Payment accounts: comparability of fees, account switching and access to accounts with basic features

2013/0139(COD) - 15/04/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 603 votes to 21, with 51 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features.

The report was referred back to the competent committee at the plenary session of 12 December 2013. Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a negotiated agreement between the European Parliament and the Council. They amend the proposal as follows:

Purpose: the directive would set i) rules concerning the transparency and comparability of fees charged to consumers on their payment accounts held within the European Union; ii) rules concerning the switching of payment accounts within a Member State; and iii) assistance for consumers about cross-border opening of payment accounts. The directive will apply to accounts allowing consumers to make deposits, withdraw funds and make payment transactions, including transfers.

Fee information document: in order to help consumers compare payment account fees throughout the internal market easily, payment service providers should provide consumers with a comprehensive fee information document that states **the fees for all services linked to the payment account contained in the list of the most representative services** and any further fees that can be applied to the account. The fee information document should use the **standardised terms and definitions established at Union level** , where possible.

The fee information document should be easy to read and carry a common symbol. It should be **clear and unambiguous** using the currency of the payment account, and worded in the official language of the Member State in which the account is proposed. The document should be **accessible at all times**, including for persons who are not clients.

Payment service providers must make available to consumers **a glossary of all services linked to the account** providing clear, non-technical and unambiguous explanations for at least the services linked to the payment account and the related definitions and explanations. The glossary must be drafted in clear, unambiguous and non-technical language that it is not misleading.

In addition, banks should provide consumers, free of charge, with a **statement of all fees and the interest rates applied** to their payment account on an annual basis.

The **fee terminology** should be determined by the Member States. In order to ensure a sufficient homogeneity of the national lists, **the European Banking Authority (EBA) should establish guidelines** to assist Member States to determine the services which are most commonly used and cause the highest cost to consumers at national level.

Comparison websites: consumers should have **free access** to at least one independent website allowing comparison of fees charged by banks for their most representative levels of service.

Switching accounts: to qualify for the best offers, customers should be able to opt, **at reasonable cost**, for another basic account within the EU.

The switch from one bank account to another without change of currency or country should be supported by the recipient bank, at the request of the authoriser and with his authorisation.

The authorisation should allow the consumer to specify the incoming transfers, standing orders and direct debits to be transferred. The recipient bank should within **two working days** of receiving the client's authorisation, request the transfer service provider to carry out the authorised tasks.

Banks would be required to **reimburse the client**, as soon as possible, for any financial loss (including costs and interest) directly resulting from errors in the process of changing the account. When a client instructs his bank that he wishes to **open an account in another Member State**, the bank with which he holds an account should provide **assistance** on receiving his request.

Access to a basic payment account: in line with Parliament's wishes, the Member States should ensure that a basic payment account is offered to consumers by all payment service providers or in sufficient numbers to **guarantee access to such an account** for all consumers in the Member State concerned.

The conditions applicable to holding a basic payment account **should be in no way discriminatory**. All persons legally resident in the EU – **including clients without a fixed address or residence permit** – could open a basic account. However, Member States may, so long as fundamental rights are respected, **require potential clients to explain their reason** for opening such a bank account in the particular country, so long as the process is not excessively difficult or binding.

The application for access to a basic payment account should be rejected without delay and no later than ten working days from receiving the completed application. In any case, it would be turned down if the opening of an account involved infringing the provisions on the prevention of money laundering or the fight against terrorism.

Characteristics of a payment account with basic features: the basic account would allow clients:

- services enabling all the operations required for the opening, operating and closing of a payment account;
- services enabling money to be placed on a payment account
- to withdraw cash withdrawals within the Union from a payment account at the bank counter and at automated teller machines during or outside the bank's opening hours;
- execution of the following within the Union: i) direct debits; ii) payment transactions by way of payment card including online payments; iii) credit transfers, including standing orders, at terminals, counters and via the online facilities of the payment service provider.

The clients may carry out **an unlimited number of operations**, either free of charge or at a reasonable price.

When they allow credit institution to provide, at the request of the customer, **an overdraft facility** linked to a basic account, Member States would have the option to set a maximum amount or duration for this overdraft.

Lastly, Member States should ensure that communication measures are sufficient and well targeted, in particular reaching out to **unbanked, vulnerable and mobile consumers**.