

Extract from Finance Watch report:

[*Breaking down barriers to basic payment accounts*](#)

KEY RECOMMENDATIONS | How EU policymakers can break down barriers to basic payment accounts for vulnerable consumers by updating the Payment Accounts Directive (PAD).

Brussels, 25 April 2024

AFFORDABILITY

- To ensure that cost is not an access barrier for consumers on no or low incomes, **PAD should mandate that the basic payment account is free for vulnerable citizens.** Vulnerability should be determined by a harmonised approach set out in the level 2 by the European Banking Authority (EBA), taking into account national specificities such as national salary levels.
- **For consumers who are not vulnerable, a fee can be charged, however, this fee needs to be 'reasonable'.** To ensure the fee is actually reasonable, **PAD should introduce a price cap** which is determined by a harmonised methodology set out in the level 2 text of the PAD by the EBA.

ACCESSIBILITY AND AVAILABILITY

- To ensure basic payment accounts are proactively offered, in particular to vulnerable consumers, **PAD should mandate payment account providers to always offer the basic payment account as the default option.**
- To ensure that financial institutions' staff are adequately informed about the basic payment account offerings, a provision needs to be introduced stipulating that **appropriate knowledge and understanding of basic payment accounts, their main target audience and their conditions are included in the minimum knowledge and competence requirements of staff.**
- To facilitate the account opening process, PAD should mandate that a financial institution must **allow the account opening entirely remotely (through the use of distance selling channels) if the consumer requests it.**



- To avoid confusion about different payment account offerings, there is a need for a requirement for a harmonised name for the basic payment account across Member States.

DOCUMENTS REQUIRED TO OPEN A BASIC PAYMENT ACCOUNT

- There is a need for a provision in PAD enabling consumers lacking proper identification documents to open a basic payment account by increasing the due diligence requirements on their accounts (i.e. a stricter ongoing monitoring of those payment accounts for potential suspicious activities) and placing restrictions on cash deposits and transfers of funds for those consumers.
- Prohibit the use of irrelevant documents such as credit history information to open an account and provide for flexibility with regards to information on a consumer's address.

CHARACTERISTICS OF BASIC PAYMENT ACCOUNTS

- Explicitly prohibit the selling ('packaging') of additional services with the basic payment account unless specifically requested by the account holder.

AWARENESS OF BASIC PAYMENT ACCOUNTS

- To ensure financial institutions adequately inform consumers about basic payment accounts, financial institutions should be obliged to prominently list their basic payment account offers on all of their online and offline marketing materials (including websites) for payment accounts.
- Specify that this information must include information about the basic payment accounts' general pricing conditions, the procedures to be followed in order to exercise the right to access these accounts and the methods for having access to alternative dispute resolution (ADR) procedures for the settlement of disputes (such as in the case where the opening of an account is denied).
- Require Member States to have at least one comparison website for payment accounts in their jurisdiction that is operated by a public authority and includes basic accounts.

For more details, see our report, [Breaking down barriers to basic payment accounts](#), or contact Peter Norwood, Senior Research & Advocacy Officer at Finance Watch (peter.norwood@finance-watch.org).

