



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2012)

Opinion

Title **DG MARKT/SANCO - Impact Assessment on the Bank Accounts Package**
(draft version of 27 July 2012)*

(A) Context

This Impact Assessment identifies specific problems in the retail banking sector (restricted access to a payment account, the lack of transparent and comparable fee information and barriers to switching of payment accounts), considers their consequences and analyses different options for addressing them. Other problems which may also be relevant - low levels of financial literacy, the tying and bundling of payment accounts to other products, anti-money laundering requirements, social and economic factors (labour market changes, technological gaps, demographic changes, income inequalities, physical disabilities), the level of banking sector development - are left outside the scope of the analysis. The focus of the report is on payment accounts held by consumers: accounts held by businesses (including small or micro enterprises), unless held in a personal capacity, are not analysed in this impact assessment. It also does not cover savings accounts, which may have more limited payments functions.

(B) Overall assessment

Although the report brings together a considerable amount of information on the three problems identified, it provides only very limited evidence to demonstrate the need for and value added of an EU legislative initiative in the area of access to bank accounts, fee transparency and switching. It should be significantly improved in a number of important respects. Firstly, the report should explain more clearly if, and how, the different problem areas are related, and provide robust arguments to show that the problem drivers omitted from the analysis are not critical for the envisaged outcome. It should better substantiate the scale of the transnational aspects, with respect to each of the three problem areas, and thoroughly assess the robustness of the presented evidence. On that basis it should address subsidiarity aspects and critically review the proportionality and EU value added of the presented options involving binding measures. The report should separate the presentation of the options and the analysis of their costs and benefits, and provide more transparency in the calculation of the expected aggregate impacts. Finally, more consistent references to the views of different stakeholder groups, as well as Member States, should be included throughout the report.

Given the nature of these recommendations, the Board asks DGs MARKT and SANCO to submit a revised version of the report, on which it will issue a new opinion.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

(C) Main recommendations for improvements

(1) Improve the problem definition. The report should more critically discuss the robustness of the evidence for the magnitude of the problem, and explain how information from a variety of sources and studies has been combined. It should address the criticisms voiced by some stakeholders on the inferences that were made from the mystery shopper study and Eurobarometer results, and demonstrate that the evidence from different sources is consistent. It should in particular provide a more solid empirical analysis of the cross-border aspect of the two main problems, given that the evidence cited appears to cover only a relatively small part of the problem. Moreover this evidence should be presented more fully in a form that allows the reader to verify the conclusions. The report should explain more clearly how the different problem areas and affected groups are related. It should provide sufficient arguments to show that the problem drivers omitted from the analysis are not critical for the achievement of the envisaged outcome. The report should critically review the link with issues that have been currently omitted from the analysis, especially measures to combat money laundering, which may imply denial of basic banking under certain conditions. If there is clear evidence that efforts to improve financial literacy cannot be expected to make an effective contribution, the report should provide a proper reference. In describing the baseline scenario, the report should identify what drives the upward trend in 'bankedness' figures in different Member States, to be able to assess the necessity of EU-level legislative intervention. The report should provide a more comprehensive analysis of the follow-up given to the Recommendation, given the short time that has passed since it was adopted. The report should also assess whether the Commission could have taken direct action in cases where denial of access to basic bank account services would constitute discriminatory treatment of non-residents, for example by launching infringement procedures.

(2) Better demonstrate subsidiarity and proportionality. The report should convincingly show that differences across Member States in their current legal framework, and in the way they have implemented the Recommendation, constitute a problem per se, as they may reflect different preferences, institutional arrangements and the availability of alternatives. On the issues of fee transparency and cross-border bank account switching, the report should be much more precise about the practical relevance of the problem, by indicating how many people are really affected by it. In this light the report should critically review the proportionality of the objectives and the presented binding policy options for both problem issues, including the discussion of the proposed legislative instrument. Subsidiarity and proportionality for fee transparency and account switching at national level need to be fully explained.

(3) Improve the presentation of options and expected impacts. The report should present complete policy options (including the choice of instruments) in a separate section, including a brief discussion of options that have been discarded at an early stage. The report should be clearer on the actual content of the Bank Accounts Package under the different options. The following impact section should then transparently present the results of the assessment of costs and benefits. It should explain the overall methodology used to arrive at the aggregate impacts presented throughout chapter 6, and should clearly indicate in which cases the underlying figures are based on robust evidence or on assumptions. It should also explain the reasons for the often very wide margins of uncertainty. The sensitivity of the results to the underlying assumptions should be discussed where relevant.

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 report should more consistently refer to the views of different stakeholder groups as well as Member States throughout the report, especially concerning the magnitude of the problem, the necessity and proportionality of EU binding action. It should also explain whether stakeholders have expressed opinions on the methodology used to estimate the expected impacts, for instance the compliance costs for financial service providers.

(E) IAB scrutiny process

Reference number	2012/MARKT+/004
External expertise used	No
Date of IAB meeting	5 September 2012