



Directive on payment accounts - Factsheet 1

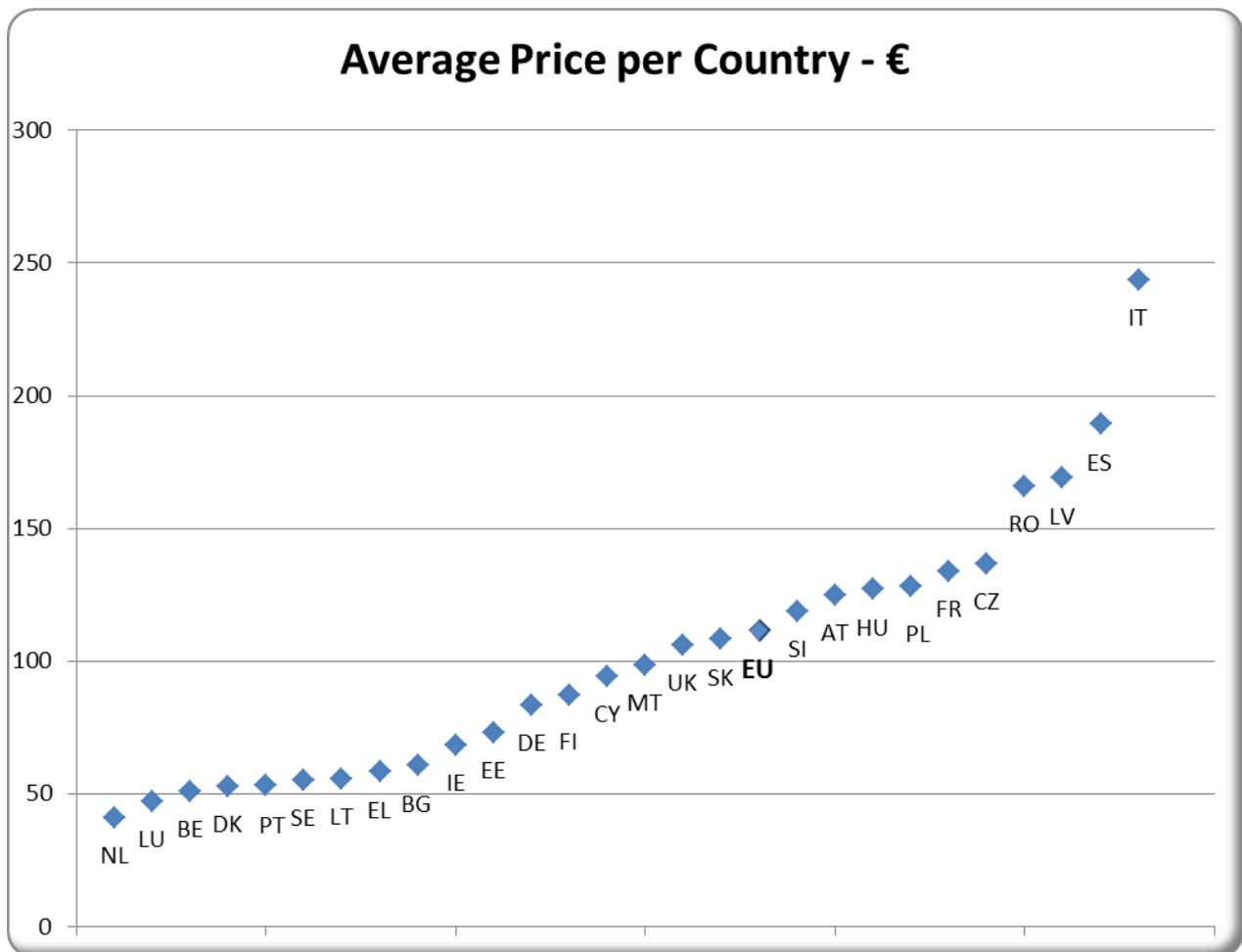
# Presentation and comparison of payment account fees

## 1. The background:

- When opening a payment account, it is important for consumers to understand the associated costs. A 2012 report found that bank account fees ranked second in importance (2012: 50%, 2011: 50%) after quality of service (2012: 53%, 2011: 55%) in causing customers to leave a bank.
- Comparing accounts and understanding their cost is difficult due to complex wording used by account providers as well as complicated and opaque fee structures. Consumers find it difficult to know how much their account costs and those seeking to set up a new account find it difficult to compare fees.
- Some Member States have made efforts to establish general requirements for the way fees are presented when consumers seek to open an account. Some have made it mandatory that certain information about fees is given to potential customers. In other Member States, fee information is only found in bank statements. These different approaches to the way fees are presented to consumers may discourage consumers from seeking payment account offers cross-border. In addition, different rules in different Member States cause uneven levels of consumer protection for EU citizens.
- Establishing a common approach to the way fees are presented and providing for the use of standardised wording across the European Union wherever possible, will help consumers better understand payment account services and the fees they will have to pay. It will also help consumers compare a broader range of offers than those available in their own country if they wish to do so.

## 2. The figures:

### 2.2. How does the price of a payment account differ between Member States?



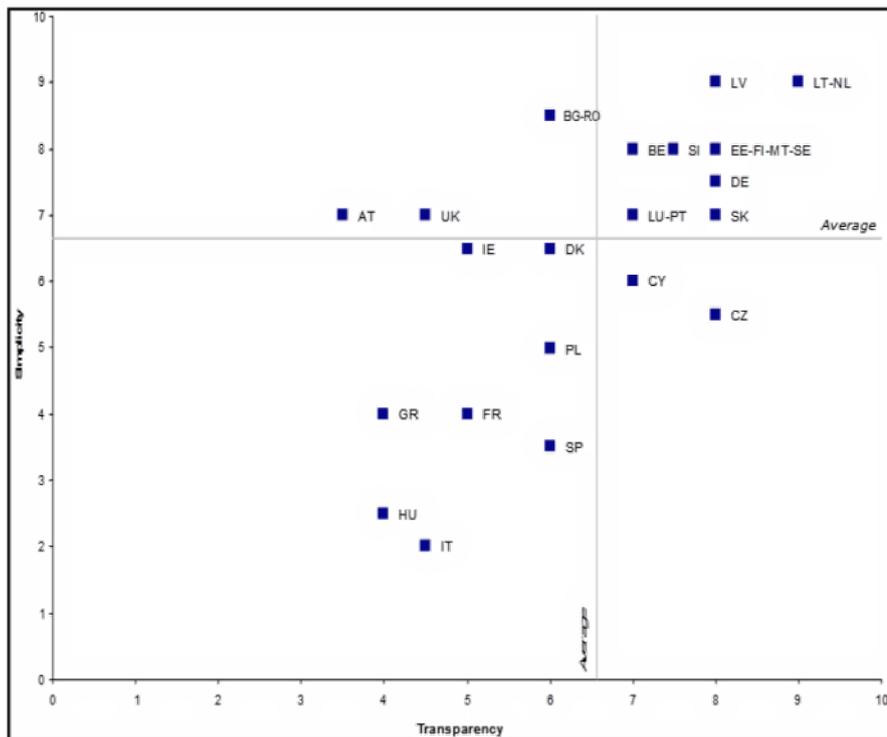
Source: PPP adjusted average prices in Eur: 2009 Data collection for prices of current accounts provided to consumers – Van Dijk Management Consultants (prices); Eurostat (Price Level Indices)

A 2009 study, carried out for the European Commission, that compared the prices for payment accounts in the 27 Member States found very significant variations in prices in absolute terms, both within and across Member States. This study found that on average, the annual cost of an account ranged from €41.17 to as much as €243.64.

## 2.2. How clear and easy is it to understand fee information?

A study carried out for the European Commission in 2009 found that whilst two-thirds of financial institutions in the study sample provided fee information on their websites, 69% of banks did not provide clear information and further contact was needed to obtain clarification on the fees.

The wording used by account providers when describing their fees was complex and varied greatly between the different institutions. Information was difficult to read or ambiguous. The lack of accurate information – including omission of free-of-charge services, incomplete fee information, information that was insufficiently detailed and even different tariffs quoted for the same service – added to this difficulty.



Source: Data collection for prices of current accounts provided to consumers – Van Dijk Management Consultants (2009)

The table above measures two dimensions that have an impact on the ability of a consumer to understand fees, i.e. simplicity and transparency. As shown in the table, 13 EU Member States reported above average scores. Generally, the table indicates that simpler fees had a strong relationship with a high level of transparency.

For the purposes of this ranking, the criterion used to assess relative simplicity, on a scale of 0 to 10, was the number of components in a fee. The assessment of relative transparency (versus opacity) of fee items on a scale of 0 to 10 was based on the degree to which it was necessary to make an in-depth search to fully understand the scope of a price and subsequently to identify the total price to be paid by the consumer.