

TERMS OF REFERENCE

EXPERT GROUP ON CUSTOMER MOBILITY IN RELATION TO BANK ACCOUNTS

1. BACKGROUND

Commission services frequently receive complaints about difficulties faced by consumers wishing to open a bank account cross-border. Consumers' applications are often rejected. Reasons invoked are of various nature: state rules (such as tax or statistical requirements) or purely internal and commercial ones (the applicant does not meet the company's client profile, he is non-resident etc.).

Banks customers' mobility is still relatively low, be it on a purely domestic level, or cross-border. The reason could be that customers wishing to switch banks are still dissuaded by obstacles which would render the whole operation too onerous. This situation raises concerns from an internal market perspective, since it is an obstacle to competition, to the customer's detriment. It is a clear disincentive for non-domestic banks to penetrate other markets. If users are not able/willing to change banks, this may be a serious barrier to the entry of foreign banks into national markets, since they will not be in a position to attract local customers.

A bank account is often a prerequisite to accessing a whole array of other, sometimes more profitable, financial services (credit, investment products). Most customers get these services from the bank where they have their bank account. An ability to switch banks is thus a precondition allowing customers to make full use of internal market facilities. It is, therefore, indispensable to examine thoroughly the obstacles which currently exist to customer mobility.

In conformity with the "better regulation" principles, this process should involve from the earliest stage possible all market participants.

In the Green Paper on Financial Services Policy (2005–2010), the Commission suggested that bank accounts could be an area that merited consideration. Having received broad support for this initiative, the Commission announced, in its White Paper on Financial Services Policy 2005–2010, that undue barriers associated with all types of bank accounts must be removed. To this end, as an initial step, the Commission announced the setting up of an expert group to identify barriers to customer mobility in relation to bank accounts and to advise the Commission on how those barriers should be addressed.

2. MANDATE OF THE EXPERT GROUP

The objective of the expert group on customer¹ mobility in relation to bank accounts, hereinafter referred to as "the Group", is to assist the Commission in developing its retail financial services policy by identifying areas for possible targeted action. The advice of the Group shall not be binding.

The task of the Group is to:

- Identify any legal, regulatory, administrative and other obstacles to customer mobility in relation to bank accounts. In particular, the Group should identify any obstacles to opening a bank account cross-border as well as to switching banks both at a domestic and a cross-border level (e.g. cost of opening, maintaining and closing a bank account, direct switching costs etc.);
- Provide advice to the Commission on how the identified obstacles should be addressed;
- Consider the merits of designing an EU optional standard bank account;
- Issue a report containing its findings and advice. The report will be made public.

The report will not be considered as reflecting the views of the associations which proposed the members of the Group. Nor shall it be considered as reflecting the views of the Commission services.

3. COMPOSITION AND OPERATION

3.1. Composition

The Group will be composed of a maximum of 20 experts in the area of customer mobility in relation to bank accounts. The members of the Group shall be appointed by the Commission on the basis of:

- proposals from European or national associations, representing customer and financial services industry interests, which have responded to a call for expression of interest;
- responses to a call for expression of interest by individuals with academic background (recent research, publications, teaching experience) in the matters covered by the mandate of the Group, hereinafter referred to as "academics".

Subject to the expressions of interest received, when selecting members of the Group the Commission will endeavour to achieve parity between members representing business interests on the one hand, and customers' interests on the other.

¹ Customer shall be defined as an individual consumer or an SME.

3.2. Call for expressions of interest

Upon the adoption of the Decision establishing the Group, the Commission will publish a call for expressions of interest from European or national associations, representing customer and financial services industry interests, which can provide experts having relevant expertise in the issues governed by these terms of reference as well as from academics. The associations wishing to propose experts to the Group and the academics are asked to express their interest in writing, to be posted to the Commission no later than 16 June 2006.

The expressions of interest by the associations must be accompanied by the list of prospective experts which the association wishes to put forward for consideration as possible members. The submission must therefore include relevant information to allow the Commission to assess the suitability/expertise of the proposed individual expert with reference to the criteria set out below.

The expression of interest by the academics shall also include relevant information to allow the Commission to assess their suitability/expertise.

Each association expressing an interest is free to propose the number of experts that it considers appropriate.

Criteria governing the selection of experts:

- Members of the Group proposed by the associations shall have recent practical experience and/or expertise with regard to customer mobility in relation to bank accounts.
- Academics should have conducted recent research, published or have recent teaching experience on the subjects covered by the mandate of the Group.

All experts shall also be proficient in English at a level which allows them to contribute to discussions and the preparation of the report.

3.3. Final determination of group composition

The members of the Group will be appointed by the Commission on the basis of proposals by the associations and expressions of interest by the academics.

Since the aim of the Group is to identify barriers faced by customers, the Commission shall seek parity between business' and customers' representatives when selecting the members of the Group.

The Commission shall select the proposed experts who best embody the required expertise in respect of the matters covered by the mandate of the Group. In addition, the Commission shall be guided by the need to ensure, to the greatest extent possible, geographical and gender balance of members.

The list of members of the Group shall be published on the internet site of DG Internal Market and Services prior to the commencement of the Group's work.

3.4. Operation

The Commission will organise and chair the meetings of the Group. A maximum of 8 plenary meetings will take place. They will be held in Brussels on Commission premises in accordance with the procedures and schedule established by the Commission.

The Group shall adopt its rules of procedure on the basis of the standard rules of procedure adopted by the Commission.

With the agreement of the Commission, the Group may decide to set up subgroups.

Members of the Group will remain as members until such time as the Group's mandate is fulfilled. Members are expected to participate actively in the Group's meetings and contribute to the work of the Group in between meetings. Those who are no longer able to contribute effectively to the Group's work may be replaced by the Commission for the remaining period of their mandate. The general selection criteria will apply when selecting new members.

The Commission may invite observers with specific competence in a subject on the agenda to participate in the meetings, if this is useful and/or necessary.

Commission officials from other Directorates General than DG Internal Market and Services with an interest in the Group's work may attend its meetings.

Information obtained by participating in the Group's deliberations may not be divulged if the Commission says that this relates to confidential matters.

The Commission may publish on the website of DG Internal Market and Services, in the original language of the document concerned, any summary, conclusion, or partial conclusion or working document of the Group.

3.5. Duration

The Group's activities will start in 2006 with its first meeting and continue until the issuance of the final report, containing its findings and advice, no later than 1 May 2007. The Group will not hold more than 8 plenary meetings.

The Commission shall publish on the Internet site of DG Internal Market and Services the report issued by the Group.

3.6. Expenses of members of the Group

The Commission will reimburse travel and subsistence expenses for the Group's members and observers in connection with the Group's activities in accordance with the provisions in force at the Commission. Members will not be remunerated for the services they render.