



EUROPEAN COMMISSION

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## Bank accounts: Commission acts to make bank accounts cheaper, more transparent and accessible to all

In today's world, European citizens cannot fully participate in society without a basic bank account. Bank accounts have become an essential part of our everyday life, allowing us to make and receive payments, shop online, and pay utility bills (telephone, gas, electricity).

Whilst single market legislation has ensured that banks can operate throughout the European Union and offer their services cross-border, this mobility is not mirrored for citizens who are often unable to open an account in another Member State or to easily switch from one bank to another. Furthermore, consumers often pay above the odds for the services they receive from their bank and struggle to have clarity on the various fees charged.

It is in this context that the European Commission publishes today its proposal for a **Directive on the transparency and comparability of payment account fees, payment account switching and access to a basic payment account**.

Commissioner for Internal Market and Services Michel Barnier said: *"In today's world, not having access to a basic bank account makes everyday life difficult and more expensive. Today's proposal will finally give all European citizens access to a basic bank account and enable them to participate fully in the society they live in and take advantage of the benefits of the Single Market. By making it easier to compare fees and change bank accounts, we also hope to see better offers from banks and lower costs. The proposal will also benefit the financial services industry by providing additional incentives to offer products cross-border and enter new markets."*

The Commissioner for Health and Consumer Policy Tonio Borg said: *"This proposal allows consumers across the EU to access bank account services, to compare them and, if they are not satisfied, to switch to another provider. Our aim is that consumers are better informed about fees both before and after they open an account, and that they can change their provider rapidly and easily if they so wish. This proposal will also favour competition in the retail financial services sector and reward businesses that offer consumers a better choice and price."*

The Commission proposals tackle three areas:

- **Comparability of payment account fees:** by making it easier for consumers to compare the fees charged for payment accounts by banks and other payment service providers in the EU;
- **Payment account switching:** by establishing a simple and quick procedure for consumers who wish to change from their payment account to one with another bank or payment service provider;

- **Access to payment accounts:** by allowing EU consumers who want to open a payment account, without being residents of the country where the payment service provider is located, to do so. Moreover, these provisions will allow all EU consumers, irrespective of their financial situation, to open a payment account that allows them to perform essential operations, such as receiving their salary, pensions and allowances or payment of utility bills etc.

Improving the transparency and comparability of fees together with a smoother switching process should enable consumers to benefit from better offers and lower costs for their bank accounts. At the same time, the financial services industry will benefit from increased mobility of clients, with reduced barriers to entry, including cross-border.

## **Background:**

Bank accounts have become essential to participating fully in the economic and social life of a modern society, since the use of cash is rapidly decreasing. However, according to recent studies, around 58 million consumers over the age of 15 in the EU do not have a payment account.

Furthermore, research shows that consumers still find it difficult to compare offers and prices for payment accounts from different payment service providers. Even when comparison is possible, the process for switching from their existing payment account to a different one is complex and unreliable. Moreover, there are situations where EU consumers are still unable to open a payment account in a Member State where they are not resident.

Efforts have been made in the past to address these issues, including through encouraging self-regulation of the industry and the adoption by the Commission of a Recommendation on access to a basic payment account in July 2011 ([see IP/11/897](#)). However, improvements have been limited and that is why more comprehensive and legally binding measures on payment accounts are needed in order to ensure that the single market works effectively and benefits all citizens (see [IP/12/164](#)). The measures are contained in a draft Directive and are thus not overly prescriptive in order to take into account the different specificities of Member States.

## **The measures contained in the draft Directive target three areas:**

### **1. Transparency of payment account fees**

The proposed Directive establishes that all payment service providers must provide consumers with the following set of documents:

- a fee information document listing the most common services provided and the fees charged for each of them;
- a statement of fees charged by the payment service provider during the previous twelve months for the services provided on the payment account;
- upon request, a glossary of terms used in relation to payment accounts.

These documents must be drafted using standardised terminology and standard formats, to facilitate comparison between the offers of different payment service providers.

Finally, the proposal requires that there should be at least one independent comparison website in each Member State, collecting information on the fees charged by payment service providers. This will allow consumers to easily compare prices and conditions for payment accounts offered on the market.

## **2. Payment account switching**

The proposed Directive will also facilitate the process involved in switching bank accounts. When a consumer requests to transfer all or part of the recurring payment orders (such as credit transfers or direct debits) established on his account to another account, payment service providers must deal with all the steps involved in the switch. Customers can also request the transfer of the remaining balance on the old account and its closure.

Payment service providers must complete this procedure within 15 days (30 days if the switch is made between providers located in different EU countries) and the service must be provided free of charge.

Finally, payment service providers will be required to provide consumers with adequate information on their rights to switch bank accounts and the process involved.

## **3. Access to payment accounts**

The proposed Directive will allow consumers in Europe to open a payment account with any payment service provider in the EU, even where they are not residents of the country in which the provider is located.

Moreover, consumers will be entitled to have access to a payment account with basic features whatever their place of residence in the EU or their personal financial situation. Member States must ensure that at least one payment service provider offers a payment account with basic features in their territory and they should inform the public about the availability of these payment accounts. The payment services provider cannot use the financial situation of the person as a reason to refuse an account.

The Directive lists the essential services to be provided with this account, which include withdrawals, bank transfers and a debit card. Overdrafts or credit facilities will not be permitted on basic accounts.

[MEMO/13/413](#)

## **More information**

[http://ec.europa.eu/internal\\_market/finservices-retail/inclusion/index\\_en.htm](http://ec.europa.eu/internal_market/finservices-retail/inclusion/index_en.htm)

[http://ec.europa.eu/dgs/health\\_consumer/pressroom/bank-accounts\\_en.htm](http://ec.europa.eu/dgs/health_consumer/pressroom/bank-accounts_en.htm)

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