

Press release

Banks concerned by ECON vote on Payment Accounts Directive

The European Banking Federation (EBF) supports most of the provisions outlined in the Payment Accounts Directive as proposed by the European Commission, on which ECONⁱ adopted its report yesterday (18.11). It also supports the European Parliament's objectives to combat financial exclusion and facilitate the participation of consumers in the Internal Market. The Banking sector champions transparency and switching services. Europe's banks however call for caution regarding the feasibility of some of the measures proposed, particularly the cross-border switching element.

An efficient switching mechanism is key to attract customers in a competitive environment and a number of Member States have developed individual solutions to facilitate safe and reliable switching services. **There is however no case for cross-border switching**, as the European Commission's own assessment confirms. "Customers in their vast majority do not wish to switch accounts to another country", explained Guido Ravoet, Chief Executive of the EBF. "Instead, they tend to simply open a new account in their country of destination."

Moreover, imposing a switching system at a cross-border level would create significant **operational challenges**. Infrastructure would need to be developed to allow the exchange of information and data between banks in different countries, and issues such as languages and currencies would also have to be carefully considered. "If we were to meet these requirements, increased costs would have an impact on all consumers, and for the uncertain benefit, if any, of a small minority. We see no added value in cross-border switching" commented Ravoet.

The EBF therefore calls for an impact assessment and a cost-benefit analysis to be carried out before considering cross-border switching

On the issue of access to **payment accounts with basic features**, the EBF recognizes that the need for a genuine link to open a bank account in a specific Member State is a positive element that takes into account the reality of consumers' habits. "We fear, however, that the proposal as adopted by ECON risks substituting a basic bank account to existing ordinary payment accounts," commented Ravoet." We cannot support the idea of a payment account with basic features that does not have any distinguishing features from any other ordinary payment accounts, as proposed. This would almost amount to turning bank accounts into a service of general interest, which they are not."

ⁱ Economic and Monetary Affairs Committee of the European Parliament