



Position on the proposal for a Directive on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features

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The European Network of Credit Unions is supportive of the broad policy objectives set by the Commission's proposal for a Directive on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features. Bearing in mind the nature and scale of credit unions across the EU, we are, however, concerned over the practicality of some provisions set out in the draft Directive and outline here below how we believe the text could be clarified and further improved.

About Credit Unions

Credit unions are not-for-profit, member-owned cooperatives which offer credit at affordable rate of interest, savings and, at times, payment and insurance products. Credit unions are governed by a board of members who usually serve on a voluntary basis without receiving any remuneration for the time and resources they dedicate to the credit union. Most credit unions have few staff and many rural credit unions are entirely run by volunteers. Credit unions are limited by national legislation to a defined 'common bond' providing services to members falling within this common bond only. Oftentimes, credit union members rely on low incomes and are socially disadvantaged people who struggle to access financial products offered by the mainstream banking sector.

Comments by the European Network of Credit Unions on the draft Directive

Chapter II – Comparability of fees and Chapter III – Switching

- ***Article 4 paragraph 6 (Fee information document and glossary) and Article 13 paragraph 2 (Information about the switching service)***

The Commission's proposal requests that the fee information document and information about the switching service shall be published not only on a durable medium but also in electronic form on the website of the account provider. Many credit unions, however, do not dispose of websites and would therefore not be able to comply with this requirement. We therefore call for a clarification of Article 4 paragraph 6 and Article 13 paragraph 2 stating that the fee information document / information about the switching services should:

"[...] be available in electronic form on their websites [...], **where available.**"

Chapter III - Switching

- ***Article 11 paragraph 1 (Fees connected with the switching service)***

While we agree that members should be able to access information on their existing standing orders and direct debits free of charge, we would welcome a limit on the frequency of such requests so that this requirement does not become onerous for credit unions to comply with. One possibility of addressing this could be by clarifying that an obligation to provide free of charge information does not apply where the member already disposes of the information following repeated requests within a short-time frame.

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Chapter IV – Access to payment accounts

- **Article 15 paragraph 1 (Right of access to a payment account with basic features)**

We welcome the approach taken by the Commission whereby Member States are required to appoint (at least one) payment service provider to offer a payment account with basic features rather than obliging all payment service providers to offer such accounts. While credit unions across the EU are undertaking considerable efforts to offer members current accounts with the possibility of direct debit, credit transfers and payment transactions, many credit unions are not yet in a position to offer such sophisticated services.

- **Article 16 paragraph 4 (Characteristics of a payment account with basic features)**

While we agree with the need to contain opaque and excessive charges for overdraft credit, we believe that limiting the possibility for arranged overdrafts for basic payment accounts is detrimental to consumer interests. Credit unions offer access to arranged overdraft facilities to allow members who have irregular and low incomes to cover bills and unexpected expenses when insufficient funds are in the account. These types of credit lines are based on a prior agreement between the credit union and the customer and the full costs of these services are disclosed to the member. Such forms of immediate credit are far cheaper than pay-day-loans or credit card charges.

We believe that an arranged overdraft of account balances should not be a priori forbidden and that Article 16 paragraph 4 should be amended as follows:

*"4. Member States shall ensure that consumers **may have an access to the overdraft facility through the basic payment account offered by payment service providers which are authorised to offer credit facilities. The conditions for accessing this facility shall be fully transparent and agreed upon between the payment service provider and the consumer as a part of the contract on opening of the basic payment account. The right to access the overdraft facility shall depend on the payment service provider's assessment of the consumer's creditworthiness.**"*

(NEW) "4a. The opening of the basic payment account shall not be dependent on the agreement to use the overdraft facility."

- **Article 17 paragraph 3 (Associated fees)**

We explicitly support the possibility for payment service providers to charge a reasonable fee according to the "total costs relating to the provision of the payment account with basic features;" (Article 17, paragraph 3(c)). Where credit unions charge fees for basic payment accounts, they determine the fee on the basis of the total cost of the account, including operational and management system overheads, and not just the explicit cost of a transaction. We further consider that Member State authorities should not be overly prescriptive when defining what constitutes a "reasonable fee". Depending on the scale of their businesses, payment service providers are able to varying extents to create economies of scale. Therefore, the total cost for the provision of basic accounts can differ from one institution to another.

We therefore propose a clarification of the criteria for determining the "reasonable" fee for a basic payment account and propose the following amendment to Article 17 paragraph 3(c):

*"(c) total costs relating to the provision of the payment account with basic features **bearing in mind the different sizes of payment service providers and their ability to create economies of scale;**"*