

DG HEALTH AND CONSUMER PROTECTION

PREPARING THE MONITORING OF THE IMPACT OF THE SINGLE EURO PAYMENT AREA (SEPA) ON CONSUMERS

Final Report submitted by the Consumer Policy Evaluation Consortium

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ACRONYMS USED

ATM:	Automated Transaction Machine
ECB:	European Central Bank
EPC:	European Payments Council
FIs:	Financial Institutions
OTC:	Over-The-Counter
POS:	Point-of-Sale
SEPA:	Single European Payments Area

AT	Austria
BE	Belgium
CY	Cyprus
DE	Germany
ES	Spain
FI	Finland
FR	France
GR	Greece
IE	Ireland
IT	Italy
LU	Luxemburg
MT	Malta
NL	The Netherlands
PT	Portugal
SE	Sweden
SI	Slovenia
UK	United Kingdom

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¹ Centre for European Policy Studies

1 EXECUTIVE SUMMARY

Context, objectives and scope

The Single Euro Payments Area or SEPA is an initiative of the European Payments Council (EPC), set up with the purpose to create a single domestic market for retail payments. In order to assess the impact of SEPA on customer prices, Directorate-General Health and Consumer Affairs (DG SANCO) requested the Consumer Policy Evaluation Consortium (CPEC) represented by Van Dijk Management Consultants to collect and analyse retail banking tariffs applied in 2007 by a representative sample of financial institutions (FIs).

The financial institutions surveyed were to be located in Euro countries, Sweden and the United Kingdom. The data collection was to take place before SEPA entered into force i.e. before end of January 2008, in order to monitor the impact of the SEPA payment tools on consumers by comparing these data with similar ones collected at a later stage. The focus was on the tariffs of credit transfers, direct debits, debit card transactions and credit card transactions, and related both to single payment services and to the package offers typically proposed by financial institutions.

The scope of this assignment is hereafter specified in terms of financial institutions (FIs), payment related services and prices covered:

- Hundred and six financial institutions from the 15 Euro countries, the United Kingdom and Sweden were selected. These 106 institutions are quantitatively and qualitatively representative since they represent on average 75% of the value of customer deposits and the selection took due account of the diversity of FIs, i.e. high streets banks, saving banks, cooperative banks and internet banks;
- The research focused on the average consumer and covered eight payment related services that might be directly or indirectly affected by the implementation of SEPA: packages, accounts, credit transfers, direct debits, debit cards, credit or delayed debit cards, ATM cash withdrawals and internet banking;
- The data collected were the official publicly accessible 2007 tariffs of the eight services mentioned above. They might thus differ from the prices effectively practiced by the financial institutions.

Main study findings

Overall, the study provided an updated and improved knowledge of the market of retail payment services in the 17 countries targeted. The detailed presentation of these services and of their tariffs might also greatly contribute to facilitate the next data collections. Once the next data will have been collected, it will be possible to compare tariffs before and after SEPA implementation.

Data collection

Most data regarding tariffs and services were collected in December 2007, some in January 2008 and some as a test in October 2007, at the stage of preparing the proposal for the present assignment. The processing and analysis are based on these tariffs.

- In terms of access to or availability of information on tariffs on the FIs' websites, the results were satisfactory for two thirds of the 106 FIs surveyed, since they grouped all information in one single web page or document. In terms of clarity of the tariffs and of their meaning, 31% of the FIs provided sufficient explanations but for 69%, contact with the relevant institutions was required to obtain further explanations.
- The data and information collected revealed an important diversity between countries concerning the tariff setting of packages and single transactions, the tariff levels and the payment services themselves. This reflects in particular the differences between countries in terms of payment habits and banks' and customers' behaviours.

Processing and analysis of data

With the eyes on the currently available statistics on payment behaviours, the study went as far as possible in the processing and analysis of the data collected, account being taken of the resources available and of the fact that this is only the first phase of the monitoring process. The analysis took fully into consideration that data on tariffs have two components that are intrinsically related, i.e. quantitative and qualitative information. Explanations and comments on what a specific tariff covers were always required to correctly understand the figures.

The results of the processing and analysis of data consist of country profiles of the 17 originally selected countries, charts summarising the tariffs ranges of the payment related services in the countries concerned and a reflection allowing better situating the present data collection in the necessary broader approach of the impacts of SEPA on consumers.

- Each country profile first describes the intensity of use of the different payment services in comparison to the average of the 17 countries covered. Thereafter, the different tariffs and conditions of each payment service in the relevant country are outlined;
- Ranges of tariffs per payment services are presented as charts; the creation of the charts required to simplify to some extent the real tariffs and to that end to make hypotheses, which are explained in the methodological observations formulated for each chart;
- A reflection on the impact of SEPA on consumers was also carried out as such , impact is the "raison d'être" of the present study.

This analysis provides already an added value both in terms of better knowledge of the market and as an information source. For the future and based on the present work, it could be possible to go some steps further: first, there will be a second data collection allowing comparison between tariffs before and after implementation of some SEPA tools.

It could also be possible to develop robust quantitative indicators allowing e.g. comparison of tariffs of a payment service across countries. This would however require the availability of fully customised statistics to characterise the retail payment habits, such as the amounts of retail credit transfers or the distribution of “on-us” versus “not-on-us” cash withdrawals. Such statistics would allow establishing behavioural hypotheses that are prerequisites to build robust and reliable tariff indicators per payment tool in a given country.

Methodological indications on how to analyse the impact of SEPA

While the comparison of tariffs is one of the most important criteria to analyse the impact of the introduction of SEPA payment tools among consumers, it is imperative not to draw fast and simplistic conclusions simply on the basis of comparing tariffs before and after the implementation of SEPA. First, there could be a general restructuring of tariffs following SEPA. As a result, limiting the exercise to comparing figures which have often rather different meanings without taking into account the possible development of the market might lead to false conclusions. Secondly, there could be other factors besides SEPA which impact tariffs, such as for example merchant charges for cards or more generally interchanges fees. In this second case, however, a role of SEPA could be also possible: for example, in the case of Direct Debits, the possible introduction of an interchange fee would be directly related to SEPA.

In order to assess the impact of SEPA on consumers it is necessary to consider several aspects together with the tariffs of payment related services. These aspects which usually differ from country to country are the payment habits, the degree of competition on the retail payment market, in particular in terms of the entry of new players on the market, the efficiency gains of the FIs that might or not be transmitted to consumers, and the interchange and merchant fees that might or not be transmitted directly to consumers. For instance, if these fees are not reflected in the price of payment services as such, they could be reflected as a usage price at the POS, or in the overall retail price. One has also to consider that the impact of SEPA might vary according to category of users and because of changing patterns in the usage of different payment services.

Therefore, monitoring tariffs is necessary but not sufficient to assess systematically the impact of the progressive implementation of SEPA. Though a systematic analysis should also consider other aspects, the data stemming from this research will represent in any case an important added value and will form a good base for further research.

Developing an electronic comparison tool

The other main output of the present assignment is an electronic tool, a data base, which allows the following:

- To search and view the data gathered, i.e. the tariffs and their explanations, in a standardised format by country, financial institution and payment service;
- To access the source documents (i.e. the tariffs as presented by the financial institutions on their web site) from which the tariffs were collected;
- To use the tool for the next collection of data on the tariffs of payment services.

The database is provided together with user guidelines for the administrator(s) of the tool and for its readers. It can be adapted to take into account changes regarding the countries, financial institutions and payment services considered.

Recommendations

Selection of financial institutions

For the selection of financial institutions for next data collection exercise, take due consideration of the possibly growing market shares of the new payment providers (in particular, the "payment institutions", regulated by the PSD), for which it might be difficult to find figures on their market shares that are comparable to those of FIs.

Future data collection

Continue to take fully account of the diversity of offers and tariff setting and be aware that the picture might have changed in a given country.

Make full use of the flexibility of the comparison tool by updating it with information on new payment services and payment services providers.

To the extent that resources are available, carry out monitoring every year, especially during the next four years (i.e. the SEPA transition period).

Processing and analysis of data

Keep track of new statistics on payment services.

When creating tariff ranges per payment tool, indicate even 'minor' details so as not to lead the reader to simplistic conclusions while the reality is diverse and complex.

Monitoring the impact of SEPA on consumers

Be cautious when interpreting evolutions of tariffs and attributing the origin to SEPA. Evolutions of tariffs can result from a variety of factors such as competition, cost increases, cross subsidising between payment services, etc.

To the extent that resources are available, monitor also other key parameters than tariffs, such as cost efficiency gains, service quality and volume, interchange fees and merchant fees, etc., as SEPA will also impact consumers in other ways than tariffs.

2 INTRODUCTION

2.1 Objectives and scope of the assignment

The purpose of this document is to report on the work performed and on the results obtained.

The Single Euro Payments Area or SEPA is an initiative of the European Banking Industry (represented by the European Payments Council) set up with the purpose of creating a single domestic market for retail payments, i.e. to make all electronic payments across the euro area – e.g. by credit card, debit card, credit transfer or direct debit – as easy as domestic payments within one country are now. The [Payment Services Directive](#) provides the necessary legal framework for payments in all EU countries; as a result, it complements at legal level, all over the EU, the innovations introduced by SEPA at technical level. All SEPA tools will be fully operative in the Eurozone countries; in addition, these tools will also be in use in the other Member States of the European Union, together with Iceland, Liechtenstein, Norway and Switzerland

SEPA could also help to improve all payments, whether they are domestic payments or cross-border payments between two euro area countries. All consumers could benefit from new rules ensuring transparent pricing and prompt transfer.

Banks have been able to make the first SEPA products available since 28 January 2008, and are aiming to make SEPA a reality for everyone by the end of 2010.

In order to assess the impact of SEPA on customer prices, DG SANCO requested the Consumer Policy Evaluation Consortium (CPEC) represented by Van Dijk Management Consultants to collect and analyse retail banking tariffs applied in 2007 by a representative sample of financial institutions (FIs).

This study focuses on payments in the euro zone (covering 13 Member States in 2007) by credit transfers, direct debits, debit cards and credit cards. It was, however, decided to also include the two countries that adopted the euro in January 2008, Malta and Cyprus, as well as Sweden and the United Kingdom, since they are important financial partners of the euro zone countries.

The objective of the present assignment was to collect data on the prices of payment-related services before the introduction of SEPA at the end of January 2008. These data will be a source of comparison with similar data collected at later stages, in order to measure and evaluate the impact of SEPA payment-related services on the prices paid by consumers. This does not ignore the fact that there are other elements than prices that will be affected by SEPA.

The scope of this assignment is hereafter specified in terms of financial institutions (FIs), payment related services and prices covered:

- A total of 106 financial institutions from the 15 Euro countries (including Malta and Cyprus) as well as the United Kingdom and Sweden were selected. These 106 institutions are quantitatively and qualitatively representative since they

represent, depending on country, between 52% and 95% of the value of customer deposits (with an average of 75%). The selection also took due account of the diversity of FIs, i.e. in terms of high streets banks, saving banks, cooperative banks and internet banks;

- The research covers eight payment-related services that may be directly or indirectly affected by the implementation of SEPA, i.e. packages, accounts, credit transfers, direct debits, debit cards, credit or delayed debit cards, ATM cash withdrawals and internet banking. The data collection was also characterised as follows:
 - Focus on the average consumer, which excludes promotional and non-official offers, fully distant/internet-banking accounts and offers to specific age or professional categories;
 - Tariffs addressing national residents;
 - Tariffs expressed either on a specific time basis (e.g. annually, quarterly, monthly, etc.), or on a per transaction basis;
 - Tariffs collected (preferably) on FIs websites;
 - Transactions over the counter only considered in countries where they represent an important practice;
 - Tariffs collected for current accounts, as this is a condition for accessing most payment related services;
 - In Cyprus, Malta, Sweden and the United Kingdom, in which Euro is not (or was not until December 2007) the local currency, and therefore different pricing of domestic (normally expressed in currencies other than the euro) and cross-border payments is or was applied, the collection of the 2007 tariffs concerned domestic payments only, in national currency.
- The data collected were the official publicly accessible 2007 tariffs of the eight services mentioned above. They might thus differ from the prices effectively practised by the financial institutions.

2.2 Tasks undertaken

In the course of the assignment, the following tasks were executed:

- Data collection on tariffs of payment related services;
- Exploratory interviews;
- Documentary review;
- Development and testing of the comparison tool;
- Analysis of the data collected;
- Reporting.

The work undertaken under each of these tasks is further elaborated in Section 3.

2.3 Structure of the report

The present Final Report is structured as follows:

- Executive summary (Section 1)
- Introduction (Section 2)
- Summary of the work performed (Section 3)
- Analysis of the data collected (Section 4)
- Conclusions and recommendations (Section 5)

Supporting information is provided in the following annexes:

- Annex 1 – Task specifications
- Annex 2 – Glossary
- Annex 3 – Financial Institutions surveyed
- Annex 4 – Guidelines used for data collection
- Annex 5 – Documents reviewed

3 SUMMARY OF THE WORK PERFORMED

3.1 Data collection on tariffs of payment related services

The first step of the data collection was the selection of the FIs in the 17 countries concerned. The objective of this selection was to obtain a representative sample of FIs offering payment related services, from a quantitative as well as qualitative point of view. This meant that the institutions selected had to represent a significant part of the market as well as the diversity of institutions' categories. The details of this selection are presented in Annex 3.

The second step was the development of data collection guidelines that ensured homogeneous searches across countries and FIs. It soon became clear that it was important to consider additional payment-related services to those originally targeted, i.e. packages, credit transfers, direct debits, debit cards and credit or delayed debit cards. Indeed, the relative prices of the payment services could change and a broader monitoring was therefore appropriate. The additional services considered were therefore the current accounts – with transaction fees where relevant, ATM cash withdrawals and internet banking. The data collection guidelines that were used are detailed in Annex 4.

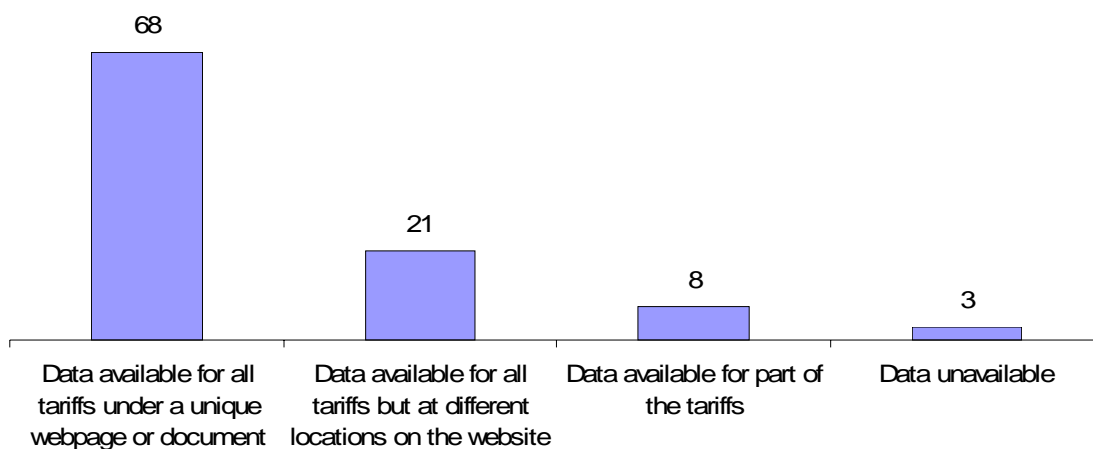
Once the selection was completed and the guidelines ready, the collection of tariffs of the payment related services began.

3.1.1 Data collection

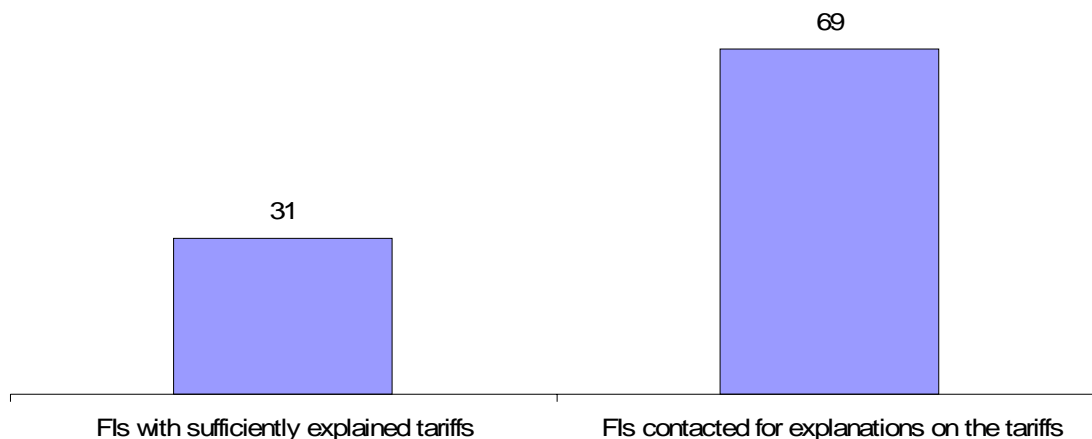
Some data were collected as a test in October 2007, at the stage of preparing the proposal to DG SANCO's request for the present assignment. Most data were, however, collected in December 2007 and some in January 2008. Most data were found on the websites of the FIs. However, in some cases it was necessary to call the FIs directly or require further information from agencies.

As shown by the graphs below, in terms of availability of tariffs on the FIs' websites, the results were satisfactory for two thirds of the FIs since they showed their tariffs on one single web page or document. However, in terms of clarity of the tariffs and of their meaning, sufficient explanations were only provided for 31% of the FIs, for 69% contacts with the relevant institutions were required to get further explanations.

Graph 1: Availability of tariffs on the FIs' website (in % of 106 FIs)



Graph 2: Clarity of tariffs (in % of 106 FIs)



Insufficient clarity of information on payment related services refers to one or several of the following situations:

- Tariffs: no mentioning of the free of charge character of services, ambiguity of the applied tariff (e.g. ranges or negotiable tariffs), incomplete or insufficiently detailed tariffs, different tariffs for the same payment related service;
- Description of the payment related services: insufficient coherence of wording used across the website, choice of wording not favouring understanding by the broadest public, confusing presentation and poor readability of information (i.e. page structure), ambiguity of information (room left for interpretation, e.g. contradictory footnotes).

In those situations, it is not so easy for the consumer to find out the final price they will pay for the payment related services they need. The clearer and more user-friendly the information, the better the customer will be allowed to compare tariffs of different FIs, and consequently, the more mobile he will potentially become.

3.1.2 Quality control

Quality control was carried out nearly in parallel – with a small time lag – to the collection of data due to the tight time constraints. The tariffs had to be collected by preference before 1 January 2008 in order to ensure the collection of the 2007 tariffs, and certainly before the official launch of SEPA (28 January 2008). The quality control was undertaken for the individual institutions to ensure that:

- All information required was collected, considering the country's payment habits;
- The right information was collected: list of tariffs of relevant accounts, packages, cards, etc.

The control identified that less than 5% of data needed to be corrected with regard to the choice of payment services and the completeness and correctness of data. The required corrections were carried out.

3.2 Exploratory interviews

The exploratory interviews aimed at providing an adequate view on the context of this exercise, on the possible impacts of the implementation of SEPA and on the expectations on the comparison tool.

The table below provides an overview of the stakeholders interviewed. These interviewees correspond to the group of stakeholders initially targeted, except for one organisation initially included, which had to be replaced by another due to absence of a relevant person².

Table 1: Interviewees

Date	Organisation	People
17 12 2007	EC DG SANCO	F. Gaetano
04 01 2008	EC DG COMP	J. Allix, D. Forest
09 01 2008	Test-achats	H. Thibaut, A-L. Evrard
15 01 2008	EC DG MARKT	Z. Kalivodova
17 01 2008	EPC	G. Hartsink
23 01 2008	ECB	ECB officials

² BEUC was replaced by the Belgian consumer organisation Test-Achats due to the temporary absence at BEUC of a responsible for financial retail markets, at the time the interviews had to take place.

3.2.1 *Impact of SEPA on consumers*

Interviewees confirmed that, for the time being, there are no sufficient data and information to know what the final effects of SEPA will be. Currently, the most plausible expected effects are the “europeanisation” of infrastructures, knock-on effects on retailers due to changing clearing systems, and the possible entry of new payment operators. The information collected in the present assignment is a first step in the assessment of the impact of SEPA on consumers. It will be completed by another collection of tariffs that will allow comparing tariffs before and after the implementation of SEPA. Furthermore, the analysis will take due account that, besides SEPA, there are obviously other factors which have an impact on tariffs, such as for example variations in card rules (e.g. the impact of the Commission decision on multilateral interchange fees).

Consumer organisations seem to share a number of concerns related to SEPA and a fear that the SEPA compliant products may produce an increase in prices for the common products used daily, whilst less importance is given to the newly introduced facilities as such.

These shared concerns relate to:

- A certain lack of clearness and communication of FIs about SEPA;
- The sector self regulatory approach;
- The lack of consultation with the consumer organisations.

There are, however, different positions of these organisations due to:

- Differentiated national payment markets;
- Different levels of internal expertise and means concerning financial services;
- Different positions related to the issue of applying surcharge fees.

3.2.2 *Expectations about the comparison tool*

Regarding what the tool should provide, the expectations expressed by the interviewees can be summarised as follows:

- The tool should consist of a knowledge base on the tariffs and their evolutions, with a sufficient degree of reliability, i.e. data that reflect sufficiently the market to allow for future analysis and comparison. The tool should clearly distinguish between the basic data, the data resulting from specific treatments (e.g. tariff ranges) and the reasoning (hypothesis, criteria) behind any treatment;
- Including the large players in each domestic market in the selection of FIs guarantees capturing most of the retail payment market. Adding some smaller but qualitatively representative players would improve the market coverage and take due account of new players;
- It is recognised that that there is homogeneity in each country in terms of the payment habits between clients of different FIs. It is also recognised that there

are no other statistics on payment habits other than those of the ECB³ and that these statistics do not cover all aspects of these habits⁴;

- In the present situation of limited statistics on payment habits, it is advisable not to elaborate sophisticated quantitative indicators which would necessarily be based on insufficiently grounded hypotheses. Even the use of profiles should be done cautiously, as hypotheses have to be made to set up these profiles;
- It is also probable that the product ranges offered (packages and individual payment services) will have changed between the end of 2007 and 2009 or 2010, when the next data collection may take place. It is therefore suggested that the tool presents data that remain as close as possible to the tariffs as they appear in the public documents of the FIs.

3.3 Desk review

The documentary review provided background information supporting and/or validating the study in terms of definitions (financial institutions, packages, etc.), financial institutions to be selected, data to be collected, similar exercises being or having been carried out, understanding and interpretation of the tariffs published and conceptual design of the tool. The full list of references used in this study is presented in Annex 5.

3.4 Electronic tool developed and tests

The electronic tool had to respond to three needs:

- A repository containing all source data, i.e. all documents published by the FIs and presenting their tariffs and a few additional information collected by email;
- A database containing data sheets describing every payment related service;
- An interface allowing managing information including future similar data collections, as well as searches according to different criteria such as country and/or payment instrument and/or financial institution.

The functional and technical specifications of the tool were drawn in line with the guidelines defined in the Preliminary Report. The technical development started in February and finished in March 2008. All data collected and source documents were integrated in the data base in March.

The tool was tested on the following criteria:

- Functional working regarding the following functions: storage of source documents and access to them, input of future tariffs (e.g. 2010), consultation of 2007 tariffs according to selection criteria, export of data and printing of data;
- Presentation of information selected;
- Accuracy of information.

The tests were carried out in April 2008 by the van Dijk team, by representatives of the Commission (DG SANCO, DG COMP) and by three members of the FIN-USE SEPA

³ ECB Blue Book Addendum that includes statistics on transactions per type of payment instrument. .

⁴ These statistics were not designed to analyse retail payment habits.

sub-group⁵. Each tester was invited to complete a short questionnaire. For the tests, the application was installed on the tester's computer. The results of the tests were analysed by the van Dijk's team and fed into an upgraded release of the tool, still consistent with the original specifications.

3.5 Analysis

Synthesis and comparative analysis started on a sample of nine countries – France, Germany, Greece, Ireland, Italy, the Netherlands, Spain, Sweden and the UK. This allowed developing and refining an analytical framework that was presented in the Interim report. Further the analysis was extended to the other countries and finalised.

In the course of the study, a reflection was also developed on the meaning of the impacts of SEPA: the results of this reflection are fully part of this analysis.

The results of the analysis are presented in section 4 hereafter.

3.6 Conclusions and recommendations

The conclusions and recommendations address both the process of collecting tariffs and the analysis carried out on the tariffs collected.

⁵ Following a contact with FIN-USE and a presentation of the study at a FIN-USE meeting on 12 March 2008.

4 ANALYSIS OF THE DATA COLLECTED

4.1 Analytical framework

The output of the analysis consists of **country profiles** of the 17 originally selected countries, **charts** summarising the tariffs ranges of the payment related services in the countries concerned and a **reflection** allowing better situating the present data collection in the necessary broader approach of the impacts of SEPA on consumers.

Each country profile includes two parts, as outlined in the table below. It is based on a thorough analysis of the FIs' tariffs and the identification of the main similarities between them.

Table 2: Country profiles

Parts	Scope	Comments	Sources
1. Payment habits	<p>Intensity of the use of the different payment related services and relative importance (volumes) of:</p> <ul style="list-style-type: none"> - Credit transfers, electronic and paper-based; - Direct debits; - Cash withdrawals, at ATMs; - Debit card payments; - Credit card or delayed debit card payments. <p>Comparison between each country and the weighted average figures of the 17 countries covered in this study.</p>	Quantitative and qualitative information (figures and comments)	ECB Blue Book (2006 data)
2. Products and tariffs	<p>The profiling of the products and tariffs addresses the following aspects:</p> <p>The general profile of the country: relative importance of the packages vis-à-vis other payment services offered.</p> <p>The pricing and product specifications for:</p> <ul style="list-style-type: none"> - Packages; - Accounts; - Credit transfers; - Direct debits; - Debit card payments; - Credit or delayed debit card payments; - Cash withdrawals (at ATMs); - Internet banking; - Transactions fees. 	Qualitative information except for price ranges: quantitative data with comments	Own data base

Considered together, the country profiles reflect the diversity and complexity of tariff setting.

Based on the above data, charts have been developed which present the tariffs ranges for the eight payment related services and for transaction fees. The charts are explained in order to avoid any misinterpretation of the figures. These charts simplify to some extent the real tariffs; this is due to the need to make hypotheses that are explained in the methodological observations formulated for each chart. For these reasons, we recommend a cautious approach for any further processing of the data provided in this report.

To conclude the analysis, we present our reflections on and understanding of the impact of SEPA on consumers, in particular regarding the tariffs of the payment related services.

4.2 Country profiles

Methodological observations

In a first section, payment habits of each country are compared to an average of the 17 countries analysed in this study. This highlights not only the relative intensity of usage of the various payment related services in each country, but also the differences in usage between a country and the others. Adding Sweden and United Kingdom in the average does not change the general picture compared to the average of the Euro zone countries.

Data for the year 2006 were extracted from the Blue Book⁶.

A first graph compares average usage per capita of the five payment related services, i.e. credit transfers, direct debits, cash withdrawals (at ATMs), debit cards, and credit cards, considered together. A second graph presents the relative importance of the services. The total of 100% covers only the mentioned payment-related services, i.e. cheques, e-money and OTC cash withdrawals are not taken into account. A third graph combines the information of the first two graphs into a 'radar' perspective.

Cheques were not included in the graphs as they are not within the scope of this study. However, they still remain important in a number of countries. Including them in the graphs would have increased the total number of transactions in Cyprus by 48%, in France by 31%, in Ireland by 18%, in Italy by 16%, in Malta by 61%, in Portugal by 13%, and in the United Kingdom by 11%.

Data on cash withdrawals concern only withdrawals through ATMs, for consistency reasons:

- Data on OTC cash withdrawals is available for 7 countries only.
- It has been decided to include ATM cash withdrawals in the scope of this study because this is a major function available on debit cards. Also, OTC withdrawals are not dependent on the possession of a debit card, and were therefore not considered.

⁶ European Central Bank, *Blue Book – Payment and Securities Settlement Systems in the European Union*, Statistical Data Warehouse, 2006 data, <http://sdw.ecb.europa.eu/reports.do?node=100000760>

This restriction has an important impact on the figures of three countries, namely Cyprus, Greece and Italy, where OTC cash withdrawals still have a great importance. Including those withdrawals would increase the total number of transactions in Cyprus by 11%, in Greece by 22% in Italy by 20%. Therefore, the presented figures for ATM cash withdrawals underestimate the real importance of cash withdrawals in these three countries; the share of cash withdrawals would be 25% in Cyprus, 66% in Greece and 28% in Italy.

Main tariff setting characteristics and ranges are developed in a second section. Information was classified along eight payment related services: packages, accounts, credit transfers, direct debits, debit cards, delayed debit or credit cards, ATM cash withdrawals, and internet banking. Information was also provided on transaction fees.

Price ranges given are either on an annual, or on a transaction basis. They were collected all-taxes included, as to reflect prices faced by customers. Under the 6th VAT Directive⁷, Article 13 b, most financial services are exempted from VAT, and in particular no VAT is applied on accounts and payment related services. However, some countries do apply stamp duties on some payment related services:

- In Italy, a stamp duty (“Imposta di Bollo”), amounting to 34.2 € annually, is applicable to accounts. It is also possible to pay this fee at other frequencies (monthly, quarterly or half yearly).
- In Malta, there is an annual government levy of 7 Lm (16.31 €) per credit card account.
- In Ireland, an annual stamp duty of 20 € applies to debit cards, and of 40 € to credit and charge cards. Concerning the government fee on debit cards, the distinction can be made between two fees: the 10 € fee for the POS payment function and 10 € for the ATM cash withdrawal function.
- In Portugal, a stamp duty (“Imposto do Selo”) of 4% is applicable to the fees for accounts, packages, payment related services and payment transactions. A stamp duty of 0.04% is also applied to credits, i.e. on the average monthly used credit available on the credit card, calculated as the sum of daily debt divided by 30.

Direct debits have to be considered with particular care, due to the complex interactions between the introduction of the new European direct debit tools, including the possible introduction of a multilateral interchange fee, the possible widening of the scope of Regulation 2560/2001 to cover direct debits, and the non-deterioration principle established by the ECOFIN Council of 22 January 2008⁸ as a general rule for the new SEPA tools. These interactions might affect the prices of new payment related services.

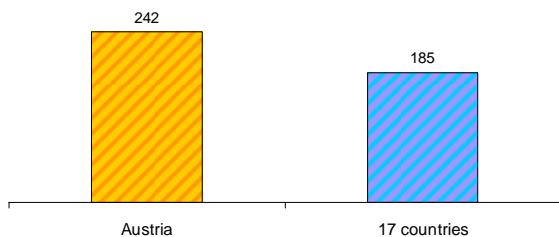
⁷ 77/388/EC, Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis of assessment.

⁸ *Link to ECOFIN Council Conclusions:*
http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/98276.pdf, page 14

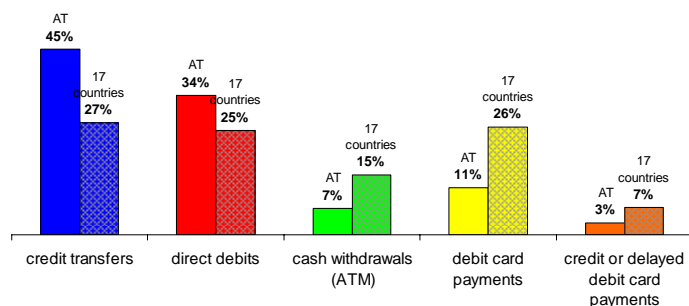
AUSTRIA

Payment habits

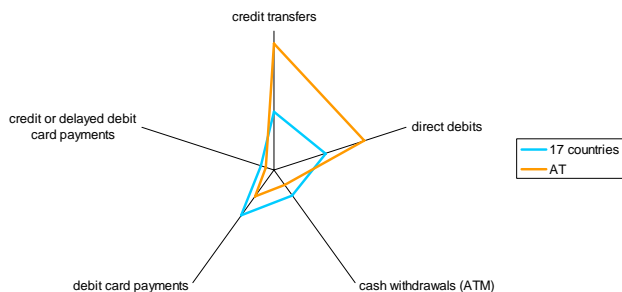
Graph 3: AT - annual number of payment transactions per capita



Graph 4: AT - relative importance of payment related services (in % of number of transactions)



Graph 5: AT - payment habits relative to the 17 countries average (in number of transactions)



- Credit transfers and direct debits are very popular in Austria.
- Cards are used in a lesser extent compared to the average of the 17 countries.

Products and tariffs

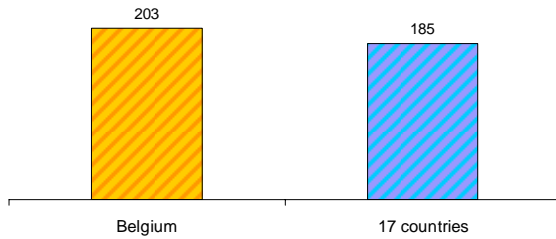
In Austria, eight FIs were selected, representing 74.9% of the market in terms of customer deposits.

Table 3: AT - country profile

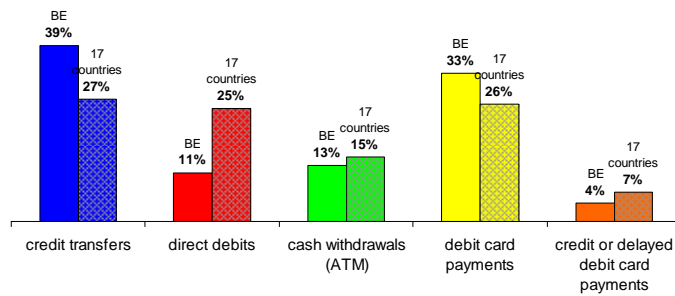
General	Six FIs offer both single accounts and packages, while two FIs solely offer packages.
Packages composition	Packages usually include a debit card and all transaction fees. Some packages also include a credit card and insurance services, as well as closing fees of standing orders and direct debits.
Packages fees	Annual fees vary from 50.9€ to 64€ for a package with transaction fees and a debit card. If the package also includes a credit card and in one FI also insurance services, fees will vary from 68.5€ to 108€. One FI also offers a package with all transaction fees included for 34€. Three FIs charge a fee for closing the account between 9.5€ and 13.55€.
Accounts	Annual fees for accounts vary from 19.84€ to 24€. One FI offers a single account free of charge. Three FIs charge a fee for closing the account (between 9.5€ and 13.55€).
Credit transfers	Usually free of charge. One FI asks for a fee of 0.5€ per credit transfer and 0.1€ per standing order transaction, except through internet banking. Closing a standing order usually costs between 1.55€ and 3€, with one FI asking a lower fee of 0.21€.
Direct debits	Usually free of charge. One FI asks for a fee of 0.4€ for a one-off direct debit. Three FIs ask for a closing fee between 2€ and 2.34€.
Debit cards	Debit cards are included in all but one package. In three FIs, it is not possible to purchase a debit card outside of a package. In the others, a card costs between 19.5€ and 22€.
Credit and delayed debit cards	A credit card costs between 14.5€ and 27.25€, with most costing 18.17€. Some FIs only offer Visa credit cards with travel insurance. In this case, the price amounts to 54.5€.
Cash withdrawals	Free of charge, with the exception of one FI where each cash withdrawal is charged 0.15€, while a number of cash withdrawals are included in the package. The FI charging cash withdrawals does not charge transaction fees.
Internet banking	Free of charge.
Transaction fees	Transaction fees are between 0.08€ and 0.52€. One FI does not ask for transaction fees, while two FIs have no or lower fees for transactions initiated through internet services, and five FIs include these in some or all of their packages. Five FIs offer between 24 and 120 transactions free of charge annually.

BELGIUM

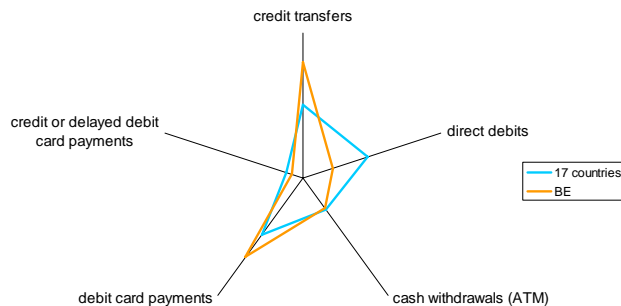
Graph 6: BE - annual number of payment transactions per capita



Graph 7: BE - relative importance of payment related services (in % of number of transactions)



Graph 8: BE - payment habits relative to the 17 countries average (in number of transactions)



- Credit transfers and debit cards are frequently used in Belgium.
- Direct debits are less popular than in other countries.

Products and tariffs

Four FIs were selected in Belgium, accounting for 90% of the market in terms of customer deposits.

Table 4: BE - country profile

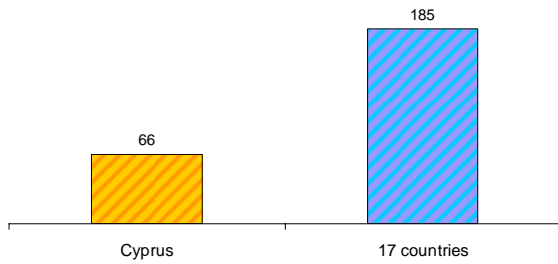
General	All FIs offer single accounts, and one or several packages.
Packages composition	Packages include electronic credit transfers, direct debits, a debit card (with or without maestro function), internet and phone banking, and sometimes a credit card. Insurance cover of the account and payment related services can also be included.
Packages fees	A package without credit card costs between 20€ and 28€. With a credit card included, a package costs between 35€ and 78.6€. One FI offers an electronic account free of charge.
Accounts	There are two types of accounts: basic accounts, offered by three FIs, or accounts including also some OTC and paper-based transactions and withdrawals from other FIs ATMs, also offered by three FIs. Tariffs for the former range from 6.2€ to 10€, and for the latter from 9.97€ to 14.5€.
Credit transfers	Free of charge.
Direct debits	Free of charge.
Debit cards	Prices for debit cards vary depending on the available functions on the cards. A debit card with only national payment and withdrawal function ⁹ costs between 6€ and 9.5€. To add the international maestro function, an additional price between 7€ and 9.9€ will be charged ¹⁰ . The total cost for a debit card with international payment and cash withdrawal functions varies between 15€ and 18.7€.
Credit and delayed debit cards	Credit cards are charged between 19.83€ and 25€.
Cash withdrawals	In three FIs, fees for cash withdrawals are included in packages. For cash withdrawals not included in packages: <ul style="list-style-type: none"> ▪ Cash withdrawals from own FI are generally free of charge. One FI asks for a fee of 0.06€ per cash withdrawal, with 24 cash withdrawal transactions free of charge. ▪ ATM cash withdrawals from other FI are charged between 0.05€ and 0.1€ per transaction.
Internet banking	Usually, internet banking is free of charge. One FI asks for an annual fee of 15€ and a registration fee of 15€ (only for access through different computers).
Transaction fees	There are usually no transaction fees. One FI offers a package with transaction refunds on electronic transactions. These amount to 0.04€ per transaction, 0.07€ per online transaction, with a maximum refund of 1.75€ per quarter.

⁹ Bancontact/Mistercash function.

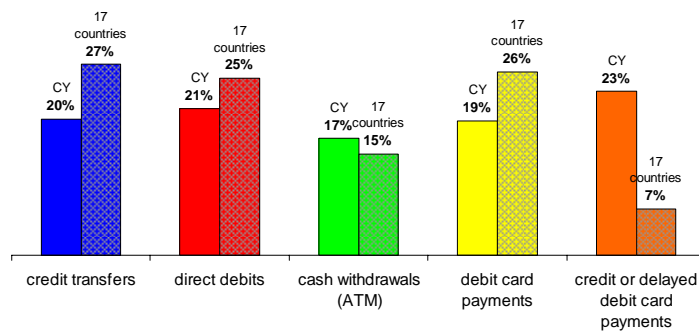
¹⁰ Maestro function is not available without the national payment and withdrawal function.

CYPRUS

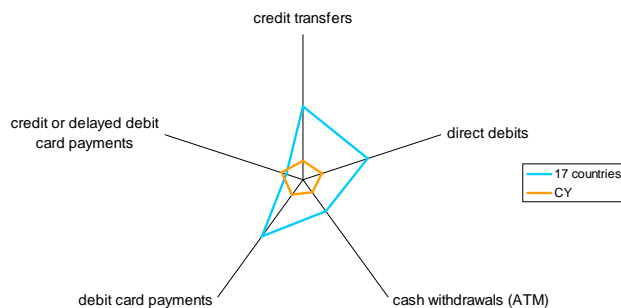
Graph 9: CY - annual number of payment transactions per capita



Graph 10: CY - relative importance of payment related services (in % of number of transactions)



Graph 11: CY - payment habits relative to the 17 countries average (in number of transactions)



- The usage of electronic payment related services is not much widespread compared to the average of the 17 countries.
- Credit card payments are however more popular.

Products and tariffs

Two FIs were selected in Cyprus, with a market share of 76.1% in terms of customer deposits.

Exchange rate: 1 CYP = 1.71€¹¹

Table 5: CY - country profile

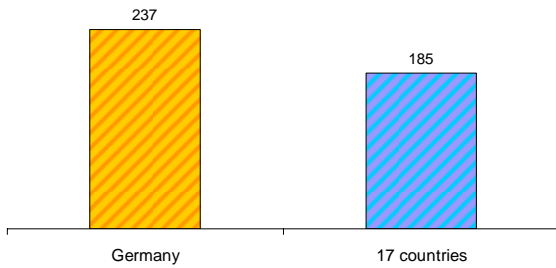
General	Both FIs offer only a single account, i.e. no package is offered.
Accounts	Free of charge.
Credit transfers	<ul style="list-style-type: none"> ▪ Credit transfers towards an account in the same FI are free of charge, however, one FI asks for a fee of 0.1% on the amount transferred, minimum 1 CYP (1.71€) when the amount transferred exceeds 500 CYP (855€). ▪ Credit transfers towards an account held in another FI is charged 0.15% on the amount transferred, with a minimum of 3 CYP (5.13€) and a maximum of 6 CYP (10.26€). When initiated through internet services, 0.5 CYP (0.86€) is charged per credit transfer. ▪ Standing orders can be charged up to 3 CYP (5.13€), while one FI asks additionally for a setup fee of 4 CYP (6.84€) when the order is setup OTC.
Direct debits	Free of charge but one FI asks for a fee of 4 CYP (6.84€) for setup of direct debit order.
Debit cards	Free of charge.
Credit and delayed debit cards	Free of charge.
Cash withdrawals	ATM cash withdrawals are free of charge at the own FI, and are charged 1 CYP (1.71€) at other FIs. In one FI, a charge is asked for OTC cash withdrawals, of 0.15% on the amount withdrawn, with a minimum of 0.25 CYP (0.43€), with monthly 10 OTC cash withdrawals free of charge included in the account.
Internet banking	Free of charge. One FI asks for a registration fee of 5 CYP (8.55€).
Transaction fees	Transaction fees amount to minimum 12 CYP (20.52€) per year. One FI asks for 0.05 CYP (0.09€) per transaction, with a minimum of 1 CYP (1.71€) per month. The other FI charges between 1.5 CYP (2.57€) and 3 CYP (5.13€) monthly, depending on the number of pages of the transactions statements.

¹¹ Based on the exchange rate extracted from the ECB database of December 2007: 1€ = 0.5842 CYP. Exchange rate is fixed since 14 July 2007.

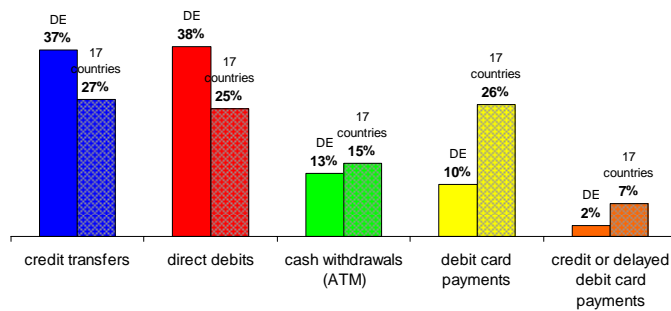
GERMANY

Payment habits

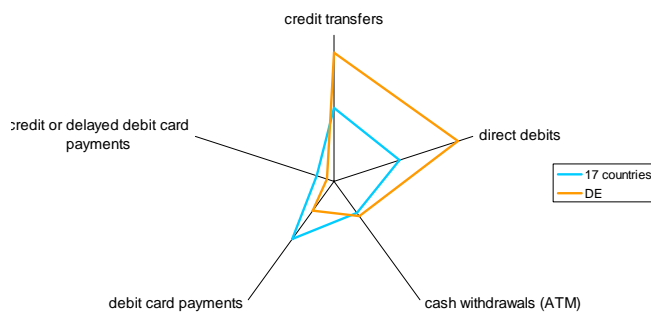
Graph 12: DE - annual number of payment transactions per capita



Graph 13: DE - relative importance of payment related services (in % of number of transactions)



Graph 14: DE - payment habits relative to the 17 countries average (in number of transactions)



- Payment related services are widely used in Germany with an annual average per capita 28% above the average of the 17 countries.
- Credit transfers are important payment related services in Germany, with an average per capita nearly twice as high as the 17 countries average.
- With regard to the usage of direct debits and debit cards in Germany, it should be noted that POS payments are often done using the so-called “Elektronisches Lastschriftverfahren”(ELV) which is a form of domestic direct debit. This needs to be taken into consideration when analysing the Blue Book figures¹² for Germany, as figures on direct debit usage include also this type of transactions.
- Credit cards are used to a lesser extent.

Products and tariffs

Our selection in Germany includes 13 FIs accounting for 52% of all customer deposits.

Table 6: DE - country profile

General	Ten FIs offer only packages, two FIs offer only a single account, while one FI offers both.
Packages composition	Packages usually include all transactions, a debit card and internet banking. Sometimes, a second debit card, a credit card, or OTC transactions are also included.
Packages fees	<ul style="list-style-type: none"> ▪ The most common packages including a debit card, transactions and internet banking are free in six FIs, under the condition of a minimum monthly income between 650€ and 1,500€. Otherwise, prices vary from 33€ to 90€. ▪ More restricted packages including internet banking and either a debit card or transactions have an annual cost varying from 24€ to 72€. ▪ More extended packages including either a credit card or OTC services additionally to the standard content, are priced between 72€ and 119€.
Accounts	Only four FIs offer single accounts, with prices varying from 0 to 99.6€ yearly.
Credit transfers	Free of charge.
Direct debits	Free of charge, except in one FI where it is charged 0.10€ per transaction.
Debit cards	Usually included in packages. When this is not the case, edition fees vary from 10€ to 20€, and annual usage fees from 5€ to 17.5€.
Credit and delayed debit cards	Credit cards are not commonly offered in packages and are priced around 20€ yearly, though in an interval from 0€ to 30€. Two FIs offer discounts depending on the usage of the card, with lower fees for a

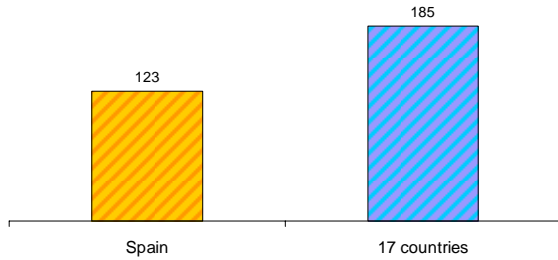
¹² ECB Blue Book Addendum

	higher usage frequency.
Cash withdrawals	Cash withdrawals at the own FI or from network's ATMs to which the FI belongs are generally free. Cash withdrawals from other FIs' ATMs are usually priced 1% on the withdrawn amount with a minimum between 2.05€ and 7.5€. Three FIs ask for a fixed fee between 1.02€ and 5€, depending on the FI to which the ATM belongs.
Internet banking	Access and usage of internet banking is usually free of charge. One FI asks for an issuance/subscription fee of 20€.
Transaction fees	Transaction fees are usually not applied, though there are some exceptions. Four FIs apply transaction fees up to 0.55€ per transaction on either an account or a package.

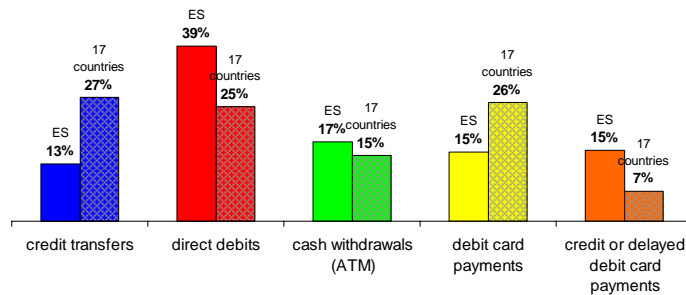
SPAIN

Payment habits

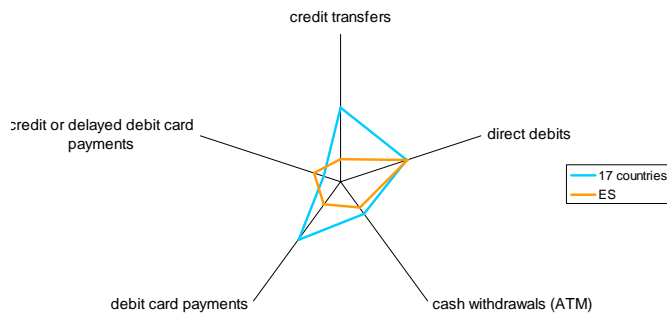
Graph 15: ES - annual number of payment transactions per capita



Graph 16: ES - relative importance of payment related services (in % of number of transactions)



Graph 17: ES - payment habits relative to the 17 countries average (in number of transactions)



- Usage of payment related services in Spain is below the average of the 17 countries.
- Credit transfers are less commonly used in Spain, while direct debits have a major importance, exceeding the 17 countries average in relative importance.
- Usage of debit cards is less important, in particular regarding POS payments.
- Credit cards are more frequently used than in the other countries.

Products and tariffs

This analysis is based on the tariffs of 10 FIs, accounting for a market share of 61.5% in terms of customer deposits.

Table 7: ES - country profile

General	All FIs offer a single account. Seven FIs also offer one or more packages.
Packages composition	Packages usually include transaction fees, as well as some credit transfers, direct debits and/or cash withdrawals from other FIs' ATMs. Most packages also include at least one card, either debit card or credit card, often both. Packages very often also include services out of the scope of SEPA, such as account enquiries through ATMs or mobile phone, and cheques.
Packages fees	<ul style="list-style-type: none"> ▪ A package without any card is priced between 36€ and 60€. ▪ If either a debit or a credit card is included, the price is between 36€ and 60€, however, one FI offers it free of charge. ▪ If both a debit and credit card are included, the package will usually cost between 72€ and 84€. However, one FI offers such package for 24€, while another one for 360€.
Accounts	Single accounts are charged an annual fee between 22€ and 47€.
Credit transfers	<p>Prices for credit transfers are expressed in percentages on the transferred amount with a minimum fee, and for two FIs with also a maximum fee.</p> <ul style="list-style-type: none"> ▪ Credit transfers towards accounts held at the same FI are priced between 0.025% and 0.3% with a minimum between 0.62€ and 3€. ▪ Credit transfers towards accounts at other FIs are more expensive for all FIs and cost between 0.05% and 0.4%, with a minimum between 0.8€ and 4.5€. Credit transfers are priced up to 40€ for a transferred amount up to 10,000€. ▪ Credit transfers might vary according to the channel used. If initiated through internet banking, they are cheaper in two FIs and remain identical in the others. Three FIs have higher charges for OTC credit transfers. ▪ For most FIs tariffs of standing orders are identical to those of credit transfers. In two FIs the fee is lower, while one FI asks for an additional charge of 1€ per transfer.

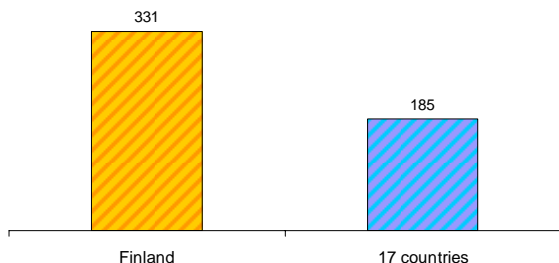
Direct debits	Direct debits are mostly free of charge. One FI asks for a fee of 0.36€ per transaction and one FI charges OTC direct debits 0.4% on the amount transferred. In one FI, there is a set-up cost of 6€.
Debit cards	Debit cards are usually not included in packages and generally cost between 12€ and 18€. In one FI, the price of a debit card is lower as it costs 8€.
Credit and delayed debit cards	Fees for credit cards range from 20€ to 37€ annually.
Cash withdrawals	Cash withdrawals at the own FI are free of charge. If cash is withdrawn from the network in which the FI is a member, e.g. 4B, Euro 6000 ¹³ , or from some ATMs not situated on the premises of a branch of the FI, this is charged 0.5€ or 0.6€. Cash withdrawals from ServiRed ¹⁴ ATMs, when the FI is part of the network, are usually charged 1% of the amount withdrawn with a minimum between 0.6€ and 1€. In other cases, cash withdrawals from other ATMs are charged between 3% and 4.5% of the amount withdrawn with a minimum between 2.4€ and 4.5€.
Internet banking	Internet services are free of charge in five FIs. In the other FIs, usage fees vary from 24€ to 361€, this last figure (valid for one bank only) being exceptionally high. Three FIs also charge an issuance/subscription fee between 10€ and 60€.
Transaction fees	Transaction fees are applied in most cases on single accounts only, except for two FIs where it also applies to one package in each FI. These fees vary from 0.18€ to 0.5€ per transaction.

¹³ FIs which are member of the 4B network are Banco Santander, Banco Popular, Banesto, Banca March, Banco de Valencia, Banco Pastor, Banco Guipuzcoano, banco Gallego, and other financial institutions. The EURO 6000 network regroups a certain number of savings banks. Both networks have interconnection agreements.

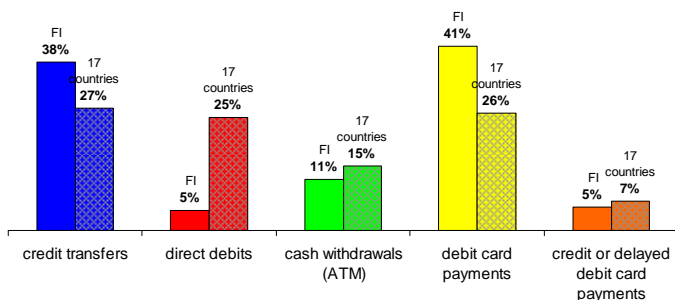
¹⁴ FIs which are member of the ServiRed network are commercial banks (Banco de Sabadell, Bankinter, Banco Bilbao Vizcaya Argentaria, etc.), savings banks (Caixa Catalunya, Caja Madrid, La Caixa), as well as smaller savings and loans banks.

FINLAND

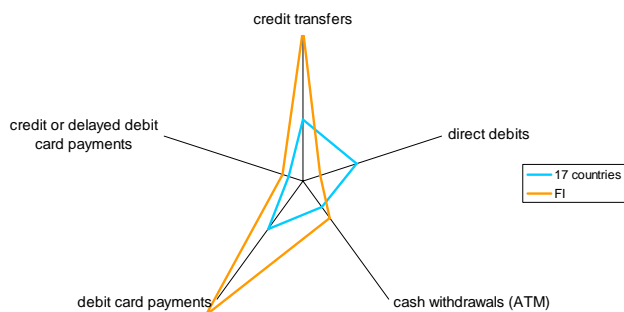
Graph 18: FI - annual number of payment transactions per capita



Graph 19: FI - relative importance of payment related services (in % of number of transactions)



Graph 20: FI - payment habits relative to the 17 countries average (in number of transactions)



- All payment related services except direct debits are extensively used.
- Debit card payments and credit transfers are particularly popular.

Products and tariffs

Four FIs were selected, accounting for 95.4% of the market in terms of customer deposits.

Table 8: FI - country profile

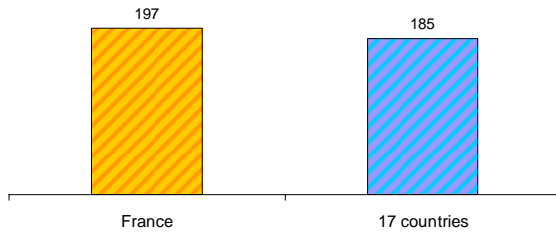
General	All FIs offer accounts. Three FIs also offer packages.
Packages composition	In two FIs, packages are only available to customers with a certain amount of savings or investments in other products of the FI. Packages include payment related services or discounts on these.
Packages fees	Fees for packages varies from 0€ to 34.8 €. Either fees are cheaper or the content of package is more advantageous when the amount of savings or investments held at the FI is higher.
Accounts	Free of charge.
Credit transfers	<ul style="list-style-type: none"> ▪ Credit transfers are charged between 0.4€ and 0.8€ per transaction. ▪ Prices for standing orders range from 0€ to 1€. In one FI this service is not available through payment terminals, and the price is therefore the one for an OTC standing order. Only one FI asks for a setup fee of 0.5€ ▪ Credit transfers through internet are free of charge in three FIs. The fourth FI charges 0.8€ per transfer.
Direct debits	Free of charge.
Debit cards	Annual fees vary from 6€ to 12€
Credit and delayed debit cards	<ul style="list-style-type: none"> ▪ Credit cards are usually priced as a percentage of the credit amount available, generally 2% or 2.5% annually. One FI charges an annual fee of 51.6€ ▪ Combination cards, including also a debit function, are also available in three FIs. In two FIs, prices are also expressed as percentages, with an annual fee of 2% of the credit amount. A third FI charges 30€
Cash withdrawals	ATM cash withdrawals are free of charge at the own FI and from ATMs of the OTTO network ¹⁵ . Cash withdrawals from ATMs outside this network are charged by two FIs: 0.5€ in one FI, and 1€ in the other, with an additional 2% of the amount withdrawn (this is relevant for the latter FI only).
Internet banking	Three FIs apply a fee for internet banking, between 6€ and 30€ annually. The service is free of charge in the fourth FI.
Transaction fees	Only one FI applies transaction fees of 1 € on debit transactions. This does not concern credit transfers for which a credit transfer fee applies. Two transactions per month are free of charge.

¹⁵ FIs member of the OTTO network are Nordea Bank, Sampo Bank, smaller commercial banks and savings banks.

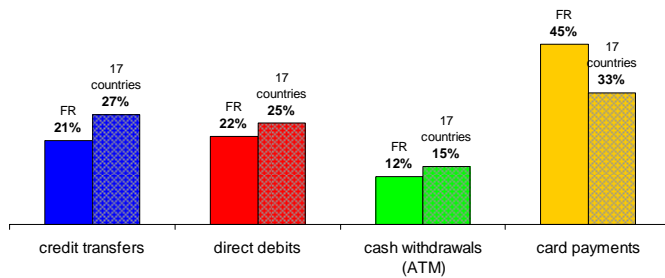
FRANCE

Payment habits

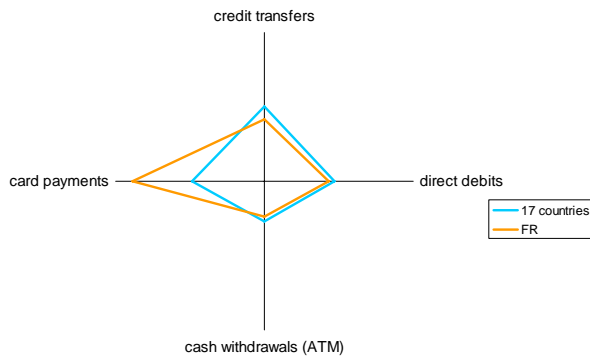
Graph 21: FR - annual number of payment transactions per capita



Graph 22: FR - relative importance of payment related services (in % of number of transactions)



Graph 23: FR - payment habits relative to the 17 countries average (in number of transactions)



- The average number of payment transactions per capita in France is slightly above the average level of the 17 countries.
- In France, data are aggregated for all card payments. Cards are more extensively used than in the other countries.
- Data on other payment means are very close to the average of the 17 countries. However, credit transfers are slightly less commonly used.

Products and tariffs

Our selection includes 11 FIs, representing 69% of the customer deposits.

Table 9: FR - country profile

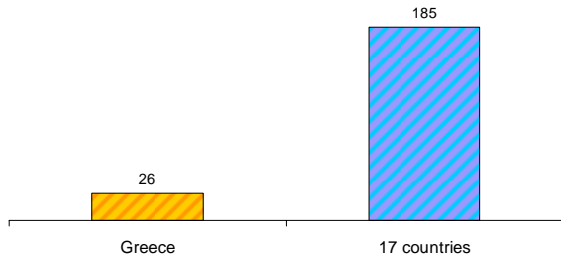
General	All FIs offer single accounts. Nine FIs also offer packages.
Packages composition	Packages typically include a debit or delayed debit card, some cash withdrawals, credit transfers and set-up fees for standing orders or direct debits. It sometimes also includes a credit card or internet banking, as well as other services out of scope of SEPA, e.g. cheques, electronic money cards, insurance of payment related services, credit facility, etc.
Packages fees	The typical package with direct or delayed debit card costs between 72€ and 90€, up to 129€ when more services are included. One FI applies lower fees. The package with a delayed debit card is more expensive in five FIs.
Accounts	Accounts are free of charge in seven FIs. In the four others, price varies from 4,6€ to 24€
Credit transfers	<ul style="list-style-type: none"> ▪ Credit transfers towards an account of the same FI are usually free of charge. In one FI, credit transfers are free of charge only towards accounts at the same branch. Two FIs apply a fee, similar to the price for credit transfers towards accounts of another FI. ▪ Usually, credit transfers towards accounts held at other FIs cannot be done through self-service payment terminals. Fees for OTC credit transfers range from 2.2€ to 3.9€. ▪ Credit transfers through the internet services are free in nine FIs. ▪ Standing orders cost between 0€ and 1€ per transaction. Three FIs have a set-up cost between 4.4€ and 13€.
Direct debits	Direct debit transactions are free of charge. Three FIs apply a set-up cost between 6.5€ and 10€, that however does not apply on public utilities.
Debit cards	Two categories of cards exist: <ul style="list-style-type: none"> ▪ First, Maestro, Electron and other cards that are specific to each FI and cost between 14.9€ and 34€; ▪ Second, Visa or MasterCard (immediate) debit cards that have a higher annual fee, ranging from 30€ to 37€, as they also include travel insurance (life and accidents insurance abroad), as well as assistance abroad (medical care and repatriation).
Credit and delayed debit cards	Fees for delayed debit cards are between 39€ and 46€. One FI charges 16€ for a credit card.

Cash withdrawals	Cash withdrawals are free of charge at the own FI and cost about 1€ at other ATMs. Visa or MasterCard direct debit cards include some free cash withdrawals, while this is the case only for some Maestro or Electron cards.
Internet banking	Six FIs do not charge for internet banking, while the five others apply an annual fee between 20€ and 48€.
Transaction fees	There are no transaction fees.

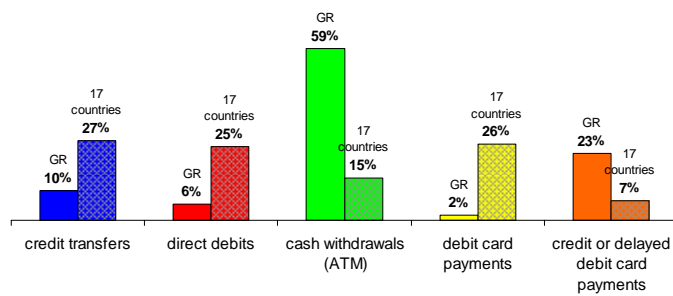
GREECE

Payment habits

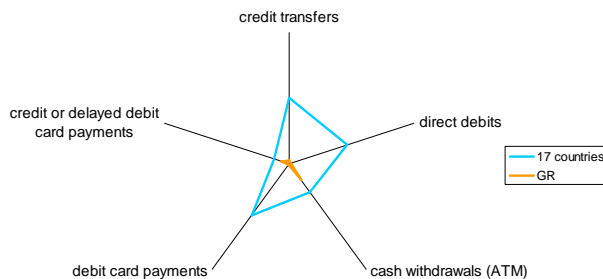
Graph 24: GR - annual number of payment transactions per capita



Graph 25: GR - relative importance of payment related services (in % of number of transactions)



Graph 26: GR - payment habits relative to the 17 countries average (in number of transactions)



Figures on withdrawals do not include OTC cash withdrawals which represent 25% of all transactions¹⁶.

- In Greece, the average number of payment transactions made is far below the average of the 17 countries.
- Especially credit transfers and direct debits are not of common usage.
- Debit cards are extensively used for cash withdrawals, while they are rarely used for POS.
- Credit cards have a main importance in Greece relative to the other payment related services, though its usage remains low in comparison with the 17 countries average.

Products and tariffs

In Greece, our selection includes 4 FIs representing 69% of the market in terms of customer deposits.

Table 10: GR - country profile

General	All FIs offer single accounts. Only one also offers a package.
Packages composition	The package offered by one FI includes a debit and a credit card, 50% discount on internet issuance/subscription fee, and free payment of bills by regular order, as well as services out of the scope of SEPA, e.g. free statements, discounts on housing and consumer loans, chequebook.
Packages fees	The purpose and condition of this package is to receive monthly salary; on this basis, it is free of charge.
Accounts	Single accounts are free of charge. Two FIs charge an annual fee of between 14€ and 18€ if the account's average balance is below 300€. One FI asks for an opening fee of 1€ if the initial deposited amount is below 50€.
Credit transfers	<ul style="list-style-type: none"> ▪ Credit entries are free of charge from account of own FI, and charged between 1€ and 4€ from an account at other FI. ▪ Credit transfers towards an account of the same FI cost between 0 and 1.2€. ▪ Three FIs charge a higher fee for credit transfers towards an account of the same group but at a different branch. The fees are based on a percentage fee. For amounts under 10,000€, these fees will lie between 5€ and 15€. ▪ Transfers towards accounts at other FIs are based on a fixed fee of 12€ and 15€ for two FIs. A percentage fee on the transferred

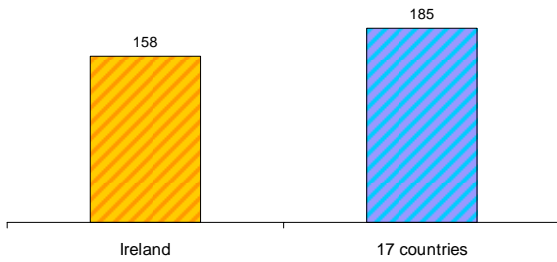
¹⁶ Refer to the methodological observations at the start of section 4.2.

	<p>amount applies for the two others, with a fee between 16€ and 25€ for a transfer under 10.000€</p> <ul style="list-style-type: none"> ▪ Two FIs charge lower fees on transfers through internet banking from 0 to 0.5€. The two others have fees between 5€ and 15€ for transfers towards accounts held at other branches or other FIs. ▪ Bill payments through credit transfers are generally priced lower, with a fee up to 0.6 € for electronic payments, and up to 3 € for OTC payment transactions.
Direct debits	Fees for payment of bills, both through regular and one-off payments, vary between 0€ and 0.6€. OTC payments can be charged up to 3€.
Debit cards	Debit cards are offered for free with the account.
Credit and delayed debit cards	Fees for credit cards range from 11.8€ to 30€ annually. Three FIs offer the card free of charge the first year.
Cash withdrawals	Cash withdrawals are free of charge from the own FI's ATMs. OTC cash withdrawals are charged in three FIs between 0.75€ and 1€, with some free cash withdrawals included. Cash withdrawals from other FI's ATMS cost between 0.91€ and 4€, based on a percentage fee.
Internet banking	The usage of internet banking is free of charge. Three FIs ask for a registration fee of 7€.
Transaction fees	There are usually no transaction fees. However, one FI asks for a fee of 1€ per one-off manual transaction, with some free transactions included in the account.

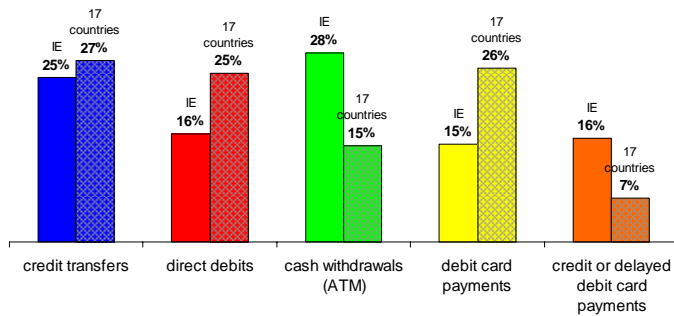
IRELAND

Payment habits

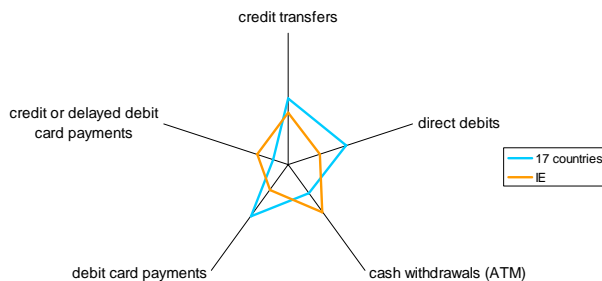
Graph 27: IE - annual number of payment transactions per capita



Graph 28: IE - relative importance of payment related services (in % of number of transactions)



Graph 29: IE - payment habits relative to the 17 countries average (in number of transactions)



- Payment transactions per capita are 15% below the average of the 17 countries.
- Direct debits are less commonly used than in the other countries.
- Debit cards are more used for withdrawals, though less for POS payments.
- Credit cards transactions are comparatively more frequent in Ireland than in the 17 countries.

Products and tariffs

Three FIs were selected in Ireland, accounting for 77% of the market in terms of customer deposits.

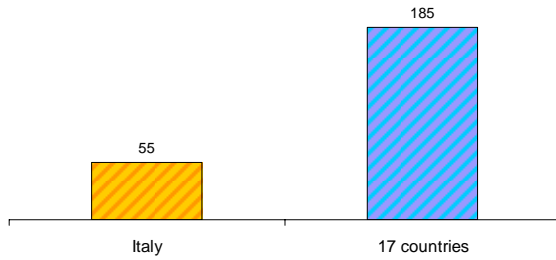
Table 11: IE - country profile

General	The three FIs offer single accounts. Two also offer packages.
Packages composition	Packages include all or some transaction fees.
Packages fees	The fee for a package is 18€ in one FI and 45.6€ in the other.
Accounts	Accounts are free of charge. One FI asks for 18€ annually for the management if no transaction is made through internet or phone banking and no transaction is made by credit card during each quarter.
Credit transfers	Free of charge.
Direct debits	Free of charge.
Debit cards	Debit cards are offered free of charge by the FIs. However, a government fee of 10€ for a withdrawal function, 10€ for the POS payment function, or 20€ for both, is charged.
Credit and delayed debit cards	Credit cards are issued free of charge, except a government fee of 40€.
Cash withdrawals	Free of charge.
Internet banking	Free of charge.
Transaction fees	Two FIs ask for transaction fees of 0.2€ and 0.28€. However, it is possible to qualify for free transactions by e.g. using online and phone banking services, holding a minimum balance of 500€, or using the debit card for POS payments.

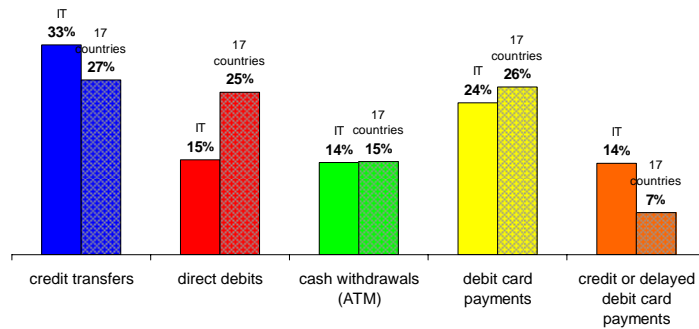
ITALY

Payment habits

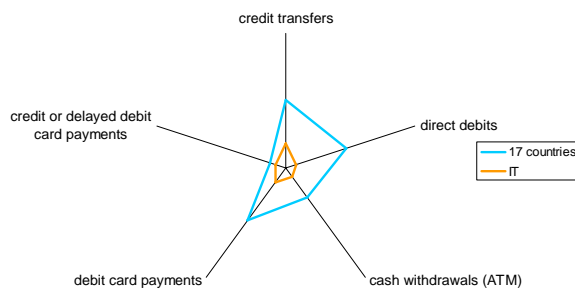
Graph 30: IT - annual number of payment transactions per capita



Graph 31: IT - relative importance of payment related services (in % of number of transactions)



Graph 32: IT - payment habits relative to the 17 countries average (in number of transactions)



Figures on withdrawals do not include OTC cash withdrawals, which represent 22 % of all transactions¹⁷.

- Italy uses payment-related services clearly less than most other European countries, as the annual average usage per capita in Italy is less than a third of the average of the 17 countries.
- Credit transfers and debit cards are the most used payment means, though the number of transactions with these payment-related services is still below average.
- Direct debits are less commonly used in Italy.

Products and tariffs

In Italy, we selected 12 FIs, accounting for 63.1% of the market in terms of customer deposits.

Table 12: IT - country profile

General	Most FIs offer both single accounts and packages. Only one FI has no packages, while three only have packages. All accounts are subject to a government fee of 34.2€.
Packages composition	The main presented advantage of packages concerns transaction fees. Most packages include internet banking, utility bills payment, a debit card, as well as some or all transaction fees. Half of the packages also include a credit card. Credit transfers, direct debits and other services out of the scope of SEPA might also be included.
Packages fees	<ul style="list-style-type: none"> ▪ Packages including a limited number of transactions vary from 12€ to 86€, from 28€ to 66€ if a debit card is also included, and from 40€ to 64€ with a credit card as well. ▪ Packages including all transactions and a debit card are priced between 78€ and 150€ (with the exception of one FI offering such package for 198€ and one FI for 234€), and with a credit card as well between 86€ and 180€. ▪ Electronic packages (ATM and internet-based) are charged between 0€ and 15€ annually. <p>Government fees of 34.2€ are not included in these tariffs.</p>
Accounts	Management fees for accounts are paid quarterly and vary from 30€ to 122.4€ annually. Government fees are not included. In most cases, packages are cheaper and offer more advantages than single accounts.
Credit transfers	Fees per transaction vary between 0€ and 5.5€. Different fees apply depending on:

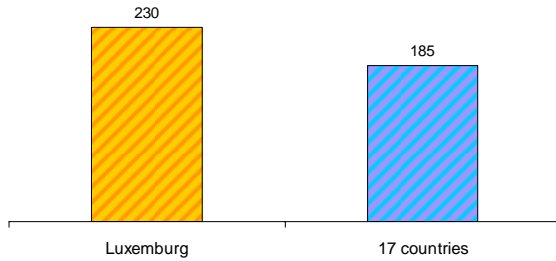
¹⁷ Refer to the methodological observations at the start of section 4.2.

	<ul style="list-style-type: none"> ▪ The beneficiary of the transfer: in all FIs it is more expensive to transfer money towards an account at another FI. ▪ The channel the payment is made through: credit transfers through internet banking are cheaper for eight FIs and OTC fees equal ATM fees in nine FIs. ▪ The recurrence of the payment: standing orders are priced less in nine FIs. ▪ Bill payments through credit transfers are generally priced up to 3.5 €.
Direct debits	Direct debits are priced between 0€ and 0.75€. Payments of bills have a fee of up to 3.5€.
Debit cards	Debit cards are usually included in packages but not in accounts. Annual fees vary from 10€ to 15€. In one FI, debit cards are free of charge.
Credit and delayed debit cards	Most credit cards are priced around 30€, however, the price can vary from 0 to 31€. CartaSi cards ¹⁸ cost 30.99€ annually.
Cash withdrawals	Cash withdrawals at the own FI are free, while a fee between 1.75€ and 2.1€ applies for cash withdrawals at ATMs of other FIs.
Internet banking	Access and usage of internet banking is free of charge in 7 FIs. In the other FIs, annual access fees are set from 12€ to 36€. However, except for one FI, internet access is included in the packages. One FI charges an issuance/subscription fee of 15€.
Transaction fees	On accounts, transaction fees between 0.5€ and 2.2€ are applied on every single transaction. For most packages, these fees are partly included, for others, cheaper transaction fees apply.

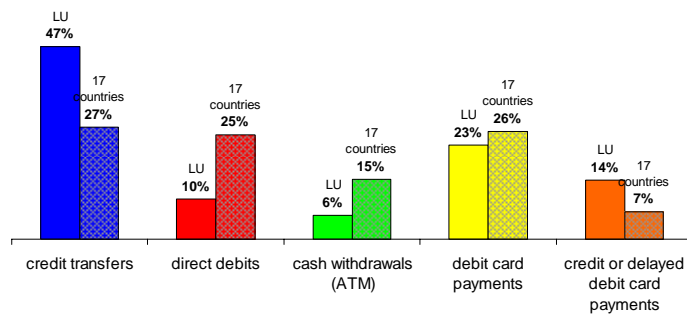
¹⁸ Credit card issued by Servizi Interbancari, founded by 16 Italian banks, in cooperation with the national bankers' association ABI.

LUXEMBURG

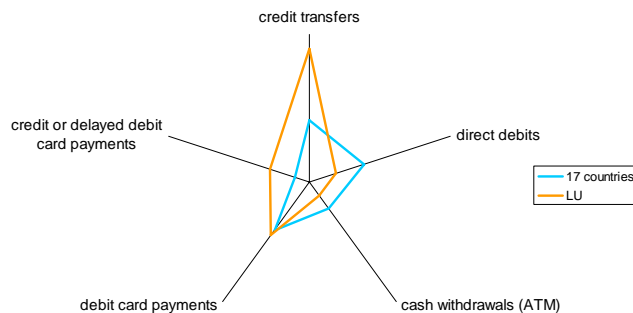
Graph 33: LU - annual number of payment transactions per capita



Graph 34: LU - relative importance of payment related services (in % of number of transactions)



Graph 35: LU - payment habits relative to the 17 countries average (in number of transactions)



- Credit transfers are commonly used, while direct debits are not as important compared to the average of the 17 countries.
- Cards are broadly used. Especially credit card payments have a larger importance.

Products and tariffs

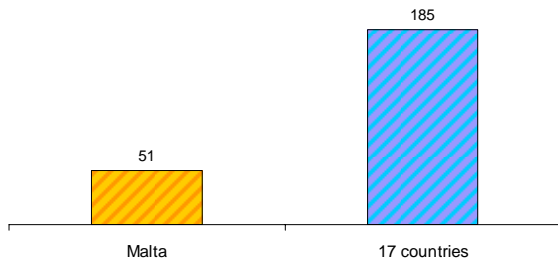
In Luxemburg, four FIs were selected, representing 79.6% of the market in terms of customer deposits.

Table 13: LU - country profile

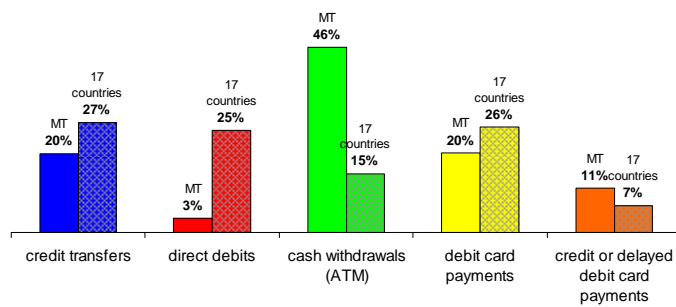
General	All FIs offer single accounts. One FI also offers packages.
Packages composition	The first package includes some credit transfers, both electronic and paper-based, a maestro debit card, and some free of charge withdrawals. A second package also includes a credit card.
Packages fees	The first package costs 32€, while the second one with a credit card is charged 42€ annually.
Accounts	Accounts are usually free of charge. One FI asks for an annual fee of 12€. Another FI charges 50€ for closing the account.
Credit transfers	In two FIs, electronic credit transfers are free of charge. In the other two FIs, credit transfers towards an account at the same FI are free of charge, while a fee between 0.68€ and 0.75€ applies for credit transfers towards an account at another FI. Accounts and packages include some credit transfers free of charge.
Direct debits	Free of charge.
Debit cards	Debit cards have an annual fee between 12€ and 16€
Credit and delayed debit cards	Credit cards have an annual fee between 11€ and 16€.
Cash withdrawals	ATM cash withdrawals are free at the own FI, or from ATMs belonging to the same network. To withdraw cash from another FI, a charge between 0.75€ and 3€ applies, with three FIs offering accounts and packages with some cash withdrawals free of charge with the accounts and packages. The FI with no cash withdrawals free of charge applies the lowest fee.
Internet banking	Free of charge.
Transaction fees	There are no transaction fees.

MALTA

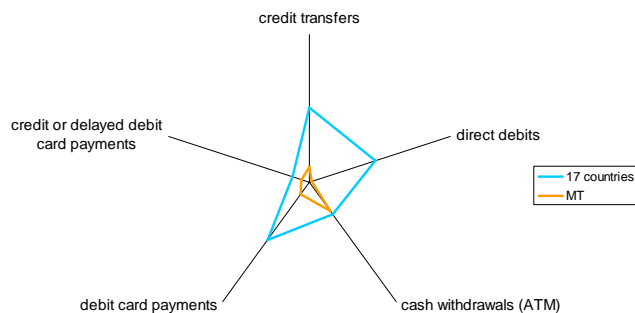
Graph 36: MT - annual number of payment transactions per capita



Graph 37: MT - relative importance of payment related services (in % of number of transactions)



Graph 38: MT - payment habits relative to the 17 countries average (in number of transactions)



- Electronic payments are not yet widespread in Malta.
- Cash withdrawals represent an important share of total transactions.

Products and tariffs

The selection in Malta comprises two FIs, representing 85.3% of the market in terms of customer deposits.

Exchange rate 1 Lm = 2.33€¹⁹

Table 14: MT - country profile

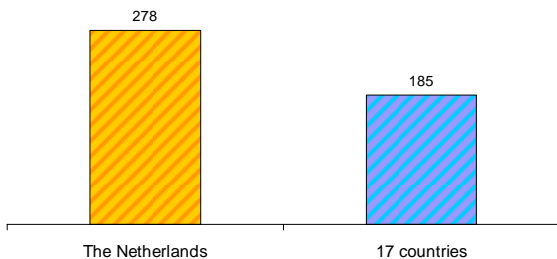
General	Both FIs offer only single accounts, i.e. no package.
Accounts	In one FI the account is free of charge. The other ask for a fee of 16 Lm (37.3€) annually only if the average balance on the account is below 75 Lm (175€).
Credit transfers	Credit transfers and standing orders are charged up to 1.5 Lm (3.5€). Charges for payments of bills through Bill Payable vary between 0.5 Lm (1.17€) and 2 Lm (4.66€). Setup of standing orders and Bill Payable orders cost 5 Lm (11.65€) in one FI, while the other FI only charges Bill Payable orders at 0.8 Lm (1.86€), setup of standing orders being free of charge.
Direct debits	Free of charge.
Debit cards	Classic debit cards are free of charge but one FI offers a Visa or Electron debit card and charges 5 Lm (11.65€) as edition fee and additionally 5 Lm (11.65€) per year.
Credit and delayed debit cards	Credit cards have an annual fee of 9 Lm (20.97€). An additional government fee of 7 Lm (16.31€) has to be paid. Total costs for a credit card are 16 Lm (37.28€).
Cash withdrawals	ATM cash withdrawals are usually free of charge, except with the Visa or Electron debit card, for which 1.1 Lm (2.56€) fixed fee is charged, with an additional 0.33% on the amount withdrawn.
Internet banking	One FI offers internet banking for 3 Lm (6.99€) annually, while it is free of charge in the other FI.
Transaction fees	There are no transaction fees.

¹⁹ Based on the exchange rate extracted from the ECB database of December 2007: 1€ = 0.4293 LM. Exchange rate is fixed since 10 May 2005.

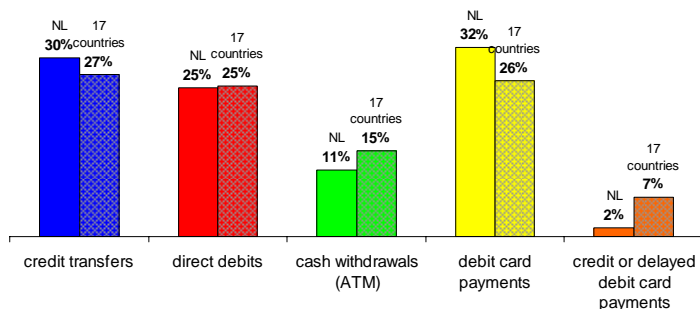
THE NETHERLANDS

Payment habits

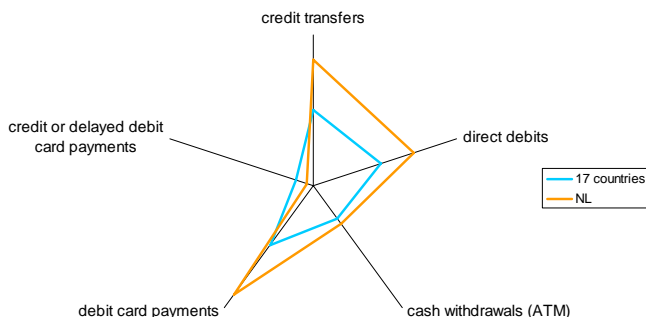
Graph 39: NL - annual number of payment transactions per capita



Graph 40: NL - relative importance of payment related services (in % of number of transactions)



Graph 41: NL - payment habits relative to the 17 countries average (in number of transactions)



- Payment-related services are very popular in the Netherlands, as all of these tools, except credit cards, are used more frequently than in the other countries.
- Debit cards are more commonly used for POS transactions than for cash withdrawals.
- Credit cards are rarely used in the Netherlands.

Products and tariffs

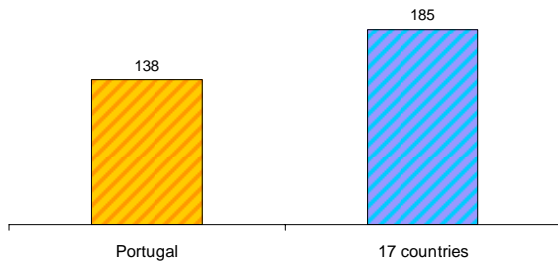
In the Netherlands, our selection includes five FIs representing 96% of the market in terms of customer deposits.

Table 15: NL - country profile

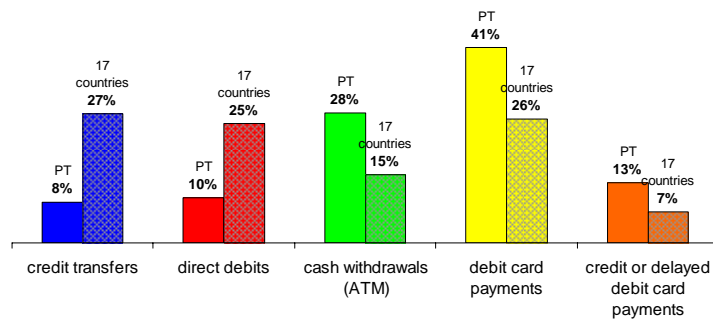
General	Four FIs offer either a single account, or packages. Only one FI offers both.
Packages composition	Packages include internet banking, all transactions and a debit card, sometimes also a credit card and other services out of the scope of SEPA, e.g. account statements, overdraft facilities, special discounts on insurance products, etc.
Packages fees	The price for a package with internet banking, free of charge transactions and a debit card varies from 11€ to 27€. One FI offers such a package free of charge. A package including a credit card costs from 30€ to 37€. Only one FI asks for an opening fee of 20€ in case monthly income during the first three months is lower than 650€.
Accounts	Prices for accounts vary from 16€ to 24€, and from 0€ to 14€ with an average balance of 1250€. Only one FI asks for an opening fee of 20€.
Credit transfers	Free of charge.
Direct debits	Free of charge.
Debit cards	Annual fees vary from 11€ to 14€. In one FI, this fee is included in the fee for packages. One FI does not allow having a debit card outside of a package.
Credit and delayed debit cards	Fees for credit cards range from 15.8€ to 25€ annually. One FI does not allow having a credit card outside of a package.
Cash withdrawals	Free of charge.
Internet banking	Free of charge except for an issuance/subscription fee of 10€ in one FI.
Transaction fees	There are no transaction fees.

PORTUGAL

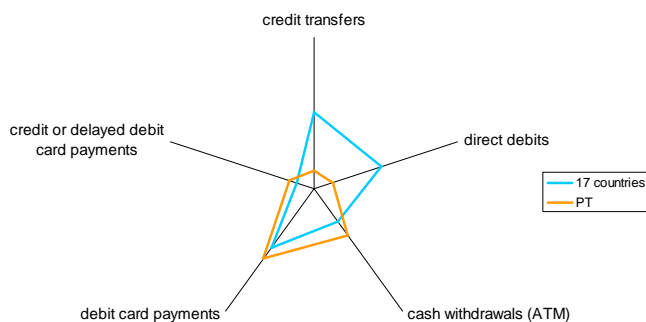
Graph 42: PT - annual number of payment transactions per capita



Graph 43: PT - relative importance of payment related services (in % of number of transactions)



Graph 44: PT - payment habits relative to the 17 countries average (in number of transactions)



- Card payments are very important in Portugal. Both debit and credit cards are extensively used compared to the 17 countries average.
- Cash withdrawals at ATMs are also above average.
- Credit transfers and direct debits are less commonly used in Portugal.

Products and tariffs

The selection in Portugal includes five FIs with 77.8% of the market in terms of customer deposits.

Tariffs are expressed as taxes included (Imposto do Selo of 4%). An additional tax (0.4%) is levied on the amount of credit used on the credit card.

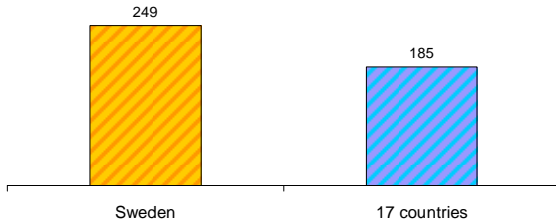
Table 16: PT - country profile

General	Each FI offers a single account and a package.
Packages composition	Packages include credit transfers, one or two debit cards, and sometimes also one or two credit cards. In four FIs, this package is only accessible if the account receives monthly income.
Packages fees	In the four FIs where the account is meant to receive monthly income, the package is free of charge. In the fifth FI, the package costs 74.88€.
Accounts	Annual fees for single accounts vary from 0€ to 62.4€. The four FIs who charge for an account offer reduced or no fees when a minimum amount is invested or saved in any other products at the FI. All accounts are free of charge when a minimum investment between 750€ and 2,494€ is reached.
Credit transfers	<ul style="list-style-type: none"> ▪ Credit transfers are charged up to 7.3€ per transaction. ▪ When credit transfers are initiated through internet banking, prices are identical to other payment channels in three FIs, while more expensive in one FI and cheaper in the fifth FI. The maximum charge for credit transfers through internet is 3.3€. ▪ Standing orders are generally a little cheaper than credit transfers.
Direct debits	Direct debits are free of charge.
Debit cards	Debit cards are charged between 5.2€ and 8.3€ annually. Some other FIs offer the card free of charge the first year.
Credit and delayed debit cards	There are two types of credit cards. A basic credit card costs between 11.4€ and 15.6€ per year, while a credit card with travel insurance will be charged between 21.4€ and 29.1€ annually. One FI offers the card free of charge with an edition fee of 5 €. Some FIs offer the card free of charge the first year. One FI also offers the card free of charge the following years for an annual usage above 3,000€.
Cash withdrawals	Free of charge.
Internet banking	Free of charge.
Transaction fees	There are no transaction fees.

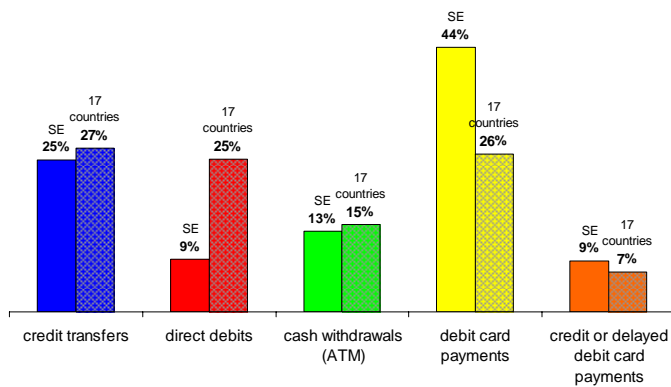
SWEDEN

Payment habits

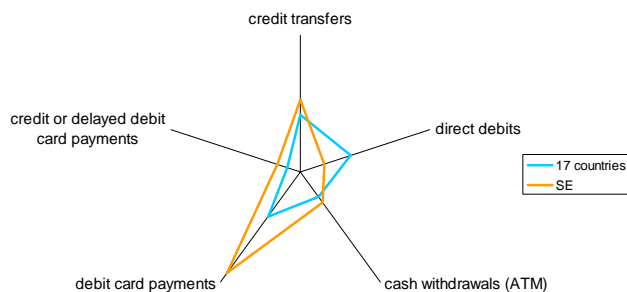
Graph 45: SE - annual number of payment transactions per capita



Graph 46: SE - relative importance of payment related services (in % of number of transactions)



Graph 47: SE - payment habits relative to the 17 countries average (in number of transactions)



- The annual average usage of all payment related services except direct debits is fairly higher for Sweden than the 17 countries' average.

- Direct debits are not as commonly used as in other European countries.
- Cards, especially debit cards, are important and extensively used payment related services.

Products and tariffs

The selection includes five FIs accounting for 74% of the market in terms of customer deposits.

Exchange rate: 1kr = 0,11€²⁰

Table 17: SE - country profile

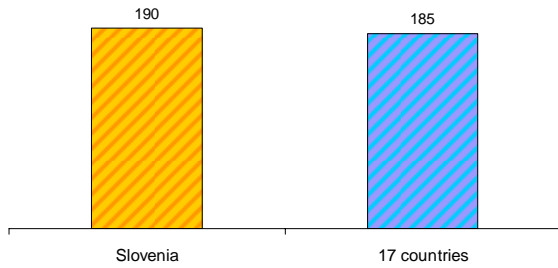
General	FIs offer mainly single accounts. Available packages only offer the advantage of comprising services out of the scope of SEPA, such as insurances or overdraft facilities. Packages do not include charges for payment related tools concerned in this study, and were therefore not considered.
Accounts	Free of charge.
Credit transfers	<ul style="list-style-type: none"> ▪ Credit transfers initiated through payment terminals or internet services are mostly free of charge or charged maximum 10kr (1.1€) when the beneficiary's account is held at another FI. ▪ Payment terminals do not allow initiating all credit transfers. When initiated over the counter, credit transfers are charged up to 50kr (5.5€), and standing orders up to 15kr (1.65€) per transaction. <p>Bill payments through the Plusgiro or Bankgiro system²¹ are generally higher priced. One FI applies the same tariffs as for classic credit transfers. Two FIs ask for an annual fee of 120kr (13.2€) and 155 kr (17€) for internet payments, with an additional charge of 10kr (1.1€) towards an account held at another FI. Two other FIs offer this service free of charge. When initiated OTC, three FIs charge between 30kr and 65kr (between 3.3€ and 7.15€). A fourth FI charges an annual fee of 240kr (26.4€), with an additional fee of 10kr (1.1€) charged for payments towards accounts held at other FIs.</p>
Direct debits	<ul style="list-style-type: none"> ▪ Free of charge.
Debit cards	Annual fees vary from 150kr to 295kr (between 16.5€ and 32.45€).
Credit and delayed debit cards	Fees for credit cards are lower than those for debit cards and range from 120kr to 250kr (between 13.2€ and 27.5€).
Cash withdrawals	Free of charge.
Internet banking	Free of charge.
Transaction fees	There are no transaction fees.

²⁰ Based on the exchange rate extracted from the ECB database of December 2007: 1€ = 9.43 kr.

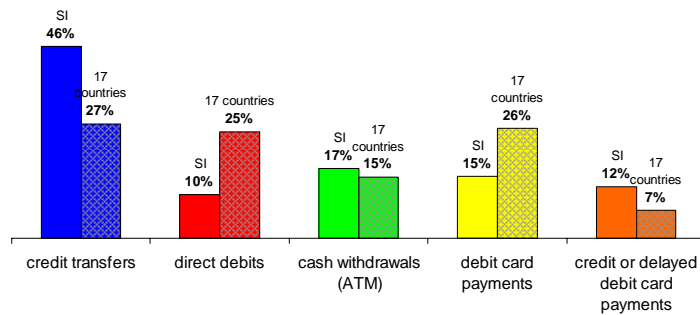
²¹ Plusgiro and Bankgiro are national systems processing non-cash payment transactions, allowing payments transfers between customers in different FIs, extensively used for person-to-business and business-to-business credit transfers.

SLOVENIA

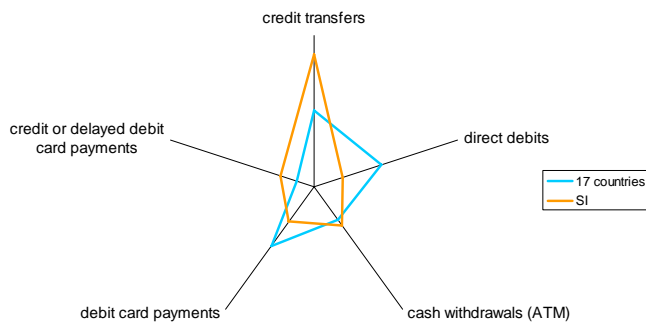
Graph 48: SI - annual number of payment transactions per capita



Graph 49: SI - relative importance of payment related services (in % of number of transactions)



Graph 50: SI - payment habits relative to the 17 countries average (in number of transactions)



- Credit transfers and credit cards are particularly popular payment related services in Slovenia.
- Direct debits and debit card payments are less commonly used than in the average of the 17 countries.

Products and tariffs

Four FIs were selected, accounting for 67.5% of the market in terms of customer deposits.

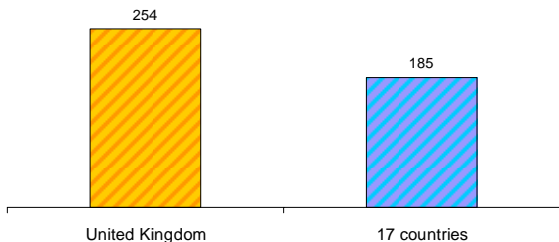
Table 18: SI - country profile

General	Three FIs offer only single accounts, while one FI only offers a package.
Packages composition	The package includes a debit card and all cash withdrawals.
Packages fees	The annual fee for this package is 23.88€. A fee of 12.52€ is charged for closing the account.
Accounts	Accounts are charged between 12.48€ and 21€ annually. Though, one FI offers an account free of charge. One FI also asks for a closing fee of 4.17€.
Credit transfers	<ul style="list-style-type: none"> ▪ Credit transfers are charged up to 2.04€. ▪ Standing orders are cheaper in two FIs. One FI asks for a setup fee of 0.83€. ▪ Credit transfers through internet banking have a maximum fee of 0.63€ per transaction.
Direct debits	Direct debits are free of charge when the beneficiary's account is held at the same FI. Three FIs charge either 0.15€ or 0.3€ per direct debit transaction towards an account at another FI.
Debit cards	Debit cards have no annual fee. Two FIs ask for an edition fee between 2.92€ and 4.17€.
Credit and delayed debit cards	Annual fees for credit cards lie between 8.35€ and 16.69€. One FI also offers a credit card with no annual fee, but with an edition fee of 25€.
Cash withdrawals	Cash withdrawals from own FI are free of charge. Three FIs charge ATM cash withdrawals at other FIs between 0.41€ and 0.5€ per withdrawal, with one FI offering some monthly cash withdrawals free of charge.
Internet banking	The use of internet banking services is usually free of charge. However, one FI asks for an annual fee of 5€. Issuance/registration fees from 20.86€ to 30€ are charged in all FIs.
Transaction fees	There are usually no transaction fees. One FI charges 0.21€ per electronic transaction, except when initiated through internet banking.

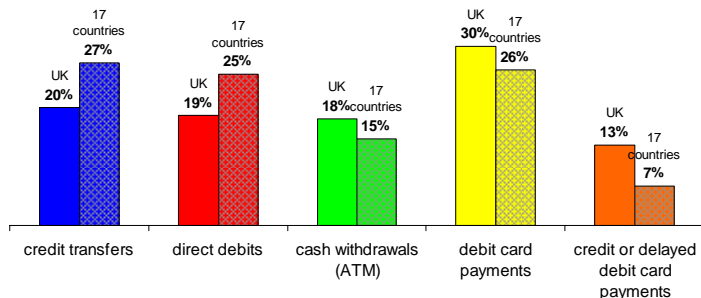
UNITED KINGDOM

Payment habits

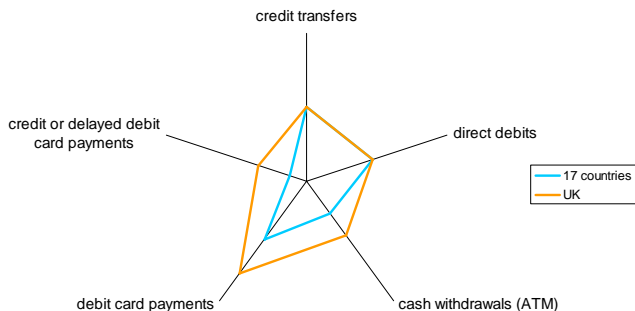
Graph 51: UK - annual number of payment transactions per capita



Graph 52: UK - relative importance of payment related services (in % of number of transactions)



Graph 53: UK - payment habits relative to the 17 countries average (in number of transactions)



- Payment-related services are extensively used in the UK, compared to the average of the 17 countries.
- Credit transfers and direct debits are used to a lesser extent.
- Debit cards are slightly more used both for withdrawals as for POS payments.
- The major difference regards credit cards, which are very common in the UK.

Products and tariffs

Our selection includes 10 FIs with a market share of 78% in terms of customer deposits.

Exchange rate: £1 = 1.39€²²

Table 19: UK - country profile

General	Most FIs offer single accounts and payment services free of charge. However, charges apply for specific services out of the scope of SEPA, such as overdrafts, cheques, statements, or express payments. Packages do exist but only offer the advantage of including services also out of the scope, e.g. legal services, insurance, etc. Packages do not include charges for payment related tools concerned in this study, and were therefore not considered.
Accounts	Single accounts are mostly free. One credit union asks for an annual fee of £36 (50 €).
Credit transfers	Free of charge.
Direct debits	Free of charge.
Debit cards	Free of charge.
Credit and delayed debit cards	Free of charge as long as the credit card bill is paid in due time and the credit card is used for POS transactions only, i.e. not for cash withdrawals or balance transfers.
Cash withdrawals	<ul style="list-style-type: none"> ▪ Free of any charge from FIs when cash is withdrawn from ATMS of the LINK network (> 99% of ATMs), except if a fee is asked by the ATM owner²³. ▪ Three FIs charge 2% with a minimum of £2 (2.8 €) for a cash withdrawal at non-LINK ATMs.
Internet banking	Free of charge.
Transaction fees	There are no transaction fees.

²² Based on the exchange rate extracted from the ECB database of December 2007: 1€ = £0,72.

²³ 43% of ATM owners charge a fee for cash withdrawals at their ATMs, usually between £1.5 (2.1€) and £1.75 (2.4€), but only 3.3% of the number of cash withdrawals are made through these pay-to-use ATMs. (Source: LINK website www.link.co.uk)

4.3 Price ranges for eight payment related services and for transaction fees

4.3.1 Methodological observations

The charts provided hereafter are the 'quantified translation' of the information developed in the country profiles presented above in section 4.2. For more detailed information on a specific country, please refer to the above section.

The quantification in some cases requested the formulation of hypotheses or the simplification of reality. When this was the case, it is explained in the observations presented after each chart.

Prices are all-taxes included (both VAT and government stamp duty fees) as the focus is on the consumer.

Prices are given without transaction fees, i.e. amount charged by the FI on any movement on an account. Transaction fees are presented separately, after the eight payment-related services.

Tariff setting of packages does not always reflect their content. Even though one might think that prices for packages would be higher than those for single accounts, this is not always the case. Preferential prices for packages can be used to attract consumers and to induce them to use a larger range of products and services. Moreover, some packages address people with a regular income arriving on the account, and offer a lower fee when this is the case.

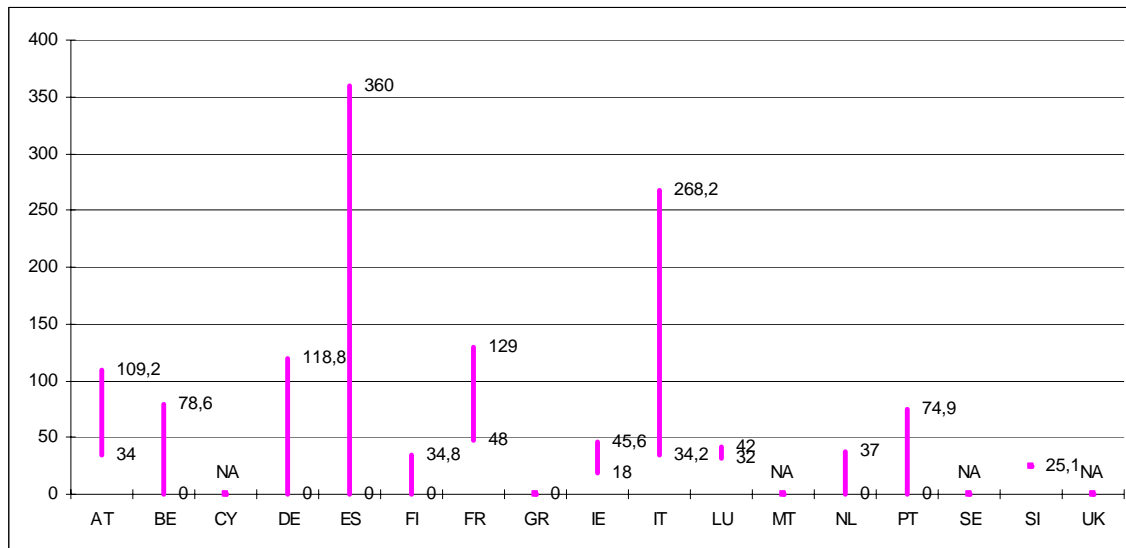
The coding in the charts stands for the following:

- '0' means that the payment-related service is free of charge.
- "NA" indicates that the payment-related service is not available in the country or that the package(s) offered do not include SEPA related services such as credit transfers or debit card.

As said earlier, we recommend a cautious approach for any further processing of the data provided in this report.

4.3.2 Prices of packages

Graph 54: Prices of packages (annual price in €)

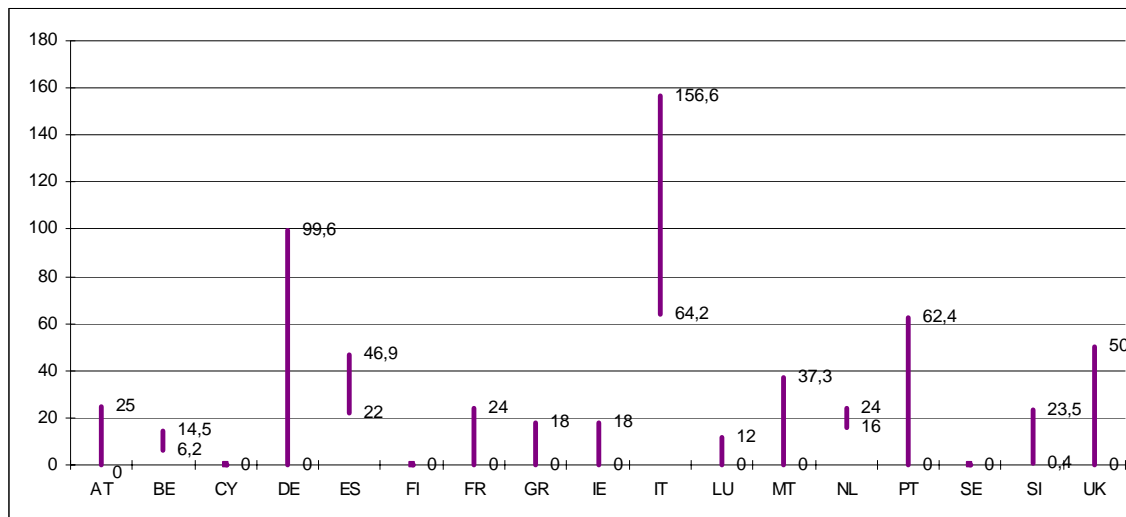


Observations:

- The composition of the packages varies between FIs within each country, and between countries.
- Packages in Sweden and the UK do exist but mainly present the advantage of including services outside of the scope of this study, e.g. legal services, insurance, etc. Packages do not include charges for payment related tools concerned in this study, and were therefore not considered.
- There are no packages available in Cyprus and Malta.
- Austria: normally, the fee for packages is above 50.9€. Only two packages have a lower fee.
- Belgium: only one FI offers a package with an electronic account (ATM and internet) free of charge. Other packages are charged minimum 20€.
- Spain: fees for packages usually vary from 24€ to 84€. Only one FI offers a package for a higher fee (360€) and one FI offers one free of charge.
- France: the fee for packages typically varies between 72€ and 90€.
- The figure for Greece refers to a package offered by one FI only this package is free of charge and only available if the monthly salary arrives on the account.
- The figures for Italy include government fees amounting to 34.2 €.
- In Portugal, only one FI charges a fee for a package. The other four FIs offer it free of charge under the condition that a monthly income arrives on the account.
- Slovenia: only one FI offers a package. The fee includes the account closing fee (fee arbitrarily distributed over a 10 year period).

4.3.3 Prices of accounts

Graph 55: Prices of accounts (annual price in €)



Observations:

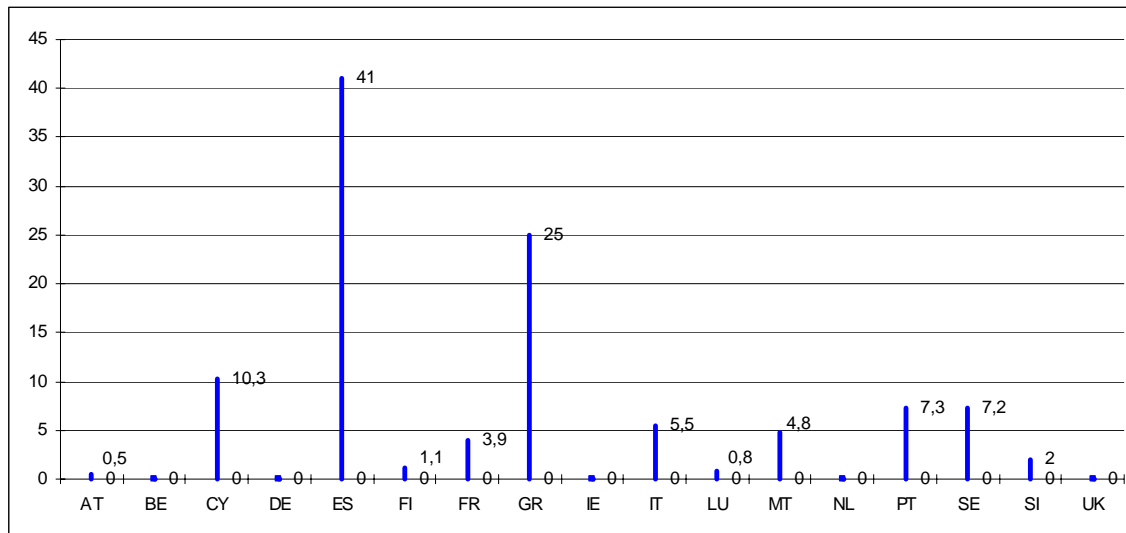
- Even if the values in this chart should be “in principle” lower than the annual package prices, this is not always the case due to several reasons. First of all, minimum values in the two charts can come from different FIs. Secondly, some packages are meant to be “salary accounts” (see the 4th paragraph below).
- In some countries, the presence of "social accounts", or "basic accounts", or, indirectly, a regulation of prices by MS, as well as possible cross-subsidisation, may have a role in explaining the significant number of accounts at zero or very low cost²⁴.
- In some countries and some FIs, transaction fees should be added to the figures presented above: Austria, Cyprus (1 FI), Germany (some FIs), Finland (1 FI), Greece (1 FI), Ireland, Italy, Slovenia (1 FI) and Spain.
- In some countries the accounts are free of charge if the monthly incomes are beyond a certain level: e.g. Greece (300€), Germany (for 6 FIs, the levels vary between 650€ and 1,500 €); or if a certain amount is invested in financial services at the FI (including savings account): e.g. Greece (300€ in two FIs), Malta (175€ in one FI) and Portugal (levels vary from 750€ to 2494€).
- Germany: the upper fee concerns the maximum annual fee in one FI for one account only (the minimum fee for this account is 16€ annually, with additional charges depending on usage of the account). Traditional accounts have a fee of maximum 72€.

²⁴ Refer in particular to the report supported by DG Employment, Social Affairs and Equal Opportunities, Financial Services Provision and Prevention of Financial Exclusion, 2008, available at: http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/financial_exclusion_study_en.pdf

- France: in seven FIs, the account is free of charge.
- Ireland: all FIs offer the possibility to hold an account free of charge if the account is sufficiently used.
- The figures for Italy include government fees amounting to 34.2 €.
- Luxemburg: one FI charges an annual fee, while another FI charges a fee of 50€ for closing the account (fee arbitrarily distributed over a 10 year period). The account is free of charge in the two other FIs.
- The Netherlands: the fee for one FI includes an opening fee of 20€ (fee arbitrarily distributed over a 10 year period) additionally to the annual fee of 14€.
- Portugal: one FI offers an account free of charge. In the other FIs, annual fees are above 10€, except if a sufficient amount of investments is held at the FI (see above).
- Slovenia: one FI offers the account free of charge, however, the range includes an opening fee of 4.17€ (fee arbitrarily distributed over a 10 year period).
- UK: the account is usually free of charge, except in one FI, which charges 50€ annually.

4.3.4 Prices of credit transfers

Graph 56: Prices of credit transfers (price per domestic transaction in €)

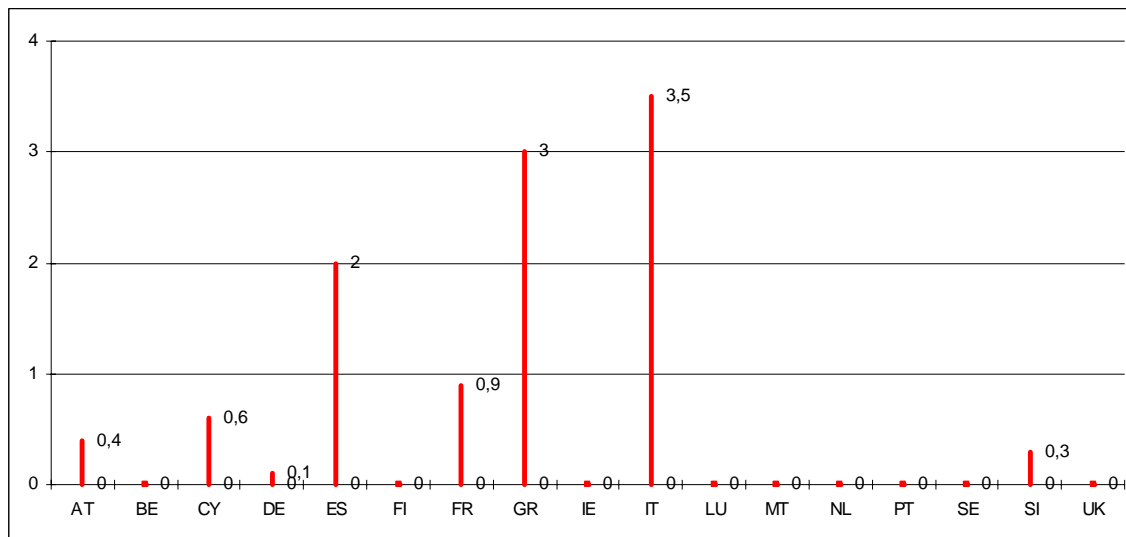


Observations:

- For Austria, Cyprus (1 FI), Germany (some FIs), Finland (1 FI), Greece (1 FI), Ireland, Italy, Slovenia (1 FI) and Spain, these figures do not include transaction fees.
- In Cyprus, Spain, Greece and Portugal (1 FI), the wide variation is due to the fact that the fees vary in particular in function of the FIs, the amount transferred, and the account receiving the transfer (account in the same FI, in the same group/network, or in another FI). Maximum fees presented in the graph were calculated based on a maximum amount transferred of 10,000 €. Therefore, the high fees only apply when high amounts are transferred.
- Austria: one FI charges a fee for credit transfers per transaction, while 5 FIs (including the one charging the per transaction fee) charge a fee for closing standing orders (fee arbitrarily distributed over a 12 months period). In the other FIs, no fee is charged.
- In Greece, fees per credit entries on the account are also charged but were not included in the graph. These are free of charge from an account at the own FI, and an amount between 1€ and 4€ per credit entry from account held at other FIs.
- Luxemburg: two FIs charge a fee for credit transfers, while they are free of charge in the two other FIs.
- In Sweden, the variation is due to the inclusion of OTC fees in the range. Not all credit transfers and payments can be initiated through payment terminals. Therefore, OTC fees were included. The maximum fee of 7.15€ is charged for OTC bill payments through the Bankgiro or Plusgiro system.

4.3.5 Prices of direct debits

Graph 57: Prices of direct debits (price per domestic transaction in €)

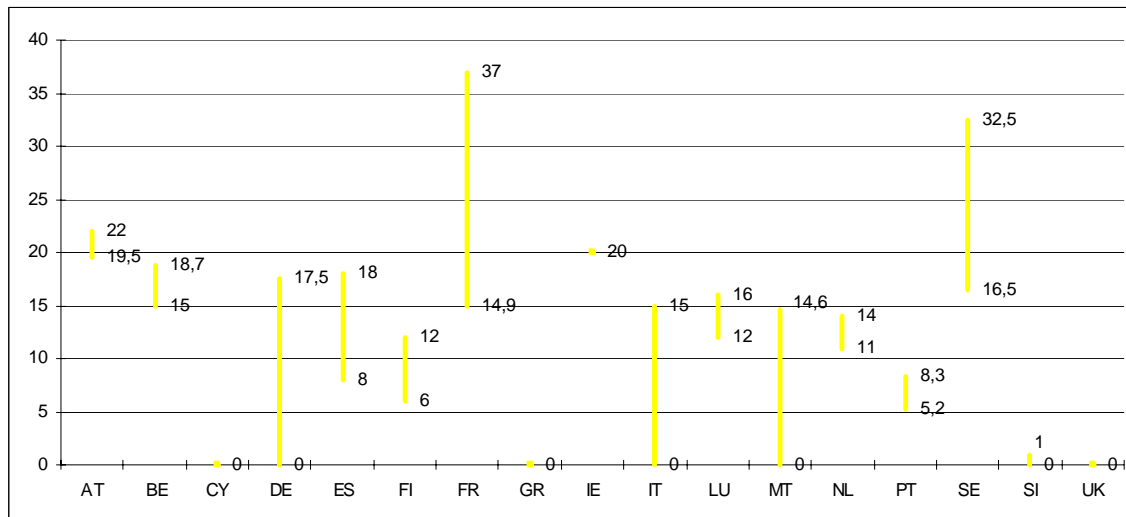


Observations:

- For Austria, Cyprus (1 FI), Germany (some FIs), Finland (1 FI), Greece (1 FI), Ireland, Italy, Slovenia (1 FI) and Spain, these figures do not include transaction fees.
- Austria: one FI charges a fee per direct debit transaction, while three FIs (including the one charging the per transaction fee) charge a fee for closing the direct debit order (fee arbitrarily distributed over a 12 months period). Direct debits are free of charge in the other FIs.
- Cyprus: one FI charges a setup cost of 7.2€ (fee arbitrarily distributed over a 12 months period). Direct debits are free of charge in the other FI.
- Germany: direct debits are charged in one FI only. In the other FIs, they are free of charge.
- Spain: direct debits are usually free of charge, but one FI charges 0.36€, one FI 0.4% on the amount transferred (only when initiated OTC), and one FI applies a set-up cost of 6€ (fee arbitrarily distributed over a 12 months period). The maximum fee corresponds to the percentage fee arbitrarily applied on a maximum amount transferred of 500€.
- France: the maximum value comes from a set-up cost ranging from 6.5 € to 10 € (fee arbitrarily distributed over a 12 months period).
- Greece: usually the cost ranges from 0 to 0.6 € but for OTC it can be up to 3 €.
- Italy: usually the cost is 0 to 0.75 € but for bills it can be up to 3.5 €, we retain the maximum value of 3.5 € per direct debit.

4.3.6 Prices of debit cards

Graph 58: Prices of debit cards (annual price in €)

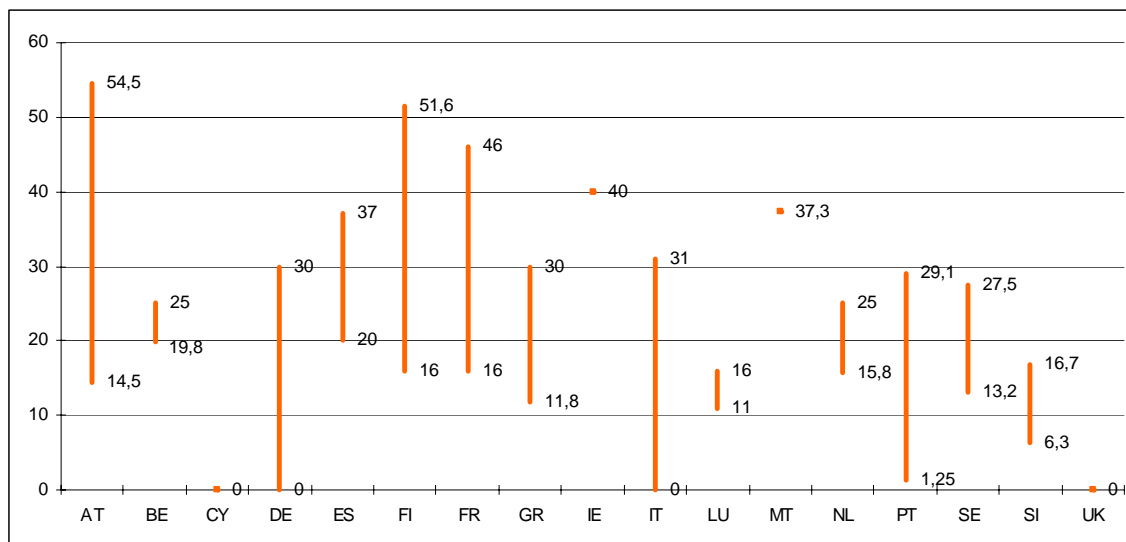


Observations:

- For Austria, Cyprus (1 FI), Germany (some FIs), Finland (1 FI), Greece (1 FI), Ireland, Italy, Slovenia (1 FI) and Spain, these figures do not include transaction fees associated with each payment operation per card.
- Germany: a debit card is usually charged maximum 10€. Only one FI offers a debit card for 17.5€
- Spain: a debit card is usually charged minimum 12€. Only one FI offers debit cards for 8€.
- France: a debit card is usually charged minimum 25€. One FI offers a debit card for 14.9€ and another FI for 20€.
- The figure for Ireland reflects a government fee amounting to 20€ and covers both a withdrawal function and a POS payment function. Beyond this, FIs apply no additional charges.
- Italy: one FI offers a debit card free of charge. In the other FIs, fees vary between 10€ and 15€.
- In Malta, debit cards are usually free of charge. One FI, however, charges a fee for an international Visa/Electron debit card.
- Portugal: one FI offers a debit card free of charge, while the other FIs charge minimum 5.2€ annually.
- Slovenia: debit cards are free of charge. However, two FIs charge a card edition fee of 2.92€ and 4.17€ (fee arbitrarily distributed over a 4 year period).

4.3.7 Prices of credit or delayed debit cards

Graph 59: Prices of credit or delayed debit cards (annual price in €)



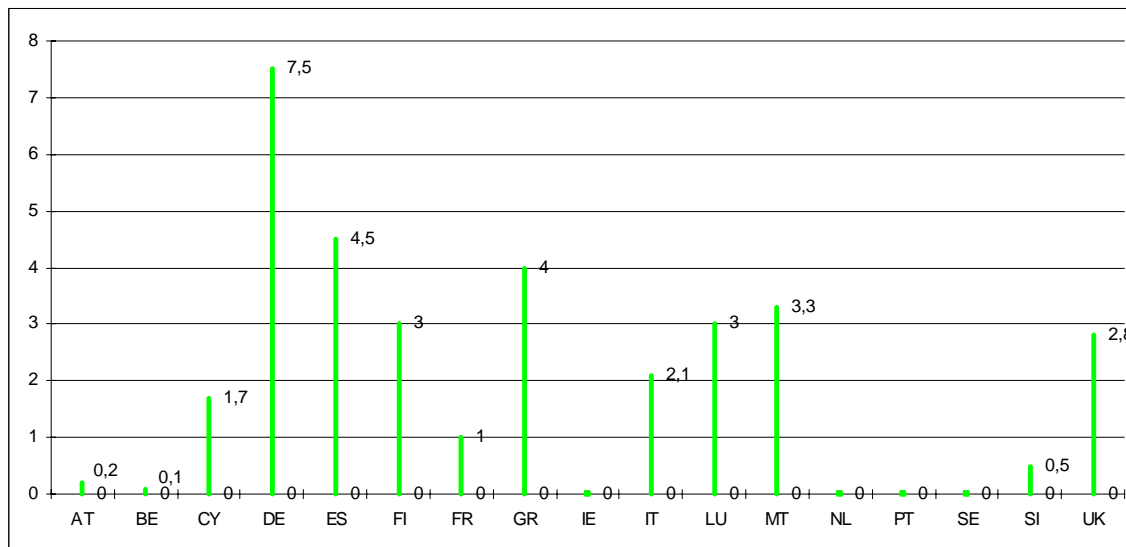
Observations:

- For Austria, Cyprus (1 FI), Germany (some FIs), Finland (1 FI), Greece (1 FI), Ireland, Italy, Slovenia (1 FI) and Spain, these figures do not include transaction fees associated to each payment operation per card.
- In Cyprus and the UK, credit cards are free of charge as long as the credit card bill is paid in due time and the credit card is used for POS transactions only, i.e. not for cash withdrawals or balance transfers.
- Austria: usually, fees for credit cards range from 14.53€ to 27.25€. Two FIs offer a credit card available only with insurance included, and charge this 54.5€.
- Germany: the credit card fee usually amounts about 20€.
- Finland: three FIs charge a percentage fee of 2% or 2.5% of the credit amount available on the card (fee arbitrarily based on a credit amount available between 800€ and 1,500€). One FI charges a fixed fee of 51.6€.
- France: only one FI offers a credit card for 16€, while other FIs offer delayed debit cards with a minimum annual fee of 39€.
- Greece: only one FI offers credit cards for 11.8€. In other FIs, minimum annual fee is 20€.
- The figure for Ireland reflects a government fee amounting to 40 €. Beyond this, FIs apply no additional charges.
- Italy: the credit card fee usually amounts to about 30€.
- Malta: the fee includes a government fee of 16.3€.
- Portugal: one FI offers a credit card free of charge with an edition fee of 5€ (fee arbitrarily distributed over a 4 year period). Other credit cards are charged minimum 11.4€.

- Slovenia: usually FIs charge minimum 8.4€ annually. One FI also offers a credit card free of charge, with, however, a card edition fee of 25€ (fee arbitrarily distributed over a 4 year period).

4.3.8 Prices of ATM cash withdrawals

Graph 60: Prices of ATM cash withdrawals (price per domestic transaction in €)

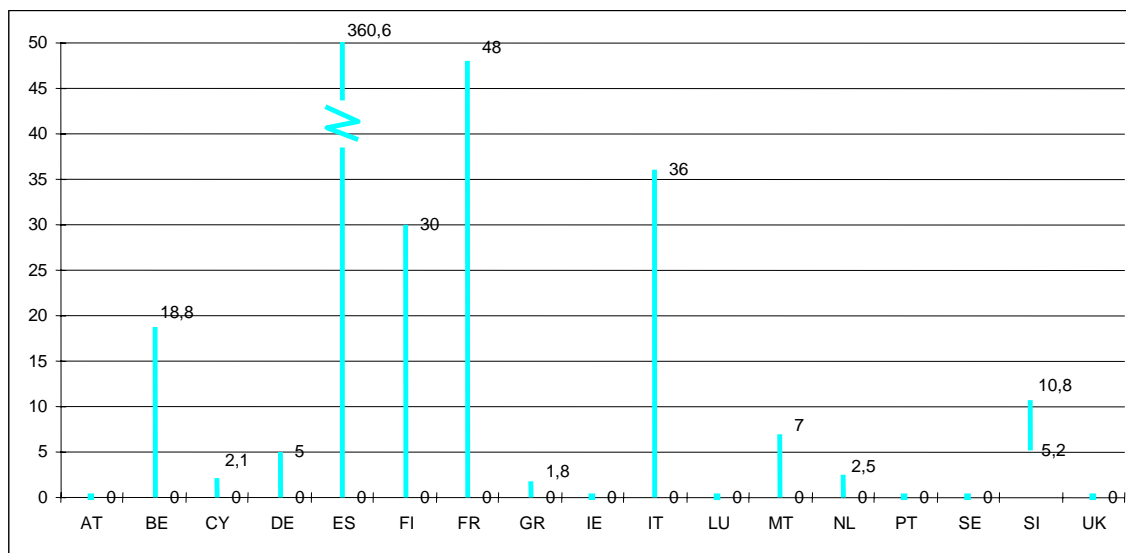


Observations:

- When the withdrawals are not free of charge, the existence of upper and lower bounds is due to the difference of fees between withdrawals at own FI (or network) ATMs and at other ATMs. In all 17 countries, cash withdrawals from ATMs of the own FI or pertaining to the network to which the FI belongs are free of charge, except for one FI in Austria and one FI in Belgium. In some countries, cash withdrawals from ATMs of another FI are also free of charge; this is the case in Austria (7 FIs), Cyprus (1 FI), Finland (2 FIs), France (1 FI), Ireland, Malta (2 FIs, except with an international Visa/Electron debit card), the Netherlands, Portugal, and Sweden.
- For Austria, Cyprus (1 FI), Germany (some FIs), Finland (1 FI), Greece (1 FI), Ireland, Italy, Slovenia (1 FI) and Spain, these figures do not include transaction fees associated to each withdrawal.
- In Germany, Greece, Spain and the UK, the upper bounds presented in the graph were calculated by considering the minimum fees applicable to withdrawals at other FIs. This supposes a rational behaviour of consumers i.e. minimising additional charges by only withdrawing the limited amount of cash immediately needed, but this presumption is currently being debated.

4.3.9 Prices of internet banking

Graph 61: Prices of internet banking (annual fee or registration fee in €)



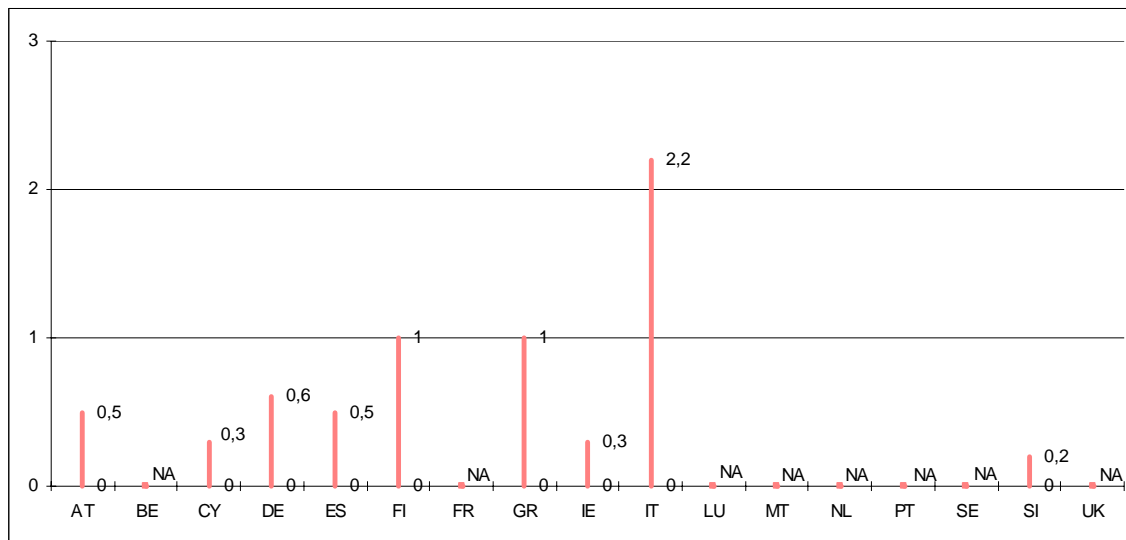
Observations:

- The chart above mixes annual – or usage – fees (in some countries) and issuance/subscription fees (in other countries); in some countries both categories of fees coexist in some FIs. The figures of issuance/subscription fees were included in the graph by considering an “amortisation” over an arbitrary 4 year period.
- In Belgium, internet banking is usually free of charge. One FI charges an annual fee of 15€ as well as an issuance/subscription fee of 15€ (fee arbitrarily distributed over a 4 year period).
- Cyprus: one FI charges an issuance/subscription fee of 8.4€ (fee arbitrarily distributed over a 4 year period), while internet banking is free of charge in the other FI.
- Germany: internet banking is usually free of charge, except one FI which charges an issuance/subscription fee of 20€ (fee arbitrarily distributed over a 4 year period).
- Spain: internet banking is free of charge in five FIs. In the other FIs, usage fees are respectively 24€, 60€, 72.1€, 144€ and 360.6€ (this last tariff is exceptionally high). Three FIs also charge an issuance/subscription fee between 10€ and 60€ (fee arbitrarily distributed over a 4 year period).
- France: six FIs do not apply any fee; the five others apply an annual fee of 20€ to 48€.
- Greece: for three FIs, no annual fee is requested, but an issuance/subscription fee of 7€ (fee arbitrarily distributed over a 4 year period).
- Italy: free of charge for 7 FIs, for the others, there is a usage fee between 12 and 36 €. One FI charges an issuance/subscription fee of 15€ (fee arbitrarily distributed over a 4 year period).

- Malta: one FI charges an annual fee of 7€, while it is free of charge in the other FI.
- The Netherlands: usually free of charge except for one FI; issuance/subscription fee of 10 € (fee arbitrarily distributed over a 4 year period).
- Slovenia: one FI charges an annual fee of 5€, while the four FIs charge an issuance/subscription fee between 20.8€ and 31.3€ (fee arbitrarily distributed over a 4 year period).

4.3.10 Transaction fees

Graph 62: Transaction fees (price per transaction in €)



Observations:

- A transaction fee is an amount charged by the FI on any movement on an account.
- In Austria, Ireland, Italy and Spain, most FIs charge transaction fees. In Cyprus, Germany, Finland, Greece and Slovenia, a few FIs apply transaction fees. In Cyprus it concerns one FI, in Germany four FIs, and in Slovenia one FI. In Finland, it concerns debit transactions in one FI. In Greece, it concerns manual one-off transactions in one FI.
- In Italy and Spain, the upper bound prices refer to transaction fees applied on accounts, while most packages have lower or no transaction fees.
- Austria: usually, FIs charge maximum 0.3€ per transaction. Most packages include transaction fees.
- Ireland: two FIs apply transaction fees but offer the possibility to qualify for free transactions.

4.4 Conclusions of the review of tariffs

The main conclusion to be drawn from the review of the country profiles and of the tariff ranges is the high degree of diversity of the tariffs and of the services offered between countries and between financial institutions within countries. For example:

- The composition of packages varies greatly between FIs in the same country and between FIs in different countries;
- There are countries with taxes on some payment services and there are countries without;
- Likewise, in some countries all FIs or some of them apply transaction fees while such tariffs do not exist in other countries;
- In a given country some FIs propose credit cards with insurance services included (no choice) while others offer usual credit cards;
- Depending on country and FI, accounts are charged or not; if they are, the tariff might consist of an opening fee, an annual fee, a closing fee or a combination thereof.

As evidenced by the country profiles and the tariff ranges, the diversity not only concerns tariffs and services offered; there are wide differences between countries regarding the intensity of use of the payment services in general and regarding the preferred payment services.

Due to the diversity of what the tariffs actually refer to and include, it is imperative to not only consider the tariffs *per se*, but to systematically take into account the characteristics of the 'full content' of a service offered, including the infrastructure associated to its provision. In other words, this diversity makes the solely quantitative comparison of tariffs insufficient.

4.5 Reflection on the impacts of SEPA on consumers

Any changes of tariffs observed post-SEPA will have to be considered carefully in order not to attribute them to SEPA without further consideration. Indeed, SEPA will bring several changes for the industry, governments and consumers, not only concerning tariffs. Due to the diverse payments systems, payments habits, payments providers' cost structures and levels of cost efficiencies and pricing strategies and models in the Member States, it is important to ensure systematic monitoring of these changes. They do not only concern large FIs and cards issuers but also smaller FIs and emerging payments providers. Tariffs monitoring is necessary but not sufficient to assess systematically the impact of the progressive introduction of SEPA current and new emerging instruments. Transparency of information on the new products, their characteristics (prices, services and standards quality) and any hidden costs (such as interchange fees and others) are essential.

In addition to direct impacts, such as prices, services and standards quality, SEPA will make indirect impacts on two levels:

At market level:

- By implementing European-wide payment services, SEPA would contribute to reducing the relatively closed character of domestic markets. Pressure on national providers would increase due to increased competition;
- The new SEPA tools might imply investments, mainly in the back office, that the FIs would have to finance. Selective price increases could therefore be applied.
- New payment operators might appear and existing operators might expand, e.g. PayPal, Google Checkout²⁵. Non-FIs payment providers like telecom operators or newly established payment institutions could expand in emerging segments (payments for music and movie downloads via mobile invoices, new innovative payment instruments, etc.), particularly with radio frequency identification technology becoming ubiquitous and in view of the growing importance of e-payments. This could lead to an increasingly competitive market in the future.
- Another area of non-FI competition is money transfer services. Companies such as MoneyGram, Western Union and Travelex are best positioned to expand in immigrants and low-income consumers groups and possibly to offer other payment services than money transfers in the future.

At European level:

- The issue of interchange fees, in particular for direct debits, has not been agreed on yet. The proposal to introduce a default interchange fee per transaction for the operating of the pan-European structure is questioned. Currently, not all countries apply interchange fees. The consequences of introducing a transactional fee might be a price increase for direct debits in low-fees countries, unless banks decided not to apply the default fee.
- The SEPA means of payment have to comply with the non-deterioration principle stated by the Council²⁶, i.e. the service level cannot decrease and the national prices cannot increase. Besides SEPA, there could be other initiatives and developments that will impact on tariff setting. For instance, overall expectations expressed alongside SEPA refer to a fair pricing structure, i.e. prices that reflect real costs. This could impact on existing cross-subsidisation and thereby modify existing tariffs. Likewise, changes in merchant charges and the abolishment of the non-discrimination rule, especially for credit cards, could influence the prices paid by consumers.

These impacts, and especially their interactions and end results, have to be considered carefully. New SEPA means of payment will likely facilitate many international payments, including clearing and settlement, for both payment providers and consumers. However, the investments which might be needed to achieve this could

²⁵ Paypal and Google Checkout provide a secured online payment system, which allows payment transactions through debit or credit card. PayPal has already 153 million user accounts, among which more than 35 million in Europe.

²⁶ Financial Service Committee, Single Euro Payments Area (SEPA), FSC 4171/07, 10 September 2007

impact negatively on the (low) price of domestic instruments, everything else being equal (economies of scale and scope, market entry, higher negotiating power of consumers could have the opposite effect).

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Overall, the study provided an updated and improved knowledge of the market of retail payment services in the 17 countries targeted. The detailed presentation of these services and of their tariffs might also greatly contribute to facilitate the future data collections. Once the next data will have been collected, it will be possible to compare tariffs before and after SEPA implementation.

Selection of financial institutions

The outcome of the selection was a quantitatively and qualitatively representative sample of institutions: the 106 institutions selected represent a significant part of the market as well as the diversity of institutions' categories. For the next tariffs collection, one will have to pay due attention to the fact that the picture of representative institutions might have changed, with the growing importance of newcomers such as internet banks or non-bank providers of payment services.

During this selection one obstacle faced was the relative unavailability of statistics regarding the market shares of FIs for retail payment services. This made it necessary to use the value of customer deposits as best proxy.

Data collection

In terms of access to or availability of information on tariffs on the FI's websites, the results were satisfactory for two thirds of the 106 FIs surveyed since they grouped all information in one single web page or document. In terms of clarity of these tariffs and of their meaning, 31% of FIs provided sufficient explanations while for the remaining 69%, contacts with the relevant institutions were necessary to obtain further explanations .

The data and information collected revealed an important diversity – especially between countries - of the tariff setting of packages and single transactions, of the tariff levels and of the payment services. This reflects in particular the differences between countries in terms of payment habits and banks' and customers' behaviours.

This diversity is at the origin of the absolute need to qualify and explain every figure of tariff presented and of the difficulty to proceed with quantified comparisons.

Processing and analysis of data

With the eyes on the currently available statistics on payment behaviours, the study went as far as possible in the processing and analysis of the data collected, account being taken of the resources available and of the fact that this is only the first phase of the monitoring process. The analysis took fully into consideration that data on tariffs have two components that are intrinsically related, i.e. quantitative and qualitative information. Explanations and comments on what a specific tariff covers were always required to correctly understand the figures.

The results of the processing and analysis of data consist of country profiles of the 17 originally selected countries, charts summarising the tariffs ranges of the payment related services in the countries concerned and a reflection allowing better situating the present data collection in the necessary broader approach of the impacts of SEPA on consumers.

This analysis provides already an added value both in terms of better knowledge of the market and as an information source. For the future and based on the present work, it could be possible to go some steps further.

First, there will be a second data collection allowing comparison between tariffs before and after implementation of some SEPA tools.

It could also be possible to develop robust quantitative indicators allowing e.g. comparison of tariffs of a payment service across countries. This would however require the availability of fully customised statistics to characterise the retail payment habits, such as the amounts of retail credit transfers or the distribution of “on-us” versus “not-on-us” cash withdrawals. Other examples regard the duration of direct debits and standing orders, the beneficiaries of credit transfers, the average amount of credit available on credit cards, the average usage of credit cards, etc. Such statistics would allow establishing behavioural hypotheses that are prerequisites to build robust and reliable indicators of tariffs per payment tool in a given country.

Methodological indications on how to analyse the impact of SEPA

While the comparison of tariffs is one of the most important criteria to analyse the impact of the introduction of SEPA payment tools among consumers, it is imperative not to draw fast and simplistic conclusions simply on the basis of comparing tariffs before and after the implementation of SEPA. First, there could be a general restructuring of tariffs following SEPA. Secondly, there could obviously be other factors besides SEPA which impact tariffs, such as for example merchant charges for cards or more generally interchanges fees. In this second case, however, an (indirect) role of SEPA could also be possible: for example, in the case of Direct Debits, the possible introduction of an interchange fee would be directly related to SEPA.

In order to assess the impact of SEPA on consumers it is necessary to consider several aspects together with the tariffs of payment related services. These aspects which usually differ from country to country are the payment habits, the degree of competition on the retail payment market, in particular in terms of the entry of new players on the market, the efficiency gains of the FIs that might or not be transmitted to consumers, and the interchange and merchant fees that might or not be directly transmitted to consumers. One has also to consider that the impact of SEPA might vary according to category of users and because of changing patterns in the usage of different payment services.

Therefore, monitoring tariffs is necessary but not sufficient to assess systematically the impact of the progressive implementation of SEPA. Though a systematic analysis should also consider other aspects, the data stemming from this research will represent in any case an important added value and will form a good base for further research.

Developing an electronic comparison tool

The other major output of the present assignment is an electronic tool, a data base, which allows the following:

- To search and view the data gathered, i.e. the tariffs and their explanations in a standardised format by country, financial institution and payment service;
- To access the source documents (i.e. tariffs as presented by the financial institutions on their website);
- To use the tool for the next collections of data and information on the tariffs of payment services.

This tool is provided together with user guidelines for the administrator(s) of the tool and for its readers. It can be adapted to take into account changes regarding the countries, financial institutions and payment services considered.

5.2 Recommendations

Selection of financial institutions

For the selection of financial institutions for next data collection exercise, take due consideration of the possibly growing market shares of the new payment providers (in particular, the "payment institutions", regulated by the PSD), for which it might be difficult to find figures on their market shares that are comparable to those of FIs.

Future data collection

Continue to take fully account of the diversity of offers and tariff setting and be aware that the picture might have changed in a given country.

Make full use of the flexibility of the comparison tool by updating it with information on new payment services and payment services providers.

To the extent that resources are available, carry out monitoring every year, especially during the next four years (i.e. the SEPA transition period).

Processing and analysis of data

Keep track of new statistics on payment services.

When creating tariff ranges per payment tool, indicate even 'minor' details so as not to lead the reader to simplistic conclusions while the reality is diverse and complex.

Monitoring the impact of SEPA on consumers

Be cautious when interpreting evolutions of tariffs and attributing the origin to SEPA. Evolutions of tariffs can result from a variety of factors such as competition, cost increases, cross subsidising between payment services, etc.

To the extent that resources are available, monitor also other key parameters than tariffs, such as cost efficiency gains, service quality and volume, interchange fees and merchant fees, etc., as SEPA will also impact consumers in other ways than tariffs.

In particular, it could be interesting to monitor:

- Whether cost efficiencies on the midst of SEPA implementation will or will not be transmitted to consumers through e.g. price reductions or services quality and volume increases. One way of doing this is to link cost efficiency indicators to prices and performance evolutions;
- Whether interchange fees will be, or not, detrimental for the consumers, considering the complexity of the structure of the cards markets and the non transparency of interchange fees and merchant fees levels in the Member States.

ANNEX 1 – TASK SPECIFICATIONS

1. Title of the assignment

"Preparing the monitoring of the impact of SEPA payment tools on consumers".

The study will consist of a data collection of the tariffs, currently (i.e. in 2007) applied to consumers only for diverse payment tools, before the introduction of the Single Euro Payments Area (SEPA). Once SEPA will be in force (the first products will be available in 2008), it will be possible to compare these data with those available at that time, in order to monitor the impact of the SEPA payment tools on consumers.

2. Context of the assignment

2.1. Description of the Policy Area to be evaluated

The SEPA is an initiative of the European banking industry aimed at creating one single system for processing the payments all over the Euro area (and, for some tools, all over the EU). The aim is that all electronic payments across the Euro area – e.g. by credit card, debit card, credit transfer or direct debit – become as easy as domestic payments are now. If this will be the case, all consumers will benefit from transparent pricing and prompt transfers.

However, at the moment, the largest part of the payments made within the Euro countries is still domestic. As a result, there is the need to monitor how concretely the SEPA tools will impact on prices.

As the key issue of this exercise is the **comparability** of the data collected, it is very important to stress that the collection has to be done together with the **development of an appropriate assessment tool**. The contractor will have to propose to the Commission what concretely he intends to elaborate and how he intends to proceed **before** any concrete data collection.

2.2. Specific and operational objectives of the activity/action.

The aim is to collect data on the prices of payment tools. These data will be a source of comparison with future analogous data, in order to measure and evaluate the impact of SEPA payment tools.

2.3. Legal basis and duration of the activity/action

The SEPA initiative is directly related to the legal innovations which stems from the Payment Services Directive (PSD) and other EU legislation, such as the Regulation 2560/2001. For the evaluation of the impact of this legislation, substantial evidence is needed. Moreover, despite the fact that SEPA is for the moment exclusively industry-driven, the Commission has explicitly reserved its right to legislate directly, in case the industry failed to implement SEPA tools efficiently and on time.

As a result, an appropriate monitoring of SEPA impact is key for both already adapted legislation and possible future actions in this area. One of the key elements for this investigation is the development of an appropriate assessment tool and, afterwards, the quick collection of data on prices of payment tools before the introduction of SEPA tools. Differently, any comparison would be difficult. As a result, the data collection has to be made preferably before the 31.12.07, but in any case, before the introduction of SEPA tools in the respective Member States, as the introduction of SEPA tools is foreseen in 2008.

2.4. Instruments of the activity/action

The data collection will be based on the tariffs proposed by financial institutions to their clients and will represent a benchmark for comparison, once the SEPA tools will be offered to the public.

3. Description of the assignment

3.1. Purpose and objective of the evaluation

The subject of this contract is to collect data on prices of diverse payment tools which are currently (in 2007) used in the most common banking transactions, in four different fields (credit transfers, direct debits, debit card transactions, credit card transactions).

The collection is to be carried out through the analysis of the tariffs for the payment tools proposed to their clients by a representative sample of financial institutions, located in Euro countries.

Prices to be surveyed will concern both those relating to single payment transactions and those related to the package offers which are normally proposed by financial institutions.

3.2. Evaluation issues to be addressed

Any analysis of the impact of SEPA tools may not be possible without a clear reference comparison, to be prepared before the introduction of the SEPA "European" tools, which are supposed to replace the previous "national" payment tools.

Therefore, the main tasks of this survey is to collect and aggregate data on the prices for the use of the most common payment tools currently widespread within the countries of the Euro area before the SEPA tools are introduced.

The categories of products for which this collection is intended are: credit transfers, direct debits, debit cards and credit cards. The survey will cover the 13 countries of the Euro area.

The sources (the financial institutions to choose for the collection) of this survey will be decided together by the Commission and the contractor in the first kick-off meeting. This flexibility is needed because the financial services panorama of the different 13 Euro countries is not homogeneous. As a result, a preliminary analysis, by the contractor, is needed.

With the aim of developing the above mentioned appropriate assessment tool, the contractor will firstly prepare a preliminary analysis of how the different payment tools are concretely used (and how they are priced: in single operations or packaged) in the Member States concerned. This analysis may be based on statistical data or other sources, such as existing research and studies, including previous works done by the European Commission, not only for data but also as benchmarks of the used methodologies. Its result will serve to build an effective comparison tool, country by country, to avoid a too generic approach. As an example, if in a country direct debits are very common, while in another they are not equally widespread, the impact in the first country of a substantial increase of prices for direct debits will be much higher than in the second country. As another example, if in a country the largest number of accounts are priced using a package model, the collection of data for single operations will be less important.

Secondly, the contractor will prepare his work plan, where all his actions will be illustrated in detail. The survey shall be as realistic and representative as possible and reflect the result of the preliminary analysis. The plan will indicate:

1 – the distribution of the collected data, i.e. which type of services have to be surveyed, institution by institution, and in which proportion. The point is that not all financial institutions offer all types of services and not all clients request all possible services.

2 – the number and the type of the financial institutions to be surveyed. This aspect may depend on data like the concentration of the financial institutions in that country (the bigger the number of the banks operating in a country, the more important it is that many of them are surveyed), their market share in retail financial services, the preference of consumers towards a specialised institution rather than to a high street bank, etc.

3 – the distribution of the data between the two main categories (price per operation and price per package account). The point is that very often financial institutions do not propose price lists for single operations but tend to propose their prices through a package offer. The contractor will choose the packages which he considers representative of the market in question. As a general guideline, packages could be chosen under two main representative categories (if they exist), i.e. the normal commercial offers and the basic packages. The contractor, on the base of the analysis mentioned in point 1, will decide which kind of and how many packages will have to be analysed, country by country.

4 – the method and the timetable foreseen to perform the data collection, which has to be carried out imperatively before the introduction of SEPA products. The contractor will choose, institution by institution, which is the best data gathering tool (an internet verification, a physical collection of the price offer, on paper, in a leaflet, in advertising in the press, etc.) and will explain why. In general terms, paper tools, where available, should be preferable.

5 - The contractor will then collect, aggregate and analyse the data in detail, notably in terms of prices requested, both for single operations and within the context of a package account.

The contractor's offer should outline in sufficient detail, his proposed methodology for conducting the preliminary analysis and the contractor's work plan, categorised in accordance with the description above.

It is particularly important that the contractor keeps trace of his research, through a rigorous saving, archiving and classification of the sources consulted, either paper or other media.

The purpose of the project is to put in place an efficient and easy-to-use assessment tool for the Commission in order to follow the evolution in time of payment services and therefore measure the impact of SEPA on that market. The contractor will be required to establish a list of easily accessible indicators on the state of play of the SEPA market. He will have to analyse and demonstrate clearly that the final results of his survey are representative and may be used as a benchmark reference, for future comparison. The Commission will use the tool in the long term in order to assess the efficiency of SEPA and adjust certain elements if necessary.

3.3. Scope of the evaluation

The analysis has to concern the price charged for the use of the payment tools by consumers. It has to cover all the 13 Member States of the Euro area. The data collection must be carried out imperatively before the introduction of SEPA products, and must concern both tariffs of single transactions and tariffs of package accounts.

3.4. Evaluation questions

As regards the package accounts, the contractor will have to assess their commercial distribution and relevance for this survey. Moreover, he will have to extrapolate, through adequate comparisons, a plausible amount which can be assigned to the operations which are the subject of this survey. As a hypothetical example, if he takes a package account which costs € 200 per year, all inclusive, and finds that the same financial institution asks € 80 per year for the management of (another) account where the single operations are priced separately, the contractor will mention this and will extrapolate that a plausible annual cost for payment tools may be € XX. It is very important, when using the respective methodology, that it is correctly described and fully explained, but the contractor is free to choose the methodology he prefers.

As regards the degree of detail of the survey, it has to be carried out in the most representative way, taking into account the budget limits. A sufficient number of financial institutions is to be surveyed, according to the needs indicated in the preliminary analysis (see below). The different

types of tools, belonging to the 4 categories above mentioned, need to be present in a way which reflects the features of the national markets concerned.

At the end of the project, the contractor will deliver to the Commission a grid which will be completed in respect of all product categories and Member States, as described in the assignment. This grid should be presented in a format which makes it easy to see and compare the various parameters.

3.5. Other specific tasks to be carried out under the assignment

The contractor will also take into account, if appropriate and relevant, existing research and studies²⁷. He may also conduct interviews with consumer associations, financial services providers or other professionals in order to supplement and back up his research and conclusions.

3.6. Reporting and deliverables

Work carried out by the contractor in performance of the contract shall be the subject of the following reports, which the contractor must send to the Commission by the deadline given.

All the reports must be made available in paper and electronic form in a format compatible with Microsoft Office (MS Word preferred, PDF. format possible), by email, or CD-ROM.

All the reports and their annexes must be provided in English.

All the reports must comprise duly numbered paragraphs and pages.

They must include a full bibliography listing all the sources of information used.

Interim report and documents: 3 copies;

The report will describe the work carried out and the results obtained during the period specified. It will give, in particular:

- a brief summary of the initial work performed;
- the raw data of the survey, grouped by country;

²⁷ This research and these studies must be used with due respect for good practices.

- the work programme planned for the following period.

The interim report is to be sent to the Commission no later than 6 months after signature of the contract.

Within 45 days of receiving the interim report, the Commission will inform the contractor of whether or not it is acceptable, with or without further comment. During this period, a meeting between the Commission and the contractor will be held to discuss the interim report (see point 8 below). Following receipt of the Commission's comments, the contractor will have 45 days to submit further information, a revised interim report in line with the Commission's comments, or a completely new report.

Final report: 5 copies

The final report will describe all the work carried out and the results obtained under the contract. It will also contain a summary of the main results and all the research compiled for the preparation of the report.

The draft final report must be submitted to the Commission no later than 9 months after signature of the contract.

Within 45 days of receiving this draft final report, the Commission will inform the contractor of whether or not it is acceptable, with or without further comment. During this period, a meeting between the Commission and the contractor may be held to discuss the draft final report (see point 8 below). Within 45 days of receiving any such comments, the contractor will send the Commission his revised final report, which will take account of the comments.

In the absence of any comments from the Commission within 45 days of its receiving the draft report, the contractor may request its acceptance in writing.

The final report will be deemed to have been accepted by the Commission if, within 45 days of receipt of this request, the Commission has not expressly informed the contractor of any comments.

3.7. Organisation and timetable

Meetings

We envisage 4 meetings to be held over the duration of the contract, each having representatives of the Commission and of the contractor.

1 – In the kick-off meeting, to be held in Brussels after conclusion of the contract, the aim will be to agree the details of the work.

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2 – The second meeting will be held after the preliminary analysis and after the work plan has been prepared and will aim to agree these elements.

3 - In the third meeting which will take place as soon as possible after the preparation of the Interim Report, the work performed so far and the work still to do will be discussed.

4 - A final meeting may take place once the legal contractor has sent the Commission the draft final report. The aim of this meeting will be to allow the parties to discuss the draft final report and any final amendments.

In addition the contractor will make himself available for telephone or e-mail discussions with the Commission, if necessary. The contractor should also be prepared to come to a meeting which can be scheduled ad-hoc, if necessary.

3.8. Special requirements

The contractor must be able to perform the survey requested and the related research and analysis. The contractor will have to be able to collect and aggregate the data concerning the prices of the payment tools in the 13 Member States of the Euro area. The results of the analysis should enable the Commission to make comparisons with analogous data, collected after the SEPA tools will be in force.

4. References

4.1. Annexes to the Task Specification

4.2. Other existing documentation/data and how to access it

4.3. Useful web-links

Commission website on SEPA

http://ec.europa.eu/internal_market/payments/sepa/index_en.htm

ANNEX 2 - GLOSSARY

Account	Financial service allowing keeping money at a financial institution and to which cards can be linked and from which payment transactions can be made. It can be called current account, deposit account, etc.
Account management	Holding of the account.
Automated transactions machine (ATM)	Terminal allowing to withdraw cash from an account, and sometimes also to initiate credit transfers and to pay bills.
Bill payment (utility, commercial etc.)	Payment transaction initiated in order to pay a bill to a utility company, another FI or a commercial company, either by mean of a credit transfer or standing order, or by direct debit.
Card edition	Issuance of card for first use.
Cash withdrawal	Transaction consisting of taking cash out of an account.
Combination card	Card combining both a debit card and a credit card function, as it associates an overdraft facility. At the moment of the cash withdrawal or payment, the cardholder chooses which function to use.
Credit card (incl. revolving card)	A credit card is associated with a credit amount and allows purchases within this credit limit. The balance is settled in full by the end of a specified period. Alternatively, it is partly settled: the remaining balance is taken as extended credit on which the cardholder must pay an interest (so-called "revolving cards"). Interest is charged on the amount of any extended credit and the holder is usually charged an annual fee.
Credit entry	A credit entry is a payment crediting an account by means of credit transfer or standing order.
Credit transaction	Transaction crediting the account, i.e. the balance on the account goes up.
Credit transfer	A credit transfer is a payment initiated by the payer. The payer sends a payment instruction to his/her FI to transfer an amount from his/her account to another one. The FI moves the funds to the receiver's FI. This can happen via several intermediaries.
Debit card	A debit card allows the cardholder to charge purchases and cash withdrawals directly and individually to an account.
Debit function (or maestro/visa electron function)	Function available on some cards and allowing to charge purchases and withdrawals directly (or within a short delay) and individually to an account.
Debit transaction	Transaction debiting the account, i.e. the balance on the account goes down.
Delayed debit card (or differed debit card)	Delayed debit cards enable the cardholder to charge an account up to an authorised limit, but with the total amount of credit being settled at

	the end of a specified period (with no extended credit facility offered).
Direct debit	A direct debit is a transfer initiated by the receiver via his/her FI, in order to transfer an amount from another account to his/her account. Direct debits are often used for recurring payments, such as for utilities. They require a pre-authorisation ("mandate") by the payer. Direct debits are also used for one-off payments. There, the payer authorises an individual payment.
E-money function	Reloadable multi-purpose stored-value function available on some cards and which may be used for payments without necessarily involving bank accounts in the transaction, but acting as a prepaid bearer instrument.
Electronic account	Account meant for use through ATMs and internet banking.
Electronic transaction	Transaction initiated without intervention of cash or of an employee of the FI.
Financial institution (FI)	Institution whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account. In particular, it offers financial services, such as payment related services.
Internet banking (home banking)	Internet banking is a financial service which a retail customer of a financial institution can access using a personal computer and a telecommunications link to the institution's computer centre. It allows an account holder to manage his/her account through the internet, e.g. view account details, initiate credit transfers, pay bills, etc.
Internet issuance	Allows access to internet banking. This includes internet access codes, access software and access hardware.
Internet subscription	Registration to internet banking services.
Internet transaction	Transaction initiated through internet banking.
Manual transaction	Transaction that has to be handled manually by someone at the financial institution before it can be processed electronically.
Over the counter (OTC) transaction	Transaction that is initiated directly by an employee at the financial institution.
Package	A package is defined in this study as a bundle of financial services comprising an account as basic component and at least one of the payment related services addressed in this study (credit transfers, direct debits, cards, cash withdrawals, internet banking, transactions).
Paper-based transaction	Transaction initiated on a paper-based form, e.g. credit transfer or cheques, and that has to be handled manually by an employee of the financial institution in order to be processed electronically.
Payment function	Function available on some cards and allowing for payments, e.g. POS, internet, etc.
Payment related service	Financial service allowing for payments. This includes accounts, transactions, payments, cards, internet banking, etc.
Payment terminal	Terminal allowing viewing account details, and managing account transactions, e.g. initiating credit transfer, paying bills, etc.

Payment tool	Financial service enabling the account holder to transfer funds through payments, e.g. credit transfer, direct debit, cards.
Point of sale (POS) payment	Payment by card at a payment terminal situated e.g. in a shop.
Setup of standing order	Order given by an account holder to transfer on a regular basis a fixed or variable amount by credit transfer from his/her account to another account.
Setup of direct debit order	Order given by a receiver and authorised by the payer to transfer on a regular basis a fixed or variable amount by direct debit from the payer's account to his/her account.
Standing order	A standing order is a regular credit transfer.
Transaction	Account transactions comprise any debiting or crediting transaction resulting in a change of the balance on the account. This includes credit entries, credit transfers, direct debits, cash withdrawals and card payments.
Transaction fee (or account usage fee)	Fee charged for each transaction that modifies the account balance through a debit or credit transaction. Also called account usage fee as it applies to movements on the account.
Withdrawal function	Function available on some cards and allowing for cash withdrawals through ATMs.

ANNEX 3 – FINANCIAL INSTITUTIONS SURVEYED

A. Selection method

The objective of the selection of the financial institutions (FIs) was to obtain a representative sample of financial institutions offering payment services, from a quantitative as well as a qualitative point of view. This means that the institutions selected had to represent a significant part of the market as well as the diversity of institutions' categories.

Firstly, we used the Bankscope database²⁸ which is the main database concerning information on the European banking sector. Bankscope allowed detecting the main high street banks, which are traditional banks with shareholders offering most types of retail banking services. The largest commercial, cooperative and savings banks²⁹ were selected, mainly based on customer deposits. Customer deposits were used as a best proxy for market share since no other data could be found in terms of retail market or payment systems in a homogeneous way. The FIs selected cover in general between 60% and 90% of the retail banking markets of the countries concerned in terms of customer deposits³⁰. The market shares were calculated on the basis of non consolidated accounts.

FIs that are specialised in e.g. private banking and wealth management, fully electronic banking³¹, public finance, corporate banking, investment banking, were excluded from the selection. Market shares were recalculated without these FIs. Furthermore, it was decided to exclude Western Union and other similar institutions, since they have fundamentally different characteristics than the other FIs and would therefore distort the outcome of this study.

Secondly, in the selection of the FIs, account was taken of some country-specific factors to ensure qualitative representativeness of the FIs. These country-specific factors are presented in the boxes below.

²⁸ Bankscope is a global database containing information on public and private banks. It includes information on 25,000 banks around the world. It combines data with search and analysis facilities. The tool used for selecting banks in this study is the concentration analysis based on customer deposits.

²⁹ In the case of the UK, mortgage and real estate banks, which comprise building societies, were also included as they provide payment services and represent a relatively important share of the retail banking market.

³⁰ With the exception of Germany, where total market share attains 52%. However, our selection captures the diversity of FIs offering retail banking services, as we included commercial banks, Volksbanken and Sparkassen.

³¹ With the exception of the UK, for which we included two internet banks, as explained in the next point.

B. Country-specific factors concerning FIs

Box 1: Austria, Germany, Finland and France

In these countries, some FIs which belong to finance groups or FIs holdings, have tariffs that vary depending on the Land or region. For these FIs which have the ability to determine and price themselves the services they offer, the groups or holdings were not selected as target institutions. Instead, the largest subsidiary (ies) or agency (ies) in terms of customer deposits was (were) selected.

We are aware that subsidiaries have room for manoeuvre. However:

- Our approach does not aim at exhaustiveness but at representativeness;
- We checked the importance of this room for manoeuvre: in Finland and France, products and tariffs vary little from one subsidiary to another. On the other side, in Austria and Germany, subsidiaries have more freedom in product offering and pricing.

Box 2: United Kingdom

Additionally to high street banks, three other types of FIs were selected:

1. Internet banks

Besides traditional banks offering now also internet banking services, some FIs offer solely online distance banking. Since these kinds of services are developing at a fast speed in the UK, two such banks were included in the selection: the internet bank Egg which was in the Bankscope selection based on customer deposits and the internet bank Smile, a subsidiary of the group Cooperative Financial Services, which was not in Bankscope.

2. Building societies

Building societies are financial institutions created with the purpose of offering mortgage services. However, nowadays they offer similar banking services as the traditional banks. Not all building societies offer all retail banking services. They differ from traditional banks in that they have no shareholders. Instead the company is owned by the clients. The Nationwide Building Society was selected through Bankscope on basis of customer deposits.

3. Credit unions

Credit Unions are local or regional cooperatives offering retail banking services. The selection of the included unions was based upon the number of members and excluded unions addressing specific professional categories.³²

³² The list of Credit Unions ordered by size is available through the following link:
<http://www.abcul.org/page/members.cfm>

C. Selected FIs

This section gives an overview of the FIs selected in each country for the study. Where relevant, the FIs are separated into bank type.

Market shares of FIs were calculated based on unconsolidated accounts. For some countries, data was incomplete or too old. If this was the case, the selection was based on consolidated accounts. This is mentioned for each country.

To validate the selection based on customer deposits, market shares in terms of short term customer loans or total customer loans (when the former data are unavailable) as well as in terms of total assets, are also presented. In the case of the United Kingdom and The Netherlands, the selection was validated on the basis of consolidated data³³ by comparing it to the market shares given by European Financial Management & Marketing Association (EFMA) in the country dashboards related to the World Retail Banking Report (WRBR) 2006.

In the tables below, all figures represent market shares.

Table 3: Selected FIs for Austria

		<i>Consolidated data 2006</i>		
		customer deposits	total customer loans	total assets
National banks	Erste Bank	35,2	29,5	29,1
	Bank Austria Creditanstalt BA-CA	21,3	24,4	24,7
	Bank für Arbeit und Wirtschaft BAWAG	9,3	8,4	8,1
	Oberbank	2,4	2,5	2,1
Regional banks	Sparkasse Steiermark	2,7	2,6	1,9
	Raiffeisenlandesbank Niederösterreich-Wien	1,8	2,0	2,6
	Bank für Tirol und Vorarlberg	1,7	1,6	1,2
	Volksbank Wien	0,6	0,3	0,3
		74,9	71,1	70,1

Table 4: Selected FIs for Belgium

<i>Non consolidated data 2006</i>	Customer deposits	Customer loans < 3 months	Total assets
Fortis	37,6	28,8	41,7
KBC	21,3	25,8	21,6
Dexia	17,9	22,6	16,9

³³ Unconsolidated data are not available.

ING Belgium	13,3	21,7	14,1
	90,0	98,8	94,2

Table 5: Selected FIs for Cyprus

<i>Consolidated data 2006</i>	customer deposits	total customer loans	total assets
Bank of Cyprus	42,9	37,2	33,1
Marfin Popular Bank (Laiki Bank)	33,2	32,5	29,7
	76,1	69,7	62,8

Table 6: Selected FIs for Germany

<i>Non consolidated data 2006</i>		customer deposits	total customer loans	total assets
Commercial banks	Deutsche Bank	20,9	24,9	33,5
	Dresdner Bank	10,9	10,1	11,2
	Commerzbank	5,1	5,8	6,1
	Deutsche Postbank	4,0	2,8	3,1
	HypoVereinsBank	4,7	7,8	7,2
	Sparda Banken	2,3	1,5	1,2
	SEB Bank	1,0	1,4	1,2
Sparkassen	Hamburger Sparkasse	1,2	1,1	0,8
	Sparkasse Köln / Bonn	0,9	1,0	0,7
	Ostsächsische Sparkasse Dresden	0,4	0,1	0,2
Volksbanken	Berliner Volksbank	0,4	0,3	0,2
	Volksbank Raiffeisen Kasseler Bank	0,1	0,1	0,0
	Volksbank Raiffeisen Starnberg-Herrsching-Landsberg	0,1	0,0	0,0
		52,0	56,8	65,5

Table 7: Selected FIs for Spain

<i>Non consolidated data 2005</i>		customer deposits	total customer loans	total assets
Commercial banks	Banco Santander	15,0	13,8	20,6
	Banco Bilbao Vizcaya Argentaria	13,5	14,2	16,0
	Banco Popular Espanol	4,4	4,9	4,4

	Banco de Sabadell	2,3	3,7	2,9
	Bankinter	2,1	2,3	2,2
Cajas de Ahorros	Caja de Ahorros y Pensiones de Barcelona, LA CAIXA	10,3	9,5	8,5
	Caja Madrid-Caja de Ahorros y Monte de Piedad de Madrid	4,9	6,5	6,0
	Caja de Ahorros de Valencia Castellon y Alicante BANCAJA	3,0	3,3	2,6
	Caja de Ahorros del Mediterraneo CAM	3,4	3,1	2,4
	Caixa d'Estalvis de Catalunya-Caja de Ahorros de Cataluña	2,7	2,8	2,6
		61,5	64,0	68,2

Credit cooperatives were not selected as they have little importance in terms of customer deposits and offer tariffs that are similar to the ones of other FIs.

Table 8: Selected FIs for Finland

		<i>Non consolidated data 2006</i>		
		customer deposits	total customer loans	total assets
Commercial banks	Nordea Bank	75,8	63,0	71,8
	Sampo Bank	15,9	21,1	12,7
Savings bank	Aktia Sparbank	3,7	3,4	2,4
Regional bank	Helsingin OP	-	-	-
		95,4	87,6	86,9

There is no market share information available for Helsingin OP, as this FI is not in Bankscope. Helsingin OP is part of the OKO Bank Osuuspankki, which, as a group and according to data in Bankscope, has some importance on the retail market in Finland: 2,9 % of customer deposits and 9,9 % of customer loans.

Table 9: Selected FIs for France

		<i>Non consolidated data 2005</i>		
		customer deposits	total customer loans	total assets
National banks	BNP Paribas	19,8	22,1	29,5
	Société générale	19,8	17,8	22,6

	Banque Postale	8,9	1,6	3,3
	Crédit Lyonnais ³⁴	6,3	4,3	2,5
	HSBC	3,3	3,4	3,6
Regional banks	Crédit Industriel et Commercial ³⁵	3,7	4,6	5,2
	Banque populaire BRED	3,0	3,2	2,1
	Crédit agricole Ile de France	0,5	1,7	0,7
	Crédit Mutuel de Maine-Anjou et Basse-Normandie	0,5	0,4	0,2
Caisses d'épargne	Caisse d'épargne et de prévoyance Ile de France Paris	1,8	0,8	0,9
	Caisse d'épargne et de prévoyance Provence Alpes Corse	1,1	0,7	0,7
		68,9	60,5	71,2

Table 10: Selected FIs for Greece

<i>Consolidated data 2006</i>		customer deposits	total customer loans	total assets
National Greece	Bank of Greece	32,8	25,3	28,4
	Alpha Bank	14,5	18,5	18,5
Agricultural Greece	Bank of Greece	11,1	7,7	8,0
Emporiki Greece	Bank of Greece	10,3	10,5	8,5
		68,7	62,0	63,3

Table 11: Selected FIs for Ireland

<i>Non consolidated data 2006</i>		customer deposits	total customer loans	total assets
Bank of Ireland		33,5	28,1	27,4
Allied Irish Banks plc		25,9	23,3	23,6
Ulster Bank Limited	Bank Ireland	12,9	11,8	7,3
		72,3	60,6	58,3

Table 12: Selected FIs for Italy

³⁴ Crédit Lyonnais is part of the group Crédit Agricole since 2005.

³⁵ CIC group is part of Crédit Mutuel Centre Est Europe since 1997.

<i>Non consolidated data 2006</i>		customer deposits	total customer loans	total assets
National banks	Banca Intesa (Intesa SanPaolo)	21,2	21,1	23,5
	Rete SanPaolo (Intesa SanPaolo)	-	-	-
	UniCredit Banca	16,6	13,4	12,3
	Banca Monte dei Paschi di Siena	9,0	8,7	9,9
	Banca Nazionale del Lavoro	7,0	8,2	6,6
Postal institution	Poste Italiane	-	-	-
Regional banks	Banca Popolare dell'Emilia Romagna	3,1	2,7	2,8
	Banca Popolare di Novara (Gruppo Banco Popolare)	1,4	1,1	1,2
	Banca Popolare di Puglia e Basilicata	0,4	0,3	0,3
Cooperative banks	BP Vicenza	1,5	1,9	1,5
Cassa di Risparmio	Cassa di Risparmio di Firenze	1,2	1,1	1,1
	Banca Carige	1,7	1,8	1,5
		63,1	60,3	60,7

Market shares for Banca Intesa and Rete SanPaolo are aggregated as both FIs are part of the same group Intesa SanPaolo.

There is no market share information available for the postal institution Poste Italiane, as the institution is not included in Bankscope, since it is not considered as a credit institution. However, it offers all the payment tools that are within the scope of our study. Moreover, according to the Blue Book³⁶, 4,6 million current accounts were held in 2005 at the Poste Italiane to be compared to a total of 37,6 million overnight deposits.

Table 13: Selected FIs for Luxembourg

<i>Non consolidated data 2005</i>	customer deposits	customer loans <3 months	total assets
Fortis banque	40,5	65,2	42,4
Dexia banque	27,9	22,4	24,9
ING Luxembourg	9,9	9,2	7,3
Banque Raiffeisen	1,2	0,3	1,6

³⁶ European Central Bank, *Blue Book – Payment and Securities Settlement Systems in the European Union*, Volume I & II, August 2007, Addendum incorporating 2005 data, December 2006

79,6 97,1 76,2

Table 14: Selected FIs for Malta

<i>Non consolidated data 2006</i>	customer deposits	total customer loans	total assets
Bank of Valletta	44,3	39,4	32,3
HSBC Bank	41,0	32,8	25,7
	85,3	72,2	58,0

Table 15: Selected FIs for the The Netherlands

<i>Consolidated data 2006</i>	customer deposits	total customer loans	total assets	WRBR 06 customer deposits	WRBR 06 customer loans
ING Bank ³⁷	41,2	29,1	31,4	24	16
ABN AMRO ³⁸	34,8	37,8	42,0	17	10
Rabobank	17,9	23,6	19,5	39	25
SNS Bank	1,7	3,7	2,3	6	9
Postbank	-	-	-	-	-
	95,6	94,1	95,2	86	60

There is no market share information available for the Postbank, as this FI is not included in Bankscope. Since Postbank is now part of ING group, no separate data are published anymore.

Table 16: Selected FIs for Portugal

<i>Non consolidated data 2006</i>		customer deposits	total customer loans	total assets
Commercial banks	Millenium Banco Comercial Português	37,3	28,3	27,2
	Banco espirito Santo	22,1	27,3	26,4
	Caixa Geral de Depositos	11,8	12,2	13,3
Savings bank	Caixa Economica Montepio Geral	6,7	7,0	5,0
Agricultural	Credito Agricola Mutuo	-	-	-

³⁷ Although ING Bank and Postbank are both part of the ING group and it was announced on the 16th of May 2007 that both banks would merge in 2009 to form the ING Bank, both FIs were considered separately since they still have different pricing strategies.

³⁸ ABN AMRO has been taken over by the consortium Royal Bank of Scotland Group, Fortis and Banco Santander. Although Fortis is also active in the Netherlands, it was chosen to include ABN Amro as it addresses a larger number of private customers in the Netherlands.

credit bank

77,8 74,8 71,8

There is no market share information available for the Credito Agricola Mutuo in Bankscope. However the European Association for Cooperative Banks gives for this institution a market share of 5 % of customer deposits and 3 % of customer loans in 2004.

Table 17: Selected FIs for Slovenia

<i>Non consolidated 2006</i>		customer deposits	total customer loans	total assets
Nova Banka	Ljubljanska	33,4	37,5	39,7
Nova Kreditna Banka	Maribor	14,2	14,3	14,0
SKB Banka		11,3	9,5	8,3
Unicredit Slovenija	Banka	8,7	7,9	7,9
		67,5	69,1	69,9

Table 18: Selected FIs for Sweden

<i>Non consolidated data 2006</i>			customer deposits	total customer loans	total assets
Commercial banks	Skandinaviska Enskilda Banken		26,5	37,0	29,5
	Svenska Handelsbanken		25,0	22,5	27,2
	Swedbank		20,2	18,0	18,3
	Länsförsäkringar Bank		1,5	0,6	1,4
Savings bank	Sparbanken Finn		0,7	0,9	0,3
			73,9	79,0	76,8

Table 19: Selected FIs for UK

<i>Consolidated 2006</i>		customer deposits	total customer loans	total assets	WRBR 06 customer deposits	WRBR 06 customer loans
High street banks	Barclays Bank	17,4	10,4	17,8	19,4	18,6
	Royal Bank of Scotland	24,9	23,6	20,3	25,4	25,3
	Halifax Bank of Scotland	16,2	22,0	15,9	17,4	21

	HSBC Bank		10,0	7,3	7,9	14,4	10,2
	Lloyds TSB Bank		6,2	6,9	6,2	10,9	11,3
Internet banks	Egg banking		0,2	0,2	0,2	-	-
	Smile ³⁹		-	-	-	-	-
Building societies	Nationwide Society	Building	3,4	3,3	1,9	-	-
Credit unions	Scotwest Credit Union		-	-	-	-	-
	Leeds City Credit Union		-	-	-	-	-
			78,3	73,7	70,1	87,5	86,4

There is no data available on market shares for credit unions, as they are not included in Bankscope. The same is true for Smile internet bank.

³⁹ Smile is part of the same group as the Cooperative Bank (Cooperative Financial Services).

ANNEX 4 – GUIDELINES USED FOR DATA COLLECTION

A. OBJECTIVE AND SCOPE OF DATA COLLECTION

The Single Euro Payments Area or SEPA is an initiative of the European Payments Council set up with the purpose to create a single domestic market for retail payments. In order to assess the impact of SEPA on customer prices, DG Sanco has requested Van Dijk Management Consultants to collect and analyse retail banking tariffs applicable in 2007 for a representative sample of financial institutions (FIs).

SEPA focuses on payment transactions only in the euro zone. However, we decided to include Malta and Cyprus, as they will adopt the euro in January 2008, as well as Sweden and the United Kingdom, for they are important financial partners of the euro zone countries.

Our study focuses on credit transfers, direct debits, money withdrawals and card payments through Point of Sale⁴⁰ (POS). Therefore, no other services linked to accounts will be considered, e.g. account statements, balance inquiries, cheques services, etc.

In the selection of payment services offered, the first objective is to be as representative as possible of the average consumer, in order to address the largest share of population. Moreover, this complies as well with the need for homogenous selection criteria across countries, which is the second guideline. Finally, other selection criteria derive from the purposes of the Single Euro Payment Area, e.g. to align European transactions tariffs on domestic transactions prices, or to develop electronic payment means.

In view of these objectives, the following criteria for selecting data apply:

- Focus on the average consumer, which excludes promotional offers, fully distant-banking accounts and specific age or professional categories offers;
- Tariffs chosen need to address national residents;
- In case of non-Euro countries (Cyprus, Malta, Sweden and United Kingdom), in which different pricing of domestic and cross-border payments is applied, only tariffs for domestic payments in national currency have to be collected;
- Fees and tariffs can be expressed either on a specific time basis (e.g. annual, quarterly, monthly, etc.), or on a per transaction basis;
- National taxes applicable to payment related services need to be mentioned.

B. STEPS TO FOLLOW WHEN COLLECTING DATA

Data have to be collected on a country basis, according to the list of FIs to be surveyed.

⁴⁰ A point of sale (POS) transaction is a payment made by card at a terminal situated in a commercial area, e.g; store or restaurant.

1. Collect tariffs on each FI's website. If these are not accessible, not available on the website or incomplete, write an email or call the FI⁴¹. All information collected needs to be in written format (either from website or email) and saved under Word or PDF format in a folder specifically foreseen for each FI.

2. The easiest way is to start with information on basic accounts, then for transaction costs, after this for cards, and finally information about packages. Do not enter information that is not verified. If no tariff is mentioned, leave the box blank until confirmation from the FI.

3. The proper understanding of the present guidelines and their respect throughout the data collection imply that their reading goes in parallel with searching on the FI's website according to an iterative process. It is mostly probable that you will have to refer frequently back to the present document during the data collection and that searching on the FI's website will illustrate and enlighten the sometimes abstract instructions of the guidelines.

The following sections detail the information to be collected.

C. HOW TO COLLECT THE DATA

FI information

Please do not forget to indicate:

- Name of financial institution;
- Currency in which tariffs are expressed);
- Language in which tariffs are collected.

Account, card or package name and description

Maximum 3 accounts), 1 internet banking service, 4 cards or card services, and 5 packages *Should be collected*. Over-the-counter (OTC) services *should also be collected for certain countries (see list below)*. Select all payment services that comply with the assumption of the average consumer. For each service selected, please indicate:

- Account, card or package name as given by the financial institution;
- Short account, card or package description, explaining the main features of the service, e.g. kind of account, debit or credit card, content of packages, etc;
- Conditional offers, if any, linked to account, card or package, e.g. free account management charges if sufficient monthly balance, free or preferential tariffs for internet banking or cards if combined with accounts, other cards or packages, etc.

Please be detailed enough.

Tariffs introduced for accounts are those for electronic transactions. OTC transactions are non electronic transaction, either paper-based, or manual, executed by FI

⁴¹ Any contact with an FI should be taken as if you were a consumer. Do not mention you search information in the purpose to analyse it in the context of a study for the European Commission.

employees. These are only considered for the following countries: Cyprus, Greece, Italy, Slovenia and Spain. In these countries, an important share of transactions is still made through non-electronic means. OTC transactions should only be considered when made at the FI in which the account is held.

Concerning internet banking, this service should only be considered as a supplement to a classic account opened at a FI. This should not be a fully distant-banking account. All tariffs on access to internet banking and on electronic transactions initiated through internet banking services have to be inserted.

Accounts

Definition

Accounts to which cards can be linked and from which payment transactions can be made. These can be called current account, deposit account, etc.

Assumptions

- When offered, prices will be collected independently of packages offers;
- Accounts are active: also no fee for inactive accounts should be collected;
- Account information and other specific transactions and services should not be taken into account.

Data to be collected

- Account opening fee;
- Account closure fee;
- Account management fee;
- Annual frequency of management fee payment;
- Account government fee (only for Italy, "Imposta di bollo", and Portugal, "Imposto do Selo").

Packages

Definition

A package is defined in this study as a bundle comprising an account and at least one of the payment transaction means addressed in this study (credit transfers, direct debits, cards). This includes packages offering a fixed number of transactions for a flat fee.

Assumptions

- Additionally to separate prices, up to 5 packages can be selected;
- temporary promotional packages are excluded;
- Permanent conditional offers need to be mentioned, e.g. preferential fee depending on average balance, average credit or minimum usage of account.

Data to be collected

- Services included in package;
- Account opening fee;
- Account closure fee;
- Package fee;

- Annual frequency of package fee payment;
- Account government fee (only for Italy, “Imposta di bollo”, and Portugal, “Imposto do Selo”).

Internet banking

Definition

Internet banking is defined as a service offered by a financial institution to permit an account holder to manage his account through the internet.

Assumptions

- The customer has access to the internet;
- Fully electronic accounts should not be considered;
- Only unlimited access to internet banking service should be selected;
- Internet connection fees are not considered.

Data to be collected

- Issuance / subscription for the access software, access codes, etc.;
- Periodical access fee;
- Annual frequency of internet banking access fee payment.

Account transactions

Definition

Account transactions comprise any debiting or crediting transaction resulting in a change of the balance on the account. This includes reception of credit transfer, sending of credit transfers, direct debits, withdrawals and POS transactions.

Assumptions

- Transaction fees reported should apply uniformly to all the above listed transactions. If not, please insert the transactions to which it applies;
- Do not make a confusion between transaction fees and service charges. The latter are more common and apply to a specific debit or credit transaction. Transaction fees and service charges can simultaneously apply for certain transactions. Service charges will be considered later;
- Transaction fees may be called differently, e.g. account usage fees, ledger fees in Cyprus and Malta, and Buchungskosten in Austria and Germany;
- Prices for electronic transactions initiated through branch's Automated Transaction Machines (ATM) have to be given for accounts and packages;
- Tariffs for transactions through internet banking have to be given separately;
- For most countries, only electronic transactions are considered, excepted for Cyprus, Greece, Italy, Slovenia and Spain, where paper-based and counter transactions should be considered. This information should be included;
- Exclusion of transactions through country specific systems (e.g. Minitel in France) and through telephone services.

Data to be collected

- Number of free transactions included in the account or package;
- Annual frequency of free transactions offer;
- Unit fee per transaction which credits the account (account balance moves up);
- Unit fee per transaction which debits the account (account balance goes down);

- Minimum amount charged periodically to account for transactions;
- Maximum amount charged periodically to account for transactions;
- Annual frequency of transaction fees payment.

Credit entries

Definition

A credit entry is a payment received by transfer by the account holder and crediting its account.

Assumptions

- Tariffs to be considered are both one-off and regular credit entries.

Data to be collected

- Unit fee for credit entry from account of the same FI;
- Amount intervals for credit entry from account of other FI, e.g. 0-1000 for an interval between 0 and 1000 euro;
- Unit fee per credit entry per interval;
- Unit fee per credit entry by standing order, with differentiation between credit entries from account of the same FI and from account of other FI.

Credit transfers

*Definition*⁴²

A credit transfer is a payment initiated by the payer. The payer sends a payment instruction to his/her bank. The bank moves the funds to the receiver's bank. This can happen via several intermediaries.

A regular credit transfer order is called a standing order.

Assumptions

- Tariffs to be considered are both one-off and regular payments;
- Prices for electronic payments through branch's Automated Transaction Machines (ATM) have to be given for accounts and packages;
- Tariffs for internet banking have to be given separately on the line for internet banking fees;
- For most countries, only electronic transactions are considered, excepted for Cyprus, Greece, Italy, Slovenia and Spain, where paper-based and counter transactions should be considered. This information should be included on the line for OTC fees;
- Exclusion of transactions through country specific systems (e.g. Minitel in France) and through telephone services.

Data to be collected

- Number of free credit transfer transactions included in account or package;
- Annual frequency of free credit transfer transactions offer;
- Unit fee of credit transfer towards own account at the same FI;

⁴² Definitions of payment tools are taken from the ECB, accessible through the following link: <http://www.ecb.int/paym/sepa/components/instruments/html/index.en.html>

The following fees for credit transfers are differentiated between credit transfers towards accounts of the same FI, towards the same FI group, and towards other accounts.

- Unit fee of credit transfer;
- Percentage fee on credit transfer amount;
- Minimum amount charged per credit transfer;
- Maximum amount charged per credit transfer;
- Amount intervals for credit transfers, e.g. 0-1000 for an interval between 0 and 1000 euro;
- Fee per credit transfer per interval;
- Percentage fee on credit transfer amount per interval;
- Minimum amount charged per credit transfer per interval;
- Maximum amount charged per credit transfer per interval;

The following fees concern standing orders.

- Number of free standing order transactions included in account or package;
- Annual frequency of free credit transfer transactions offer;
- Set-up fee of standing order;
- Fee for closing standing order;
- Unit fee per standing order transaction, differentiating between standing orders towards own accounts and towards account of the same FI;

The following only concern standing orders towards account of other FI.

- Set-up fee of standing order;
- Fee for closing standing order;
- Unit fee per standing order transaction;
- Percentage fee on amount of standing order transaction;
- Minimum amount charged for standing order transaction;
- Maximum charged for standing order transaction;
- Periodical fee for standing order;
- Annual frequency of payment of periodical fee for standing order.

Direct debits

Definition

A direct debit is a transfer initiated by the receiver via his/her FI. Direct debits are often used for recurring payments, such as for utilities. They require a pre-authorisation ("mandate") by the payer. Direct debits are also used for one-off payments. There, the payer authorises an individual payment.

Assumptions

Assumptions for direct debits are analogous to assumptions for credit transfers.

Data to be collected

- Number of free direct debit transactions included in account or package;
- Annual frequency of free direct debit transactions offer;
- Fee per additional one-off direct debit transaction;
- Set-up fee for regular direct debit order;
- Fee for closing regular direct debit order;
- Unit fee per regular direct debit order transaction towards accounts of same FI;

The following only concerns direct debits towards accounts of other FI.

- Set-up fee for regular direct debit order;
- Fee for closing regular direct debit order;
- Unit fee per regular direct debit order transaction towards accounts of other FI;
- Periodical fee for direct debit order;
- Annual frequency of payment of periodical fee for direct debit order.

Bill payments

Definition

A bill payment concerns payment of bills to third parties, either by mean of a credit transfer or standing order, either by direct debit.

Assumptions

- When tariffs vary depending on the provider of the payment service, please specify the network;
- When tariffs vary depending on beneficiary, please specify the name of the companies concerned.

Other assumptions are analogous to those for credit transfers.

Data to be collected

- Periodical charge for bill payment service;
- Frequency of charge of bill payment service;
- Unit fee per bill transaction;

The following are differentiated between payment of taxes, social contributions, etc.; payment of credit cards issued by other FI; payment of utility bills; payment of telephone and internet bills; and payment of other bills.

- Unit fee per bill payment transaction by one-off transaction;
- Set-up fee for regular bill payment order;
- Fee for closing regular bill payment order;
- Unit fee per bill payment transaction by regular order.

Debit cards

Definition

A debit card allows the cardholder to charge purchases and withdrawals directly and individually to an account.

Assumptions

- Debit cards chosen should be representative of the market; if applicable, those which have an international/European payment function (maestro, visa electron, etc.) should be chosen preferably;
- Cards selected need to allow both withdrawals and POS payments;
- In case of an additional fee for electronic purse, this fee will not be included;
- In case of cards offered for free in the first year, or other similar offers, the card fee for the following years should be selected. However, this offer has to be mentioned;
- In case of a discount on the combination of credit and debit cards, this should be mentioned;

- OTC withdrawals have to be considered for Cyprus, Greece, Italy, Spain and Slovenia.
- If differentiation of tariffs for withdrawals from different networks, please insert name of network.

Data to be collected

- Edition fee;
- Periodical card usage fee;
- Annual frequency of card usage fee payment;
- Annual government fee on card, only for Ireland and Portugal.

The following concerns withdrawals.

- Number of free withdrawals included in account or package;
- Annual frequency of free withdrawals offer;
- Unit fee per withdrawal;
- Percentage fee for withdrawal;
- Minimum charge for withdrawal;
- Maximum charge for withdrawal.

The following concerns POS transactions.

- Unit fee per POS transaction.

Delayed debit and credit cards⁴³

Definitions

Delayed debit cards enable the cardholder to charge an account up to an authorised limit, but with the total amount of credit being settled at the end of a specified period (with no extended credit facility offered).

Credit cards allow purchases within a certain credit limit. The balance is settled in full by the end of a specified period. Alternatively, it is partly settled: the remaining balance is taken as extended credit on which the cardholder must pay interest (so-called "revolving cards").

Assumptions

- Withdrawals with delayed debit or credit cards should not be considered;
- Delayed debit cards chosen have an international/European payment function (Visa/MC);
- Visa Classic or standard MasterCard cards are selected, if none, the credit card offered by the FI. Thus this excludes Gold and Platinum credit cards, as well as specific services and shops credit cards (e.g. for gas);
- Cards considered exclude insurance and other services offers (e.g. football club membership);
- Late payment fees and other similar charges should not be considered;
- In case of cards offered for free in the first year, or other similar offers, the card fee for the following years should be selected. However, this offer has to be mentioned;

⁴³ In most countries, there will be either credit cards, or delayed debit cards. In case of both, tariffs are collected separately. This could be the case in Cyprus, Greece, Slovenia, Sweden and the United Kingdom.

- In case of a discount on the combination of credit and debit cards, this should be mentioned.

Data to be collected

- Edition fee;
- Periodical card usage fee;
- Percentage fee on credit amount;
- Annual frequency of card usage fee payment;
- Minimum card usage fee;
- Maximum card usage fee;
- Annual frequency of minimum/maximum card usage fee payment;
- Annual government fee on card, only for Ireland, Malta and Portugal.

The following concerns POS transactions.

- Unit fee per POS transaction.

Remarks

General comments on a FI and all comments about a service, as well as any assumptions made about this service, should be mentioned clearly.

ANNEX 5 – DOCUMENTS REVIEWED

Documents of the European Commission (DG MARKT), the European Central Bank (ECB) and the European Payment Council (EPC) :

- Capgemini Consulting, SEPA: potential benefits at stake, researching the impact of SEPA on the payments market and its stakeholders, 2008, http://ec.europa.eu/internal_market/payments/docs/sepa/sepa-capgemini_study-final_report_en.pdf
- Commission's Report on the retail banking sector inquiry, as well as the interim reports on payment cards and on current accounts and related services
- DG Employment, Social Affairs and Equal Opportunities, Financial Services Provision and Prevention of Financial Exclusion, 2008, available at: http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/financial_exclusion_study_en.pdf
- DG MARKT, Short term Report on bank charges – http://ec.europa.eu/internal_market/payments/docs/reg-2001-2560/report-2007_01_11_en.pdf
- DG MARKT, study of the impact of regulation 2560/2001 on bank charges for national payments, September 2005
- ECB, Blue Book, Payment and securities settlement systems in the EU, volume 1 and 2, August 2007, <http://www.ecb.europa.eu/paym/market/blue/html/index.en.html>, and ECB statistics on payments, Blue Book addendum (incorporating 2006 data), <http://sdw.ecb.europa.eu/reports.do?node=100000760>
- EPC, Making SEPA a Reality, Implementing the Single Euro Payment Area, 16 April 2007, http://www.europeanpaymentscouncil.eu/documents/EPC066_06%20SEPA%20Overview%20v1.4.pdf
- Payment Services Directive, regulation 2560/2001 and other EU legislation
- World Payment Report 2005, 2006 and 2007
- World Retail Banking Reports 2004, 2005, 2006 and 2007

Other studies, including national studies:

- A.T. Kearney, The SEPA Shake-Out: Challenges in cards and payments, 2008, <http://www.euractiv.com/en/financial-services/single-payments-area/article-134975>
- Banque Nationale de Belgique, Coûts, avantages et inconvénients des différents moyens de paiement, 2005, http://www.bnb.be/doc/TS/Publications/EconomicReview/2006/revecol2006F_H3.pdf
- First Data, Making the most of SEPA, The cost advantages of a fully open processing market, http://www.firstdata.com/en_EU/services/PDFs/SEPA_Cost_Efficiencies_Oct07.pdf
- McKinsey&Company (2005) for EU-9 (Belgium, France, Germany, Italy, The Netherlands, Poland, Spain, Sweden and the UK).
- McKinsey, Jan Bellens, Reducing the Cost of Cash: www.gtnews.com/article/6764.cfm.
- NL Central Bank – McKinsey&Company, Payment Services in The Netherlands: an analysis of revenues and costs for banks, 10 July 2006 – <http://www.nvb.nl/scrivo/asset.php?id=25779>

Information and articles accessible on consumer associations' websites were reviewed, such as tariffs monitoring and calculators based on consumer profiles as developed by consumer organisations like Test-achats or organisations like 'Testé pour vous'.