

BASIC ACCOUNT FEES

A European comparison

15 January 2024

Editorial Information

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The Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V.) is registered in the German Lobby Register. You can find the respective entry [here](#).

SUMMARY

Having a bank account is essential to participate in financial transactions in Europe. The European Union established the right for every citizen to have an account with basic functions (basic account) in a directive from 2014. Member States have implemented the directive in various ways. The discussion has focused on both account access and costs. In order to draw a comparison to the situation in Germany, Team Monitoring Financial Markets at the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband e.V. – vzbv) sent questions on fee regulations and basic account fees to the supervisory authorities of all EU Member States (with the exception of Germany) on the 24 and 25 February 2023. 21 supervisory authorities responded. vzbv gathered additional information in advance from the European Consumer Organisation (BEUC). Ultimately, vzbv obtained information for 26 European countries.¹

vzbv's evaluation of the data obtained, in some cases combined with additional research, shows that at the time of the survey three countries (France, Ireland, Poland) had put the concept of a free basic account into practice. Five other countries provide the account free of charge to vulnerable groups (Italy, Romania, Slovakia, Spain, Cyprus).

Four countries, while not offering the basic account for free, have set an upper price limit for vulnerable groups (Croatia, Lithuania, Austria, Slovenia). Seven countries set a price cap for the account in general (Bulgaria, Greece, Italy, Latvia, Lithuania, Romania, Slovakia).

Five countries decided to link the maximum price for the basic account to a reference index (Belgium, Croatia, Austria, Portugal, Hungary).

Seven countries have no specific prices rules and merely instruct credit institutions to charge a "reasonable" fee. National income levels and the average fee for payment accounts serves as a guiding principle in these countries (Denmark, Estonia, Finland, Luxembourg). In addition, Denmark allows a bank's need to meet costs and make a profit to be considered, while Finland allows only a bank's need to meet costs to be considered. The Netherlands and Sweden have no set guideline as to what constitutes a "reasonable" fee. Germany, diverging from the directive, uses regular market fees and user activity as a guideline.

21 of the 26 countries surveyed have set a specific monthly price for the use of a basic account. The most expensive basic accounts are found in Germany (up to 27.83 euros per month²), Denmark (up to 13.00 euros), and Finland (up to 10.00 euros) – all countries that merely stipulate that the price must be reasonable. The cheapest accounts cost a maximum of 1.37 euros per month (Lithuania), 1.60 euros (Belgium), and 1.91 euros (Bulgaria).

¹ The validity of the information corresponds to the details that the supervisory authorities and/or the BEUC provided at the time of the survey. The information on Germany is based on data collected by the Stiftung Warentest (15/11/2022), while the information on Luxembourg is the result of independent research (24/10/2023). If the situation changed while we were doing our research, as in the case of Hungary, we took this into consideration.

² Evaluation of fees on the Stiftung Warentest webpage www.test.de/basiskonten (as of: 15/11/2022).

I. BACKGROUND

It is no longer possible to participate in financial transactions in Europe without a bank account. For this reason, the European Union passed Directive 2014/92/EU³ (PAD) in 2014, which establishes the right for all consumers legally resident in the European Union (Article 15) to have a payment account with basic functions (basic account). Credit institutions must provide this account either free of charge or for a reasonable fee. To determine what qualifies as reasonable, institutions must take into account at least the national income level and the average fees charged for payment accounts within the respective Member State (Article 18). The directive was implemented in German national law in 2016 with the German Payment Accounts Act (*Zahlungskontengesetz, ZKG*).

The regulation on setting fees is open to interpretation and each Member State has responded to it in its own way. German lawmakers defined “reasonable” to mean “in line with market standards” and “taking user activity into account” (§ 41 ZKG⁴). However, there has been repeated criticism of the pricing policy of service providers in Germany, including from consumers. The data gathered by the German Consumer Associations⁵ shows that, in 2020, complaints about basic accounts exceeded those about current accounts (*Girokonto*), with price being the main issue.⁶ In 2020, the Consumer Associations went to considerable effort to obtain, for the first time, a ruling that the basic account fees at one credit institution were too high and not reasonable.⁷

However, what does Germany’s implementation look like compared to other European countries? While the fees of selected countries were recorded as part of the PAD 2020 evaluation, the fee structure was not incorporated in the central survey questions.⁸ vzbv’s Market Monitoring Team contacted the supervisory authorities of EU Member States (excluding Germany) on the 24 and 25 February 2023 in order to see how Germany interprets the concept of “reasonable” fees compared to other countries. vzbv asked for information about the national standards and, insofar as the information was available, the actual price spread of basic accounts. In addition, vzbv requested information in advance from the European Consumer Organisation (BEUC) in September 2022. Two of the 26 authorities contacted did not

³ 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, in: Official Journal of the European Union L 257 of 28/08/2014.

⁴ Act to implement the Directive on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features of 11 April 2016, in: German Federal Law Gazette (*Bundesgesetzblatt*) 2016, Part I, No. 17. (ZKG)

⁵ The data gathered reflects the statistical records of the consumer advice centres in their everyday work. It records all consumer problems that reach the Consumer Associations. However, it does not allow for direct conclusions about the frequency of certain consumer problems in the entire population to be drawn. The complaints that reach the Consumer Associations represent only a small portion of dissatisfied consumers, as by no means all consumers turn to their association when affected.

⁶ A comparison was made between the number of basic accounts (according to the Federal Financial Supervisory Authority, BaFin) and the number of current accounts (according to the Deutsche Bundesbank) for the year 2020. The relationship between the two informed the complaints about both products recorded by the Consumer Associations. 2020 was chosen because it was the most recent year for which BaFin published information about the number of basic accounts.

⁷ Federal Court of Justice (*Bundesgerichtshof, BGH*) ruling of 30 June 2020 - XI ZR 119/19.

⁸ Directorate-General for Financial Stability, Financial Services and Capital Markets Union: Study on EU Payment Accounts Market. Final Report. Luxembourg, 2021. p. 5 (Table 1).

respond to vzbv's questions (Belgium, Malta). Three authorities said they were not responsible for the issue at hand, while 21 authorities provided information.⁹ None of the sources contacted in Malta provided information.

II. SERVICE AND SCOPE

Individual countries, such as Belgium, the Netherlands, and Portugal already had basic account regulations in place before PAD took effect. These countries offered the service at an affordable price. French residents have had the right to a bank account since 1984. Similarly, Slovakia acted on a European Commission recommendation from 2011¹⁰ to create a corresponding account service for vulnerable consumers. As PAD led to the introduction of basic accounts, the country now has two types of accounts offering basic banking services.

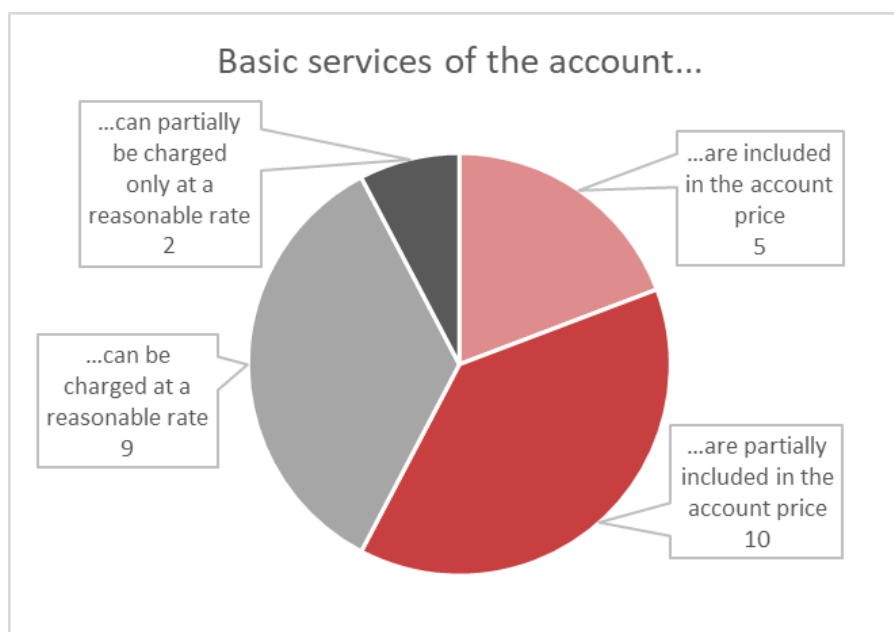
As a rule, all account service providers within a country are obliged to offer a basic account. However, some countries oblige only certain banks to do so. In Luxembourg, for example, only institutions that operate at least 25 branches and have a defined percentage of covered deposits are obliged to offer basic accounts. In Croatia the obligation only applies to institutions with a balance sheet total of at least two billion euros, and in Greece it applies only to institutions that maintain branches. In France all credit institutions are, as a rule, obliged to offer basic accounts. However, as institutions there must provide the account free of charge and thus basic account use may be unevenly distributed among various banks, the supervisory authority can, if an application for an account is rejected, instruct an institution to open an account for a specific person, taking market share into consideration.

Article 17 PAD regulates the minimum basic account services to be provided, including standard procedures such as opening and closing an account and regular forms of use. PAD does not regulate which payment processes must be included in the basic account fee. However, 15 Member States have stipulated that the account fee must also cover the minimum services. At the time of vzbv's survey, five of these countries did not limit the services and required that the basic account fee must cover all basic services (France, Ireland, Austria, Slovakia, Cyprus). Ten countries defined more or less comprehensive services that must be included in the basic account fee, while extra costs can only be applied to additional services (Belgium, Italy, Lithuania, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, Hungary). Eleven countries decided against including services in the account fee. Of this group, nine countries stipulated that, alongside the basic account fee, an additional reasonable fee may apply to all financial transactions involving the account (Bulgaria, Denmark, Germany, Estonia, Finland, Croatia, Luxembourg, Sweden, Czech Republic). Two countries (Greece, Latvia) also allow all services to be charged, but have defined a minimum number of services for which only a reasonable fee may be charged. Standard fees can apply to all additional services.

⁹ For information on the validity of the data see fn 1.

¹⁰ European Commission recommendation 2011/442/EU of 18 July 2011 on access to a basic payment account, in: Official Journal of the European Union L190 of 21/07/2011.

Illustration: pricing policy for the account's basic services (by number of countries)



III. ACCOUNT PRICING POLICY

Free accounts

Three countries have stipulated that the account must be available free of charge (France, Ireland, Poland). This is a general rule in France, while in Ireland it applies for only one year, after which the provider may check whether the income in the account is at least 2.08 times higher than the minimum wage. If this is not the case, the account must continue to be free of charge. Poland has defined a series of services to be included. Additional services may be charged at a reasonable rate. Five other countries provide the account free of charge to vulnerable groups (Italy, Romania, Slovakia, Spain, Cyprus). The definitions what makes a group vulnerable, vary from country to country.

Price cap

While some countries do not offer the basic account for free, they have set a price cap. One form this may take is a specific price defined by a regulation or supervisory authority, as is the case in Lithuania, Slovakia, and Cyprus. Another form involves using an average value, an approach adopted by Bulgaria, Greece, Italy, Latvia, and Romania. In Bulgaria, for example, the fee must be lower than the average payment account fee of all institutions; in Italy and Romania the fee must not exceed the average fee; and institutions in Latvia can charge, at most, their standard fee, but this must not exceed the average fee of all institutions by more than 25 percent.

Reference index

Five countries have chosen to link the maximum basic account price to a reference index (Belgium, Croatia, Austria, Portugal, Hungary). The relevant indexes are the consumer price index (Belgium, Austria), average income (Croatia), the social support index (Portugal), and the minimum wage (Hungary).

Vulnerable groups

In Croatia the linking of basic accounts to an index only applies to vulnerable groups. Three other countries (Lithuania, Austria, Slovenia) have decided to at least offer cheaper conditions to these groups, while some countries charge these groups nothing (see “free accounts”). Vulnerable consumers in Lithuania and Austria can use these accounts for half the price of a regular basic account, in Slovenia for less than a third.

Defining “reasonable”

The majority of countries (18 out of 26) thus have specific pricing rules for basic accounts. PAD merely states that Member States must offer the account free of charge or for a reasonable fee. Most of the countries surveyed (16 out of 26) use various national standards to define what qualifies as reasonable.

Nine countries that have established specific rules have also determined what qualifies as a reasonable pricing (Bulgaria, Greece, Ireland, Italy, Croatia, Latvia, Romania, Slovenia, Cyprus). The fees apply, for example, to services not included as part of the basic services on offer. Countries that have not included specific extra services in the basic fee have, for example, ensured a reasonable fee with respect to the minimum services.

Seven countries have not set specific price guidelines, but merely instructed institutions to charge a reasonable fee (Denmark, Germany, Estonia, Finland, Luxembourg, the Netherlands, Sweden). When defining what qualifies as reasonable, most of these countries used the guidelines referred to in the directive: income level and average national fees for payment accounts. Denmark and Finland also allow banks to take their costs into account, while Finland even allows banks to consider the question of profit. Germany has taken a different path, with standard market fees and user activity as guidelines. The Netherlands and Sweden have not defined what qualifies as reasonable.

The Czech Republic is the only country to have neither set pricing guidelines nor defined what qualifies as reasonable. The fee merely has to be in line with market standards. However, it is worth noting that the country has consumer protection laws that allow authorities to control standard market prices.

Revising fees

Countries that link fees to an index thus have an automatically defined mechanism for price adjustment. Hungary, however, due to a rapid rise of the index, issued a regulation in 2023 to reduce the maximum account price derived from the index. Other countries with strictly defined prices, such as Lithuania and Slovenia, regularly review the fees. In some cases banks must provide national supervisory authorities with reports on the fees (for example, in Bulgaria, Croatia, and Slovakia). In other countries, such as Finland and Latvia, the supervisory authorities or special NGOs are responsible for regularly monitoring the price; in February 2023 the relevant Greek authority also resolved to carry out price monitoring going forward.¹¹ A final group, including Denmark, Estonia, Ireland, and Hungary, has set up websites to allow a transparent comparison of basic account fees.

¹¹ Bank of Greece: Meeting No 215/03/02/2023, https://www.bankofgreece.gr/RelatedDocuments/ECA_215_2_2023_EN.pdf (1/12/2023)

The key takeaway is that the cheapest accounts are in those countries with clearly defined prices. The three most expensive accounts are in countries with no specific pricing guidelines apart from the need to be reasonable: Germany (up to 27.83 euros per month), Denmark (up 13.00 euros¹²), and Finland (up to 10.00 euros¹³). Accordingly, the Finnish supervisory authority said the following in 2021: “The highest prices can be considered to be so expensive that they may jeopardise the availability of services at a reasonable cost for people who have no possibility to access digital service channels.”¹⁴ Similarly in Cyprus, which originally merely stated that fees must be reasonable, the Central Bank has judged that this is not the case. Subsequently, in 2020, the Ministry of Finance established a price cap and free accounts for vulnerable groups.¹⁵ Even in the Netherlands, which in the 2020 evaluation of PAD was among countries offering the cheapest basic accounts¹⁶, vzbv’s Market Monitoring Team learned from the supervisory authority that average prices have since risen by an estimated 20 percent.

CONCLUSION

Germany, along with most other countries surveyed, obliged all credit institutions to offer basic accounts at the time vzbv conducted its investigation. However, in contrast to most countries, no services are offered beyond those already covered by the account fee. Germany is one of a minority of countries that merely states the service fees must be reasonable. It is, furthermore, the only country not to take national income level or average payment account fees into consideration when defining what qualifies as reasonable. Instead, regular market fees and user activity serve as pricing guidelines. Based on the data obtained when vzbv carried out the survey, Germany offers the most expensive basic accounts in all of Europe. Several countries have critically evaluated and revised the actual fees since the PAD was passed. Effective price monitoring is lacking in Germany.

¹² Only the account fee; use of the account involves additional costs.

¹³ Only the account fee; use of the account involves additional costs.

¹⁴ FIN-FSA: Survey of availability and pricing of basic banking services, <https://www.finanssivalvonta.fi/en/Consumer-protection/banking-services/basic-banking-services/availability-of-basic-banking-services/> (1/12/2023)

¹⁵ K.Δ.Π. 488/2020, https://www.centralbank.cy/images/media/redirectfile/FCS/PAD/%CE%9A.%CE%94.%CE%A0_488_2020.pdf (1/12/2023); K.Δ.Π. 490/2020, https://www.centralbank.cy/images/media/redirectfile/FCS/PAD/%CE%9A.%CE%94.%CE%A0_490_2020.pdf (1/12/2023).

¹⁶ See Study on EU Payment Accounts Market [Fn 8], p. 33 (Figure 5).

Table: Overview of basic account regulations in the European Union

Country	Free	Free for vulnerable groups	Price cap for vulnerable groups	Price linked to reference index	Pricing requirement	Price cap	Cost per month in euros
Belgium				X		N.N.	MAX. 1.60 ²
Bulgaria					REASONABLE	X	1.21 – 1.91 ¹
Denmark					REASONABLE		0.00 – 13.00 ¹
Germany					REASONABLE		0.00 – 15.00 ¹ /27.83 ²
Estonia					REASONABLE		0.00 – 6.25 ¹
Finland					REASONABLE		0.00 – 10.00 ¹
France	X						0.00 ²
Greece					REASONABLE	X	
Ireland	X				REASONABLE		0.00 ^{**2}
Italy		X			REASONABLE	X	0.00 – 6.00 ²
Croatia			X	X*	REASONABLE		0.00 – 3.98 ¹
Latvia					REASONABLE	X	MAX. 2.64 ¹
Lithuania			X			X	MAX. 1.37 ²
Luxembourg					REASONABLE		3.00 – 6.67 ^{***1}
the Netherlands					REASONABLE		
Austria			X	X		N.N.	MAX. 6.95 ²
Poland	X						0.00 ²
Portugal				X		N.N.	MAX. 4.80 ²
Romania		X			REASONABLE	X	²
Sweden					REASONABLE		
Slovakia		X				X	MAX. 3.00 ²
Slovenia			X		REASONABLE		MAX. 4.90 ²
Spain		X					MAX. 3.00 ²
Czech Republic					MARKET STANDARD		
Hungary				X		N.N.	MAX. 2.60 ²
Cyprus		X			REASONABLE	X	MAX. 3.00 ²

No data is available for Malta. Prices at the time of the survey (2/2023, with the exception of: 9/2022 [BE, AT, PT], 11/2022 [DE], 10/2023 [LU])| N.N.: not necessary * for vulnerable groups| ** after 1st year only for incomes no higher than 2.08 times the minimum wage| *** data gathered by vzbv| ¹ only account operating fee| ² account operating fee and use