

## Banking survey (Part II)

### Survey highlights confusion over types of accounts and fees

#### Banking sector deposits

Total deposits in Lebanese banks as of November 2003 reached LL 73.1 trillion (\$48.5 billion), compared with LL 64.8 trillion (\$43 billion) at the end of 2002, or a 12.7% increase. Currently, foreign currency deposits represent 66% of total deposits, while 34% are in Lebanese currency.

The distribution of deposits has Lebanese residents making up the largest share, or 82%, followed by non-residents with 15% and the public sector with 3%.

#### A look at Greater Beirut

Following Part I of *Monthly's* banking survey (see Issue 19 for a profile of banking clientele), Part II explores the details of bank account holders in Greater Beirut.

Approximately 53% of Greater Beirut residents have a bank account, according to the survey conducted by Information International between August-September 2003. The survey showed that those with a personal income of \$501-\$1,000 represent the highest proportion (39.6%) of bank account holders, followed by those in the \$201-\$500 income bracket (21.9%) and those with a personal income of \$1,001-\$1,500 (14.4%).

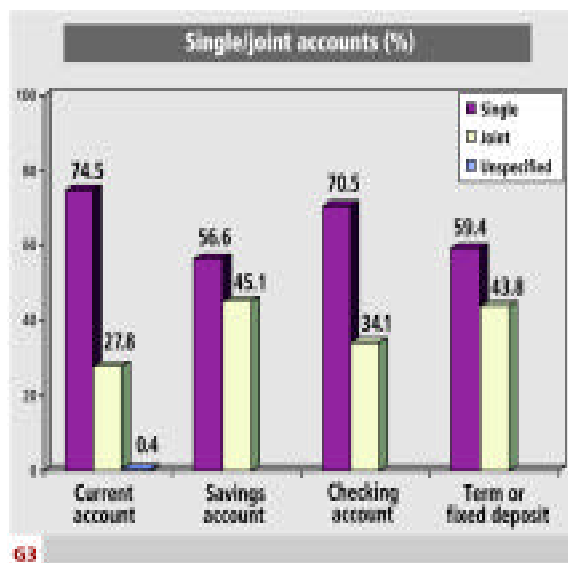
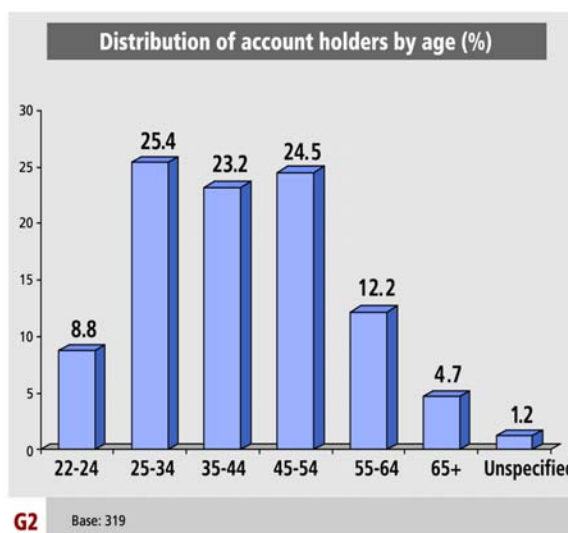
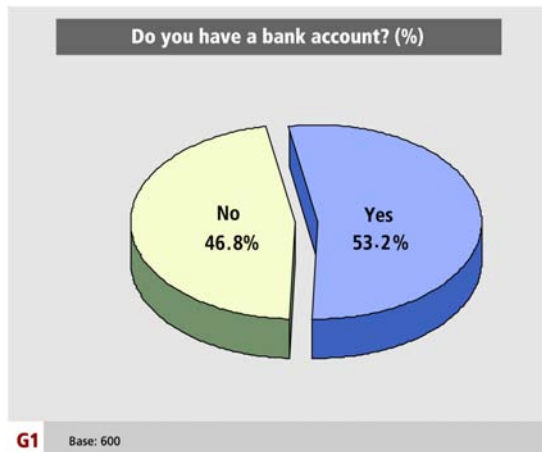
In terms of penetration within the different age groups, there was a fairly even distribution. However, the 25-34 age bracket represents the largest proportion of bank account holders.

#### Types of accounts

The survey detected an unusually high number of current and checking accounts, as reported by respondents, reaching 94.8%. This can be partly attributed to the practice by the government and many companies and institutions in the private sector, for over more than one year, of paying employee salaries through banks (salary domiciliation). Consequently, owners of accounts have opened current and checking accounts to draw their salaries. This is in addition to feedback from fieldworkers that respondents were confused regarding the types of accounts they held.

While such a large percentage of respondents stated that they had a current or checking account, 35.4% said they had a savings account, followed by 10% who had a fixed deposit account. *Please note that percentages add up to more than 100% because respondents could have more than one account.*

It must be kept in mind, however, that the amount of deposits in savings accounts and fixed deposits represents more than 70% of the total amount of deposits, according to the Central Bank.



The profile of current account and checking account holders was very similar, with mostly 25-34 year olds, followed by 35-54 year olds and decreased use detected with age. Savings accounts, however, were more popular among 35-44 year olds, followed by 45-54 year olds, whereas only 18.6% of 25-34 year olds had a need for this type of account.

These results correspond with the tendency of younger people to look more for convenience than those in older age groups, who lean toward more traditional types of accounts, such as saving accounts.

In terms of gender, both men and women showed a higher tendency toward savings rather than checking accounts, but the majority of checking account holders are men.

**Fees**

On the topic of fees associated with opening an account, at least half of the respondents did not know how much they had paid for any of the accounts mentioned. In addition, the conditions for opening an account had not been explained, according to 30.1% of those with accounts, while 30.8% stated that they did not read the requirements and conditions included in the contract.

**Joint accounts**

When bank clients open a joint account, there is a trend to open it in the form of a savings account or a term/fixed deposit account, according to the survey. The results showed that 45% of those with a savings account hold them jointly, compared with 43.8% of respondents with term/fixed deposit accounts who hold them jointly. Those figures drop for checking accounts, out of which 34% are held jointly, while 27.8% of current accounts are joint.

The survey also detected that single people who have both a savings and checking account would be more likely to open a joint savings, rather than a joint checking account with a second account holder. This finding was also associated with married couples, although to a much lower extent.

**Check use**

The majority of checking account holders, or 61.4%, use their checkbooks for business purchases, while 47.7% use it to pay bills. This is compared with 22.7% who use their checkbooks for personal purchases. Frequency of use was once a day, according to 27.3%, while 15.9% said they use their checkbook once a week. In contrast, 13.6% only use it once a month and 11.4% use it once every two months.

**Profiling non-bank account holders**

As 47% of Greater Beirut residents do not have a bank account, according to the survey, respondents were queried as to the reason. The overwhelming majority could not afford to have an account, while a small percentage said

they did not trust a bank with their money. The majority would open an account if the minimum requirements were lowered or if they could eventually afford to. ■

*Check out the next issue of iMonthly for results of the survey on plastic cards.*

**Sample and methodology**

The survey was based on a stratified random sample of 600 respondents derived from the number of residents across different areas of Greater Beirut. In each area, respondents were randomly selected in line with gender specifications and some age restrictions. In addition, the timing of interviews was administered in a way to avoid any bias that might occur in the sample selection. Respondents were interviewed in their homes and the survey's margin of error is  $\pm 1.8\%$ .

