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"European Parliament makes basic accounts simpler for EU citizens"

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The European Parliament is adopted during its last plenary session before the 2014 elections, the Payment Accounts Directive. This piece of legislation will make fee information relating to payment account more transparent and comparable, it will facilitate switching between payment accounts, eliminate discrimination based on residency with respect to payment accounts and will provide an easier access to a payment account with basic features within the EU.

The directive focuses on bank accounts held by payment service users for the execution of payment transactions. It was put forward by the Commission because the current lack of transparency and comparability of charges and the difficulty in switching between bank accounts still constitute obstacles for EU citizens and also keep the internal market for retail banking fragmented.

In 2012, only 3 per cent of respondents to a Eurobarometer survey had declared having opened a payment account cross-border. Moreover, data also shows that an approximate number of 58 million consumers in Europe do not have a payment account, while 25 million of them would like to have one. Unfortunately lack of access to information and cross-country differences still make this difficult.

With these thoughts at heart, legislators tried to improve EU citizen's access to a basic account in the Union. The European Parliament, Council and Commission negotiated the shape of the final directive and reached an agreement at the end of March this year, which was then subject to the plenary vote.

Following the compromise reached, the directive will put in place the following principles:

- A payment account with basic features shall be in no way discriminatory
- Applications for access to a payment account with basic features shall be processed within seven days of receiving a complete application, including proof of identity

- The right to open a payment account in any EU member state will be conditional on the consumer being able to show a genuine link to the member state where they wish to open an account. The link shall include at least citizenship, family ties, place of work, internship, pursuit of job opportunities, study, residence, property or any outstanding asylum or migration application
- Member states will also have to require educational establishments to develop services for the most vulnerable customers, providing them with guidance and assistance in the responsible management of their finances
- Payment service providers will have to make available to consumers a glossary of all services linked to the account and the needed definitions and explanations. This glossary must be non-technical
- Consumers should be able to access, free of charge, a statement of all fees and interest rates applied to their payment account on an annual basis
- Websites in the member states will be set up, which will make it possible for consumers to compare fees charged and interest paid by banks
- Consumers will be able to switch between accounts in the EU at a reasonable cost. Banks across the EU will be operating a switching service to allow customers to move their account to another provider

Policymakers hope that the directive will genuinely make the life of EU consumers easier and decrease retail bank fragmentation in the internal market.