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## GERMAN BANK CHARGES CUSTOMERS FOR HOLDING THEIR MONEY

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EuroNews

A small co-operative bank in the picturesque town of Gmund in Bavaria is turning financial norms upside down. Its decided to charge clients a fee for depositing money with them.

It applies to deposits of more than 100,000 euros held in current accounts. Local media reports suggest the total number of customers affected will be less than 150.

Its the latest sign of the strain that the European Central Banks monetary policy is putting on the countrys financial system

Josef Paul who is a board member of Raiffeisenbank was clear the new policy was a reasonable one:

The background is that funds in current accounts have to be available every day and we cannot use them to create investments.

The ECB demands 0.4 percent negative interest from us, and now we are going to pass that on to our clients . It does not concern saving accounts or other types of investment, only cheque accounts and instant access savings accounts.

He want on to add, Its like a domino effect we are just passing on the costs that theECB has placed on us.

The ECB, which sets interest rates for the eurozone, cut benchmark interest rates deeper into negative territory in March. Central banks in three other European countries □ Switzerland, Sweden and Denmark □ have also set negative rates. It did it to encourage banks not to hold on to cash and to lend in order to stimulate Europes economy. But with banks finding it difficult to get customers spending, the policy is now hitting the customer rather than the bank.

German banks are considering a variety of strategies in response to the low interest rate environment. These range from introducing fees for services previously offered for free, such as paper account statements, to keeping cash in vaults rather than parking it with the ECB.

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Kaynak/Source: