value date)



3.3 Cost of Transfers

The cost of a transfer contained four elements:

- the explicit sender charges;
- an implicit foreign exchange cost;
- any costs charged to the receiver;
- the loss of use of money while the funds were in transit.

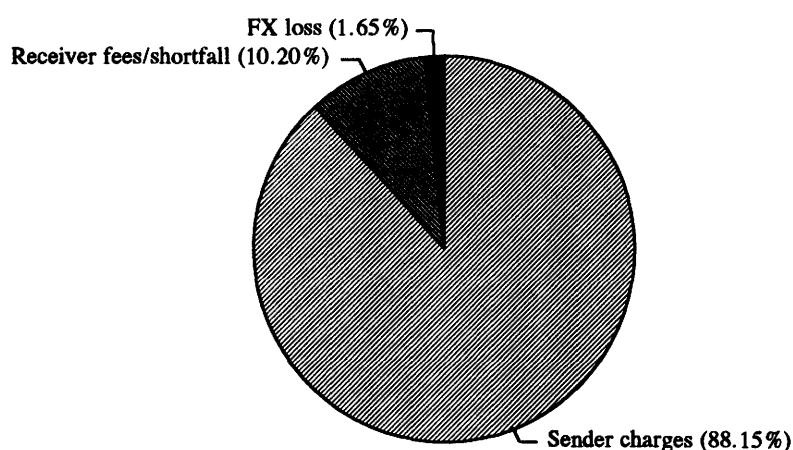
This section first discusses the total cost of transfers; then the elements are considered individually: first the explicit sender charges, then the implicit foreign exchange costs and finally the shortfalls and charges to receivers.

The loss of use of money (the customer “float” loss with the equivalent bank “float” gain) represented a small cost in transfers of 100 ECU – 0.05% or 0.05 ECU on average (given an average value time of 2.9 days (see section 3.2) and assuming an interest rate of 6%). Given that this was a tiny proportion of total costs for all transfers in the exercise, this element of cost is not included in the remainder of this section.

3.3.1 Total Transfer Costs

Although the explicit sender charges accounted for most of the costs of the transfers, there were also other costs, in particular charges to receivers, unexplained shortfalls in the amounts received and implicit foreign exchange costs. The total of all these elements resulted in a total cost for a transfer of 25.4 ECU on average. 88% of this was made up of the explicit sender fees, 10% was shortfall or charges to the receiver and close to 2% was due to the implicit foreign exchange margin. Thus total charges were about one seventh higher than simply explicit sender charges.

**Figure 3.3.1: Total Transfer Costs
(elements of total costs)**



Transfers from France were the most expensive, an average of 33 ECU, with transfers from the UK and Greece following closely. Transfers from Germany, Portugal and Ireland cost about 27 ECU. Four countries were in the range between 20 ECU and 23 ECU while transfers from Luxembourg and the Netherlands proved cheapest at 15 ECU and 19 ECU respectively.

Not only did sender charges account for most of the total cost, they also accounted for most of the variation between countries. The difference between the pattern of sender charges and the pattern of total charges was slight, apart from transfers from Greece, Spain and Ireland which became significantly more expensive once receiver fees/shortfalls and foreign exchange losses were included.

Figure 3.3.2: Total Transfer Costs by Type of Cost and Sender Country (average cost in ECU)

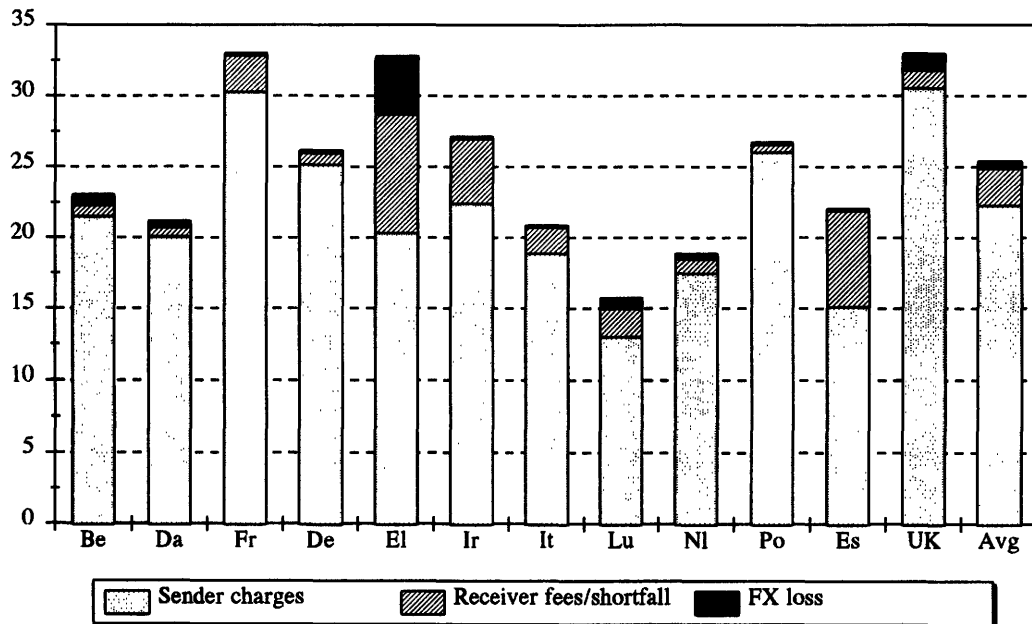


Figure 3.3.3: Total Transfer Costs by Type of Cost and Sender Country
(average cost in ECU, rankings in brackets*)

Country	Explicit sender charges	Receiver deductions	Sender charges (foreign exchange margin)	Total transfer charges
Belgium	21.62 (7)	0.67 (2)	0.78 (10)	23.06 (6)
Denmark	20.11 (5)	0.69 (3)	0.39 (8)	21.19 (14)
France	30.33 (11)	2.56 (9)	0.12 (2)	33.01 (12)
Germany	25.20 (9)	0.75 (4)	0.21 (6)	26.16 (7)
Greece	20.41 (6)	8.37 (12)	4.01 (12)	32.78 (10)
Ireland	22.42 (8)	4.59 (11)	0.12 (2)	27.13 (9)
Italy	18.91 (4)	1.87 (6)	0.10 (1)	20.88 (3)
Luxembourg	13.05 (1)	2.02 (8)	0.67 (9)	15.75 (1)
Netherlands	17.53 (3)	1.01 (6)	0.30 (7)	18.84 (2)
Portugal	26.18 (10)	0.43 (1)	0.13 (4)	26.75 (8)
Spain	15.20 (2)	6.69 (10)	0.15 (5)	22.04 (5)
United Kingdom	30.57 (12)	1.27 (7)	1.14 (11)	32.99 (11)
EU Average	22.39	2.59	0.42	25.41

* 1 is cheapest, 12 most expensive

3.3.2 Sender Charges

The sender fees were often divided into different elements (commission, transaction and other types of fees). However, while there was some consistency in the structure of charges within countries, there was little between countries. These differences seemed to be attributable to a variety of factors such as historical practices and taxation rules. These aspects are discussed more fully in the corresponding section of the market research because that exercise considered a far larger number of examples.

Sender charges ranged from zero to 77 ECU. The zero fee (two instances) and other lowest charges were for transfers between Luxembourg and Belgium (all below 5 ECU); the most expensive were from a bank in Portugal which charged 77 ECU for a transfer to Greece, and two transfers from France to Spain which were also charged over 70 ECU. The average explicit sender charge was ECU 22.39, the median was just below this at ECU 21.78 and the mode (in 1 ECU bands) was at 24 ECU with peaks in the distribution also at 13 ECU and 16 ECU.

Figure 3.3.4: Measures of Explicit Sender Fees

Measure	ECU per transfer
Average	22.39
Mode	24.00
Median	21.78
Minimum	0.00
Maximum	77.32
Standard Deviation	9.43

About a fifth of all explicit sender fees were between 10 and 15 ECU, 40% were between 15 and 25 ECU; over 28% between 25 ECU and 35 ECU. Nearly one transfer in twelve cost more than 35 ECU in explicit sender charges.

Figure 3.3.5: Explicit Sender Fees by Proportion in Value Ranges (in ECU)

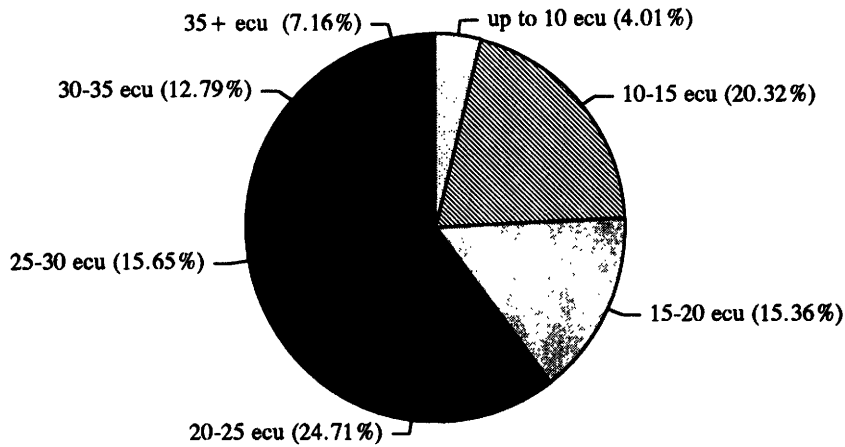
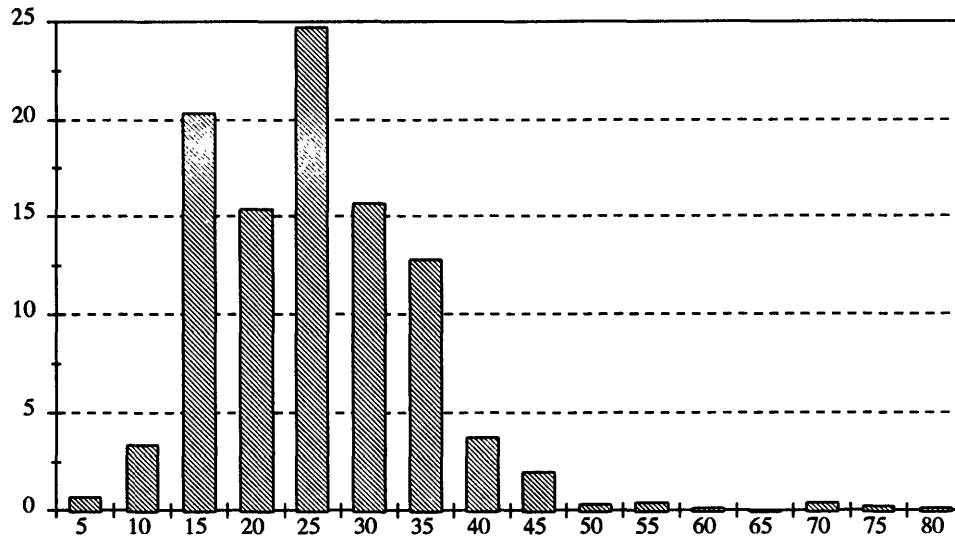


Figure 3.3.6: Explicit Sender Fees: Frequency Distribution

Sender charge (ECU)	Frequency	Proportion	Cumulative Proportion
5	7	0.67%	0.67%
10	35	3.34%	4.01%
15	213	20.32%	24.33%
20	161	15.36%	39.69%
25	259	24.71%	64.41%
30	164	15.65%	80.06%
35	134	12.79%	92.84%
40	39	3.72%	96.56%
45	21	2.00%	98.57%
50	3	0.29%	98.85%
55	4	0.38%	99.24%
60	1	0.10%	99.33%
65	0	0.00%	99.33%
70	4	0.38%	99.71%
75	2	0.19%	99.90%
80	1	0.10%	100.00%
Total	1,048	100.00%	

Figure 3.3.7: Explicit Sender Fees by Value Range
(proportion of transfers in each 5 ECU value range)



3.3.2.1 SENDER CHARGES BY COUNTRY

There were large variations between countries in the level of sender fees. Charges in the UK and France were higher than those in other countries, averaging above 30 ECU; Germany and Portugal were above 25 ECU; while Belgium, Denmark, Greece and Ireland averaged about 20 ECU. Other countries were cheaper, with Luxembourg cheapest, averaging explicit sender charges of 13 ECU.

Figure 3.3.8: Average Explicit Sender Fees by Country
(cost per transfer in ECU and local currency)

Country	Sender cost (in ECU)	Sender cost (in local currency)	Country ranking*
Belgium	21.62	BEF 859.70	7
Denmark	20.11	DKK 152.50	5
France	30.33	FRF 201.10	11
Germany	25.20	DEM 48.64	9
Greece	20.41	GRD 5,872	6
Ireland	22.42	IEP 17.75	8
Italy	18.91	ITL 34,964	4
Luxembourg	13.05	BEF 518.90	1
Netherlands	17.53	NEG 38.05	3
Portugal	26.18	PTE 5,186	10
Spain	15.20	ESB 2,392	2
United Kingdom	30.57	GBP 23.56	12
EU Average	22.39		

* 1 is cheapest, 12 most expensive

Most individual senders were charged the same amount, at least initially, for transfers to different countries apart from some banks which added to the initial fixed fee different amounts to cover differing beneficiary charges for different destinations. In a few cases the cost was particularly low reflecting local pairings for which transfers were especially cheap (e.g. Belgium/Luxembourg and UK/Ireland).

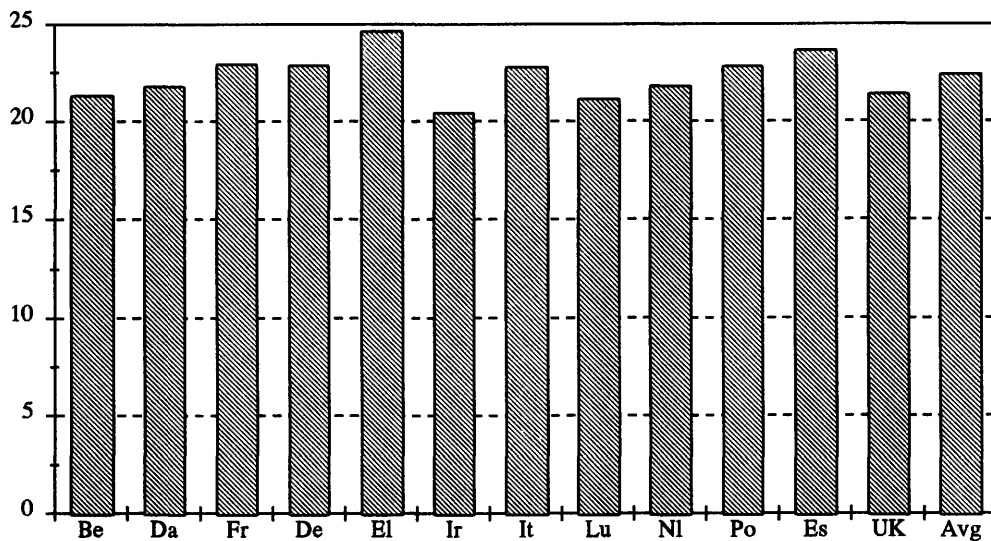
Extra fees sometimes did arise subsequently as the beneficiary charges were passed back on the sender. This occurred for 14% of transfers. These subsequent charges arrived up to two months later (and some banks warned that such charges might be levied up to three months after the transfer) and varied considerably in amount. In some cases this subsequent fee was substantial, half being over 10 ECU and the maximum being 43 ECU (for a transfer from France to Spain).

On the other hand, some banks never put through any subsequent charges (presumably covering beneficiary charges in their initial fees); others said they would make additional charges only if the beneficiary bank charges were higher than allowed for, while other banks put through numerous subsequent charges.

Apart from the particular pairings mentioned previously, the destination country had relatively little effect on the cost of transfers from an individual bank. This is clearly demonstrated by the analysis by receiving country of sender fees (Figure 3.3.9). All countries are within a close band of 20 to 25 ECU, reflecting the averaging effect of combining a "basket" of transfers from all other member countries.

This shows that almost all the differences in charging levels are attributable to differences in the sender country. Nevertheless Greece and Spain were, on average, slightly more expensive destinations while the UK, Ireland, Luxembourg and Belgium were slightly cheaper.

**Figure 3.3.9: Explicit Sender Fees by Receiver Country
(in ECU)**



3.3.3 Implicit Foreign Exchange Margins

Senders asked their banks to send money in the beneficiary's currency. Therefore, as well as any explicit foreign exchange charges, there was an implicit foreign exchange cost to the sender unless the bank charged no margin and gave a "perfect" exchange rate (a "perfect" exchange rate, with no loss to the customer, would be if the customer could change local currency into foreign currency and then change it back again without losing any money).

In practice, banks generally charged a margin on top of the margin contained in the foreign exchange markets. The question therefore was, how fine was the margin given by the bank to the sender, especially bearing in mind that many banks had already charged explicitly for the foreign exchange aspect of the transaction.

Assessing this margin requires knowledge of the foreign exchange market rates on the relevant day. Customers do not generally have this knowledge and banks were almost universally vague when specifying the exact basis of the rate they used – "our normal foreign exchange rate" was the most usual reply.

The exercise evaluated how fine the rate actually was using the approach and the foreign exchange rates described in Section 2.3. The results are based on those transactions for which it was possible and appropriate to calculate the figure – for example transfers from Greece to UK, Belgium to Luxembourg, or vice-versa, were not included since no foreign exchange rates were involved.

The analysis showed that while 88% of transfers incurred an implicit foreign exchange loss, 12% gained. The average implicit exchange rate loss was 0.42%, with most losses between 0.1% and 0.3%. The maximum loss was nearly 5% and the maximum gain 2.5%. When customers gained compared to market rates this was presumably because the market had moved in their favour compared to the rates which the banks were using for these modest amounts. However this gain was mostly small; nearly one third of gainers benefited by 0.1% or less, and more than two thirds by 0.2% or less.

Figure 3.3.10: Measures of Implicit Foreign Exchange Margins

Measure	Sender's implicit percentage foreign exchange gain (+)/loss (-)
Average	-0.42 %
Mode	-0.29 %
Median	-0.24 %
Maximum Loss	-4.78 %
Maximum Gain	+2.50 %
Standard Deviation	0.68 %

Figure 3.3.11: Implicit Foreign Exchange Margins

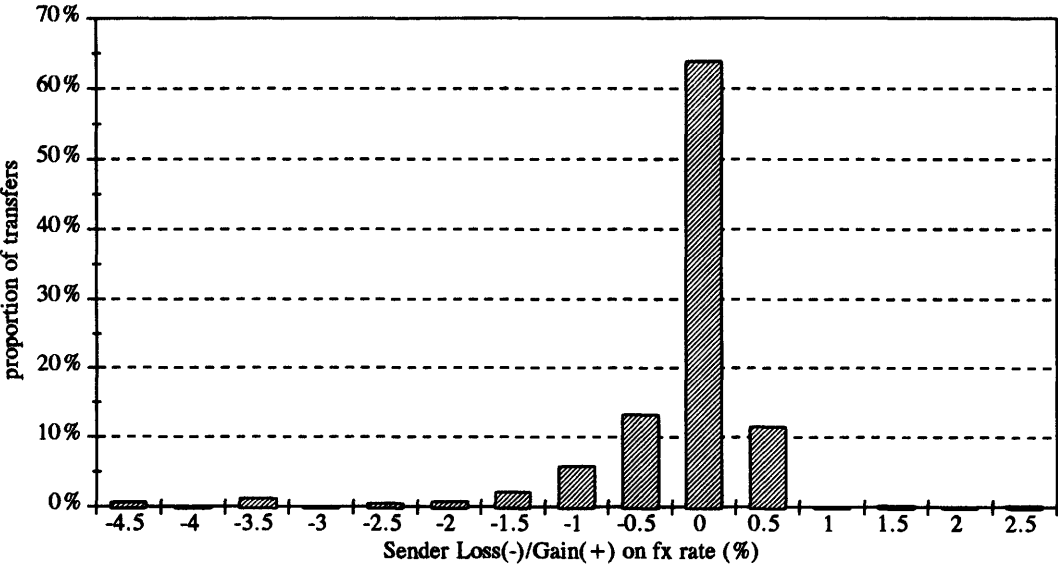


Figure 3.3.12: Implicit Foreign Exchange Margins

Margin	Frequency	Proportion	Cumulative Proportion
-4.5% or more loss	5	0.61%	0.61%
-4.0%	0	0.00%	0.61%
-3.5%	10	1.21%	1.82%
-3.0%	0	0.00%	1.82%
-2.5%	4	0.49%	2.31%
-2.0%	6	0.73%	3.03%
-1.5%	17	2.06%	5.10%
-1.0%	48	5.83%	10.92%
-0.5%	109	13.23%	24.15%
0.0%	526	63.83%	87.99%
0.5%	95	11.53%	99.51%
1.0%	0	0.00%	99.51%
1.5%	2	0.24%	99.76%
2.0%	0	0.00%	99.76%
2.5% or more gain	2	0.24%	100.00%
Total	824	100.00%	

Note: zero (0) range in the above figure covers more than -0.5% and less or equal to zero 0%

Although on average senders in all countries made a loss on implicit foreign exchange charges, there were country differences. The loss was by far the highest in Greece where it averaged just over 4%. The UK (1.14%), Belgium (0.78%), and Luxembourg (0.67%) were the only other countries with an average loss greater than 0.5%. Italy (0.10%), Ireland (0.12%) and France (0.12%) averaged the smallest losses. Bearing in mind that the equivalent margin between buy and sell rates in the money market is 0.05%, it can be seen that some banks offered extremely fine rates.

Figure 3.3.13: Implicit Foreign Exchange Loss by Sender Country

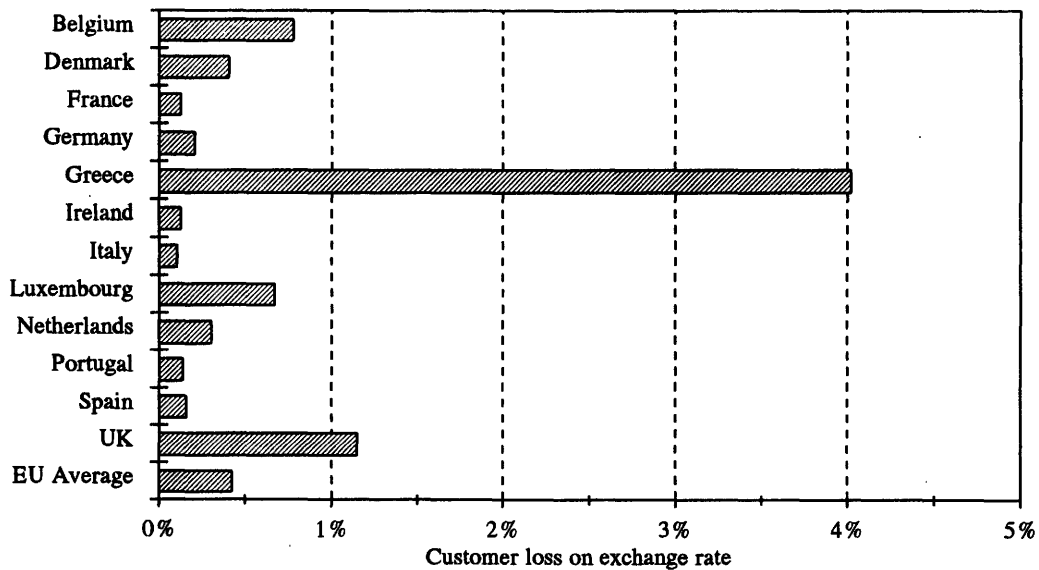


Figure 3.3.14: Implicit Foreign Exchange Loss by Sender Country

Country	Foreign exchange margin by sender country
Belgium	-0.78 %
Denmark	-0.39 %
France	-0.12 %
Germany	-0.21 %
Greece	-4.01 %
Ireland	-0.12 %
Italy	-0.10 %
Luxembourg	-0.67 %
Netherlands	-0.30 %
Portugal	-0.13 %
Spain	-0.15 %
United Kingdom	-1.14 %
EU Average	-0.42 %

3.3.4 Double Charging and Deductions

The instructions given by the senders were that they were to pay all the transfer costs and that the receiver should be credited with the full amount sent.

In practice, there was sometimes a shortfall between the amount expected to arrive and the amount that was actually credited, due to deductions occurring at some stage before the beneficiary was credited. "Deductions" are thus defined as any deduction made by a bank other than a sender bank, despite the instruction by the sender of a payment that he should bear all the charges associated with the payment, in order for the beneficiary to receive the full amount sent.

It is not possible on the basis of an exercise such as this to pin blame for the deductions on a particular party because the researchers are in the position of ordinary bank customers and do not have means of finding exactly where the errors occurred. Nevertheless the study provided patterns of results which pointed towards explanations which are discussed later in this section.

Certainly it cannot be assumed that it must have been the sending or the receiving bank that was to blame. It could be that neither was at fault and that a third party, such as a correspondent bank, acting against instructions, deducted money as its fees when handling the transfer.

3.3.4.1 FREQUENCY OF RECEIVER DEDUCTIONS

Over one third of transfers (36%) showed deductions compared to the amount expected to be credited. In 29% of cases the receiving bank explicitly stated that it had deducted a fee, in 3% of cases a correspondent fee was explicitly identified and stated by the receiving bank, and in 6% of cases there was a shortfall which was not explained by the explicit, identified deduction of fees. (These three percentage figures add up to more than 36% because in some cases there were both receiver charges and an unexplained deduction).

The maximum deduction was 45 ECU, for a transfer from Spain to Greece, nearly half the amount being transferred. This amount came on top of explicit sender charges of 13 ECU, giving a total cost of 58 ECU for sending and receiving that specific transfer. For those transfers where deductions occurred these deductions averaged 7.26 ECU, with a median of 5.54 ECU and a mode of 2 ECU (with another peak at 6 ECU). Averaged over all transfers that arrived, the deduction was 2.60 ECU.

**Figure 3.3.15: Frequency of Deductions
(proportion of all transfers)**

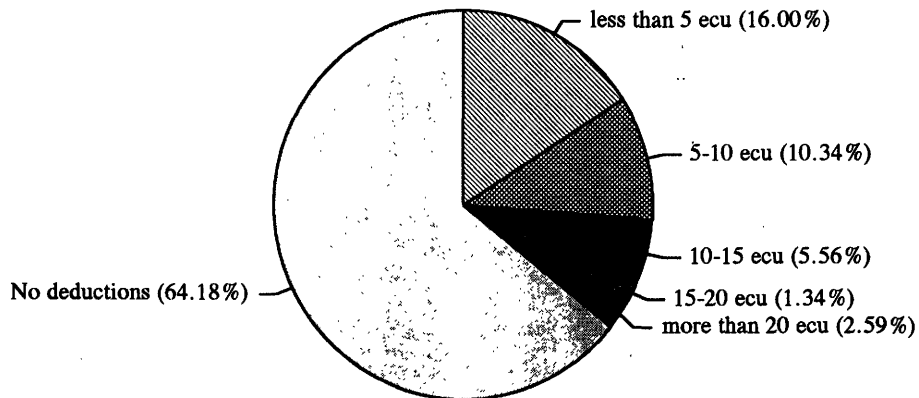


Figure 3.3.16: Deductions: Detailed Frequency in 5 ECU Ranges
(proportion of all transfers that arrived)

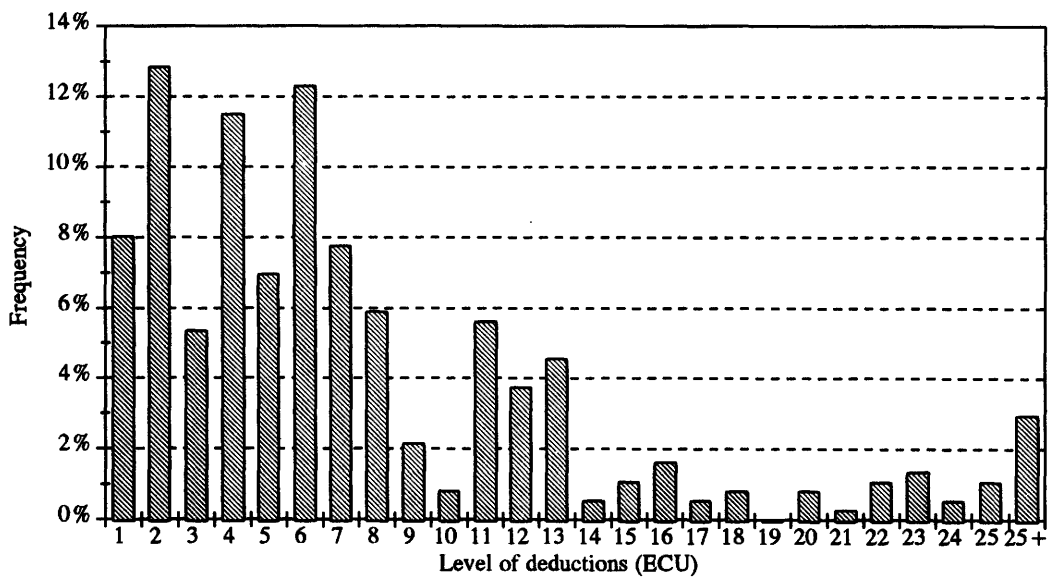
Deductions ECU	Frequency	Proportion	Cumulative proportion
5	167	16.00%	16.00%
10	108	10.34%	26.34%
15	58	5.56%	31.90%
20	14	1.34%	33.24%
25	16	1.53%	34.77%
30	5	0.48%	35.25%
35	3	0.29%	35.54%
40	2	0.19%	35.73%
40+	1	0.10%	35.82%
No Deductions:	670	64.18%	100.00%
Total transfers arrived	1,044	100.00%	

Of those incurring a deduction:

- in 45% of cases this was less than 5 ECU;
- in 29% of cases this was between 5 and 10 ECU;
- in 19% of cases this was between 10 and 20 ECU; and
- in 7% of cases this was above 20 ECU.

Thus although in most cases the deduction was far less than the sender charges, often it still was a significant amount and in a some cases was more than the sender fee.

Figure 3.3.17: Level of Deductions in 1 ECU Ranges
(proportion of all transfers that had deductions)



How and why did these deductions occur? The reasons were not clearcut, and no single cause was evident.

The pattern of deductions was complex. The results again showed that:

- deductions occurred for transfers originating in all member states;
- deductions occurred for transfers received in all member states;
- no sender country had all its transfers arriving with a shortfall or deductions;
- no receiver country saw a shortfall or imposed a fee on all transfers it received.

Thus since every country showed deductions sometimes but not always, deductions could not be attributed to banking practices confined to one or more particular countries.

Were the deductions therefore due to failures by individual banks? In contrast to the similar study of 1993, there did appear to be a far clearer pattern in respect of individual senders.

- Nine senders had three quarters or more of their transfers arriving reduced by a receiver fee or other deductions – four sender banks in Spain, two sender banks in Greece (i.e. all of the sender banks in these countries) and one each from France, Ireland and Italy. The French sender gave his bank written and verbal instructions that he wished to pay all charges and was never given any indication that this instruction would not be followed; a similar situation applied to one of the Spanish senders. In the other cases the senders gave their bank the instruction verbally, and stressed the point asking whether the bank was sure that the receiver would bear no charges – this assurance was given in all cases, but with varying degrees of confidence.³
- Four receiving banks levied a standard fee on every transfer they received – three banks in Italy and one in Spain (the fourth receiver bank in Italy did not make any such universal charge). The amounts charged were ECU 0.15, ECU 1.08, ECU 5.41 and ECU 1.59 respectively. In addition to these amounts the Italian banks levied extra fees or there were shortfalls in some cases.
- Out of the whole sample of receiving banks, only one (in Belgium) credited the full amount from every sender.

³ One Greek bank and one Spanish bank explained at the outset that they could not guarantee that there would be no receiver fee – the Greek bank suggested including extra money in the transfer to cover this contingency. The Spanish bank explained that their systems were being updated and currently it could not carry the relevant instruction. In all other cases the sender was assured that the full amount would be credited.

Figure 3.3.18: Analysis of Deductions

	Number arrived	Proportion arrived	Deductions	No shortfall
Apparent incorrect sender bank instructions - fee/shortfall	222	21.26%	222	
Standard receiver fee	78	7.47%	78	
Standard receiver fee plus unexplained receiver fee/shortfall	13	1.25%	13	
Unexplained shortfall/double charge	61	5.84%	61	
No shortfall	670	64.17%		670
Total	1,044	100.00%	374	670
Proportion			35.8%	64.2%

In summary, it seems likely that incorrect sender bank instructions accounted for more than half of the transfers with deductions, 21% of the 36% with deductions (a further 5% of transfers from these sender banks were credited to the receiver in full without deductions).

Considering the remaining transfers, receiving banks which levied a standard fee on all incoming foreign payments accounted for a further 9% of the transfers sent – of these 1% had additional deductions beyond the standard fee.

This left 6% of the total number of transfers received which incurred a deduction which could be explained neither by the action of the sender bank giving the wrong instruction nor by the receiver bank imposing a standard fee, together with a further 1% (mentioned above) of transfers which incurred an unexplained deduction in addition to a standard receiver fee.

The unexplainable deductions averaged 7.39 ECU. While 80% of them were for 10 ECU or less, 9% were between 20 ECU and 30 ECU, and 1% (one case) was above 30 ECU.

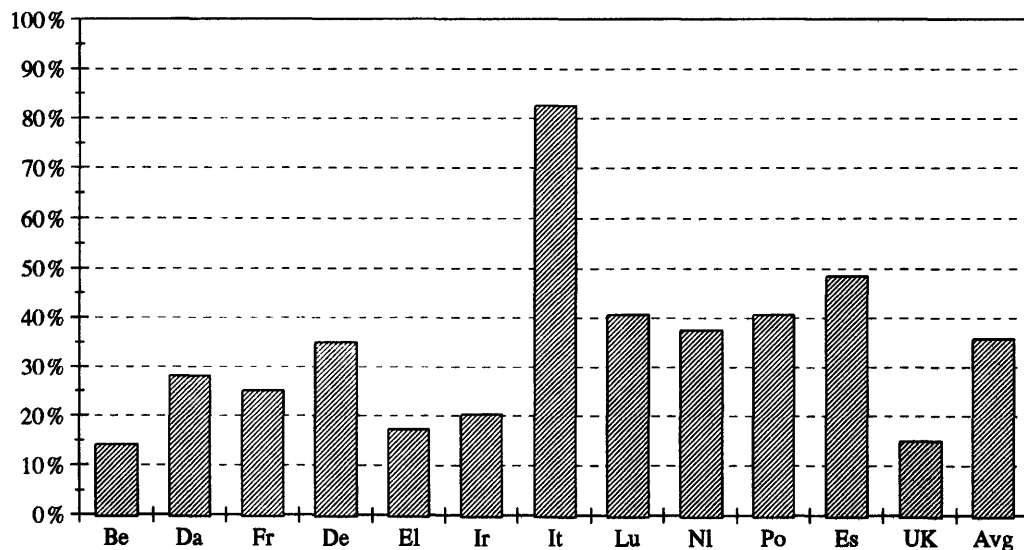
Thus an analysis of the causes of deductions suggests that:

- 59% (222 out of the 374) of these were probably caused by incorrect instructions from the sender bank;
- 21% (78 out of 374) were due to receiver banks levying a standard explicit charge on the receiver, regardless of the sender bank instructions. A further 3% (13 out of 374) also carried a standard unexplained deduction and these are included in the following category since they also had an unexplained deduction;
- 20% (74 (i.e. 13+61) out of 374) were caused by neither of the above causes and were unexplained deductions, possibly due to money being deducted by correspondent banks or because there was a failure somewhere to pass on the instruction that the sender was to bear all charges.

3.3.4.2 DEDUCTIONS ANALYSED BY RECEIVER COUNTRY

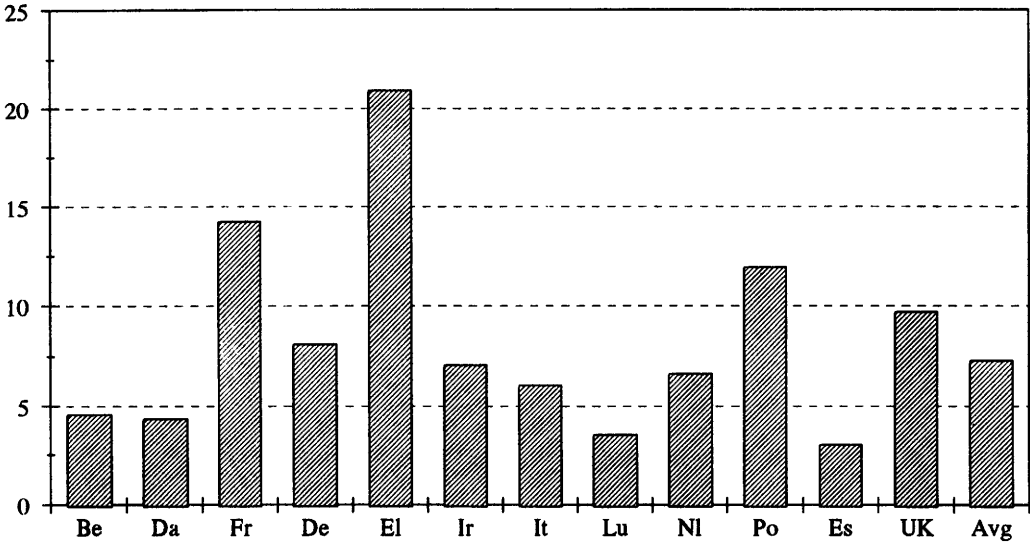
Deductions were particularly frequent for transfers received in Italy. They occurred above average in Spain, Portugal, Luxembourg and the Netherlands. They were relatively infrequent in Belgium, the UK, Greece and Ireland.

**Figure 3.3.19: Frequency of Deductions by Receiver Country
(proportion of transfers received that incurred deductions)**



Of those transfers with deductions the level averaged lowest in Spain (at 3 ECU) and well below average in Luxembourg, Denmark and Belgium (averaging between 3 and 5 ECU). The highest deductions were in Greece, averaging 21 ECU, followed by France at 14 ECU.

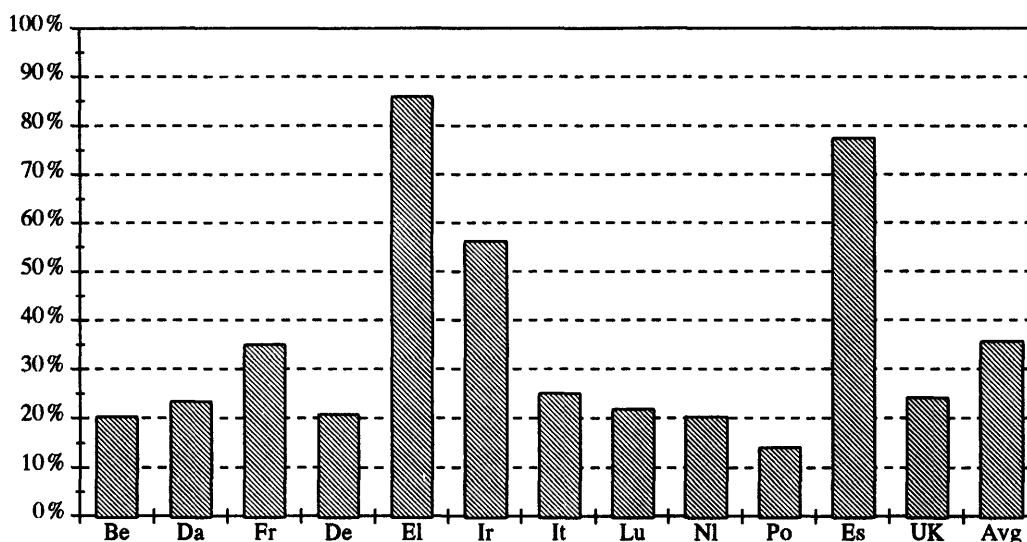
Figure 3.3.20: Level of Deductions by Receiver Country
(average for all transfers with a deduction, in ECU)



3.3.4.3 DEDUCTIONS ANALYSED BY SENDER COUNTRY

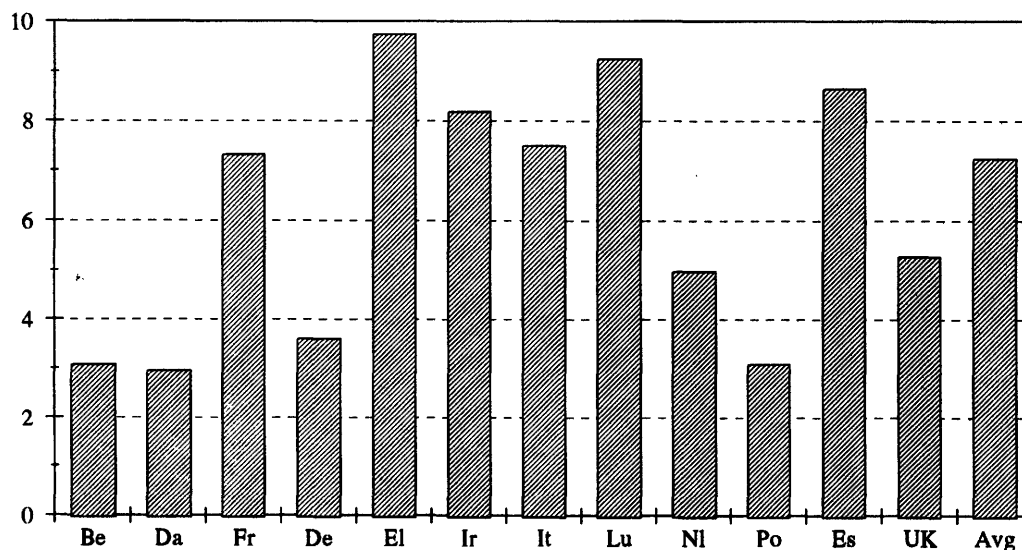
Transfers from Greece and Spain most frequently suffered deductions – more than three quarters of their transfers incurred a deduction. For all other countries about 20% of their transfers incurred deductions, except for Ireland (over 50%) and for France (35%).

**Figure 3.3.21: Frequency of Deductions by Sender Country
(proportion of transfers sent that incurred deductions)**



The highest deductions were found in transfers from Greece and Luxembourg, both averaging over 9 ECU. The lowest average deductions were found in transfers sent from Denmark, Belgium and Portugal, at about 3 ECU.

**Figure 3.3.22: Level of Deductions by Sender Country
(average for all transfers with a deduction, in ECU)**



3.4 Availability of Information to Senders

Senders were instructed to enquire about the availability of written information. This was quite independent of the market research exercise on transparency, the findings of which are described in Chapter Four.

3.4.1 Availability of Brochures

One third of senders were given brochures, or other types of printed information to take away. In several countries, Denmark, Greece, Spain, Italy, and Portugal, brochures were not available to senders, despite requests.

Staff generally gave verbal explanations, either instead of or to supplement the brochure information.

Figure 3.4.1: Availability of Brochures to Senders

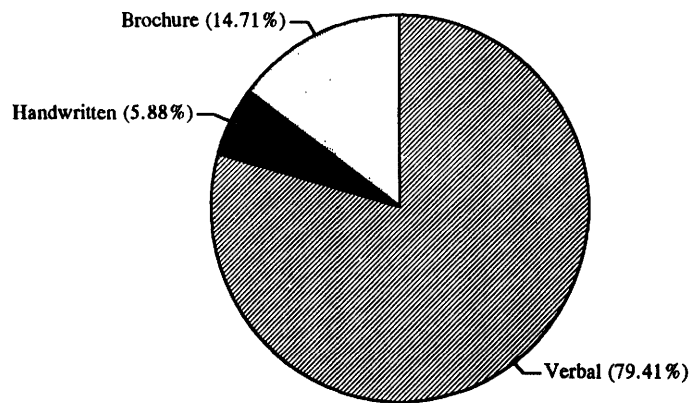
Country	Number of Senders	Brochure available	Brochure available (proportion)
Belgium	2	1	50%
Denmark	2	0	0%
France	4	1	25%
Germany	4	3	75%
Greece	2	0	0%
Ireland	2	1	50%
Italy	4	0	0%
Luxembourg	2	1	50%
Netherlands	2	1	50%
Portugal	2	0	0%
Spain	4	0	0%
UK	4	3	75%
Total	34	11	32%

3.4.2 Availability of Information on Options Cost and Time Transfers Take

3.4.2.1 AVAILABILITY OF INFORMATION ON TRANSFER OPTIONS

The majority of senders (79%) received only verbal information on transfer options. Brochures were provided in 15% of cases and handwritten information (sometimes copied from a brochure or bank manual) was given in 6% of cases.

Figure 3.4.2: Availability of Information to Senders on Transfer Options



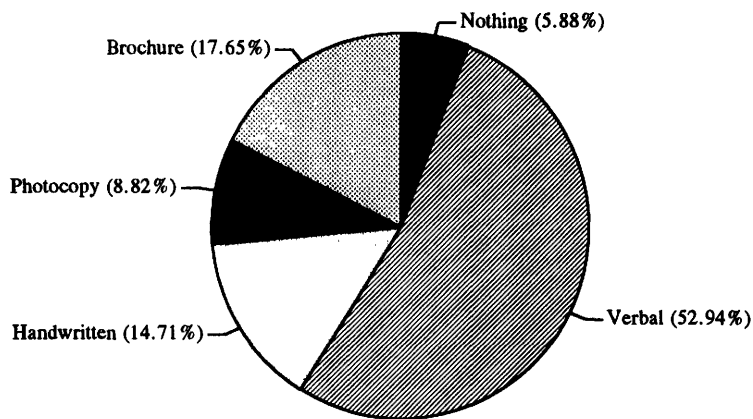
3.4.2.2 AVAILABILITY OF INFORMATION ON TRANSFER COSTS

Senders received printed information on costs, either in the form of a brochure or a photocopy in 26% of visits. Additionally, handwritten material was provided on a further 15% of occasions.

Where no written information was available, verbal quotes were given, amounting to just over half of the visits.

In two cases (6%), no quotes were given at all. One of the banks explained that the total costs depend on the destination country, and the other explained that a written request would have to be made.

Figure 3.4.3: Availability of Information to Senders on Transfer Costs



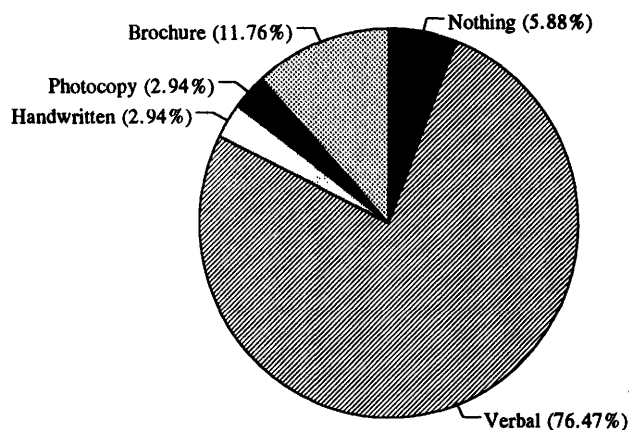
3.4.2.3 AVAILABILITY OF INFORMATION ON TRANSFER TIMES

Printed information about transfer times was provided in 15% of occasions (either in a brochure or a photocopy of relevant information). Handwritten information was given out in 3% of cases.

Senders received verbal information about times in 77% of cases.

No information about the length of time a transfer takes was given in two cases. One bank in Luxembourg referred the sender to the brochure provided, but this did not mention the time transfers take. Another bank, in Portugal advised the sender that making a transfer was the fastest way of sending money abroad, but did not give specific times.

Figure 3.4.4: Availability of Information to Senders on Transfer Times



3.5 Quality of Information

3.5.1 Quality of Brochures

The brochures and printed material were evaluated as in the market research exercise, according to scores that ranged from excellent (5), good (4), adequate (3), poor (2) to useless (1). Three aspects were evaluated:

- information given about transfer options;
- information given about transfer costs;
- information given about the time transfers take.

The same guidelines were used as in the market research exercise which covered a far larger selection of branches. (See Section 4.4 Quality of Brochures).

The overall average for brochure quality was 3.7, almost reaching the 'good' category. The brochures detailing the time transfers take scored the highest, with a 'good' rating (4.2). Costs fared the poorest, but still achieved above an 'adequate' rating.

However, the number of brochures analysed was very small, given that there were only 34 senders, and of these less than one third received a brochure.

Figure 3.5.1: Bank Brochure Quality Ratings

Aspect	Average score
Options	3.6
Cost	3.3
Time	4.2
EU Average	3.7

3.5.2 Competence and Helpfulness of Staff

Senders were asked to evaluate the competence of bank branch staff by rating their helpfulness and knowledgeability. Ratings ranged from excellent (5), good (4), adequate (3), poor (2) to useless (1). Four aspects were evaluated:

- information given about transfer options;
- information given about transfer costs;
- information given about the time transfers take;
- general helpfulness.

The results reflect the subjective views of senders and should therefore be regarded as indicative rather than absolute.

The mean scores were similar for all aspects. Helpfulness scored highest, rated midway between 'adequate' and 'good'. Information about costs and time both scored just above 'adequate' (3.2), and information about options was ranked lowest, scoring 'adequate' (3). The overall average was 3.2, just above 'adequate'.

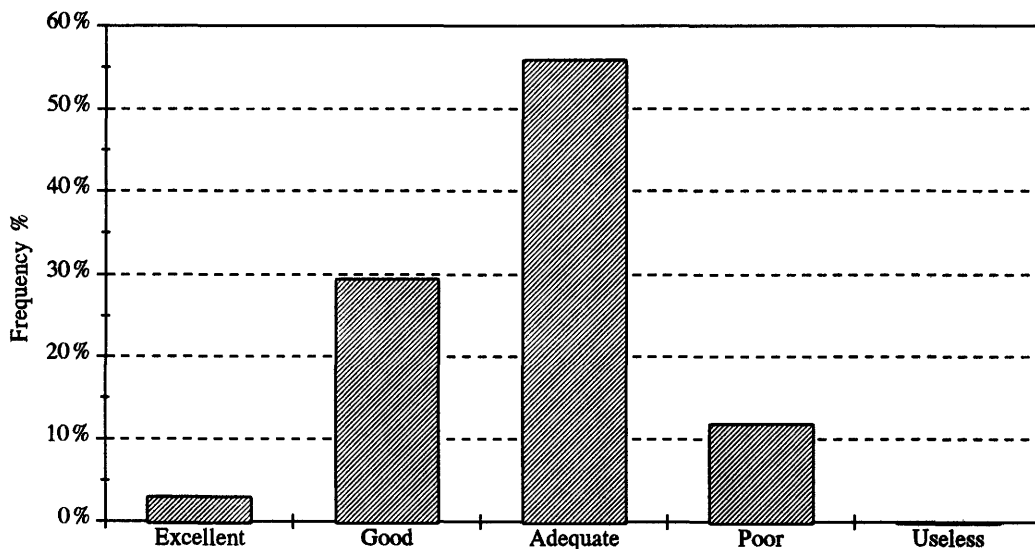
Figure 3.5.2: Bank Branch Staff Competence Ratings

Aspect	Average score
Options	3.0
Cost	3.2
Time	3.2
Helpfulness	3.5
EU Average	3.2

Only one bank scored consistently 'excellent' on all four aspects of information that was to be provided. No bank scored 'useless' on all aspects of information provision. The vast majority of branches were in the range of either 'good' (29%) or 'adequate' (56%).

As was found in the market research exercise, the quality of information provided appeared to depend on staff in the individual branches, rather than the type, size or location of the bank.

**Figure 3.5.3: Staff Overall Rating
(assessed by senders)**



Rating based on total score for all four elements:

excellent = total score on the four elements of between 18 and 20;

good = total score between 14 and 17;

adequate = total score between 11 and 13;

poor = total score between 7 and 10;

useless = total score between 4 and 6.

Treatment of customers with regard to completing the transfer forms varied. In several cases senders handed over a list and gave instructions for the bank to send the transfers.

Other senders were told that they would have to fill in the forms themselves. On two occasions senders were originally told that the bank would complete the forms, only to be informed at a later date that this was not possible, owing to the large number of transfers to be sent. Another sender was charged a total of 121 ECU by the bank for completing the forms. He had not been informed of this charge when enquiring at the bank originally, whether the bank would complete the forms. On two occasions when the bank completed the forms transfers were delayed considerably in leaving the sender account in one case by almost two weeks and in the other by three weeks.

One sender, in France, after asking the bank branch about how to send transfers, was told that no transfer forms existed. The sender was instructed to bring in the list and the bank would send this to the head office. However, a few hours after the sender deposited the list, the bank telephoned to say that it could not carry out so many transfers. The sender returned to the bank to try to resolve this, and was kept waiting for several hours, before the deputy manager was available. He explained that a private account holder was not entitled to send so many transfers, "It is against the law". Despite the sender's demand for an adequate reason, he failed to give any information in writing as to which law the bank would be breaking, but did say that he would turn a blind eye if personal cheques were sent instead. His last offer was to accompany the sender to the post office with the cash, and send international postal orders.

Bank staff sometimes took great care to ensure they were carrying out the sender's instructions. For example, one bank when questioned by the sender, forgot to mention a 13 ECU charge covering the beneficiary bank fees, levied when the sender elects to pay these costs. On receiving the transfer instructions, the bank contacted the sender to check whether the further charges would be acceptable.

Other banks also called to give the senders further information, or to inform them that there was a problem with one of the transfers and they were having difficulty tracing the beneficiary.

One bank in Italy treated the transfers as one single transaction and only made one charge for buying currency, rather than levying a charge on each transfer, which is standard practice.

3.6 Quality of Documentation of Transfers

The ability of customers to check the transfers they had sent and received, to see what was happening and what they were being charged, depended on the quality of documentation provided by the bank once the transfers had taken place.

3.6.1 Documentation of Sender Charges

The documentation of transfers for senders was generally of high quality. In nine of the twelve countries, information from all banks involved in the exercise was provided in the form of a separate advice slip, detailing the transaction.

In 94 % of transfers sender banks provided separate slips for each transfer sent. Most of the slips set out in detail the elements of the charges, the exchange rate used, the amounts being debited and the payee details. In some cases the slips were copies of the form completed by the sender with bank information added; in others they were completely new, machine printed documents.

Slips from no two banks were the same. They differed in how the information was laid out, in the quantity of non-accounting data, in paper size and quality, and in the degree of clarity and professionalism in how the information was presented.

One Irish bank failed to provide slips for the amounts debited from the account. The statement referred to a transaction number, as did the beneficiary charges which were debited a few days after the initial transfer debit. When the sender wrote to the bank to request further details, it supplied handwritten details of the exchange rate, the Irish bank charges, and the beneficiary charges that had been levied. However, the sender was told that the information was not normally given by the bank.

Figure 3.5.4: Type of Documentation Provided to Senders
(% of transfers sent)

Country	Advice slip	Information on statement	No information	Total
Belgium	100 %	0 %	0 %	100 %
Denmark	100 %	0 %	0 %	100 %
France	100 %	0 %	0 %	100 %
Germany	100 %	0 %	0 %	100 %
Greece	100 %	0 %	0 %	100 %
Ireland	50 %	0 %	50 %	100 %
Italy	100 %	0 %	0 %	100 %
Luxembourg	97 %	3 %	0 %	100 %
Netherlands	50 %	50 %	0 %	100 %
Portugal	100 %	0 %	0 %	100 %
Spain	100 %	0 %	0 %	100 %
UK	100 %	0 %	0 %	100 %
EU Average	94 %	3 %	3 %	100 %

Information in the slips and statements was analysed and categorised as follows:

- analysis of charges, the exchange rate charged, and details of the receiver;
- details of charges only;
- details of beneficiary only;
- no information.

87% of banks provided comprehensive details of the transfers sent, enabling easy identification for the sender. One bank in Greece provided a breakdown of the charges applied, but without details of to whom the payments were to be made. Another Greek bank provided adequate information about whom the transfer was destined for, but did not provide a cost analysis. One Irish bank initially failed to provide any sender details.

Figure 3.5.5: Quality of Information Provided to Senders

Country	Full breakdown of charges and beneficiary details	Details of charges only	Details of beneficiary only	No information	Total
Belgium	92 %	8 %	0 %	0 %	100 %
Denmark	100 %	0 %	0 %	0 %	100 %
France	100 %	0 %	0 %	0 %	100 %
Germany	100 %	0 %	0 %	0 %	100 %
Greece	0 %	50 %	50 %	0 %	100 %
Ireland	50 %	0 %	0 %	50 %	100 %
Italy	100 %	0 %	0 %	0 %	100 %
Luxembourg	100 %	0 %	0 %	0 %	100 %
Netherlands	100 %	0 %	0 %	0 %	100 %
Portugal	100 %	0 %	0 %	0 %	100 %
Spain	100 %	0 %	0 %	0 %	100 %
UK	100 %	0 %	0 %	0 %	100 %
EU Average	87 %	7 %	3 %	3 %	100 %

Problems arose with a few of the banks that debited receiver costs at a later date. Although the initial slips sent to the sender detailed full information (and thus scored full marks in the above table), some banks failed to give an explanation of receiver charges deducted. Most gave a bank transfer reference number, so that the charges could be assigned to a particular transfer. However, one bank failed to do so, making it impossible to assign the charges to a particular transfer. The sender has requested more information from the bank, but at the time of writing (mid-July) this had not been provided.

3.6.2 Documentation for Receiver

As with outgoing transfers, when information was sent to the beneficiary on a separate slip, there was likely to be a full explanation of the incoming transfer, any charges levied, and information about the sender. In 83% of cases there was a reference slip.

Some banks that did not provide a separate slip gave full details of the transfer, including the reference and the sender's name by way of a statement. In general however statements were less likely to contain good reference details than were the advice slips.

In 10% of cases there was no information, either as an advice slip or on the statement, to enable the transfer to be identified.

Figure 3.6.1: Type of Receiver Documentation

Country	Advice slip	Information on statement	No information	Total
Belgium	98%	2%	0%	100%
Denmark	100%	0%	0%	100%
France	57%	18%	25%	100%
Germany	73%	26%	2%	100%
Greece	89%	0%	11%	100%
Ireland	81%	5%	14%	100%
Italy	82%	0%	18%	100%
Luxembourg	52%	48%	0%	100%
Netherlands	88%	13%	0%	100%
Portugal	73%	0%	27%	100%
Spain	96%	3%	2%	100%
UK	55%	29%	15%	100%
EU Average	77%	13%	10%	100%

Receivers needed to know from whom they received money and the purpose of the transfer. With this aim in mind instructions given to sender banks stated that all transfers sent should contain an eight character, alpha-numeric reference which was to be quoted in the transfer. Therefore, banks should have provided receivers with information containing this reference.

In 77% of cases the reference or part of the reference (enabling the sender to be recognised) reached the beneficiary. In a further 12% of cases although the reference was missing, there was enough information about the sender bank (or the sender's name) to identify from which bank the transfer had been sent. However this could have caused confusion if the sender had made more than one transfer to the same beneficiary.

It was common for banks to send advice slips for some of the transfers that took place, but not for all of them. Often when no advice slip was given, the details on the statement were more complete than when an advice slip was provided. However, in some instances there was no information on the statement either. Thus, while the occasional bank provided uniformly poor information, more common was the situation where the receiver bank transmitted the reference correctly in most but not all cases.

In 10% of transfers, the information accompanying the payment was totally uninformative and it required a process of elimination and deduction, making use of the sender and receiver information to identify the source of the payment.

Poor receiver reference information did not appear to be attributable to the sender bank failing to provide the reference number since in Belgium and Denmark all receiver slips contained the reference – in full in 95% of cases and virtually complete in the remainder – indicating that information from all senders was originally correct.

At the other extreme, one beneficiary in France had virtually no information provided. Portugal, Italy and the UK all had a significant number of incoming transfers with poor quality information.

Figure 3.6.2: Receiver Reference Quality by Country
(proportion of transfers)

Country	Full reference given	Partial reference + sender bank details	Partial reference with mis-type	Details of sender bank	No details of sender	Total
Belgium	95%	5%	0%	0%	0%	100%
Denmark	95%	3%	2%	0%	0%	100%
France	53%	5%	0%	16%	26%	100%
Germany	83%	5%	3%	8%	2%	100%
Greece	56%	28%	2%	3%	11%	100%
Ireland	77%	6%	0%	3%	14%	100%
Italy	77%	5%	0%	0%	18%	100%
Luxembourg	89%	6%	2%	3%	0%	100%
Netherlands	70%	8%	0%	22%	0%	100%
Portugal	62%	5%	0%	8%	25%	100%
Spain	62%	2%	1%	32%	3%	100%
UK	48%	4%	2%	31%	15%	100%
EU Average	71%	6%	1%	12%	10%	100%

3.7 Advice, Warnings and Redress

3.7.1 Advice

Senders did not press for advice, but a quarter of banks volunteered additional advice. When advice was given it was mainly to suggest that an alternative method of payment, such as bank drafts, eurocheque, or a postal order, would be a cheaper way of sending money.

Figure 3.7.1: Proportion of Branches Providing Additional, Verbal Advice, by Country

Country	Advice given	Total
Belgium	50 %	100 %
Denmark	0 %	100 %
France	50 %	100 %
Germany	0 %	100 %
Greece	50 %	100 %
Ireland	100 %	100 %
Italy	0 %	100 %
Luxembourg	0 %	100 %
Netherlands	0 %	100 %
Portugal	100 %	100 %
Spain	25 %	100 %
UK	0 %	100 %
EU Average	26 %	100 %

3.7.2 Warnings

Almost one quarter of senders received warnings about the transfers being sent.

One bank warned about paying the beneficiary's bank charges since the receiving banks would apply charges that could not be predicted and would be debited from the account at a later date.

Others were warned that transfers were undertaken at the sender's own risk, the bank refusing responsibility for anything going wrong. One bank went on to inform its customer that if a transfer needed to be followed up in any way there were further charges. Another warned that the times quoted in the brochure were only a guide and did not constitute a guarantee. Greek banks warned of currency restrictions that were in place.

Figure 3.7.2: Proportion of Branches Giving Warnings and Restrictions, by Country

Country	Warning given	Total
Belgium	0%	100%
Denmark	50%	100%
France	25%	100%
Germany	0%	100%
Greece	100%	100%
Ireland	50%	100%
Italy	0%	100%
Luxembourg	0%	100%
Netherlands	0%	100%
Portugal	0%	100%
Spain	25%	100%
UK	50%	100%
EU Average	24%	100%

3.7.3 Redress

Senders asked what they should do if something went wrong with the transfers they sent.

The typical response to the bank customer was that the sender bank would rectify the problem by tracing it (71%) – “Just come back and we will deal with it”. However, few banks warned that they reserve the right to charge extra costs for tracing transfers.

Almost one quarter of banks assured the customer that no problems would occur. One bank said that it was “impossible” that the transfer would not arrive. Two banks went on to say “It will arrive ... provided the forms are completed correctly by the sender”. 9% of banks recommended that the receiver bank should try tracing it if it did not arrive. Both Dutch banks and one of the Spanish banks explained that if the receiver could not be traced, the transfer would be automatically returned to the sender.

Figure 3.7.3: Redress Procedure, by Country
(multiple responses, i.e. branches may have given more than one response)

Country	No problems will occur	It will be the sender who is at fault	Sender bank will trace transfer	Receiver bank will trace transfer	Transfer will be returned	Other reply
Belgium	0%	0%	6%	0%	0%	0%
Denmark	0%	0%	6%	0%	0%	0%
France	3%	3%	9%	3%	0%	0%
Germany	0%	0%	12%	0%	0%	0%
Greece	3%	0%	6%	0%	0%	0%
Ireland	3%	3%	3%	0%	0%	0%
Italy	9%	0%	6%	3%	0%	0%
Luxembourg	3%	0%	0%	0%	0%	3%
Netherlands	0%	0%	0%	0%	6%	0%
Portugal	3%	0%	3%	0%	0%	0%
Spain	0%	0%	9%	3%	3%	0%
UK	0%	0%	12%	0%	0%	0%
EU Average	24%	6%	71%	9%	9%	3%

3.7.3.1 EFFECTIVENESS OF REDRESS

Many of those involved in the transfer exercise did encounter problems with the service they received.

On several occasions the banks did not follow the customer's instructions with regard to the amounts sent. Examples included a UK bank being instructed to send an amount in pounds sterling to Greece, but actually converting the sum into Greek drachmas. The two Greek accounts held were sterling foreign currency accounts. One of the banks agreed to reconvert the money into sterling, with a loss of value through the double exchange, and credit it to the account. The other Greek bank refused to convert the amount to sterling.

One Luxembourg bank sent cheques instead of transfers to receivers in the UK and France; furthermore the cost for sending cheques was higher than for sending an urgent transfer.

Some banks sent the wrong amount, apparently because they confused currencies. The banks were instructed to send a certain amount of money in the receiver's local currency, but on several occasions banks sent the amounts indicated in their own local currency, rather than the receiver's foreign currency. For example a German bank sent 278 DEM to a Dutch bank, instead of sending 278 NEG, although the mistake was rectified with the difference re-credited a few weeks later. However, when a similar mistake occurred with a Danish sender to a Spanish beneficiary (where currency differences are more significant), about 2,700 ECU were sent instead of 130 ECU and when the sender asked the bank to correct the mistake, they told him it was not possible, and he would have to arrange a further transfer to return the money.

One Belgian bank mistakenly sent two transfers to the same beneficiary and the intended beneficiary of the second transfer was never sent a transfer.

A Dutch bank also mistakenly sent a transfer to the same German beneficiary twice. When the sender demanded the money back, the bank was reluctant to admit that a mistake had been made. Finally a re-transfer of the amount was made, with the German receiver having to pay the full cost of sending the money back.

Some sender banks telephoned their customers when there was a problem tracing the receiver from the details given. This happened for one particular receiver on three occasions, but all other senders managed, with the same information, to send transfers to the receiver without problems. Because the bank telephoned and alerted the customers, more information could be given to enable the beneficiary to be identified. However, two of these transfers were still missing as of mid-August 1994.

One Belgian bank had problems sending three transfers to France. The transfers had been sent by a special method, using an agreement between the French banks and the sender bank. However, it was necessary to have the full banking code for this method, and three transfers were returned, with no prior warnings given. When this happened the three were re-sent to France by the traditional method of transferring money. Two duly arrived and one was again returned. This instance was the only occasion of the French beneficiary not receiving a transfer, so it seems unlikely that the details given to the bank were at fault.

At the time of writing (mid-August), the queries have been followed up but no response has yet been received.

Thus, when problems did arise, frequently the sender banks were in practice far less helpful and effective in resolving these than they had indicated before the transfers were sent.

3.8 Comparisons of Results in Main and Control Samples

In addition to the main transfer exercise, a control exercise was carried out to see how the cost and time for sending transfers varied when using a standard service (as opposed to the urgent service in the main exercise). The control sample consisted of one sender in each member country, each of whom sent a transfer to the other eleven members of the control sample. These senders were a sub-sample of the main senders, in order to ensure that each transfer in the control sample could be compared directly to a transfer in the main exercise. (*i.e. each transfer in the control exercise could be matched to a transfer going between the same pair of banks in the main exercise*).

Not all banks offered both a standard and an urgent service, so in these cases the results from the control exercise should have been the same as the main exercise. The senders in France, Germany, Greece, Portugal and Spain were offered only one type of transfer.

3.8.1 Comparison of Times Taken

In the control exercise transfers were sent using a standard transfer service, whenever this was available. One would therefore have expected the average total time in the control exercise to increase compared to comparable transfers in the main exercise. In fact the average *total time* decreased slightly, from 4.15 to 3.89 working days. The mode and median were the same both in the control sample and the matched sub-sample from the main exercise. (The analysis here does not include two matched pairs of transfers, from Greece to Luxembourg and Luxembourg to the UK, where the transfer in the main exercise do not yet appear to have arrived).

The results suggest that little, if anything, is gained in terms of time when an urgent transfer is sent as compared to a standard one.

Figure 3.8.1: Comparison of Total Time between the Main (Complete Sample), the Main (Sub-Sample) and the Control Exercises

Measures	Main Exercise (Complete Sample)	Main exercise (Sub-Sample)*	Control exercise
Average	4.79	4.15	3.89
Mode	3	3	3
Median	4	4	4
Minimum	0	0	2
Maximum	21	10	14
Standard Deviation	3.14	1.72	1.84

* Note that in order to match and compare the results for the control exercise to those of the main sample, a sub-sample of the main exercise was used which consisted of transfers between the same banks as those in the control exercise. The sub-sample measures are thus not the same as those for the complete main exercise.

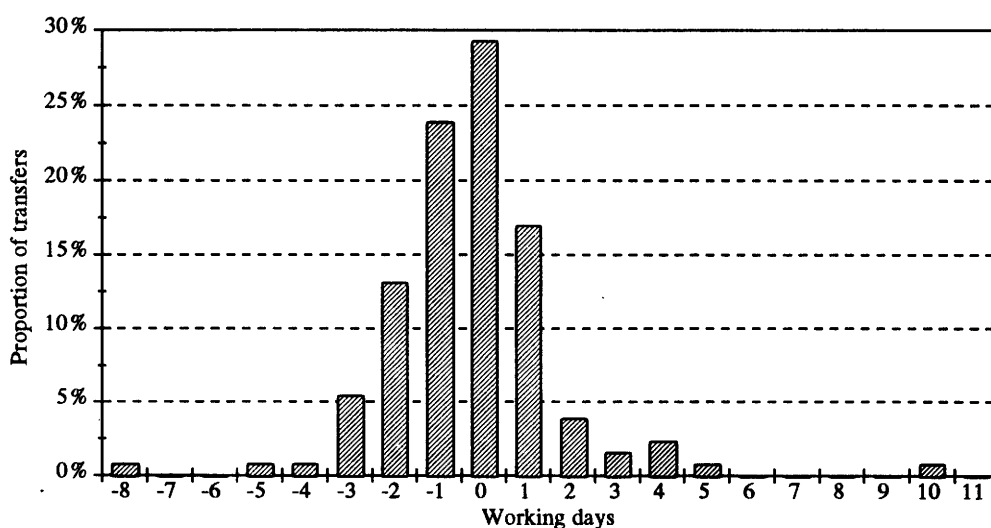
If the transfers are paired off (so that a transfer from a given bank in one country to another given bank in another country is compared in the main and control exercises) a distribution of how many transfers arrived sooner, and how many arrived later can be set up. Figure 3.8.2 shows this distribution.

Although 29% of transfers took the same time, the majority of the remainder (45%) actually arrived quicker than their equivalent in the main exercise (generally by one or two days). Only 26% arrived slower. Overall 70% arrived between two days quicker and one day slower in the control exercise.

Figure 3.8.2: Comparison of Total Time between Matched Transfers in the Main (Sub-Sample) and Control Exercises
(where main exercise was quicker than control exercise the difference is shown as positive)

	Difference in time (working days)	Frequency	%	Cumulative %
Control exercise quicker than main exercise	-8	1	0.8%	0.8%
	-7	0	0.0%	0.8%
	-6	0	0.0%	0.8%
	-5	1	0.8%	1.5%
	-4	1	0.8%	2.3%
	-3	7	5.4%	7.7%
	-2	17	13.1%	20.8%
No difference	0	38	29.2%	73.8%
Main exercise quicker than control exercise	1	22	16.9%	90.8%
	2	5	3.8%	94.6%
	3	2	1.5%	96.2%
	4	3	2.3%	98.5%
	5	1	0.8%	99.2%
	6	0	0.0%	99.2%
	7	0	0.0%	99.2%
	8	0	0.0%	99.2%
	9	0	0.0%	99.2%
	10	1	0.8%	100.0%
	10+	0	0.0%	100.0%
Total		130	100.0%	

Figure 3.8.3: Comparison of Total Time between Matched Transfers in the Main (Sub-Sample) and Control Exercises
(where main exercise was quicker than control exercise, the difference is shown as positive)



3.8.2 Comparison of Charges in the Main and Control Exercises

In the control exercise the amounts of money sent were not exactly the same as in the main exercise (130 ECU as compared with 100 ECU), in order to make it easier to distinguish between transfers in the two exercises. Because of the relatively small amounts sent, charges were usually fixed and therefore should have been the same for both exercises. If however the charge was based on a percentage of the transfer amount, then the charges (although similar) would be slightly higher in the control exercise.

As the banks used in five countries (France, Germany, Greece, Portugal and Spain) only offered one type of service, then for these countries the charge should not vary between the main exercise and the control exercise. The charges for the remaining countries were expected to be lower.

Figure 3.8.4: Comparison of Total Charges (in ECU) between the Main (Complete Sample), the Main (Sub-Sample) and the Control Exercises (excluding foreign exchange margins)

Measures	Main Exercise (Complete Sample)	Main exercise (Sub-Sample)*	Control exercise
Average	24.99	22.39	19.80
Mode	12.67	12.67	12.67
Median	23.68	21.86	18.05
Minimum	0.00	3.77	3.30
Maximum	77.32	47.43	67.99
Standard Deviation	9.65	8.94	10.30

* Note that in order to match and compare the results for the control exercise to those of the main sample, a sub-sample of the main exercise was used which consisted of transfers between the same banks as those in the control exercise. The sub-sample measures are thus not the same as those for the complete main exercise.

In general the charges were lower in the countries that offered two different types of transfers; the average, fell from 22.39 ECU in the sub-sample of the main exercise to 19.80 ECU in the control exercise. The only notable exceptions were in the Netherlands and in Denmark.

In the Netherlands the charges remained constant, despite a standard service being used which should have meant that the charges would have been reduced.

In Denmark, the sender bank ignored instructions for the sender to pay all beneficiary charges. Thus instead of the sender paying beneficiary charges, charges were levied on the receivers. In total it proved far cheaper for each party to bear their own charges, than for the sender to pay them all. The result of this was that the total charges in transfers from Denmark (in the control exercise) came down substantially.

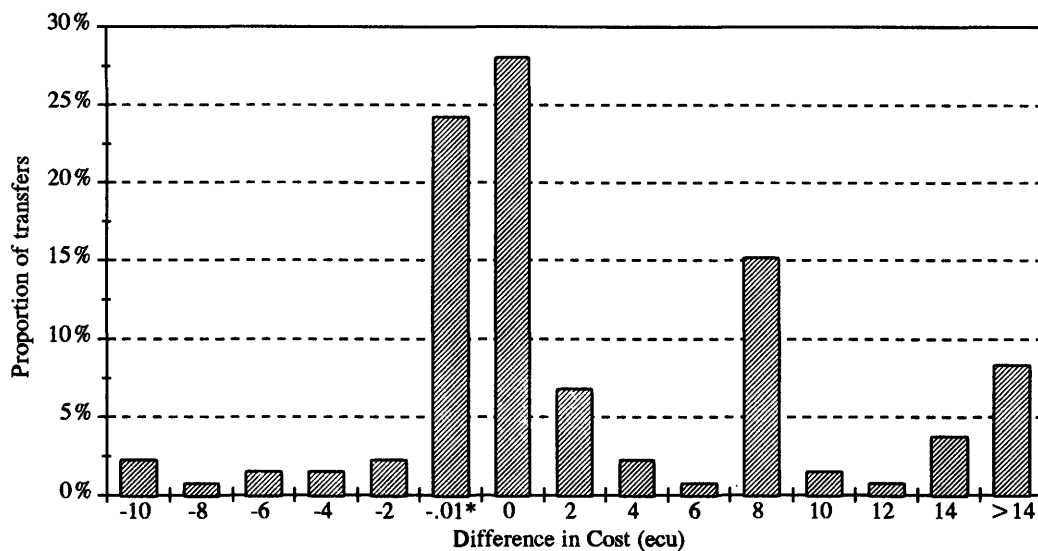
Although it could be expected that opting for the non-urgent transfers would bring charges down, there were a few transfers which stood out as being noticeably more expensive in the control exercise (as portrayed in figure 3.8.5). This was generally because deductions, shortfalls or receiver fees increased significantly or occurred when none had occurred previously. It was not generally because the sender fixed charge had increased.

28% of transfers cost the same; 39% were cheaper; however, 33% were more expensive in the control exercise compared to the main exercise.

Figure 3.8.5: Comparison of Total Charges between Matched Transfers in the Main (Sub-Sample) and Control Exercises
(where main exercise was more expensive than control exercise, the difference is shown as positive)

	Difference in charges (ECU)	Frequency	%	Cumulative %
Control exercise more expensive than main exercise	< -10	3	2.3%	2.3%
	-10 to -8	1	0.8%	3.0%
	-8 to -6	2	1.5%	4.5%
	-6 to -4	2	1.5%	6.1%
	-4 to -2	3	2.3%	8.3%
	-2 to -0.01	32	24.2%	32.6%
No difference	0	37	28.0%	60.6%
Main exercise more expensive than control exercise	0.01 to 2	9	6.8%	67.4%
	2 to 4	3	2.3%	69.7%
	4 to 6	1	0.8%	70.5%
	6 to 8	20	15.2%	85.6%
	8 to 10	2	1.5%	87.1%
	10 to 12	1	0.8%	87.9%
	12 to 14	5	3.8%	91.7%
	> 14	111	8.3%	100.0%
Total		132	100%	

Figure 3.8.6: Comparison of Total Charges between Matched Transfers in the Main (Sub-Sample) and Control Exercises
(where main exercise was more expensive than control exercise, the difference is shown as positive)



* The range in this case (following the rules as described in Section 1.4 – Conventions Used) is from –2.00 ECU to -0.01 ECU.

4. MARKET RESEARCH RESULTS

4. RESULTS OF MARKET RESEARCH

This section outlines the results of the market research during which 352 branches of 165 banks in the twelve member states were visited. Researchers explained at each branch that they wished to make transfers to two foreign countries and enquired about transfer options, the costs charged, the time transfers would take, and other aspects of such transactions.

In addition a further 35 branches were approached, which refused to supply information either because the branch was too small and the researcher was referred to a larger branch of the same bank or because the bank did not offer a transfer service. These branches were not included in the analysis.

In eight countries researchers were refused information on at least one occasion. The highest number of refusals recorded for one country was in Spain, where the researcher was refused information 11 times. Some branches in France referred researchers to a larger bank in the same district, since the small branch approached did not deal with foreign payments.

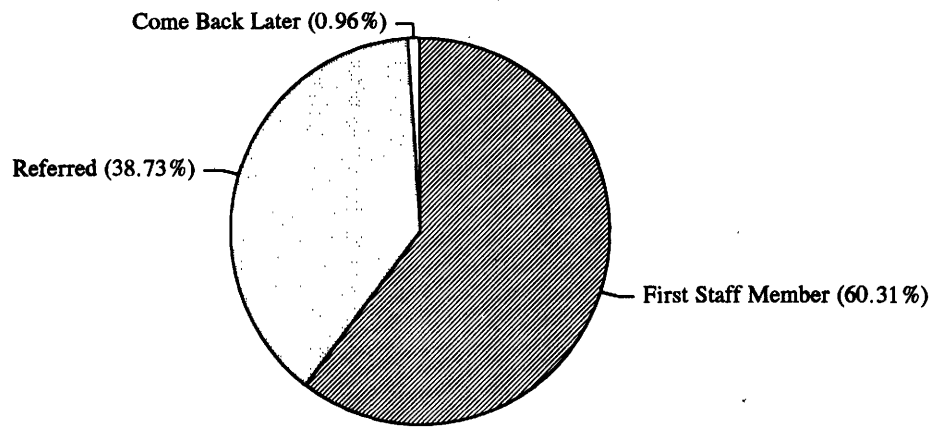
Results in this section are presented both in terms of the individual countries and the picture for the European Union as a whole – in this latter case the countries are each regarded as contributing equal weight to the overall average.

4.1 Handling of Enquiry by Bank Staff

In 60% of successful visits the enquiry was dealt with immediately by the first member of staff contacted. The researcher was referred to someone else within the same branch in 39% of cases. In 1% of visits researchers were asked to come back later.

In most cases, bank staff asked whether the researcher held his account at the branch or bank. When the researcher replied that he was a prospective customer, staff tended to give details about opening an account. Some branches assumed that the researcher was a bank customer.

**Figure 4.1.1: Initial Response to Enquiry
(all countries)**

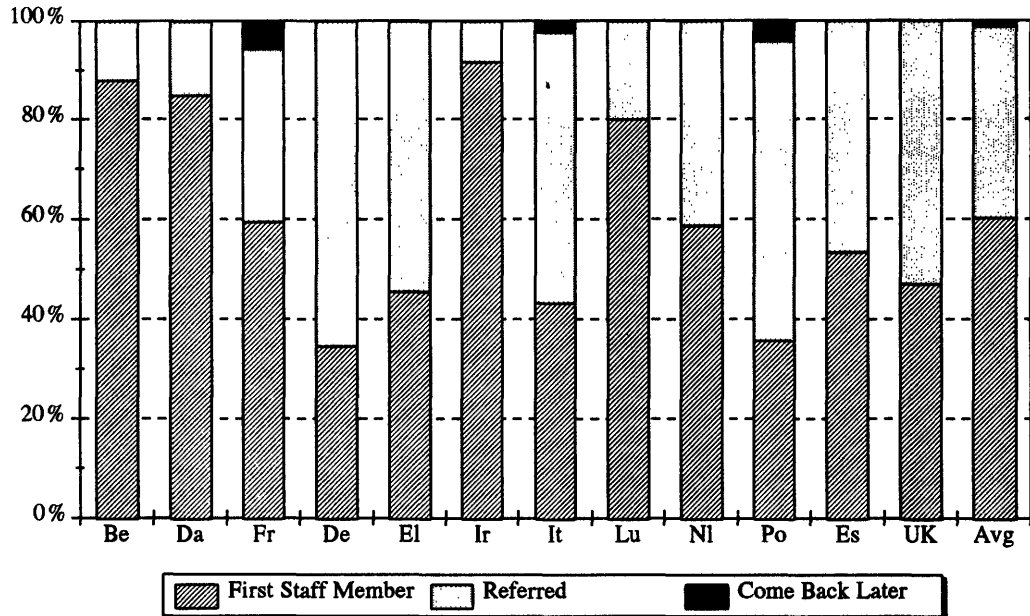


4.1.2 Country Differences in the Initial Response

The first member of staff handled the enquiry in the majority of cases in 7 countries – Belgium, Denmark, Spain, France, Ireland, Luxembourg and Netherlands. In the remaining 5 countries, the researcher was more frequently referred to another member of staff, or a specialist department.

In only three countries were researchers ever asked to make an appointment. This occurred in 5% of visits in France, 4% in Portugal, and 2% in Italy.

Figure 4.1.2: Initial Response to Enquiry, by Country



4.2 Competence of Staff

Researchers were asked to rate the competence of bank branch staff by rating their helpfulness and knowledgeability in the same way as in the transfer exercise: from excellent (5), good (4), adequate (3), poor (2) to useless (1). Four aspects were evaluated:

- information given about transfer options;
- information given about transfer costs;
- information given about the time transfers take;
- general helpfulness.

The results reflect the subjective views of researchers and should therefore be regarded as indicative rather than absolute.

The average scores for each aspect ranged from 'adequate' to midway between 'adequate' and 'good'.

Helpfulness of staff scored highest, rated almost halfway between 'good' and 'adequate', followed by explanation of time, cost, and options, which were all close to 'adequate'.

Figure 4.2.1: Bank Branch Staff Competence Ratings for EU as a Whole

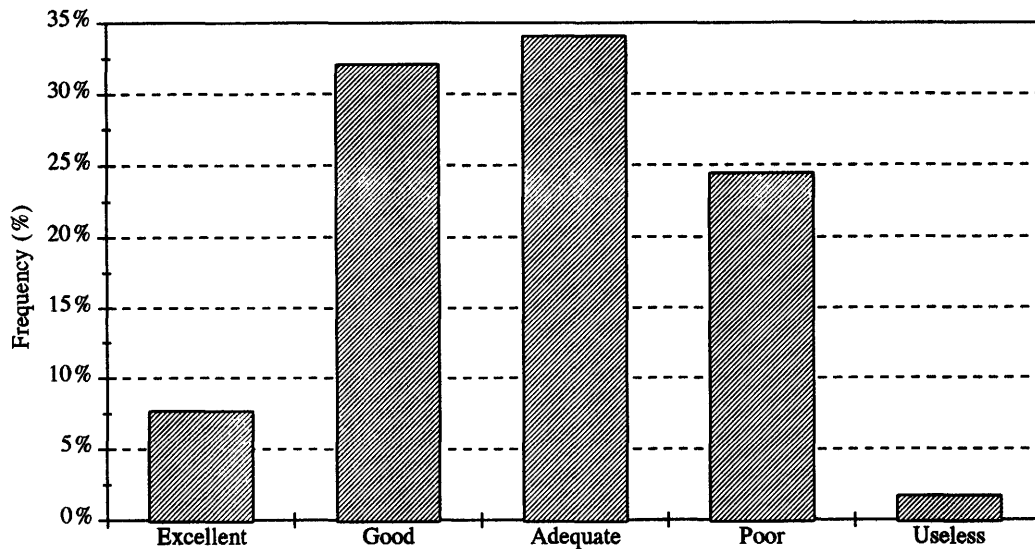
Aspect	Average score
Options	3.0
Costs	3.1
Time	3.2
Helpfulness	3.4
EU Average	3.2

Researchers judged branch staff on the quality of information about transfer options, costs and time, as well as the general helpfulness of the member of staff. When scores on all four aspects were added up, and the range of scores examined it was possible to classify the overall service received as:

- excellent = total score on the four elements of between 18 and 20;
- good = total score between 14 and 17;
- adequate = total score between 11 and 13;
- poor = total score between 7 and 10;
- useless = total score between 4 and 6.

Overall, almost three quarters of branch staff were rated as 'adequate' or better – 34% as 'adequate', 32% as 'good' and 8% as 'excellent'. Overall competence was regarded as 'poor' on 24% of occasions, and 'useless' on 2% of visits.

**Figure 4.2.2: Overall Bank Branch Competence Ratings, by Grade
(proportion of branches in each grade)**



4.2.1 Country Differences in Competence of Staff

The average scores for staff knowledgeability about transfer options ranged between just above 'poor' (2.2) in Spain to above 'adequate' (3.4) in Italy and the UK.

Staff knowledgeability about costs was rated lowest in Greece (2.5) and highest in the UK (3.8). Staff in the Netherlands scored lowest on the time transfers take (2.5), while staff in Luxembourg scored highest (4.1).

Staff helpfulness varied between just under 'adequate' in the Netherlands (2.9) to 'good' in Luxembourg (4.0).

Figure 4.2.3: Bank Branch Competence Ratings, by Country

Country	Options	Costs	Time	Helpfulness	Overall Average
Belgium	3.0	3.0	3.2	3.4	3.2
Denmark	3.0	3.1	3.1	3.0	3.0
France	3.0	3.2	3.4	3.4	3.2
Germany	2.9	2.9	2.6	3.4	2.9
Greece	2.8	2.5	3.2	3.1	2.9
Ireland	3.3	3.1	3.3	3.3	3.2
Italy	3.4	3.5	3.6	3.5	3.5
Luxembourg	3.7	3.3	4.1	4.0	3.8
Netherlands	2.7	2.7	2.5	2.9	2.7
Portugal	2.9	2.8	3.1	3.2	3.0
Spain	2.2	3.1	3.2	3.3	3.0
UK	3.4	3.8	3.6	3.7	3.7
EU Average	3.0	3.1	3.2	3.4	3.2

4.3 Availability of Information

Information about sending money abroad was available in many forms: brochures, photocopies, computer printouts, bank handbooks and posters displayed in the branch, as well as handwritten and verbal explanations given by staff members.

Information on three topics concerning cross border transfers was collected: the options available, the time transfers take, and their cost. The following section assesses the situation largely regardless of specific topics; subsequent sections consider the information available on each topic individually.

4.3.1 Sources of Printed Information

At 50% of branches visited researchers were given brochures, or other types of printed information to take away. Printed information in this context included leaflets, photocopies and computer printouts given to researchers by bank staff. (Handwritten information was not included in this definition.) The proportion varied from 8% in Greece to 79% in Ireland.

Posters (where there was nothing to take away) were particularly prevalent in Italy, for legal reasons; in most countries the situation did not apply.

Figure 4.3.1: Availability of Printed Information, by Country

Country	Printed information available to take away
Belgium	56%
Denmark	40%
France	73%
Germany	67%
Greece	8%
Ireland	79%
Italy	24%
Luxembourg	60%
Netherlands	53%
Portugal	28%
Spain	29%
UK	76%
EU Average	50%

The following table shows the forms of printed information found by researchers – posters and brochures, and whether the brochures were on display in the branch, whether researchers had to request a brochure to obtain one.

In some branches a handbook of banking services, which included information about cross-border payments, was available for customers to consult. This has been included as a notice about costs/services, since the book could not to be taken away. However, if bank staff made photocopies of the book, it was counted as a brochure.

The figures are given as a percentage of the branches visited in each country. Some branch visits generated entries in more than one column of the table because more than one form of information was available, e.g. a poster on display, and a brochure given to the researcher, which had to be requested. Because of these multiple responses, the total for each line exceeds 100%.

Figure 4.3.2: Brochures and Printed Information, by Country

Country	Poster about choices	Poster about costs	Poster about times	Brochure on display	Brochure given during visit	Brochure had to be requested	Brochure out of stock	No printed info. available
Belgium	4%	16%	4%	20%	52%	36%	0%	40%
Denmark	0%	5%	0%	15%	30%	10%	0%	60%
France	0%	22%	0%	30%	70%	16%	5%	21%
Germany	4%	16%	0%	12%	55%	20%	2%	26%
Greece	0%	4%	0%	8%	0%	0%	0%	92%
Ireland	0%	0%	0%	54%	67%	58%	0%	21%
Italy	43%	57%	37%	22%	17%	2%	4%	43%
Luxembourg	0%	10%	0%	10%	60%	10%	0%	40%
Netherlands	6%	0%	0%	29%	53%	41%	6%	47%
Portugal	0%	0%	0%	4%	24%	24%	0%	72%
Spain	0%	0%	0%	12%	20%	20%	0%	71%
UK	0%	0%	0%	12%	76%	26%	0%	24%
EU Average	5%	11%	3%	19%	44%	22%	1%	46%

When researchers were told that brochures were out of stock, this was regarded as a situation where no printed information was available.

4.3.2 Availability of Information on Options, Costs, and Time

Availability of information was divided into three aspects:

- information about the *options* available to make cross-border payments;
- information about the *costs* of making such payments;
- information about the *time* such transfers would take.

Information on the three aspects was available from the majority of banks visited, in either printed or verbal form.

However, when printed information was available, it did not necessarily cover all three aspects of sending transfers.

This section describes the statistical results. Further qualitative findings from the market research in the individual countries are detailed in Annex C.

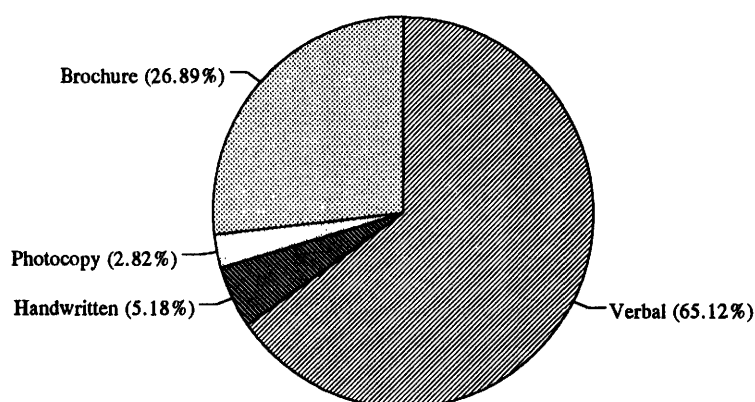
4.3.2.1 AVAILABILITY OF INFORMATION ON TRANSFER OPTIONS

The cross-border money transfer possibilities available to customers varied from bank to bank and between countries. Information about the options available was not always given in a brochure. Lack of information about options sometimes caused confusion about what was offered and therefore the corresponding costs.

Most of the information provided about the options available was verbal (65% of visits). Handwritten information was provided in 5% of visits. In 30% of branches the information was in the form of a brochure or a photocopy. In the majority of cases when printed information was provided, a full verbal explanation was also given.

In a number of cases branch staff told researchers that only one method of transferring money abroad existed.

Figure 4.3.3: Availability of Information on Cross Border Money Transfer Options



4.3.2.2 AVAILABILITY OF INFORMATION ON TRANSFER COSTS

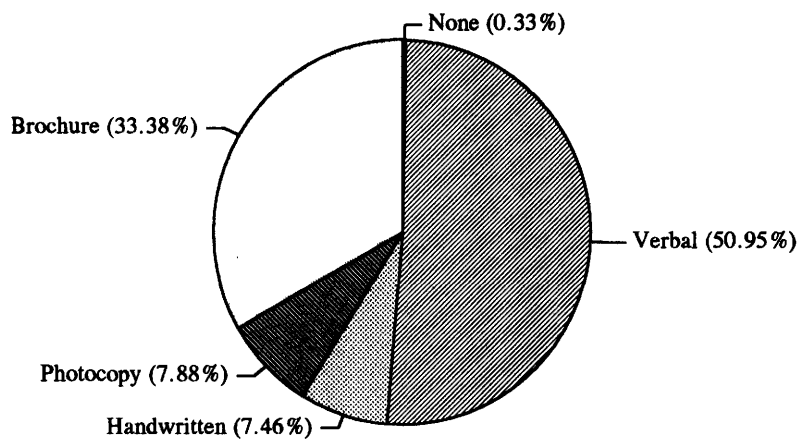
Transfer costs often comprised several elements, depending on the transfer method chosen:

- a transfer charge, either a flat fee or a percentage of the sum sent, with a fixed minimum;
- an exchange rate commission, payable in some countries, if the money sent was in foreign currency;
- a fee for sending the transfer by Swift payable for both urgent and standard transfers in some countries;
- postage and telex fees;
- beneficiary charges.

When explaining about other expenses and beneficiary charges, the majority of branches were unable to give an approximate indication of the charges involved. This applied both to brochures and verbal information. In many brochures, however, there were references in small print that additional costs might be incurred although amounts were not specified.

The main source of information about costs was verbal (found in 51% of visits). The remaining branches provided information in a handwritten, photocopied or brochure format, backed by a verbal explanation. In 33% of branch visits brochures were provided that gave cost information; some branches (7%) gave handwritten and some (8%) provided photocopied information.

Figure 4.3.4: Availability of Information on Cross Border Money Transfer Costs



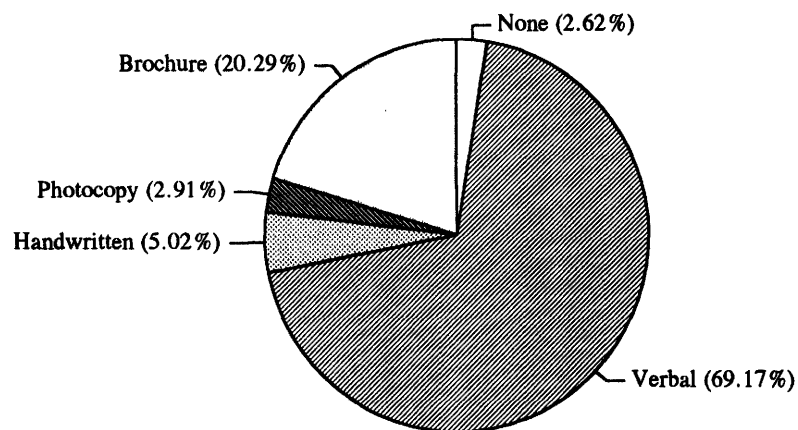
4.3.2.3 AVAILABILITY OF INFORMATION ON TRANSFER TIMES

The majority of branches (69%) gave verbal information about transfer times.

28% of branches supported the verbal information with either brochures, photocopies or handwritten information – 20% provided brochures, 3% photocopies and 5% handwritten details of times.

Just 3% of branches were unable to give any information (whether printed or verbal) on the time it would take for a transfer to arrive.

Figure 4.3.5: Availability of Information on Cross Border Money Transfer Times



4.4 Quality of Brochures

Researchers were asked to rate the information given in the brochures and printed material provided by banks: from excellent (5), good (4), adequate (3), poor (2) to useless (1). Three dimensions were assessed:

- information given about transfer options;
- information given about transfer costs;
- information given about the time transfers take.

The brochure ratings were based on the following interpretations.

5. An *excellent* brochure provided full information, which was well presented in an easily comprehensible manner, with examples, where appropriate;
4. A *good* brochure provided all the information, but the format was not as clear;
3. A barely *adequate* brochure provided the minimum information required to make a transfer, but omitted some important information;
2. A *poor* brochure provided little useful information in a less than clear format, omitting one important piece of information or more;
1. A *useless* brochure provided little information and omitted several pieces of information.

Examples of the guidelines used in assessing the ratings are given in the footnote below.⁴

Brochures and other printed information varied in format, quality of paper and printing, use of colour and in terms of quality of presentation and professionalism. However, these aspects were ignored when it came to rating the brochures, since a large glossy brochure did not necessarily equate to clear, precise and complete information. Equally a simple photocopy could provide all the necessary information.

⁴ Researchers used the following guidelines in assessing the brochures:

Charges: if all the charges were listed with no indication of which charges would actually be levied or mention of the correspondent charges, then the brochure received a 3 rating. If, in addition to the price list, an indication was given of which charges would be applied, or a warning was given of the possibility of further charges being payable (such as correspondent charges) then the brochure scored a 4. A 5 rating was given if the costs were particularly easy to understand, and examples were given of beneficiary charges or the amount a sender would expect to pay when transferring a certain amount of money.

Time: if a time was quoted providing a general indication of the number of days a transfer would take to arrive, it received a 3 rating. If the time scale was quoted, with a proviso that this was an average figure and if an intermediary bank had to be used then the transfer may take longer, this was given a 4. If an indication was given of the number of days a transfer would take to each individual country, the brochure received a 5.

Options: if the basic options were listed, with little explanation, the brochure scored 3; when explanations were given of the different transfer methods, the brochure scored 4; when explanations were given including the advantages and disadvantages of each (perhaps with examples or sets of questions and answers) this scored 5.

Brochures were classified according to the information provided on transfer options, costs and time. Each piece of printed material was only rated on the aspects of transfer services it set out to cover. Since some brochures did not set out to provide information on all aspects of cross border transfer services, such leaflets were only rated on the aspects covered. For example, a price list provided by one bank was rated according to the clarity of the costs only, and not the transfer options or the time a transfer would take.

The ratings reflect the quality of brochures provided, and the averages are weighted in accordance with the number of brochures given to researchers.

Posters and other printed material available at bank branches (but not available to be taken away) were not assessed, because it was not feasible to evaluate the quality of information at every branch, given the practicalities of branch visits.

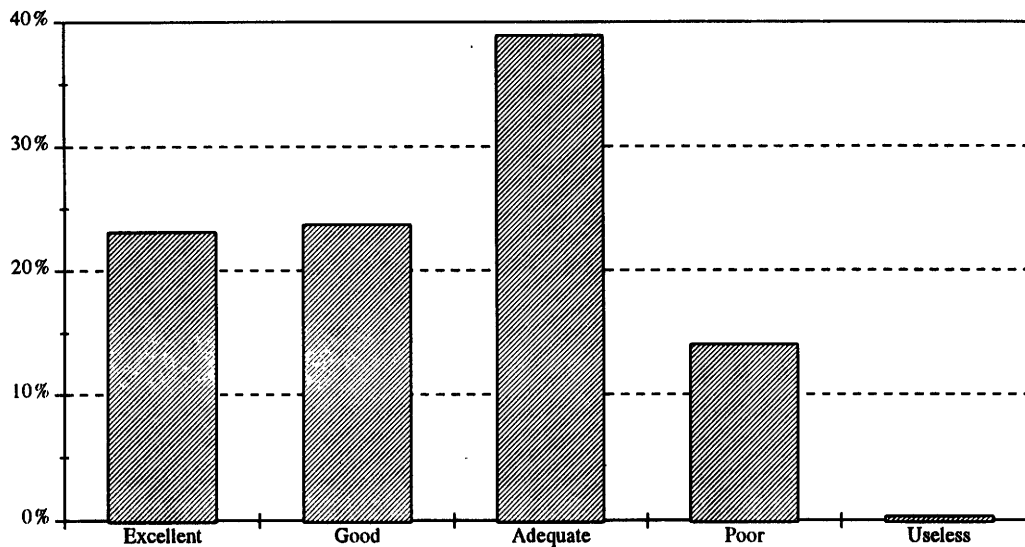
The average scores for each aspect ranged from above 'adequate' to 'good'. Information explaining options scored the highest average of 4.0, while explanations of costs scored lowest, averaging 3.4.

**Figure 4.4.1: Brochure Ratings
(individual aspects, market research)**

Aspect	Average score
Options	4.0
Costs	3.4
Time	3.7
EU Average	3.7

Regarding each of the three aspects independently, the vast majority of ratings (85%) were classified as 'adequate' or better. Just under half scored either 'excellent' or 'good' ratings, and 39% were regarded as 'adequate'. 14% obtained a 'poor' rating and just one brochure scored a 'useless' rating – this on the cost aspect of sending money.

Figure 4.4.2: Overall Brochure Ratings



4.4.1 Country Differences in Brochure Quality

The country ratings similarly reflect the quality and the number of brochures the researchers were given. This has important implications for interpreting the country results and making country comparisons. For example, one country might score highly because the only brochure available was particularly good, while another country might score lower even though there were more good brochures available, because there were also others of a lower quality that dragged the average down.

Brochures detailing options ranged from an average of an 'adequate' rating in Germany upwards to 'excellent' in France. Cost ratings averaged from midway between 'poor' and 'adequate' in Italy to just below 'excellent' in the UK. Time information contained in brochures ranged from an average of 'adequate' in Ireland to above 'good' in Denmark.

Figure 4.4.3: Brochure Rating, Overall Grade, by Country

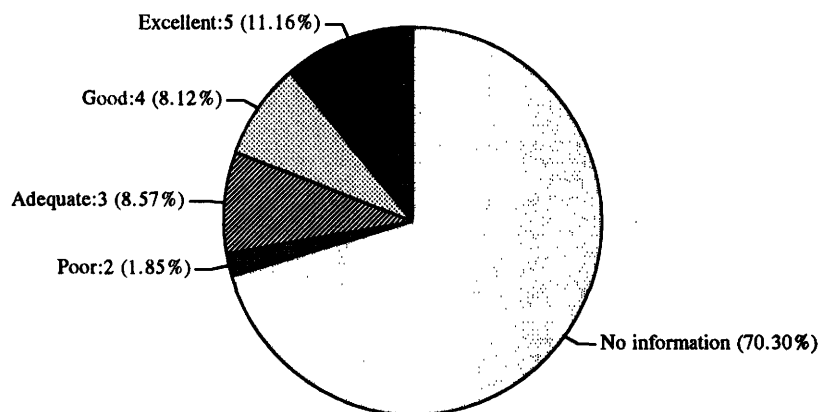
Country	Options	Costs	Time
Belgium	4.3	4.1	3.6
Denmark	3.9	4.0	4.3
France	5.0	3.0	4.0
Germany	3.0	3.0	3.7
Greece	4.0	4.0	-
Ireland	4.5	2.6	3.0
Italy	4.5	2.5	3.2
Luxembourg	-	3.0	-
Netherlands	4.0	4.1	4.2
Portugal	4.2	3.5	4.0
Spain	3.1	2.8	3.1
UK	4.1	4.8	3.7
EU Average	4.0	3.4	3.7

- means that no relevant brochure was available to be rated

4.4.2 Rating of Printed Information Available on Transfer Options

11% of branches were deemed to have provided 'excellent' brochures, and 8% 'good'; 9% were termed 'adequate', and 2% were classified as 'poor'. 70% of branches provided no printed information about transfer options.

Figure 4.4.4: Rating of Printed Information Available on Transfer Options



32% of brochures from the UK were considered to have 'excellent' information about transfer options, and in 46% of Irish visits researchers were given brochures with either 'good' or 'excellent' information about transfer options.

In Luxembourg there was no printed information explaining transfer options.

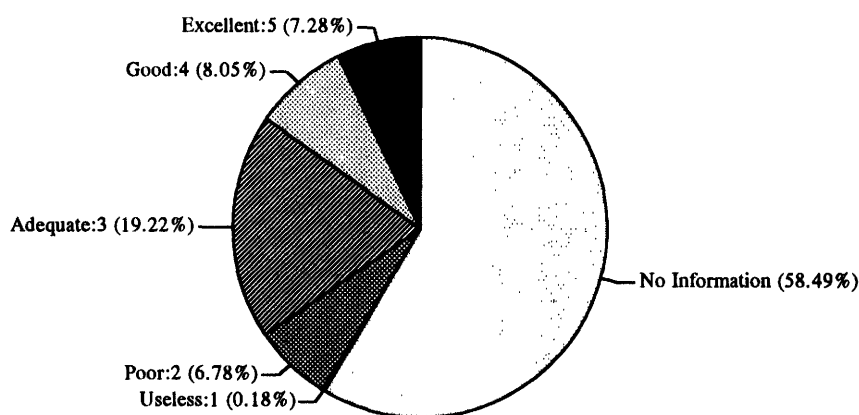
Figure 4.4.5: Rating of Printed Information Available on Transfer Options, by Country

Country	No information	Useless (1)	Poor (2)	Adequate (3)	Good (4)	Excellent (5)	Total
Belgium	68%	0%	0%	12%	0%	20%	100%
Denmark	60%	0%	0%	15%	15%	10%	100%
France	92%	0%	0%	0%	0%	8%	100%
Germany	49%	0%	16%	18%	14%	2%	100%
Greece	92%	0%	0%	0%	8%	0%	100%
Ireland	54%	0%	0%	0%	25%	21%	100%
Italy	78%	0%	0%	2%	7%	13%	100%
Luxembourg	100%	0%	0%	0%	0%	0%	100%
Netherlands	59%	0%	6%	12%	0%	24%	100%
Portugal	76%	0%	0%	0%	20%	4%	100%
Spain	80%	0%	0%	17%	2%	0%	100%
UK	35%	0%	0%	26%	6%	32%	100%
EU Average	70%	0%	2%	9%	8%	11%	100%

4.4.3 Rating of Printed Information Available on Transfer Costs

'Good' or 'excellent' printed information about costs was provided on 15% of occasions. 7% of brochure information was classified as 'poor', while in 19% of visits the brochures provided were considered to be 'adequate'. 58% of branches provided no printed information about costs of transfers.

Figure 4.4.6: Rating of Printed Information Available on Transfer Costs



Three countries, Belgium, Netherlands and UK, provided either 'good' or 'excellent' brochures in over 30% of visits – in the UK this was done in 44% of visits.

In both Portugal and Greece, over 90% of branches visited gave no printed information about transfer costs.

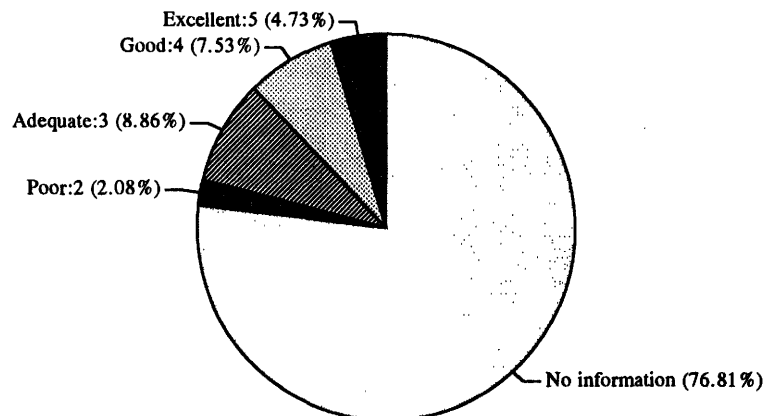
Figure 4.4.7: Rating of Printed Information Available on Transfer Costs, by Country

Country	No information	Useless (1)	Poor (2)	Adequate (3)	Good (4)	Excellent (5)	Total
Belgium	48%	0%	0%	20%	8%	24%	100%
Denmark	65%	0%	0%	10%	15%	10%	100%
France	27%	0%	22%	32%	19%	0%	100%
Germany	37%	0%	16%	37%	6%	4%	100%
Greece	96%	0%	0%	0%	4%	0%	100%
Ireland	42%	0%	21%	38%	0%	0%	100%
Italy	76%	2%	15%	2%	2%	2%	100%
Luxembourg	40%	0%	0%	60%	0%	0%	100%
Netherlands	53%	0%	0%	6%	29%	12%	100%
Portugal	92%	0%	0%	4%	4%	0%	100%
Spain	71%	0%	7%	22%	0%	0%	100%
UK	56%	0%	0%	0%	9%	35%	100%
EU Average	58%	0%	7%	19%	8%	7%	100%

4.4.4 Rating of Printed Information Available on Time Transfers Take

On transfer times, 12% of branches provided information that was considered either 'good' or 'excellent'; in 9% of cases it was considered 'adequate'. However, on over three quarters of all visits, no printed information was given about transfer times.

Figure 4.4.8: Rating of Printed Information Available on Transfer Times



'Good' brochures were provided by 25% of Danish branches, 21% of UK branches and 12% of Dutch branches. Both Belgium and the Netherlands provided 'excellent' brochures in 12% of visits.

No branches in Luxembourg and Greece gave printed information on the time a transfer would take.

Figure 4.4.9: Rating of Printed Information Available on Transfer Times, by Country

Country	No information	Useless (1)	Poor (2)	Adequate (3)	Good (4)	Excellent (5)	Total
Belgium	72%	0%	12%	0%	4%	12%	100%
Denmark	65%	0%	0%	0%	25%	10%	100%
France	92%	0%	0%	0%	8%	0%	100%
Germany	69%	0%	4%	10%	6%	10%	100%
Greece	100%	0%	0%	0%	0%	0%	100%
Ireland	54%	0%	0%	46%	0%	0%	100%
Italy	78%	0%	0%	17%	4%	0%	100%
Luxembourg	100%	0%	0%	0%	0%	0%	100%
Netherlands	71%	0%	0%	6%	12%	12%	100%
Portugal	84%	0%	0%	4%	8%	4%	100%
Spain	80%	0%	0%	17%	2%	0%	100%
UK	56%	0%	9%	6%	21%	9%	100%
EU Average	77%	0%	2%	9%	8%	5%	100%

4.5 Availability of Printed Information of Acceptable Quality Covering all Aspects

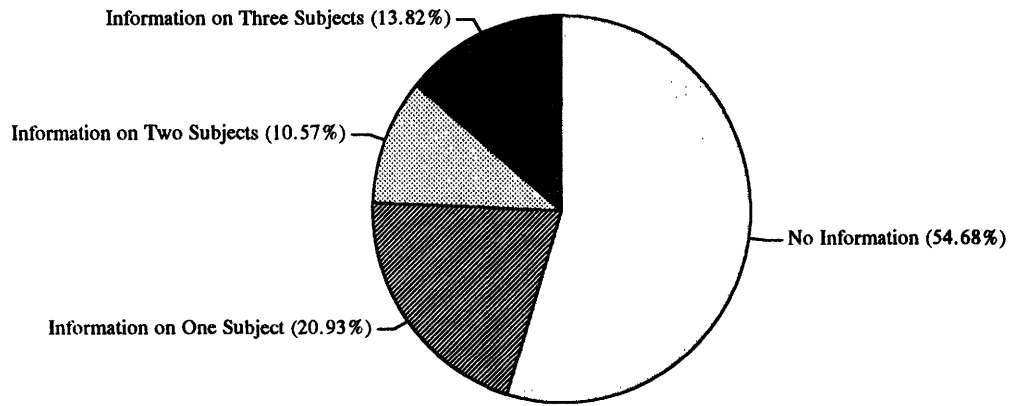
The previous sections (4.3 and 4.4) have looked at information on options, costs and time independently; however the Banking Industry guidelines make clear that information is to be provided on all three aspects. This section therefore examines the availability at each individual branch of printed material that covers more than one aspect.

Ideally, of course, each branch would offer high quality, printed information on all three aspects to take away. This section examines the degree to which this ideal was met. As such it combines both quantitative results (was printed material available?) with qualitative aspects (was the information available of an acceptable standard?).

Using the criteria that branch information provision was regarded as acceptable only if a branch provided printed information to take away that was rated as 'adequate', 'good' or 'excellent' on all three aspects, 14% of branches met this test.

A further 11% of branches provided 'adequate' or better rated information on two of the three aspects, and 21% provided this level of information on one aspect only. In 55% of visits no printed information (or printed information judged to be 'poor' or 'useless') was found.

Figure 4.5.1: Printed Information of Adequate, Good or Excellent Quality Covering the Aspects of Sending a Transfer



Denmark provided information rated as 'adequate' or better on all three aspects of sending a transfer on 35% of visits. In the Netherlands this was found on 29% of occasions, and in the UK 24%. No other country scored above 20% and in two countries these criteria were never met.

Additionally on over 20% of occasions Ireland, the UK and Portugal provided information meeting the criteria for two of the three aspects.

'Adequate' printed information on just one subject was provided in Luxembourg on 60% of visits and in France on 46% of occasions.

**Figure 4.5.2: Printed Information of Adequate, Good or Excellent Quality, by Country
Covering the Aspects of Sending a Transfer, by country**

Country	No printed information rated as adequate or better	Information on one subject (rated as adequate or better)	Information on two subjects (both rated adequate or better)	Information on three subjects (all rated as adequate or better)	Total
Belgium	44 %	28 %	12 %	16 %	100 %
Denmark	60 %	5 %	0 %	35 %	100 %
France	46 %	46 %	3 %	5 %	100 %
Germany	47 %	16 %	18 %	18 %	100 %
Greece	92 %	4 %	4 %	0 %	100 %
Ireland	33 %	21 %	29 %	17 %	100 %
Italy	76 %	2 %	17 %	4 %	100 %
Luxembourg	40 %	60 %	0 %	0 %	100 %
Netherlands	47 %	24 %	0 %	29 %	100 %
Portugal	72 %	8 %	20 %	0 %	100 %
Spain	76 %	5 %	2 %	17 %	100 %
UK	24 %	32 %	21 %	24 %	100 %
EU Average	55 %	21 %	11 %	14 %	100 %

4.6 Advice, Warnings and Redress

4.6.1 Advice

Additional, verbal advice was given in 43% of visits but the proportion varied considerably between countries. Thus advice was given in 96% of visits in Portugal, but in just 18% of visits in the Netherlands and Germany.

The majority of the additional advice provided concerned aspects such as alternatives to transfers, and special transfer services available from the bank to certain European partners.

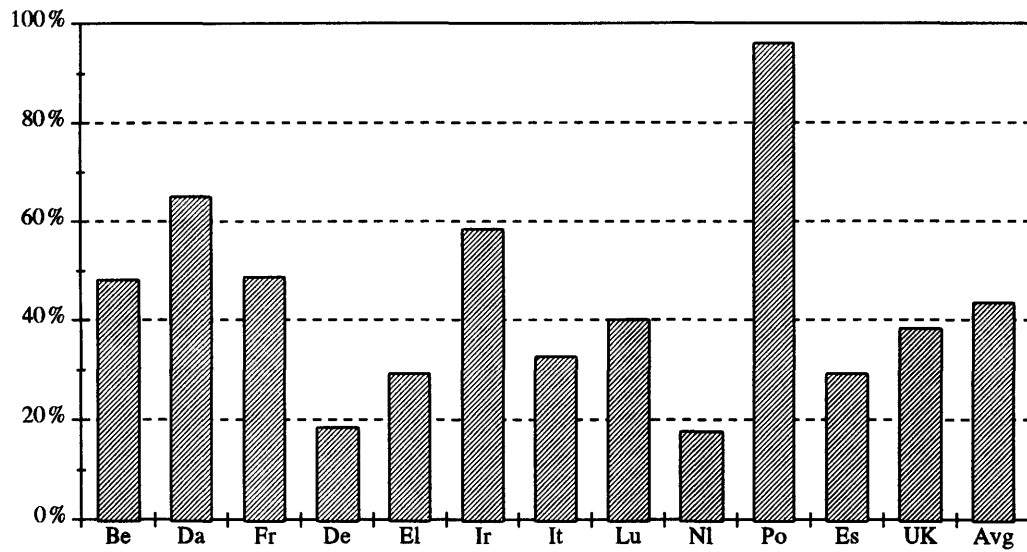
In Belgium a common response to the request to send 100 ECU was "Go to the post office and send an international money transfer, which is much cheaper than a bank transfer", while in Denmark many branches advised the researcher to send a cheque or eurocheque. In both France and Italy, branch staff informed researchers that it was possible to send a foreign currency cheque from the standard cheque book, by just crossing through the local currency and overwriting with the currency required. However, one branch assistant in France went on to warn, "This method of sending money can take a long time if the two countries' systems are incompatible, in which case, when the beneficiary presents the cheque the bank has to send the cheque back to the original bank with a message asking it to send a money transfer instead." Several branches advised that if the transfer was to be a regular payment, a direct debit could be set up to avoid filling in the form each time.

Some banks in Belgium, Denmark, France, Germany, Portugal, Spain and UK gave advice about systems they operate which provide services to other member banks of the system. One Danish bank provides low cost services to its correspondents in other Scandinavian countries, and two Belgian banks mentioned a low cost service to France, providing the amount sent is less than 2,500 ECU. The IBOS system was explained by the member banks in France, Portugal, Spain and the UK. In Germany and the UK the co-operative banks mentioned the Tipanet service, for less urgent transfers.

Figure 4.6.1: Proportion of Branches Providing Additional, Verbal Advice, by Country

Country	Additional advice given
Belgium	48%
Denmark	65%
France	49%
Germany	18%
Greece	29%
Ireland	58%
Italy	33%
Luxembourg	40%
Netherlands	18%
Portugal	96%
Spain	29%
UK	38%
EU Average	43%

Figure 4.6.2: Proportion of Branches Providing Additional, Verbal Advice, by Country



4.6.2 Warnings

A variety of warnings accompanied the quest for information. In most countries bank staff advised of the possibility of time delays for certain countries and the possibility of certain banks making extra charges. There were also warnings that the beneficiary may be charged despite the sender's indications to the contrary, and that the sender bank could not be held responsible for the inefficiency of other banks involved in the transfer process. Additionally if any extra administration work was conducted, such as tracing a transfer, then additional charges, at the discretion of the bank, would be deducted from the account.

In Greece, at the time the research was carried out, there were restrictions in place on cross border transfers carried out in Greek drachmas (although no restrictions existed for foreign currency accounts). Transfers were restricted to specific purposes such as payments for medical, scientific and commercial reasons. However, since then, the Greek government has announced that all restrictions are to be lifted.

In Belgium and Italy banks warned that French banks make additional beneficiary charges, despite instructions. One French bank branch affirmed that, "We always deduct FRF 50, even if the sender specifies that the beneficiary is to receive the full amount". However, another branch of the same bank stated that the bank "never charges the beneficiary".

Many banks mentioned that if the sender was making a payment to a beneficiary with an account at a bank other than the correspondent bank, there were more chances of problems arising, extra charges being levied and delays. Most refused to be pinned down to exactly how different the situation would be.

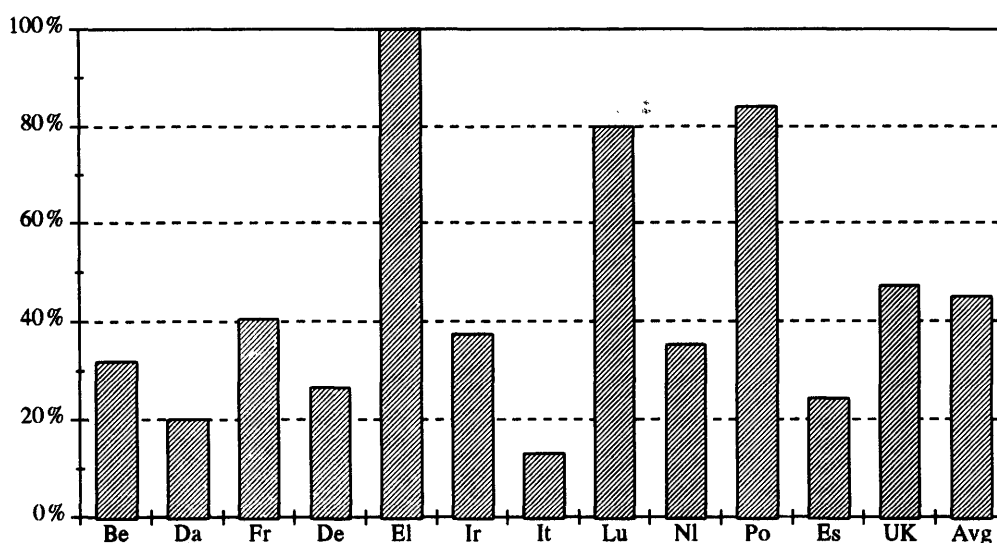
Branches in France and Germany stated that delays often occurred with Italian transfers.

In summary, warnings concerning transfer services were given in 45% of cases. By country the warnings ranged from 100% of Greek branches to 13% of Italian branches.

Figure 4.6.3: Proportion of Branches Giving Warnings and Restrictions, by Country

Country	Warning given
Belgium	32%
Denmark	20%
France	41%
Germany	27%
Greece	100%
Ireland	38%
Italy	13%
Luxembourg	80%
Netherlands	35%
Portugal	84%
Spain	24%
UK	47%
EU Average	45%

Figure 4.6.4: Proportion of Branches Giving Warnings and Restrictions, by Country



4.6.3 Redress

Researchers were instructed to ask what they should do if the transfer did not arrive. The most common response (66% of visits) was that the sender should inform their branch which would trace the transfer. A minority of those branches which stated that they were willing to trace the transfer warned that should the bank undertake extra work on the sender's behalf and it was not that bank's fault (inferring it could be the fault of the receiver or the intermediary bank), the sender would be charged.

The replies given by bank staff were varied. In many cases bank staff responded by saying "This is the most secure method of sending money abroad, there will be no problems ... but if there are, the bank will trace the transfer for you." In 24% of visits bank staff stated that problems would only occur if the sender completed the transfer form incorrectly. In a few instances, bank staff recommended that the receiver contact his bank to let it be known that he was expecting to receive money. When told that it was not always a practical solution, one French branch said "This bank makes a charge for tracing a transfer, it would be better if the beneficiary bank checks first".

Figure 4.6.5: Redress Procedure, by Country
(multiple responses, i.e. branches may have given more than one response)

Country	No problems will occur	It will be the sender who is at fault	Sender bank will trace transfer	Receiver bank will trace transfer	Transfer will be returned	Other reply
Belgium	32%	44%	52%	4%	12%	8%
Denmark	50%	0%	65%	0%	5%	15%
France	32%	16%	62%	14%	14%	3%
Germany	78%	0%	92%	0%	0%	10%
Greece	100%	100%	96%	0%	4%	0%
Ireland	58%	4%	75%	8%	0%	0%
Italy	48%	0%	46%	4%	0%	11%
Luxembourg	20%	30%	40%	0%	40%	0%
Netherlands	47%	18%	18%	0%	35%	41%
Portugal	88%	60%	12%	0%	8%	16%
Spain	15%	0%	85%	17%	10%	7%
UK	29%	0%	88%	3%	0%	3%
EU Average	54%	24%	66%	5%	10%	11%

4.7 Quotations for Transfer Times for Urgent Transfers

Researchers asked how long an urgent transfer would take to be credited to the beneficiary's account under normal circumstances. Since branches were unwilling to guarantee that the money would arrive within the time stated, researchers then pressed for maximum times that a transfer may take.

Branches usually provided a range of time, for example, "between 3 and 5 days". Some branches also gave a maximum time, usually on the researcher's instigation, such as, "It can take up to 2 weeks, but should take less time than that". When a range of days were quoted, the mid-point was taken. The time quoted for an urgent transfer was on average 2.7 days.

Of the 352 visits, on 45 occasions branch staff did not quote times for urgent transfers. In the remainder of cases, the time quoted for an urgent transfer in normal circumstances ranged from 0-15 days. The most common quote was between 0 and 2 days, in 42% of visits. In over three quarters of visits the quote for an urgent transfer was in the range 0-4 days. Only 2% of branches approached quoted more than 6 days.

**Figure 4.7.1: Time Quoted for Urgent Transfers
(frequency for all countries)**

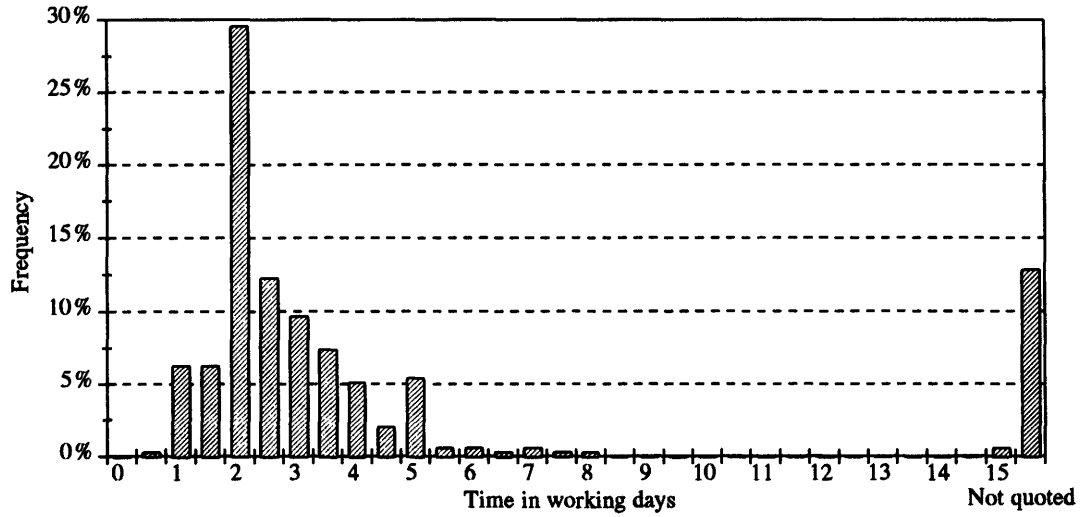


Figure 4.7.2: Time Quoted for Urgent Transfers

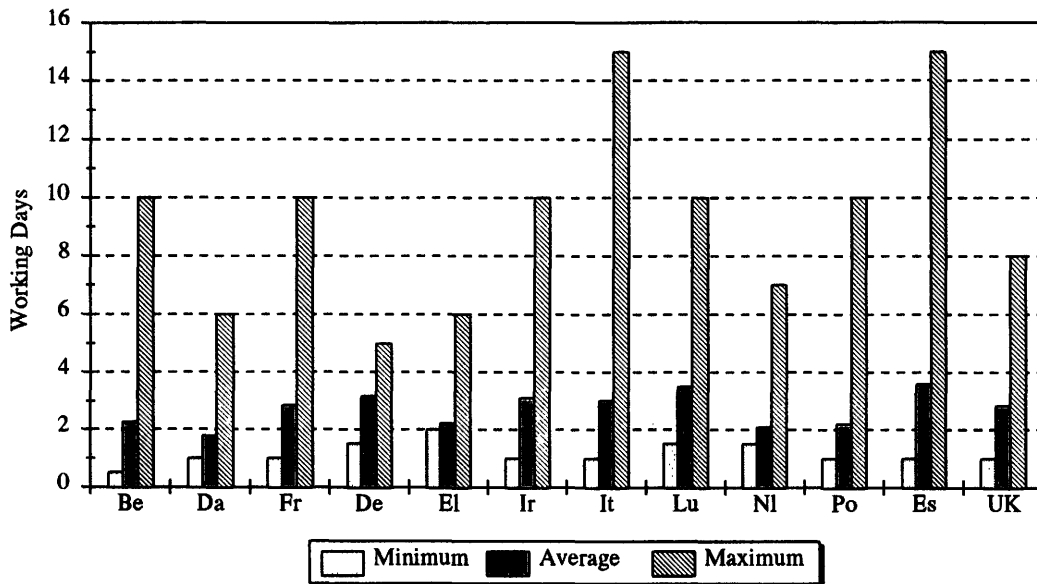
Number of Days	Frequency	Cumulative Frequency
0-2	42%	42%
2-4	34%	76%
4-6	9%	85%
6 and over	2%	87%
No Quote	13%	100%
Total	100%	

The lowest average of times quoted for an urgent transfer under normal circumstances was in Denmark, at just under 2 days. The highest times quoted were in Spain, averaging 3.6 days. The range of times quoted went from the 'same day' in Belgium to a maximum of 15 days in a small number of branches in Italy and Spain.

Figure 4.7.3: Time Quoted for Urgent Transfers, by Country (minimum, maximum and average)

Country	Average	Minimum	Maximum
Belgium	2.3	0.5	10.0
Denmark	1.8	1.0	6.0
France	2.8	1.0	10.0
Germany	3.2	1.5	5.0
Greece	2.2	2.0	6.0
Ireland	3.1	1.0	10.0
Italy	3.0	1.0	15.0
Luxembourg	3.5	1.5	10.0
Netherlands	2.1	1.5	7.0
Portugal	2.2	1.0	10.0
Spain	3.6	1.0	15.0
UK	2.9	1.0	8.0
EU Average	2.7	1.2	9.3

Figure 4.7.4: Time Quoted for Urgent Transfers, by Country (average, minimum and maximum)



4.8 Quotations for Transfer Charges

This section looks at the prices quoted for transfers by bank branches. It examines:

- the elements of costs included in bank charges;
- the basis of exchange rate used;
- the level of charges quoted.

4.8.1 Elements of Cost

In many cases transfer costs quoted did not consist of one flat amount, but contained several elements which varied according to the transfer method. The number and balance of these elements differed from country to country. There were seven basic elements of transfer charges:

- transaction fee: usually a percentage of the transfer amount, in most cases with a minimum;
- exchange commission: quoted either explicitly in form of a percentage (mostly with a minimum for small amounts) or implicitly incorporated in the transaction fee;
- additional fees: for more speedy transfers such as a SWIFT charge or telex fee which frequently accounted for a substantial part of the total cost;
- taxes: levied by the sender and receiver country, such as VAT;
- other expenses: for example, postage and general expenses which were rarely mentioned;
- beneficiary's charges: fees charged to the beneficiary by the receiving bank;
- implicit costs: in form of margins between market exchange rates and the internal exchange rates applied by banks.

In the majority of cases where researchers received information about costs they were not informed about the last element. In addition, when explaining about other expenses and beneficiary charges, the majority of staff were unable to give an approximate indication of the charges involved with these two elements.

4.8.2 Basis of Exchange Rate Used

The question of which exchange rate is used is important in identifying the overall costs. However, in general the response to the question "How are exchange rates calculated?" was not informative. Staff often said "We can't tell you what the rate will be until you make the transfer", and only when pushed further gave a better indication of which rate was used. In some cases researchers felt that bank staff did not know which exchange rate was used.

The most frequent answer given (39%) was that the bank used its own rate. In three countries, Denmark, Germany and Spain, the most common answer was that the basis for the exchange rate calculation was the money market rate. In Greece, in over 90% of visits the researcher was told that the rate for exchanging bank notes would be used, the 'tourist rate'. In 10% of visits, assistants either told researchers that the rate used was a preferential bank rate, or gave examples, using the day's rate, to show the difference between the note rate and the transfer exchange rate.

Figure 4.8.1: Basis of Exchange Rate Calculation, by Country

Country	Question not asked*	Assistant did not know	Bank rate	Money market rate	Tourist rate	A more advantageous rate than the tourist rate	Assistant gave example	Total
Belgium	32%	16%	28%	4%	4%	8%	8%	100%
Denmark	5%	0%	15%	70%	0%	10%	0%	100%
France	46%	3%	24%	5%	3%	16%	3%	100%
Germany	0%	0%	16%	84%	0%	0%	0%	100%
Greece	0%	0%	8%	0%	92%	0%	0%	100%
Ireland	13%	4%	25%	0%	38%	21%	0%	100%
Italy	0%	2%	96%	2%	0%	0%	0%	100%
Luxembourg	30%	0%	30%	0%	0%	40%	0%	100%
Netherlands	18%	0%	82%	0%	0%	0%	0%	100%
Portugal	4%	0%	96%	0%	0%	0%	0%	100%
Spain	41%	0%	2%	56%	0%	0%	0%	100%
UK	6%	0%	44%	3%	6%	26%	15%	100%
EU Average	16%	2%	39%	19%	12%	10%	2%	100%

* Branch staff were not always sufficiently informed or cooperative to make the question worthwhile and therefore it was not always asked

4.8.3 Level of Sender Charges Quoted

Throughout the research branches quoted sender charges but were vague about beneficiary's charges. Thus, *the costs that are compared are sender's fees only*. Although researchers always asked about urgent transfers, it is clear from analysing the results that different branches interpreted this in different ways. Therefore the costs quoted are usually but not always for urgent transfers. If a bank offered only one transfer service, it was deemed to be urgent, since this is the level of service the bank would provide to a customer requesting an urgent transfer.

Researchers collected information for two different amounts, to a value equivalent to 100 ECU and 2,500 ECU.

Figure 4.8.2: Quoted Sender Charges for Urgent Transfers

Measure	Value of Transfer in ECU	
	100	2,500
Average	16.9	20.2
Mode	13.2	13.2
Median	15.6	18.7
Minimum	1.0	3.3
Maximum	45.5	84.6
Standard Deviation	7.9	10.4

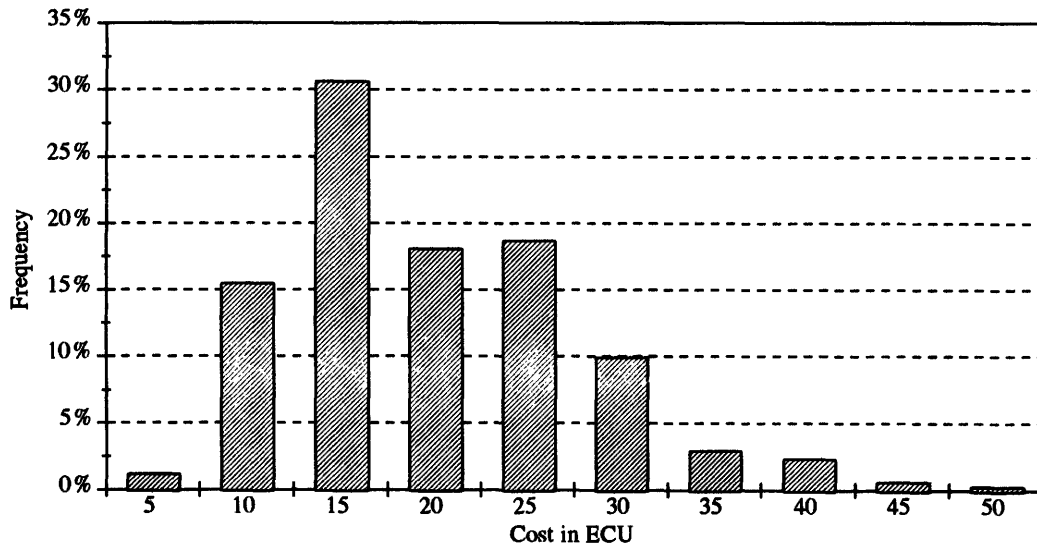
4.8.3.1 SENDER CHARGES FOR SENDING 100 ECU

The average quote (sender charges only) for a transfer of 100 ECU was 16.9 ECU. Sender charges quoted ranged from 1 ECU to 45.5 ECU.

The charge generally attracted the minimum fee, which would also have applied up to about 2,000 or 3,000 ECU depending on the bank.

The table below depicts a frequency graph of the charges quoted in 5 ECU ranges. The figure given at the base of the column is the maximum value for that range. Over 45% of branches quoted prices of 15 ECU or below. In 94% of visits charges quoted were less than 30 ECU.

Figure 4.8.3: Quoted Sender Charges for an Urgent Transfer of 100 ECU (frequency for all countries in 5 ECU ranges)



**Figure 4.8.4: Quoted Sender Charges for an Urgent Transfer of 100 ECU
(frequency and cumulative frequency)**

Cost in ECU	Frequency	Cumulative Frequency
0-5	1.2%	1.2%
5-10	15.5%	16.6%
10-15	30.6%	47.2%
15-20	18.1%	65.3%
20-25	18.7%	84.0%
25-30	9.9%	93.9%
30-35	2.9%	96.8%
35-40	2.3%	99.1%
45-45	0.6%	99.7%
45-50	0.3%	100.0%
Total	100.0%	

The lowest charge for sending 100 ECU was quoted by a Portuguese bank and amounted to 1 ECU. One UK bank quoted a charge of 45.5 ECU for sending the same amount, which was the maximum charge quoted.

In addition to the maximums and minimums given here some researchers found that charges were open to negotiation. One bank in Greece, in an attempt to get the researcher's business, offered to send the transfers for free, "We should charge you but we will not". A similar willingness to negotiate was found by the researcher in Italy in some cases.

The average charge ranged from 9.5 ECU in Luxembourg to 25.5 ECU in France. Other countries with relatively low fees were Belgium and the Netherlands, where the average did not exceed 12 ECU. Portugal and the UK both quoted an average charge of over 20 ECU for sending 100 ECU.

Figure 4.8.5: Quoted Sender Charges for an Urgent Transfer of 100 ECU, by Country (average, maximum, minimum)

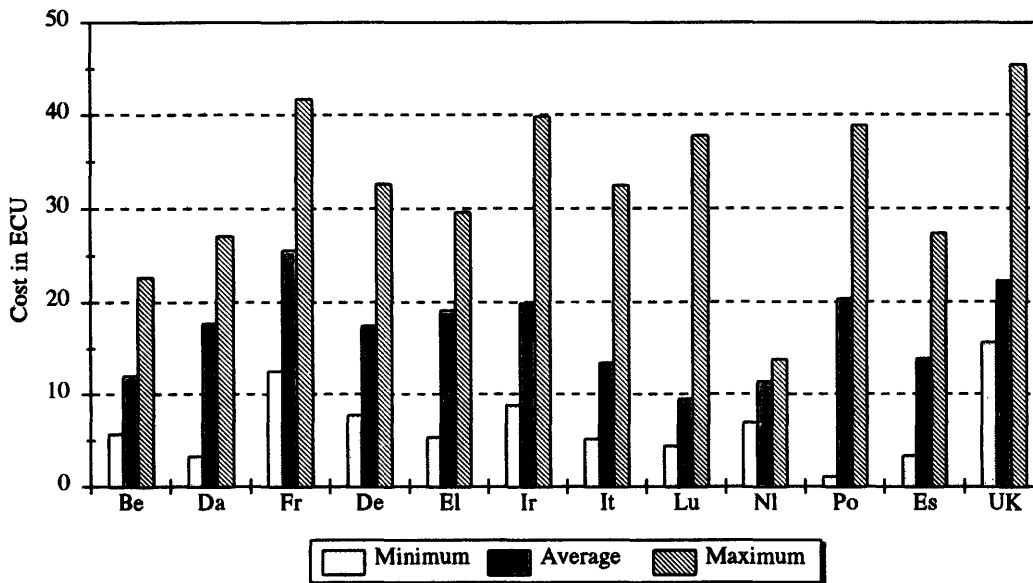


Figure 4.8.6: Quoted Sender Charges for an Urgent Transfer of 100 ECU, by Country (average, maximum, minimum)

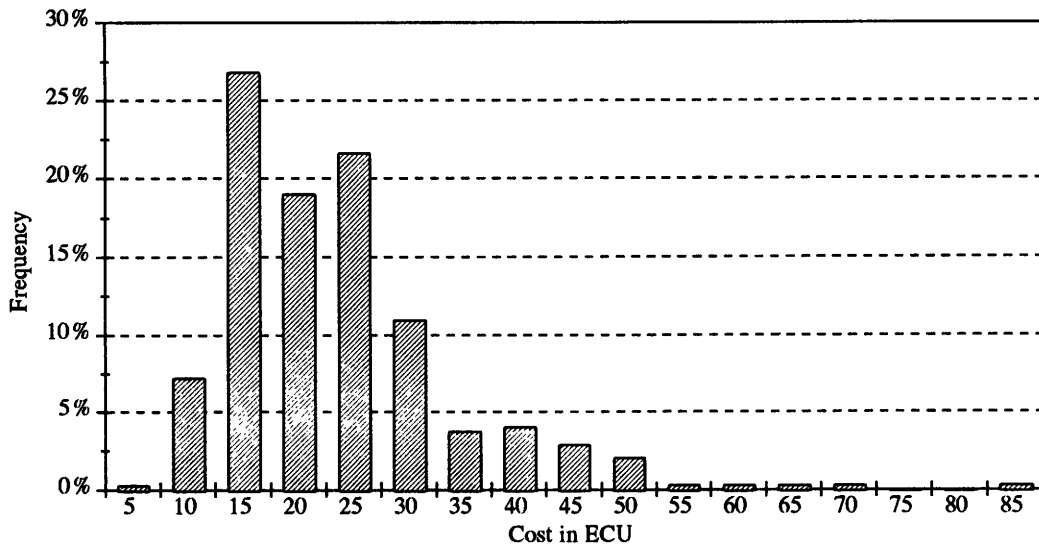
Country	Average	Minimum	Maximum
Belgium	12.0	5.7	22.6
Denmark	17.7	3.3	27.0
France	25.5	12.5	41.7
Germany	17.4	7.8	32.6
Greece	19.1	5.3	29.7
Ireland	19.8	8.8	39.8
Italy	13.4	5.1	32.5
Luxembourg	9.5	4.4	37.7
Netherlands	11.4	6.9	13.8
Portugal	20.3	1.0	38.8
Spain	13.9	3.3	27.3
UK	22.2	15.6	45.5
EU Average	16.9	6.4	32.4

4.8.3.2 SENDER CHARGES FOR SENDING 2,500 ECU

The average sender fee quoted for a transfer of 2,500 ECU was 20.2 ECU.

The table below depicts a frequency graph of the charges quoted in 5 ECU ranges. The figure given at the base of the column is the maximum value for that range. In 27% of visits the charges ranged between 11 and 15 ECU, and in 75% of visits the charges quoted were 25 ECU or lower.

**Figure 4.8.7: Quoted Sender Charges for an Urgent Transfer of 2,500 ECU
(frequency in 5 ECU ranges, for all countries)**



**Figure 4.8.8: Quoted Sender Charges for an Urgent Transfer of 2,500 ECU
(frequency and cumulative frequency)**

Cost in ECU	Frequency	Cumulative Frequency
0-5	0.3%	0.3%
5-10	7.2%	7.5%
10-15	26.8%	34.3%
15-20	19.0%	53.3%
20-25	21.6%	74.9%
25-30	11.0%	85.9%
30-35	3.7%	89.6%
35-40	4.0%	93.7%
40-45	2.9%	96.5%
45-50	2.0%	98.6%
50+	1.4%	100.0%
Total	100%	

The lowest quote for a transfer of 2,500 ECU was provided by a bank in Denmark, which quoted 3.3 ECU. The maximum quoted for sending the larger amount was 84.6 ECU, quoted by a Spanish bank.

Luxembourg again provided the lowest average quote, of 12.3 ECU, with the Netherlands and Belgium also having low average quotes. Portugal quoted the highest average, of 39.2 ECU, which was far higher than all other countries; the country with the second highest average quote was France with a fee of 26.1 ECU.

Figure 4.8.9: Quoted Sender Charges for an Urgent Transfer of 2,500 ECU, by Country (average, maximum, minimum)

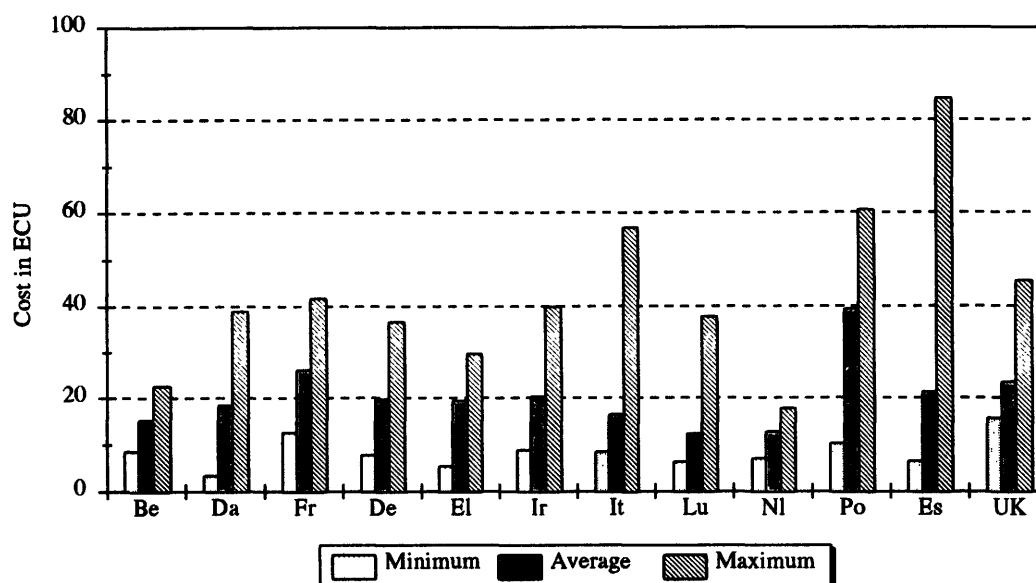


Figure 4.8.10: Quoted Sender Charges for an Urgent Transfer of 2,500 ECU, by Country (average, maximum, minimum)

Country	Average	Minimum	Maximum
Belgium	15.2	8.6	22.6
Denmark	18.4	3.3	38.9
France	26.1	12.5	41.7
Germany	19.7	7.8	36.5
Greece	19.3	5.3	29.7
Ireland	20.3	8.8	39.8
Italy	16.5	8.4	56.8
Luxembourg	12.3	6.3	37.7
Netherlands	12.7	6.9	17.7
Portugal	39.2	10.1	60.6
Spain	21.2	6.4	84.6
UK	23.4	15.6	45.5
EU Average	20.2	8.3	42.7

4.8.3.3 COMPARISON BETWEEN FEES FOR 100 AND 2,500 ECU TRANSFERS

In some branches the 2,500 ECU to be sent was more than the amount attracting the minimum fee. Therefore percentage rates were payable, and charges increased. In others the 2,500 ECU amount was still within the minimum fee. Fees for cross border transfers of larger amounts were relatively cheaper, as a proportion of the amount sent. This was mainly due to the impact of minimum charges quoted by most banks.

In four countries, Denmark, France, Greece and Ireland, the average charges for 2,500 ECU increased by less than 1 ECU over the charge for sending 100 ECU. The difference between the two amounts was most pronounced in Portugal and Spain where the increase in costs quoted were 18.9 ECU and 7.3 ECU respectively. In other countries the costs increased by no more than 4 ECU. In the two countries where there was a substantial change between the two amounts, the larger amount sent had moved beyond the minimum charge and into a percentage rate charging category.

Figure 4.8.11: Average Quoted Sender Charges (in ECU) for an Urgent Transfer, by Country (for 100 and 2,500 ECU transfers)

Country	Average charge for sending 100 ECU	Average charge for sending 2,500 ECU
Belgium	12.0	15.2
Denmark	17.7	18.4
France	25.5	26.1
Germany	17.4	19.7
Greece	19.1	17.6
Ireland	19.8	20.3
Italy	13.4	16.5
Luxembourg	9.5	12.3
Netherlands	11.4	12.7
Portugal	20.3	39.2
Spain	13.9	21.2
UK	22.2	23.4
EU Average	16.9	20.2
Fee as % of amount sent	16.9%	0.81%

ANNEX A:
TRANSFER EXERCISE: TIME TAKEN FOR
TRANSFERS TO ARRIVE

ANNEX A

Figure A.1: Value Time for Transfers to Arrive: Detailed Frequency (in working days)

Number of Days	Frequency	%	Cumulative %
-5	1	0.1%	0.1%
-4	1	0.1%	0.2%
-3	0	0.0%	0.2%
-2	4	0.4%	0.6%
-1	17	1.6%	2.2%
0	70	6.7%	8.9%
1	114	10.9%	19.8%
2	250	24.0%	43.8%
3	261	25.0%	68.8%
4	186	17.8%	86.7%
5	80	7.7%	94.3%
6	24	2.3%	96.6%
7	12	1.2%	97.8%
8	8	0.8%	98.6%
9	2	0.2%	98.8%
10	3	0.3%	99.0%
11	3	0.3%	99.3%
12	1	0.1%	99.4%
13	0	0.0%	99.4%
14	2	0.2%	99.6%
15	1	0.1%	99.7%
16	2	0.2%	99.9%
17	0	0.0%	99.9%
18+	1	0.1%	100.0%
	1,043		

Figure A.2: Value Time for Transfers to Arrive: Frequency (in working days)

Number of Days	Frequency	%	Cumulative %
-5	1	0.1%	0.1%
-4-0	92	8.8%	8.9%
1-5	891	85.4%	94.3%
6-10	49	4.7%	99.0%
11-15	7	0.7%	99.7%
16-20	2	0.2%	99.9%
21+	1	0.1%	100.0%
	1,043		

**Figure A.3: Value Time (Minimum, Maximum and Average)
for Transfers Sent and Received by each Country**

Country	Value by Sender			Value by Receiver		
	Minimum	Average	Maximum	Minimum	Average	Maximum
Belgium	0	3.75	21	-1	2.63	5
Denmark	0	3.45	7	0	2.47	4
France	-1	3.08	14	-2	2.13	14
Germany	0	3.24	12	-2	2.65	7
Greece	-5	2.87	15	-1	2.49	11
Ireland	-2	1.00	7	-1	2.56	5
Italy	0	2.84	8	-1	3.54	7
Luxembourg	1	4.08	16	1	3.52	6
Netherlands	0	3.77	16	-1	2.22	6
Portugal	-2	1.51	6	1	6.06	21
Spain	-1	2.79	8	-4	3.00	16
UK	-2	2.18	6	-5	1.98	16

Figure A.4: Average Sender and Receiver Times (Total Time) from Country to Country

Sender Country	Receiver Country										Total		
	Belgium	Denmark	France	Germany	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal		Spain	UK
Belgium		3.3	6.1	3.0	2.8	2.8	3.9	3.0	3.8	11.3	3.1	2.0	3.9
Denmark	4.3		2.9	4.6	3.0	3.8	4.8	4.5	4.3	5.5	4.0	2.8	4.0
France	4.3	3.9		4.6	4.3	3.9	5.3	5.9	4.3	6.3	4.8	4.3	4.7
Germany	4.5	4.0	3.1		3.5	3.8	4.8	5.4	3.4	8.6	4.2	3.2	4.2
Greece	3.8	4.8	3.5	4.9		3.8	3.1	3.7	4.0	8.0	3.6	3.3	4.0
Ireland	7.3	7.3	6.3	6.5	5.5		8.5	7.8	6.0	9.3	7.3	5.6	7.0
Italy	8.6	7.5	7.6	8.2	6.8	8.9		9.6	7.5	10.5	8.8	7.4	8.2
Luxembourg	2.3	3.8	5.6	3.5	6.0	3.5	5.1		3.0	8.8	3.6	5.3	4.6
Netherlands	4.5	4.0	3.0	3.5	5.0	3.5	4.8	4.5		6.5	5.9	3.0	4.3
Portugal	5.5	4.8	4.6	5.4	4.5	5.0	5.9	6.0	5.5		5.9	3.5	5.1
Spain	4.0	3.9	3.9	3.9	3.8	3.6	5.1	4.8	3.5	7.4		3.1	4.2
UK	2.9	3.0	2.2	2.8	3.6	2.1	3.6	3.3	2.6	4.8	2.8		3.0
Total	4.8	4.5	4.3	4.7	4.4	4.2	4.9	5.5	4.3	7.8	5.0	4.1	4.8

Figure A.5: Average Sender and Receiver Times (Value Time) from Country to Country

Sender Country	Receiver Country										Total		
	Belgium	Denmark	France	Germany	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal		Spain	UK
Belgium		3.5	2.1	3.5	3.0	3.0	4.4	3.0	4.0	11.5	3.3	2.5	3.7
Denmark	3.8		2.4	4.1	2.5	3.3	4.3	4.0	3.8	5.0	3.5	2.3	3.5
France	2.6	2.3		2.9	2.5	2.3	3.8	4.3	2.5	4.8	3.2	2.6	3.1
Germany	3.5	3.0	2.1		2.5	2.8	3.8	4.4	2.4	7.6	3.2	2.2	3.2
Greece	2.5	2.3	2.6	3.0		2.5	3.0	3.3	1.5	8.0	3.0	1.4	2.9
Ireland	1.3	1.3	0.1	0.5	0.0		2.5	1.8	0.0	3.3	1.3	-0.1	1.0
Italy	3.1	2.3	2.3	2.7	1.3	3.6		4.1	2.3	5.1	3.6	1.9	2.8
Luxembourg	1.8	3.3	5.1	3.0	5.5	3.0	4.6		2.5	8.3	3.1	4.7	4.1
Netherlands	4.0	3.5	2.5	3.0	4.5	3.0	4.3	4.0		6.0	5.4	2.5	3.8
Portugal	1.8	1.5	0.8	1.6	1.8	1.3	2.0	3.3	1.5		2.0	0.4	1.5
Spain	2.5	2.6	2.4	2.7	2.3	2.4	3.7	3.3	2.3	5.9		1.6	2.8
UK	1.8	2.0	1.4	2.2	2.9	1.5	2.8	2.4	1.8	4.1	1.8		2.2
Total	2.6	2.5	2.1	2.7	2.5	2.6	3.5	3.5	2.2	6.1	3.0	2.0	2.9

ANNEX B:
TRANSFER EXERCISE: CHARGES

ANNEX B

Figure B.1: Total Sender Charges

Range in ECU	No of Transfers	Proportion	Cumulative Proportion
0	2	0.19%	0.19%
1	0	0.00%	0.19%
2	0	0.00%	0.19%
3	1	0.10%	0.29%
4	3	0.29%	0.57%
5	1	0.10%	0.67%
6	0	0.00%	0.67%
7	16	1.53%	2.19%
8	1	0.10%	2.29%
9	0	0.00%	2.29%
10	18	1.72%	4.01%
11	36	3.44%	7.44%
12	60	5.73%	13.17%
13	65	6.20%	19.37%
14	17	1.62%	20.99%
15	35	3.34%	24.33%
16	70	6.68%	31.01%
17	10	0.95%	31.97%
18	40	3.82%	35.78%
19	22	2.10%	37.88%
20	19	1.81%	39.69%
21	58	5.53%	45.23%
22	61	5.82%	51.05%
23	17	1.62%	52.67%
24	72	6.87%	59.54%
25	51	4.87%	64.41%
26	37	3.53%	67.94%
27	47	4.48%	72.42%
28	29	2.77%	75.19%
29	23	2.19%	77.39%
30	28	2.67%	80.06%
31	38	3.63%	83.68%
32	50	4.77%	88.45%
33	14	1.34%	89.79%
34	17	1.62%	91.41%
35	15	1.43%	92.84%
36	4	0.38%	93.23%
37	12	1.15%	94.37%
38	7	0.67%	95.04%
39	14	1.34%	96.37%
40	2	0.19%	96.56%
41	6	0.57%	97.14%
42	3	0.29%	97.42%
43	0	0.00%	97.42%
44	10	0.95%	98.38%
45	2	0.19%	98.57%

Figure B.1: Total Sender Charges (Continued)

Range in ECU	No of Transfers	Proportion	Cumulative Proportion
46	0	0.00%	98.57%
47	0	0.00%	98.57%
48	3	0.29%	98.85%
49	0	0.00%	98.85%
50	0	0.00%	98.85%
55	4	0.38%	99.24%
60	1	0.10%	99.33%
65	0	0.00%	99.33%
70	4	0.38%	99.71%
75	2	0.19%	99.90%
80	1	0.10%	100.00%
Total	1,048	100.00%	

Figure B.2: Total Deductions*
(Proportion of transfers which saw a deduction)

Range in ECU	Number of Transfers	Proportion	Cumulative Proportion
0	0	0.00%	0.00%
1	30	8.02%	8.02%
2	48	12.83%	20.86%
3	20	5.35%	26.20%
4	43	11.50%	37.70%
5	26	6.95%	44.65%
6	46	12.30%	56.95%
7	29	7.75%	64.71%
8	22	5.88%	70.59%
9	8	2.14%	72.73%
10	3	0.80%	73.53%
11	21	5.61%	79.14%
12	14	3.74%	82.89%
13	17	4.55%	87.43%
14	2	0.53%	87.97%
15	4	1.07%	89.04%
16	6	1.60%	90.64%
17	2	0.53%	91.18%
18	3	0.80%	91.98%
19	0	0.00%	91.98%
20	3	0.80%	92.78%
21	1	0.27%	93.05%
22	4	1.07%	94.12%
23	5	1.34%	95.45%
24	2	0.53%	95.99%
25	4	1.07%	97.06%
26	3	0.80%	97.86%
27	0	0.00%	97.86%
28	1	0.27%	98.13%
29	0	0.00%	98.13%
30	1	0.27%	98.40%
31	2	0.53%	98.93%
32	1	0.27%	99.20%
33	0	0.00%	99.20%
34	0	0.00%	99.20%
35	0	0.00%	99.20%
36	1	0.27%	99.47%
37	1	0.27%	99.73%
38	0	0.00%	99.73%
39	0	0.00%	99.73%
40	0	0.00%	99.73%
41	0	0.00%	99.73%
42	0	0.00%	99.73%
43	0	0.00%	99.73%
44	0	0.00%	99.73%
45	0	0.00%	99.73%
46	1	0.27%	100.00%
Total	374	100.00%	

* see Section 3.3.4 of main text for definition of deductions

Figure B.3: Total Deductions* (in 5 ECU ranges)

Range	Number of Transfers	Proportion	Cumulative Proportion
5	167	44.65%	44.65%
10	108	28.88%	73.53%
15	58	15.51%	89.04%
20	14	3.74%	92.78%
25	16	4.28%	97.06%
30	5	1.34%	98.40%
35	3	0.80%	99.20%
40	2	0.53%	99.73%
40+	1	0.27%	100.00%
Total	374	100.00%	

* see Section 3.3.4 of main text for definition of deductions

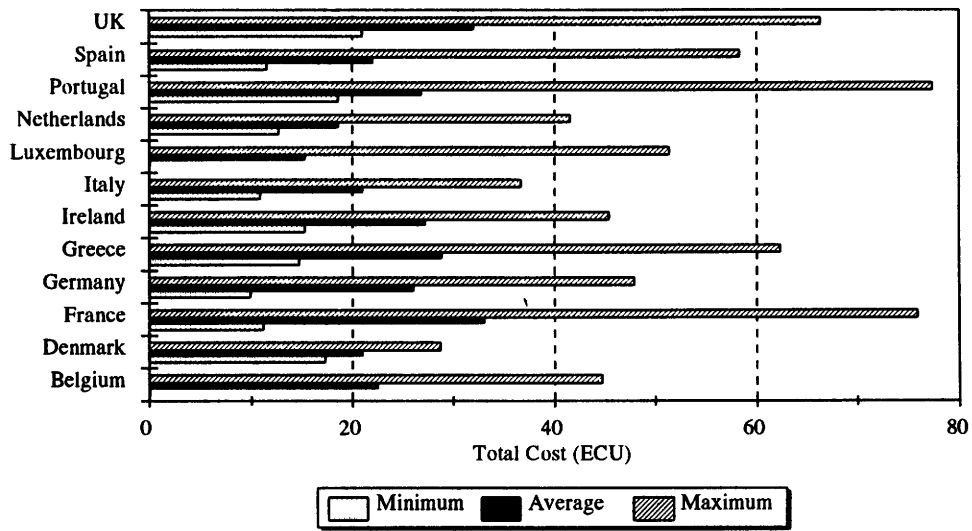
**Figure B.4: Total Cost by Sender Country
(excluding foreign exchange margins)**

Country	Minimum	Average	Maximum
Belgium	0.00	22.28	44.69
Denmark	17.14	20.80	28.49
France	11.16	32.89	75.81
Germany	9.84	25.95	47.79
Greece	14.68	28.77	62.20
Ireland	15.16	27.01	45.26
Italy	10.82	20.78	36.66
Luxembourg	0.00	15.08	51.32
Netherlands	12.67	18.54	41.38
Portugal	18.57	26.62	77.32
Spain	11.44	21.89	58.13
UK	20.76	31.85	66.19

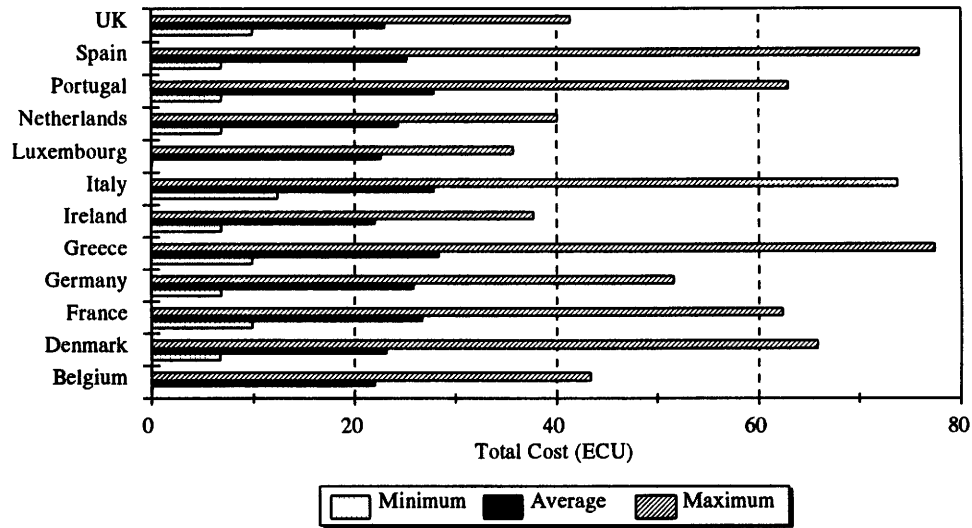
**Figure B.5: Total Cost by Receiver Country
(excluding foreign exchange margins)**

Country	Minimum	Average	Maximum
Belgium	0.00	21.94	43.24
Denmark	6.66	23.07	65.67
France	9.81	26.48	62.20
Germany	6.79	25.69	51.51
Greece	9.81	28.22	77.32
Ireland	6.79	21.82	37.63
Italy	12.36	27.74	73.60
Luxembourg	0.00	22.54	35.58
Netherlands	6.79	24.26	39.95
Portugal	6.79	27.65	62.80
Spain	6.79	25.09	75.81
UK	9.81	22.81	41.22

**Figure B.6: Total Cost by Sender Country
(excluding foreign exchange margins)**



**Figure B.7: Total Cost by Receiver Country
(excluding foreign exchange margins)**



**Figure B.8: Size of Foreign Exchange Margins
(loss(-)/gain(+)) on foreign exchange**

Margin	Frequency	Proportion	Cumulative Proportion
-4.8%	0	0.00%	0.00%
-4.7%	1	0.12%	0.12%
-4.6%	0	0.00%	0.12%
-4.5%	4	0.49%	0.61%
-4.4%	0	0.00%	0.61%
-4.3%	0	0.00%	0.61%
-4.2%	0	0.00%	0.61%
-4.1%	0	0.00%	0.61%
-4.0%	0	0.00%	0.61%
-3.9%	0	0.00%	0.61%
-3.8%	0	0.00%	0.61%
-3.7%	7	0.85%	1.46%
-3.6%	3	0.36%	1.82%
-3.5%	0	0.00%	1.82%
-3.4%	0	0.00%	1.82%
-3.3%	0	0.00%	1.82%
-3.2%	0	0.00%	1.82%
-3.1%	0	0.00%	1.82%
-3.0%	0	0.00%	1.82%
-2.9%	0	0.00%	1.82%
-2.8%	0	0.00%	1.82%
-2.7%	0	0.00%	1.82%
-2.6%	0	0.00%	1.82%
-2.5%	4	0.49%	2.31%
-2.4%	0	0.00%	2.31%
-2.3%	4	0.49%	2.79%
-2.2%	2	0.24%	3.03%
-2.1%	0	0.00%	3.03%
-2.0%	0	0.00%	3.03%
-1.9%	0	0.00%	3.03%
-1.8%	2	0.24%	3.28%
-1.7%	0	0.00%	3.28%
-1.6%	3	0.36%	3.64%
-1.5%	12	1.46%	5.10%
-1.4%	0	0.00%	5.10%
-1.3%	16	1.94%	7.04%
-1.2%	10	1.21%	8.25%
-1.1%	14	1.70%	9.95%
-1.0%	8	0.97%	10.92%
-0.9%	9	1.09%	12.01%
-0.8%	28	3.40%	15.41%
-0.7%	16	1.94%	17.35%
-0.6%	22	2.67%	20.02%
-0.5%	34	4.13%	24.15%

Note: zero (0) range in the above figure covers more than -0.5% and less or equal to zero 0%

**Figure B.9: Size of Foreign Exchange Margins
(loss(-)/gain(+)) on foreign exchange) – (continued)**

Margin	Frequency	Proportion	Cumulative Proportion
-0.4%	54	6.55%	30.70%
-0.3%	77	9.34%	40.05%
-0.2%	149	18.08%	58.13%
-0.1%	170	20.63%	78.76%
0.0%	76	9.22%	87.99%
0.1%	31	3.76%	91.75%
0.2%	40	4.85%	96.60%
0.3%	14	1.70%	98.30%
0.4%	10	1.21%	99.51%
0.5%	0	0.00%	99.51%
0.6%	0	0.00%	99.51%
0.7%	0	0.00%	99.51%
0.8%	0	0.00%	99.51%
0.9%	0	0.00%	99.51%
1.0%	0	0.00%	99.51%
1.1%	0	0.00%	99.51%
1.2%	0	0.00%	99.51%
1.3%	2	0.24%	99.76%
1.4%	0	0.00%	99.76%
1.5%	0	0.00%	99.76%
1.6%	0	0.00%	99.76%
1.7%	0	0.00%	99.76%
1.8%	0	0.00%	99.76%
1.9%	0	0.00%	99.76%
2.0%	0	0.00%	99.76%
2.1%	0	0.00%	99.76%
2.2%	0	0.00%	99.76%
2.3%	0	0.00%	99.76%
2.4%	0	0.00%	99.76%
2.5%	2	0.24%	100.00%
Total	824	100.00%	

Note: zero (0) range in the above figure covers more than -0.5% and less or equal to zero 0%

ANNEX C:
MARKET RESEARCH:
INDIVIDUAL COUNTRY EXPERIENCES

ANNEX C

MARKET RESEARCH: INDIVIDUAL COUNTRY EXPERIENCES

The following annex provides an insight to the various experiences of market researchers in the twelve countries. It comprises notes for each country, under three headings, options, costs and time – describing the visits.

It is provided as background material to assist in understanding the results of the study.

Belgium

Options

Most branches quoted two transfer options, Swift Urgent and Swift Normal. However, many did mention the possibility of sending the small sum by a postal mandate, since this method of sending money was considerably cheaper than a transfer.

Branch staff from two banks mentioned a special service for sending money to France. Bilateral agreements exist between Belgian and French banks whereby transfers are guaranteed to arrive within 5 days. The service is only available to those sending relatively small sums of money, below 415 ECU, and costs 10 ECU.

Costs

Transfers to Luxembourg benefit from a preferential rate.

Charges can be broken down into several elements. Transaction fees and the exchange commission were quoted in tranches. The percentage applied for each tranche decreased with increasing bands. Typically the transaction charge was 0.3% with a minimum of 4-9 ECU. Both amounts the researchers enquired about were included in the first tranche, the 100 ECU sum attracting the minimum fee, whilst the 2,500 ECU amount incurred the 0.3% charge.

The exchange commission, also a percentage charge varying with the value of the transaction, was usually half the transaction fee, 0.15%. Minimums were in the range of 2 and 3.5 ECU.

Other fees included charges for Swift transfers, both urgent and standard, which ranged between 1.5 and 15 ECU.

Most branches were unable to give an indication of beneficiary charges. Those willing to estimate stated that charges would be between 9 and 18 ECU. One brochure warned that even if the beneficiary's costs were paid by the sender, French banks deducted a fee for incoming transfers of less than 150 ECU.

VAT is payable on transfer charges. Not all branches mentioned that VAT would be added to the total cost. A brochure produced by one bank failed to mention the addition of VAT. Since VAT is currently 20.5%, it makes a considerable difference to the overall cost of a transfer.

Time

Quotes for the normal arrival time of an urgent transfer ranged between one and five days. The maximum time a bank quoted for an urgent transfer was 10 days. Standard transfers can take anything between two and 13 days, with a maximum of 15 days quoted.

One bank stated, "If sent by Swift Urgent, it will arrive as a message to the beneficiary within the hour. However, allow two days for clearing purposes. If it is not the correspondent bank, add an extra day for arrival." A few branches were reluctant to say exactly how many days a transfer might take, since the length of time a transfer took depended on the beneficiary bank.

When questioned about what could be done if the beneficiary did not receive a transfer, many branches stated that there would be no problems whatsoever. Many branches also said that they would trace the transfer.

A few branches told the researcher that the transfer would be returned if the beneficiary's account could not be traced.

Denmark

Options

There were several transfer options available, varying in speed and price.

The researcher came across five categories of transfer: 'super-express'; 'express' (same day transfers); 'urgent' (next day/two day transfers); 'standard' and 'economy' (transfers taking between two and six days), with Danish banks offering up to four of these options. The services quoted by the banks varied in cost and time taken, and it was found that one bank's urgent was another bank's standard, in terms of both time and price.

According to one bank brochure, low cost rates were available when making transfers to the bank's branches abroad and to its Scandinavian banking partners.

Costs

A same day service was offered by approximately one third of branches visited. The price of this service generally varied from 40-66 ECU. One bank offered two same day service transfers, the price of the "super-express" service being 158 ECU. For the purpose of comparison with other EC countries, the same day transfers were not used in the analysis of an urgent transfer, since most countries quoted approximately two days for the faster transfer method.

The charging procedure was relatively simple, often with a fixed fee only. Some banks added a 0.5% exchange commission to the faster transfer methods. The cost was the same for both the 100 and 2,500 ECU amounts. The quote for an urgent transfer was in the range 3-26 ECU, and for a standard transfer 3-13 ECU.

One bank gave an indication of beneficiary charges, estimating them to be 13 ECU.

One bank told the researcher that if she sent Danish Kroners, then there was an extra percentage fee payable on the transfer.

Time

The time quoted for an urgent transfer was between one and 4.5 days, and a standard transfer, between one and six days. Six days was the maximum time delay for the beneficiary to receive any transfer. However, several branches did warn that the times quoted were conditional on the correspondent bank and the receiver bank handling the transfer efficiently. The same warning was also printed in one of the brochures collected by the researcher. When pressed about what would happen if transfers did not arrive, many branches assured the researcher that transfers were guaranteed to arrive; "The system is very safe". Several branches advised the researcher that the bank would resolve any problems arising.

France

Options

There was generally only one transfer option available in France. Most branches said that the Swift transfer they offered was the most rapid, although two mentioned the possibility of paying an extra charge for sending an 'urgent' transfer.

Costs

The three separate charges making up the cost of a transfer included a transfer fee, an exchange commission and a transmission fee. Beneficiary charges could be added to the total charge, but most branches were unable to give an indication of how much these charges would be.

The fee for making the transfer was generally 0.1% of the sum transferred, with a fixed minimum. The percentages, were tiered according to the amounts sent and, in most cases, decreased by half after 80,000 ECU. VAT was payable on transfer fees, but not on exchange commissions. A 0.05% exchange commission was payable when sending money in local currency.

Additional costs, such as handling and administration charges, were not always mentioned. In two cases the beneficiary charges were quoted, and ranged between 19 and 32 ECU.

Several branches warned that even when instructions for the remitter to pay all beneficiary charges were given, they could not guarantee that the receiving bank would not deduct further charges. Conflicting responses were given by different branches of the same bank: one said "The bank never charges when you receive a transfer", while another stated "We always deduct 8 ECU even if the sender specifies he is going to pay all the charges". Some branches recommended that instead of the sender paying the beneficiary's charges, the beneficiary could find out the incoming transfer fee charged by his bank, and then the sender could add this amount to the sum sent to cover it.

One bank said that the researcher would be liable for a further 2 ECU charge because she was not a French national.

On several occasions staff misquoted the transfer cost. This indicates lack of staff familiarity with the brochure and the transfer procedure. Twice branches quoted charges for incoming payments as the beneficiary charges. Several staff overlooked the exchange commission costs, since the brochure only mentioned the fee as a footnote. Some staff gave out brochures that were out of date.

In two cases assistants mentioned an additional urgent charge which was not mentioned by other branches of the same bank or the brochures.

One bank offered a set fee for small value payments of under 800 ECU. However, this fee did not include the beneficiary's costs, should the sender decide to pay these costs as well.

Time

Times quoted for the urgent transfer varied from between one day and 10 days. Only two branches quoted times for a standard transfer, and again the range was similar: two to 10 days. The standard response when asked "How long will the transfer take to arrive?" was "48 hours". However, when pressed most assistants elaborated saying, "It will be with the correspondent bank after two days, after that we can't be precise". Some branches also stressed that the time a transfer took depended on the country to which the money was being sent. One bank went on to quote "Allow 10 days for transfers to Europe". If a correspondent bank was used as an intermediary, this too would slow down the procedure. Thus, branches often warned, "If you are sending to a very small bank, it may take longer".

If a transfer failed to arrive it could be traced by each bank involved in the process. One bank informed the researcher that if the money had to be sent back because the beneficiary could not be traced, the bank abroad would deduct charges for the additional work involved. However, if the bank was found to be at fault, the sender would not be charged. Others mentioned that the transfer would simply be traced and/or sent back.

Germany

Options

Some German banks told the researcher that money could only be sent by account holders, although some said that, for a fee, transfers could be made with cash.

Several banks introduced new transfer procedures in Germany during 1993-1994, e.g. the Tipanet service. Another new form of payment, a Euro Transfer, was payable to a beneficiary in any EC or EFTA member state. According to one bank, "The Euro Transfer system is still very much in a 'test phase'". Up to 2,500 ECU, in DEM or in local currency, could be sent for a fixed fee of approximately 8 ECU. Some banks allowed the sender to pay the beneficiary's costs, and detailed the exact amounts of these charges. On the other hand, some banks stipulated that the sender could pay his charges only, and the beneficiary would have to pay the costs incurred in his country. In these cases the bank often provided a list indicating the beneficiary charges in the destination country in local currency. This would enable the sender to add the charge to the amount sent in order to cover the beneficiary's costs.

However, information regarding the Euro Transfers was not particularly clear. At two branches assistants told the researcher that according to the Euro Transfer agreement, the receiving bank did not charge the beneficiary. Another said the Euro Transfer could not be used for transfers in foreign currency.

At several branches it was suggested that the sender write a eurocheque for the small value payment as this method was considerably cheaper than a transfer.

Costs

An urgent Swift transfer is still the fastest way of sending money abroad. The charges comprised a transfer fee, a Swift Urgent fee, and an exchange commission. The transfer fee for the 100 ECU payment was in the range 5-13 ECU, and for the 2,500 ECU payment, 8-18 ECU. The Swift Urgent fee ranged from 2-18 ECU. Some banks also charged a smaller fee for Swift Normal. Exchange commissions had a percentage charge of 0.025%, with a minimum of 1-1.5 ECU. Beneficiary charges were quoted on several occasions. Some banks had different beneficiary charges for each destination country, others gave a rough indication "normally about 15 ECU", and some charged a fixed fee, adding that further deductions would be made at a later stage if necessary. Quotes (including beneficiary charges, where possible) for sending a transfer in Germany ranged between 8-52 ECU. However, not all banks provided an indication of beneficiary charges.

Time

In terms of the time transfers take, many German branches did not provide full information. Several branches gave figures for standard transfers only, and a few branches refused to give any information at all.

Where times were quoted, urgent transfers ranged between two and five days, whereas standard transfers ranged between two and 10 days. Many branches warned that the time a transfer took was dependent on the quality of the receiver and, where appropriate, correspondent bank. Three branches mentioned southern European countries, with Italy being singled out in particular, as being prone to delays.

One bank told the researcher that the savings banks and their central bank were currently negotiating new transfer services and conditions. Therefore, from July 1994, the terms and conditions for sending money abroad might improve, in terms of both costs and time taken.

Greece

At the time of conducting the market research, sending cross-border payments was subject to restrictions set by the Greek government to protect the national currency. Citizens were not allowed to send money abroad unless there was a good reason. For example, sending money to students (not more than 850 ECU per month), paying hospital bills (sender must produce invoices at bank), commercial transactions (only for companies, who must provide invoices) etc. Holders of foreign currency accounts were free to send funds abroad, provided that the funds were legally imported into Greece.

Options

In almost all cases, branches visited were able to offer an electronic or telegraphic transfer service. Only one bank did not offer a transfer service and it suggested the money be sent by bank draft.

Sending a bank draft was recommended in almost all visits, since the amounts were small and a bank cheque was cheaper than a transfer. Furthermore, bank staff said they preferred sending cheques as there was less paperwork involved than when money was sent directly from account to account.

Costs

The charges quoted for a transfer ranged from 5-35 ECU, but in some cases charges were negotiable (in one case the researcher was told that he would not be charged at all) and they did not include commission nor beneficiary charges. The standard range was from 15-25 ECU.

In almost all cases beneficiary charges were not included in the quotes. It was suggested that the researcher find out what the receiver cost would be. One bank estimated beneficiary charges at 13 ECU and advised the researcher to transfer a larger amount to cover all possible charges.

At all branches of one bank staff quoted 5 ECU for the beneficiary charges. The researcher was told that if an intermediate bank was used, further costs would be deducted. Charges were 5 ECU for each corresponding message.

Time

A transfer was always considered urgent. The message was sent on the same day and if the receiving bank was also the correspondent bank it would take two days for the money to be available to the beneficiary. However, if there was an intermediate bank it could take up to four days or sometimes more. In one case the researcher was told not to listen to the two days time frame quoted by the other banks – a transfer always takes four to six days.

Ireland

Options

One bank offered a 'next day service', and another bank had recently introduced a cheaper transfer for small value payments of up to the equivalent of 2,500 ECU in the receiver's currency. The set fee charged covered all costs. However, the sender could not elect to pay the beneficiary's charges.

In almost all cases branches strongly recommended sending a bank draft. This was because the amounts the researcher was proposing to send were relatively small and a bank draft cost about 4 ECU.

Costs

The charges for an urgent transfer ranged from 9-40 ECU. Generally there were commission charges of 9-15 ECU. On top of this was a further charge which, despite coming under a number of different labels, amounted to a charge of between 6-14 ECU for transmission. This took the total cost up to between 15-27 ECU. The bank offering a next day service had a premium fee of 25 ECU taking its charge up to 40 ECU.

The cheapest method (9 ECU) was a newly introduced 'small value European payments' method at one of the banks visited. However, only about half of the branches visited mentioned the new service and none had any up to date literature which contained information about the service. On one occasion the researcher was told "This new service is really meant for individuals compared with the other that is really for businesses." The transfer form for the small value payment was much simpler to complete.

One bank charged a flat fee of 32 ECU for a telegraphic transfer. However, in some branches staff said they would refuse to send the amounts the researcher requested. In one case the bank refused to send 100 ECU but agreed to send the larger amount, 2,500 ECU. Another branch refused to send both transfers since they were less than 12,000 ECU. The reason given for this was "The transfers will be just left at the bottom of the pile and never looked at".

In all cases the fees did not include the beneficiary bank's charges and members of staff were unable to say how much these charges would be. It was often suggested that it would be better to find out beforehand what the receiver cost would be and then send the extra money to cover these deductions.

Time

In almost all cases the researcher was told the transfer would take between three and four days.

Italy

Options

Most Italian branches quoted one type of transfer and did not offer the choice of sending by urgent or standard methods.

Only one bank offered a same day service, provided the order was given before 10 am. The additional fee for this was 9 ECU.

Costs

Charges were structured in a similar manner at all Italian banks. Charges comprised a basic transfer fee plus an exchange commission which is a percentage of the transaction cost, often with a minimum charge. Additionally, some banks added an extra transmission charge – a Swift/Telex fee.

Total charges ranged from 5-32 ECU. Quotes for the fixed transfer fee ranged between 2-32 ECU. The exchange commission ranged from 0.15%-0.2%, in some cases a minimum charge was made which was 0.5-9 ECU.

Beneficiary charges could be paid for by the sender, although generally estimations of charges were not supplied. In the few cases where an indication was given beneficiary charges were quoted as 8 ECU.

One bank quoted an extra charge of 6 ECU for sending money to France, since French banks made additional charges. One French bank in particular was singled out as always adding extra charges. Another bank mentioned an extra 5 ECU charge if the beneficiary's bank was not the sender bank's correspondent.

As an inducement to the researcher to open his account with the branch visited, assistants at many branches advised that charges could be negotiated once the account had been opened if the number of foreign transactions was substantial. In addition, exchange rates were open to negotiation. The researcher was informed he would be able to choose either the opening or closing rate for the Milan or Rome stock exchange, or the exchange rate established by the Bank of Italy.

Time

Transfer times quoted ranged from one to five days on average. Some branches quoted a lot longer for transfers to arrive, the longest being 15 days. Several branches quoted the time of arrival at the head office abroad or at the correspondent bank, being unwilling to quote the total time a transfer might take if the receiver bank was not a correspondent, since they had no control of the timing of a transfer once it was in the hands of another bank.

According to the Italian branches there were very seldom delays with sending transfers. One bank guaranteed the researcher that even if the beneficiary's account was not credited within four days, the bank would value date the transfer to four days. Many branches said that they could trace a transfer if it failed to arrive. A few mentioned that the customer would have to pay an extra charge for this service. Some branches, for no extra charge, offered to call the beneficiary's bank to check the transfer had arrived. One branch informed the researcher that the sender was charged the transfer costs only once the beneficiary bank confirmed it had received the transfer. After three days, if no confirmation was received, the branch would chase the transfer. One branch did inform the researcher that it would be up to the beneficiary to complain to his bank, should the transfer fail to arrive.

One branch warned that if the beneficiary did not have an account with one of its correspondents there was more chance of things going wrong. Several branches said that sending to a non-correspondent would take longer, but many refused to say how much longer. Another bank warned that sending to small rural banks could be a problem, but the transfer was always traceable.

Luxembourg

Options

Most branches informed the researcher an account was not necessary for making transfers – cash could be paid over the counter. There was a supplementary charge for this service.

There were two types of transfer, either a Swift Urgent or Standard transfer.

Costs

Charges for a transfer to Belgium were lower because of the currency parity between the two countries.

The transfer fee was a percentage of the amount sent with a minimum charge. The percentage rate decreased at certain thresholds, although the two sums to be sent, 100 and 2,500 ECU, fell into the first charging band which was 0.2%. The transfer fee for 100 ECU was 2.5-5 ECU, and for 2,500 ECU was 5-9 ECU.

The exchange commission was calculated on a similar basis: it tended to be 0.1%, although one bank did not charge the exchange commission for transfers below 125 ECU. In many cases an extra charge existed for sending a transfer by Swift – either urgent or standard. The extra charges for Swift Urgent cost up to 6 ECU. One bank had a set fee of 37 ECU, regardless of the amount transferred.

One bank stated that it was impossible for the sender to pay for the beneficiary's costs. When the researcher asked to know how much the beneficiary's bank charges would be in order to send more than the required amount to cover these costs, the assistant shrugged and said she couldn't help, stating "The only way of ensuring the exact amount arrives is to send a postal order". All branches except one were unable to give any indication of beneficiary charges. One bank estimated correspondent bank charges at 4 ECU.

Branch staff often misquoted costs from the brochure. Many misread the brochure details, others omitted to mention that an exchange commission was payable.

Most branches did warn that even if the sender asked to pay all beneficiary's charges, the bank could not guarantee that the receiver would not have charges deducted, since "It is out of the sender bank's hands by this time". The forms the researcher saw did not include a specific instruction to pay all charges. Most branches advised strongly against the sender paying all the charges since it was possible that the beneficiary bank would not receive the information, or would ignore it, and debit the account regardless. As one bank pointed out, "The amount double charged is not a large sum, often so small that it is not worth the telephone call to the beneficiary bank to sort out the problem".

Time

Many banks tended to be cautious quoting the time transfers would take. For an urgent transfer the times ranged between one and six days. A standard transfer would take between two and eight days. Several branches said that both transfers could take a maximum of 10 days.

Several branches warned that when sending a transfer, the fact that it was classified Swift Normal or Swift Urgent was of less importance than the beneficiary bank. If the beneficiary bank was the sender bank's correspondent, then in principle the transfer would arrive at the destination account much faster than if the correspondent bank needed to act as an intermediary. Charges might also increase, in this latter case, because three banks were involved instead of just two.

Banks stated that if a transfer was delayed or lost the fault would usually lie with the receiver bank, for which the sending bank could not accept responsibility, although one bank said, "If the beneficiary bank happens to be our correspondent, then there will be no problems, since the two banks work together regularly".

When the researcher enquired about the availability of redress procedures, bank staff automatically assumed that if a transfer failed to arrive, or failed to arrive within a reasonable time limit, then it would be because the sender provided incorrect details. The thought that the bank might make a mistake was generally not entertained. Half the branches said that they would trace the transfer. If the transfer was returned, however, the amount re-credited to the account would be less than the original amount sent, since effectively two transfers would have been made – one out and one back.

One bank explained in detail that delays do occur. "Sending a transfer is a very 'hit and miss' business, since its arrival is dependent on the fast, efficient service of at least two banks, possibly three". The assistant went on to say "Transfers from Luxembourg to Germany, UK, Belgium and the Netherlands, are not a problem. However, to most southern European countries, the service is not as efficient – their ways of operating are more relaxed". Another branch said that when the researcher came in to make the transfers, knowing the beneficiary bank name and branch, an assistant would telephone the foreign transfer department and to find out how long it would take.

Netherlands

Options

Most branches offered the researcher the choice between a standard and an urgent transfer.

Costs

Charges were broken down into a fixed fee for the transfer cost with a percentage payable over a certain amount sent. There was also an extra charge for sending the transfer by Swift Urgent. In almost all instances, the 100 and 2,500 ECU amounts came under the minimum charge. On all visits except one, staff quoted the fixed fee as 7 ECU. The other quote for the fixed fee was 14 ECU. The Swift Urgent charge was quoted in the 5-7 ECU range. In the majority of cases, the total cost was quoted at 12-14 ECU, however, one bank quoted 7 ECU for the smaller amount and 18 ECU for the larger sum to be sent. The total charges quoted excluded beneficiary charges. One bank gave an indication of beneficiary charges, between 6-7 ECU.

Many branches were reluctant to give cost information to the researcher, since he did not have an account with the bank.

Time

The normal time quoted for an urgent transfer ranged between one and three days, with a maximum of seven days quoted. For a standard transfer, the normal time a transfer would take ranged between three and seven days, with a maximum of 14 days.

Responses to the question of how long a transfer would take were varied. One branch replied, "It depends on the country and the bank the transfer is sent to". Only one branch refused to give any indication of the time delay involved with transfers. Two branches mentioned that delays often occurred with transfers sent to Portugal. Another said that if the receiver bank was not connected to the Swift system, the time a transfer took would increase.

On the question of what would happen if the transfer failed to arrive, many branches assured the researcher that problems should not occur with transfers within Europe. Several branches pointed out that if problems did arise, the money would be returned to the sender's account.

Portugal

Options

Branches visited were able to provide electronic or telex transfer services. Banks offered one service which is termed urgent. Only one bank, not being able to carry out transfers itself, offered to make them via another bank.

In most cases sending transfers was a service available only to bank customers. Not being a holder of an account was a serious obstacle not only for sending transfers, but also for obtaining information. The bank cheque option was recommended since it was cheaper for such small amounts.

Costs

Commission and expenses ranged from 10 ECU-25 ECU with the majority of branches charging 23 ECU. In all cases there is a percentage fee of 0.9%, which increased the total charges considerably. The totals charged ranged from 13.5 ECU (the minimum charge quoted for a 100 ECU transfer) to 61 ECU (the maximum charge quoted for a 2,500 ECU transfer).

In all cases beneficiary charges were not included. Bank staff did not know whether the receiving bank would charge the receiver or not. The researcher was told that in most cases beneficiary charges would be deducted from the sender's account at a later date.

Time

Times quoted ranged from one day to three days. In many cases the time quoted for the transfer to arrive was very short (from one hour to one day) but the total time needed depended on the way the corresponding and receiving banks operated.

Spain

Options

Only one type of transfer is offered in Spain – it is termed 'urgent' and is carried out via the Swift network.

Transfers could either be made through an account or by cash. A cash transfer is more expensive than one made from an account. One bank would only make cash transfers for existing customers since the bank needed a point of contact should any problems arise.

Costs

Charges for foreign transfers in Spain were usually divided in the following manner:

- a % fee of the amount sent with a typical minimum of 6 ECU;
- a fee for Swift Urgent, typically 6 ECU;
- postage charges (mentioned by some banks);
- in the case of one bank there was also an exchange commission.

The option for the sender to pay the beneficiary's charges did exist. However, in many cases, the charge was said to be included in the bank's standard fee.

The researcher was told by one branch that when receiving transfers from abroad, all banks in Spain charged customers, regardless of the instructions given by the sender. This was not considered a double charge but an administration fee in the same way that a bank would charge its customers for credit cards, direct debit arrangements, etc.

Time

The time quoted for an urgent transfer to arrive varied from one to 15 days, with most banks in the two to four day range. When asked the maximum time a transfer would take, many banks were unwilling to fix a maximum, although, one bank responded 99 days!

As in other countries, the time transfers took to arrive depended on whether the beneficiary bank was the sender's correspondent bank. Moreover, banks pointed out on several occasions that a transfer sent to a large bank located in a main city would arrive faster than one sent to a small bank in the provinces.

When asked what would happen if the transfer was not carried out smoothly, employees got quite annoyed and some said that problems would only occur if the sender did not provide correct details of the beneficiary. A few stated that if a transfer could not be credited at the receiving end it would be returned, with the corresponding charges borne by the sender.

UK

Options

Most UK banks offered two types of transfer, urgent and standard. One branch informed the researcher that a transfer could be sent in virtually any currency.

Many branches recommended that the smaller amount be sent as a bank draft or money order, since the cost of a transfer was relatively expensive for such a small sum. One branch suggested sending the 100 ECU amount in cash by registered post, stating "An urgent transfer is only used in extreme circumstances, such as getting someone out of jail."

One bank operated a new service, which was available to people making payments to certain countries, including France and Germany. It was a low cost service and available to non-customers. There was a set 6 ECU charge for the service. However, transfers took between one and two days to arrive in the destination country and then three to four days to be credited to the beneficiary's account.

Another bank, in conjunction with partners in France, Portugal and Spain, operated an on-line connection system. One branch informed the researcher that such a system was the cheapest and fastest method of sending money abroad: "It cannot be held up at the receiver bank." However, the system only operated between the member banks in the four European countries.

Costs

The charging structure in the UK was very simple. A flat fee of 15-45 ECU was payable for an urgent transfer. The fee for a standard transfer ranged between 10-26 ECU.

Varied responses were obtained when asking about beneficiary charges. Two branches informed the researcher that there would be no charges on top of the standard fee. The rest of the branches said that beneficiary charges would be payable. Most explained that it would be impossible to know in advance how much these charges would be, since each charge would depend on how much work the bank had to put into processing the transfer. If a correspondent bank had to forward the transfer to another bank, then charges would increase. If the sender did not provide full details, this might involve extra work for bank staff. Two banks made a preliminary beneficiary charge of 6-10 ECU, whereupon, once the charges from the correspondent banks were received, extra charges could be levied. One bank stated it would reimburse the charge, should the beneficiary charges be less than the original charge.

A few banks warned that electing to pay beneficiary charges did not guarantee that the amount sent would be credited to the beneficiary's account without further deductions. According to one branch, "Spanish banks charge the beneficiary even if the sender requests to pay all costs".

Time

Times quoted for an urgent transfer ranged between 1.5 and five days, with a maximum quotation of eight days. Standard transfers were slower – they could take up to 14 days.

However, the time a transfer took depended on where the money was being sent. Several brochures warned that the times quoted were averages, and the bank could not guarantee that the payment would arrive within a specified time frame. One bank was reluctant to quote any time outside the one to two days it would take the transfer to arrive at the head office of the correspondent bank in the beneficiary's country. After that, even for an urgent transfer, it would be impossible to say how long the process would take.

A few branches said that problems would never occur with the system. Virtually all branches said that as sender banks, they would be able to trace the transfer, if delays occurred. Only a few branches went further to advise that the beneficiary should first make checks at his end since the UK bank would charge for tracing the payment.

ANNEX D:
MARKET RESEARCH: LIST OF BANKS
SURVEYED, BY COUNTRY

LIST OF BANKS SURVEYED, BY COUNTRY

Belgium

Anhyp
ASLK-CGER
BACOB
Banque Bruxelles Lambert
Cera
Citibank
Credit Communal de Belgique
Credit General
Europabank
Generale Banque
Kredietbank

Denmark

Aktivbanken
Amagerbanken
Arbejdernes Landsbank
Bikuben
Den Danske Bank
Forstaedernes Bank
Jyske Bank
Lan and Spar Bank
Roskilde Bank
Sydbank
Unibank

France

Banque Herve
Banque Nationale de Paris
Banque Transatlantique
Barclays Bank
BRED
Caisse d'Epargne
CIC
Citibank
Crédit Agricole Ile de France
Crédit Commercial de France
Crédit du Nord
Crédit Lyonnais
Crédit Mutuel
Société Générale

Germany

Badische Beamtenbank
Bayerische Vereinsbank
Bethmann Bank
BfG Bank
BHF Bank
Citibank
Commerzbank
Deutsche Bank
Dresdner Bank
Frankfurter Sparkasse 1822
Frankfurter Volksbank
Hypo Bank
Kreissparkasse in Siegburg
Nassauische Sparkasse
Noris Verbraucherbank
Okobank
Raiffeisenbank Oberlenbach
Sparda Bank Köln
Sparkasse Bonn
Taunus-Sparkasse
Volksbank Bonn EG
Wiesbadener Volksbank

Greece

Agricultural Bank Of Greece
Citibank
Commercial Bank Of Greece
Credit Bank
Creta Bank
Egnatia Bank
Ergobank
General Bank
Ionian and Popular Bank
Makedonia-Thrace Bank
National Bank of Greece
National Mortgage Bank of Greece
Xiosbank

Ireland

Allied Irish Bank
Bank of Ireland
National Irish Bank
Trustee Savings Bank
Ulster Bank

LIST OF BANK SURVEYED, BY COUNTRY (Continued)

Italy

Banca Popolare di Bergamo/Credito Varesino
Banca Agricola Mantovana
Banca Agricola Milanese
Banca Cassa Risparmio Torino
Banca Commerciale Italiana
Banca d'America e d'Italia
Banca di Roma
Banca Mercantile Italiana
Banca Nazionale del Lavoro
Banca Nazionale dell'Agricoltura
Banca Nazionale delle Comunicazioni
Banca Ponti
Banca Popolare dell'Emilia Romagna
Banca Popolare di Abbiategrosso
Banca Popolare di Lodi
Banca Popolare di Milano
Banca Popolare di Novara
Banca Provinciale Lombarda
Banca Sella
Banco Ambrosiano Veneto
Banco di Napoli
Banco di Sicilia
Banco San Geminiano e San Prospero
Cassa Rurale ed Artigiana di Borgo Panigale
CARIPLO
Cassa di Risparmio di Fermo
Cassa di Risparmio di Genova
Cassa di Risparmio di Parma e Piacenza
Cassa di Risparmio di Verona, Vicenza, Belluno e Ancona
Credito Agrario Bresciano
Credito Artigiano
Credito Commerciale
Credito Italiano
Credito Romagnolo
Istituto Bancario San Paolo di Torino
Monte dei Paschi di Siena

Luxembourg

Banque Generale du Luxembourg
Banque Internationale à Luxembourg
Banque UCL
Banque et Caisse d'Epargne de l'Etat
Caisse Centrale Raiffeisen
Citibank
Crédit Europeen
Krediethbank Luxembourg

Netherlands

ABN-AMRO Bank
Credit Lyonnais Bank Nederland
ING Bank
Rabobank
SNS Bank
Verenigde Spaarbank

Portugal

Banco Borges & Irmao
Banco Comercial Português
Banco do Comercio e Industria
Banco Espirito Santo e Comercial
Banco Fonecas e Burnay
Banco Internacional do Funchal
Banco Nacional Ultramarino
Banco Pinto & Sotto Mayor
Banco Português do Atlântico
Banco Totta & Açores
Caixa Geral de Depósitos
Credito Predial Português
União de Bancos Portugueses

Spain

Banco Bilbao Vizcaya
Banco Central Hispano
Banco de Galicia
Banco de Sabadell
Banco del Comercio
Banco Exterior
Banco Guipuzcoano
Banco Pastor
Banco Popular Español
Banco Santander
Banesto
Bankinter
Caixa Galicia
Caixa Ourense
Caja Madrid
La Caixa

UK

Bank of Scotland
Barclays Bank
Clydesdale Bank
Co-operative Bank
Lloyds Bank
Midland Bank
National Westminster Bank
Royal Bank of Scotland
Trustee Savings Bank
Yorkshire Bank