



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
D(2011)

17 FEB. 2011

Opinion

Title

**DG MARKT - Impact Assessment on: a Legislative initiative
on ensuring a universal access to a basic payment account**

(Resubmitted draft version of 26 January 2011)

(A) Context

The Single Market Act of 27 October 2010 envisages a Commission initiative with regard to access to basic banking services for the beginning of 2011. This would follow up on a series of reflections launched by the Commission over the last three years and respond to the calls to address the issue by the European Parliament (5 June 2008 Resolution on the Green Paper on Retail Financial Service) and by the May 2010 "Report on a New Strategy for the Single Market" (Monti Report).

(B) Overall assessment

While the report has been improved to some extent along the lines of the recommendations issued by Board, the evidence base to demonstrate the need for and value added of an EU legislative initiative remains very weak. In particular, the assessment of the magnitude of the problems and of their relevance for the functioning of the single market needs to be better substantiated. The need for intervention, at the EU level and through a binding instrument, should also be further strengthened while the improved assessment of costs could still be further clarified.

(C) Main recommendations for improvements

(1) Provide greater evidence on the magnitude of the problems, their key drivers and their impacts on the single market. The report presents the problems and their underlying drivers in a clearer fashion and makes a greater effort to determine their relative size. However, the evidence of a material problem for non-residents and, more generally, for the functioning of the single market remains weak. Only an estimated 1.5% of adult EU citizens are deprived of a basic payment account (p.11) and complaints from mobile consumers are "a few tens per year" (p.21). Similarly, neither the absence of a binding legal framework nor excessive charges are convincingly shown to be key problem drivers, and thus necessary areas for intervention. No firm correlation between

Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel - Belgium. Telephone: (32-2) 299 11 11. Office: BERL 6/29. Telephone: direct line (32-2) 2981898. Fax: (32-2) 2965960.

E-mail: impact-assessment-board@ec.europa.eu

the price charged for a payment account and the share of unbanked population is established (p.15). Among the 14 Member States with access levels above 97%, five have binding frameworks but five have no framework at all. The five states with the highest bank account penetration include two countries with non-legislative frameworks (contrary to what is claimed on p.48).

(2) Further strengthen the case for both action at the EU level and the use of a legislative instrument. The report has strengthened its political argumentation in favour of EU action and has clarified the flexibility that the preferred policy option would leave to Member States. Nevertheless, in view of the persisting shortcomings in the problem analysis, particularly with respect to cross-border single market issues, the evidence base underpinning the case for setting an EU level objective, and thus acting at the EU level, remains very weak. Given the evidence recalled in (1) above, the sizeable stakeholder support for non-legislative measures and the relative success of self-regulation initiatives (as shown by high penetration rates in the countries concerned and by the 50% drop in the number of unbanked population in the UK), there remains a need to demonstrate more convincingly the need for, and the proportionality of, a binding EU instrument that would establish a right to access, fix the product content and introduce price regulation.

(3) Clarify further the assessment of costs and benefits. The assessment of costs and benefits has been improved to cover distributional effects, information requirements, the impact on international competitiveness and the outlier cases of Romania and Bulgaria. However, distributional effects (and notably the fact that savings for consumers would be foregone revenues for payment service providers) should be more prominently integrated into the main text (relying on the analysis carried out in annex 13). In addition, the implications that a right to a basic payment account could have on Romania and Bulgaria at the time of implementation, rather than at a later stage of their financial development, should also be explicitly addressed (see annex 5). The report could also provide greater clarity on the number of service providers to be affected – see p.48, 50 and assumption 1 in annex 15. Finally, the expected benefits from facilitating electronic payment of social security should be qualified considering that the presently very large share of non-electronic payments (47% according to § 3.1 in annex 13) suggests access to a banking account may not be a fundamental driver of this particular problem.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation.

Presentational recommendations have been largely taken on board.

(E) IAB scrutiny process

Reference number	2010/MARKT/029
External expertise used	No
Date of Board Meeting	Written procedure The present opinion concerns a resubmitted draft IA report. The first opinion was issued on 6 December 2010