



EUROPEAN COMMISSION  
IMPACT ASSESSMENT BOARD

06 DEC. 2010

Brussels,  
D(2010)

## Opinion

### Title

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

**(draft version of 8 November 2010)**

### **(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**

**The report needs to be significantly improved in several important aspects. It should provide a more realistic assessment of the actual size of the identified problems and their relevance across EU Member States for the functioning of the single market and for different groups of beneficiaries. The report should also clarify the relative importance of supply and demand factors among the problem drivers. On this basis, the report should strengthen the analysis of the value added of EU action and of the proportionality of the preferred options, for instance by clarifying the level of flexibility that would remain for Member States under the preferred option of a framework regulation. Finally, the report should provide a more comprehensive analysis of the costs and benefits of the initiative, particularly with respect to distributional effects, potential monitoring costs for banks and public authorities, and effects on the competitiveness of the EU banking industry.**

**Given the nature of these recommendations, the Board asks DG Markt to resubmit a revised version of the report, on which it will issue a new opinion.**

### **(C) Main recommendations for improvements**

**(1) Improve the assessment of the magnitude of the problems and the analysis of their likely evolution.** The report should assess more precisely the actual size of the identified problems and their relevance across Member States. In particular, the report should better differentiate between the various reasons why different types of customers may have no bank account. Broadly assessing the relative importance of demand and supply factors, it should provide an indication of the share of unbanked customers who are actually denied access due to inappropriate eligibility criteria or excessively high account charges or other factors indicating a market or regulatory failure. The report should also demonstrate more clearly the relevance of the identified problems for non-residents and, more generally, for the functioning of the single market. In order to do so despite a lack of precise data, the report should make a more extensive use of take-up figures for national initiatives, anecdotal evidence and citizens' complaints to the Commission. The report should also treat the outlier cases of Romania and Bulgaria separately to provide a more balanced analysis of the problem's magnitude. On this basis the report should further develop the baseline scenario, taking into better account the likely future impact of economic and financial sector development (particularly in the two outlier cases) as well as the expected results of other Commission initiatives (such as those regarding financial education and the transparency of bank fees).

**(2) Strengthen the case for EU action and the analysis of proportionality.** On the basis of the improved assessment of the problems and their underlying drivers, the report should strengthen the case for EU action, more clearly demonstrating that Member States' action alone would not sufficiently improve access to payment accounts across the EU and that EU level action would better achieve this objective. The report should also explain in greater depth why the preferred policy options would not go further than necessary to achieve the objectives. This is particularly relevant for the comparison of different delivery instruments which should more clearly reflect the available evidence on self-regulation initiatives and national measures. The report should also more extensively discuss the preferred option (framework regulation), clarifying and justifying the flexibility it would leave to Member States. The challenges of agreeing on a methodology to determine "reasonable pricing" across all Member States and the costs of monitoring during implementation should also be taken into account when identifying a proportionate response to the identified problems.

**(3) Further improve the assessment of costs and benefits.** In presenting the quantified assessment of costs and benefits, the report should avoid overestimating net aggregate benefits by taking into full account distributional effects among stakeholders, in particular the fact that savings for consumers would be foregone revenues for payment service providers (or utilities). The report should also provide some indications of the costs that implementation would imply in the outlier cases of Romania and Bulgaria where granting full access seems to require investment to expand the banking network. In addition, the report should analyze the impact on international competitiveness of the EU banking sector under different cost scenarios and should discuss the possibility that monitoring implementation may lead to high information costs for public authorities and banks.

*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.**

The results of the public consultation running from 6 October to 17 November 2010 should be integrated in the report. More generally, the views of consulted parties should be referred to more explicitly especially when differing from the chosen options.

<b>(E) IAB scrutiny process</b>	
Reference number	<b>2010/MARKT/029</b>
External expertise used	No
Date of Board Meeting	1 December 2010