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EU report on retail financial services: fact sheet

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SECTION 1. THE REPORT

As a follow up to the Consumer Market Scoreboard 2008, the Commission has published:

- (1) A Commission Staff Working Paper on Retail Financial Services ("Follow up in Retail Financial Services to the Consumer Market Scoreboard,")
- (2) An in-depth bank fees study by independent consultants analysing the prices of accounts, packages and operations for 224 banks across the EU 27, covering on average 81% of the EU market.

The purpose of the Report is to assess three areas where consumers are faced with a number of problems:

- (1) Pre-contractual information and the related issue of advice
- (2) Level and transparency of bank fees
- (3) Switching of bank accounts

These three issues were singled out as problematic based on the Annual Consumer Market Scoreboard (annual market monitoring across more than 20 sectors) in 2008.

The Consumer Markets Scoreboard is a monitoring tool developed by the European Commission, designed to watch EU markets from the consumer's perspective and to assess if they are performing effectively for consumers. The Scoreboard uses five main criteria to assess the health of a specific consumer market: **consumer satisfaction**, the number of **consumer complaints**, **switching rates** (customer mobility), **prices** and **safety** (see [MEMO/09/44](#) for more details on the Scoreboard methodology).

The latest edition of the Scoreboard published in February 2009, again, identified **retail financial services** (next to energy and transport) as a sector that is **particularly problematic to consumers** and therefore in need of in-depth analysis. Some of the most acute problems in the banking sector that were detected by the Scoreboard included the comparability of offers, stark differences in bank charges in ways that were not always easily explained, and the difficulties in switching accounts (see [IP/09/202](#) for an overview of the Scoreboard results).

SECTION 2: THE MAIN RESULTS: Staff Working Paper on Financial Services and Bank Fees Study

The sections below contain an overview of the main findings for the three specific issues examined by the Commission Staff Working Document and Bank Fees Study.

1. On pre-contractual information

The sources:

The findings on pre-contractual information used in the report draw on a range of sources including: a 2008 Eurobarometer survey, a report of 2008 on focus groups organised in all 27 Member States and studies by organisations such as the UK Better Regulation Executive and the National Consumer Council of 2007.

The results:

Pre-contractual information is one of the key instruments intending to facilitate consumer's decision-making when buying financial services. Yet, evidence shows that in many cases the information is difficult to understand. Information which is **incomprehensible, insufficient and** presented in too many different ways making it difficult for consumers to compare different offers and to obtain the best deal are important barriers to cross-border shopping of financial services.

In different surveys consumers complain about deficiencies of information they receive:

- Information is incomprehensible because of complex language using difficult financial or legal jargon.
- Important details of the product are **hidden in small print**.
- Information is **often too long** not sufficiently concentrating on the key features of the product.
- **Too many different formats confuse consumers** and hamper the comparison of offers.
- Sometimes information is given only at the point of sale so that consumers **do not have sufficient time** to take it into account.

For example:

- In focus groups on pre-contractual information requirements in financial services organised by the Commission services in all 27 Member States, **consumers strongly criticised the complex language using difficult financial or legal jargon**. The group members evinced considerable distrust towards financial services providers, based inter alia on opaque language which makes them believe that banks intend to hide unfavourable conditions.
- While consumers emphasised their need for a complete set of information on all necessary aspects of a financial product, they **stressed equally that they receive too much information**. For instance in the UK, consumers found a consumer credit agreement which required 55 minutes to read is not suitable for information purposes.

Background – the current rules

The regulation of pre-contractual information is done at both EU and national level - it depends on different products. For example mortgage credit is regulated at national level (with an EU self regulatory code of conduct). When a product is regulated at EU level – e.g. consumer credit or payment services, then pre-contractual information is also regulated at EU level. Otherwise requirements are set at national level.

At EU level, in recent years the Commission has done extensive work to improve standards of pre-contractual information – focusing on improving the comparability and clarity by providing standardised, comparable information forms for consumers. The feedback from consumers is very positive on this kind of comparable information. Where product features allow this, a well-drafted set of standardised information disclosures facilitates clearly the comparison of offers. Examples of where this kind of regulation, with standard information for consumers, has been introduced at EU level is for products such as: consumer credit (in 2008) and UCITS (in 2009).

Looking ahead, for packaged retail investment products (PRIIPS), the Commission has adopted a Communication in April 2009, announcing its intention to introduce as far as possible standard information requirements to allow for consumers to compare products. For mortgages pre-contractual information is one of the major issues to be discussed in the follow up to the White Paper on Mortgage Credit of 2007. The evidence provided in the reports published today will feed into these debates.

2. On advice provided to customers

The sources:

With regard to advice, the Commission's report draws on a range of sources, including: a study on financial services intermediaries of 2008 launched by the German Consumer Affairs Ministry, a Commission study on credit intermediaries of 2009 and various other surveys and studies of the same time period.

The results:

The preliminary analysis of the data assessed in the Staff Working Paper indicates that:

- The **problems of reliability of advice and the inbuilt conflict of interest** faced by advisors due to remuneration systems that can bias them towards selling particular financial products are clearly matters **which deserve further attention.**
- Advice from bank employees or brokers is often a determining factor in consumers' decisions to buy a specific product. Research shows that many consumers rely, without much reflection, on the advice of a familiar bank employee in their local bank branch or a broker dealing with their financial affairs because they perceive them to be trustworthy.
- There is growing evidence that consumers often do not obtain suitable advice on financial services.
- For example, in Germany, consumers terminate 50-80% of all long-term investments prematurely because of inadequate advice when buying the products. This leads to estimated damages for consumers of 20-30 billion Euros every year. In one survey where 25 German bank advisors were approached in a mystery shopping exercise, 24 of these provided unsuitable advice. Recommending expensive and unsuitable mortgages is a typical example of selling practices resulting in consumer detriment.
- In Ireland, complaints about advice on financial services doubled in 2008 compared to 2007 and almost 65% of them were resolved in favour of the consumer.
- The suspicion is that many of those selling financial products do not have a sufficient understanding of these products to be able to effectively advise consumers on their advantages and risks.

- Furthermore, bank employees or intermediaries may often face an inherent conflict between their interests and the interests of their clients, given remuneration structures which create so-called "commission biases". A study on the impact of these conflicts for direct marketing agents reveals that firms gradually become more lax in relation to the promotion and selling of unsuitable products. The results of a survey on (inter alia) retail investment products revealed that 72% of the investment professionals surveyed consider the fee structures rather than the suitability of investment products for customers as the main driver for sales. (See Staff Working Paper for details.)

Background - the current rules

For all forms of credit – consumer credit, mortgage credit and others – advice is still a Member State responsibility. For investment there are some rules at EU level. After the financial crisis, the issue of advice has become increasingly important and is being looked at closely by the Commission and authorities at national level to see if further action is necessary. This report contributes to the evidence and will feed into those debates.

3. Bank Fees

The sources

The Commission also published a study by an independent consultant to examine **the bank fees charged for current accounts** across the EU-27.

The study "Data collection for prices of current accounts provided to consumers" analysed a sample of **224 financial institutions**, which covers **81% of the retail banking market** in terms of customer deposits. The sample was representative of the diverse banking institutions in the EU.

The **data on bank fees charged for current** accounts were based on the tariffs available on the websites of banks and on the additional contacts with the banks to complete and clarify the information. The **tariffs were assembled between February and April 2009**.

The data used to build the usage profiles was developed based on a variety of sources, in particular the European Central Bank, national central banks, market studies, consumer association surveys and assumptions where no data was available. Market authorities (including banking associations) were consulted on the usage profiles and were invited to provide data or to confirm existing data.

The aim of the study was to assess:

- **prices of current accounts** for different usage profiles in each country, e.g. for average and intensive users (see below for the information on usage profiles);
- the **transparency of bank tariffs** in all countries;
- the **simplicity of bank tariffs**;
- the use of **payment tools**, grouping countries according to national preferences for using **electronic payments or manual** operations, e.g. over-the-counter cash withdrawals.

Some examples of current account fees and services which were examined in the study are:

- basic annual charges (e.g. package fees and account maintenance charges),
- account charges (e.g. opening/closing, overdrafts, insufficient funds, over-the-counter transactions, accounts movements, internet and phone banking, income from credit interest, etc.),

- debit and credit card charges (issuance, annual fees, blocking and replacement, charges for withdrawals, purchases and online payments, etc.),
- credit transfer charges (reception and transmission of credit transfers, standing orders including setup, modification and closure, etc.),
- direct debit charges (fees for setting up direct debits, sending and closure),
- cheques related charges (fees for order of chequebooks, cheque drawing, cheque lodging and cheque bouncing).

The methodology:

To investigate the bank fees, a key concept used in the study is that of a "**consumer usage profile**":

- **four consumer usage profiles** were created for each EU country (**average, active, passive and basic**), based on the intensity of usage and in relation to domestic preferences, i.e. the average number of banking transactions carried out by an individual customer ("a banked adult") in a specific country;
- **Four equivalent profiles** (average, active, passive and basic) **were created for the EU** as a whole, also based on the intensity of usage but in relation to average number of banking transactions carried out by an individual customer ("a banked adult") for the whole EU.

Two other important concepts used in the study were **transparency** and **simplicity**.

- The **transparency of bank tariffs**. This was checked in the study by how easy it was to find relevant information on websites and to calculate the price of the different elements in the price so the consumer can compare offers
- The **simplicity of bank tariffs**. The study measures simplicity of bank tariffs in terms of how many components were there in the price. e.g. one basic charge for a service, or a charge that depends on the number of transactions you make, or the amount you have in your account etc.

Main findings on bank fees

The key findings of the study on bank fees are:

- the **fee structures of current accounts** are often so **opaque** that it is difficult for consumers to know how much they are paying and to compare different offers. Almost one in three of EU consumers have difficulties in comparing offers in relation to these same current accounts and so they are not in a position to choose the best account for their needs.
- **Online price information is incomplete**. In two out of three cases, additional contact with the bank was needed to clarify the fees. Even then, banks in many situations only offered oral information on their tariffs, but refused to send tariff lists by e-mail or by fax. Around 10% of the banks had little or no price information available on their websites and 33% of the banks had incomplete price information in their tariffs.
- For example, a 2008 study by the UK Office of Fair Trading¹ found **that consumers basically do not know what they were paying in bank charges**, either before or after they were incurred. Over three-quarters of consumers did not know the credit interest rate of their current account. Two thirds of consumers did not know what their bank charged for an unarranged overdraft.² Overall, the report found that the personal current account market was set up in a way which placed consumers at a disadvantage compared with their provider.

¹ Cf. footnote 40.

² Cf. footnote 40, p. 72.

- In some EU countries, consumers **pay considerably more** for current accounts than in others. For example, the prices of accounts with normal usage range from as high as € 253 (country average) in Italy to as low as €27 (country average) in Bulgaria. For "intensive" users, the difference is even clearer: from a maximum of € 831 in Italy to a minimum of € 28 in Bulgaria (see the sections below for country-specific data).
- **High prices are directly linked to opaque price information.** Therefore, consumers in countries with opaque price structures are likely to pay more for bank accounts.

Summary table. The overall results

Table 1 – Ranking of countries in terms of price of current bank account charges. (see bank fees study or Annex 1 for country by country breakdown of bank fees)

Rank	Country	Key contributing factors	Simplicity	Transparency
1	Italy	All key charges are very high	Below average	Below average
2	Spain	All key charges are very high	Below average	Below average
3	Latvia	Very high account and debit card charges; low basic annual charges	Above average	Above average
4	France	High basic annual charges; very high debit card charges	Below average	Below average
5	Austria	Very high basic annual charges; low credit transfer charges	Above average	Below average
6	Finland	All key charges are high	Above average	Above average
7	Czech Republic	High basic annual charges	Below average	Above average
8	Slovenia	High basic annual charges	Above average	Above average
9	Germany	Very high basic annual charges; high debit card charges; very low account charges	Above average	Above average
10	Greece	High credit transfer charges	Below average	Below average
11	Slovakia	High basic annual charges	Above average	Above average
12	Lithuania	Very low basic annual charges	Above average	Above average
13	Cyprus	Low basic annual and account charges; high credit transfer charges	Below average	Above average
14	Romania	Low basic annual charges	Above average	Below average
15	Hungary	High debit card charges	Below average	Below average
16	Ireland	High account charges; very low credit transfer charges	Below average	Below average
17	United Kingdom	Most charges are very low; very high account charges	Above average	Below average
18	Sweden	Very low account charges; high debit card charges	Above average	Above average
19	Poland	Charges are within EU27 averages	Below average	Below average
20	Luxembourg	Low account charges	Above average	Above average
21	Estonia	Very low basic annual charges; high account charges	Above average	Above average
22	Denmark	Low debit card charges	Below average	Below average
23	Malta	Very low basic annual charges and credit transfer charges; high account charges	Above average	Above average
24	Portugal	Very low account charges	Above average	Above average

25	Belgium	Very low account and credit transfer charges	Above average	Above average
26	The Netherlands	Very low account charges; high basic annual charges	Above average	Above average
27	Bulgaria	Low basic annual and account charges	Above average	Below average

Source: Van Dijk calculations

Summary:

The following results emerge from the ranking and analysis of the breakdown of charges. The ranking reflects the average position of each country in the eight profiles considered together.

- The top two positions are occupied consistently by **Italy and Spain**, with the exception of one profile, implying that the two countries have the most costly accounts in the EU. **In Spain**, the pricing arrangements are subject to negotiation on a case-by-case basis between the client and his or her bank. The actual costs could therefore be expected to be lower than the official price listsⁱ. **Latvia's high** ranking is largely due to the high charges associated with the usage of cheques (in the EU-27 profile), which are virtually non-existent in the country.ⁱⁱ
- **Austria and France** present the most expensive accounts in almost all user profiles. As the breakdown of charges provided in Annex 7 clearly shows, these high costs are mostly due to a combination of above-average basic annual charges and account charges.ⁱⁱⁱ For France, an additional contributing factor is the high debit card charges.
- At the other end of the cost spectrum, **Bulgaria and Portugal consistently secure low rankings**, implying that the current accounts are cheap in these countries for all customer profiles. For Bulgaria, the low usage intensity does not appear to support this result; although the country ranks last in both the number and value of transactions by banked adults (see section 3.5), the country's relative ranking changes little when the significantly higher EU average usage rates are used. Likewise, Portugal's ranking changes little when the EU profile is used.^{iv} **The current accounts offered in Belgium and Netherlands are also relatively low-cost.** As depicted in the breakdown of charges given in Annex 7, in both countries variable costs arising from fees and charges associated with the number of transactions are also very low. In turn, the basic annual charges comprise a significant share of total costs (especially in the Netherlands), with a share of over two-thirds in the domestic average profile. The existence of these high fixed costs also explains why the two countries' relative rankings go up when the lower usage rates associated with passive profiles are considered. Nevertheless, despite these high costs, the costs associated with transactions are low, which contribute to the lower ranking of the two countries.^v (See Bank Fee Study for details and Annexes)

As regards all other countries:

- **Finland and Denmark**, in turn, are cheaper when the EU profiles are considered than when the country-specific rates are applied. The individuals in both countries have above-average usage of credit transfers (see section 3.5), which contribute to high costs emanating from these transactions.^{vi} When the usage rates for credit transfers are reduced to EU-27 average levels, the rankings for these countries go down;

- **Greece and Lithuania** are costlier when the EU profiles are considered even though the two countries are at the bottom of the list when the country-specific usage rates are applied. For Greece, the higher costs arise from high charges associated with credit transfers. These transactions are significantly below the NMS-12 averages in the country, (see section 3.5 for comparisons). These findings suggest that the high costs may be inhibiting the development of credit transfers or other electronic transactions in the country. For Lithuania, the high rankings in EU profiles arise from charges on cheques, which are virtually unused in the country according to the country-specific usage rates, (see section 3.5);³ See Bank Fee Study for details and Annexes)

Background - the current rules

The EU has some of the toughest legislation on misleading and unfair practices in the world. The EU's **Unfair Commercial Practices Directive** was adopted in 2005 and entered into force on December 2007. It contains a general clause banning unfair commercial practices distorting consumers' economic behaviour. The Directive regulates two key categories of unfair practices (misleading and aggressive): traders must provide truthful information on their products and services, including their price. They must also provide all the relevant information consumers need to make an informed choice. The Directive covers online and offline commercial practices and applies to all sectors, including financial services.

Enforcement of UCP Directive is the task of national authorities and courts. Member States have an obligation to enforce EU consumer law in financial services as in every other sector.

The new **Payment Services Directive**, to be implemented by 1 November 2009, will improve the situation for certain charges, i.e. it contains information requirements on the cost of a payment service (e.g. a standing order, direct debit or credit transfer). It will help with transparency in terms of some kinds of fees covered by the report.

4. Switching

The sources

The data on switching used in the report draws on evidence collected in a special Eurobarometer of July 2008 and reported in the 2009 edition of the Consumer Scoreboard. It covered switching levels across eleven services including financial services over the previous two years.

The main results

The switching rate is an important **indicator of market health**. For current bank accounts, it remains **low at only 9%**, compared for instance with 25% for car insurance. Difficulties in comparing offers are a key factor.

The report highlights the strong correlation between high switching rates and lower prices of current accounts. The report finds that switching is good for the consumer, but also good for the market in general.

³ Accordingly, the European Commission's Retail Banking Sector Inquiry Interim Report II found that the estimated costs per payment transactions (which excluded cheque transactions) in Lithuania was close to the European average calculated in the study.

Background - the current rules

On 1 December 2008, the Commission announced ([IP/08/1841](#)) that the European banking industry had adopted a set of Common Principles for Bank Account Switching, which will make it easier for consumers to switch their current account from one bank to another within their own Member State. These Common Principles are due to be implemented across the EU by 1 November 2009. <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1841&format=HTML&aged=0&language=EN&guiLanguage=en>

Banks will provide consumers who want to switch their current account with clear and complete information. The information provided will indicate the respective responsibilities of the 'former' bank, the 'new' bank and the consumer, and the timescales for the process as well as fees, if any, to be imposed.

The switching service will allow banks ten days in which to co-operate to arrange the opening and closing of the accounts of customers who wish to switch, as well as transferring balances and rearranging credit transfers. Where automated processes are in place for information exchange, banks will offer a free of charge service. The level at which banks may recover the cost of collecting information manually will be a market decision left up to the individual bank.

The Commission will follow the implementation of the Common Principles closely, to ensure that they do in fact produce concrete positive outcomes for the consumer. In order to benchmark their effectiveness, the Commission will monitor their impact.

The Context:

Data in the Staff Working Paper - consumer over-indebtedness, foreclosures and financial inclusion.

The report on financial services also includes findings on issues which serve as a backdrop to the problems consumers are experiencing with information and advice, fees and switching. These issues are consumer over-indebtedness, foreclosures and financial inclusion. Although the figures relate to pre-crisis levels, they are useful as additional context of the report.

The sources:

The data on debts and foreclosures draws on evidence mainly collected by the European Credit Research Institute (ECRI) in 1995 – 2007 and by the European Central Bank in 2006. The data for financial inclusion is based on a Commission report of 2008.

Debt

- There has been a strong increase in the ratio of household debt to disposable income, up by more than 50% since the early 90s, reaching 86% at the end of 2004.
- The outstanding loans granted to households for personal use in the consumption of goods and services in the EU27 accounted for almost one trillion euros in 2007.
- In 2007, the UK had by far the highest amount of outstanding consumer credit per capita (€4,969), followed by Ireland (€4,258), Cyprus (€3,996) and Denmark (€3,414). EU 12 Member States present low levels of indebtedness. Slovakia (€229), Latvia (€314), Bulgaria (€477) and from the EU 15 Belgium (€1,334) rank among the countries with the least indebted population.

Foreclosures

- 70% of a household's loan obligations are made up of mortgage credit.
- Commission services are currently seeking information from Member States on the number of foreclosures; data show an increase for many Member States.

Financial Inclusion

- At the end of 2003, 10% of adults aged 18 and over in the EU 15 countries and 47 % of adults in the EU10 had no bank account at all whereas 6% to 8% respectively have only very limited access to financial services.

The Commission services launched a consultation on "Financial Inclusion: Ensuring access to a basic bank account" with the aim of collecting views on how financial inclusion can be improved.

http://ec.europa.eu/internal_market/consultations/2009/financial_inclusion_en.htm

ANNEX 1: Bank Fees: EU 27: Country by County profile on bank fees

AUSTRIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€140** on average.

Based on all the eight consumer usage profiles, Austria has high current account prices on average: it ranks as 5th most expensive country in the EU. This is mainly due to very high basic annual charges.

The tariffs of current bank accounts are below average in terms of transparency but above average in terms of simplicity. Approximately 80% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Austria is part of the group of countries where consumers have a preference for electronic transactions, which reach 77% of the total.

The number of transactions per banked adult is above the EU average.

A 2008 Eurobarometer survey has revealed that, in Austria, 41% of consumers had difficulties comparing current account offers. Only 6% of consumers have switched their current account in the previous two years despite the fact that 58% of those who did reported finding a cheaper provider. Austria has one of the lowest current account switching rates in Europe.

BELGIUM

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€58** on average.

Based on all the eight consumer usage profiles, Belgium has low current account prices on average: is in the 25th position in the EU. This is mainly due to very low account and credit transfer charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 50% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Belgium is part of the group of countries where consumers have a preference for electronic transactions, which reach 83% of the total.

The number of transactions per banked adult is above the EU average.

A 2008 Eurobarometer survey has revealed that, in Belgium, 35% of consumers had difficulties comparing current account offers. Only 7% of consumers have switched their current account in the previous two years despite the fact that 65% of those who did reported finding a cheaper provider.

BULGARIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€27** on average.

Based on all the eight consumer usage profiles, Bulgaria has the lowest current account prices in the EU. This is mainly due to low basic and annual account charges.

The tariffs of current bank accounts are below average in terms of transparency but above average in terms of simplicity. Approximately 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Bulgaria is part of the group of countries where consumers have a preference for manual transactions which reach 53% of the total.

The number of transactions per banked adult is the lowest in the EU.

A 2008 Eurobarometer survey has revealed that, in Bulgaria, 20% of consumers had difficulties comparing current account offers. Only 10% of consumers have switched their current account in the previous two years despite the fact that 40% of those who did reported finding a cheaper provider.

CYPRUS

The price of a current account, for an average usage profile which reflects domestic preferences, is about €85 on average.

Based on all the eight consumer usage profiles, Cyprus has average current account prices and is in the 13th position in the EU. This is mainly due to low basic annual and account charges combined with high credit transfer charges.

The tariffs of current bank accounts are above average in terms of transparency but below average in terms of simplicity. Approximately 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Cyprus is part of the group of countries where consumers have a preference for manual transactions which reach 56% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Cyprus, 25% of consumers had difficulties comparing current account offers. Only 10% of consumers have switched their current account in the previous two years despite the fact that 37% of those who did reported finding a cheaper provider.

CZECH REPUBLIC

The price of a current account, for an average usage profile which reflects domestic preferences, is about €95 on average.

Based on all the eight consumer usage profiles, the Czech Republic has high current account prices on average: it is in the 7th position in the EU. This is mostly due to high basic annual charges.

The tariffs of current bank accounts are above average in terms of transparency but below average in terms of simplicity. Approximately 80% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, the Czech Republic is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 42% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in the Czech Republic, 35% of consumers had difficulties comparing current account offers. Only 9% of consumers have switched their current account in the previous two years despite the fact that 64% of those who did reported finding a cheaper provider.

DENMARK

The price of a current account, for an average usage profile which reflects domestic preferences, is about €74 on average.

Based on all the eight consumer usage profiles, Denmark low current account prices: it is in the 22nd position in the EU. This is mainly due to low debit card charges.

The tariffs of current bank accounts are below average in terms of transparency but in line with the average in terms of simplicity. Approximately 60% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Denmark is part of the group of countries where consumers have a strong preference for electronic transactions which reach 90% of the total.

The number of transactions per banked adult is the second highest in the EU.

A 2008 Eurobarometer survey has revealed that, in Denmark, 42% of consumers had difficulties comparing current account offers. Only 10% of consumers have switched their current account in the previous two years despite the fact that 54% of those who did reported finding a cheaper provider.

ESTONIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about €51 on average.

Based on all the eight consumer usage profiles, Estonia has low current account prices on average: it is in the 21st position in the EU. This is mainly due to very low basic annual charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 30% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Estonia is part of the group of countries where consumers have a preference for electronic transactions which reach 82% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Estonia, 22% of consumers had difficulties comparing current account offers. Only 9% of consumers have switched their current account in the previous two years despite the fact that 60% of those who did reported finding a cheaper provider.

FINLAND

The price of a current account, for an average usage profile which reflects domestic preferences, is about €104 on average.

Based on all the eight consumer usage profiles, Finland has high current account prices on average: it ranks as the 6th most expensive country in the EU. This is mainly due to high overall charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. More than 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Finland is part of the group of countries where consumers have a strong preference for electronic transactions which reach 88% of the total.

The number of transactions per banked adult is the highest in the EU.

A 2008 Eurobarometer survey has revealed that, in Finland, 37% of consumers had difficulties comparing current account offers. Only 8% of consumers have switched their current account in the previous two years despite the fact that 42% of those who did reported finding a cheaper provider.

FRANCE

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€154** on average.

Based on all the eight consumer usage profiles, France has high current account prices on average: it ranks as the 4th most expensive country in the EU. This is mostly due to high basic annual charges and very high debit card charges.

The tariffs of current bank accounts are below average in terms of transparency and below average in terms of simplicity. More than 50% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, France is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 33% of the total.

The number of transactions per banked adult is the fourth biggest in the EU.

A 2008 Eurobarometer survey has revealed that, in France, 48% of consumers had difficulties comparing current account offers, the highest percentage in Europe. Only 11% of consumers have switched their current account in the previous two years despite the fact that 41% of those who did reported finding a cheaper provider. France has one of the top three current account switching rates in Europe.

GERMANY

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€89** on average.

Based on all the eight consumer usage profiles, Germany has high current account prices on average: it ranks as the 9th most expensive country in the EU. This is mainly due to high basic annual charges combined with high debit card charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Less than 30% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Germany is part of the group of countries where consumers have a preference for electronic transactions which reach 81% of the total.

The number of transactions per banked adult is in line with the EU average.

A 2008 Eurobarometer survey has revealed that, in Germany, 34% of consumers had difficulties comparing current account offers. Only 7% of consumers have switched their current account in the previous two years despite the fact that 90% of those who did reported finding a cheaper provider. Germany has the highest percentage of consumers who found a cheaper provider after switching.

GREECE

The price of a current account, for an average usage profile which reflects domestic preferences, is about €54 on average.

Based on all the eight consumer usage profiles, Greece has high current account prices on average: it ranks as 10th most expensive country in the EU. This is mainly due to high credit transfer charges.

The tariffs of current bank accounts are below average in terms of transparency and below average in terms of simplicity. Approximately 90% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Greece is part of the group of countries where consumers have a preference for manual transactions which reach 53% of the total.

The number of transactions per banked adult is the third lowest in the EU.

A 2008 Eurobarometer survey has revealed that, in Greece, 41% of consumers had difficulties comparing current account offers. Only 12% of consumers have switched their current account in the previous two years despite the fact that 55% of those who did reported finding a cheaper provider. Greece has one of the top three current account switching rates in Europe.

HUNGARY

The price of a current account, for an average usage profile which reflects domestic preferences, is about €76 on average.

Based on all the eight consumer usage profiles, Hungary has average current account prices and is in the 15th position in the EU. High debt card charges are part of the balance.

The tariffs of current bank accounts are below average in terms of transparency and below average in terms of simplicity. Approximately 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

Based on the usage of payments tools, countries were assigned to groups reflecting the preference for electronic versus manual operations. Hungary is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 41% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Hungary, 36% of consumers had difficulties comparing current account offers. Only 8% of consumers have switched their current account in the previous two years despite the fact that 79% of those who did reported finding a cheaper provider. Hungary has one of the highest percentages of consumers who found a cheaper provider after switching.

IRELAND

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€32~~ **€32** on average.

Based on all the eight consumer usage profiles, Ireland has average current account prices and is in the 16th position in the EU. This is mostly due to high account charges combined with low credit transfer charges.

The tariffs of current bank accounts are below average in terms of transparency but in line with the average in terms of simplicity. More than 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Ireland is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 30% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Ireland, 30% of consumers had difficulties comparing current account offers. Only 7% of consumers have switched their current account in the previous two years despite the fact that 71% of those who did reported finding a cheaper provider. Ireland has one of the highest percentages of consumers who found a cheaper provider after switching.

ITALY

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€253~~ **€253** on average.

Based on all the eight consumer usage profiles, Italy has the highest current account prices in the EU on average. This is due to all key charges being very high.

The tariffs of current bank accounts are below average in terms of transparency and they have the lowest scores in terms of simplicity. More than 90% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Italy is part of the group of countries where consumers have a preference for manual transactions which reach 64% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Italy, 42% of consumers had difficulties comparing current account offers, the second highest percentage in the EU. Only 10% of consumers have switched their current account in the previous two years despite the fact that 67% of those who did reported finding a cheaper provider.

LATVIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€115~~ **€115** on average.

Based on all the eight consumer usage profiles, Latvia has very high current account prices on average: it ranks as 3rd most expensive country in the EU. This is mostly due to high account and debit card charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 50% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Latvia is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 30% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Latvia, 18% of consumers had difficulties comparing current account offers, one of the lowest percentages in Europe. Only 7% of consumers have switched their current account in the previous two years despite the fact that 41% of those who did reported finding a cheaper provider.

LITHUANIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about €35 on average.

Based on all the eight consumer usage profiles, Lithuania has average current account prices and is in the 12th position in the EU.

The scores for the tariffs of current bank accounts are among the highest in terms of transparency and simplicity. Approximately 30% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

Based on the usage of payments tools, countries were assigned to groups reflecting the preference for electronic versus manual operations. Lithuania is part of the group of countries where consumers have a strong preference for electronic transactions which reach 87% of the total.

The number of transactions per banked adult is significantly below the EU average.

A 2008 Eurobarometer survey has revealed that, in Lithuania, 9% of consumers had difficulties comparing current account offers, the lowest percentage in Europe. Only 10% of consumers have switched their current account in the previous two years despite the fact that 31% of those who did reported finding a cheaper provider.

LUXEMBOURG

The price of a current account, for an average usage profile which reflects domestic preferences, is about €57 on average.

Based on all the eight consumer usage profiles, Luxembourg has low current account prices on average: is in the 20th position in the EU. This is mostly due to low account charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 60% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Luxembourg is part of the group of countries where consumers have a preference for electronic transactions which reach 80% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Luxembourg, 28% of consumers had difficulties comparing current account offers. Only 6% of consumers have switched their current account in the previous two years despite the fact that 44% of those who did reported finding a cheaper provider. Luxembourg has one of the lowest current account switching rates in Europe.

MALTA

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€72** on average.

Based on all the eight consumer usage profiles, Malta has low current account prices on average: is in the 23rd position in the EU. This is mainly due to low basic annual charges and credit transfer charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. All of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

Based on the usage of payments tools, countries were assigned to groups reflecting the preference for electronic versus manual operations. Malta is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 44% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Malta, 31% of consumers had difficulties comparing current account offers. Only 7% of consumers have switched their current account in the previous two years despite the fact that 24% of those who did reported finding a cheaper provider.

NETHERLANDS

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€46** on average.

Based on all the eight consumer usage profiles, the Netherlands has low current account prices on average: is in the 26th position in the EU. This is mostly due to very low account charges.

The scores for the tariffs of current bank accounts are among the highest in terms of transparency and simplicity. Approximately 50% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, the Netherlands is part of the group of countries where consumers have a strong preference for electronic transactions which reach 92% of the total.

The number of transactions per banked adult is above the EU average.

A 2008 Eurobarometer survey has revealed that, in the Netherlands, 28% of consumers had difficulties comparing current account offers. Only 5% of consumers have switched their current account in the previous two years despite the fact that 43% of those who did reported finding a cheaper provider. Netherlands has the lowest current account switching rates in Europe.

POLAND

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€73** on average.

Based on all the eight consumer usage profiles, Poland has average current account prices and is in the 19th position in the EU.

The tariffs of current bank accounts are below average in terms of transparency and below average in terms of simplicity. Approximately 80% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Poland is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 43% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Poland, 22% of consumers had difficulties comparing current account offers. Only 8% of consumers have switched their current account in the previous two years despite the fact that 64% of those who did reported finding a cheaper provider.

PORTUGAL

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€~~**45** on average.

Based on all the eight consumer usage profiles, Portugal has low current account prices on average: is in the 24th position in the EU. This is mainly due to very low account charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

Based on the usage of payments tools, countries were assigned to groups reflecting the preference for electronic versus manual operations. Portugal is part of the group of countries where consumers have a preference for electronic transactions which reach 83% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Portugal, 32% of consumers had difficulties comparing current account offers. Only 8% of consumers have switched their current account in the previous two years despite the fact that 64% of those who did reported finding a cheaper provider.

ROMANIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€~~**33** on average.

Based on all the eight consumer usage profiles, Romania has average current account prices and is in the 14th position in the EU.

The tariffs of current bank accounts are below average in terms of transparency but above average in terms of simplicity. More than 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Romania is part of the group of countries where consumers have a preference for manual transactions which reach 90% of the total.

The number of transactions per banked adult is the second lowest in the EU.

A 2008 Eurobarometer survey has revealed that, in Romania, 33% of consumers had difficulties comparing current account offers. Only 10% of consumers have switched their current account in the previous two years despite the fact that 33% of those who did reported finding a cheaper provider.

SLOVAKIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€74** on average.

Based on all the eight consumer usage profiles, Slovakia has average current account prices and is in the 11th position in the EU.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 60% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Slovakia is part of the group of countries where consumers have a preference for electronic transactions which reach 75% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Slovakia, 31% of consumers had difficulties comparing current account offers. Only 9% of consumers have switched their current account in the previous two years despite the fact that 49% of those who did reported finding a cheaper provider.

SLOVENIA

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€100** on average.

Based on all the eight consumer usage profiles, Slovenia has high current account prices on average: it ranks as the 8th most expensive country in the EU. This is mainly due to high basic annual charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

Based on the usage of payments tools, countries were assigned to groups reflecting the preference for electronic versus manual operations. Slovenia is part of the group of countries where manual transactions, although not higher than electronic transactions, reach 32% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Slovenia, 24% of consumers had difficulties comparing current account offers. Only 7% of consumers have switched their current account in the previous two years despite the fact that 51% of those who did reported finding a cheaper provider.

SPAIN

The price of a current account, for an average usage profile which reflects domestic preferences, is about **€178** on average.

Based on all the eight consumer usage profiles, Spain has very high current account prices: it is the second most expensive country in the EU. This is due to all key charges being very high.

The tariffs of current bank accounts are below average in terms of transparency and below average in terms of simplicity. More than 90% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Spain is part of the group of countries where consumers have a preference for electronic transactions which reach 75% of the total.

The number of transactions per banked adult is below the EU average.

A 2008 Eurobarometer survey has revealed that, in Spain, 27% of consumers had difficulties comparing current account offers. Only 15% of consumers have switched their current account in the previous two years despite the fact that 59% of those who did reported finding a cheaper provider. Spain has the highest current account switching rate in Europe.

SWEDEN

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€62~~ on average.

Based on all the eight consumer usage profiles, Sweden has average current account prices and is in the 18th position in the EU. This is mainly due to very low account charges combined with high debt card charges.

The tariffs of current bank accounts are above average in terms of transparency and simplicity. Approximately 70% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, Sweden is part of the group of countries where consumers have a preference for electronic transactions, which reach 85% of the total.

The number of transactions per banked adult is above the EU average.

A 2008 Eurobarometer survey has revealed that, in Sweden, 40% of consumers had difficulties comparing current account offers. Only 8% of consumers have switched their current account in the previous two years despite the fact that 53% of those who did reported finding a cheaper provider.

UNITED KINGDOM

The price of a current account, for an average usage profile which reflects domestic preferences, is about ~~€103~~ on average.

Based on all the eight consumer usage profiles, the United Kingdom has average current account prices and is in the 17th position in the EU. This is mostly due to most charges being very low combined with very high account charges.

The tariffs of current bank accounts are below average in terms of transparency but above average in terms of simplicity. More than 50% of the banks included in the study had to be contacted to provide further details or to clarify the information provided on their websites.

As regards the use of payments tools, the UK is part of the group of countries where consumers have a strong preference for electronic transactions which reach 88% of the total.

The number of transactions per banked adult is the third highest in the EU.

A 2008 Eurobarometer survey has revealed that, in the UK, 24% of consumers had difficulties comparing current account offers. Only 9% of consumers have switched their current account in the previous two years despite the fact that 44% of those who did reported finding a cheaper provider.

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ⁱ Keeping in mind that the official price lists are the only sources of price information for the present study.

ⁱⁱ The findings in points 1 and 2 are, by and large, in line with the European Commission's Retail Banking Sector Inquiry Interim Report II (released on 17 July 2006). The report's results on account usage and pricing were based primarily on a market survey of 234 banks. The findings confirm that charges on account management and selected payment transactions (only corresponding to fees on credit transfers, standing orders and direct debits) were extremely high in Italy (p.89). In Latvia, charges were also found to be high for the covered payment transactions, even though charges on cheques were excluded. The Commission's report does not consider charges on card transactions, which could explain why our findings for France are not echoed in the report. For Spain, the report finds that the account management fees are below the EU-27 averages, which may be taking into account the actual prices resulting from case-by-case negotiations between the banks and their customers.

ⁱⁱⁱ As remarked in Annex 7, basic annual charges comprise package and account maintenance fees while account charges include charges on opening/closing accounts, overdrafts, insufficient funds, OTC transactions, account movement, internet and phone banking as well as income from credit interest.

^{iv} The finding on Portugal runs somewhat counter to the results of the European Commission's Retail Banking Sector Inquiry Interim Report II. One reason could be the exclusion of a number of key transactions from the analysis provided in the report. It is also possible that the services have become cheaper since 2004, the year that the survey for the report was conducted.

^v Belgium and the Netherlands were also found to have low-cost current accounts in the European Commission's Retail Banking Sector Inquiry Interim Report II.

^{vi} These findings are in line with the European Commission's Retail Banking Sector Inquiry Interim Report II, which found that the estimated costs per payment transactions (which cover credit transfers as well as direct debits) are above the European averages in both countries, (pg. 89). Much like our study, the charges in Finland were found to be greater.