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Michel Barnier
Commissioner for the Internal Market and Services

Nevan Mimica
Commissioner for Consumer Policy

Jürgen Klute
Member of the European Parliament

Brussels, 5 March 2014

RE: The future of the Payment Accounts Directive

Dear Minister Stournaras,

As organisations working for the rights of vulnerable consumers across Europe, we would like to commend the Greek Presidency on prioritising the proposed Payment Accounts Directive, and striving to complete this dossier during this parliamentary term. It is no longer possible to participate fully in modern society without the possibility of access to a range of basic financial services, especially a basic bank account, yet there are up to 58 million people in the EU who currently do not have such an account and who stand to benefit if the proposal is agreed.

Even if having a bank account does not ensure that the risk of being financially excluded is avoided, it is indeed the first primary step to ensure financial inclusion in our society. If this directive contains provisions that ensure progress in achieving financial inclusion, it would contribute to the alleviation of poverty and social exclusion which is a scourge for the European Union. In 2010, all member states committed to lifting 20 million people out of poverty and social exclusion by 2020 but it is clear that we are far behind reaching this target, while the social situation in the EU keeps on deteriorating.

In order to ensure that this legislation truly benefits the needs of European citizens, especially the vulnerable, we urge you to give explicit consideration to the following:

Access - Member States must ensure that consumers are able to open basic payment accounts which should be free or at a reasonable fee at bank branches within close reach of their homes. Therefore all payment service providers should be designated by Member States to ensure this objective is achieved. As not all credit institutions have a widespread net of branch offices, by limiting the obligation to offer a basic payment account to a small number of credit institutions, this could force people to undertake long journeys to get to a bank which offers this service.

Refusal to open and closing down the account – within the proposed Directive, there are provisions whereby credit institutions may close down a consumer's account, specifically if the account has been used for criminal activity, if it has lain dormant for 24 months, or if the consumer has opened a second payment account (in the latter two examples, the consumer must be notified by at last two months in advance). The right to refuse to open or close down an account should be limited to these cases. Adding further unspecified provisions bears the risk of undermining the core objective of the legislation, which is to give those who need it the right to a basic payment account. In such a case there would be wide variations in interpretation and practice between payment service providers and between Member States. It may lead to cases where access to the account is refused/closed down for arbitrary and unjustified reasons, therefore the possibilities for refusing access to a basic payment account must be very strictly limited and explicitly described in the directive.

Characteristics of a basic payment account – Payment accounts with basic features which are only offered online are not viable alternatives. Many European citizens do not have internet access for a variety of reasons – including financial, physical disabilities, or lack of infrastructure – and they would be unfairly excluded. Basic payment accounts providers must include deposit and withdrawal services, a bankcard for use in ATMs within the Member States, direct debits, standing orders, credit transfers, payments by card and online payments where available. Access to ATMs and bank terminals should be permitted outside the payment service providers' regular opening hours. In addition, payment service providers should not restrict ATM access to their terminals only. Member States should ensure that there are no limits to the number of operations available to the consumer on the basic payment account, nor should there be a minimum number of operations. Overdraft facilities should be part of the basic payment account and should be made available on a case by case basis. Otherwise, a significant part of consumers would unjustifiably be limited in their economic freedom. People without debts or not in a situation of over-indebtedness that simply have a limited income should have the possibility to be offered a reasonable overdraft facility. This could for example avoid difficulties when the income is delayed but necessary payments have to be done. All fees charged to the consumer for non-compliance in the framework contract must be reasonable.

Self-regulation measures – we strongly recommend binding measures to ensure basic payment accounts are a legal right for citizens and available free of charge or at a reasonable fee, irrespective of circumstances. Self-regulation measures have proven to be inadequate. This is also why Commissioners Barnier and Dalli decided two years ago to propose the directive, as after the adoption of the Recommendation there was not significant progress through self-regulation. The UK is a Member State that has a voluntary code for basic payment accounts but this had proved inadequate. Consumer Focus recently commented that basic payment accounts "*are under threat as more banks are reducing what these accounts offer*" and asked for intervention to "*prevent a race to the bottom between banks which keep chipping away at the features these accounts offer… Without intervention these accounts could become less useful or more expensive for low income consumers*." Indeed, there is strong evidence of a 'free rider' effect in UK, where certain banks do not cooperate with 'self-regulation', offer less inclusive services (debit card not always available, limited access to ATMs, high penalty charges) and rely on more socially responsible banks to accept a disproportionate share of basic bank accounts.

Minister Stournaras, we urge you to take our concerns and propositions into consideration as you conclude the negotiations on the Payment Accounts Directive. In an era of bank bail-outs funded by the taxpayer, bank restructuring, and a plethora of legislation to solve the economic crisis caused by irresponsible bank activity, this is a piece of legislation which will directly and immediately be of benefit to EU citizens, assuming that the above points remain central in the overall objectives.

Thank you for your attention and we wish you continued success in your Presidency.

Kind regards,



Anne-Sophie Parent
Secretary General
AGE Platform Europe



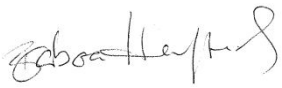
Dr. Gerhard Timm
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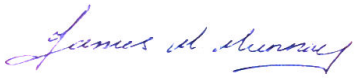
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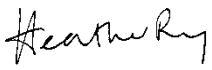
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