

Tuesday 19 November 2013

Bank account plans: Timid steps towards more transparency

On Monday 18 November, the leading Economic and Monetary Affairs Committee of the European Parliament voted on a European Commission proposal to make bank fees more transparent, facilitate switching between banks and enable all consumers to open an account.

10%, or nearly 58 million, Europeans do not have a bank account¹. This bank account package will help them open a cheap, basic account which offers them all the necessary features to deposit and withdraw money, transfer funds online and make card payments.

It would also make switching banks easier. The payment provider a client wants to switch to must take care of the process, contact the current bank and inform third-party payers and payees of the consumer's new account details.

Regrettably, a system for automatic redirection of payments from the former to the new account has been put on hold. Also disappointing was MEPs decision to require Member States to standardise the terminology for only 10 services linked to the bank account (e.g. withdrawing money at cash machines, making a funds transfer at the counter etc.). As BEUC's national members identified numerous account services and fees, this will hardly make the cost of our accounts more transparent and comparable.

Monique Goyens, Director General of BEUC said:

"Competition in the retail banking sector is urgently needed. With switching to become easier consumers will have a powerful tool to push banks to improve their services and lower prices.

"Without an account, people are cut-off from many essential areas of life be it housing, work or social benefits. This unacceptable situation millions of Europeans find themselves in, can finally be tackled.

"The financial sector is once again receiving preferential treatment. No one would accept shops giving product information and prices for only a small number of their products. This is exactly what banks continue to do. MEPs failed to make account information more transparent and comparable."

¹ World Bank Report / European Commission, COM(2013) 266 final