

TABLE 12

## Potential Declines in Financial Product Prices After Market Unification

	<u>Belg.</u>	<u>F.R.G.</u>	<u>Spain</u>	<u>France</u>	<u>Italy</u>	<u>Lux.</u>	<u>Neth.</u>	<u>U.K.</u>
<b>I. COST OF FINANCIAL PRODUCTS</b>								
(Percentage differences of prices compared to average of four lowest)								
<b>Banking</b>								
Commercial loans	-5	6	19	-7	9	6	43	46
Consumer credit (4)	-41	136	39	105	121	-27	31	122
Credit cards	79	60	26	-30	89	-12	43	16
Mortgages (5)	31	57	119	79	-4	37	-6	-21
Letters of credit	22	-10	59	-7	9	27	17	8
Foreign exchange drafts	6	31	196	56	24	33	-46	16
Travellers cheques	35	-7	30	39	22	-7	33	-7
<b>Insurance</b>								
Contents and house insurance	-16	3	-4	39	80	57	17	90
Motor insurance	30	15	100	9	148	77	-7	-17
Fire and theft	-9	43	24	153	245	-15	-1	27
Public liability	13	47	60	117	77	10	-16	-7
Term insurance	78	5	37	33	83	66	-9	-30
<b>Securities</b>								
Private equities	36	7	65	-13	-3	7	114	123
Private gilts	14	90	217	22	-63	27	161	36
Institutional equities	26	69	153	-5	47	69	26	-47
Cost of institutional gilts (6)	284	-4	60	57	92	-36	-17	-47
<b>II. POTENTIAL PRICE REDUCTIONS (IN %)</b>								
Banking	15	33	34	25	18	16	10	18
Insurance	31	10	32	24	51	37	1	4
Securities	52	11	44	23	33	9	18	12
Total	23	25	34	24	29	17	9	13
<b>III. PRICE FALLS FOR TOTAL FINANCIAL SERVICES</b>								
Implied potential price fall	23	25	34	24	29	17	9	13
Assumed potential price reduction	11	10	21	12	14	8	4	7
Assumed range of price reductions (7)	6 - 16	5 - 15	16 - 26	7 - 17	9 - 19	3 - 13	1 - 9	2 - 12

Source: Price Waterhouse for the Cecchini Report.