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1. MINIMUM LIVING INCOME: BARRIERS IN DESIGN AND ACCESS

In the current context, with a strong impact on the loss of household income, it is essential to consolidate the income guarantee system, in particular the Minimum Living Income (IMV, from its acronym in Spanish) as one of the most important measures approved in the current crisis due to its constitution as a non-contributory benefit that guarantees a minimum level of income for those in a situation of vulnerability.

However, the IMV regulation itself, the administrative barriers to apply for it, and the institutional capacity to manage it have meant that its implementation has been much lower than necessary.

Of the total number of files processed, only 27.1% of the applications have been approved (336,933), compared to seven out of ten that have been denied (888,458). The remaining 1.5% are pending completion of some information (18,638). Most of the denials were due to failure to meet the economic vulnerability criterion (the applicants exceeded the income and net worth thresholds). 10% of denials were due to the lack of proof of belonging to the household.

According to the September 2021 payroll, the total number of benefits granted amounts to 799,203 people, benefiting 315,913 households, 37.2% of those initially planned, with an average amount of €436 per household¹. The ratio of beneficiaries per benefit is 2.53 people.

If we look at the target population of the benefit, i.e. households in a situation of severe poverty with incomes below 40% of the median, more than half of these households have not received information, and for 10.7%, it was not enough for them to be able to apply. Only a quarter of these households have received correct and sufficient information to initiate the application.

¹ The amount of the benefit received is not a fixed amount. It is calculated taking into account the difference between the income of the household (or of the person living alone) and the guaranteed income that would correspond to them.

More than two thirds of households in severe poverty have not applied (67.8%). 6.2% of households have tried, but have encountered barriers to applying. Finally, only 25.9% of households in severe poverty have managed to complete the procedure successfully. 15.6% applied online and 10.3% applied in person.

Among the households that have applied for the benefit, only 18.6% are receiving it or, at least, have been granted the benefit. In addition, 32.6% are still waiting for a response or are still in the process, while almost half, 48.9%, have been denied.

It is necessary to reinforce the protective nature of the IMV, improving its coverage and amount, eliminating barriers to access, and generating a system of complementarity with the insertion incomes of the Spanish autonomous communities (regions) in order to achieve the effectiveness of the right.

2. FREE AND BASIC PAYMENT ACCOUNTS

In 2017, Spain transposed Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features.

This transposition was carried out through the following regulations:

1. Royal Decree-Law 19/2017, of November 24th, on payment accounts with basic features, payment account switching, and comparability of fees².
2. Order ECE/228/2019, of February 28th, on payment accounts with basic features, payment account switching procedure, and requirements for Comparison websites³.
3. Royal Decree 164/2019, of March 22nd, establishing a free regime for payment accounts with basic features for the benefit of people in a situation of vulnerability or at risk of financial exclusion⁴.

This regulatory block pursues an "inclusive banking" by establishing the right of general access for everyone to a payment account with basic features, requiring credit institutions to apply more advantageous conditions for vulnerable consumers.

² <https://www.boe.es/buscar/doc.php?id=BOE-A-2017-15281>

³ <https://www.boe.es/boe/dias/2019/03/05/pdfs/BOE-A-2019-3113.pdf>

⁴ <https://www.boe.es/buscar/doc.php?id=BOE-A-2019-4906>

The Preface to Royal Decree-Law 19/2017, of November 24th,⁵ mentions the three objectives pursued by this regulation:

"To facilitate the access of potential customers to basic banking services, to improve the transparency and comparability of the fees applied to payment accounts, and to improve payment account switching."

The Royal Decree-Law itself justifies the regulations established therein to guarantee access to the **universal right to a bank account**.

These basic payment accounts are defined as a standardized banking product that all banking entities are obliged to offer, publicly, by publishing conditions, requirements, etc. on their websites.

The following are eligible to apply for the opening of a basic bank account:

- a) persons legally residing in the European Union, including customers with no fixed residence;
- b) asylum seekers;
- c) those who do not have a residence permit, but whose expulsion is impossible for legal or factual reasons.

In other words, **foreigners in an irregular situation have, under certain conditions, the right to open a bank account from which they can deposit**, withdraw money, make a payment, or make a transfer. In addition, they will have limited fees up to 3 euros per month maximum and with access to a free debit card.

The reality however, and despite the clarity of the rule, tells us that bank accounts of this type are being opened at a much lower rate than the number of people who are eligible for it.

Since 2017, Cáritas has held dialogues with banking entities, the Bank of Spain (supervisory body), the Spanish Sub-Directorate for Legislation on credit institutions, the Spanish Directorate-General of the Treasury and Financial Policy, the Spanish Sub-Directorate General of Inspection and control of capital movements responsible for the fight against money laundering, the Spanish Ministry of Consumer Affairs, and the Spanish Office of the Ombudsperson but, in practice, people who could benefit from this regulation are not able to open this kind of account.

⁵ <https://www.boe.es/boe/dias/2017/11/25/pdfs/BOE-A-2017-13644.pdf>

A consultation was submitted to the Spanish Council of Transparency and Good Governance to find out how many basic payment accounts had been opened in 2020, and the result is disappointing:

CTP_2 Información anual sobre cuentas de pago básicas (Negocios en España) [Apartado 1 de la Norma 12 de la Circular 2/2019]
 ESTADO CTP_2 (1020) 16JUL21 11:11
 DICIEMBRE DE 2020 (miles de euros)

ENTIDAD	T.ID (*)	DESCRIPCION	clave	Numero (a) (010)
9992 TOTAL ED	(02)	Cuentas de pago básicas abiertas durante el año natural (010)	0001	18.775
9992 TOTAL ED	(02)	Solicitudes de apertura de cuentas de pago básicas rechazadas durante el año natural (020)	0002	2.227

Cáritas accompanies some 220,000 foreigners in an irregular situation (not counting the 130,000 undocumented foreigners who would not be able to benefit from this regulation).

If we add the applicants for international protection, also potential users, the number of accounts opened (18,775 for the whole of 2020) is clearly insufficient.

The difficulties that our network expresses for the initial opening of a basic payment account are:

- **Verbal refusals** preventing access to a complaint on the grounds of "...undocumented people are not entitled", "if you only have a passport, you cannot open an account", etc.
- **Opening of current accounts (but not basic payment accounts) with a linked health insurance.** This is directly prohibited in the regulations and also generates other inconveniences, since this health insurance is taken out for one year and, even if the person cancels the bank account, they are obliged to pay for the insurance.
- **Written refusals** copying the basic regulations but modifying them slightly and **alluding to articles of the Spanish regulations on foreign nationals that are not applicable.**
- **Written refusals** in which Article 4 is copied verbatim, but with **no** evidence that the person has been **required to provide any documentation whatsoever.**
- Applications that, once the person is identified, are **blocked by the computer application because of their nationality: Colombian, Nigerian.**

Another added difficulty is that of foreigners in a situation of supervening irregularity, who were authorized and had a current account, which has been blocked because they could not renew their foreigner identity card. However, they cannot access a basic payment account because it requires not having previously opened an account.

In a post-Covid world, where there has been a huge push for everything digital, where cash has all but disappeared, not being able to access these accounts has very serious consequences for people who are deprived of the public benefits to which they are entitled.

We are faced with the **paradox of a sufficient legislative framework, which recognizes the right of access for everyone, and yet there is strong resistance to its enforcement.** In this regard, we

believe that the role of the **Bank of Spain**, as the supervisory body for regulatory compliance by banking institutions, is of key importance.

3. ACCESS TO SOCIAL SERVICES, BASIC SOCIAL BENEFITS AND MIGRANTS

The first chapter of the Spanish Organic Law on Foreign Nationals⁶ regulates the rights and freedoms of foreigners in Spain, in accordance with Article 13 of the Spanish Constitution.

This chapter establishes the modulation of access to certain rights depending on the administrative situation of the foreigner. For this reason, the Organic Law uses differentiated language and, when it speaks of "residents" (*residentes*), it refers to those authorized to reside and/or work in our country and, when it mentions "all foreigners, foreigners who are..." (*extranjeros*), it also refers to foreigners without authorization.

This is the case of Article 14 which regulates access to Social Security and social services and which states that:

- 1. Resident foreigners have the right to access Social Security benefits and services under the same conditions as Spaniards.*
- 2. Resident foreigners are entitled to social services and benefits, both general and basic as well as specific, under the same conditions as Spaniards. In any case, foreigners with disabilities, under eighteen years of age, who have their habitual residence in Spain, shall be entitled to receive the treatment, services, and special care required by their physical or mental condition.*
- 3. Foreigners, regardless of their administrative status, are entitled to social services and basic social benefits.*

At present, this third paragraph is practically devoid of content. Foreigners in an irregular situation do not have free access to social services, as they are often required to register their residence in order to be able to attend an appointment.

They also do not have access to these "basic social benefits", a very imprecise term and which also has an unequal legislative development throughout the territory, as this is of regional competence.

⁶ <https://www.boe.es/buscar/act.php?id=BOE-A-2000-544>

It is necessary to develop this third paragraph of Article 14 in a regulatory manner so that this access to social services and basic social benefits can be effectively provided.

4. INFORMAL ECONOMY: PEOPLE WHO ARE LEFT OUT OF THE PROTECTION SYSTEM

The informal economy is the necessary coping strategy for a significant part of the population that does not have access to formal employment with protected rights.

In Spain in the year 2021, more than 700,000 people⁷ still subsist in informal employment, which represents **1.7% of the population** living, probably, the ultimate expression of employment precariousness, without rights and without access to justice or social coverage.

Many of these people have been particularly affected by the COVID-19 crisis, as they have been unable to continue carrying out their economic activities, and as they have been left out of all social protection systems: Temporary Employment Regulation Plans (ERTES, from its acronym in Spanish), unemployment benefits, and support for self-employed workers have been cushions that have been totally removed from their reality.

5. DIGITAL DIVIDE

a. DIGITAL DIVIDE: THE NEW ILLITERACY OF THE 21ST CENTURY

Digital disconnection is the new illiteracy of the 21st century, which has become a major handicap for participation in our society. This new social divide has been intensified by COVID-19 and the digitalization process it has produced. When interpersonal relationships, employment, or administrative procedures are mainly channeled digitally, a part of the population is left out of this new space for interaction.

The digital blackout affects **35%⁸ of the population**, partly because they do not have the necessary devices, but above all because they lack an adequate connection (21%) or the necessary skills to use them (29%). The most excluded sectors have been particularly affected by this process and the digital blackout has had a special impact on them: more than half of the households in severe social exclusion are affected by it. As a result:

⁷Survey on Integration and Social Needs of the FOESSA Foundation 2021.

⁸Survey on Integration and Social Needs of the FOESSA Foundation 2021.

- 17% of severely excluded households state that they have lost various opportunities because they have not been able to connect to the Internet (compared to 4.5% of the population as a whole).
- 11% of the severely excluded population have lost employment opportunities, access to training, and access to rights mediated by public administrations (compared to 2.4% of the total population).

This new social gap could intensify in the future, if appropriate measures are not taken, with the recovery model that is intended to be followed, based, among other things, on the digitalization of economic and social life.

b. DIGITAL DIVIDE: E-GOVERNMENT AND ABSENT ADMINISTRATION

The pandemic has precipitated, in a very accelerated way, an already foreseen transition in terms of the relationship between citizens and the Public Administration at all levels: state, autonomous/regional, and local.

We understand that the digitalization of the Administration is a social advance. However, this acceleration, carried out without sufficient transition, has had several undesired consequences:

1. The Spanish Law of Administrative Procedure recognizes the right of citizens to relate directly with the administration without—with some exceptions—imposing on them an electronic relationship. This right is being systematically violated by imposing a prior (electronic) appointment, possibly justified at the time for health reasons, but difficult to explain today as the only means of access. In addition, many public administrations are imposing (without legal support) procedures by electronic means, without facilitating other means, or facilitating them, but discriminating against those who use them.
2. Communication processes that used to be simple have been made more complex by introducing verifications through photos of the applicant or their representative at the time of processing. This is leading to the loss of benefits, allowances, scholarships, etc. for the most vulnerable people.
3. THE PUBLIC ADMINISTRATION has become an **ABSENT ADMINISTRATION**, with which it is impossible to get in touch, check, refer, ask, etc.

It is striking that the Government has proposed a bill⁹ to regulate customer service in companies, with the aim of guaranteeing consumers that complaint services and customer

⁹ https://www.lamoncloa.gob.es/consejodeministros/Paginas/enlaces/161121-enlace_atencion_cliente.aspx

service must be attended by people, **yet citizens are prevented from having access to the Administration.**