

# **Understanding & Combating Financial Exclusion in Ireland A European Perspective**

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# Presentation

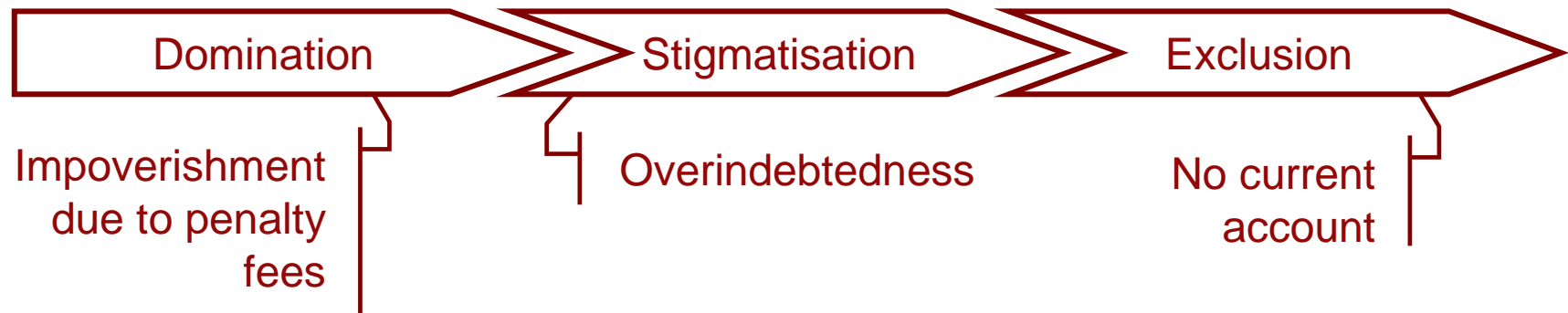
- 1) **Understanding the process of financial exclusion**
- 2) Promoting appropriate access to basic banking services
- 3) Promoting appropriate access to affordable consumer credit

# **A renewed definition of the process of financial exclusion**

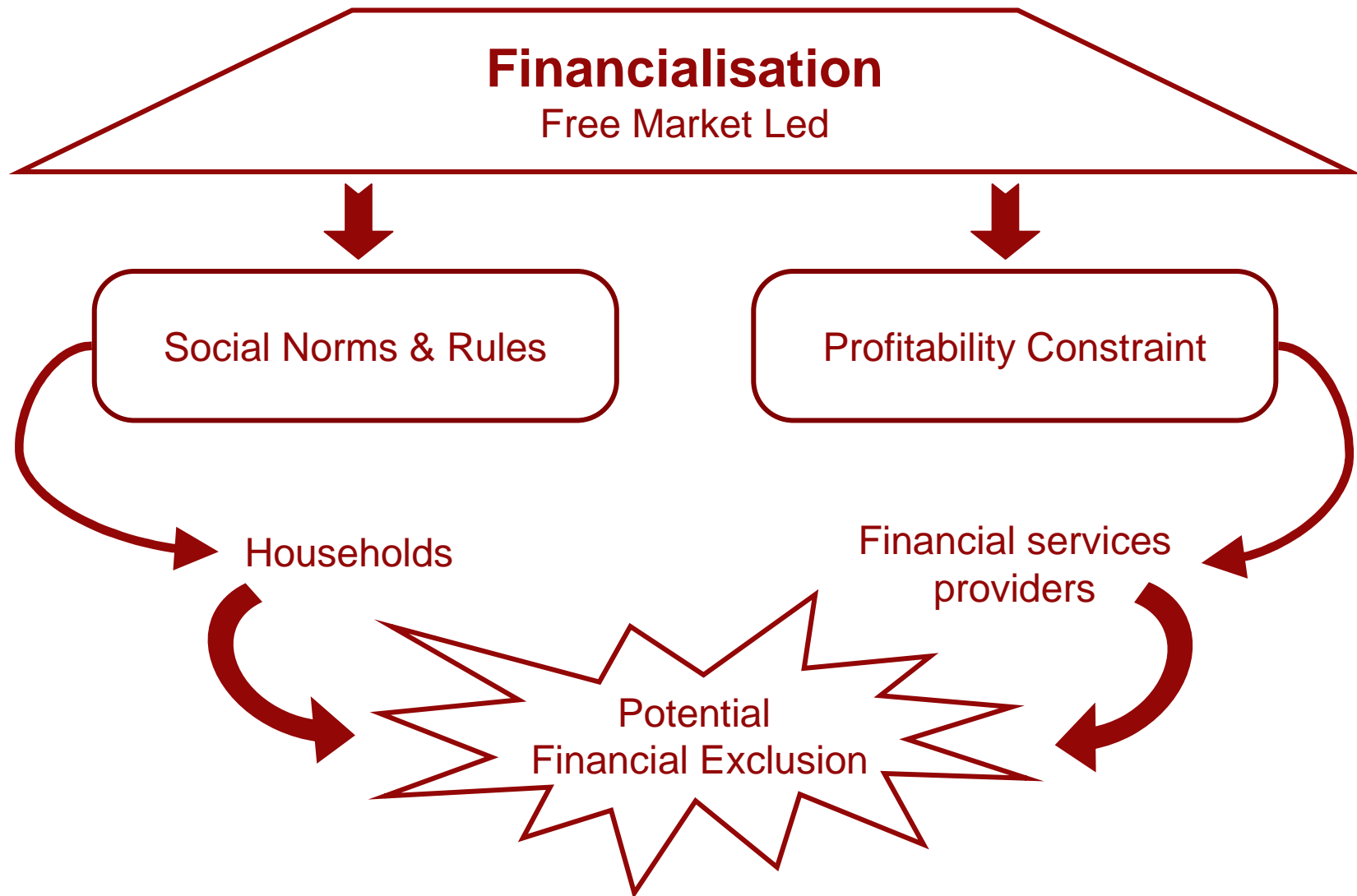
**Financial exclusion is the process whereby people face such financial difficulties of access or use that they cannot lead a normal life in the society in which they belong**

# Key improvements of the definition

- Consequences: the reason to act
- Difficulties: Access & Use
- A process



# A Cause: the Financialisation



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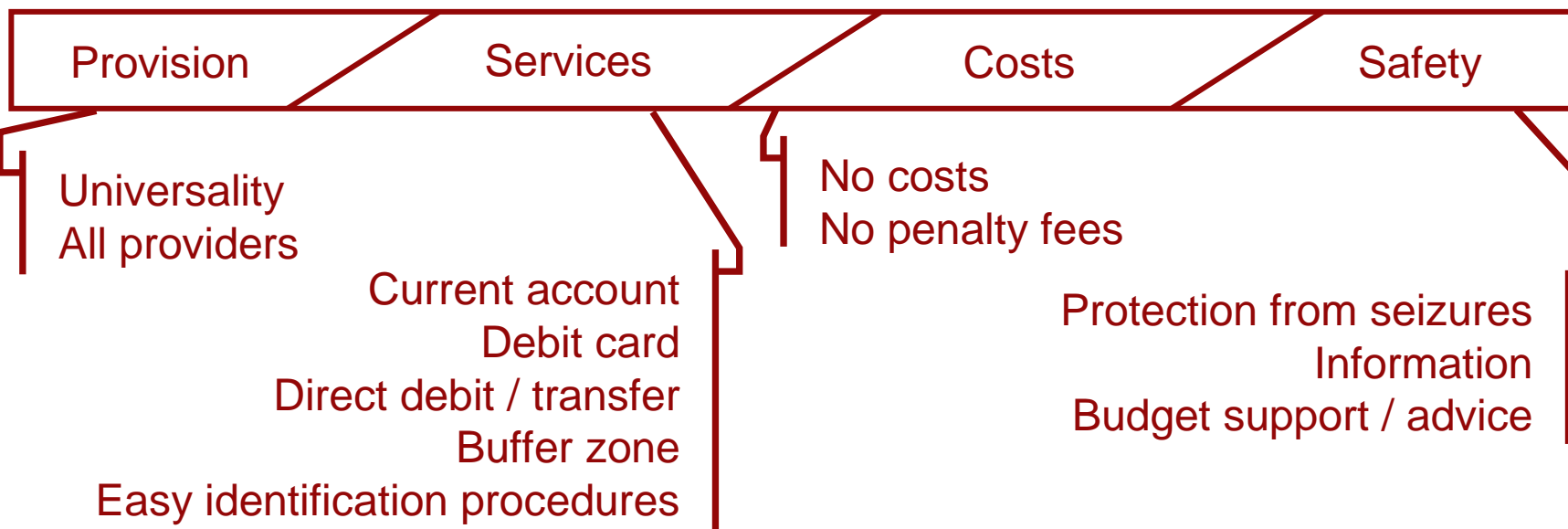
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# Basic banking services in a cashless economy

Incentives for unbanked to take-up basic banking services and to make real use of it



Provision of appropriate basic banking services meeting the needs of unbanked households



# Basic banking services in a cashless economy

Incentives for financial services providers to welcome unwanted customers

No framework	Voluntary industry charter	No framework but savings & cooperative banks	Specific binding requirement	Global binding requirement
Portugal 87.7%	<b>UK</b> <b>94%</b>	Spain 96.2%	Luxembourg 99.7%	Denmark Finland Sweden 100%
Greece 20.6%	Italy 55.2%	Austria 94.2%	Germany 98.4%	<b>France</b> <b>99.7%</b>
			<b>Ireland</b> <b>67.6%</b>	<b>Belgium</b> <b>98.6%</b>

Key features:

- Monitoring level of access and use: precise targets & indicators
- Sanction: contributing to financial exclusion becomes a cost

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# Access to affordable credit

Dilemma:

- Increasing access to credit for all the population

- Avoiding difficulties fuelling poverty and inequality

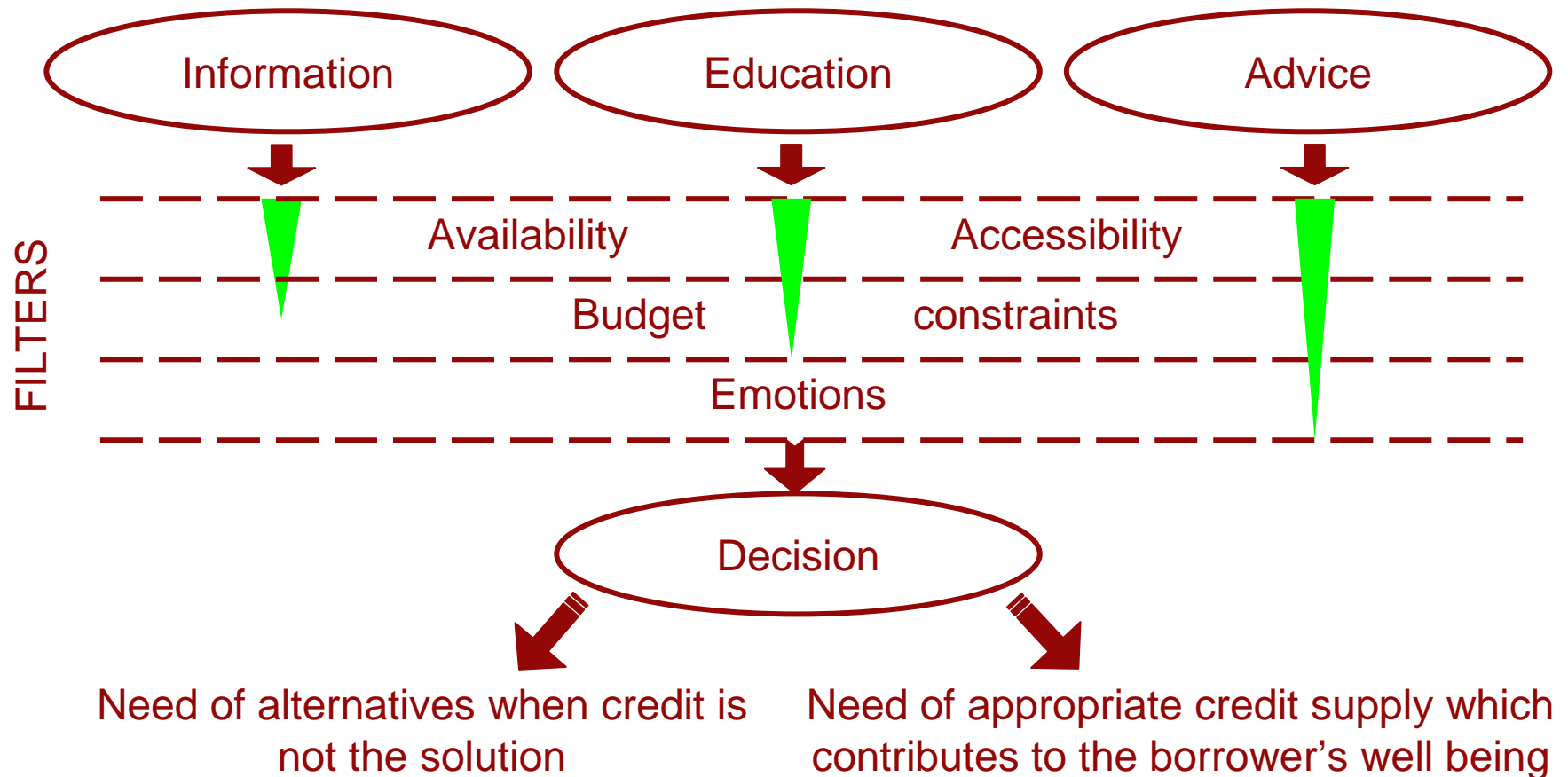
Before to be a technical issue, it is a political issue

Unhealthy needs of credit:

- High costs of basic needs (i.e. energy, mobile phone, etc.)
- Lack of public services (i.e. school, health, transport, etc.)
- Low level and irregularity of wages (i.e. working poor)
- Low level of social benefits

# Appropriate borrowing

How to ensure appropriate decisions of borrowing and appropriate reactions when difficulties?



# Appropriate lending

