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Council on the comparability of fees related to payment accounts, payment account
switching and access to payment accounts with basic features**

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ABBREVIATIONS

AML	Anti-money laundering
AML/CFT	Anti-money laundering and countering the financing of terrorism
AMLD	Anti-Money Laundering Directive (Directive (EU) 2015/849) ¹
BIC	Bank identifier code
EBA	European Banking Authority
FID	Fee information document
IBAN	International bank account number
PAD	Payment Accounts Directive (Directive 2014/92/EU) ²
PABF	Payment account with basic features
PSP	Payment Service Provider

¹ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73–117).

² Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (OJ L 257, 28.8.2014, p. 214–246).

1. INTRODUCTION

The Payment Accounts Directive (the PAD or the Directive) was adopted on 23 July 2014 as part of the EU's efforts to enhance the transparency and comparability of fees charged to consumers on their payment accounts; switching payment accounts; and opening and using PABFs in the EU.

The PAD entered into force on 17 September 2014. The implementing technical standards and regulatory technical standards³ for the implementation of the Directive's transparency requirements entered into application in October 2018.

Member States had until 18 September 2016 to transpose and publish the laws, regulations and administrative provisions necessary to comply with the Directive. However, only 9 Member States⁴ had declared complete transposition within (or shortly after) the deadline. The European Commission opened infringement proceedings against the remaining 18 Member States for non-communication of transposition. All of these non-communication infringement cases were closed after the Member States notified the Commission that they had completed their transposition (and the Commission had assessed and confirmed this transposition). The Commission has not yet launched any infringement procedures for non-compliance with the PAD.

This report has been adopted in response to Article 28 of the Directive, which requires the Commission to provide a report on the application of the Directive by 18 September 2019. The report's issue has been delayed due to the need to ensure that the Directive had been in application for a certain amount of time. The Commission has in parallel adopted the report required by Article 27 of the Directive (the Article 27 report).

The Commission launched two studies to support this report. The first study (the Deloitte Study 1⁵) evaluates the Directive and provides input for the assessment of the application of the Directive. It covered 16 Member States⁶. The second study (the Deloitte Study 2⁷) assesses possible new tools to facilitate cross-border switching and serves as the basis for Chapter 5, which assesses possible additional measures to facilitate switching. Member States have also provided important data/input for this report. The Commission nevertheless faced some difficulties when preparing this report – particularly the lack of available and

³ “Commission Delegated Regulation (EU) 2018/32 of 28 September 2017 supplementing Directive 2014/92/EU of the European Parliament and of the Council with regard to regulatory technical standards for the Union standardised terminology for most representative services linked to a payment account (OJ L 6, 11.1.2018, p. 3–25)”; “Commission Implementing Regulation (EU) 2018/34 of 28 September 2017 laying down implementing technical standards with regard to the standardised presentation format of the fee information document and its common symbol according to Directive 2014/92/EU of the European Parliament and of the Council (OJ L 6, 11.1.2018, p. 37–44)”; “Commission Implementing Regulation (EU) 2018/33 of 28 September 2017 laying down implementing technical standards with regard to the standardised presentation format of the statement of fees and its common symbol according to Directive 2014/92/EU of the European Parliament and of the Council (OJ L 6, 11.1.2018, p. 26–36)”.

⁴ All references to Member States in this report refer to the 27 EU Member States.

⁵ Deloitte, *Study on the Payment Accounts Market*, 2020, <https://op.europa.eu/en/publication-detail/-/publication/0854f727-6117-11eb-8146-01aa75ed71a1/language-en>.

⁶ Belgium, Bulgaria, Czechia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Netherlands, Poland, Spain and Sweden.

⁷ Deloitte, *Study on tools designed to facilitate switching and cross-border opening of payment account on the EU payment accounts market*, 2021, <https://op.europa.eu/en/publication-detail/-/publication/70d1fcb7-f338-11eb-aeb9-01aa75ed71a1>.

comparable data. The objective of the PAD is to foster the single market for retail financial services and in particular for payment accounts. The Directive aimed to achieve this by (1) creating transparency and ensuring comparability of payment account fees; (2) ensuring that consumers have access to payment accounts (with basic features) and (3) facilitating the switching of payment accounts. The following chapters assesses the application of the Directive as well as the additional elements required in Article 28.

2. TRANSPARENCY AND COMPARABILITY OF PAYMENT ACCOUNT FEES

Article 7 of the Directive requires Member States to ensure that consumers have access, free of charge, to at least one comparison website. Article 7(3) sets out a list of requirements, namely that the comparison website must be run in an independent manner; disclose the identity of the website's owner; set out clear and objective criteria for the comparison; use plain and unambiguous language; be up to date; cover a significant part of the market; and provide an effective procedure to report incorrect information on published fees.

After consulting Member States with the relevant Expert Group (GEGREFS), the Commission has the overall impression that the requirements currently listed in Article 7(3) of the Directive are sufficient and that there is no urgent need to amend the list. However, the Deloitte Study 1 has – on the basis of a review of the identified websites that comply with the requirements of the Directive – pointed out that the following two requirements listed in paragraph 3 are not fully functioning: (1) the requirement to set out the objective criteria for the comparison; and (2) the requirement to report incorrect information on published fees. In addition, the information on the last time a website is updated has posed problems. That said, the issues signalled by the Deloitte Study 1 relate more to the operational aspect of the website than to the list itself. In this context, the Commission will continue to closely monitor the situation to ensure that the compliant Member State websites do in fact comply with the requirements laid down in Article 7(3) of the Directive.

Article 28(3) of the Directive requires the report to assess whether there is a need for accreditation of comparison websites. The general feeling among Member States was that this would not add much value, mainly because the current compliant comparison tables is public and therefore intrinsically trustworthy. In addition, the certification process would be costly and time-consuming. No issues with the comparison website have been registered in most Member States, so there is no need to amend the current system.

With regard to measures on 'packaged offers', Article 4 on the FID, Article 5 on the statement of fees and Article 8 refer to the concept of packages. The Deloitte Study 1 observed on the basis of collected data that stakeholders have interpreted 'package' in two distinct and different ways: either (i) a combination of a payment account with the various services linked to it that enable its use (e.g. a card or an overdraft); or (ii) a combination of a payment account with other types of financial products (e.g. insurance and mortgages). In this context, 16 Member States (BE, BG, DE, IE, ES, IT, LV, LU, HU, MT, NL, PL, PT, RO, SI and SK) expressed support for the idea of introducing a definition of the term 'package' into the Directive in order to bring additional clarity (especially in instances of tying and bundling). However, some other Member States cautioned against such an approach, arguing that the term is already sufficiently clear and that it would make more sense to address the issue in Article 4 of the Directive. In this context, with regard to Article 4 on the FID, the section of the FID dedicated to 'packages of services' could be too long in some cases. This is because

some banks mention several packages in their FID and this has resulted in the FID being several pages long – thus defeating the purpose of having a short stand-alone FID. They therefore believe that any possible changes to the concept of packages should be targeted to Article 4. More broadly with regard to Article 4, an unintended consequence has been the duplication of documents on fee levels of payment accounts in those Member States where documents with the same information already existed. In fact, on the basis of Member States comments, the most important unintended consequence of this has been the duplication of documents on fee levels of payment accounts in Member States where documents with the same information already existed. The Commission has taken good note of these issues and will keep the suggestions received in mind in the eventual revision of the Directive.

3. ACCESS TO PAYMENT ACCOUNTS

3.1. Non-discriminatory access to payment accounts

Article 15 of the Directive requires Member States to ensure that credit institutions do not discriminate against consumers legally resident in the EU by reason of their nationality or place of residence (or by reason of any other ground referred to in Article 21 of the Charter of Fundamental Rights of the European Union) when those consumers apply for or access a payment account within the EU. Article 15 also states that the conditions applicable to holding a PABF must not be in any way discriminatory.

Member States have either specifically transposed the non-discrimination provision or have concluded that this point was already covered by their existing legislation. However, only a few Member States have integrated the non-discrimination principle into their national law so as not only to cover the access to payment accounts but also to specifically cover the applicable conditions.

Despite this rule, access to payment accounts may still be different for consumers of a different nationality or in a different place of residence. For example, a requirement to present a specific national identity document may affect consumers from other Member States differently. As shown by the Deloitte Study 1 and indicated by complaints received by the Commission, difficulties may also exist as regards the cross-border opening of payment accounts, not least as regards cross-border online opening which is sometimes not available to consumers from other Member States⁸. The Commission has also received complaints about different levels of fees for non-residents in the Member State. Charging higher fees for PABF for non-residents would be discriminatory if the additional fees are not based on objectively justified costs.

These different requirements may not only lead to a different treatment in many cases, but may also affect access to payment accounts, including to PABFs. Such cases are described in more detail in Section 3.2.

⁸ According to Deloitte Study 1, some banks consider that they are not able to fulfil their requirements on AML/DFT, or to face the required level of complexity or costs.

3.2. Access to a PABF

▪ The right to a PABF

In order to foster financial inclusion, Article 16 of the Directive establishes the right of access to a PABF for all consumers legally resident in the EU. This includes consumers with no fixed address, asylum seekers and consumers who have been refused a residence permit but whose expulsion is impossible for legal or factual reasons⁹. Article 16(1) requires Member States to ensure that PABFs are offered to consumers either by all credit institutions or a sufficient number of credit institutions to guarantee access thereto for all consumers in their territory.

This right to a PABF has been transposed by the Member States in their national legislation. In most Member States, a PABF is offered as a separate product distinct from a standard payment account. In some Member States¹⁰, however, (some or all) credit institutions do not offer a PABF as a separate product but prefer to offer a standard account to all consumers.

Most Member States require all credit institutions that offer payment accounts to offer a PABF, but a few Member States¹¹ require only some credit institutions which fulfil certain criteria to offer a PABF. However, such obliged credit institutions do generally provide wide-ranging access. In addition, other payment services providers also offer PABFs in some Member States.

Sectoral and consumer organisations therefore broadly agree that consumers in their country have sufficient access to PABFs¹².

Article 16 provides for a number of (possible) derogations to this right to a PABF. In practice, the most important derogation concerns AML. Article 16(4) of the PAD requires Member States to ensure that credit institutions refuse an application if opening such an account would result in an infringement of the provisions on the prevention of money laundering and the countering of terrorist financing laid down in Directive 2005/60/EC¹³. This can conflict with the right to a PABF and the interaction may not be fully clear. Recital 34 of the PAD underlines that AML rules should not be used as a pretext for rejecting commercially less attractive consumers. No other general EU-level guidance on the interlinkages between the different rules currently exists.

⁹ This right to a PABF has been a crucial instrument to ensure the financial inclusion of Ukrainian refugees. Once Ukrainian refugees received the temporary protection, they had the right of access to a PABF.

¹⁰ According to Deloitte Study 1, in five Member States there is no distinction between standard payment accounts and payment accounts with basic features (see for further details Figure 31).

¹¹ Member States where only some credit institutions offer PABFs: Greece, Croatia, Cyprus, Luxembourg, Malta, Netherlands, Slovakia (See for further details the Article 27 report).

¹² 100% of sector organisations and 70% of consumer organisations agreed that all consumers in their country have access to PABF (see for further details Figure 5, Annex D of Deloitte Study 1).

¹³ Directive 2005/60 has since been repealed and replaced by Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73–117) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015L0849>.

Difficulties in opening a PABF have in particular been found in the following areas.

- 1) Lack of specific identity documents: difficulties in opening a PABF due to a lack of specific identity documents have been identified in several reports¹⁴ and have also been the subject of complaints from the general public to the Commission. The verification of the customer's identity required by the AML/CFT directives is generally done on the basis of identity documents. A requirement to possess a standard identification document issued by the Member State may create particular difficulties not only for asylum seekers and refugees, but also (depending on the specific requirement) for nationals of other Member States. This issue has already been partly addressed in the EBA opinion on the application of customer due diligence measures to customers who are asylum seekers from higher-risk non-EU countries or territories and in the statement on 'financial inclusion in the context of the war in Ukraine' released by the EBA on April 2022.¹⁵ In addition, homeless people sometimes face difficulties in opening a payment account (e.g. when asked to provide an address).
- 2) Cross-border access to payment accounts: difficulties in opening a PABF in another Member State (including online) have also been reported in the Deloitte Study 1 and have been the subject of complaints by the general public to the Commission. These can have different causes. For example, such difficulties can be due to a lack of specific documents or to the need to demonstrate a genuine interest, but they may also be linked to AML/CFT reasons given that opening a payment account in another Member State may be considered as an unusual circumstance that entails a potentially higher risk in the AML/CFT risk assessment¹⁶.
- 3) De-risking practices on AML-grounds: difficulties in opening a PABF have also been encountered due to de-risking practices by credit institutions (i.e. when they decide not to open (or to close) payment accounts with specific categories of customers because they have a higher money laundering and terrorist financing risk). As set out in the EBA opinion on 'de-risking'¹⁷, de-risking may particularly concern consumers with links to specific (high risk) non-EU countries and politically exposed persons. The Commission has also received complaints in this respect.
- 4) De-risking practices due to the US Foreign Account Tax Compliance Act (FATCA): difficulties have also been encountered by consumers with double EU/US nationality, who have filed petitions with the European Parliament and complained to the Commission. As the EBA stated in its opinion on de-risking, some credit institutions may have decided not to provide payment accounts to US nationals in view of the obligations and possible sanctions under FATCA.

¹⁴ The Deloitte Study 1, EBA opinion on asylum seekers, EBA consumer trend report 2021 [EBA Consumer Trend Report \(europa.eu\)](#).

¹⁵ [EBA-Op-2016-07 \(Opinion on Customer Due Diligence on Asylum Seekers\).pdf \(europa.eu\)](#); and [EBA calls on financial institutions and supervisors to provide access to the EU's financial system | European Banking Authority \(europa.eu\)](#).

¹⁶ See Annex III of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. This annex contains a non-exhaustive list of factors and types of evidence of potentially higher risk referred to in Article 18(3) of that directive.

¹⁷ [EBA Opinion and annexed report on de-risking.pdf \(europa.eu\)](#).

The EBA has already provided some guidance which may help to address unwanted de-risking¹⁸. The EBA has in particular clarified that the application of a risk-based approach does not require firms to refuse or terminate business relationships with entire categories of customers that are considered to present a higher money laundering and terrorist financing risk. Some Member States' competent authorities have therefore included this in their own guidance.

To mitigate the risk of de-risking on AML-grounds, the Commission has proposed specific provisions in the legislative package on AML/CFT that it presented in July 2021¹⁹. In particular, to enable supervisory authorities to assess whether institutions have appropriately calibrated their customer due diligence practices, the proposal for an AML regulation²⁰ includes a requirement for institutions that decide not to enter into a business relationship with a prospective customer to keep records of the grounds for such a decision. In addition, the proposal for a sixth AML directive²¹ includes a requirement for AML supervisors to cooperate with supervisors in charge of implementing the Payment Services Directive²² and the PAD.

Difficulties in enforcing the right to a PABF may also result from the fact, that despite the general obligation in Article 16(7) of the PAD to immediately inform the consumer of the refusal and of the specific reason for that refusal, this often does not happen due to the 'tipping off' prohibition in AML rules which derogates from that general obligation.

Other derogations provided for in the PAD include the option to require consumers who wish to open a PABF to show a genuine interest in doing so (Article 16(2)). Only a few Member States²³ have exercised this option. By contrast, many Member States have exercised the option provided in Article 16(5) to permit credit institutions to refuse an application for a PABF if a consumer already holds a payment account with a credit institution located in their territory.

In addition, several Member States have exercised the option to identify limited and specific additional cases where applications can or should be rejected – provided that these exceptions are intended to facilitate access to a PABF free of charge under the mechanism of Article 25 of the PAD or to avoid abuses by consumers (Article 16(6) of the PAD). For instance, some Member States have set criteria requiring applicants to provide evidence that they have not committed fraud or other criminal offences, or they have established a national security exception. The Article 19(3) option to identify additional limited and specific cases where the credit institution may unilaterally terminate a framework contract for a PABF has been used by many Member States for similar (and other) cases (e.g. for certain deliberate criminal offences or for commercial activities).

¹⁸ [Final Report on Guidelines on revised ML TF Risk Factors.pdf \(europa.eu\)](#) and [EBA Opinion and annexed report on de-risking.pdf \(europa.eu\)](#).

¹⁹ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-supervision-and-risk-management/anti-money-laundering-and-counter-terror-financing-terrorism_en.

²⁰ COM(2021) 420 final https://eur-lex.europa.eu/resource.html?uri=cellar:0a4db7d6-eace-11eb-93a8-01aa75ed71a1.0001.02/DOC_1&format=PDF.

²¹ COM(2021) 423 final https://eur-lex.europa.eu/resource.html?uri=cellar:05758242-ead6-11eb-93a8-01aa75ed71a1.0001.02/DOC_1&format=PDF.

²² Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

²³ Five Member States have used this option (see page 72 of Deloitte Study 1).

- **The average annual fees levied for PABFs**

Article 18(1) of the PAD requires the Member States to ensure that credit institutions offer PABFs ‘free of charge or for a reasonable fee’. Member States have implemented this in different ways. Some Member States²⁴ have decided that the PABF must be provided free or have placed clear limits on the fee or set precise parameters for its calculation. Other Member States require that the accounts must be offered free of charge or for a reasonable fee, but do not set any further criteria (beyond the Article 18(3) criteria as to what could be considered as ‘reasonable’).

The level of fees for PABFs in the different Member States diverges considerably.²⁵ There is also sometimes a big gap between the cheapest and the most expensive offers even within the same Member State. Compared to the fees for standard payment accounts²⁶, PABFs may generally be cheaper but not by very much.

Sector organisations and some of the consumer organisations²⁷ in the Deloitte Study 1 nevertheless indicated that PABFs would generally be affordable for everyone.

- **Application in practice/uptake of the PABF**

As the Article 27 report shows, for the period 2016-2021, PABFs have been taken up to a considerable extent in some Member States. For instance, there has been a significant uptake in some of the Member States²⁸ that previously had a higher percentage of their population without a payment account. Nevertheless, uptake was rather low in some others²⁹. In addition, the latest Global Findex Database from 2021³⁰ has shown that the share of banked population (aged 15 or more) has increased in most Member States from 2017 to 2021 – and that some of these reached 100% in 2021.

A number of different reasons may explain the relatively low number of PABFs. Firstly, the percentage of people with a payment account was already very high in many Member States when the PAD was adopted. Secondly, some Member States already had similar tools in place. Thirdly, given that standard accounts (including free online accounts) are highly

²⁴ Nine Member States (see for details Deloitte Study 1, page 35, Table 5). See also the EBA Report on the thematic review on the transparency and level of fees and charges for retail banking products published in December 2022 ([Report on the thematic review on fees and charges.pdf \(europa.eu\)](https://www.eba.europa.eu/en/press-communications/press-releases/2022/12/22-12)).

²⁵ See page 34 of the Deloitte Study 1 for details of the fee levels for PABFs offered in the selected Member States. These show variations between zero and more than EUR 90 a year.

²⁶ According to the Deloitte Study 1, the standard fixed fees for payment accounts (to which variable fees may need to be added) may be relatively high in some Member States (as much as EUR 160 a year), but they may be relatively low (below EUR 20 a year) in others. However, in several Member States, standard accounts with zero fixed fees are offered by at least one of the main credit institutions. Digital standard accounts are generally free of charge. Moreover, in some Member States, there may also be reduced fees for specific accounts (e.g. for young or elderly people). The fee levels of different banks within some Member States also vary considerably. Despite new entrants into the market, the fees have generally not decreased in recent years. See page 32 of the Deloitte Study 1 for more details on the ‘fee levels for standard payment accounts offered in the selected Member States’.

²⁷ 23% of consumer organisations disagreed that everyone could afford to open and use a PABF (see for details Deloitte Study 1, Annex D, Figure 14).

²⁸ For example, Czechia, Cyprus, Greece, Lithuania. See for more details *Table 4: Total number of PABF that have been opened each year* of Article 27 report.

²⁹ For example, Bulgaria, Croatia, Latvia, Poland and Romania. See for more details *Table 4: Total number of PABF that have been opened each year* of Article 27 report.

No information on the characteristics of consumers who have opened PABF is available in most Member States.

³⁰ <https://www.worldbank.org/en/publication/globalfindex>.

accessible, PABFs may not be relevant for consumers who have access to those accounts. Other reasons for a low uptake could be a lack of consumer awareness. The necessary information is available to consumers through different channels such as websites or awareness campaigns, but consumer organisations consider that the level of consumers' awareness of their right to a PABF remains rather low and that many banks do not proactively offer the PABF to consumers. In some cases, the cost of a PABF may also limit the uptake. As the Global Findex Database has indicated, other reasons for not having a payment account given by consumers without a payment account in those Member States that have a lower rate of banked people may be insufficient funds, lack of trust in financial institutions or the fact that financial institutions are located too far away.

By contrast, this low uptake does not seem to be due to an insufficient offer of PABFs themselves. PABFs are offered by all or a large number of credit institutions in the individual Member States and, according to the Deloitte Study 1, sectoral and consumer organisations broadly agree that consumers have sufficient access to PABFs. Nor does the low uptake seem to be primarily caused by refusals by credit institutions to provide PABFs – as the Article 27 report sets out, the number of applications that have been rejected in individual Member States seems generally low³¹, albeit with some exceptions.

The PAD's purpose is not necessarily to achieve a high uptake of PABFs, but rather to increase financial inclusion and ensure that all consumers have access to a PABF. Given the general availability of PABFs, this objective seems to have been generally achieved. In addition, as the latest 2021 Global Findex Database shows, the percentage of the population with a payment account has increased in the Member States to 95% on average – and close to 100% in some Member States.

Difficulties may nevertheless exist in the specific cases outlined above. The purpose of the AML/CFT legislative package is to mitigate the risk of de-risking. The EBA has provided additional guidance on the interaction between PAD and AML rules³².

3.3. List of services

Article 17(1) requires the Member States to ensure that a PABF includes a number of services (including cash withdrawals, credit transfer, direct debits and payment transactions through a payment card) to the extent that they are already offered to consumers holding standard payment accounts. The PABF covers all the services set out in Article 17(1) in most Member States. However, some of the services included in Article 17(1) (standing orders and direct debits) were not offered as part of the PABF in a few Member States³³, because these services were not offered as part of a standard account in those Member States. In some cases, credit institutions provide additional services for PABFs (including overdraft facilities, credit cards and instant payments), even though this is not required by law.

Requiring Member States to oblige credit institutions to provide additional features of PABF would need to be justified for financial inclusion reasons. This also needs to be carefully weighed against the additional cost for credit institutions of providing a PABF because this could in turn increase the cost of a PABF and thus impair financial inclusion. Instant

³¹ See for more details Table 5: Number and proportion of applications for a PABF that have been refused of Article 27 report.

³² [Guidelines on MLTF risk management and access to financial services.pdf \(europa.eu\)](#)

³³ In three Member States (see for more details Deloitte Study 1, page 76).

payments could become a PABF feature in the future, but – although instant payments are becoming increasingly used – they are not yet standard³⁴. Another possible additional feature could relate to ensuring access to cash. Article 17(1) already requires that the PABF should include cash withdrawals at the counter or at automated teller machines as a service, but the reduction in the number of branches and ATMs may (for example, in some remote areas) hamper financial inclusion in general (and not just PABFs). As the retail payment strategy sets out³⁵, the Commission shares the concerns that there is a risk that the increasing service digitalisation may leave those without access to digital services even more excluded than they are today. The issue of access to and acceptance of cash was assessed in different fora (at the Commission level in the Euro Legal Tender Expert Group (ELTEG)³⁶ and at the Euro Retail Payments Board). Following the report that the ELTEG adopted on 6 July 2022, the Commission is assessing possible ways to ensure that euro cash is available and accepted³⁷.

Consumers and sector organisations both seem to believe that consumers are satisfied with the services currently on offer in accordance with national requirements³⁸. Many Member States also do not seem to see a need to amend the PAD.

4. SWITCHING OF PAYMENT ACCOUNTS

A switching service based on the European Banking Industry Committee’s common principles for bank accounts switching³⁹ already existed in several Member States before the PAD entered into force, but Article 10 introduced a requirement for all Member States to ensure that a mandatory switching service is in place⁴⁰. According to the Deloitte Study 1, the PAD has thus enabled all consumers in the EU to easily switch accounts domestically and often for free. Consumers who had used the process considered it to be satisfactory. The

³⁴ This could however change if the legislative proposal on instant payments ([Proposal for a Regulation amending Regulations \(EU\) No 260/2012 and \(EU\) 2021/1230 as regards instant credit transfers in euro \(europa.eu\)](#)) is adopted.

³⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a Retail Payments Strategy for the EU (COM(2020) 592 final).

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0592&rid=2>.

³⁶ ELTEG is a Commission expert group of Member States’ experts and the European Central Bank (ECB). Its main purpose is to discuss euro cash acceptance and availability. The ELTEG’s latest report of July 2022 stated that Member States should monitor ATM networks and additional cash access points at bank branches to ensure that they provide sufficient coverage, especially when such facilities are closed. It also stated that policy measures should be taken to ensure that euro cash is available.

³⁷ See the Commission initiative on the scope and effects of legal tender of euro banknotes and coins of the 2023 Commission work programme ([2023 Commission work programme – key documents \(europa.eu\)](#)).

³⁸ 83% of sector organisations and 77% of consumer organisations agreed that consumers are satisfied with the services included in a PABF (The rest of the respondents' answers were “don't know”). See for more details Deloitte Study 1, page 77).

³⁹ [The EBIC common principles for bank accounts switching](#). The common principles for bank account switching were implemented by the end of 2009. EBIC stated that they have been implemented by all Member States. However, implementation was incomplete and inadequate. See for more details <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013SC0127&from=EN>.

⁴⁰ According to Deloitte Study 1, ten Member States only had to make minor changes to their existing framework, two Member States more substantial changes and, in three Member States a new switching service was introduced (see for more details page 53).

shortcomings reported by consumer organisations relate to technical issues in applying the process in individual cases, but not to the process itself⁴¹.

As the Article 27 report shows, the number of yearly switches varies considerably between the different Member States. There is a considerable number of switches in some Member States⁴² and a growing trend in some of these, but very low switching in other Member States⁴³.

A number of factors may be affecting the level of switching⁴⁴. For instance, the switching service applies to payment accounts but not to other financial products (e.g. mortgage loans and investments) to which the payment account may be linked. In addition, consumers may have only a limited awareness of the service and may not always be informed about it – or even discouraged from using it. Other possible reasons include insufficient financial literacy and the assumption that switching would only lead to limited savings; a desire not to lose one's payment account number; and the risk that payments may go astray.⁴⁵

However, the aim of the PAD's switching provisions was not necessarily to increase the number of switches – but rather to make it easier to switch in order to increase competition. Given the general availability of a (well-functioning) switching service, the aim of making it easier to switch seems to have been achieved. It could nevertheless be useful to take additional measures, in particular to raise consumers' awareness of their right to switch a payment account.

Unlike for domestic situations, there is currently no switching service for cases involving payment service providers from different Member States. Instead, Article 11 only obliges the transferring payment service provider to provide assistance (e.g. provide information and transfer funds) to consumers when they state their intention to open a payment account with a payment service provider located in another Member State. As shown by the Deloitte Study 1, the level of interest in cross-border access to a payment account of consumers is low, although it may be increasing due to the spread of neo-banks⁴⁶. Some factors that may be affecting the level of interest could be a preference to be physically close to a bank, language barriers and the fact that domestic accounts can be used throughout the EU.

⁴¹ These technical issues which happened in individual cases include a former account being closed before the new account becomes operational; new debit/credit cards delivered after deactivation of previous cards; and transactions made with debit cards in shops and/or direct debits charged only weeks after the transaction – resulting in debt collections.

⁴² For example, Denmark or France. See for more details *Table 1: Number of yearly switches* of Article 27 report.

⁴³ For example, Bulgaria, Greece, Cyprus, Malta, Portugal or Romania. See for more details *Table 1: Number of yearly switches* of Article 27 report. The 2022 Eurobarometer survey on retail financial services and products has shown higher switching rates. <https://europa.eu/eurobarometer/surveys/detail/2666>.

⁴⁴ For a behavioural perspective on the reasons for not switching, see the study [Applying behavioural insight to encourage consumer switching of financial products - Publications Office of the EU \(europa.eu\)](#).

⁴⁵ The special Eurobarometer survey of 2016 on switching of financial products and services more generally reported as the two main reasons for not switching the fact that consumers are satisfied with their current provider and the fact that they have never considered switching ([Financial Products and Services - July 2016 - - Eurobarometer survey \(europa.eu\)](#)).

⁴⁶ See page 120 of Deloitte Study 1 for more information on neo-banks.

5. ASSESSMENT OF POSSIBLE FURTHER MEASURES ON SWITCHING

5.1. Feasibility of extending the switching service in Article 10 to cross-border switching

Extending the switching service to cross-border cases would make it easier to switch payment accounts to other Member States and as easy as switching within one and the same Member State.

There are several different ways to extend the current switching service for cases within one Member State to switching cases between two Member States (e.g. interconnecting the different switching services at national level or creating a standardised EU-wide switching service which would replace the existing systems for domestic switching). This second option would imply a leaner process but would involve a more radical IT transformation for the different stakeholders ⁴⁷.

Both options would be technically feasible. However, based on the estimated switching rates, the expected cost (one-off cost plus recurrent cost) would largely outweigh the expected benefits: the one-off costs of both options have been estimated at around EUR 840 million, and the recurrent costs at around EUR 158 million a year ⁴⁸. However, the (recurrent) benefits (mainly for consumers ⁴⁹) would be only around EUR 41 million a year ⁵⁰. In addition, given the (expected) low level of cross-border switching, consumer organisations do not see the extension of the switching service to cross-border cases as a priority (whereas credit institutions see no advantage and point to language barriers, physical distance and other obstacles).

5.2. Feasibility of a framework for automated redirection of payments

A framework for an automated redirection of payments would ensure that, for a certain period of time after a consumer has switched payment accounts, payments to the previous ('old') account would be redirected to their new account. This would reduce possible concerns by providing additional reassurance that the incoming payments would arrive in the right account. This would also make it easier to switch and thus increase competition. Such an automated redirection service already exists in the Netherlands as an additional feature of its domestic switching service. A framework for an automated redirection of payments could be set up domestically within individual Member States or within the EU as a whole. Setting up such a framework at EU level would first require the setting up of a cross-border switching

⁴⁷ The different stakeholders that were considered for the study were the following: consumers, competent authorities (national competent authorities or a competent authority at EU level), creditors/debtors (all third parties with whom consumers may have recurrent payments, direct debits or standing orders) PSPs and others (either PSPs acting collectively, national competent authorities, or EU competent authorities when it is not clear which stakeholder would be bearing the cost). See for details Deloitte Study 2, page 76.

⁴⁸ These figures relate only to consumers for all options (5.1, 5.2 and 5.3). PSPs would bear most of the one-off cost (EUR 835 million) and most of recurrent costs (EUR 150 million). See page 84 of the Deloitte Study 2 for more details.

⁴⁹ For the calculation of recurrent benefits for consumers, the Deloitte Study 2 has considered benefits due to spending less time to carry out a switch, benefits linked to not having to deal with an increased number of failed payments and benefits linked to potential savings in account fees for (additional) consumers who switch. See for details Deloitte Study 2, page 77.

⁵⁰ A cross-border switching rate of more than 4.2% (as opposed to an estimated cross-border switching rate of 0.2%) would be required in order to break even after 20 years. See page 97 of the Deloitte Study 2 for details. The options (5.1 and 5.3) would not be considered efficient even on the basis of the higher switching rates indicated by the 2022 Eurobarometer survey on retail financial services and products.

service. Such a framework could be set up in a number of different ways (e.g. a system in which new account details would be included in the error messages sent to banks attempting to make a transfer to a closed account; a system in which redirection tables would be integrated in the routing systems of banks; and setting up a separate central clearing engine to manage the switching information).

However, based on estimated switching rates, the expected costs (one-off costs plus recurrent costs) would largely outweigh the expected benefits. The one-off costs of any of the options have been estimated at between EUR 1 and 5 billion. The annual recurrent costs of the options range from EUR 228 million to EUR 782 million for automated redirection at domestic level, and from EUR 461 million to EUR 1 billion for automated redirection at EU level combined with a switching service ⁵¹. However, the (annual recurrent) benefits (mainly for consumers) would only be around EUR 80 million for automated redirection at domestic level and EUR 154 million for automated redirection at EU level ⁵².

5.3. Assessment of the costs and benefits of implementing full EU-wide portability of payment account numbers

Full EU-wide account number portability would mean that it would be possible to keep the same payment account number when switching payment accounts within the EU. Consumers would no longer need to notify creditors and/or debtors with whom they have recurrent transactions of their new payment account number, and their creditors/debtors would not need to update their accounting systems. Keeping the same account number would provide consumers with the assurance that all incoming payments would arrive in the right payment account. This would reduce possible concerns and make switching easier not only domestically but also across borders. This would promote competition.

Payment account number portability could be organised in different ways. One option would be the portability of an existing IBAN that would be connected to a new IBAN in the back-end (the consumer would not necessarily know this). An alternative option would be the creation of an alias that could be linked to an existing IBAN and communicated to debtors/creditors. When switching accounts, the alias (i.e. the front-end) could be linked to a new IBAN in the back-end (again the consumer would not necessarily know this). A third and more fundamental option would be to replace all existing IBANs with new EU IBANs (new portable account number). This is the only option where the account number would be truly portable and would only require the BIC as a back-end identifier to enable banks to identify where the account is located.

Based on estimated switching rates, the expected costs (one-off costs plus recurrent costs) would largely outweigh the expected benefits. The one-off costs have been estimated at between EUR 7 and 22 billion ⁵³ and the recurrent costs for these options at around

⁵¹ PSPs would bear most of the one-off and recurrent costs. Competent authorities would only bear one-off cost (between EUR 2 and 12 million) and creditors/debtors would only bear recurrent cost (between EUR 20 and 40 million).

⁵² According to the Deloitte Study 2, it would not be possible to break even under these options – even with a high level of switching.

⁵³ The one-off costs would be around EUR 22 billion for the option of a new portable account number.

EUR 1 billion a year⁵⁴. On the other hand, the (recurrent) benefits (mainly for consumers and creditors/debtors) would only be between EUR 151 million and EUR 242 million a year⁵⁵.

As shown by Deloitte Study 1, sectoral organisations do not see account number portability as a major game-changer for switching. Consumer organisations have mixed views⁵⁶ but do not see the creation of a cross-border switching service as a priority.

On the basis of the result of the study, it is clear that these possible additional measures could make it even easier to switch payment accounts within the EU. However, given that the cost would largely outweigh their expected benefits at present, they may not seem justifiable at this stage.

6. EFFECTIVENESS OF EXISTING MEASURES AND THE NEED FOR ADDITIONAL MEASURES TO INCREASE FINANCIAL INCLUSION AND TO ASSIST VULNERABLE PEOPLE IN RELATION TO OVER-INDEBTEDNESS

Access to a payment account is essential if people are to participate in the economy and society. It is a vital tool for financial inclusion. In the EU, the percentage of consumers who have a payment account is generally (very) high. According to the latest Global Findex Database from 2021, an average of 95% of citizens in the EU aged 15 or more have at least one payment account⁵⁷. This proportion has risen in recent years (by four percentage points since 2017). This may be due to different factors: digital finance, the arrival of cost-free digital accounts, and the fact that the PAD provides the right to a basic bank account.

However, the 2021 Global Findex Database shows considerable differences between the Member States. While more than 95% of the population (aged 15 or more) has a payment account in many Member States, this proportion is considerably lower in some other Member States⁵⁸. The Global Findex Database also underlined differences between types of consumers, in particular vulnerable persons⁵⁹. The Deloitte Study 1 also showed that sector and consumer organisations consider that being homeless and being an immigrant entails the highest risk of not having a payment account. PAD already provides for a legal right to a PABF (including for vulnerable people) for a reasonable fee. The question of whether or not the PAD will need to be amended in order to further strengthen financial inclusion, for instance in relation to the fees of a PABF, will be assessed in more detail in line with better regulation standards. Additional non-legislative measures such as the EBA guidelines on the

⁵⁴ PSPs would bear most of the one-off and recurrent costs unless this option would be implemented by replacing of all current IBANs by EU IBANs. In this case, creditors/debtors would bear more than half of one-off costs (EUR 12 billion).

⁵⁵ According to the Deloitte Study 2, break-even after 20 years would require national switching rates of 8% (as opposed to an estimated actual switching rate of 1%) and cross-border switching rates of 2.4% (as opposed to an estimated actual switching rate of 0.3%).

⁵⁶ 42% of consumer organisations answered “no” to the question of whether EU wide portability of payment accounts would be a major game changer for switching, notably cross-border. See for more details Deloitte Study 1, page 59.

⁵⁷ The figures shown by the 2022 Eurobarometer survey on retail financial services and products are slightly lower than those of the Global Findex Database 2021.

⁵⁸ For example, 69 % in Romania, 84% in Bulgaria and 88% in Hungary.

⁵⁹ While being vulnerable (e.g. being unemployed, having a low level of education or income) has little effect on whether or not someone has a payment account in those Member States where the percentage of people with a payment account is very high, such vulnerable people are less likely to have a payment account in those Member States with a lower the percentage of people with a payment account.

interaction between the AMLD and the PAD, and awareness-raising measures in some Member States could be useful.

Digitalisation may create additional barriers to financial inclusion. Digitalisation may in some ways help increase financial inclusion (e.g. through online access to banking services at any time), but increased digitalisation can also involve reduced physical access (to branches and ATMs) and may create difficulties for consumers who are either not digitally literate or have no access to digital devices. In fact, the reduction in the number of ATMs and branch offices in recent years has reduced the availability of basic payment services⁶⁰. The Commission is working to address these issues in several ways. In particular, the Commission is working to foster financial literacy (within the limits of its Treaty competence). Together with the OECD, the Commission has developed a financial competence framework for adults⁶¹, which specifically covers digital financial literacy. The Commission and the OECD are now working on a similar competence framework for youth. As set out in the capital markets union action plan⁶², the Commission is also assessing the possibility of introducing a requirement for Member States to promote learning measures supporting financial education. Moreover, the Commission stands ready to continue to support Member States in the area of financial literacy and inclusion through the Technical Support Instrument.⁶³ As of today, it has delivered some 20 technical support projects ranging from broader topics such as support for the implementation of national financial literacy strategies to more focused areas covering ageing population, retail investors or digital literacy.⁶⁴ As set out above (point 3.3), work on access to and acceptance of cash is being carried out.

The Commission has recently launched a study on EU consumers' over-indebtedness and its implications. The study will give an overview of the over-indebtedness of EU households and consumers, taking into consideration the impact of the COVID-19 on households' over-indebtedness.

7. EXAMPLES OF BEST PRACTICES AMONG MEMBER STATES FOR REDUCING CONSUMER EXCLUSION FROM ACCESS TO PAYMENT SERVICES.

Member States have taken a number of different measures – to transpose the PAD and to avoid or limit financial exclusion from access to payment services – that can serve as best practices.

To facilitate access to a PABF and avoid exclusion, at least one Member State has a mechanism to designate a specific credit institution to provide a PABF to a consumer whose applications for a PABF have been rejected. Such a mechanism can make it much easier to gain access to a PABF in practice, particularly for consumers who are vulnerable or de-risked by some banks. Few Member States have issued guidance to credit institutions on the interaction of the PAD and AML/CFT requirements for cases where customers do not have a

⁶⁰ See also the [EBA Consumer Trend Report \(europa.eu\)](#).

⁶¹ [The Commission and OECD-INFE publish a joint framework for adults to improve individuals' financial skills \(europa.eu\)](#).

⁶² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:590:FIN>.

⁶³ Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument OJ L 57, 18.2.2021, p. 1–16.

⁶⁴ Example of technical support project supporting financial literacy in Member States: [Protecting consumers and enhancing financial literacy \(europa.eu\)](#).

fixed address or standard documentation. To address the identity documents issue, a system was established in one Member State so that social workers can vouch for the identity of a homeless person seeking to open a payment account.

To limit the cost of a PABF, some Member States require PABFs to be provided cost-free to everyone or just to particularly vulnerable groups. In other cases, Member States have set clear and low limits for the fees – for example, in absolute terms or in relative terms (e.g. in relation to other payment accounts). Other Member States have set up different pricing schemes to grant more advantageous conditions to vulnerable consumers.

To increase awareness, several Member States have taken action to inform consumers and raise their awareness of PABFs, particularly through leaflets, guides and information on websites. Member States have also developed many initiatives to improve financial inclusion through different financial literacy programmes ⁶⁵.

8. CONCLUSION

The objectives of the PAD are to (1) create transparency and ensure comparability of payment account fees, (2) ensure that consumers have access to payment accounts (with basic features) and (3) make it easier to switch payment accounts.

In general, the PAD has helped to create transparency and comparability of payment account fees. It has in particular ensured a minimum level of harmonisation, notably by establishing a standardised terminology (which is partially uniform at EU level), common templates to report on fees linked to payment accounts, a uniform switching process, and an EU-level right of access to PABFs. However, some Member States have created an additional layer of new legislation when transposing the PAD – rather than replacing existing legislation – and this makes the national and EU regulatory framework more fragmented. The most important unintended consequence of this has been the duplication of documents on fee levels of payment accounts in Member States where documents with the same information already existed. The measures put forward by the PAD (particularly comparison websites) can improve transparency and consumers' ability to compare fees. However, some aspects still require improvement, and cross-border transparency and comparison are not yet possible due to differences in the terminology used and to language barriers.

The PAD has also ensured that consumers have access to PABFs which are offered by all or many credit institutions in each Member State. The percentage of EU consumers who have a payment account is generally (very) high and has risen further since the entry into force of the PAD. PABFs have been taken up to a considerable extent in some Member States. For instance, there has been a significant uptake in some of the Member States that previously had a higher percentage of their population without a payment account. Nevertheless, uptake was rather low in some others. There may be different reasons for a relatively low uptake (e.g. standard accounts are highly accessible, free online accounts, a lack of consumers and in some cases the cost of having a PABF). However, the PAD did not necessarily aim at a high uptake of PABF, but rather at enhancing financial inclusion and ensuring that all consumers have access to a PABF. Given the general availability of PABFs, this objective seems to have been generally achieved. Difficulties may nevertheless exist in specific cases. The EBA has

⁶⁵ For an overview of national measures, see [Financial education | European Banking Authority \(europa.eu\)](https://www.eba.europa.eu/en/financial-education).

provided additional guidance on the interaction between PAD and anti-money-laundering rules. Additional measures could also be useful, in particular to raise consumers' awareness of their right to a PABF.

The PAD has also enabled all EU consumers to easily switch accounts domestically, often for free. As the Article 27 report shows, there are considerable differences between the different Member States in the number of yearly switches. There has been some switching in some Member States (with an increasing trend in several cases), but the level of switching has been very low in other Member States. This may be due to a number of different factors, including the fact that the switching service only applies to payment accounts (but not to other financial products, such as mortgage loans and investments) and limited consumer awareness about the switching service – but also due to satisfaction with the current provider and the fact that some consumers have never considered switching. However, the aim of the PAD's switching provisions was not necessarily to increase the number of switches, but rather to increase competition by making it easier for consumers to switch payment accounts. Given the general availability of a (well-functioning) switching service, the aim of making it easier to switch seems to have been accomplished. Additional measures could be useful, particularly to raise consumers' awareness of their right to switch.

Additional measures could be taken to make it even easier to switch within the EU in the future (i.e. extending the switching service to cross-border cases; ensuring automated redirection of payments within the same Member State, or to and from another Member State; or ensuring full EU-wide portability of payment account numbers). However, given that the cost of these measures would largely outweigh their expected benefits at present, they may not seem justifiable at this stage.

In light of the above, the Commission does not present any legislative proposal together with this report. Whether the PAD needs to be amended will need to be considered in further detail and in line with better regulation standards at a later stage and taking into account, in particular, the EBA Guidelines on the interaction between PAD and AML rules. The Commission will continue monitoring the implementation and enforcement of the Directive in Member States.