

**REMOTE CROSS-BORDER PAYMENT SERVICES:
TRANSPARENCY IN CONDITIONS OFFERED AND
PERFORMANCE OF TRANSFERS EXECUTED**

**Report for
Commission of the European Communities (DGXV)**

**Retail Banking Research Ltd
July 1993**

REMOTE CROSS-BORDER PAYMENTS:
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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 response to requests from the Commission, the three main European Credit Sector Associations drew up industry guidelines on customer information on remote cross-border payments (those which are sent by a person in one country to someone in another - as contrasted with face-to-face payments such as paying by credit card in a shop abroad). These guidelines detail the information to be provided to customers:

- a basic description of the service
- the way in which the service can be used, including the information required from the customer for the payment to reach the beneficiary, as well as that required to satisfy any technical or regulatory requirements
- an indication of the time usually needed for the funds to be credited to the beneficiary
- the basis of any commissions and charges payable to the bank, including the exchange rate used and commissions
- the value date applied by the bank in debiting the customer's account
- ways in which the customer may obtain further information including tariffs and exchange rates in effect
- specific warnings on certain means of payment, if applicable.
- advice on redress procedures and how to access them.

These procedures were to be in place by 1st January 1993.

Objective of Study

The Commission wanted to find out whether or not the banks had achieved this level of service, and how remote cross-border payments work in practice in the Community. In particular they wanted to establish:

- the arrangements for such transfers
- the prices charged to senders and recipients
- the time taken for such transfers to occur.
- how transparent these arrangements and prices are to customers

Retail Banking Research Limited (RBR) was commissioned to conduct a study to find out how far the guidelines are being followed in practice by banks in the twelve member states. Preparation of the research began in December 1992 and the study formally started in January 1993. The work consisted of two elements:

1. an exercise involving around 1,000 transfers between accounts in the twelve member countries, and
2. a market research exercise of what information banks provide about cross-border transfers covering more than 280 bank branches in the member states.

Structure of Report

This report presents the results of these exercises. Following this introduction, there are four 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

Section 5 compares the results of the transfer and market research work.

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.

1.1 CONVENTIONS USED IN THIS REPORT

Nomenclature

The words sender and payer are used interchangeably in the report as referring to the person sending a transfer. Beneficiary, recipient and receiver 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 the situation of double charging where the fees, costs and charges are those levied by the beneficiary's bank on the recipient.

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 (eg. of time taken for transfers to arrive) are based on those transfers that did arrive.

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.

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. This order is kept for the diagrams where the Commission abbreviations of country names are used.

Country	Abbreviation Country Names
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

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 banks to transfer money to other people in other countries, and the extent to which banking industry guidelines are being followed. It consisted of sending about one thousand transfers.

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

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 – large and medium sized. A list of the banks by country in terms of the type of bank is given in Table 2.1 overleaf. The sample of banks broadly reflects the banking structure in the different countries. Postal banks were excluded from this part of the exercise, as specified in the original brief from the Commission.

The accounts used were personal current accounts with the exception of two senders from Portugal and Spain who used their savings accounts. In these countries savings accounts can be used in a similar way to current accounts.

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

Each transaction carried out was to be the equivalent of 100 ECU in the currency of the beneficiary. Hence, numerous transfers of exactly the same amount would have been credited to the beneficiary's account. To help ensure that the sender remained identifiable even if the beneficiary's bank had not provided adequate reference information each beneficiary was sent slightly different amounts by each sender (eg. £79.99, £80.00, £80.01).

Table 2.1.1: Types of Bank Used for Transfer Exercise

Country	Commercial		Savings		Co-operative		TOTAL
	Large	Medium/ Small	Large	Medium/ Small	Large	Medium/ Small	
Belgium	2						2
Denmark	2						2
France	2	1				1	4
Germany	1	1		1	1		4
Greece		2					2
Ireland		2					2
Italy	1			1		2	4
Luxembourg	1			1			2
Netherlands	1				1		2
Portugal		1		1			2
Spain	2	1	1				4
UK	1	1	1		1		4
Total	13	9	2	4	3	3	34

As specified by the Commission the number of cross-border payments to be carried out by 34 senders was to amount to 1,048. This total was made up of:

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

There were problems in Greece because of exchange controls. In one case, one external funds account (held in Greece) was used successfully both to send and to receive transfers. In the other the money sent to fund the exercise was changed into local currency due to an error by the local bank, and the Bank of Greece subsequently refused permission for the transfers. Therefore one set of transfers from Greece had to be cancelled, as did one set of transfers to Greece (although in practice a few were sent). Nevertheless the data

that emerged was sufficient to provide meaningful information for most aspects of the Greek situation.

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

Table 2.1.2: Number of Transfers Sent and to be Received

Country	Transfers Sent	Transfers to be Received
Belgium	62	62
Denmark	62	62
France	117	116
Germany	116	116
Greece	32	35
Ireland	62	62
Italy	116	116
Luxembourg	61	62
Netherlands	64	62
Portugal	62	62
Spain	117	116
UK	116	116
Total	987	987

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.

If more than one method of transfer was offered, the more rapid was chosen.

Transfers were organised to be initialised in a single week (and as far as possible on a single day), away from any national holidays (as far as possible) to ensure 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 reference information provided concerning the transfers.

Recipients of funds recorded:

- when the funds were received
- 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 (eg. difficulty or ease of obtaining information) was recorded in summary.

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
- 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.

The instructions to the banks were to send transfers on the 8th of February for the specified amounts as quickly as possible and for the sender to bear all charges (ie. the beneficiary should receive net in their account the amount in their currency which was specified by the sender in their instructions).

The date of the 8th February was chosen to be well away from any holiday period and national holidays.

At the end of February, 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 March 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, either 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.

In April those senders with transfers that did not appear to have arrived were asked to contact their bank to follow up the issue. Most of the missing transfers were then identified - most having taken over three weeks to arrive, some having arrived earlier but without any appropriate reference information. In May, where transfers had still not been identified the beneficiary was asked to again check with their bank: however these missing transfers were not located, and the sender was then asked to formally request their bank to follow up the outstanding transfers. This resulted in the identification of one transfer by the end of June.

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
 - (i) verbal
 - (ii) written
- the quality of information
 - (i) verbal
 - (ii) written
- the ways in which transfers were possible (eg. standard, urgent)
- the tariff structure and charges levied
- basis of exchange rate used
- the time needed for transfers
- the extent to which narrative could be included
- guidance to suitability and warnings given (if any)
- sources of further information
- availability of redress procedures
- other relevant information

2.2.1 Coverage

Information was collected from a sample of 167 different banks across Europe. The banks were selected on the basis of covering as far as practical the full range of types of bank (commercial, savings, co-operative, rural, postal, etc) and a full range of size of 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 visits totalled 287 (as compared to the target total of 200).

The table below 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 retail banks available. 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 11 branches in Luxembourg (a small country with few banks) to 30 or more in France, Spain and Germany. In most countries more than one branch of the same bank was visited.

Table 2.2.1: Number of Banks and Branches Surveyed¹

Country	Number of Banks Covered	Number of Branches Visited
Belgium	7	30
Denmark	15	20
France	18	38
Germany	21	30
Greece	13	24
Ireland	9	13
Italy	16	25
Luxembourg	11	11
Netherlands	6	20
Portugal	17	29
Spain	21	30
UK	13	17
Total	167	287

¹ See table C.1 in Annex C for list of banks visited

TYPE OF BANKS, 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.

**Table 2.2.2: Types of Banks Surveyed
(number of branches visited by type of bank)**

Country	Type of Bank			
	Commercial Bank	Savings Bank	Co-operative Bank	Postal Bank
Belgium	22	4	1	3
Denmark	13	4	1	2
France	25	3	6	4
Germany	19	5	4	2
Greece	19	1	2	2
Ireland	7	3	2	1
Italy	12	7	5	1
Luxembourg	7	1	2	1
Netherlands	8	4	4	4
Portugal	23	3	1	2
Spain	24	5	0	1
UK	13	2	1	1
Total	192	42	29	24

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.

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

Country	Location of Branches		
	City	Suburban	Rural
Belgium	22	8	0
Denmark	14	3	3
France	20	8	10
Germany	17	11	2
Greece	14	10	0
Ireland	9	4	0
Italy	11	11	3
Luxembourg	11	0	0
Netheriands	19	1	0
Portugal	22	3	4
Spain	24	6	0
UK	13	4	0
Total	196	69	22

SIZE OF BRANCHES SURVEYED

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

In Denmark, Italy and Portugal most branches visited had more than 9 counter positions. In other countries the typical branch size varied between 3 and 8. In France there was a substantial number of small branches with only one or two counter positions.

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

Country	Branch Size			
	1-2 Counter Positions	3-4 Counter Positions	5-8 Counter Positions	9 or more Counter Positions
Belgium	5	14	10	1
Denmark	0	2	8	10
France	13	15	5	5
Germany	2	14	7	7
Greece	0	4	11	9
Ireland	2	1	4	6
Italy	0	2	9	14
Luxembourg	0	5	2	4
Netherlands	1	8	9	2
Portugal	1	7	9	12
Spain	4	18	7	1
UK	1	3	10	3
Total	29	93	91	74

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.

A professional market consumer research specialist in the financial services area was used to help draw up the approach to be used and the questionnaire. It was decided not to use a professional agency to actually carry out the research because of the wide geographical scope and relatively small number of branch visits in each country (between 11 and 38) 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, and in just two cases on the telephone.

A list of banks which had to be covered, including the postal bank, was provided to each researcher.

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

The market research was mainly carried out in February and the first week of March 1993, apart from Greece where, because of organisational problems, the market research was carried out in late June 1993.

2.3 EXCHANGE RATES AND CURRENCY FLUCTUATIONS

In order to provide a basis of comparison between costs in different countries, the common currency used was the ECU. Because of the fluctuation of rates in the market over time, a date had to be selected and the 8th February 1993 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 8th February. 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 date. 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 all calculations of costs were as follows:

Table 2.3.1: Exchange Rates Used for Currency Conversions

Country	Currency	Exchange Rate to 1 ECU
Belgium	BEF	40.22848
Denmark	DKK	7.4541
France	FRF	6.605467
Germany	DEM	1.954304
Greece	GRD	262.7907
Ireland	IEP	0.800898
Italy	ITL	1803.346
Luxembourg	BEF	40.22848
Netherlands	NEG	2.197062
Portugal	PTE	175.8466
Spain	ESB	138.7189
UK	GBP	0.815993

However, if a sender's account was not debited on 8th February 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 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.

Nearly 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 7,800 institutions² that offer payment services. The market research covered a sample of 287 of the Community's 167,000 bank branches² and 86,000 post offices³.

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, ie. about 1 in 40,000. This compares to coverage of 1 in 230 of the banks that offer international transfer services and 1 in 880 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.

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 (eg. "was a brochure provided?"), the confidence intervals were as overleaf (assuming independence of individual results and a binomial distribution).

² & ³ Source: "Payment Systems: EC Member States: Statistical Tables for 1991". Bank for International Settlements, April 1993.

Table 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%	2.2%	0.0%	2.8%
5.0%	2.4%	7.6%	1.1%	8.9%
10.0%	6.5%	13.5%	4.7%	15.3%
20.0%	15.3%	24.7%	12.9%	27.1%
30.0%	24.6%	35.4%	21.9%	38.1%
40.0%	34.2%	45.8%	31.3%	48.7%
50.0%	44.1%	55.9%	41.1%	58.9%
60.0%	54.2%	65.8%	51.3%	68.7%
70.0%	64.6%	75.4%	61.9%	78.1%
80.0%	75.3%	84.7%	72.9%	87.1%
90.0%	86.5%	93.5%	84.7%	95.3%
95.0%	92.4%	97.6%	91.1%	98.9%
99.0%	97.8%	100.0%	97.2%	100.0%

ie. 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 15.3% and 24.7%, and 99.7% sure that the actual proportion lies somewhere between 12.9% and 27.1%.

Some aspects of the market research, such as prices charged for transfers, could be expected to be uniform for all branches at 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 987 transfers should the sample size be regarded as 34 or 987? 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 double charging occurred).

Table 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, as with the market research, including the mean, maximum, minimum, median, mode and standard deviation.

When the phrase "EC Average" is used in the transfer exercise, this represents the average of all transfers (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. There were 33 senders in total - 4 in each of the larger countries and 2 in each of the smaller countries except Greece where there was one sender. Receivers numbered 34 since transfers were received at two points in Greece.

Each account was a local currency account except for that in Greece which was an external account held in sterling - thus transfers from UK to Greece and vice-versa did not involve a 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 987 transfers were sent in February. By the end of June 982 (99.5%) had been identified as having arrived. Two had been returned to the sender and three were missing.

In one of the returned transfers there was a mistake in the spelling of the beneficiary's Christian name; all the other details including the account number and surname were correct. In the other case, the bank was given a written list including the correct details; subsequently the bank reported that the receiving bank did not hold an account for this particular beneficiary. It was not possible to check whether the bank had transcribed the details correctly since that bank did not provide copies of its transfer instructions. In both cases the senders were recredited with the amount sent but not with the bank charges they had paid (19.35 ECU and 27.20 ECU respectively).

The missing transfers were from a single sender in Greece. The sending bank was asked to check what had happened to these transfers; it did so and replied that the money had been received by its correspondent banks - any further enquiries would require payment of an extra fee. The bank was requested to make further enquiries and the extra fees were paid. This resulted in the identification of one transfer which had taken three months to arrive (and is included among these having arrived) but, as at the end of June, no further information on the fate to the three other transfers had been provided - two to Luxembourg and one to Ireland.

On one occasion a transfer was credited to the wrong account despite correct instructions by the sender. The transfer was credited to the beneficiary's business account instead of his private account. The beneficiary's name does not appear in the account name of the business account. When this error was pointed out, the correction was immediately made.

Although the instruction given to banks was to transfer money to a specified account, in 11 cases (1% of the total) the beneficiary received a cheque through the post sent to their home address. These were domestic cheques sent presumably by the correspondent bank. Generally these cheques were not accompanied by complete reference details (see section 3.6.2) and in one case there was no reference other than the country from which the money had been sent.

Table 3.1.1: Numbers of Transfers Sent and Received

Country	Transfers Sent	Transfers Expected	Transfers that had Arrived	Missing Transfers
Belgium	62	62	62	0
Denmark	62	62	62	0
France	117	116	116	0
Germany	116	116	114*	0
Greece	32	35	35	0
Ireland	62	62	61	1
Italy	116	116	116	0
Luxembourg	61	62	60	2
Netherlands	64	62	62	0
Portugal	62	62	62	0
Spain	117	116	116	0
UK	116	116	116	0
Total	987	987	982	3

* Two of the transfers to Germany were returned to the senders

3.2 TIME FOR TRANSFERS

The time for a transfer to be completed was assessed in two ways:

- (a) the number of working days from when the transfer was authorised to the date when it was credited, in terms of value date, to the beneficiary account – this is described as the *total time*;
- (b) the number of working days between when a transfer was value debited to the payer's account and value dated to the beneficiary's account – this is described as the *value time*.

The reasons for the difference between *total time* and *value time* lie in different banking practices between banks and also because of the way different banks organise transfers. In some cases branches handle transfers themselves, in others all the papers are forwarded to head office leading to a day or two delay before the transfer is initiated and debited. Generally total times are longer than value times but in some countries, such as Belgium and the Netherlands, transactions are value dated to the day before execution. For this reason, the relationship was reversed in such countries.

From the customer's point of view, the *total time* is probably the more useful in representing the time from when his instructions are given to when money arrives.

Transfers took on average 4.6 days in *total time* and just over 3 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.

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

	Total Time	Value Time
Average	4.61	3.15
Mode	3	3
Median	4	3
Minimum	0	0
Maximum	70	69
Standard Deviation	3.38*	3.19

* Working days were taken as Monday to Friday. In some countries banks operate on Saturday, 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.

Within this average was a range from zero days (ie. the transfer was authorised and credited the same day) to fourteen weeks as shown in Figure 3.2.1. However both were infrequent occurrences. Nearly 80% of transfers arrived within a week (5 working days) in terms of total time, and 97% within two weeks. The corresponding percentages for value time are 93% and 99%.

**Figure 3.2.1: Total Transfer Time
(from authorisation to crediting date)**

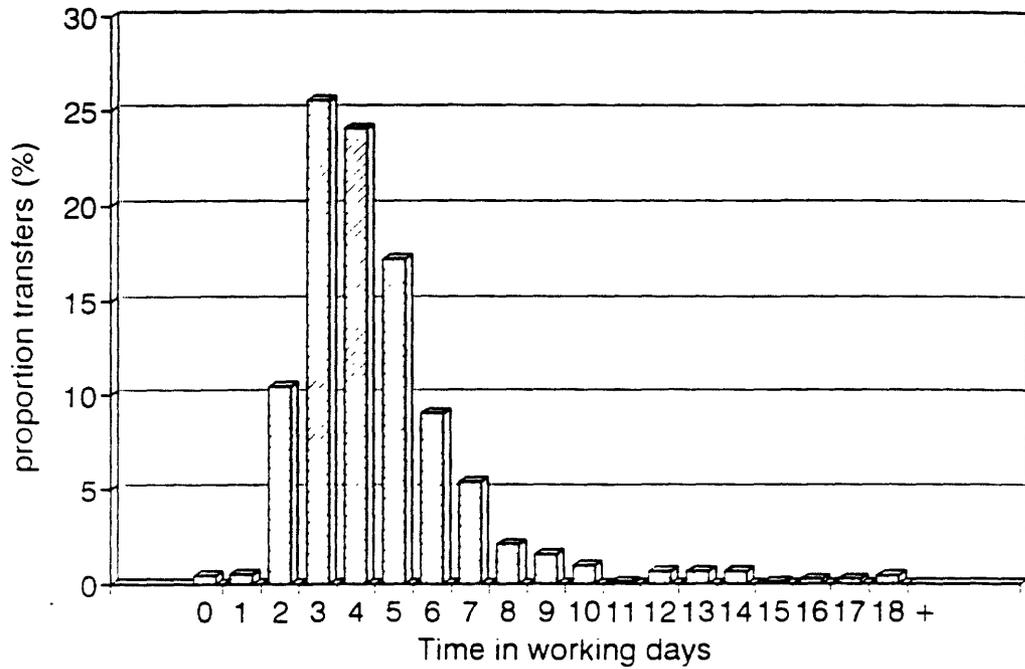
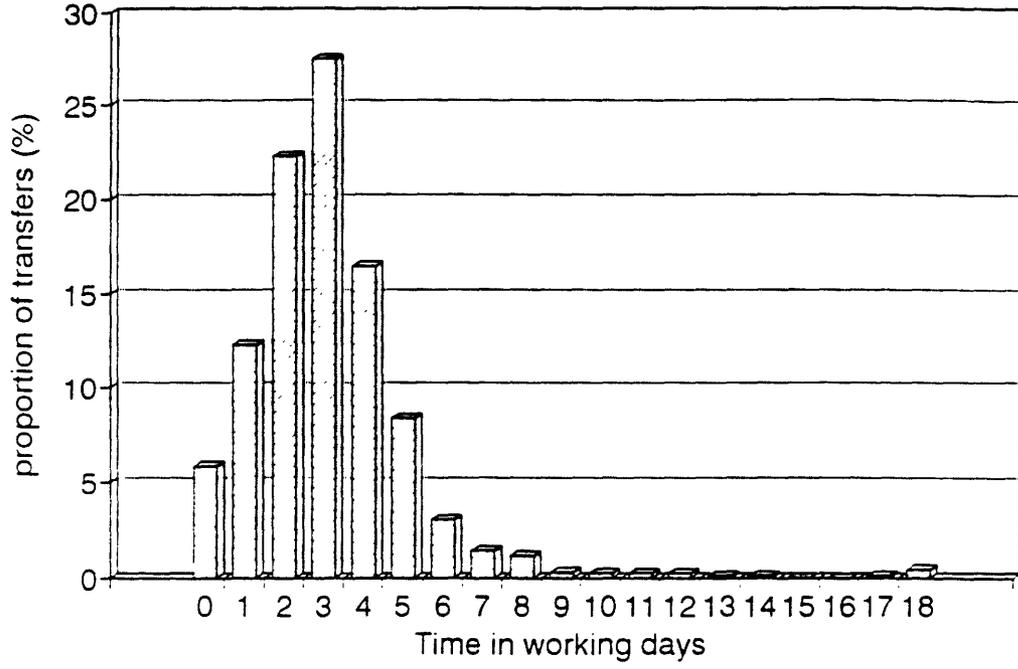


Figure 3.2.2: Value Transfer Time
(from debiting to crediting date)



**Table 3.2.2: Total Time for Transfers to Arrive: Detailed Frequency
(in working days)**

Number of Days	Frequency	%	Cumulative %
0	4	0.4%	0.4%
1	5	0.5%	0.9%
2	103	10.5%	11.4%
3	251	25.6%	37.0%
4	236	24.0%	61.0%
5	169	17.2%	78.2%
6	89	9.1%	87.3%
7	53	5.4%	92.7%
8	20	2.0%	94.7%
9	15	1.5%	96.2%
10	9	0.9%	97.1%
11	1	0.1%	97.3%
12	6	0.6%	97.9%
13	6	0.6%	98.5%
14	6	0.6%	99.1%
15	1	0.1%	99.2%
16	2	0.2%	99.4%
17	2	0.2%	99.6%
18+	4	0.4%	100.0%
	982		

**Table 3.2.3: Total Time for Transfers to Arrive: Frequency
(in working days)**

Number of Days	Frequency	%	Cumulative %
0	4	0.4%	0.4%
5	764	77.8%	78.2%
10	186	18.9%	97.1%
15	20	2.0%	99.2%
20	4	0.4%	99.6%
21+	4	0.4%	100.0%
	982	100.0%	

**Table 3.2.4: Value Time for Transfers to Arrive: Detailed Frequency
(in working days)**

Number of Days	Frequency	%	Cumulative %
0	57	5.8%	5.8%
1	121	12.3%	18.1%
2	219	22.3%	40.4%
3	270	27.5%	67.9%
4	162	16.5%	84.4%
5	82	8.4%	92.8%
6	30	3.1%	95.8%
7	14	1.4%	97.3%
8	11	1.1%	98.4%
9	3	0.3%	98.7%
10	2	0.2%	98.9%
11	2	0.2%	99.1%
12	2	0.2%	99.3%
13	1	0.1%	99.4%
14	1	0.1%	99.5%
15	0	0.0%	99.5%
16	0	0.0%	99.5%
17	1	0.1%	99.6%
18+	4	0.4%	100.0%
	982		

**Table 3.2.5: Value Time for Transfers to Arrive: Frequency
(in working days)**

Number of Days	Frequency	%	Cumulative %
0	57	5.8%	5.8%
5	854	87.0%	92.8%
10	60	6.1%	98.9%
15	6	0.6%	99.5%
20	1	0.1%	99.6%
21+	4	0.4%	100.0%
	982	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).

Table 3.2.6 overleaf shows the results from the sender and receiver perspectives and a ranking combining the two perspectives. Netherlands was near the top of the league both in terms of the speed of arrival of the transfers it sent and those it received. Denmark was the quickest in terms of the transfers it sent and slightly lower (fourth) in terms of receiving payment.

Italy was the slowest receiving country, transfers into Italy taking 6.4 days nearly twice as long as those into the fastest country, the UK. Most countries averaged between 4.1 and 4.8 days for receiving payments.

In terms of sending transfers, Denmark and the Netherlands were the fastest at 3 days while Germany (5.4 days), Spain (5.6 days) and Greece (6 days) were the slowest.

Combining the two times by averaging the rankings put Netherlands fastest overall, followed by Denmark, and then the UK; slowest were Greece and Spain, and Italy just above the other two.

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: Netherlands and Denmark remain at the top, Luxembourg changes most, rising from fourth position to seventh; the bottom three rearrange their order so that Italy is at the bottom, with Spain at tenth and Greece in-between.

The maximum times (for a single transfer) for these bottom three were also significantly higher than for other countries (see Figures 3.2.3 and 3.2.4). However it was not a single lengthy transfer that dragged these countries down: their position reflects most transfers taking longer than average except for Greece as a sender where a few, very slow transfers dragged down its position from 4th to 12th.

Table 3.2.6: Total Times by Sender and Receiver Country⁴
(average in working days - ranking in brackets)

Country	Average Total Time for all Transfers		
	Sent from Country	Received in Country	Average Ranking
Belgium	4.0 (4)	4.4 (6)	4
Denmark	3.1 (1)	4.3 (4)	2
France	5.2 (9)	4.7 (8)	9
Germany	5.4 (10)	4.4 (5)	8
Greece	6.0 (12)	4.8 (9)	11
Ireland	5.1 (8)	4.1 (3)	5
Italy	4.5 (6)	6.4 (12)	10
Luxembourg	3.3 (3)	5.1 (11)	7
Netherlands	3.1 (2)	3.7 (2)	1
Portugal	4.2 (5)	4.6 (7)	6
Spain	5.6 (11)	4.9 (10)	11
United Kingdom	4.7 (7)	3.5 (1)	3
Average	4.6	4.6	

⁴ See tables A.1 and A.2 in Annex A for more detail

Figure 3.2.3: Total Time by Sender Country
(from authorisation to crediting date)

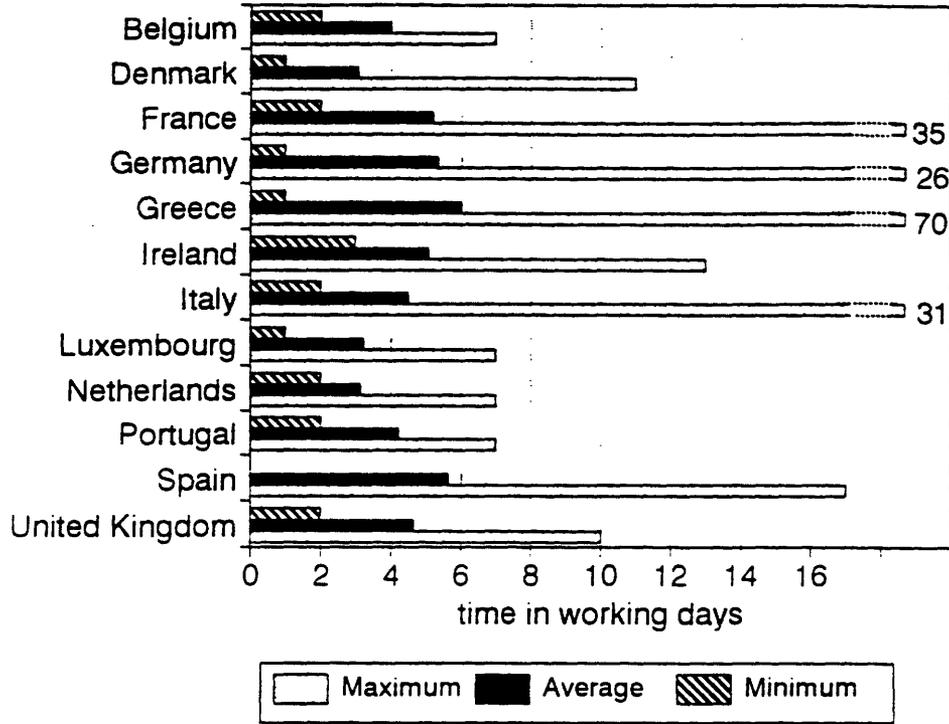


Figure 3.2.4: Value Time by Sender Country
(from debiting to crediting date)

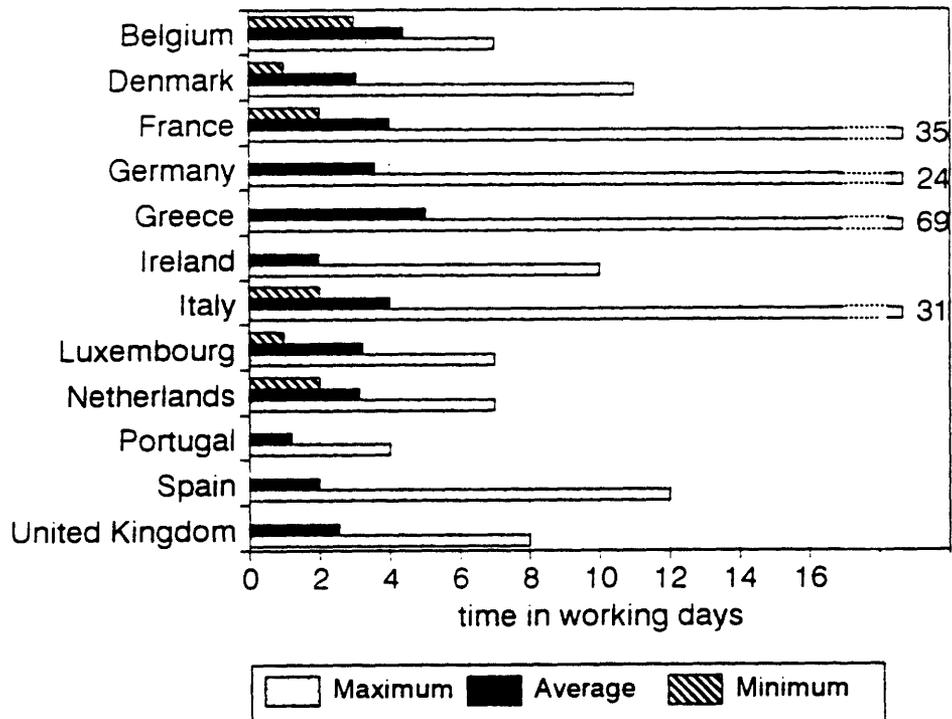


Figure 3.2.5: Total Time by Receiver Country
(from authorisation to crediting date)

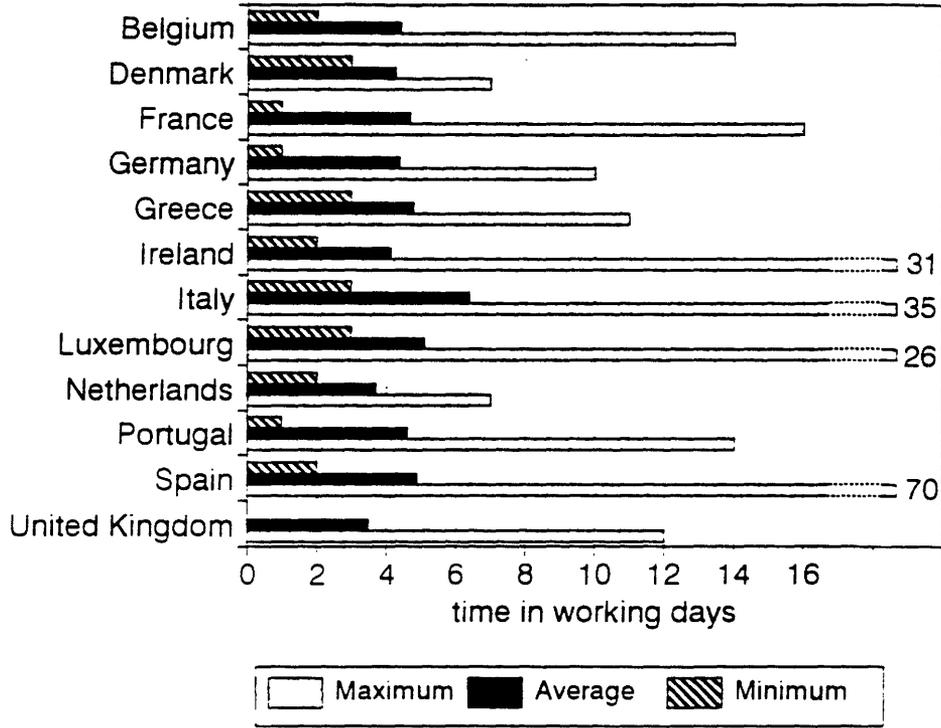
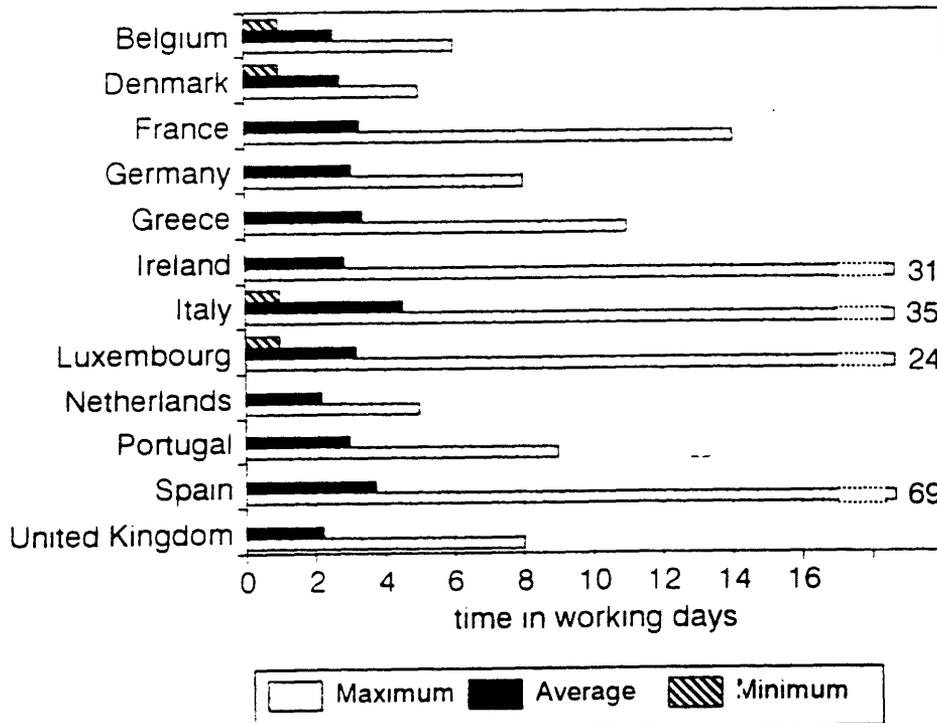


Figure 3.2.6: Value Time by Receiver Country
(from debiting to crediting date)



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

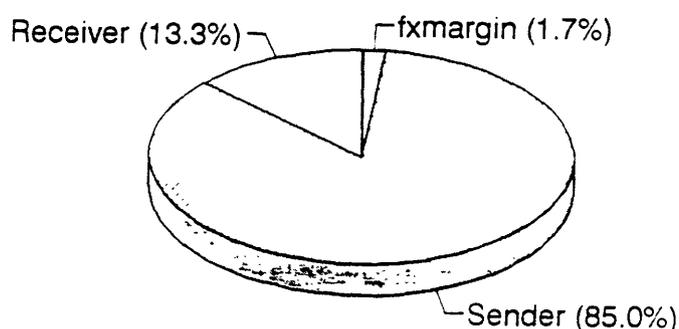
This section first discusses the total cost of transfers; then the elements are considered individually: first the explicit sender charges, then the implicit foreign exchange costs and finally the beneficiary charges (ie. double charging in this exercise).

The loss of use of money (the customer "float" loss with the equivalent bank "float" gain) represented a small cost in these transfers of 100 ECU - 0.05% or 0.05 ECU on average (given an average time between debiting and crediting of 3.15 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 costs accounted for most of the costs of the transfers, there were also other costs, in particular charges to receivers and implicit foreign exchange costs. The total of all these types of charge meant that the total cost of a transfer, on average was 24 ECU. 85% of this was made up of the explicit sender fees, 13.3% were charges to the beneficiary and 1.7% was due to the implicit foreign exchange margin. Thus total charges were about one sixth 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 35 ECU. Portugal was close behind at 34 ECU. Transfers from the UK and Greece cost about 27 ECU. Most countries were in the range between 18 ECU and 23 ECU while transfers from Luxembourg, the Netherlands and Germany proved cheapest at 17 ECU, 18 ECU and 19 ECU respectively.

Not only did sender costs 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.

In terms of just explicit sender charges Luxembourg lost its place as the cheapest to be replaced by Germany. Nevertheless no country moved more than two places in the rankings. Thus the pattern of costs was similar but not identical when total costs are compared to those of explicit sender charges, just total costs were somewhat higher.

Figure 3.3.2: Total Transfer Costs
(average cost in ECU, by type of cost and country)

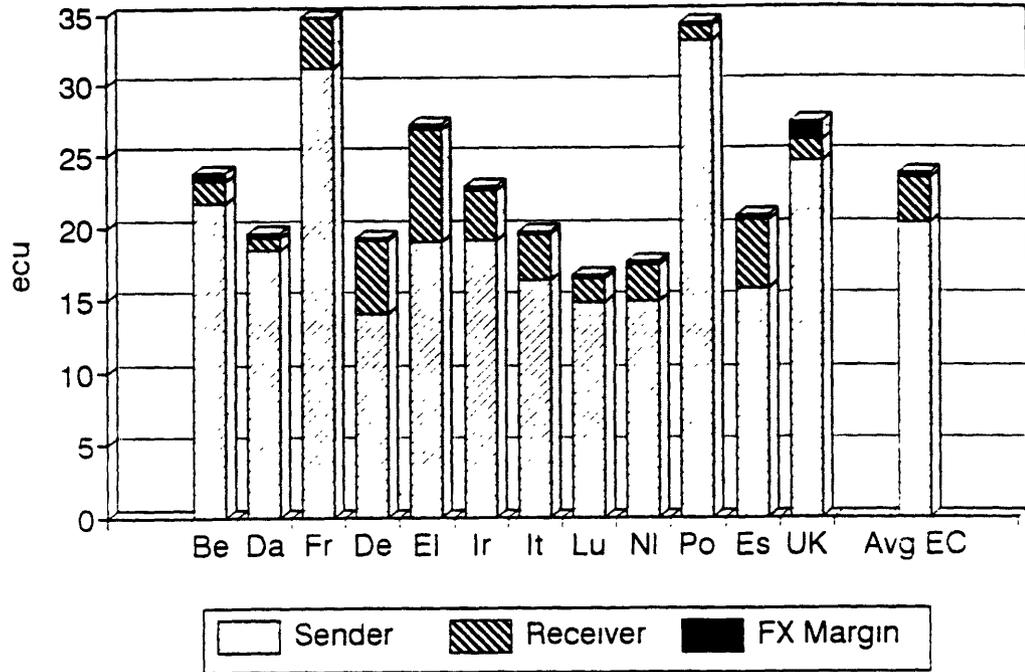


Table 3.3.1: Total Transfer Costs by Sender Country
(average cost in ECU, by type of cost and country - ranking in brackets)

Country	Explicit Sender Charges	Receiver Charges	Sender Charges (Foreign Exchange Margin)	Total Transfer Charges
Belgium	21.68 (9)	1.63	0.61	23.93 (8)
Denmark	18.45 (6)	1.03	0.41	19.89 (5)
France	31.15 (11)	3.71	-0.07	34.79 (12)
Germany	14.11 (1)	5.25	0.20	19.57 (3)
Greece	19.01 (7)	7.81	0.41	27.23 (9)
Ireland	19.13 (8)	3.50	0.41	23.04 (7)
Italy	16.36 (5)	3.23	0.20	19.79 (4)
Luxembourg	14.87 (2)	1.69	0.29	16.84 (1)
Netherlands	14.90 (3)	2.52	0.27	17.69 (2)
Portugal	33.03 (12)	1.04	0.29	34.37 (11)
Spain	15.81 (4)	4.88	0.40	21.10 (6)
United Kingdom	24.63 (10)	1.46	1.35	27.45 (10)
EC Average	20.34	3.18	0.41	23.93

3.3.2 Sender Costs

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 (eg. VAT in some countries is payable on transaction fees, but not on commission – so banks tended to balance costs towards the non-taxed elements). 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 were allocated into one of three categories according to the way they were described by the sender's bank:

- commission charges (which usually but not always referred to exchange commission)
- transaction charges
- "other" (under which all charges, not described as commission or transaction were grouped including, for example, those of the beneficiary bank which were passed onto the sender).

Sender costs ranged from 2½ ECU to 60 ECU. The lowest charges were for transfers between Luxembourg and Belgium the most expensive were from a bank in Portugal which charged more than 50 ECU for each transfer. The average explicit sender charge was ECU 20.34, the median was just below this at ECU 19 and the mode (in 1 ECU bands) was 13 ECU (a band which was found twice as frequently as any other 1 ECU band).

Table 3.3.2: Measures of Explicit Sender Fees

Measure	ECU per Transfer
Average	20.34
Median	19.01
Mode	13.00
Minimum	2.49
Maximum	60.12
Standard Deviation	10.88

About 40% of all explicit sender fees were between 10 and 20 ECU; a quarter were between 20 and 30 ECU. One seventh were less than 10 ECU, a similar proportion to

between ECU 30 and ECU 40. One transfer in twenty cost more than 40 ECU in explicit sender charges.

Figure 3.3.3: Explicit Sender Fees by Proportion in Value Ranges (in ECU)

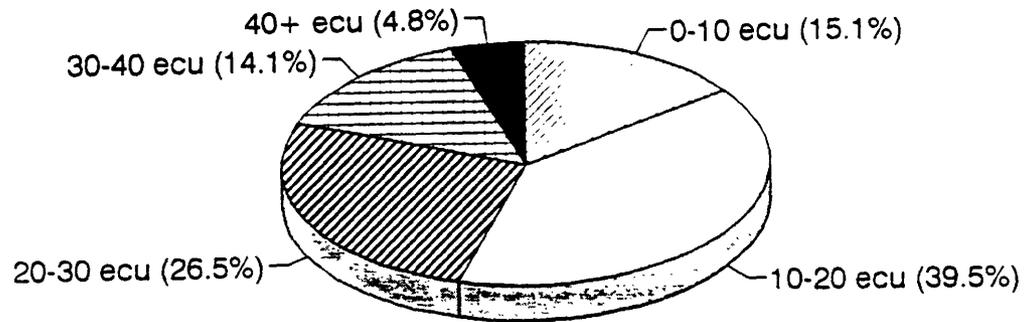
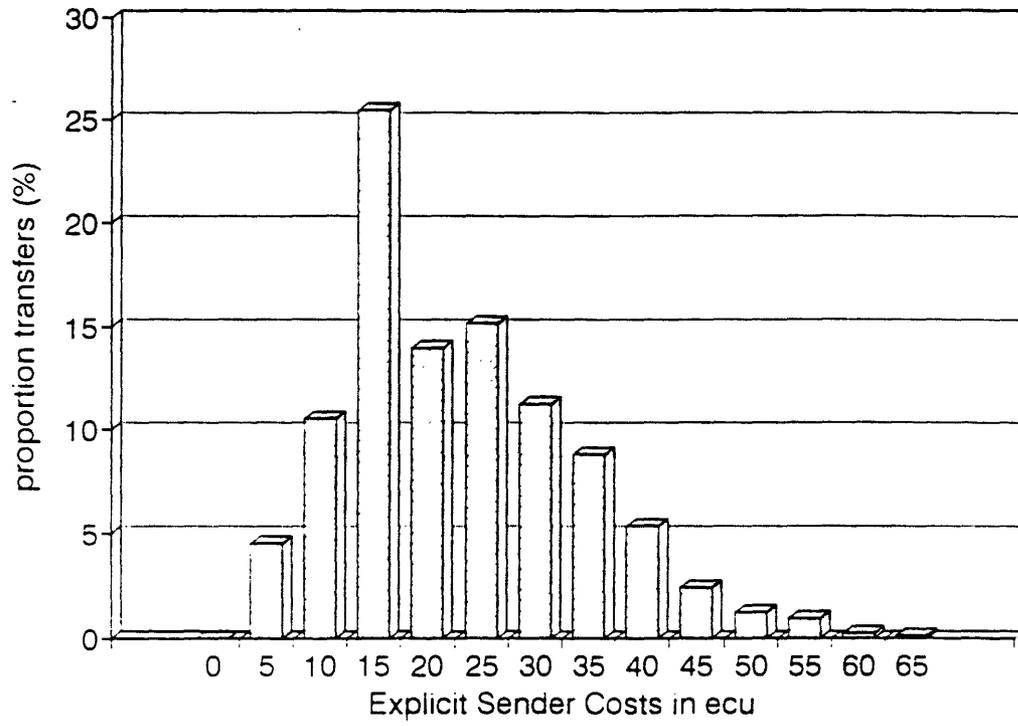


Table 3.3.3: Explicit Sender Charges: Frequency Distribution⁵

Sender Charge (ECU)	Frequency	Proportion	Cumulative %
0	0	0.00%	0.00%
5	45	4.56%	4.56%
10	104	10.54%	15.10%
15	251	25.43%	40.53%
20	138	13.98%	54.51%
25	150	15.20%	69.71%
30	111	11.25%	80.95%
35	87	8.81%	89.77%
40	53	5.37%	95.14%
45	24	2.43%	97.57%
50	12	1.22%	98.78%
55	9	0.91%	99.70%
60	2	0.20%	99.90%
65+	1	0.10%	100.00%
	987	100.00%	

⁵ See table B.2 in Annex B for more detail

Figure 3.3.4: Explicit Sender Fees by Value Range⁶

⁶ See figure B.2 in Annex B for more detail

SENDER COSTS BY COUNTRY

There were large variations between countries in the level of sender fees. Charges in Portugal and France were considerably higher than those in other countries, averaging above 30 ECU; the UK and Belgium were above 20 ECU; while Denmark, Greece and Ireland averaged about 19 ECU. Other countries charged about 15 ECU or 16 ECU. Germany was cheapest, averaging explicit sender costs of 14 ECU.

Table 3.3.4: Average Explicit Sender Charge by Country⁷
(cost per transfer in ECU and local currency)

Country	Sender Cost (in ECU)	Sender Cost (in Local Currency)
Belgium	21.68	BEF 872.15
Denmark	18.45	DKK 137.53
France	31.15	FRF 205.76
Germany	14.11	DEM 27.58
Greece	19.01	GRD 4,995.65
Ireland	19.13	IEP 15.32
Italy	16.36	ITL 29,502.74
Luxembourg	14.87	BEF 598.20
Netherlands	14.90	NEG 32.74
Portugal	33.03	PTE 5,808.21
Spain	15.81	ESB 2,193.15
United Kingdom	24.63	GBP 20.10
EC Average	20.34	

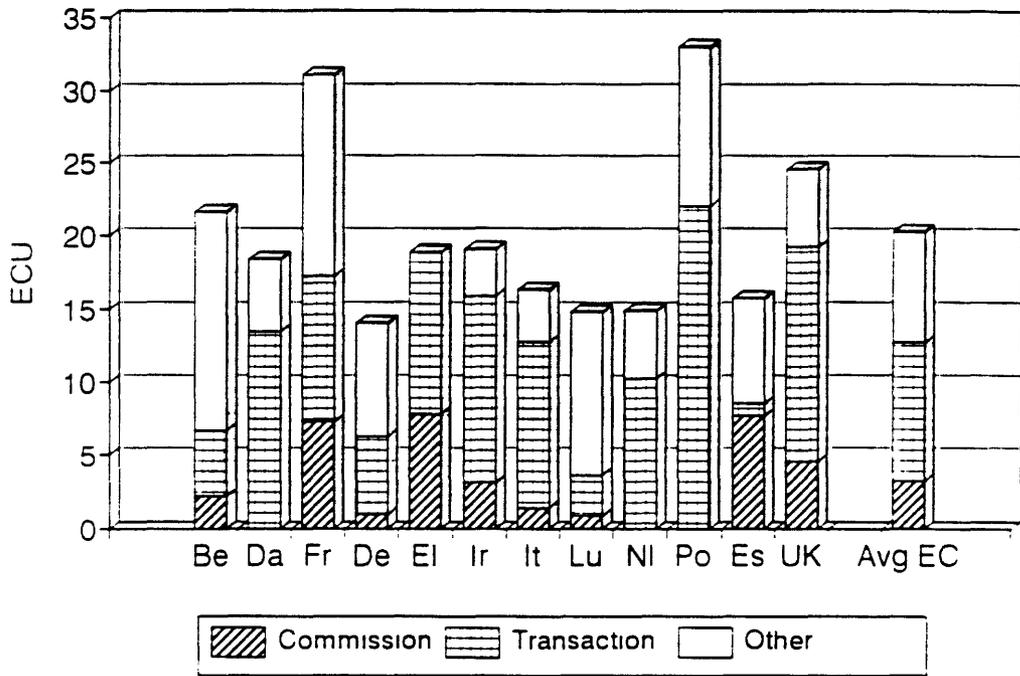
Analysing the constituent elements of the charges in each of the countries highlights the degree of variation in how these charges are made up. Virtually every permutation of transaction, commission and other fees was found. There was no obvious explanation of the pattern to be found: for example, it would not be possible to attribute the variation to differences in commission rates or transaction fees.

Most individual senders were charged the same amount, at least initially, for transfers to different countries apart from a few particular cases reflecting local pairings for which transfers were especially cheap (eg. Belgium/Luxembourg and UK/Ireland).

⁷ See table B.2 in Annex B for more detail

Extra costs sometimes did arise subsequently as the beneficiary charges were passed back on the sender. This occurred for 13% of transfers. These subsequent charges arrived up to two months later, and varied considerably in amount. 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.

Figure 3.3.5: Explicit Sender Fees by Country⁸

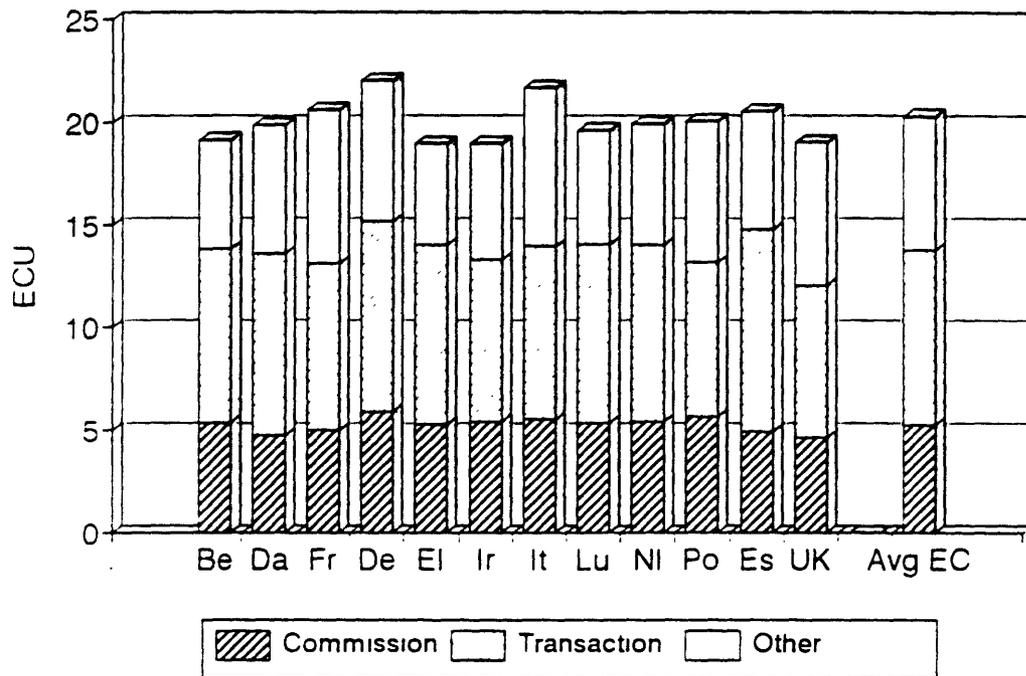


⁸ see figure B.1 in Annex B for more detail

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 3.3.6). All countries are within a close band of 18 to 22 ECU, reflecting the averaging effect of combining a "basket" of transfers from all other member countries. Similarly differences in the constituent elements (commission, transaction and other) are also largely averaged out.

This shows that almost all the differences in charging levels are attributable to differences in the sender country with no country being considerably more expensive to send transfers to. Nevertheless Germany and Italy were, on average, slightly more expensive destinations while the UK, Ireland, Greece and Belgium were slightly cheaper.

Figure 3.3.6: Explicit Sender Cost by Receiver Country



3.3.3 Implicit Foreign Exchange Charges

Senders asked their banks to send money in the beneficiaries currency. Therefore, as well as any explicit foreign exchange charges, there was an implicit foreign exchange cost to the sender unless the bank gave a "perfect" exchange rate, ie. the customer will normally expect to lose from changing from one currency to another and then changing the resulting currency back to the original currency.

Banks operate with a margin since the foreign exchange markets contain such a margin, albeit a very fine one, and the banks themselves incur dealing costs. 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.

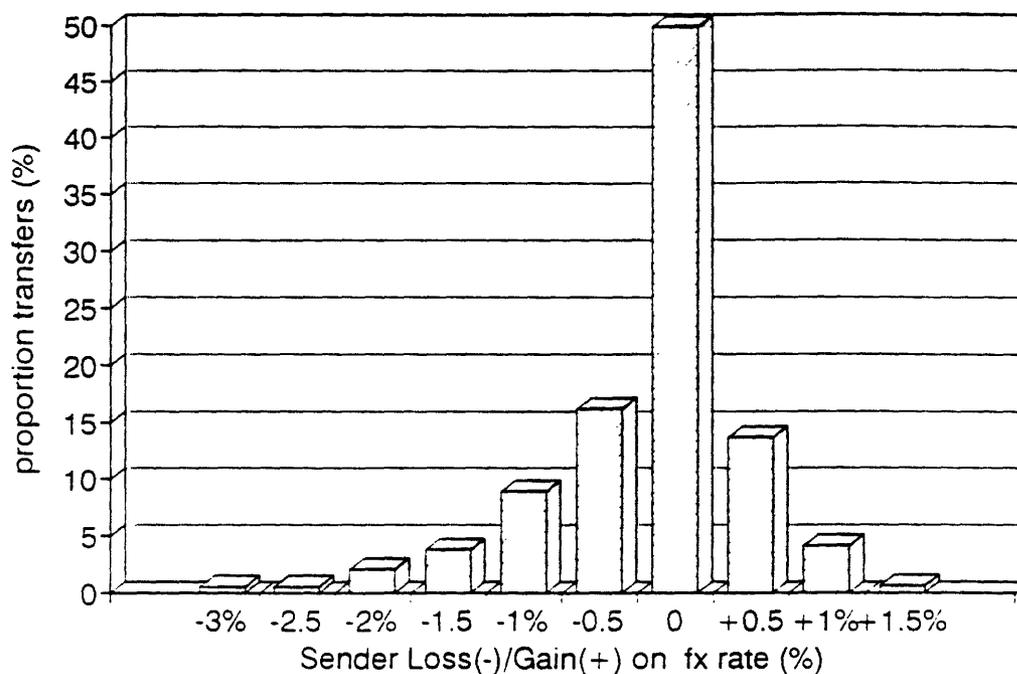
Assessing this margin needs knowledge of the foreign exchange market rates on the relevant day. Customers do not generally have this knowledge and banks were almost universally vague when specifying the exact basis of the rate they used - "our normal foreign exchange rate" was the most usual reply.

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 were not included since they were from a foreign currency account.

The analysis showed that while four-fifths of transfers incurred an implicit foreign exchange loss, nearly one-fifth gained. The average implicit exchange rate loss was 0.41%, with most losses between 0.1% and 0.3%. The maximum loss was nearly 3½% and the maximum gain 1½%. 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 modest: one third of gainers benefitted by 0.1% or less, and a further third by 0.3% or less.

Table 3.3.4: Measures of Implicit Foreign Exchange Cost

Measure	Sender's Implicit Percentage Foreign Exchange Gain (+)/Loss(-)
Average	-0.41%
Mode	-0.10%
Median	-0.25%
Maximum Loss	-3.5%
Maximum Gain	+1.4%
Standard Deviation	0.65%

Figure 3.3.7: Implicit Foreign Exchange Losses/Gains⁹

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

Table 3.3.5: Foreign Exchange Margins (in %)¹⁰
Summary Frequency Table

Margin	Frequency	%	Cumulative %
-3.0%	4	0.47%	0.47%
-2.5%	4	0.47%	0.94%
-2.0%	17	2.00%	2.95%
-1.5%	32	3.77%	6.72%
-1.0%	75	8.84%	15.57%
-0.5%	137	16.16%	31.72%
0.0%	423	49.88%	81.60%
0.5%	116	13.68%	95.28%
1.0%	35	4.13%	99.41%
1.5%	5	0.59%	100.00%

⁹ See figure B.3 in Annex B for more detail

¹⁰ See table B.3 in Annex B for more detail

There were some interesting country differences. Although on average senders in France gained by 0.071%, on balance there was an implicit foreign exchange loss in all other countries. This loss was by far the highest in the UK where it averaged nearly 1.4%, while Belgium was second highest with a 0.6% loss. Denmark, Ireland and Spain were around 0.4% while all other countries showed a modest 0.2% to 0.3% margin.

Figure 3.3.8: Implicit Foreign Exchange Margins by Sender Country
 (% of sender average loss or gain on transfers from a particular country)

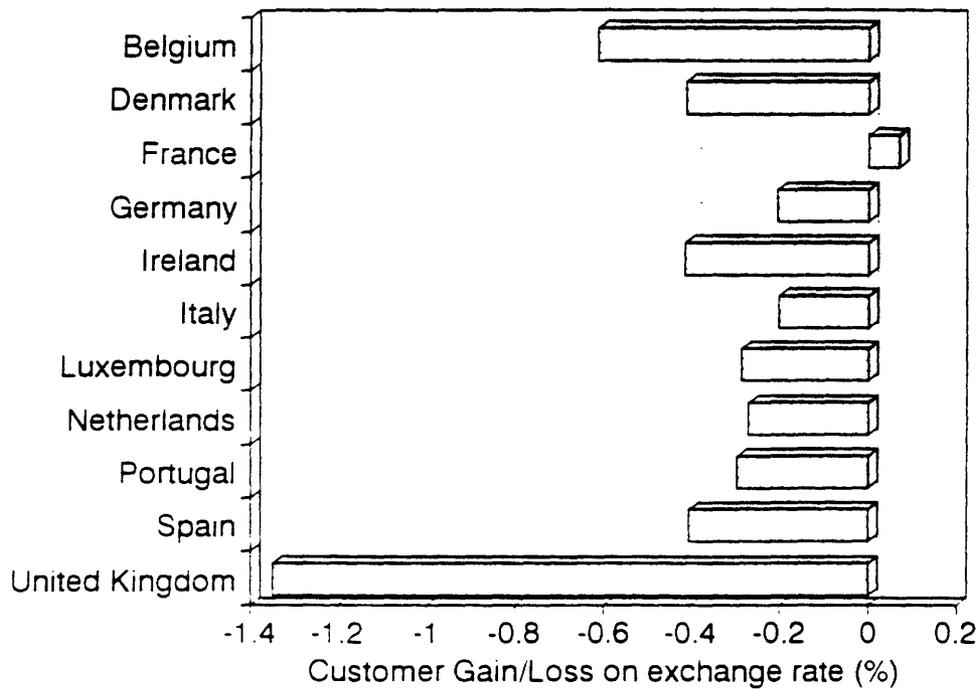


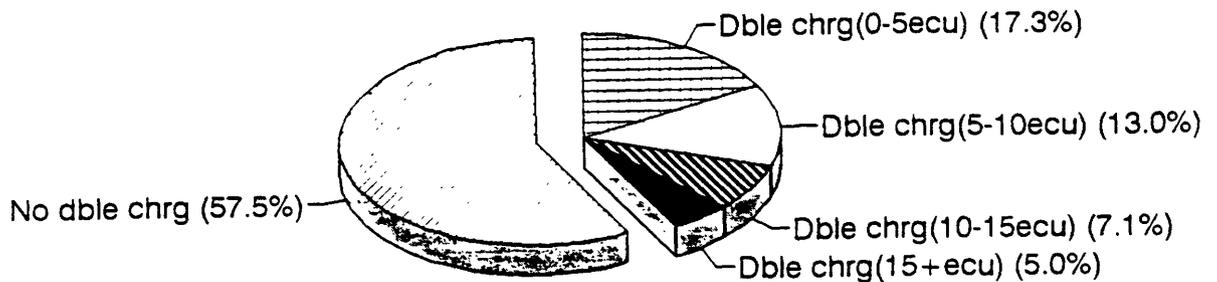
Table 3.3.6: Foreign Exchange Margins by Country

Country	Foreign Exchange Margin by Sender Country
Belgium	-0.612%
Denmark	-0.413%
France	0.071%
Germany	-0.205%
Greece	n/a
Ireland	-0.415%
Italy	-0.202%
Luxembourg	-0.286%
Netherlands	-0.270%
Portugal	-0.294%
Spain	-0.404%
United Kingdom	-1.349%
EC Average	-0.410%

3.3.4 Double Charging

All senders were instructed to tell their bank that they would bear all the charges, for both themselves and the recipient. Nevertheless 42½ % of transfers were subjected to a double charge (ie. the receiver was charged a fee on receipt of the transfer). The maximum charged was 27 ECU. For those transfers where the beneficiary incurred fees, the average double charge was 7.48 ECU, the median 5.54 ECU and the mode was 7 ECU. Averaged over all transfers that arrived, the double charge was 3.18 ECU.

Figure 3.3.9: Frequency of Double Charging
(proportion of all transfers that arrived)



In absolute terms, of those being double charged:

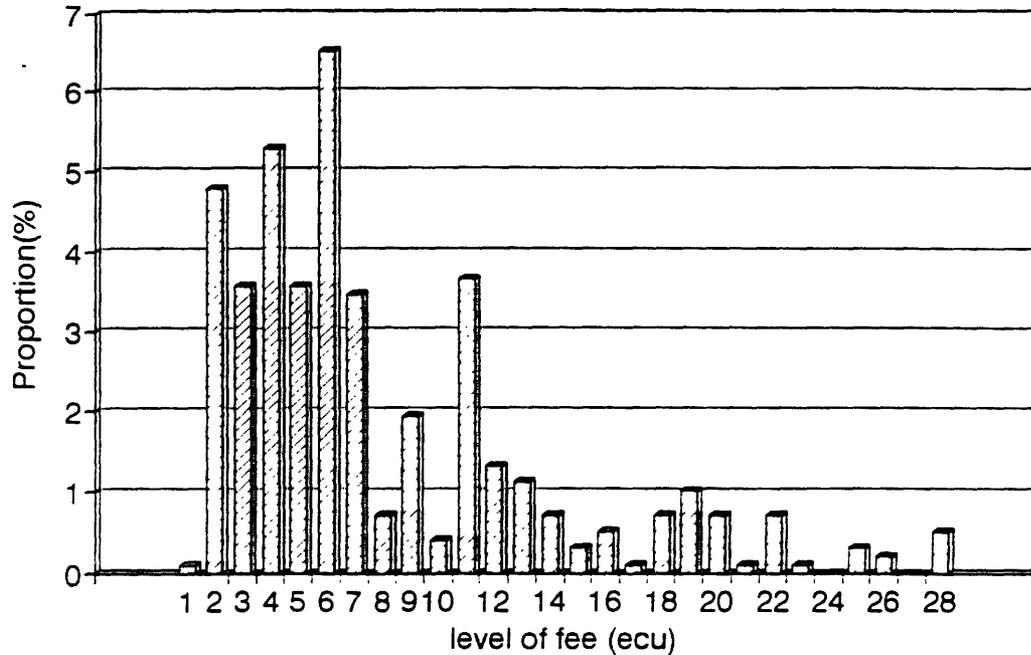
- 41% were charged less than 5 ECU;
- 31% were charged between 5 and 10 ECU;
- 17% were charged between 10 and 15 ECU;
- 7% were charged between 15 and 20 ECU;
- 3% were charged between 20 and 25 ECU;
- 1½% were charged above 25 ECU.

Thus although in most cases the fee which the beneficiary had to pay was less than the sender charges, it still was a significant amount and in a few cases was more than the sender fee.

Table 3.3.7: Double Charge: Detailed Frequency

Double Charge (ECU)	Frequency	Proportion	Cumulative Proportion
1	1	0.10%	0.10%
2	47	4.79%	4.89%
3	35	3.56%	8.45%
4	52	5.30%	13.75%
5	35	3.56%	17.31%
6	64	6.52%	23.83%
7	34	3.46%	27.29%
8	7	0.71%	28.00%
9	19	1.93%	29.94%
10	4	0.41%	30.35%
11	36	3.67%	34.01%
12	13	1.32%	35.34%
13	11	1.12%	36.46%
14	7	0.71%	37.17%
15	3	0.31%	37.47%
16	5	0.51%	37.98%
17	1	0.10%	38.09%
18	7	0.71%	38.80%
19	10	1.02%	39.82%
20	7	0.71%	40.53%
21	1	0.10%	40.63%
22	7	0.71%	41.34%
23	1	0.10%	41.45%
24	0	0.00%	41.45%
25	3	0.31%	41.75%
26	2	0.20%	41.96%
27+	5	0.51%	42.46%
No double charge	565	57.54%	100.00%
Total transfers arrived	982		

Figure 3.3.10: Level of Double Charging
(in one-ECU bands, proportion of all transfers that arrived)



How and why did this double charging occur? The reasons were not clear, and the most obvious explanations can be disproved.

The pattern of double charging was complex. The results showed that:

- double charges occurred for transfers originating in all member countries
- double charging occurred in all countries from the receiver perspective (apart from Greece)
- no sender country had all its transfers sent double charged
- no receiver country double charged every transfer it received.

Thus since virtually every country double charged sometimes but no country double charged all the time, double charging could not be attributed to banking practices confined to one or more particular countries.

Was the double charging therefore due to a failure of instructions by the individual sender bank? This did not seem to be true either, for similar reasons. All the four statements above also applied to every individual sender. Thus using the same reasoning - no individual sender had all their transfers double charged; no individual sender had none of their transfers double charged - it does not appear plausible to attribute the double charging to the behaviour of individual banks as receivers or senders, or to a failure by the sender to instruct their banks.

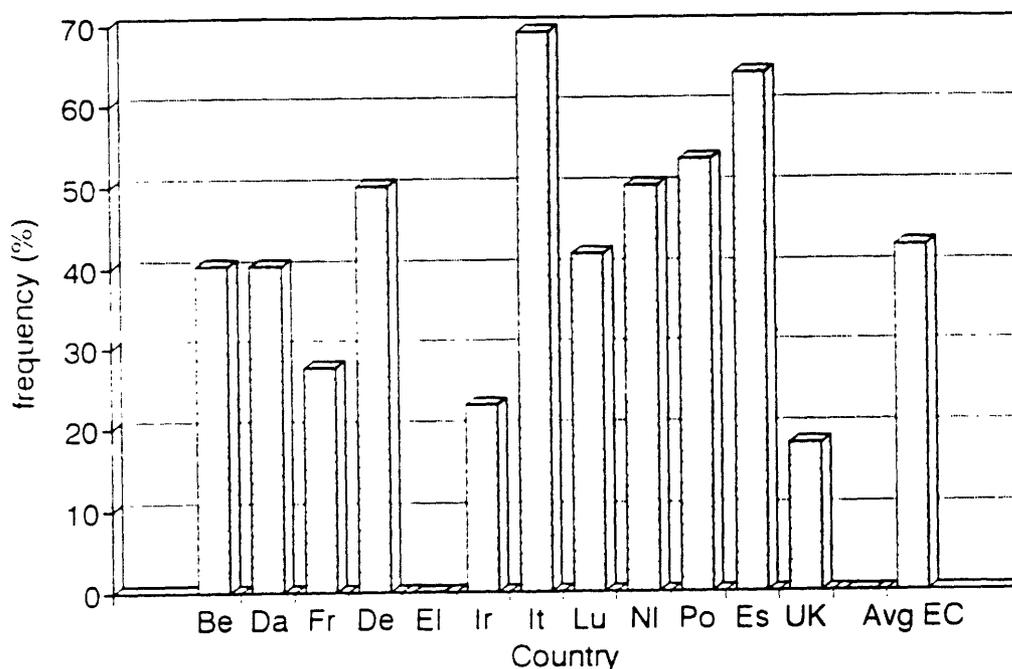
What may have happened is that in a few cases sending banks ignored customer instructions that the sender should bear the charges: in other cases where the instructions were implemented by the sender bank, somewhere along the chain of communication (through SWIFT, correspondent bank, etc.) the instructions may have been lost by the time the transfers arrived at the receiving bank.

While the reasons may be open to debate, what is definite is that in numerous cases there is written proof that the sender gave instructions that they were to bear all the charges, yet receiving banks levied charged on the beneficiary which were in some cases substantial.

Double Charging by Country

Double charging by receiving banks was particularly prevalent in Italy and Spain and above average in Portugal, Netherlands and Denmark. It was relatively infrequent in Ireland and the UK and did not occur in Greece.

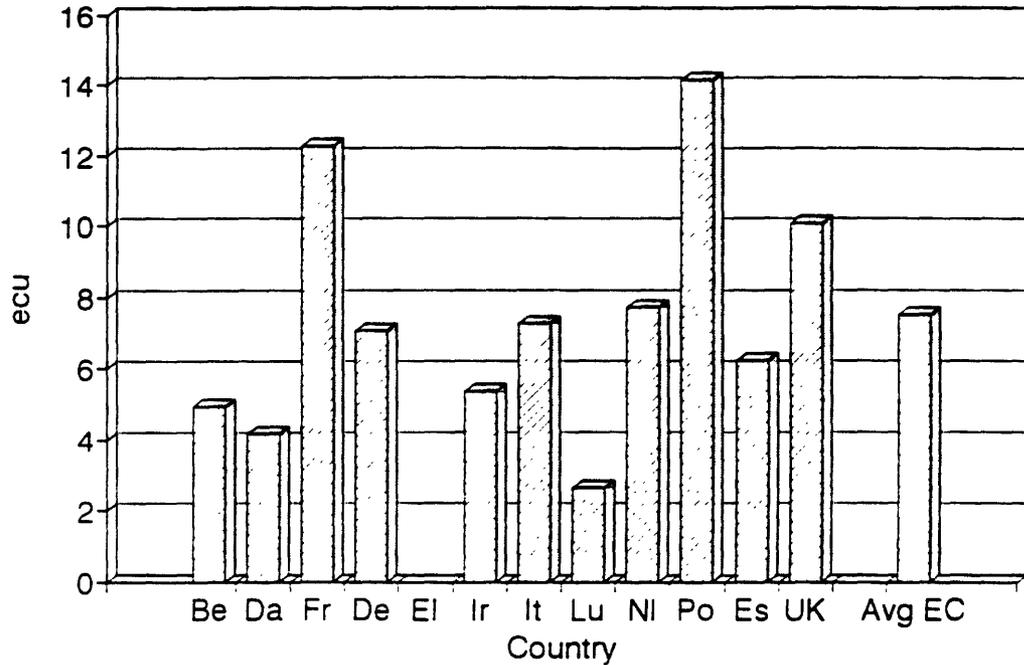
Figure 3.3.11: Frequency of Double Charging by Receiver Country
(proportion of transfers received that carried a fee at receiver bank)



The amount levied as a double charge was lowest in Luxembourg (at 2½ ECU) and well below average in Belgium and Denmark (averaging between 4 and 5 ECU). The highest charges were in Portugal at 14 ECU and France at 12 ECU.

The impact of double charging was least in Ireland which combined a relatively low frequency of double charging with a below average level of charge.

**Figure 3.3.12: Level of Double Charging by Receiver Country
(average for those transfers double charged)**



Looked at in terms of the sending country, those transfers from Greece, Germany, Spain, France and Ireland suffered the most double charging – more than half their transfers incurred a charge to the beneficiary. On the other hand those from Portugal, the United Kingdom, Denmark and Luxembourg all had less than a quarter of their transfers double charged. However even in the best cases, Portugal and the UK, nearly one fifth of transfers were double charged.

The level of double charge viewed from the sender country perspective averaged out country differences to a large extent. The averages were between 5 ECU for transfers from Denmark and 10 ECU for transfers from Greece.

Figure 3.3.13: Frequency of Double Charging by Sender Country
(proportion of transfers sent that carried a fee at receiver bank)

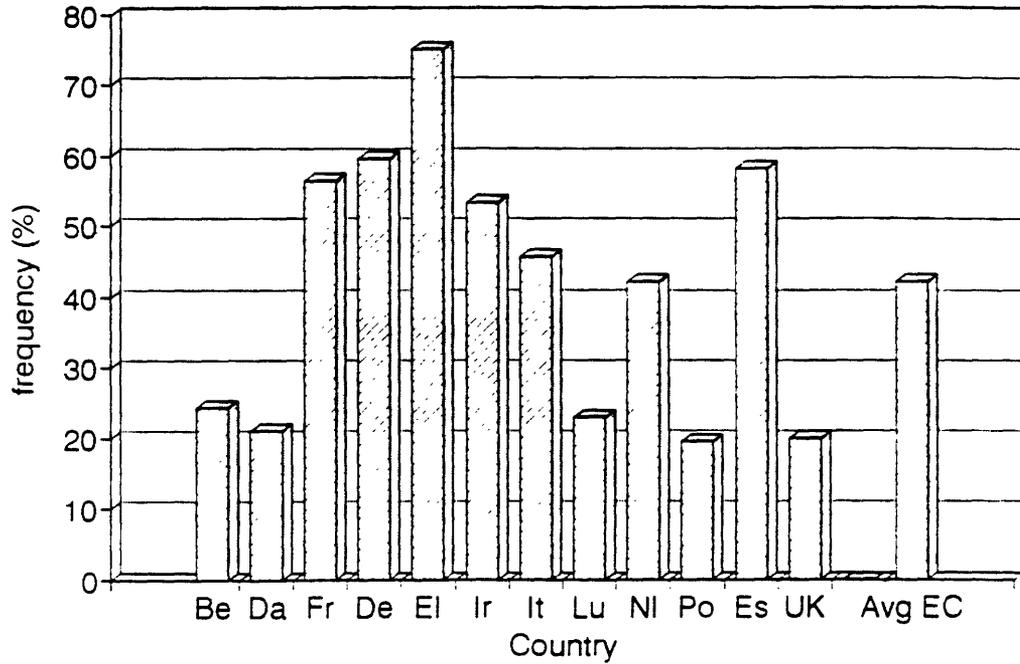
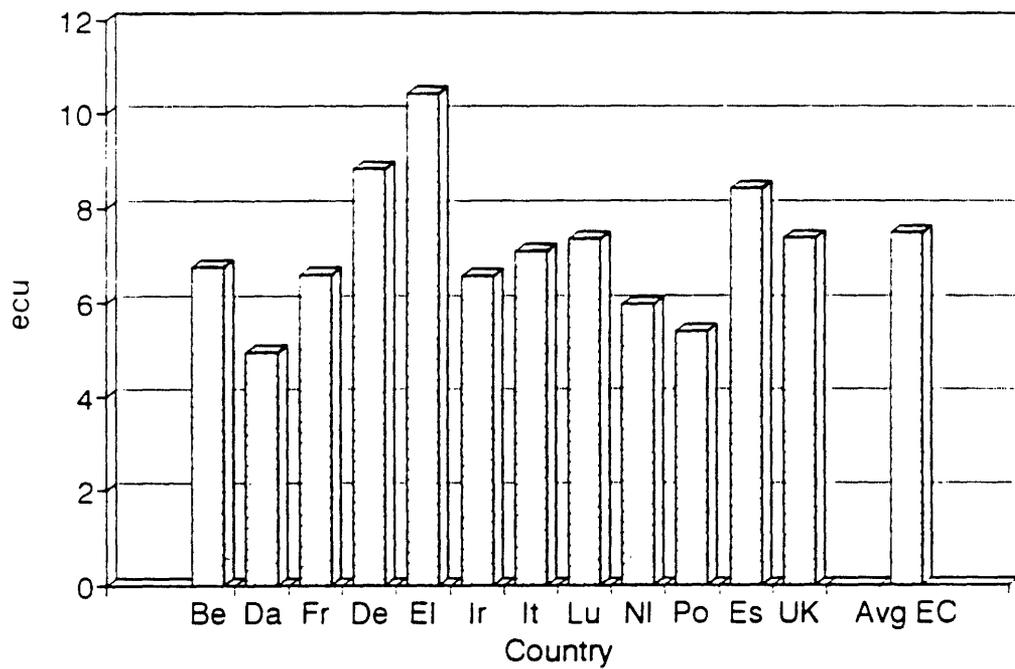


Figure 3.3.14: Level of Double Charging by Sender Country
(average for those transfers double charged)



Double Charging without Explanation

In 67 cases (7%) recipients received payments which were lower than the amount expected. The receiving bank either did not provide any explanation of the difference or the charges stated on the slip did not add up to the amount expected. In these cases the difference was treated as double charging.

This happened most frequently in the UK, Italy and Ireland, to about one in seven of the transfers received. It did not happen at all to beneficiaries in Belgium, Greece, Luxembourg and the Netherlands. In the other countries it occurred occasionally for between 2% and 8% of transfers. In France, for example, one recipient was credited 21.5 ECU less than expected for which no explanation was given.

Table 3.3.8: Frequency of Deductions without Explanation, by Receiving Country

Receiving Country	Frequency	Proportion of transfers received in country
Belgium	0	0%
Denmark	1	2%
France	4	3%
Germany	7	6%
Greece	0	0%
Ireland	8	13%
Italy	18	16%
Luxembourg	0	0%
Netherlands	0	0%
Portugal	5	8%
Spain	6	5%
United Kingdom	18	16%
Total	67	7%

3.4 QUALITY OF INFORMATION PROVIDED

3.4.1 Cost and Time Quotations

Senders were asked to obtain estimates of the likely cost and time for making urgent transfers and to note the answers together with any warnings or advice they were given on charges. Two thirds of senders were given verbal quotations. Most of these verbal answers were specific but in a few cases the answers were so vague as not to provide the basis of decisions (eg. "transfers should arrive in about a week but we cannot promise").

In a quarter of cases written quotations were provided either in the form of leaflets, photocopies of tariff sheets or handwritten notes by bank staff.

Brochures of some kind were available in a quarter of cases. Some of these were general brochures about foreign money transfers – some of these were full and detailed in their descriptions but others did not include the detail of costs.

In a few cases there was a leaflet of charges for foreign transfers. However even when these cost leaflets existed, it was not always possible to know what the final cost was going to be. Phrases such as "postal, telecommunications and any beneficiary charges will be in addition to the exchange commission and transaction cost specified above" were included in some leaflets.

Details of the exchange rates to be used and their basis were not provided in most cases. Instead phrases were used such as "it depends on the rate on the day" or "it will be the usual bank rate". Information on exchange rates was not usually volunteered, it had to be asked for.

3.4.2 Advice, Warnings and Redress

Senders did not press for advice. Only a few banks offered advice. When advice was given it was mainly to suggest that an alternative method of payment, such as eurocheque, would be a cheaper way of sending money.

No warnings were given. When asked about what senders should do if a transfer failed to arrive, the advice almost invariably was to come to the branch. One bank said that the question was not relevant since all the transfers would arrive.

3.5 ACCURACY OF TIMING AND COST INFORMATION WHEN COMPARED TO RESULTS

One aspect of the exercise was to compare what senders were told in advance and what actually happened subsequently, particularly in relation to timing and cost.

However, assessing the accuracy of the banks' estimates of the time and cost for transfers proved to be less than straightforward. Precision (and therefore helpfulness) was the enemy of accuracy; thus it was less accurate for a bank to say "your transfers will take four working days to arrive" than "your transfers will be there in about a week", if in the event most arrived in 4 days and a few took 5. Nevertheless many people may regard the first statement as more helpful than the second. Total vagueness guaranteed total accuracy. Therefore a dual aspect classification was adopted incorporating both aspects ranging from "precise and accurate" to "vague and inaccurate".

3.5.1 Accuracy of Times Quoted for Transfers

A range of possibilities was drawn up to assess the usefulness of time quotations, as follows:

Results of Precise Estimates

- precise and accurate (within one day of estimate in more than 90% of cases)
- precise but slightly inaccurate (within one day of estimate in more than 80% of cases)
- precise but somewhat inaccurate (within one day of estimate in more than 67% of cases)
- precise but inaccurate (within one day of estimate in more than 50% of cases)
- precise but very inaccurate (within one day of estimate in less than 50% of cases)

Result of Vague Estimates

- vague but accurate (within 2 days of estimate in 90% of cases)
- vague and slightly inaccurate (within 2 days of estimate in 80% of cases)
- vague and somewhat inaccurate (within 2 days of estimate in 67% of cases)
- vague and inaccurate (within 2 days of estimate for more than 50% of cases)
- vague and hopelessly inaccurate (within 2 days of estimate in less than 50% of cases)
- totally vague.

Precise was taken to mean the quoting of a specific number of days (eg. 3 or 4 days). *Vague* was taken to be phrases such as "all the transfers should be there in about a week".

In a number of cases, the sender was told that it would take a certain, precise number of days to reach the correspondent bank in the other country, but then it would depend on the speed of that bank and that country's system on how long it would be before the beneficiary was credited. These cases were classified as vague and an allowance of 3 days was added for the foreign bank's system. Totally vague was where the bank refused to give any clear estimate of when the transfers would arrive (eg. "it is impossible to say when they will arrive - it depends on other banks which are outside our control"), or "it is a matter for head office"). According to this classification just over half the sender banks were precise in their time estimates, and just under a half were vague.

Table 3.5.1: Accuracy of Times Quoted for Transfers

Type of Estimate	Results of Comparing Estimates with Outcome						Total
	Accurate (>90%)	Slightly Inaccurate (>80%)	Somewhat Inaccurate (>67%)	Inaccurate (>50%)	Hopelessly Inaccurate (<50%)	Totally Vague	
Precise	13%	28%	9%	3%	0%	n/a	53%
Vague	22%	0%	6%	6%	0%	13%	47%
Total	35%	28%	15%	9%	0%	13%	100%

35% of estimates proved to be accurate, ie. 90% of transfers arrived within the estimated time. However, only one third of this figure resulted from precise estimates. A further 28% of estimates proved to be only slightly inaccurate (ie. between 80% and 90% arrived within the estimated time); these were all based on precise estimates. 24% of estimates proved to be inaccurate in more than 20% of cases, which includes 9% of branches that were inaccurate for over a third of the transfers they sent.

More of the vague than the precise estimates were, not surprisingly, classified as accurate - nearly half were accurate (in the sense that a transfer arrived within 3 to 7 working days if "about a week" was quoted). More surprisingly a quarter of the vague estimates were inaccurate or somewhat inaccurate (ie. inaccurate for between 20% and 50% of transfers). Of the vague estimates, more than a quarter were totally vague, so no meaningful assessment of accuracy was possible.

A quarter of the precise estimates were accurate, more than half were classified as only slightly inaccurate, with the remainder rated as somewhat inaccurate or inaccurate.

Most of the inaccuracy was because transfers took longer than quoted. A few transfers were quicker than the time quoted, possibly because these were to foreign banks which were the sender bank's direct correspondent bank.

3.5.2 Accuracy of Costs Quoted for Transfers

A similar approach for the classification of results was adopted for the accuracy of costs. However in this case there were three categories of estimates:

- those who were precise about the charges to be levied
- those who were precise about their own (sender) bank charges but vague about the receiver bank's charges
- those who were vague about both their own and the beneficiary bank charges.

The resulting classification was as follows:

Results of Precise Estimates

- precise and accurate for sender and beneficiary charges (within 5% in more than 90% of cases)
- slightly inaccurate for sender and beneficiary charges (within 5% in more than 80% of cases)
- somewhat inaccurate for sender and beneficiary charges (within 5% in more than 67% of cases)
- inaccurate for sender and beneficiary charges (within 5% in more than 50% of cases)
- hopelessly inaccurate (within 5% in less than 50% of cases)

Results of Precise Estimates about Own Costs but Vague about Beneficiary Charges

- precise and accurate for sender charges and vague about beneficiary charges (within 5% in more than 90% of cases)
- slightly inaccurate for sender charges and vague about beneficiary charges (within 5% in more than 80% of cases)
- somewhat inaccurate for sender charges and vague about beneficiary charges (within 5% in more than 67% of cases)
- inaccurate for sender charges and vague about beneficiary charges (within 5% in more than 50% of cases)
- hopelessly inaccurate for sender charges and vague about beneficiary charges (within 5% in less than 50% of cases)

Results of Vague Estimates

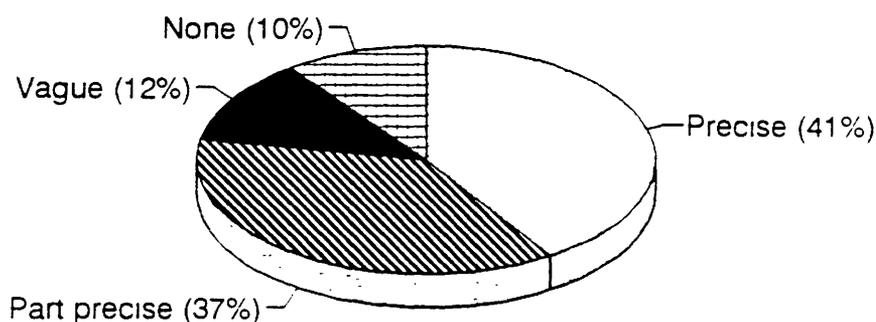
- vague but accurate (within estimate in 90% of cases)
- vague and slightly inaccurate (within estimate in 80% of cases)
- vague and somewhat inaccurate (within estimate in 67% of cases)
- vague and inaccurate (within estimate for more than 50% of cases)
- vague and hopelessly inaccurate (within estimate in less than 50% of cases)
- extremely vague or incomplete.

**Table 3.5.2: Accuracy of Costs Quoted for Transfers
(proportions)**

Type of Estimate	Results of Comparing Estimates with Outcome						Total
	Accurate (>90%)	Slightly Inaccurate (>80%)	Somewhat Inaccurate (>67%)	Inaccurate (>50%)	Hopelessly Inaccurate (<50%)	Totally Vague	
Precise	35%	3%	0%	3%	0%	n/a	41%
Precise about own cost only	31%	3%	3%	0%	0%	n/a	37%
Vague	3%	3%	0%	0%	6%	10%	22%
Total	69%	9%	3%	3%	6%	10%	100%

Thus 41% of senders received precise estimates of the total cost: a further 37% received precise quotations of part of the costs (the sender costs) but no or vague estimates of the beneficiary bank charges they were to bear. Somewhat disconcertingly one in ten of the senders did not receive any firm price quotation at all.

Figure 3.5.1: Degree of Precision of Price Estimates



More than four fifths of the precise estimates proved to be accurate. Almost all these were banks which had a fixed charge covering all costs. In a few cases, the banks later passed on beneficiary bank charges for which accurate prior estimates had been given. In the least accurate case, many of the charges eventually levied were cheaper but several were significantly more expensive.

Where banks were precise about their own charges but unspecific about beneficiary charges, again most of the specific information about their own prices were accurate. Most senders subsequently received extra charges to cover the beneficiary's bank charges.

However, even in these cases, it did not happen for every transfer. Beneficiary charges were in some cases higher than the sender bank charge.

The vague quotations were either accurate or hopelessly inaccurate (the one that was slightly inaccurate was just beyond the 5% accuracy limit because of a small charge for an extra element which had not been mentioned). Similarly it was extra charges, quoted as "fees such as postal, telecommunications and any beneficiary fees for which charges may be made", which raised the cost of the transfers in two cases far beyond what had been quoted.

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. This section examines this aspect.

3.6.1 Transparency and Documentation of Sender Charges

The transparency and documentation for senders was generally of high quality.

In 88% of transfers there were separate slips, one for each transfer. 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.

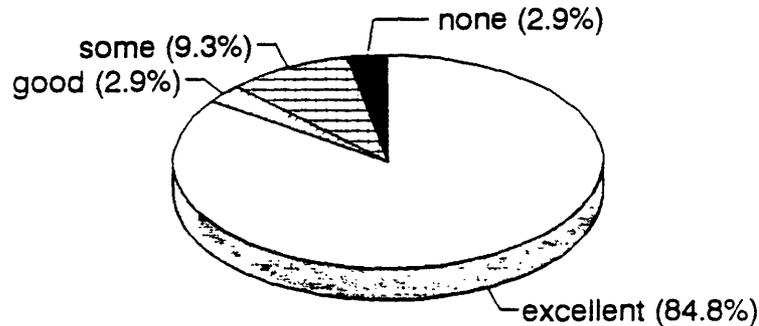
It was striking that slips from no two banks were the same. They differed in how the information was laid out, in the quantity of non-accounting data, in paper size and quality, and in the degree of clarity and professionalism in how the information was presented.

Although in 90% of cases the transparency of charges was clear, for the other 10% of senders this was not the case. In one, although the numbers (fees, amount debited, exchange rate, etc.) were all handwritten by the bank on each form, the numbers were not labelled and it required knowledge of how the bank charged to interpret the information.

In another case, the bank simply debited a lump sum for all the transfers, having efficiently and quickly dealt with handling the transfers on the basis of a list supplied by the sender. This was not poor service, quite the contrary, but the details of charges were opaque. At the time of writing, a request to provide such detail remains unfulfilled.

In the third case the sender received no information about charges other than a series of entries on the statement for total amounts debited for each transfer sent. Subsequently there were further debits for beneficiary charges without any reference to the corresponding transfers. Upon enquiring the sender was sent a letter which referred to enclosed photocopies. However the photocopies were not enclosed. The sender was then told that the slips had been lost. Subsequently the sender received microfiche copies of beneficiary charge slips which showed only the reference number of the debit advices – which had been lost – and the relevant currency.

Figure 3.6.1: Quality and Completeness of Information Provided to Senders
(proportions of all transfers sent)



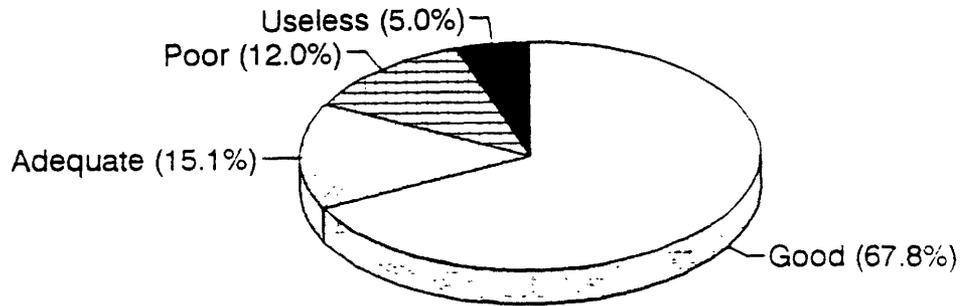
3.6.2 Receiver Reference Quality

Receivers need to know from whom they received money and perhaps for what purpose. Therefore all transfers contained a seven character alpha-numeric reference which was to be sent with the transfer. Banks should therefore have provided receivers with information containing this reference number.

In two thirds of cases, the reference number (or something extremely close to it) reached the beneficiary. In a further one sixth of cases although the reference number was missing or incomplete the information was adequate to identify the account from which the transfer had been sent. However this could cause confusion if the account holder was not the sender (for example, if someone sent money on another's behalf).

In an eighth of transfers, the reference information provided to the receiver was extremely poor and only gave clues about who might have sent the payment.

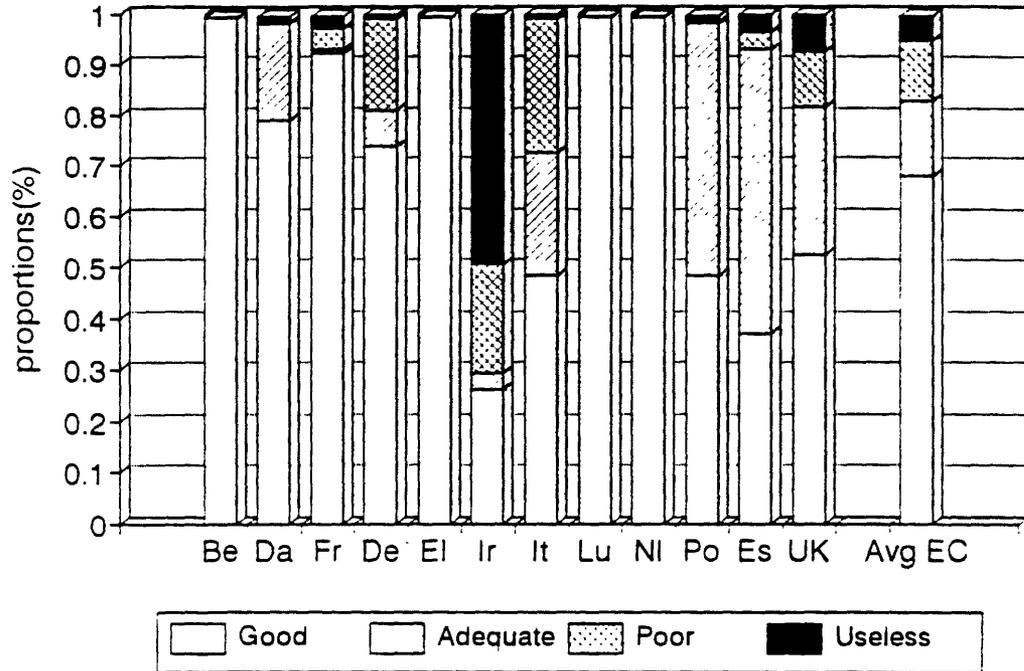
For one transfer in twenty, the information accompanying the payment was totally useless and it required a process of elimination and deduction to identify the source of the payment. One bank explained that unless the sender specifically asked for the beneficiary to be informed of details of the transfer they simply credited the account even though the only reference on the account read "Funds Transfer".

Figure 3.6.2: Receiver Reference Quality

In most cases (83%) there was a reference slip, but this did not always contain the relevant information: conversely, even in cases where there was no separate slip the bank statement entry was sometimes full and clear. In general however statements were less likely than separate slips to contain good reference numbers.

Poor receiver reference information did not appear to be attributable to the sender bank failing to provide the reference number since in four countries, Belgium, Greece, Luxembourg and the Netherlands, all the receiver references were good (giving strong evidence that information from all senders was originally complete). At the other extreme, one beneficiary in Ireland had virtually no information provided. In no other country was the situation quite so poor. Even in countries with problems, less than 10% of transfers contained useless information, although Germany, Italy, Spain and the UK all had a significant number with poor quality information.

Figure 3.6.3 Receiver Reference Quality by Country



Thus again, it appeared to be the performance of the individual receiver bank that accounted for the variation in quality. Furthermore, while the occasional bank gave a uniformly poor service, more common was the situation where the receiver bank transmitted the reference number data correctly in most but not all cases.

3.7 COMPETENCE AND HELPFULNESS OF STAFF

Senders were asked to rate the helpfulness and knowledgeability of staff for each of four aspects of the service they received:

- how clear and easy to understand was the explanation of cross-border services
- how complete and clear was the disclosure of costs
- helpfulness of staff
- knowledgeability of staff.

Senders were asked to rate each of these aspects on a range from excellent (1), good (2), average (3), poor (4) to useless (5). The overall average was 2.43, between average and good.

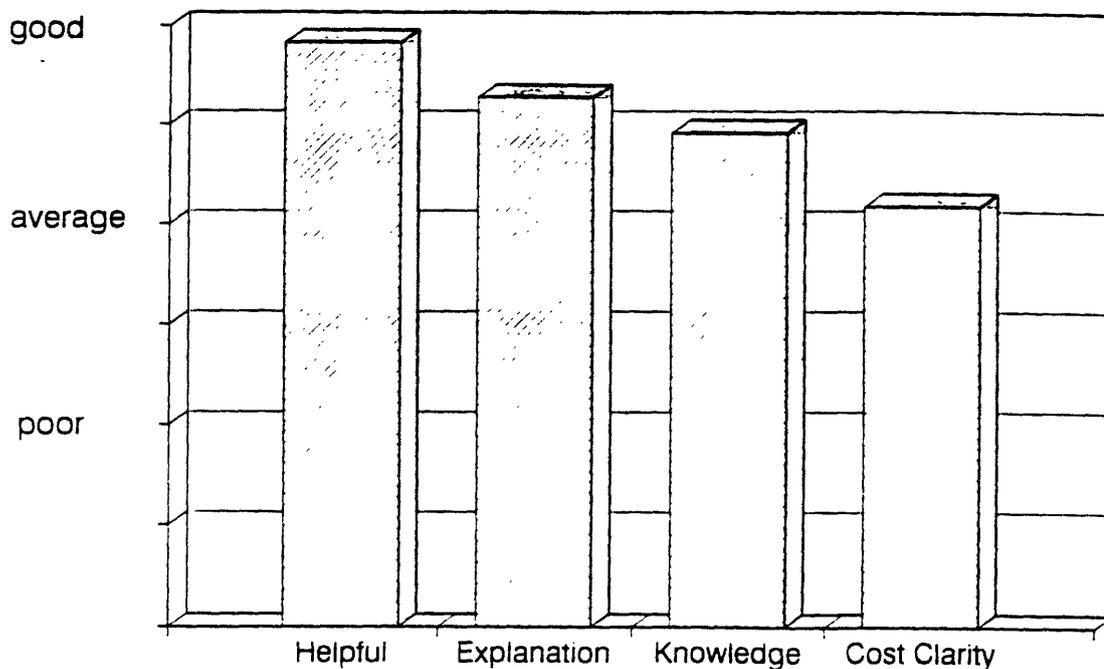
The mean scores were similar for all aspects. Helpfulness scored highest rated as "good" on average, followed by explanation and then knowledgeability half way between average and good. Cost clarity was ranked lowest with a score only fractionally above average.

Table 3.7.1: Bank Branch Staff Competence Ratings

Aspect	Average Score*
Helpfulness	2.03
Explanation	2.31
Knowledgeability	2.50
Cost Clarity	2.88
Overall Average	2.43

* excellent = 1, good = 2, average = 3, poor = 4, useless = 5

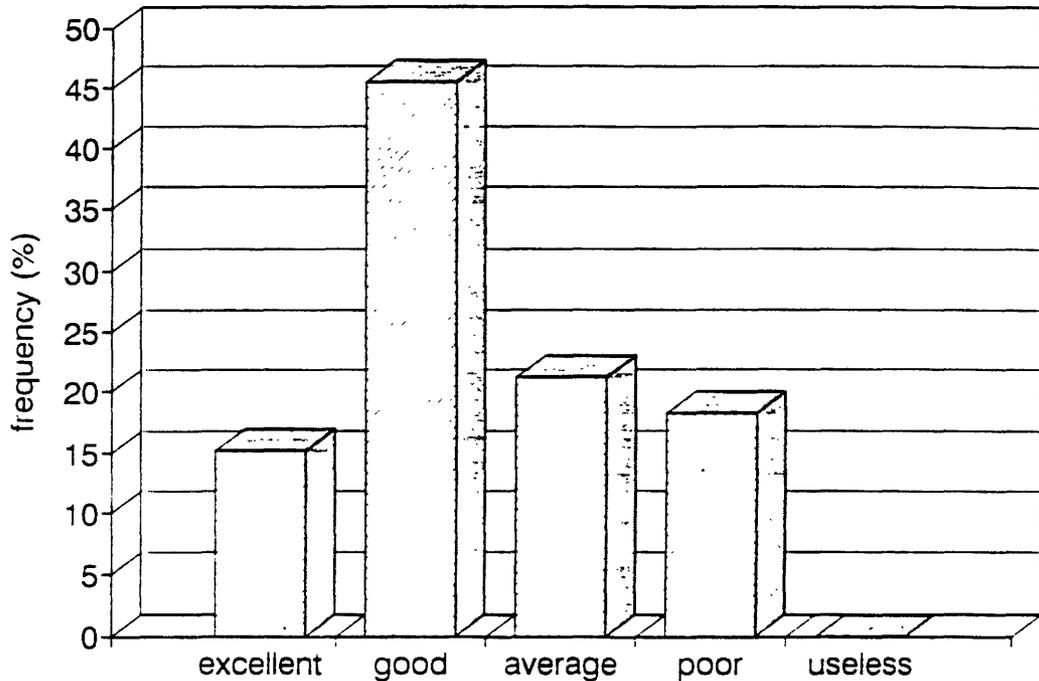
**Figure 3.7.1: Staff Competence Scores Analysed by Aspect of Service
(assessed by senders)**



However these bland averages disguised a wide variation in individual experiences. Taking a combination of the four elements, 15% of senders found the service "excellent", nearly one half "good"; just over a fifth rated the service as average. This left one sixth who rated the service they received as poor.

The variation did not appear associated with country, type of bank or even size of branch. Small branches away from city centres appeared to be as helpful and competent as large, city-centre branches (where knowledge of cross-border transfers might have been expected to be highest).

**Figure 3.7.2: Staff Overall Rating
(assessed by senders)**



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

This variation in scores reflected a wide variation in treatment. At the best, branch staff took the list of transfers and handled all aspects efficiently and pleasantly, quickly providing complete and understandable documentation of the transfers. In another case, the bank did all the work while the customer waited (three hours) during which he was comfortably seated and provided with coffee and given forms to sign from time to time. In other cases banks apologised for not completing the documentation themselves, but said the number of transfers was too high – would senders complete the forms themselves. At the extreme one bank refused to fill the forms itself, refused to allow the forms to be taken out of the branch and insisted that the sender come to the bank during weekday banking hours and fill them in.

The poorest service was from one bank which was unfriendly and unhelpful, which insisted the sender fill in the forms himself, then sent the wrong amount in all cases (about one tenth of the correct amount) and blamed the customer for wrong instructions. When copies of written documents were provided which showed this was not so, the bank said that the verbal instructions given were wrong; eventually the bank offered to refund 20% of the charges, raising this to 50% as a final offer. Only when representation was made to a senior manager at head office was a full refund of charges given - two months and about thirty hours of the customer's time later.

3.8 EFFECTIVENESS OF REDRESS

Redress when things went wrong has proved difficult in most cases.

In the case of the transfers which did not appear to have arrived, the sending and receiving bank each tended to allocate responsibility to the other. Receivers who asked what had happened to transfers they were expecting were told to contact the sender or the sender's bank. Senders have been told, contrary to the advice they were given initially, that receivers should contact their bank or the sender's correspondent bank, despite the fact that the receiver had no evidence or reference from his own bank on which to base such an enquiry.

One bank explained that they had checked that the money had been sent and that it had arrived at the correspondent bank abroad. If the sender wished for the matter to be further followed up, there would be further fees. These were paid and as a result of the bank enquiries the arrival of one transfer was identified - which had taken over three months to be credited to the beneficiary account. The receiver subsequently confirmed that the money (less charges of 11 ECU) had been credited to their account. No explanation or apology for the delay was given. Three transfers remained missing at the end of June.

When banks made mistakes, they were unwilling to refund the bank charges incurred. In one case a refund has been obtained but only after lengthy dispute and correspondence; in another case, the bank has refused so far to refund the charges.

However not every difficulty led to such problems. When a bank in Spain sent a transfer to RBR three weeks later than instructed, the sender was subsequently reimbursed for a foreign exchange loss due to the devaluation of the peseta in this period.

4. MARKET RESEARCH RESULTS

4. MARKET RESEARCH RESULTS

This section outlines the results of the market research exercise during which 287 branches of 167 banks in the twelve member states were visited. Researchers explained at each branch that they wished to make transfers to four foreign countries and enquired about the cost, time and other aspects of such transactions

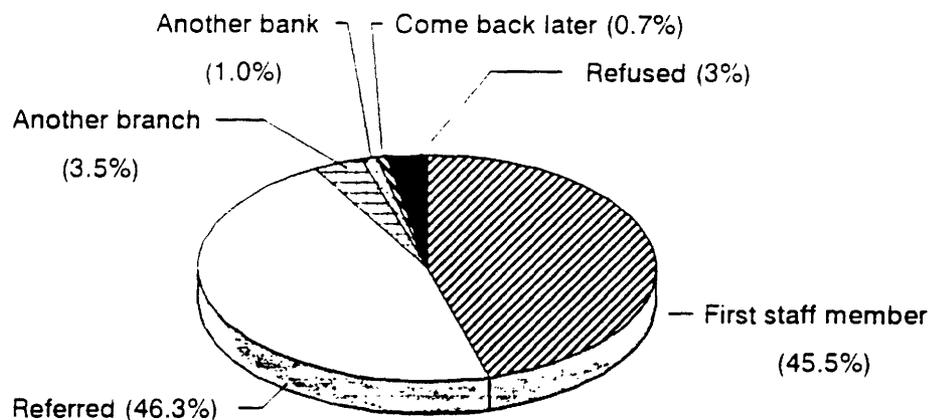
4.1 HANDLING OF ENQUIRY BY BANK STAFF

In 45.5% of all visits the enquiry was dealt with immediately by the first member of staff. The researcher was referred to someone else within the same branch in 46.3% of cases. In less than 1% of visits were researchers asked to come back later.

There were a few instances (3%) where banks refused assistance completely. The reason often given was that the researcher was not a customer. In some cases, however, staff members automatically assumed that they were dealing with customers. When it subsequently emerged that the researcher was not a customer, quality of service and friendliness often worsened abruptly.

In 3½% of cases the researcher was asked to consult another branch of the same bank, which were more specialised in foreign transfers and in another 1% of instances the enquirer was sent to another bank.

**Figure 4.1.1: Initial Response to Enquiry
(for all enquiries)**



4.1.2 Country Differences in the Initial Response

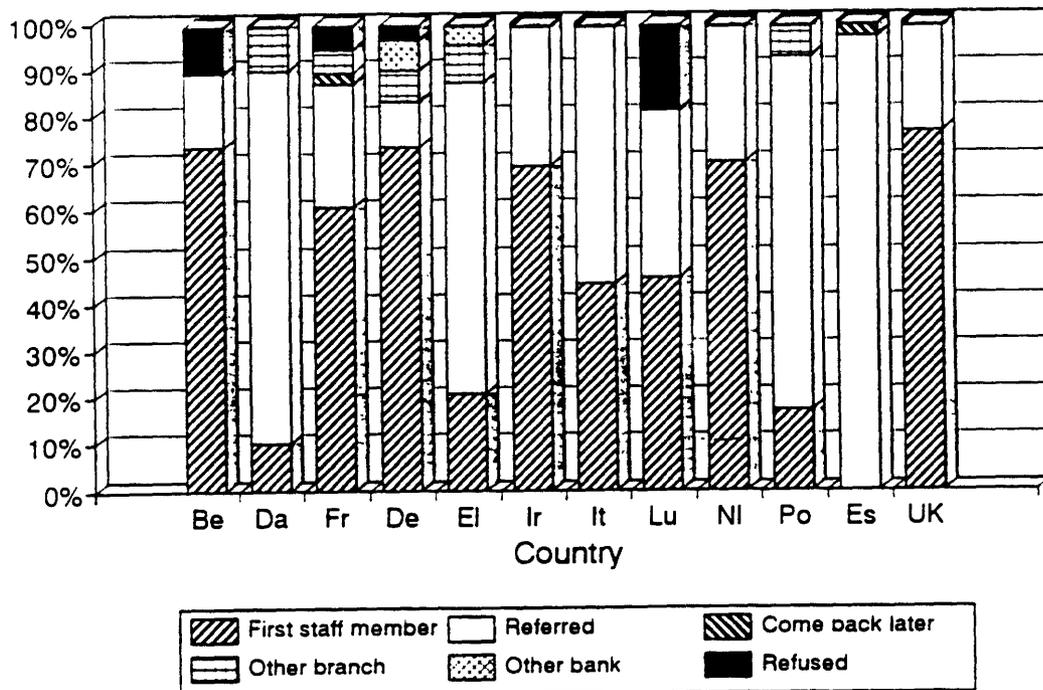
In Belgium, Germany, Ireland, the Netherlands and the UK customers were mostly handled by the first member of staff whereas in other countries they were more frequently referred to another member of staff.

Spain was the only country where the enquiry was never dealt with by the first member of staff and the researcher was always referred to another staff member. Germany and Greece were the only countries where the enquirer was referred to another bank. The reason was that the banks concerned did not offer foreign transfer services.

In five countries, Belgium, France, Germany, Greece and Luxembourg, researchers were refused assistance for not being a customer. Some banks in these countries were unwilling to give information about charges and services to non-customers. The proportion of refusals in Luxembourg appears high but this was due to the fact that only eleven branches were visited of which 2 refused to help; in Belgium 3 out of 30, in France 2 out of 38 and in Germany 1 out of 30 refused to give information.

Some branches in Denmark, France, Germany, Greece and Portugal sent researchers to another branch of the same bank because the branch visited was unable to help. This mainly occurred in very small branches which rarely dealt with foreign transfers.

Figure 4.1.2: Initial Response to Enquiry, by Country



4.2 HELPFULNESS OF STAFF

Researchers were asked to rate the helpfulness and knowledgeability of staff in the same way as in the transfer exercise: from excellent (1), good (2), average (3), poor (4) to useless (5) along four dimensions

- helpfulness
- how clear and easy to understand were the explanations
- knowledgeability
- cost clarity.

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

The average scores for each aspect ranged from just above poor to half way between good and average.

Helpfulness of staff scored highest, rated midway between good and average, followed by explanation of cost and knowledgeability, both close to average. Cost clarity ranked lowest at slightly worse than average.

**Table 4.2.1: Bank Branch Staff Competence Ratings
(individual aspects, market research)**

Aspect	Average Score*
Helpfulness	2.51
Explanation of Service	2.93
Knowledgeability	3.06
Cost Clarity	3.20
Overall Average	2.92

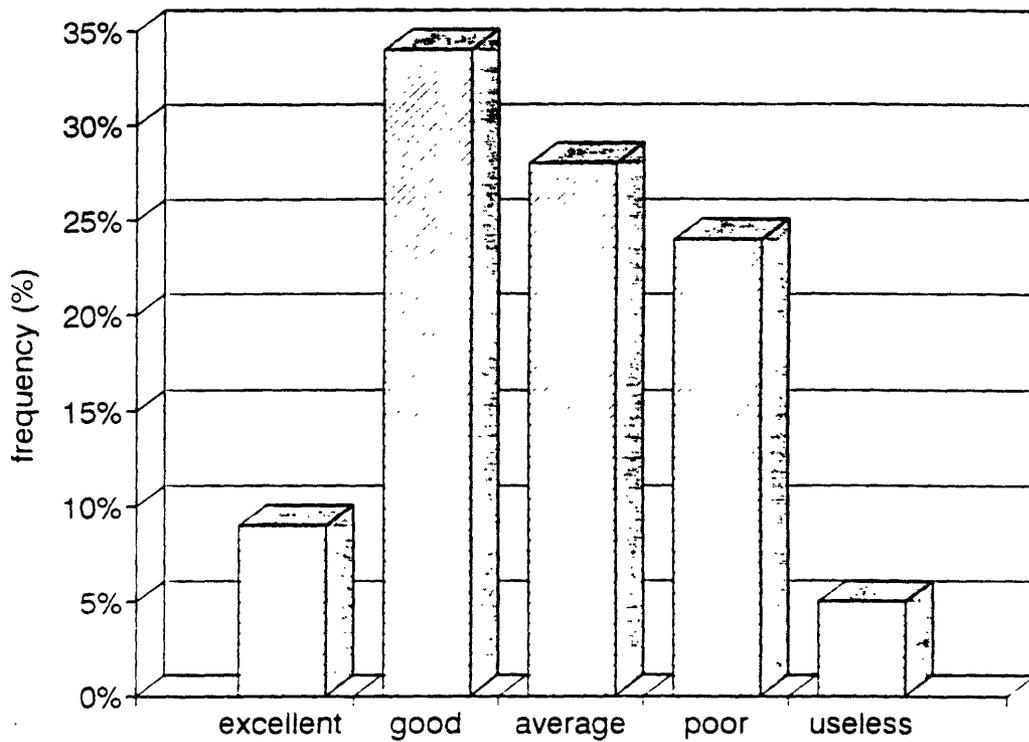
* excellent = 1, good = 2, average = 3, poor = 4, useless = 5

When scores on all four aspects were added up, and the range of scores examined it was possible to classify the overall service as:

- useless = total score from 18 to 20
- poor = total score from 14 to 17
- average = total score from 11 to 13
- good = total score from 7 to 10
- excellent = total score from 4 to 6

Over a third of researchers rated the overall service provided by bank staff as good. 8% thought they were treated in an excellent manner. 28% were of the impression that the service provided was average, just under a quarter of branches were rated as poor and in 4% of the cases it was felt that staff were of no help at all.

**Figure 4.2.1: Overall Staff Rating
by grade. all countries (market research)**

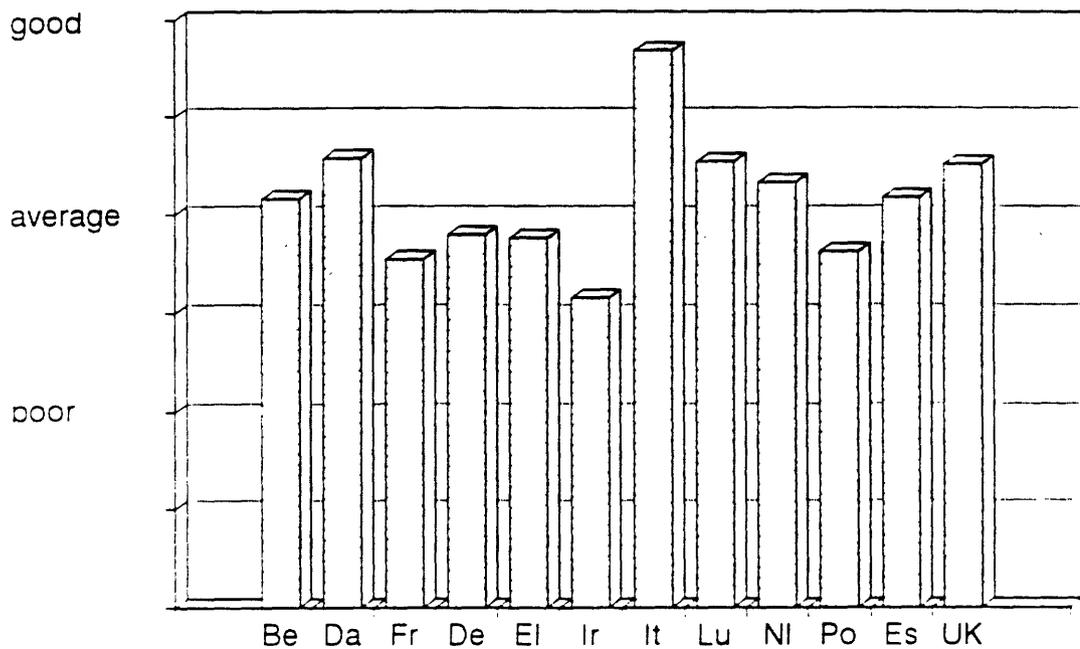


In terms of individual countries bank staff in Italy scored highest and this was also true for all aspects by a visible margin followed by the UK, Denmark and Luxembourg.

German and Greek branches scored just below, Belgian, Dutch and Spanish branches slightly above average.

Ireland, France and Portugal were the countries whose branch staff scored lowest.

**Figure 4.2.2: Overall Staff Rating
(overall grade by country)**

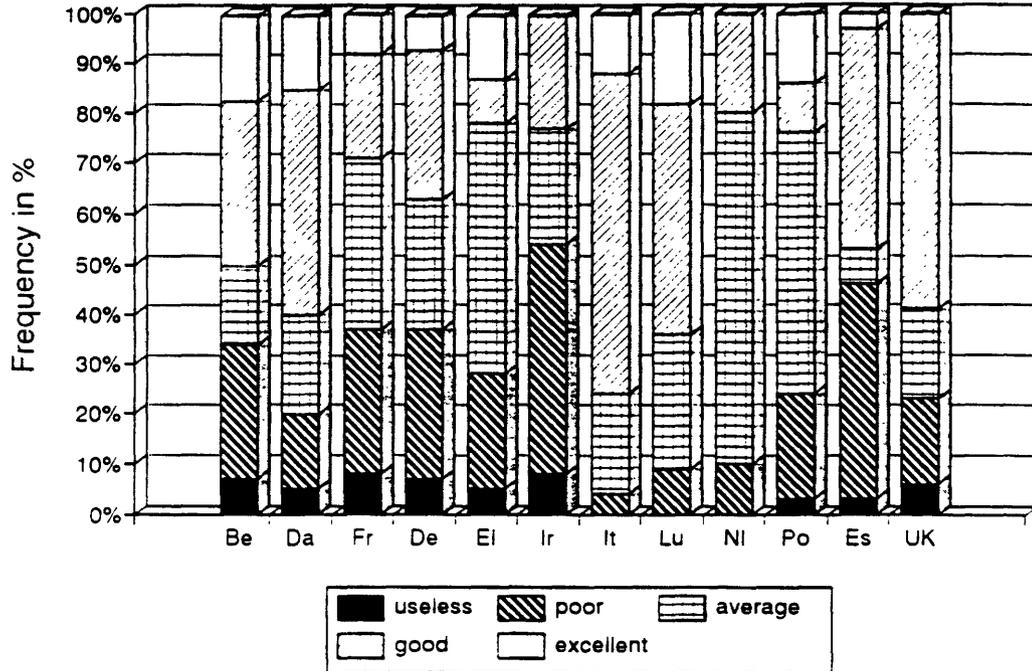


The proportions in each of the five grades (useless, poor, average, good and excellent) varied from country to country. Luxembourg, for example, had the highest proportion of branches that were rated as excellent with 18%, just above Belgium with 17%.

In the UK and Ireland none of the banks scored excellent results. However, the UK together with Italy provided a service that was consistently regarded as good.

In Italy, Luxembourg and the Netherlands no branches were graded as useless. Elsewhere researchers rated the service provided in about 3% to 7% of branches as useless.

**Figure 4.2.3: Overall Staff Rating
(grades by country)**



Some banks were particularly unhelpful. For example in France, one researcher enquired at the information desk about charges of sending money abroad. The reaction to this was to ask whether he had an account at that branch. When his reply was no the receptionist replied: "Ça ne vaut pas la peine!" ("this is not worth the trouble!") and left him standing.

After 10 minutes the researcher went back to the same branch to find out whether it was possible to speak to someone else if he showed interest in opening an account. The same receptionist answered that a minimum deposit of 25.000 FF was required to open an account. The researcher replied that this would not be a problem and was then referred to a consultant who told him that foreign transfers were costly and anyway he would not be able to make such transfers immediately after opening an account.

4.3 AVAILABILITY OF INFORMATION

This section considers the availability of information about sending money abroad – in particular the availability of brochures, other written material, and more generally the advice given about international transfers. Subsequent sections look at the times quoted for cross-border transfers (section 4.4) and the charges for such transfers (section 4.5).

4.3.1 Brochures and Written Information

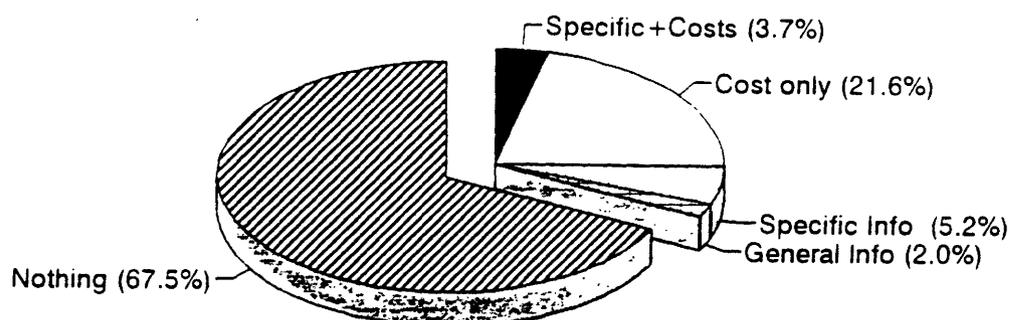
Nearly 68% of branches had no published information available. In just over 32% of cases there was some written information available. This has been classified into five groups:

- general information about transfer services
- specific information which allows customers to choose the appropriate transfer method
- specific information including details of costs
- written information about costs only, such as:
 - incorporated in a brochure of bank charges
 - a photocopy of the bank's internal charges manual or
 - a handwritten note.
- no information

Just 2% provided a general leaflet about sending money abroad; 5% handed out brochures containing more specific information which could help finding the most suitable transfer method.

In about 4% of visits were researchers provided with brochures containing specific information about both transfer services and costs.

Figure 4.3.1: Brochures and Written Information
(for all countries)



In Belgium, France, Italy and Luxembourg none of the branches provided brochures or other written information about their cross-border transfer services other than written details about their costs.

The worst in providing information were branches in Germany, Italy and Spain, where brochures were available in less than 15% of visits. Branches in Denmark, Greece, Luxembourg and Portugal were slightly better but still provided information in less than one branch in three.

The Netherlands, the UK and Belgium were the countries where information was most widespread, but even in these countries the scope and quality of the information differed.

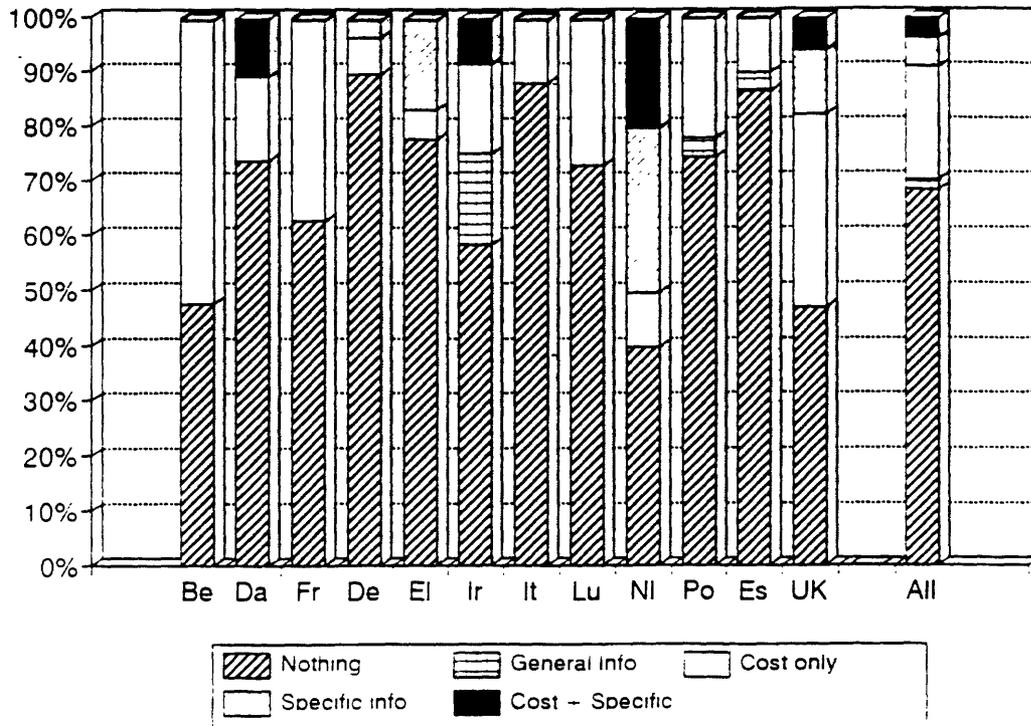
Banks in the Netherlands - including the Post Office - provided brochures with detailed and clear information about the services available including instructions for filling in forms, abbreviations of currencies and length of time. In many cases additional leaflets showing transfer charges were handed out.

In the UK only one bank provided a level of information comparable to that found in the Netherlands. The researcher was given three different brochures: a brochure giving an overview of all international services available; an "In-Depth Guide for an Authoritative Explanation" and a "Guide to the Completion of Money Transfer Forms". There was, however, no information about charges.

Other banks provided information only about charges. In Belgium written information about charges was provided in over half of the cases although information about services and transfer methods were not available.

Brochures were seldom handed out spontaneously in any country. In the majority of cases researchers were provided with written information only after asking. In some cases the necessary information was gathered from other sources such as notice boards or leaflets in the customer hall. Frequently, bank staff did not know that their bank issued written information about foreign transfers although brochures were on display in the customer hall. In Greece, for example, branch staff insisted that there was no written information available on cross-border services. In one case, however, the researcher found a brochure written in Greek and English on the way out. In the brochure there was reference to another brochure which quantified the charges for transfer services. When the researcher asked for the cost brochure in other branches of the same bank nobody knew that it existed.

**Figure 4.3.2: Availability of Brochures
(by country)**



4.3.2 Information about Transfer Methods

The lack of general information about money transfers often caused confusion about the types of services banks offered and confusion about subsequent costs. Names for services varied from country to country but essentially there were four different methods:

- Transfer by post: The sender's bank sends the payment by post to the beneficiary's bank. This was normally the cheapest way but also the slowest.
- Standard SWIFT Transfer: Often regarded as the standard way of transferring money. The sender bank normally sends out a telex with a payment message to the receiver bank and the actual payment is settled separately.
- Urgent SWIFT Transfer: Telex messages are sent out with priority and is therefore quicker than a Standard SWIFT.

- **Telegraphic transfer:** Used for urgent transfers where the banks involved are not member of the SWIFT organisation and was generally the most expensive way to send money.

Although new inter-bank networks have been established in Europe, such as IBOS and Tipa-Net, none of the researchers received information about these except in one branch in France and one branch in the UK.

In over 90% of visits researchers were not spontaneously provided with the minimum information necessary to decide on the most appropriate transfer method.

A UK bank clerk suggested an unconventional way of sending money abroad: she recommended sending foreign currency in cash by post and assured the researcher that this was the only way to guarantee that the exact amount of money would arrive at the beneficiary.

One of the Portuguese banks suggested sending signed traveller cheques as the only way possible of transferring money abroad.

At one bank in France which had recently introduced an inter-bank network to facilitate cross-border transfers, the researcher enquired whether it was possible to make transfers through this particular network since it was heavily advertised in all branches. However none of the branches was able to provide any information. Nor were the bank's headquarters, where the researcher was sent to several departments more knowledgeable. In one suburban branch staff were more helpful but admitted that they did not know any details about this system although one member of staff tried for over one hour to find out whether the new system would be an appropriate alternative for the transfers in question. Even after consulting the staff handbook and various phone calls to the head office she was not able to provide a clear answer.

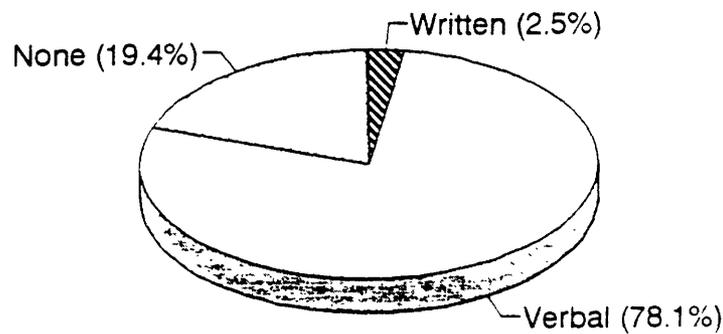
4.4 QUOTATIONS FOR TRANSFER TIMES

This section examines both the availability of information on how long cross-border transfers would take, and an analysis of the times that were quoted.

4.4.1 Provision of Information about Time

Most banks (78%) were able to say how long transfers would take, but only 2½% were able to provide written details. 19% of the branches visited did not provide any information concerning time.

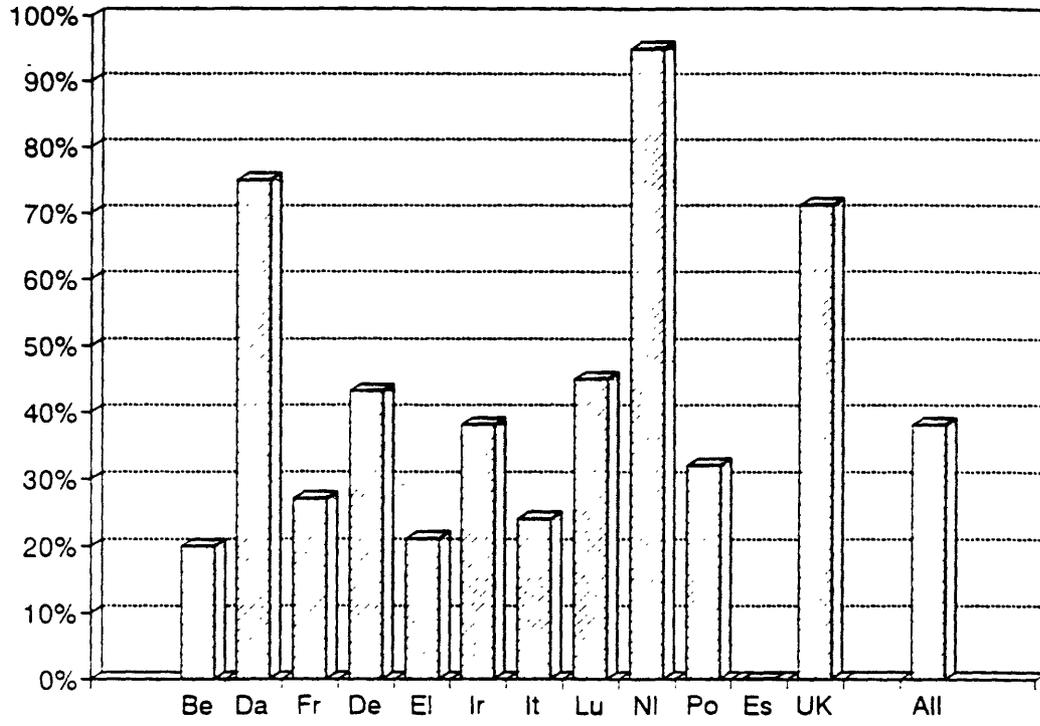
Figure 4.4.1: Availability of Information about Time
(for all countries)



More than 60% of branches did not point out possible variations in the length of time for transfers. This proportion includes both where branches quoted a precise length of time but did not warn that this might vary, and branches which did not give any information about time.

In the Netherlands, however, in 93% of visits researchers were told that the time of transfers might vary. This was the highest figure result followed by Denmark and the UK with 70%. This is in contrast to Spain where time variance was not mentioned at all.

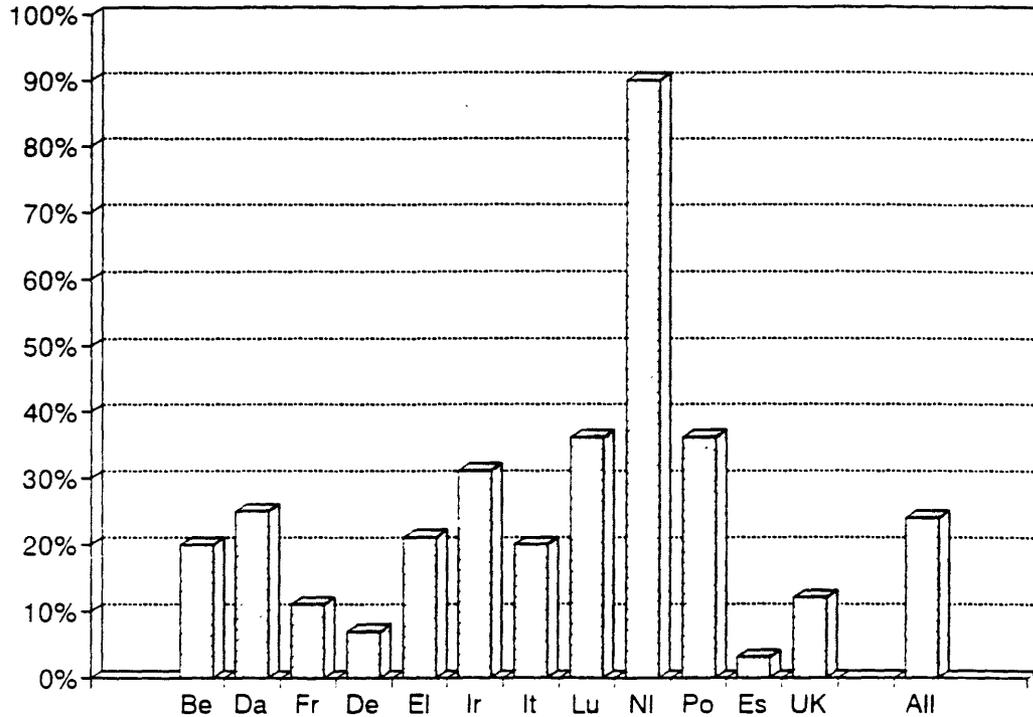
Figure 4.4.2: Proportion of Branches Providing Information about Possible Time Variance, by Country



Information about causes of time variance was only provided in 22% of all visits. The reason normally given was the number of correspondent banks involved in a transfer.

In terms of individual countries the Netherlands stands out again. In 90% of the cases Dutch banks gave reasons for time variations.

Figure 4.4.3: Proportion of Branches Providing Information about Causes of Time Variance, by Country



4.4.2 Times Quoted

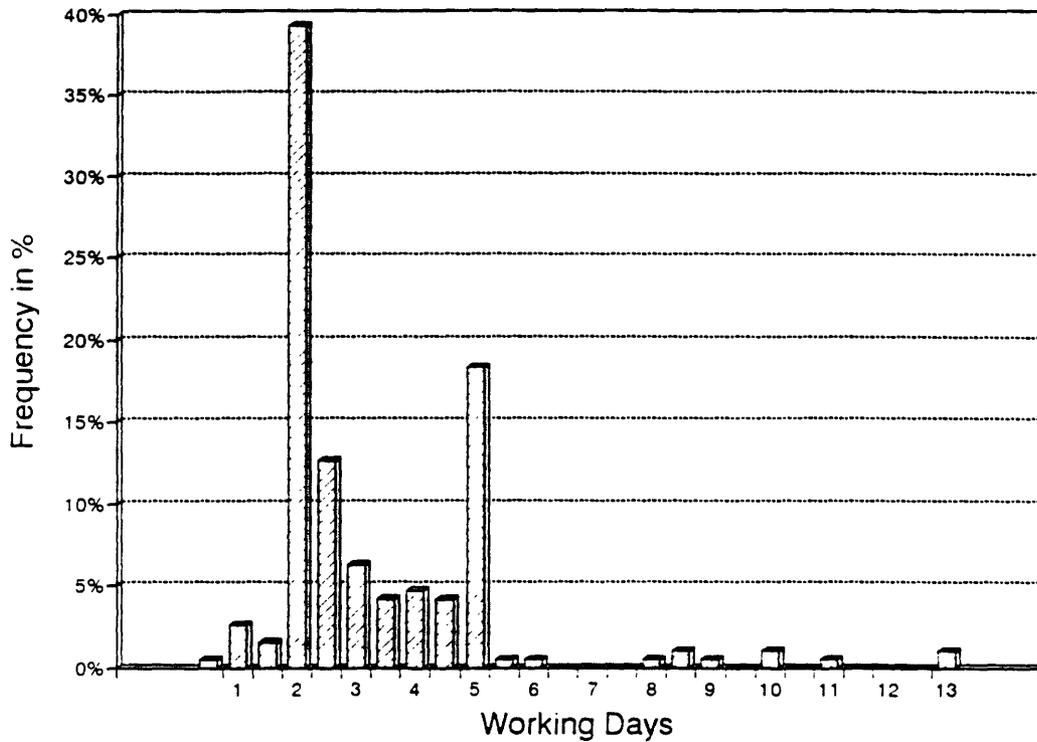
Banks usually provided a maximum time, for example, "not more than 10 days" or quoted a range of time. The length of time quoted ranged from same day transfers to 13 days. Most frequently (the mode) banks quoted 2 days (37%) followed by 5 days which was usually referred to as one week. The average time quoted was 3.5 days.

Figure 4.4.4 shows the time branches said it would take for the transfers. Where a range of time was quoted the mid-point was taken. In over 80% of cases times quoted fell within the range of 2 to 5 days.

Table 4.4.1: Measures of Time Quoted for Transfers to Arrive

Measures	Time
Average	3.50
Mode	2.00
Median	2.50
Minimum	0.50
Maximum	13.00
Standard Deviation	2.03

**Figure 4.4.4: Time Quoted for Transfers
(frequency for all countries)**



The length of time quoted in individual countries varied considerably and in particular in Spain. France and the UK where the lowest and the highest quote differed by more than 8 days.

Country averages of times quoted all lay between two and four days, apart from the UK and Luxembourg which both produced an average of five days and Luxembourg which quoted on average the shortest time, at just under four days..

The shortest time quoted was in the Netherlands at 4 hours and the longest in Spain and France with 13 days.

Figure 4.4.5: Time Quoted for Transfers
(minimum, maximum and average by country)

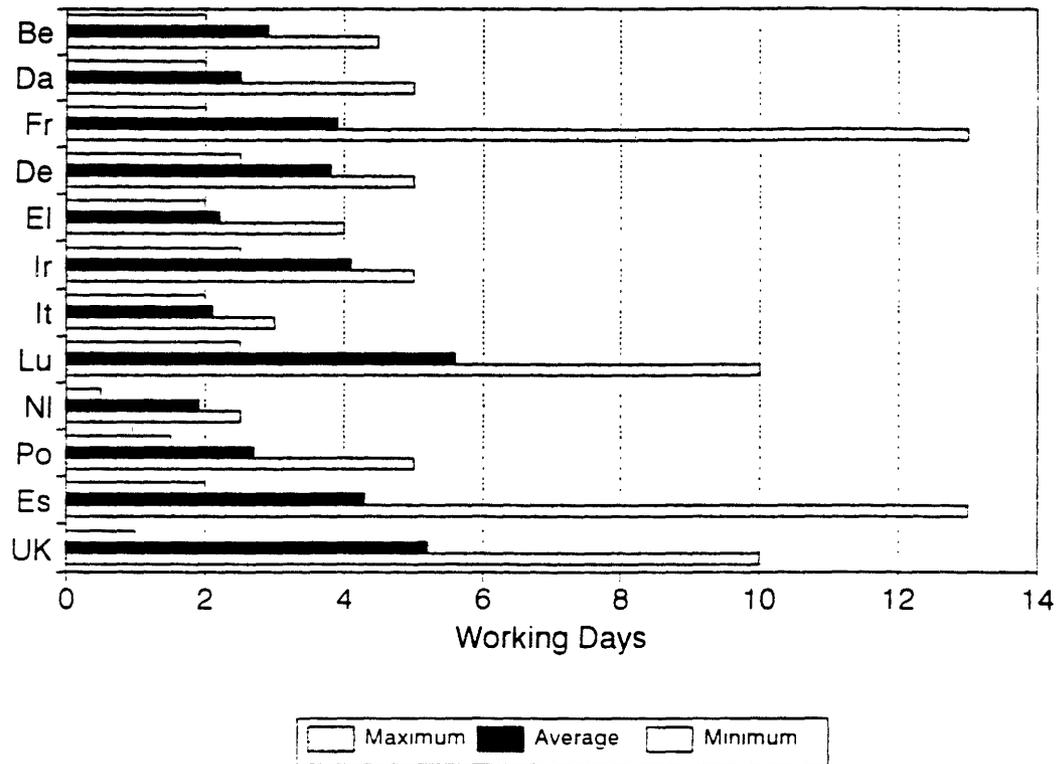


Table 4.4.2: Time Quoted for Transfers
(average, minimum and maximum by country)

Country	Average	Minimum	Maximum
Belgium	2.9	2.0	4.5
Denmark	2.5	2.0	5.0
France	3.9	2.0	13.0
Germany	3.8	2.5	5.0
Greece	2.2	2.0	4.0
Ireland	4.1	2.5	5.0
Italy	2.1	2.0	3.0
Luxembourg	5.6	2.5	10.0
Netherlands	1.9	0.5	2.5
Portugal	2.7	1.5	5.0
Spain	4.3	2.0	13.0
UK	5.2	1.0	10.0
All	3.5	0.5	13.0

4.5 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 pattern of charging by country in terms of these elements.
- the precision of the quotations about charges, and
- the level of charges quoted.

4.5.1 Elements of Cost

In many cases transfer costs quoted did not normally consist of one flat amount, but contained of 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, but in some cases exceeded the costs mentioned above.
- 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 three elements. This applied both to brochures and verbal information. In many brochures, however, there were references in small print that additional costs might occur without specifying an amount. In only about 5% of cases were researchers given an estimate of beneficiary charges.

4.5.2 Pattern of Charging by Country

The pattern of charging varied between countries and the following descriptions indicate a typical way in which charging was done in each country. Of course, not all banks in a country necessarily charged in this way.

Belgium

In Belgium it was usual to quote the costs in up to four elements. Transaction fees and exchange commission were normally quoted in tranches. The percentage applied for each tranche decreased with increasing bands. The percentage for transaction fee was typically 0.3% with a minimum ranging from 3.7 ECU to 5.6 ECU and 0.15% for exchange commission, with a minimum ranging from 1.9 ECU to 3.8 ECU.

In addition there would usually be a SWIFT charge of between 2.5 ECU and 15 ECU and another 3.75 ECU up to 5 ECU for other expenses such as postage.

Finally, VAT of 19.5% applied to all charges. This was often not mentioned at all.

Denmark

In Denmark typical charges reflected the speed of the transfer. An economy transfer took 3 days and cost 10 ECU, a standard transfer (2 days) cost 13.42 ECU and an urgent same day transfer cost 40.27 ECU plus 0.05% of the total value.

There was no information available on the level of correspondent's charges.

The service was generally available for non-customers for double the price of the standard transfer (26.8 ECU).

France

The structure of charging was similar to that in Belgium. The transaction fee was quoted as a percentage, normally 0.1%, with a minimum between 7.6 ECU and 11.4 ECU. The exchange commission varied from 0.05% to 0.1% with a minimum of another 7.6 ECU up to 11.4 ECU.

Typically, there would be a charge for postage or telex ranging from 12 ECU to 15 ECU which was rarely mentioned.

In France VAT of 18.6% applied to all charges except exchange commission. None of the French banks informed researchers that exchange commission was not subject to VAT.

Germany

In Germany costs were usually a percentage of 0.15% with a minimum ranging from 5.1 ECU to 10.2 ECU plus exchange commission of 0.025% with a minimum of 1.3 ECU.

According to the speed of the transaction banks quoted an additional 2.56 ECU up to 15.4 ECU for postage or telex.

A few banks offered transfer services to non-customers for an extra charge of about 7.7 ECU.

Savings banks were the only banks which quoted lower rates for smaller sums, for example:

- transfers up to 26 ECU cost 4.1 ECU.
- transfers up to 154 ECU cost 6.67 ECU.
- transfers above 154 ECU cost 0.15% with a minimum of 7.7 ECU .

Greece

Greek banks usually quoted a transaction charge as a percentage between 0.2% and 0.5%, typically with a minimum of 8 ECU; two banks quoted a minimum of 30 ECU.

Some banks quoted a separate exchange commission but typically, there would be an additional charge for general expenses between 13 ECU and 25 ECU.

Because of the Greek government's exchange control, transfers in drachmas are restricted to those for certain specified purposes such as payments for commercial, scientific or medical reasons. Banks quoted an extra fee to prove the authenticity of transfers in drachma ranging from 26 ECU to 53 ECU per transfer or for several transfers if they were all for the same purpose. The approval charge, however, did not apply for cross-border transfers from foreign currency accounts.

In Greece certain bank charges are subject to EFTE, a special tax on bank activities which is currently 8% of total charges including expenses. This tax does not apply, however, to exchange commission.

Ireland

Banks in Ireland quoted charges either as a flat rate or as a percentage of the total amount, but did not quote an exchange commission. A typical transfer charge would be 0.2% of the total amount with a minimum of 8.75 ECU.

Italy

Prices quoted ranged from 5.5 ECU to 22.2 ECU excluding a tax levied by the Italian government for each transaction on the account. This tax was about 1 ECU and would be debited on a quarterly basis. Another 5.5 ECU for amounts exceeding 11.000 ECU would be imposed by the government (this was called the CVS charge, Comunicazione Valutaria Statistica). This was only mentioned in a few cases.

In Italy most banks were courteous but would not supply specific information about costs. Usually the bank managers were prepared to negotiate prices if they had the impression they were dealing with a potentially good customer.

This happened despite a law introduced in 1992 which obliges banks to inform their customers openly about their charges and conditions (Legge N 154 del 17 Febbraio 1992: Norme per la trasparenza delle operazioni e dei servizi bancari e finanziari). Initially, many banks published brochures with their conditions and put up notices in the customer hall. A year later, however, this law was widely ignored since none of this information had been revised and, in most cases, it was out-of-date. The researcher was often told that brochures picked up in the branch did not contain up-to-date information. Negotiating appeared to be the best way to find out the price of transfers.

Luxembourg

In Luxembourg charges were usually quoted in the same way as in Belgium. Typically, banks quoted a transaction fee of 0.2% with a minimum of 3.1 ECU plus an exchange commission of 0.1% with a minimum ranging from 1.25 ECU to 3.7 ECU plus charges for postage and SWIFT of approximately 1 ECU.

Only one bank gave an indication of possible correspondent's fees, quoting about 3.7 ECU.

In contrast to Belgium and France there was no VAT on transfer fees.

Netherlands

Banks in the Netherlands usually quoted a transfer charge of 1% of the total with a minimum of 6.8 ECU plus another 6.8 ECU for SWIFT and postage.

Dutch savings banks quoted specific correspondent's charges in their leaflets and differentiated between countries with prices ranging from 0.1% to 0.15% with a minimum of 6.8 ECU.

Portugal

In Portugal transaction fees were quoted in form of a percentage, usually 0.25% of the total with a minimum of 11.5 ECU. For SWIFT transfers a charge of 8.6 ECU would be added.

The Portuguese government levies a charge of 0.9% on each cross-border payment.

Spain

The structure of charging in Spain was similar to the one in France and Belgium. There usually were three elements: transaction fee, exchange commission and postage.

Unlike other countries there was no percentage for the transaction fee that was typical. The rates varied from 0.2% with a minimum of 14.4 ECU to 0.5% with a minimum of 5.4 ECU.

The typical exchange commission was 0.2% of the total with a minimum of 3.6 ECU.

Some banks charged an additional 1.8 ECU for postage or SWIFT

UK

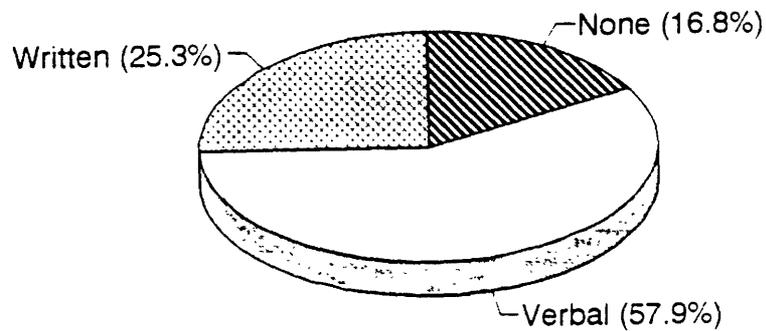
As in Ireland British banks quoted charges as a percentage of the total amount to be sent, which was usually between 0.25% or 0.3%. The minima ranged from 14.7 ECU to 20.8 ECU.

An exception was the Co-operative bank which quoted a flat fee of 6.1 ECU for transfers using the Tiba-net, the network between co-operative banks in the UK, Belgium, Germany, France and Italy.

4.5.3 Availability, Explanation and Precision of Cost Quotations

In 83% of all cases details about costs were provided. However, only 25% of branches visited provided written information. 17% did not offer any information.

**Figure 4.5.1: Availability of Cost Information
(for all countries)**

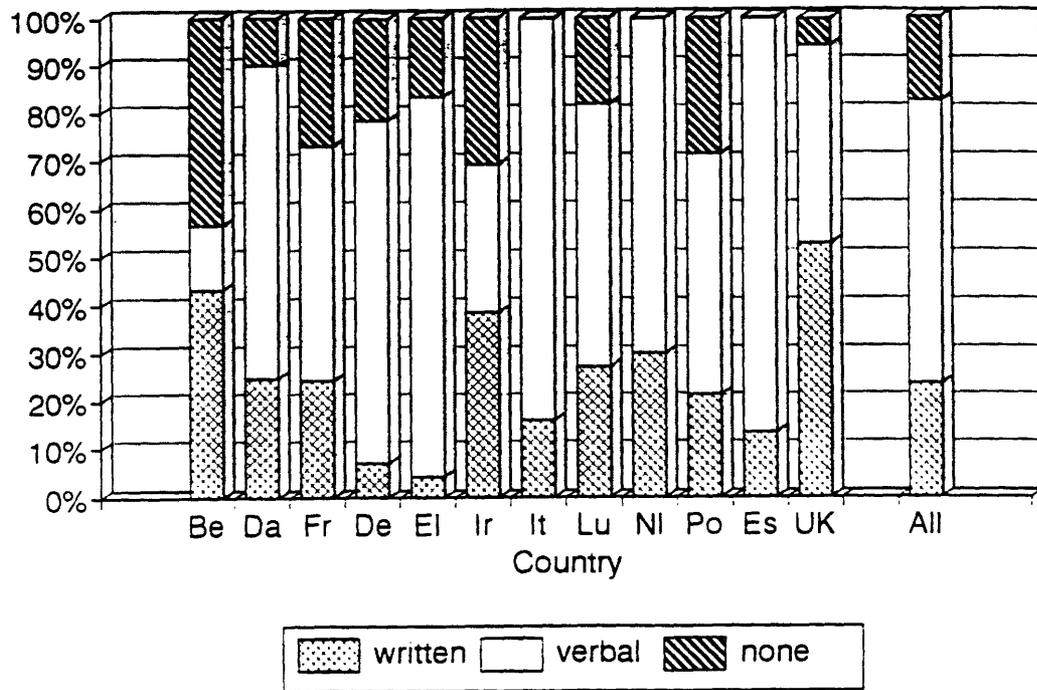


Looked at in terms of individual countries there were significant differences. In three countries, Italy, the Netherlands and Spain, information about costs, either in written or verbal form, was provided in all cases.

In contrast researchers did not receive information about cost in nearly half of Belgian branches and in a third of Irish and Portuguese ones. The high proportion of no information in Belgium is partly due to the fact that researchers were refused assistance altogether. Nonetheless both Belgium and the UK offered the highest proportion of written information. This was in contrast to Germany where, in more than 92% of cases, written information about costs was unavailable.

Overall, the UK was best at providing cost details, which were provided in over 90% of enquiries and over half of the branches handed out written information.

**Figure 4.5.2: Availability of Cost Information
(by country)**



**Table 4.5.1: Availability of Cost Information
(by country)**

Country	Written	Verbal	None	Total
Belgium	43.3%	13.3%	43.3%	100%
Denmark	25.0%	65.0%	10.0%	100%
France	24.3%	48.6%	27.0%	100%
Germany	7.1%	71.4%	21.4%	100%
Greece	4.2%	79.0%	16.7%	100%
Ireland	38.5%	30.8%	30.8%	100%
Italy	16.0%	84.0%	0.0%	100%
Luxembourg	27.3%	54.5%	18.2%	100%
Netherlands	30.0%	70.0%	0.0%	100%
Portugal	21.4%	50.0%	28.6%	100%
Spain	13.3%	86.7%	0.0%	100%
UK	52.9%	41.2%	5.9%	100%
EC Average	25.3%	57.9%	16.8%	100%

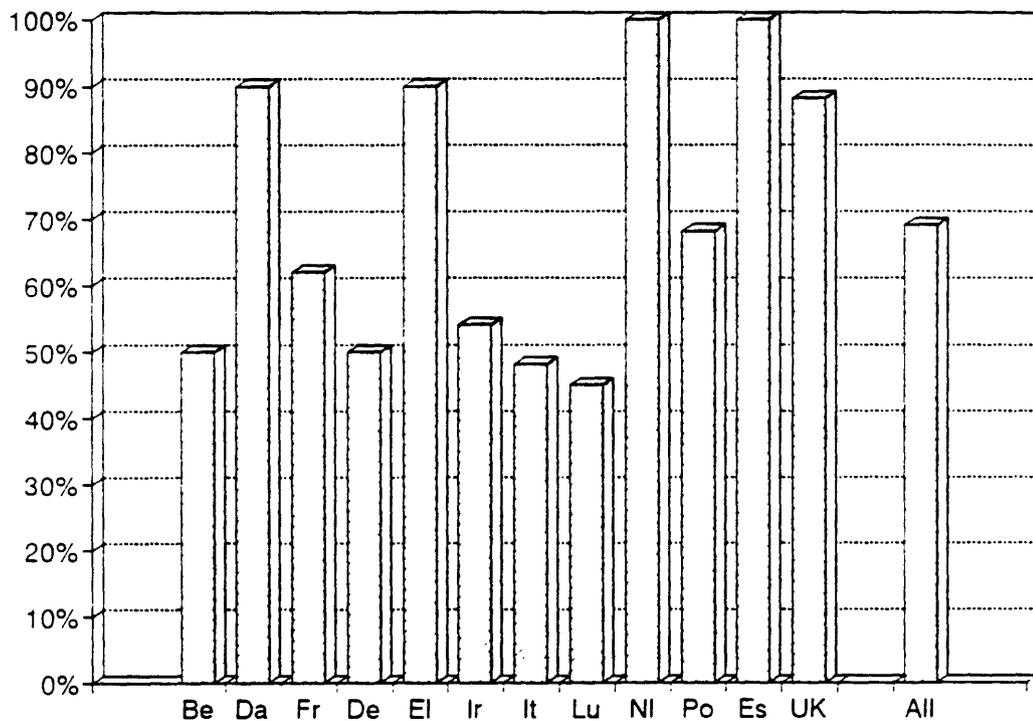
Three aspects of the information about costs were assessed:

- whether the branches explained the basis of calculating of costs in total and in terms of each element of the cost.
- whether the basis of the exchange rates to be used was explained
- quality of information provided

Information on Charging Basis

The charging basis, either a single amount or a percentage of the transfer sum, was supplied by all banks in Spain and the Netherlands and in most cases in Denmark, Greece and the UK. On average nearly 70% of all branches visited provided information on how charges were calculated.

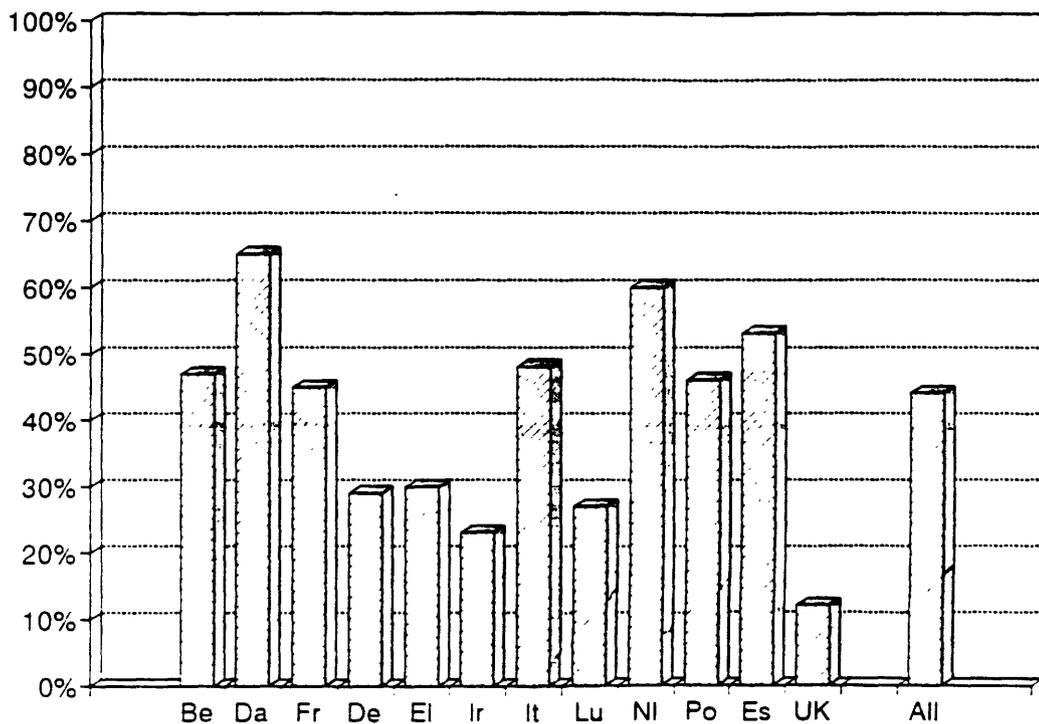
Figure 4.5.3: Proportion of Branches Providing Information about Charging Basis, by Country



Information about Exchange Commission

Information about the charging basis of the exchange commission was provided by 40% of all enquiries. In the UK and Ireland there was usually no separate exchange commission fee; it was included in the overall charge. This explains the relatively small proportion of information about exchange commission for these countries.

Figure 4.5.4: Proportion of Branches Providing Information about Exchange Commission, by Country



Information about Exchange Rates

The exchange rate used by the bank results in part of the costs of cross-border payments.

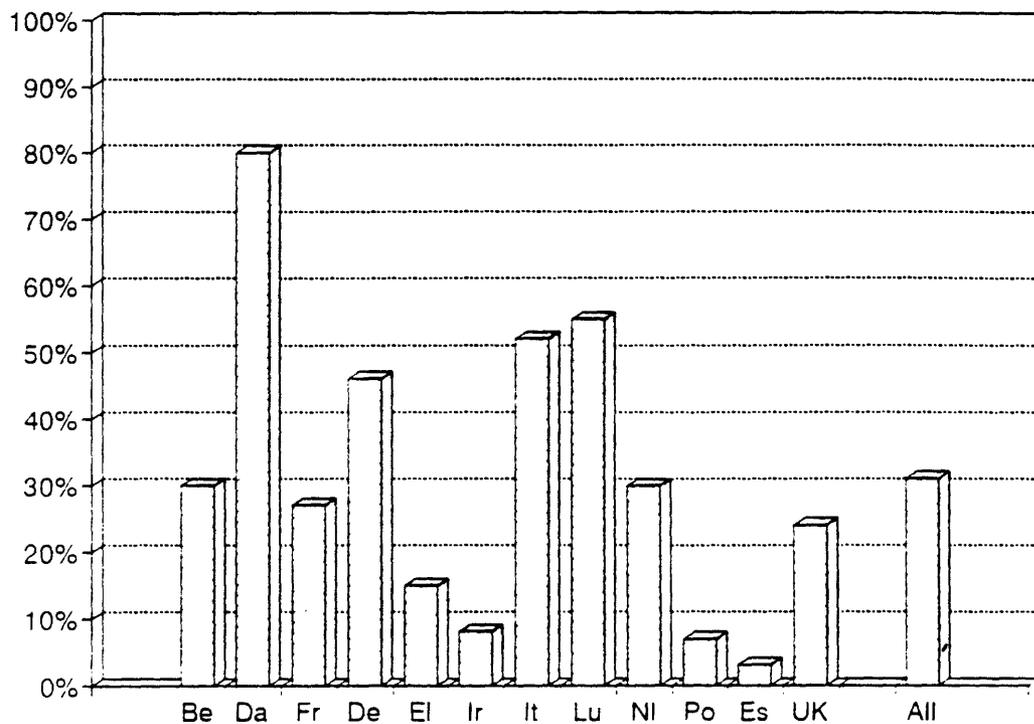
However, in two thirds of cases researchers did not receive any information about the exchange rates used by the bank. Exchange rates displayed in customer halls applied in most cases to foreign exchange of notes and not to cross-border transfers.

Looked at in terms of individual countries, Danish banks were best at providing such information. It was supplied in 80% of all visits. In Luxembourg, Italy and Germany this information was provided only in about half of the cases.

There were exceptions; a bank clerk in Luxembourg provided the most recent exchange rates and explained how to convert the amounts in currency into Luxembourg Francs. She pointed out that the exchange rate used for money transfers were internal rates which fluctuated according to the official foreign exchange market.

In Ireland, Portugal and Spain researchers were told in most cases that exchange rates could only be provided on the day of the transfer but no basis of the rates was given.

Figure 4.5.5: Proportion of Branches Providing Information about Exchange Rate. by Country



Precision of Price Information Provided

The quality of information about the prices quoted for transfers was classified into five categories:

- **Very vague** information: Researchers were given a wide range of costs, for example, between 5 ECU and 15 ECU or even vaguer estimates.
- **Some information**: Information which was specific but incomplete.
- **Good general idea**: Banks specified main elements including the latest exchange rates but remained vague about the final price
- **All sender costs**: All sender charges quantified and clear including an estimate of beneficiary's costs.
- **Complete**: Both sender and beneficiary charges quantified.

In a third of visits where information about costs was provided researchers received only vague details in form of approximate figures or wide ranges which was not sufficient to give a clear idea about the final price of the service.

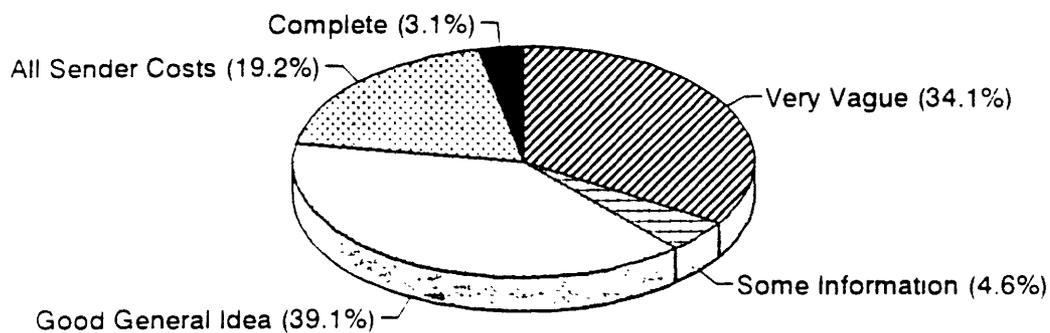
In 5% of all cases researchers were given information about some of the charges, but banks did not mention essential further charges, for example, postage and telex fees, or were vague about these extra costs.

Researchers were able to gain a good general idea about the final price of a transfer in 39% of visits.

In another 19% of all cases researchers received quantified details of all the remitter's costs but only an indication of beneficiary's charges.

In only 3% of all cases banks provided complete information about all elements of costs including beneficiary's charges.

**Figure 4.5.6: Precision of Price Quotations
(for all countries)**



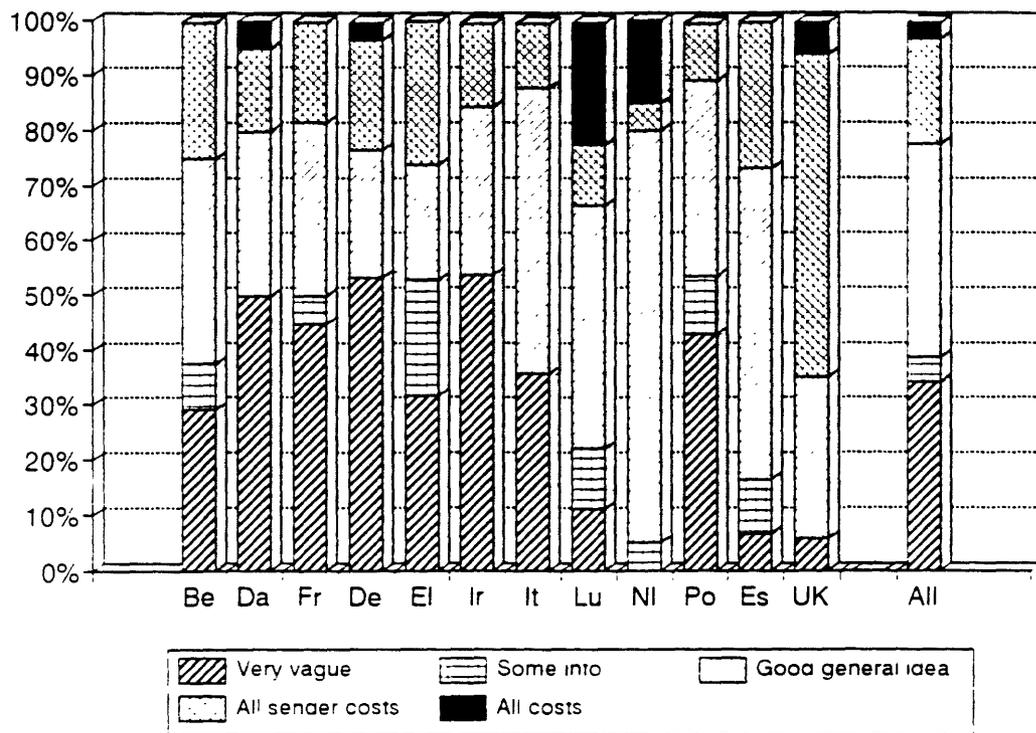
Looked at in terms of individual countries banks in Luxembourg were best at providing complete information, at 20% and the Netherlands next best at 15% of branches.

In the Netherlands in over three quarters of all visits researchers were able to get a good general idea about charges which was mainly because most banks had appropriate leaflets which they usually handed out, but only after asking. Nevertheless, bank staff did not seem to be well informed on the subject.

British banks provided specific information on sender's charges and gave some indication on beneficiary's charges in over half of the visits.

In six countries, Germany, Ireland, Belgium, Denmark, Portugal and France information on costs was very vague in over 40% of all banks visited. The most general excuse for giving only vague information was that costs for cross-border transfers depended on the number of correspondent banks involved, the exchange rate and the recipient's country.

**Figure 4.5.7: Precision of price Quotations
(by country)**



For example, a French bank quoted in their brochure a minimum of 12.6 ECU for a money transfer abroad. In small print at the bottom of the page there was, however, a reference that this figure excluded exchange commission, postage and correspondent charges. These charges were not quantified in the brochure.

In one branch of this particular bank the researcher was quoted these additional fees, which brought up the minimum charge to about three times as much as stated in the brochure.

Not only researchers were confused, but also bank clerks themselves. In two other visits the bank clerk looked into the brochure for information and quoted 12.6 ECU as the final cost for a foreign transfer.

Another example of incomplete information was an Irish bank which quoted in their brochure "Charges for Treasury and International Services" 0.2% with a minimum of 12.5 ECU as their final transfer fees. However, after consulting the telephone help-line

mentioned in the brochure the researcher was told that charges would be 26.25 ECU, over twice as much as stated in the leaflet.

Researchers became fairly experienced and often knew when they were given incorrect or incomplete information. This sometimes meant that researchers had to peep over the counter to see the information staff was using (and reluctant to show to the customer or hand out). Therefore they were able to ask further questions.

In one visit a German bank clerk stated costs which applied for amounts above the equivalent of 130 ECU. Yet the costs quoted for sending 100 ECU were 11.5 ECU instead of 6.4 ECU according to the information in the clerks internal handbook which the researcher was able to see.

In a few cases it was evident that the information was wrong or some important information had been overlooked. For example, in two cases when quoting exchange rates clerks quoted their buying rates instead of selling rates.

4.5.4 Level of Charges Quoted

Throughout the research banks quoted sender charges but were vague about beneficiary's charges. Thus, the costs that are compared are essentially sender's fees only. Although researchers always asked about urgent transfers, it is clear from analysing the results that different banks interpreted this in different ways. Therefore the costs quoted referred to methods which usually reflected the cost of an urgent transfer but sometimes referred to "standard" transfers.

Researchers collected information for 4 different amounts in foreign currency equalling the equivalent of 100 ECU, 500 ECU, 2,500 ECU and 10,000 ECU. The average cost was about 16 ECU for the lower two amounts, rose slightly for 2,500 ECU and doubled again for 10,000 ECU. The median prices showed a similar pattern to those of the average prices but were somewhat lower, starting at 14 ECU for a 100 ECU transfer and rising up to 27 ECU for a 10,000 ECU transfer.

The most frequently quoted charge (the mode) was 13.42 ECU for all four transfer amounts which is due to the fact most Danish banks quoted a flat fee of 13.42 ECU for their transfer services.

The lowest price was quoted by a post office in Luxembourg with a flat fee of 0.75 ECU.

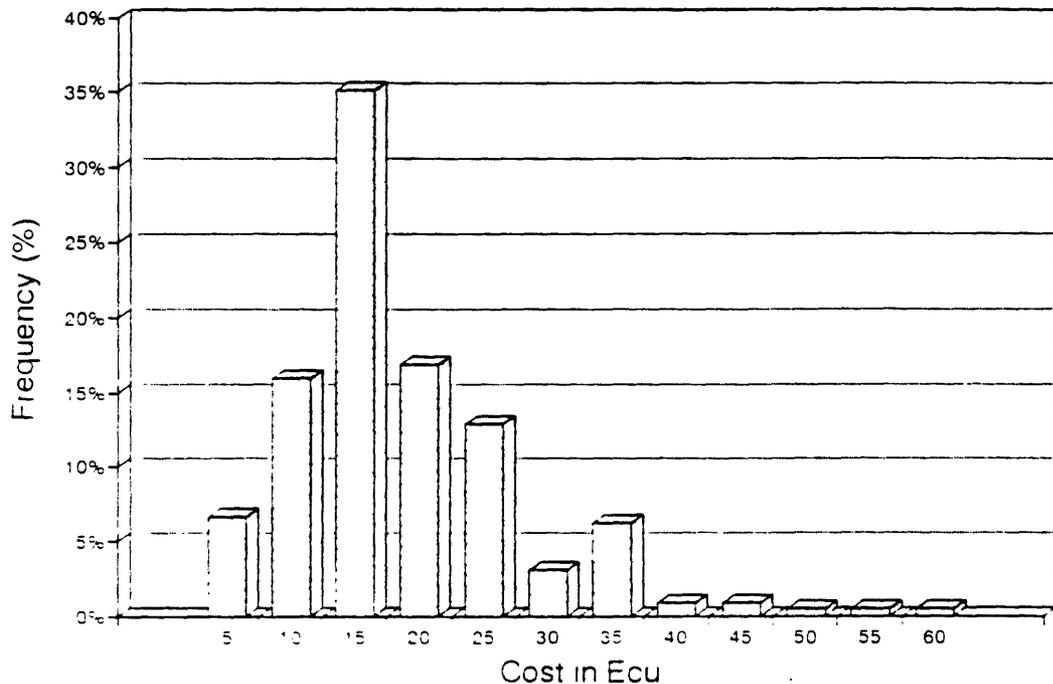
**Table 4.5.2: Measures of Quoted Charges
(all countries)**

Measure	Value of Transfer in ECU			
	100	500	2.500	10.000
Average	16.10	17.02	19.95	36.76
Mode	13.42	13.42	13.42	13.42
Median	14.29	14.71	17.40	27.70
Minimum	0.75	0.75	0.75	0.75
Maximum	57.54	57.54	89.12	352.15
Standard Deviation	9.10	8.89	11.45	33.47

CHARGES FOR SENDING 100 ECU

Charges quoted for transferring 100 ECU ranged from 1 ECU to 60 ECU. The price which was mentioned most frequently was 14 ECU. In over a third of all visits the price quoted was between 12 ECU and 16 ECU, in 75% of cases between 10 ECU and 20 ECU. 8% of banks quoted costs above 35 ECU which were mainly banks charging a flat fee which included beneficiary's charges.

**Figure 4.5.8: Quoted Charges for a Transfer of 100 ECU
(frequency for all countries in 5 ECU ranges)**



Looking at individual countries, in Luxembourg the average cost of sending 100 ECU was lowest at 5 ECU followed by German and Belgian banks quoting prices which were twice as high as in Luxembourg. Banks in Luxembourg usually quantified the transaction fee and exchange commission with relatively low minima but did not provide information about postage and telex fees: these latter were flat rates and, particularly with small transfer amounts, formed a substantial part of the total charges.

In contrast banks in Greece quoted the highest level of costs with an average of 29 ECU followed by France and Ireland with an average of over 20 ECU.

In Greece two banks quoted 57 ECU to transfer 100 ECU; an Irish bank provided the second highest quote of 50 ECU and a Portuguese bank quoted 45 ECU. The Post Office

in Luxembourg quoted the cheapest transfer which was less than 1 ECU for an unlimited transfer sum.

Figure 4.5.9: Quoted Charges for a Transfer of 100 ECU
(average, maximum, minimum, by country)

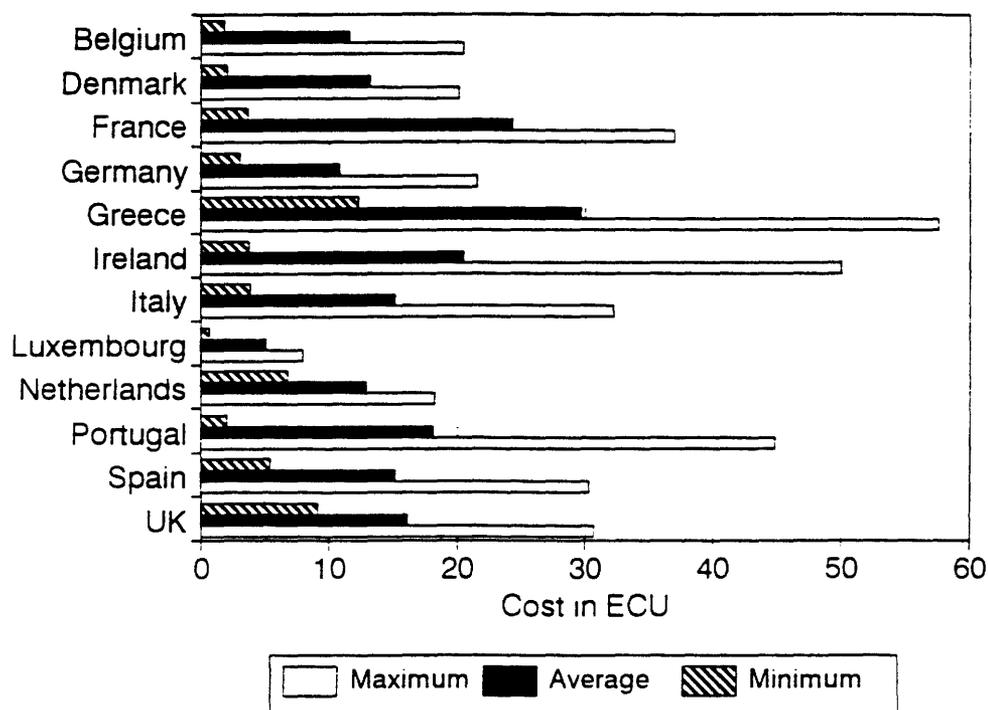


Table 4.5.3: Quoted Charges for a Transfer of 100 ECU
(average, maximum, minimum, by country)

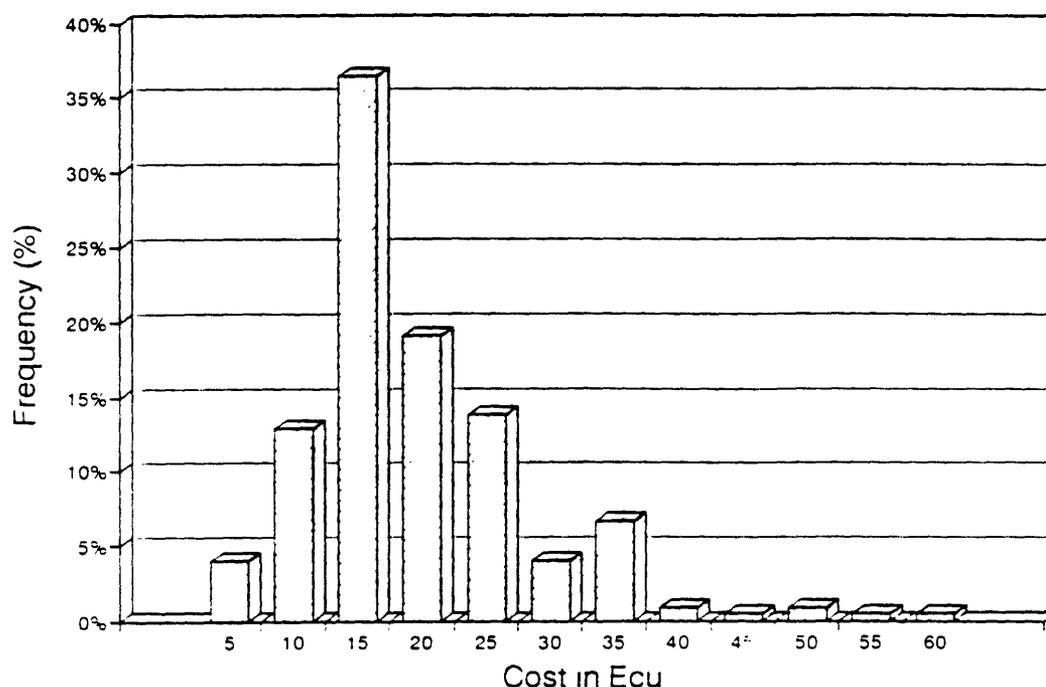
COUNTRY	Average	Minimum	Maximum
Belgium	11.54	1.86	20.51
Denmark	13.15	2.01	20.12
France	24.32	3.63	36.93
Germany	10.81	3.07	21.49
Greece	29.58	12.33	57.54
Ireland	20.48	3.75	49.94
Italy	15.19	3.88	32.16
Luxembourg	5.10	0.75	7.95
Netherlands	12.88	6.83	18.21
Portugal	18.12	2.02	44.83
Spain	15.16	5.41	30.28
UK	16.15	9.19	30.64
All	16.10	0.75	57.54

CHARGES FOR SENDING 500 ECU

The costs to send 500 ECU were similar to those for sending 100 ECU. The reason was that the minimum charge often still applied.

Prices quoted ranged from 1 ECU to 60 ECU. A third of prices quoted were in the range of 12 ECU to 16 ECU; 70% were between 10 ECU and 20 ECU.

**Figure 4.5.10: Quoted Charges a for Transfer of 500 ECU
(frequency in 5 ECU ranges, for all countries)**



The comparison between individual countries showed that the pattern of charges for sending 500 ECU was virtually the same as for sending 100 ECU.

Slight differences were caused by the fact that some banks quoted low charges for particularly small amounts. For example, 500 ECU was in different charging bands of Post Offices in Belgium and France; in Germany some savings banks quoted higher charges for transfers exceeding 150 ECU.

Figure 4.5.11: Quoted Charges for a Transfer of 500 ECU
(average, maximum, minimum, by country)

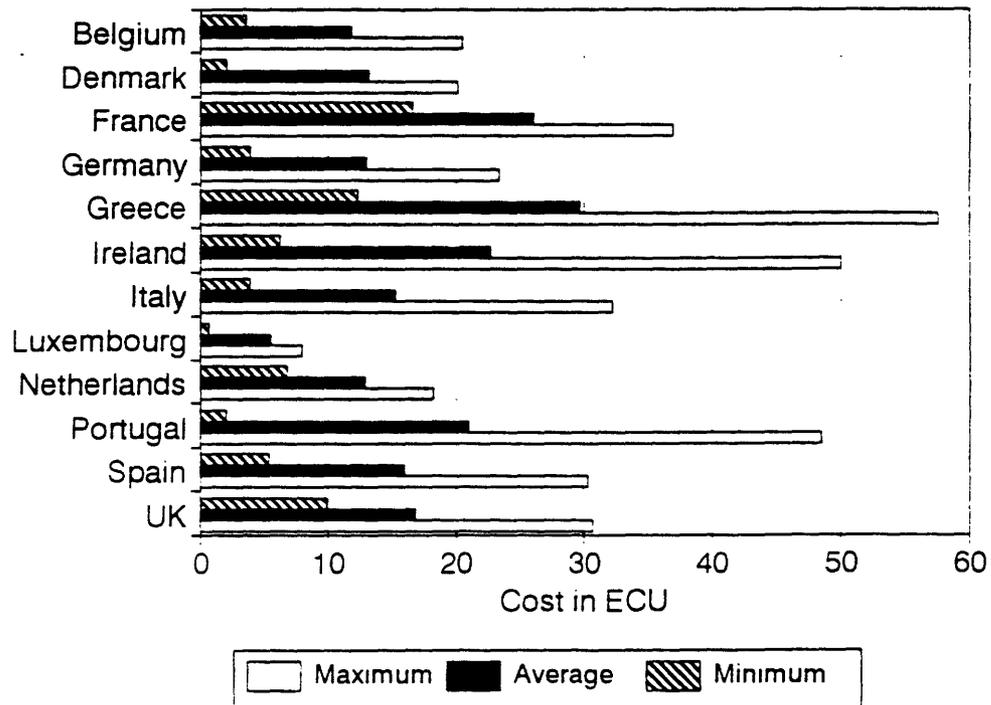


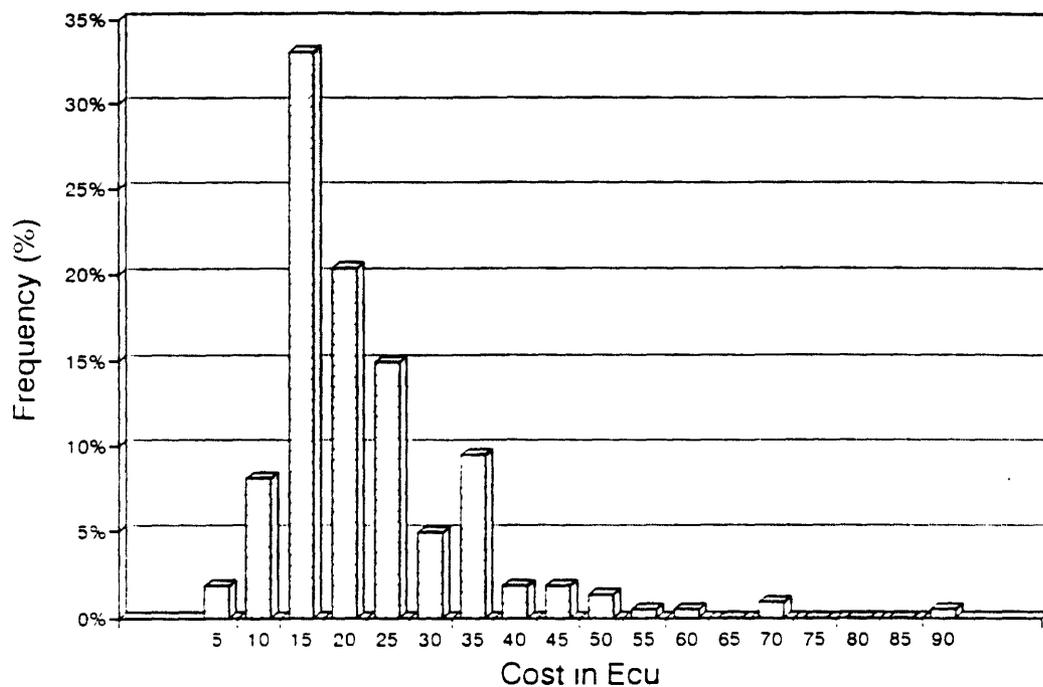
Table 4.5.4: Quoted Charges for a Transfer of 500 ECU
(average, maximum, minimum, by country)

COUNTRY	Average	Minimum	Maximum
Belgium	11.81	3.60	20.51
Denmark	13.15	2.01	20.12
France	26.03	16.55	36.93
Germany	13.01	3.84	23.33
Greece	29.61	12.33	57.53
Ireland	22.72	6.24	49.94
Italy	15.23	3.88	32.16
Luxembourg	5.51	0.75	7.95
Netherlands	12.88	6.83	18.21
Portugal	20.95	2.02	48.43
Spain	15.90	5.41	30.28
UK	16.80	9.80	30.64
All	17.02	0.75	57.54

CHARGES OF SENDING 2.500 ECU

For transfers of 2.500 ECU banks quoted charges from 1 ECU up to 90 ECU. There was a shift towards higher fees since 2.500 ECU fell beyond the band of the minimum charge for some banks. 70% of the prices quoted were fell within the range from 15 ECU to 25 ECU.

**Figure 4.5.12: Quoted Charges for a Transfer of 2.500 ECU
(frequency in 5 ECU ranges, for all countries)**



The shift towards higher charges applied in most branches in Belgium, Portugal and Spain, since 2.500 ECU exceeded the limit for which the minimum charge would apply. In Denmark, Germany, Greece, Ireland and the UK the costs quoted for transferring 2500 ECU did not differ significantly from transferring either 500 ECU or 100 ECU.

Luxembourg remained the country where average costs appeared to be the lowest whereas Portuguese banks were the most expensive quoting an average of 32 ECU for a transfer of 2.500 ECU.

A branch in Spain stood out as the most expensive with a charge of 90 ECU which was quoted by a bank which applied 3% exchange commission without a limit.

Figure 4.5.13: Quoted Charges for a Transfer of 2.500 ECU
(average, maximum, minimum, by country)

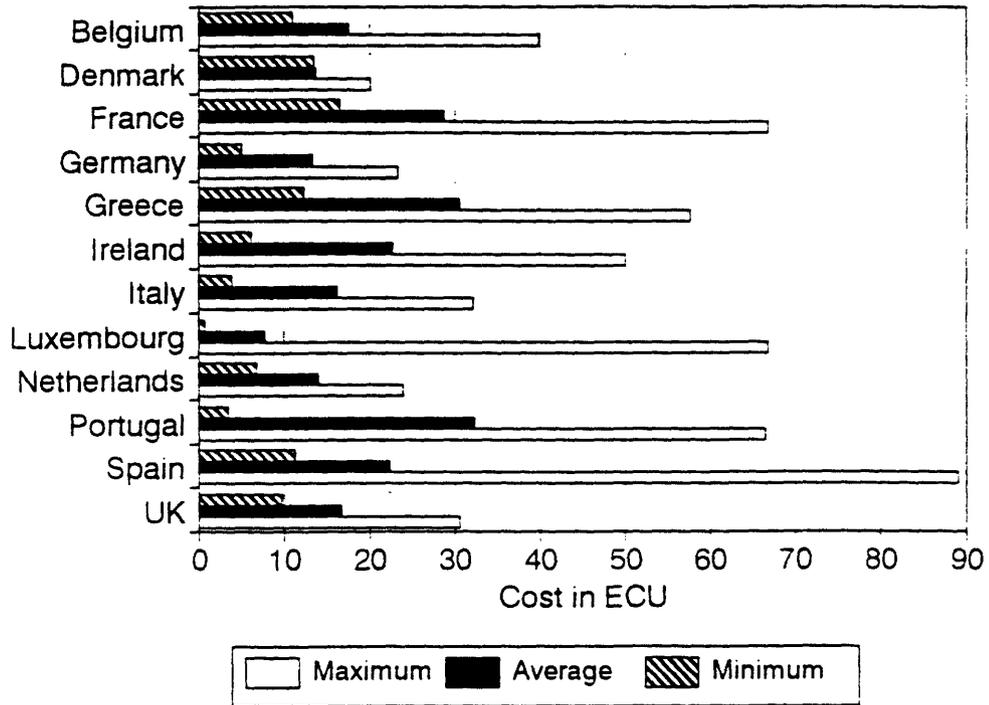


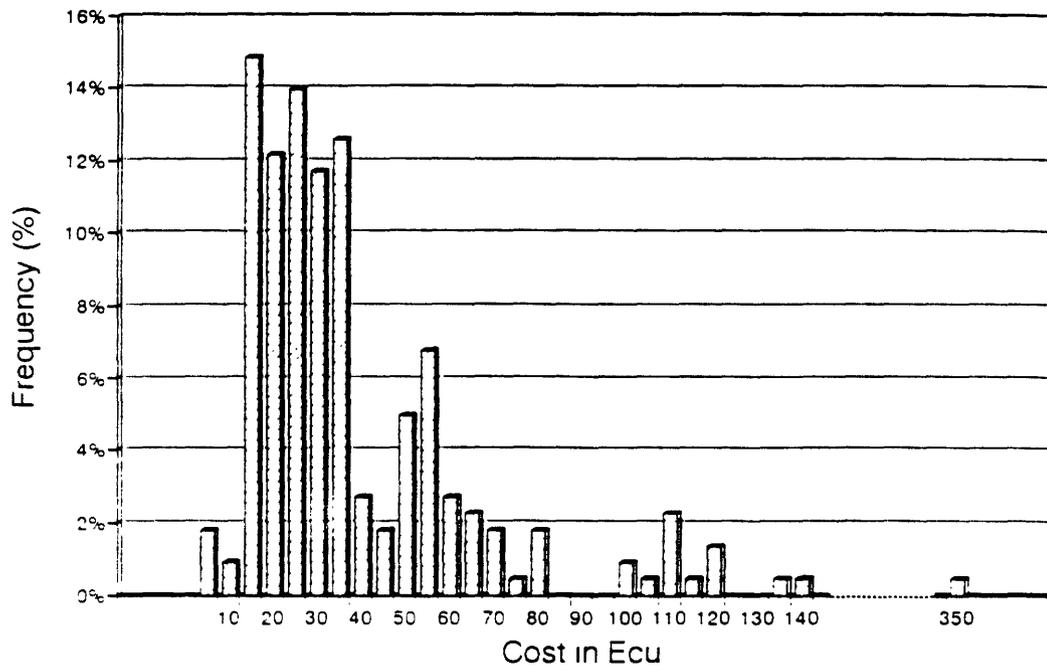
Table 4.5.5: Quoted Charges for a Transfer of 2.500 ECU
(average, maximum, minimum, by country)

COUNTRY	Average	Minimum	Maximum
Belgium	17.57	10.99	39.90
Denmark	13.81	13.42	20.12
France	28.73	16.55	66.61
Germany	13.36	5.12	23.33
Greece	30.59	12.33	57.53
Ireland	22.72	6.24	49.94
Italy	16.26	3.88	32.16
Luxembourg	7.78	0.75	66.61
Netherlands	14.04	6.83	23.90
Portugal	32.33	3.44	66.45
Spain	22.32	11.27	89.12
UK	16.80	9.80	30.64
All	19.95	0.75	89.12

CHARGES FOR SENDING 10,000 ECU

Costs quoted for a transfer of 10,000 ECU ranged from 0.75 ECU to 350 ECU. In over 70% of cases costs quoted fell within the band of 15 ECU to 35 ECU; another 12% were between 50 ECU and 65 ECU.

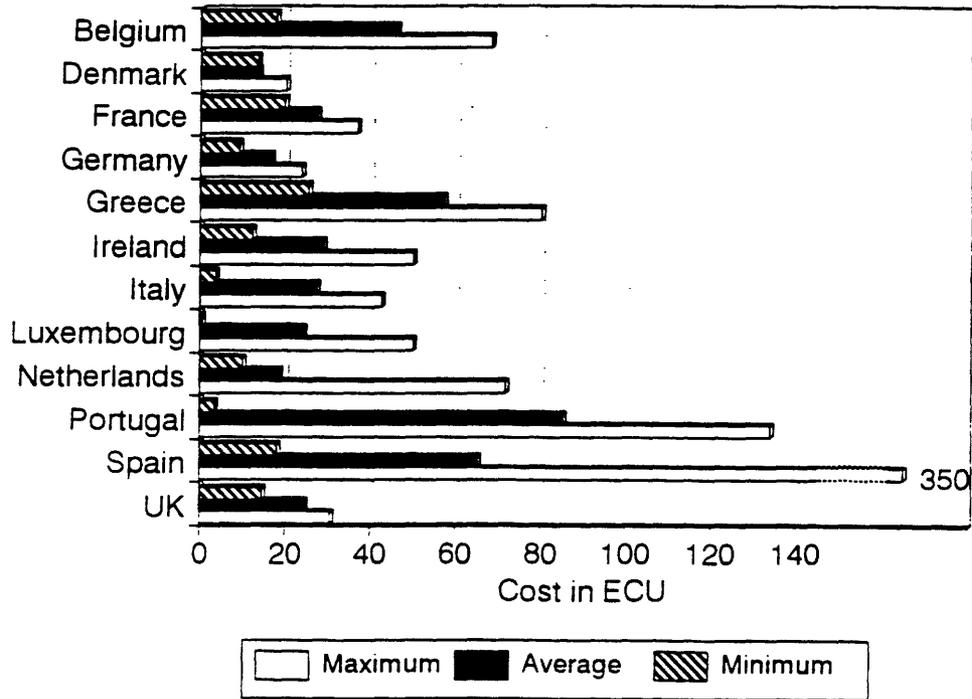
Figure 4.5.14: Quoted Charges for a Transfer of 10,000 ECU
(frequency in 5 ECU ranges, for all countries)



Average costs quoted for sending 10,000 ECU were considerably higher than for sending smaller amounts, except in Denmark, where banks quoted mainly flat rates for transfers of any value. This is why Denmark had the lowest average costs for a transfer of 10,000 ECU (13.81 ECU). Costs were highest in Portugal with an average of 85 ECU.

The highest figure for transferring 10,000 ECU was 350 ECU quoted by the Spanish bank which applied a 3% exchange commission which then accounted for over 80% of the total charge.

**Figure 4.5.15: Quoted Charges for a Transfer of 10,000 ECU
(average, maximum, minimum, by country)**



**Table 4.5.6: Quoted Charges for a Transfer of 10,000 ECU
(average, maximum, minimum, by country)**

COUNTRY	Average	Minimum	Maximum
Belgium	46.07	17.82	68.38
Denmark	13.81	13.42	20.12
France	27.67	19.75	36.93
Germany	16.59	9.21	23.79
Greece	57.19	25.64	79.89
Ireland	29.08	12.49	49.94
Italy	27.42	3.88	42.70
Luxembourg	24.53	0.75	49.94
Netherlands	18.56	10.01	71.69
Portugal	85.07	3.44	134.01
Spain	65.10	18.02	352.15
UK	24.80	14.71	30.64
All	36.76	0.75	352.15

Fees for cross-border transfers for larger amounts were relatively cheaper, as a proportion of the amount sent, which was mainly due to the impact of minimum charges quoted by most banks. This applied particularly to Denmark where banks typically quoted a flat fee, whereas banks in other countries normally quoted a percentage of the total amount sent for higher transfer amounts.

In Belgium, Portugal and Spain average costs quoted varied significantly with the transfer amount. For example, in Spain the average cost of sending 10,000 ECU was 65 ECU; three times higher than the average costs for 2,500 ECU (22 ECU) and over four times higher than the average cost for a transfer of 500 ECU or 100 ECU (15 ECU).

The average cost across all member countries was a fee amounting to 16.0% of the transfer value for transfers of an equivalent of 100 ECU; 3.4% for 500 ECU; 0.8% for 2,500 ECU and 0.4% for 10,000 ECU. A minimum charge was often applied, usually for amounts below a range of 2,000 ECU to 7,000 ECU depending on the individual bank. This explains why average costs did not differ considerably for 100 ECU and 500 ECU.

**Table 4.5.7: Average Quoted Charges, by Country
(for 100, 500, 2,500, 10,000 ECU)**

Country	Average Charge for sending 100 ECU	Average Charge for Sending 500 ECU	Average Charge for Sending 2,500 ECU	Average Charge for Sending 10,000 ECU
Belgium	11.5	11.8	17.6	46.1
Denmark	13.2	13.2	13.8	13.8
France	24.3	26.0	26.1	27.7
Germany	10.8	13.0	13.4	16.6
Greece	29.6	29.6	30.6	57.2
Ireland	20.5	22.7	22.7	29.1
Italy	15.2	15.2	16.3	27.4
Luxembourg	5.1	5.5	7.8	24.5
Netherlands	12.9	12.9	14.0	18.6
Portugal	18.1	20.9	32.3	85.1
Spain	15.2	15.9	22.3	65.1
UK	16.1	16.8	16.8	24.8
EC Average	16.0	17.0	20.0	36.8
Fee as % of amount sent	16.0%	3.4%	0.8%	0.4%

4.6 ADVICE AND WARNINGS

Researchers were asked to make notes of any other advice given such as explanations of redress procedures, warnings and restrictions.

4.6.1 Redress Procedure

Information about redress procedure in case of a delay or non-delivery was provided only in few cases. When asked bank staff usually replied that there would not be a problem and that the funds would always arrive.

Banks specified redress procedures in 20% of visits. Generally researchers were advised to come back to the branch where staff would try to trace the money. However, few of the banks visited would take responsibility for any loss or delay. Only four banks were prepared to pay for another transfer or refund the customer if the delay or loss was the bank's fault.

An Irish bank which generally refuses to hand out transfer forms was asked what would happen if the bank filled in the forms incorrectly. The bank clerk replied that the customer should always check whether the details are correct since his signature makes him responsible for any mistakes.

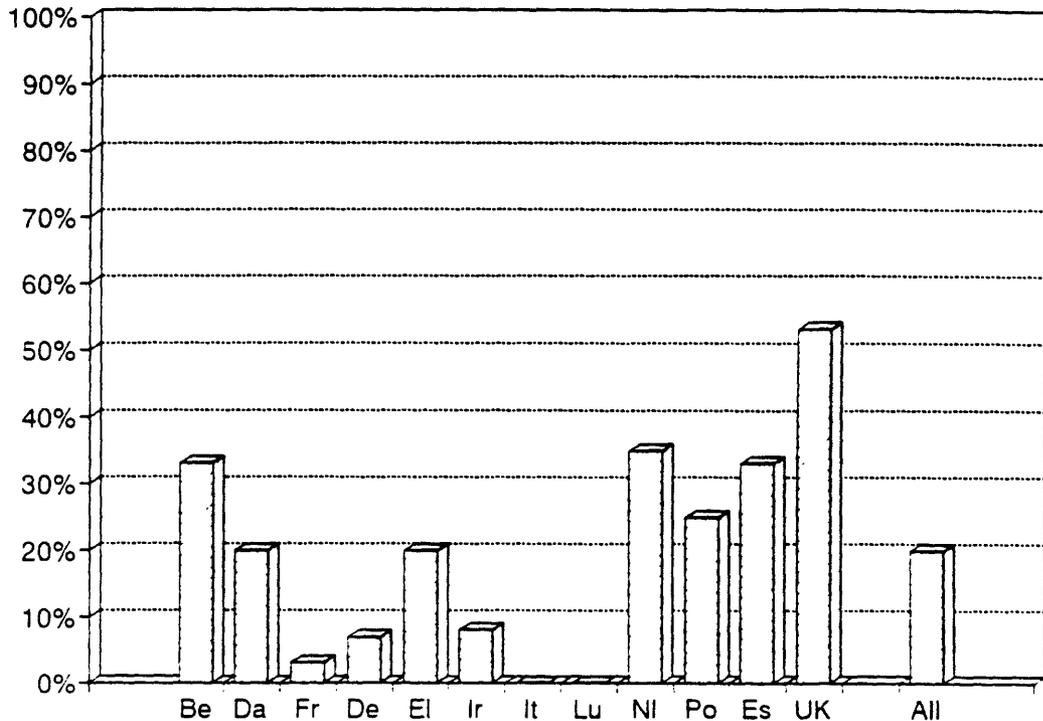
In the Netherlands, Spain and the UK banks quoted a charge for tracing money which would have to be paid regardless of who was responsible for a delay or loss. Prices quoted for tracing payments ranged between 11 ECU to 25 ECU plus expenses (the latter were not quantified).

In 2% of visits researchers were told that in case the money did not arrive they would automatically be refunded. However, none of the banks specified whether or not customers would be refunded the whole transfer amount including charges and foreign exchange losses or just the amount sent.

Two banks quoted a reimbursement fee for recrediting the sender's account if the money were returned for any reason. This charge was often a similar amount to the beneficiary charges which would have been levied had the sender actually been receiving money from abroad. In addition the sender would lose on exchange commission as the foreign currency was changed back to the original currency. For example, a Dutch bank quoted a charge of 14 ECU for reimbursing transfers which were returned. Other banks did not mention this aspect but, it was not clear whether this was an omission or whether they did not make such charges.

In the UK information about redress procedures was provided in half of the visits; in Spain, the Netherlands and Belgium in a third of the cases. Banks in Italy and Luxembourg did not explain how to obtain redress.

Figure 4.6.1 Proportion of Branches Providing Information about Redress Procedure, by Country



Some banks, particularly in the UK, Greece and Ireland, printed specific terms and conditions on the back of their transfer forms to limit their liability. A British bank, for example, advised their customers that:

"The Applicant hereby requests ..the bank.. to transmit instructions ... at the Applicant's whole risk and expense, in cypher or otherwise, it being understood that at the sole discretion of ..the bank.. the telex system may be used for such transmission.

The Applicant hereby discharges and indemnifies ..the bank.. and the correspondent bank from and against the consequences of the correspondent bank failing to receive the message or of any irregularity, delay, mistake, telegraphic error, omission or misinterpretation whatsoever that may arise in the course of the Transaction and from and against any loss which may be incurred through the correspondent bank failing or being unable properly to identify the persons named in the above instructions or retaining the funds should ..the bank.. or the correspondent bank deem such retention expedient, pending confirmation of the identity of any person or of these instructions by letter or otherwise, or obtaining any other information whatsoever.

...the Applicant also hereby indemnifies ..the bank.. against any consequential loss which the Applicant may incur through the correspondent bank acting negligently or inefficiently in any way, thereby resulting in the loss of business contract or other loss other than loss of interest directly in relation to the Transaction."

4.6.2 Warnings, Restrictions

Additional warnings and restrictions concerning transfer services were given in 25% of cases. These were usually limits on transfer amounts, restriction of service to non-customers, and restrictions concerning certain countries.

Greek banks pointed out that there were restrictions on cross-border transfers carried out in Greek drachmas. Transfers are restricted to specific purposes such as payments for medical, scientific and commercial reasons. Researchers were told that they needed documents such as invitations, invoices and list of conference participants to prove the authenticity of the payments. In one case a researcher was (reluctantly) given a photocopy of an internal list showing 38 purposes for which Greek drachmas can be sent abroad. In contrast to this there are no such restrictions on transfers carried out from foreign currency accounts.

There were also restrictions on sending money to Greece. In cases where researchers asked post offices to send money to Greece in drachmas they were told that it was only possible to send funds in the local sender currency.

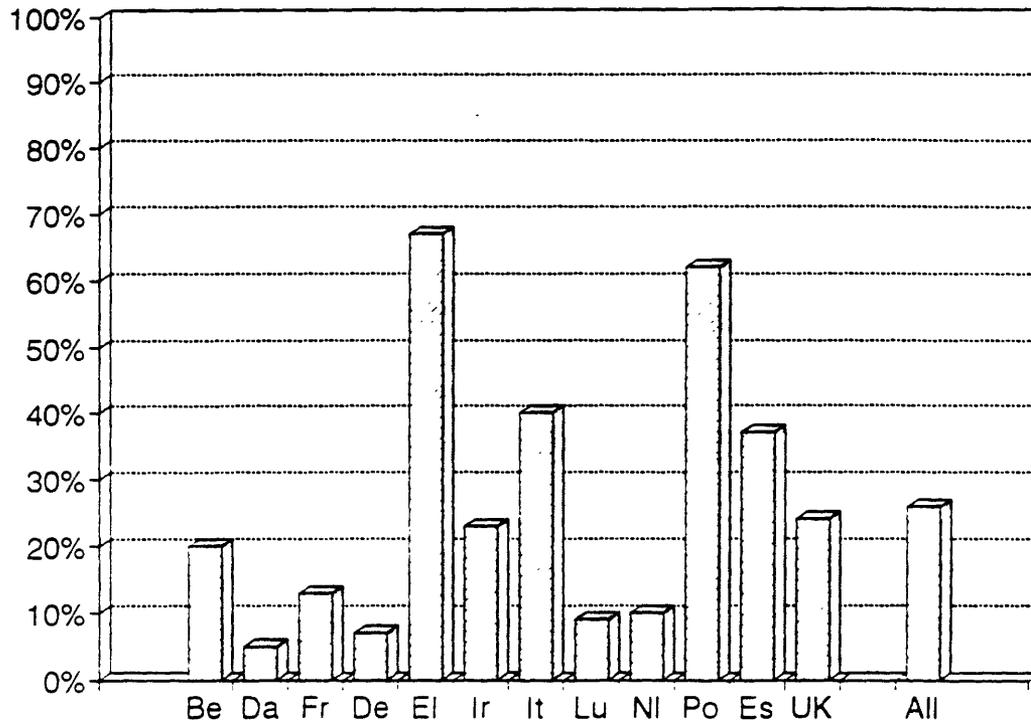
In Portugal warnings and restrictions were found in nearly two thirds of branch visits. Banks often limited transfer services to customers of the same branch and generally would not provide information to non-customers. Usually customers would have to justify the reason for a transfer for amounts exceeding a certain limit which varied from 860 ECU to 5.700 ECU depending on the bank.

Researchers in Italy were told in 40% of visits that transfers could only be carried out for customers of that particular branch.

Post Offices in France, Belgium, the Netherlands, Portugal and Spain imposed a maximum amount to be transferred per person per day. The limits varied according to the recipient's country. In France, for example, the maximum amount to be sent to the UK was the equivalent of 2.470 ECU, to Germany 3.590 ECU per person per day.

Some banks refuse to hand out transfer forms, to avoid fraud they said, and in many cases transfers could only be dealt with at the branch where the customer's account was held. Banks which allow customers to give instructions to make transfers abroad at other than the account holding branch warned that this could slow down the transfer by about two or three days since the transfer forms would have to be sent for authorisation to the branch where the account was held.

Figure 4.6.2 Proportion of Branches Giving Warnings and Restrictions. by Country



4.6.3 Additional Advice

Banks gave advice about aspects such as alternative transfer methods or how to fill in transfer forms only when asked.

In Ireland in over 90% of cases branches pointed out that sending a currency draft was a considerably cheaper way to send money abroad particularly for small amounts. Two Irish branches completely refused to discuss costs of transfers saying that it would be foolish to transfer funds when sending a cheque was so much cheaper.

Banks in the UK provided additional advice in 60% of visits. Two banks suggested sending funds through their own inter-bank network which would be less expensive.

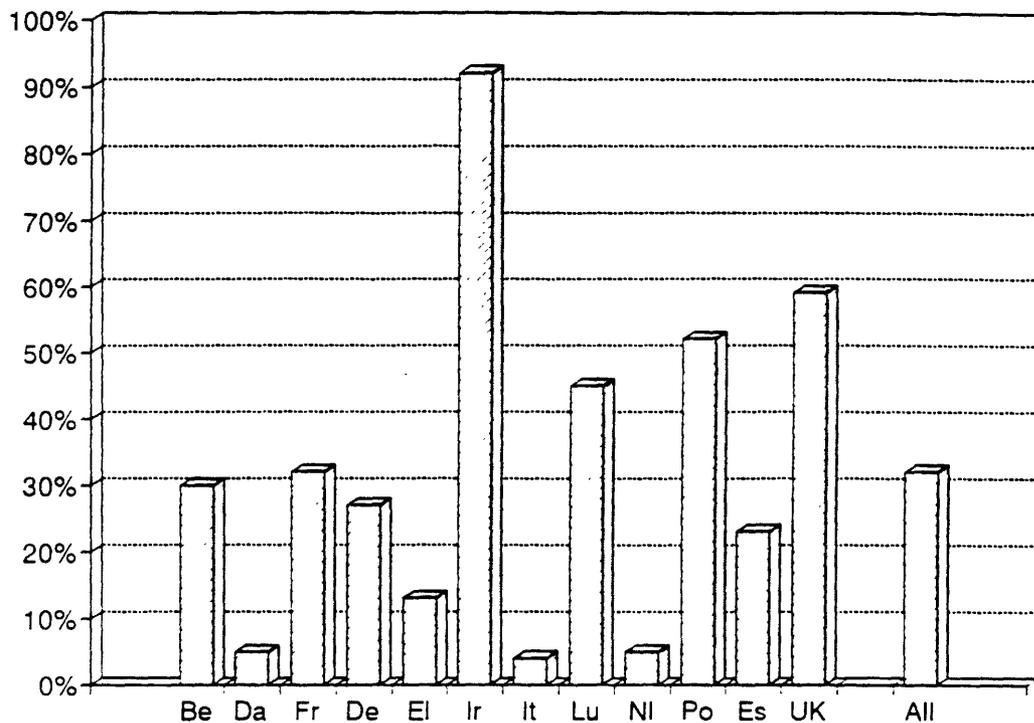
One bank in Belgium and one bank in Germany recommended sending eurocheques through the post.

In France and Belgium some researchers were referred to the Post Office.

A branch of a German bank advised a researcher not to take over all beneficiary's charges since this meant that the usual charges would simply be doubled. Should there be any

excess fees the customer would have to pay these on a later stage; however, in case of "overpayment" the customer would not be refunded.

Figure 4.6.3: Proportion of Branches Providing Additional Advice, by Country



Researchers were asked to enquire about the maximum length allowed for messages and references: in only one out of 287 visits was such information provided. This was a German Post Office where charges for a telegraphic transfer depended on the number of words for the whole message including the reference field.

5. COMPARISON OF RESULTS OF TRANSFER EXERCISE AND MARKET RESEARCH

5. COMPARISON OF RESULTS OF TRANSFER EXERCISE AND MARKET RESEARCH

The following section compares the results of the transfer exercise with those of the market research.

5.1 WILLINGNESS TO PROVIDE INFORMATION

It was easier for senders to obtain information than for researchers visiting the branches. In many branches banks were reluctant to give information on cross-border transfers to people who were not customers. Even 8% of the senders in the transfer exercise did not receive any information on cost and time from their bank.

Researchers were refused information about cross-border transfers in about 19% of cases. In contrast information on other banking services such as credit cards, deposit accounts and interest rates was far more widely available to non-customers.

Where branches provided information, the pattern was similar in both exercises. Both researchers and senders received mostly verbal information. Written information in the form of leaflets, photocopies of tariff sheets or handwritten notes was provided in only a quarter of cases. In both exercises, despite written information about costs, it was often difficult to calculate the final costs because the information was incomplete.

5.2 HELPFULNESS OF STAFF

When asked to rate the helpfulness and knowledgeability of staff, branches in the transfer exercise scored better than branches in the market research. However, the differences were not large and the pattern was the same, but senders rated branch staff about half a point higher than researchers.

Table 5.2.1: Comparison of Staff Competence Ratings between Transfer and Market Research Exercise

Aspect	Average Score Transfer Exercise	Average Score Market Research
Helpfulness	2.0	2.5
Explanation of Service	2.3	2.9
Knowledgeability	2.5	3.1
Cost Clarity	2.9	3.2
Overall Average	2.4	2.9

* excellent = 1, good = 2, average = 3, poor = 4, useless = 5

45% of senders in the transfer exercise thought that the branch service was good in contrast to 34% of the researchers. 15% of senders said they had received excellent service in comparison to 8% of researchers. None of the senders rated bank branch staff as useless whereas branches in the market research were rated useless in 4% of cases.

5.3 TIMES FOR TRANSFERS

Times quoted in the market research were compared with the results (total time in working days) of the transfer exercise.

This showed that times quoted by branches in the market research were underestimated compared to times found in the transfer exercise, apart from in Luxembourg. Actual transfers took an average of 4.6 days to arrive whereas researchers were quoted an average estimated time of 3.5 days.

When bank staff quoted times they never specified whether they were referring to value time or total time (see section 3.2). Only in some brochures was it pointed out that the transfer time referred to value dates.

Timings quoted in the market research were broadly similar to those found in the transfer exercise but were universally shorter except for Luxembourg which quoted a slower time in the market research than was achieved in the transfers. As a result Luxembourg had a rank of 12 in the market research compared to a ranking of 3 in the transfer exercise. In contrast, the times quoted in Italy were optimistic ranking second fastest in the market research compared to seventh in the transfer exercise.

Table 5.3.1: Comparison of Transfers Times
(by country, ranking in brackets)

Country	Time Achieved in Transfer Exercise	Difference*	Time Quoted in Market Research
Belgium	4.0 (5)	-1.1	2.9 (6)
Denmark	3.1 (1)	-0.6	2.5 (4)
France	5.2 (9)	-1.3	3.9 (8)
Germany	5.4 (10)	-1.6	3.8 (7)
Greece	6.0 (12)	-3.7	2.3 (3)
Ireland	5.1 (8)	+1.0	4.1 (9)
Italy	4.5 (6)	+2.4	2.1 (2)
Luxembourg	3.3 (3)	-2.3	5.6 (12)
Netherlands	3.1 (2)	+1.2	1.9 (1)
Portugal	4.2 (5)	+1.7	2.7 (5)
Spain	5.6 (11)	+1.3	4.3 (10)
UK	4.7 (7)	-0.5	5.2 (11)
EC Average	4.6		3.5

* Difference = achieved minus quoted

Looking at the timings in more detail, it can be seen that market researchers were quoted 2 days or less on 42% of occasions, while in the transfer exercise only 11% arrived in that time; 94% of quotations gave a week or less, as compared to the actual results of 78%; and while 5% quoted between one and two weeks, in practice 18% arrived in time. the maximum quoted time was 13 working days: in practice 1½% of transfers took longer than that, the slowest taking over three months.

**Table 5.3.2: Comparison of Transfer Times
(proportion of transfers)**

Working Days	Time Achieved in Transfer Exercise	Time Quoted in Market Research
0	0.4%	0.6%
1	0.5%	2.8%
2	10.5%	38.7%
3	25.6%	18.5%
4	24.0%	9.0%
5	17.2%	24.1%
6	9.1%	1.2%
7	5.4%	0.0%
8	2.0%	0.6%
9	1.5%	1.7%
10	0.9%	1.1%
11	0.1%	0.6%
12	0.6%	0.0%
13	0.6%	1.1%
14	0.6%	
15	0.1%	
16	0.2%	
17	0.2%	
18+	0.4%	

5.4 CHARGES FOR TRANSFERS

The pattern of availability of price information was similar in the transfer exercise and in the market research. In most cases information was provided verbally.

Table 5.4.1: Comparison of Availability of Price Information

Type of Information Provided	Transfer Exercise	Market Research
Written	25%	25%
Verbal	65%	58%
None	10%	17%

The comparison of sender charges shows that fees quoted were usually lower than the actual sender costs for a transfer. The exceptions were Ireland where the actual costs were close to the market research quotes, and Greece where the market research quotes included extra fees not incurred in the transfer exercise which used a foreign currency account.

The average quotation was 16.03 ECU compared to actual sender costs which averaged 20.34 ECU. This difference can be attributed to a combination of factors - incomplete cost information in the quotations (such as beneficiary and some other charges not being included) and to the inclusion of low cost systems as provided by post offices and some savings banks in the market research but not in the transfer exercise. In Ireland, Italy and Spain average costs quoted in the market research were nearly the same as the average costs of transfers. In Belgium, France and Portugal average actual costs were more than 10 ECU higher than quoted in the market research.

Despite these differences the pattern in terms of ranking between countries remained almost the same (not more than 2 rankings different apart from Belgium, Greece and Portugal). Belgian banks appeared to be in average the third cheapest in the market research but were among the most expensive banks. Irish banks which usually quoted accurately ranked tenth in the market research in contrast to eighth in the transfer exercise.

**Table 5.4.2: Comparison of Transfer Charges for a Transfer of 100 ECU
(Costs in ECU, rankings in brackets)**

COUNTRY	Transfer Exercise	Difference*	Market Research
	Average		Average
Belgium	21.68 (9)	+10.14	11.54 (3)
Denmark	18.45 (6)	+5.30	13.15 (5)
France	31.15 (11)	+6.83	24.32 (11)
Germany	14.11 (1)	+3.30	10.81 (2)
Greece	19.01 (7)	-10.57	29.58 (12)
Ireland	19.13 (8)	-1.35	20.48 (10)
Italy	16.36 (5)	+1.17	15.19 (7)
Luxembourg	14.87 (2)	+9.77	5.10 (1)
Netherlands	14.90 (3)	+2.02	12.88 (4)
Portugal	33.03 (12)	+14.91	18.12 (9)
Spain	15.81 (4)	+0.65	15.16 (6)
UK	24.63 (10)	+8.48	16.15 (8)
EC Average	20.34	+4.31	16.03

* Difference = actual transfer charges minus market research quotations

5.5 CONCLUSIONS

The results of the two exercises, market research and transfer, were consistent with each other. This strengthens the credibility of both. The differences that were found were attributable to an over-optimistic view of times by some banks and incomplete information provided on charges.

Branch staff were friendlier and more willing to provide information when dealing with customers. However, when senders and researchers were provided with information the results were similar. Usually bank staff did not seem well informed about cross-border transfers. Information was often vague and the comparison of ex-ante with ex-post information in the transfer exercise shows that transfer time and cost tended to be underestimated in many cases.

Based on average figures some countries' banks offered cheaper and faster transfer services than others. Banks in Germany, Luxembourg and the Netherlands provided the cheapest service. Danish and Dutch banks were on average the fastest.

There were significant differences in the quality and efficiency of service between the individual countries as well as within the various types of banks. However, this seemed to reflect the individual bank branch rather than being attributable to any particular country or type of bank. Market researchers noted that in suburban and rural areas staff were generally friendlier and more willing to provide information than in city centres.

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Annex

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

Table A.1: Time for Transfers to Arrive (by Sender)
Total and Value Times, average, minimum and maximum; by country;
in working days

Table A.2: Time for Transfers to Arrive (by Receiver)
Total and Value Times, average, minimum and maximum; by country;
in working days

Table A.1: Time for Transfers to Arrive (by Sender)
Total and Value Times, average, minimum and maximum; by country; in working days

Country	Total Time			Value Time		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Belgium	3.97	7.00	2.00	4.39	7.00	3.00
Denmark	3.08	11.00	1.00	3.08	11.00	1.00
France	5.22	35.00	2.00	4.05	35.00	2.00
Germany	5.36	26.00	1.00	3.60	24.00	0.00
Greece	5.84	70.00	1.00	4.69	69.00	0.00
Ireland	5.05	13.00	3.00	2.02	10.00	0.00
Italy	4.50	31.00	2.00	4.01	31.00	2.00
Luxembourg	3.29	7.00	1.00	3.29	7.00	1.00
Netherlands	3.13	7.00	2.00	3.10	7.00	1.00
Portugal	4.24	7.00	2.00	1.26	4.00	0.00
Spain	5.63	17.00	0.00	1.97	12.00	0.00
United Kingdom	4.66	10.00	2.00	2.59	8.00	0.00
Average	4.61			3.15		

**Table A.2: Time for Transfers to Arrive (by Receiver)
Total and Value Times, average, minimum and maximum; by country; in working days**

Country	Total Time (Days Taken for Transfers to Arrive)			Value Time (From Debiting to Crediting Date)		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Belgium	4.39	14.00	2.00	2.58	6.00	1.00
Denmark	4.26	7.00	3.00	2.76	5.00	1.00
France	4.68	16.00	1.00	3.30	14.00	0.00
Germany	4.38	10.00	1.00	3.06	8.00	0.00
Greece	4.80	11.00	3.00	3.37	11.00	0.00
Ireland	4.11	31.00	2.00	2.85	31.00	0.00
Italy	6.41	35.00	3.00	4.55	35.00	1.00
Luxembourg	5.10	26.00	3.00	3.20	24.00	1.00
Netherlands	3.69	7.00	2.00	2.19	5.00	0.00
Portugal	4.60	14.00	1.00	3.02	9.00	0.00
Spain	4.89	70.00	2.00	3.74	69.00	0.00
United Kingdom	3.47	12.00	0.00	2.22	8.00	0.00
Total	4.61			3.15		

ANNEX B:

TRANSFER EXERCISE: SENDER CHARGES

Table B.1: Sender Charges: Detailed Frequency

Table B.2: Sender Charges by Country: Commission, Transaction, Other
(Average, Minimum and Maximum)

Table B.3: Size of Foreign Exchange Margins (in %)
(loss(-)/gain(+) on foreign exchange)

Figure B.1: Explicit Sender Costs by Country (average total fee (in ECU))

Figure B.2: Explicit Sender Costs in Detailed Value Bands (1 ECU bands)

Figure B.3: Sender Foreign Exchange Margins (in %)
(loss(-)/gain(+) on Foreign Exchange)

ANNEX B: TRANSFER EXERCISE: SENDER CHARGES

Table B.1: Sender Charges: Detailed Frequency

Sender Charge (ECU)	Frequency	Proportion	Cumulative %
0	0	0.00%	0.00%
1	0	0.00%	0.00%
2	0	0.00%	0.00%
3	2	0.20%	0.20%
4	37	3.75%	3.95%
5	6	0.61%	4.56%
6	51	5.17%	9.73%
7	10	1.01%	10.74%
8	1	0.10%	10.84%
9	38	3.85%	14.69%
10	4	0.41%	15.10%
11	6	0.61%	15.70%
12	18	1.82%	17.53%
13	137	13.88%	31.41%
14	76	7.70%	39.11%
15	14	1.42%	40.53%
16	4	0.41%	40.93%
17	25	2.53%	43.47%
18	18	1.82%	45.29%
19	19	1.93%	47.21%
20	72	7.29%	54.51%
21	31	3.14%	57.65%
22	53	5.37%	63.02%
23	11	1.11%	64.13%
24	37	3.75%	67.88%
25	18	1.82%	69.71%
26	12	1.22%	70.92%
27	61	6.18%	77.10%
28	8	0.81%	77.91%
29	22	2.23%	80.14%
30	8	0.81%	80.95%
31	4	0.41%	81.36%
32	5	0.51%	81.86%
33	30	3.04%	84.90%

B.2

Table B.1: Sender Charges: Detailed Frequency (Continued)

Sender Charge (ECU)	Frequency	Proportion	Cumulative %
34	16	1.62%	86.52%
35	32	3.24%	89.77%
36	9	0.91%	90.68%
37	31	3.14%	93.82%
38	7	0.71%	94.53%
39	2	0.20%	94.73%
40	4	0.41%	95.14%
41	5	0.51%	95.64%
42	4	0.41%	96.05%
43	5	0.51%	96.56%
44	1	0.10%	96.66%
45	9	0.91%	97.57%
46	6	0.61%	98.18%
47	3	0.30%	98.48%
48	0	0.00%	98.48%
49	1	0.10%	98.58%
50	2	0.20%	98.78%
51	0	0.00%	98.78%
52	4	0.41%	99.19%
53	1	0.10%	99.29%
54	0	0.00%	99.29%
55	4	0.41%	99.70%
56	0	0.00%	99.70%
57	2	0.20%	99.90%
58	0	0.00%	99.90%
59	0	0.00%	99.90%
60	0	0.00%	99.90%
61	1	0.10%	100.00%
	987	100.00%	

Table B.2: Sender Charges by Country: Total, Commission, Transaction, Other (Average, Minimum and Maximum)

Country	Total Sender Charges			Commission Fee			Transaction Fee			Other Charges		
	Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum
Belgium	21.68	4.45	36.27	2.21	0.00	2.86	4.48	0.00	5.59	14.99	0.72	27.82
Denmark	18.45	13.42	23.48	0.00	0.00	0.00	13.42	13.42	13.42	5.03	0.00	10.06
France	31.15	6.80	36.87	7.29	0.00	10.14	10.03	0.00	11.35	13.83	4.79	21.24
Germany	14.11	5.88	44.77	0.96	0.00	2.05	5.37	3.58	7.68	7.78	2.30	35.82
Greece	19.01	19.01	19.01	7.82	7.82	7.82	11.19	11.19	11.19	0.00	0.00	0.00
Ireland	19.13	4.68	41.15	3.12	0.00	6.24	12.77	4.68	21.23	3.24	0.00	22.92
Italy	16.36	3.33	56.60	1.39	0.00	5.55	11.40	3.33	27.73	3.57	0.00	23.33
Luxembourg	14.87	2.49	36.57	0.86	0.00	1.86	2.85	1.24	6.21	11.16	0.00	31.59
Netherlands	14.90	11.38	21.62	0.00	0.00	0.00	10.24	6.83	13.65	4.66	0.00	14.79
Portugal	33.03	16.48	60.12	0.00	0.00	0.00	22.04	15.64	28.43	11.00	0.84	31.69
Spain	15.81	10.81	34.57	7.69	1.80	10.81	0.89	0.00	3.60	7.23	0.00	23.76
United Kingdom	24.63	6.13	39.71	4.60	0.00	18.38	14.72	0.00	26.96	5.32	0.00	21.32
EC Average	20.34	2.49	60.12	3.23	0.00	18.38	9.51	0.00	28.43	7.60	0.00	35.82

B.4

**Table B.3: Size of Foreign Exchange Margins (in %)
(loss(-)/gain(+)) on foreign exchange)**

Margin (in %)	Frequency	%	Cumulative %
-0.035	0	0.00%	0.00%
-0.034	2	0.24%	0.24%
-0.033	0	0.00%	0.24%
-0.032	1	0.12%	0.35%
-0.031	1	0.12%	0.47%
-0.03	0	0.00%	0.47%
-0.029	2	0.24%	0.71%
-0.028	1	0.12%	0.83%
-0.027	1	0.12%	0.94%
-0.026	0	0.00%	0.94%
-0.025	0	0.00%	0.94%
-0.024	0	0.00%	0.94%
-0.023	8	0.94%	1.89%
-0.022	3	0.35%	2.24%
-0.021	1	0.12%	2.36%
-0.02	5	0.59%	2.95%
-0.019	9	1.06%	4.01%
-0.018	0	0.00%	4.01%
-0.017	0	0.00%	4.01%
-0.016	8	0.94%	4.95%
-0.015	15	1.77%	6.72%
-0.014	13	1.53%	8.25%
-0.013	10	1.18%	9.43%
-0.012	14	1.65%	11.08%
-0.011	21	2.48%	13.56%
-0.01	17	2.00%	15.57%
-0.009	17	2.00%	17.57%
-0.008	23	2.71%	20.28%
-0.007	24	2.83%	23.11%
-0.006	44	5.19%	28.30%
-0.005	29	3.42%	31.72%
-0.004	13	1.53%	33.25%
-0.003	98	11.56%	44.81%
-0.002	86	10.14%	54.95%
-0.001	141	16.63%	71.58%
0	85	10.02%	81.60%

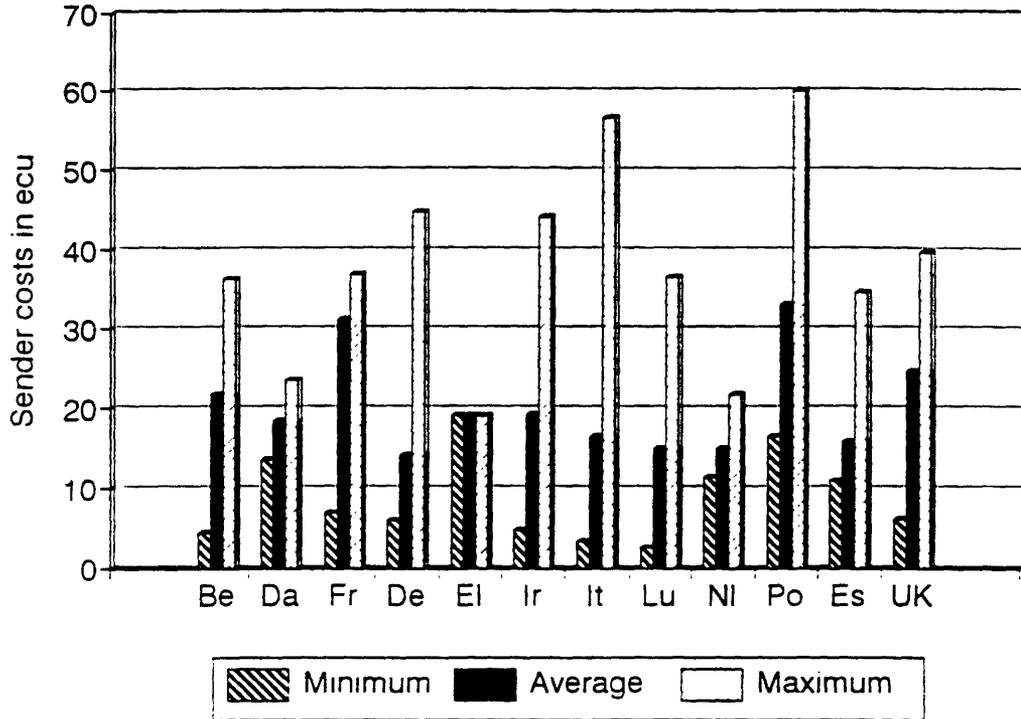
B.5

Table B.3: Size of Foreign Exchange Margins (in %)
(loss (-) / gain (+) on foreign exchange) - (Continued)

Margin (in %)	Frequency	%	Cumulative %
0.001	51	6.01%	87.62%
0.002	26	3.07%	90.68%
0.003	26	3.07%	93.75%
0.004	7	0.83%	94.58%
0.005	6	0.71%	95.28%
0.006	16	1.89%	97.17%
0.007	9	1.06%	98.23%
0.008	0	0.00%	98.23%
0.009	4	0.47%	98.70%
0.01	6	0.71%	99.41%
0.011	0	0.00%	99.41%
0.012	0	0.00%	99.41%
0.013	0	0.00%	99.41%
0.014	4	0.47%	99.88%
0.015	1	0.12%	100.00%
	848	100.00%	

B.6

Figure B.1: Explicit Sender Costs by Country
(average total fee (in ECU))



**Figure B.2: Explicit Sender Costs in Detailed Value Bands
(1 ECU bands)**

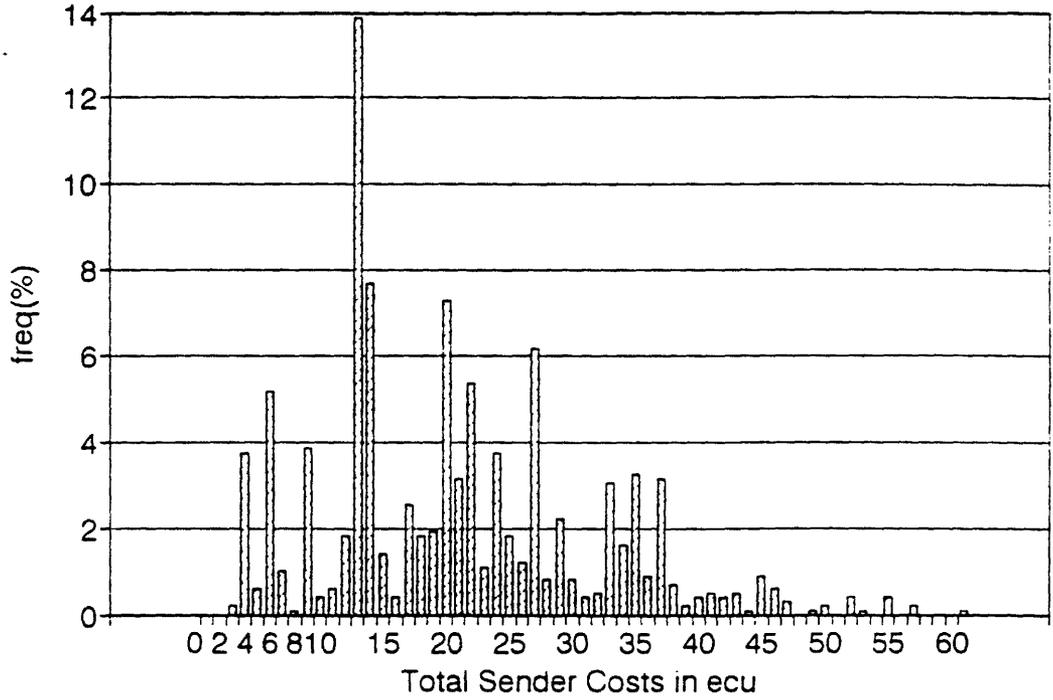
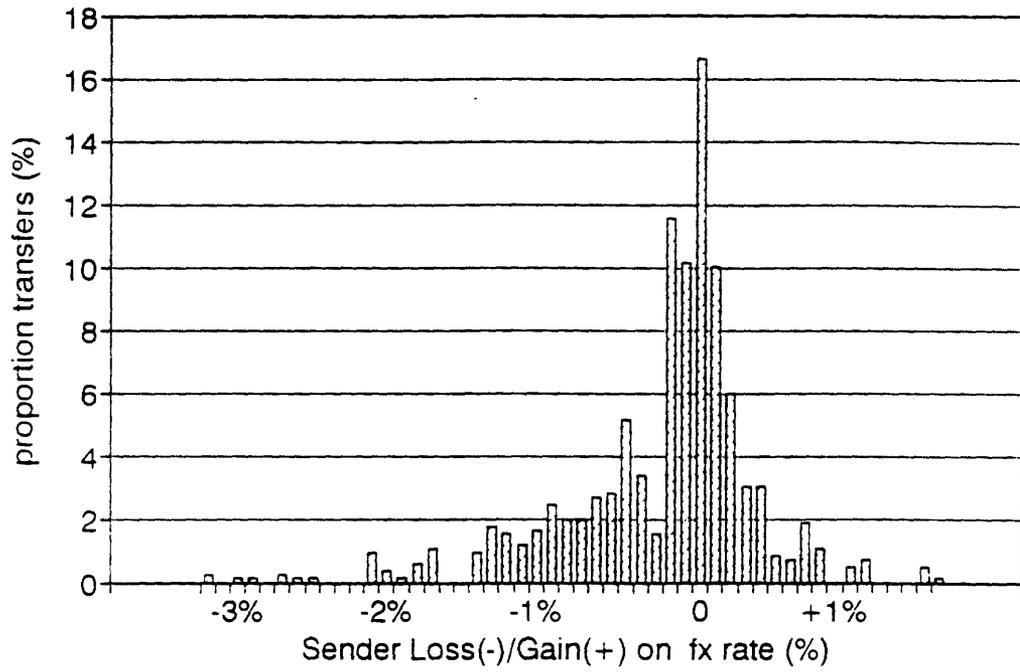


Figure B.3: Sender Foreign Exchange Margins (in %)
(loss(-)/gain(+)) on Foreign Exchange



ANNEX C: MARKET RESEARCH: COVERAGE

Table: C.1: Banks Covered by Market Research, by Country

Belgium
Denmark
France
Germany
Greece
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain
United Kingdom

ANNEX C: MARKET RESEARCH: COVERAGE

Table C.1: Banks Covered by Market Research, by Country

Belgium	Denmark	France	Germany
ASLK-CGER	Aktivbanken	B R ROP	Bank für Gemeinwirtschaft
Banque Bruxelles Lambert SA	Amagerbanken	Banque Hervet	Bayerische Vereinsbank
BACOB	Amissparekassen for Fyn	Banque Nationale de Paris	Bethmann Bank
Crédit Communal de Belgique	Arbejdernes Landesbank	Banque Parisienne de Credit	Commerzbank
Générale de Banque	Bikuben Sparekassen	Banque Tarncaud	Degussa Bank
Kredietbank	Den Danske Bank	BRED	Deutsche Bank
Post Office Belgium	Jyske Bank	Caisse d'Epargne	Deutsche Verkehrskredit Bank
	Næstved Diskontobank	Crédit Commercial de France	DG Bank
	Post giro Denmark	Centrale de Banque	Dresdner Bank
	Roskilde Bank	CIC	Frankenbank WVK
	Skælskør Bank	Crédit du Nord	Hypobank Hanau
	Sparekassen Lolland	Crédit Lyonnais	Nassautische Sparkasse
	Sparekassen Nordjylland	Crédit Mutuel	Noris Bank
	Unibank	La Poste	Öko-Bank
	Varde Bank	Société Générale	Postbank Germany
		Société Marsillaise de Crédit	Raiffeisenbank Hanau
		Union de Banques à Paris	Schilling Bank
			Sparkasse 1822
			Sparkasse Hanau
			Volksbank Frankfurt
			Volksbank Hanau

Table C.1: Banks Covered by Market Research, by Country (Continued)

Greece	Ireland	Italy	Luxembourg
Agricultural Bank of Greece	ACC Bank	Banco Ambrosiano Veneto	Banque de Luxembourg
Bank of Attica	Allied Irish Bank	Banca CARIGE Cassa di Risparmio	Banque et Caisse d'Epargne de l'Etat
Bank of Crete	Bank of Ireland	Banca Commerciale Italiana	Banque Générale à Luxembourg
Chios Bank	First National	Banca di Roma	Banque Internationale à Luxembourg
Commercial Bank of Greece	Guinness Mahon	Banca Nazionale del Lavoro	Caisse Centrale Raiffeisen
Creditbank AE	National Irish Bank	Banca Popolare e Industria	Crédit Agricole
Ergobank SA	Post Office	Banco di Napoli	Crédit Européen
General Hellenic Bank	TSB	Banca Popolare di Milano	Kreditbank Luxembourg
Ionian Bank & Popular Bank	Ulster Bank	CARIPLO	La Poste
Macedonia-Thraci Bank		Cassa di Risparmio di Piacenza	Luxbank
National Bank of Greece		Cassa di Risparmio di Verona	Ucl
National Mortgage Bank of Greece		Credito Commerciale	
Post Office		Credito Italiano	
		Credito Romagnolo	
		Ina Banca	
		Posta	

Table C.1: Banks Covered by Market Research, by Country (Continued)

The Netherlands	Portugal	Spain	United Kingdom
ABN-AMRO	Banco Borges & Irmão	Banco Bilbao-Vizcaya	Abbey National
Ing Bank	Banca Internacional de Funchal SA (BANIF)	Banco Central Hispanoamericano	Bank of Scotland
Nutspaarbank	Banco Comercial Português Nova Rede	Banco de Fomento	Barclays Bank
Postbank Netherlands	Banco do Comércio e Indústria	Banco de Madrid	Clydesdale Bank
Rabobank	Banco Espírito Santo & Comercial de Lisboa	Banco de Sabadell	Co-operative Bank
Verenigde Spaarbank	Banco Fonsecas & Burnay	Banco del Comercio	Commercial Bank of London
	Banco Nacional Ultramarino	Banco Exterior de España	Girobank (Post Office UK)
	Banco Pinto & Sotto Mayor	Banco Herrerro	Lloyds Bank
	Banco Português do Atlântico	Banco Pastor	Midland Bank
	Banco Totta & Açores	Banco Popular	National Westminster Bank
	Caixa Geral de Depósitos	Banco Santander	The Royal Bank of Scotland
	Correios de Portugal	Banco Urquijo	TSB UK
	Credito Agrícola Muíto	Banco Zaragozano	Yorkshire Bank
	Credito Predial Português	Banesto	
	Montepio Geral Caixa Economica	Bankinter	
	União de Bancos Portugueses	Caja de Cataluña	
		Caja de Madrid	
		Caja Postal de Ahorros	
		La Caixa	