

Response of the French Banking Federation (FBF) to the Consultation of the European Commission on Bank Accounts

The Fédération Bancaire Française (the French Banking Federation, hereinafter FBF) is the professional organisation that represents the interests of the banking sector in France. It comprises all of the credit establishments registered as banks and doing business in France, i.e. more than 430 commercial and cooperative banks. FBF member banks have 400,000 employees, nearly 39,000 branches, 72 million current accounts and 16,4 billion payment transactions processed every year.

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Please note that our official response is the french version, this english translation is provided for your convenience and is non-binding.

Summary

The FBF would like to thank the European Commission for launching this consultation on bank accounts. It also gives all actors the opportunity to express their viewpoint on subjects that generally elicit passionate debates, i.e. transparency and comparability of fees, switching between account providers and access to a basic payment account.

The interest of these issues is the role that the bank account plays as a reflection of social integration. Because of this, day-to-day banking activities are considered, for each country, as an issue of general interest, including in those countries where access to banking services is close to 100% as is the case in France.

There are two indicators suggesting that, aside from the heated arguments, the real impact in France of the questions for consultation must be put into perspective:

- The importance of the cost of banking services in the household budget must be adjusted to its fair value. In France in 2011, banking services made up 0.66% of household budgets. By comparison, telephone services represent 2.76% and insurance 2.34%¹.
- The high overall satisfaction that French customers have with their bank (75% have a positive image) and their customer advisor (71% are satisfied)² should be emphasised.

¹ Source: INSEE

² IFOP Survey on Bank Image - 2011

Regarding fee transparency and comparability

The satisfaction level cited above is related to the work performed by French banks over the past few years, specifically in terms of transparency. We will itemise it in our response, but already we can say that it has been warmly welcomed by our customers:

- 60% of French people think it is easy to find out the cost of a banking transaction;
- 61% know what their bank costs them³.

Banks work continuously to further improve these results, by familiarising people with the different structures for information and transparency about their products and services.

Our experience shows that these results can be attained without making use of a legislator. The rigidity of a legal framework, especially at the European level for a market characterised by its proximity, would result in a range of standardised products and services that would not meet the local consumer's specific expectations, which would hamper competition and penalise innovation. Ultimately, it would actually run counter to the consumer's interest. Today, the quest for growth is a major issue for the European Union; a restriction on innovation would penalise European actors and give the advantage to new, non-bank international operators with growing ambitions who are exonerated from the legal and prudential constraints incumbent on banks.

Regarding switching account providers

Assessing the mobility rate in the banking sector is a tricky matter. Banks and customers build long-term relationships that can result in a mobility rate seen by some as "low" while it is the result of customer satisfaction. Thus, there can be no ideal or target mobility rate. The specific nature of this relationship in the service world does not prevent the customer from fully benefiting from the competition. This is especially obvious during structuring projects, such as a real estate purchase, for which the customer generally puts many actors in competition – even beyond the banking sector. Then, any new bank often becomes a supplemental – not a substituting – partner. Indeed, the degree of multi-bank use is significant: 18% of French people say they use more than one bank⁴.

Because it will win over a new customer, any bank would do well to get a maximum of banking domiciliations (incoming credit transfers and direct debits) on the account, because these mean financial flows and favors the building of a lasting relationship. Therefore, it is in the shared interest of the bank and the customer that banking domiciliations are organised as soon as an account is opened. French banks have completely appropriated the EBIC's common principles, the implementation of which was covered in a report by the French Prudential Supervisory Authority (ACP) after a survey of more than 300 FBF member banks. In addition, the French General Directorate for Fair Trading, Consumer Affairs and Fraud Control (DGCCRF) has included this topic in its inspections of 550 branches throughout the country. Note that both surveys involve a much wider range than the enquiry carried out by GfK on behalf of the European Commission, in which only 20 mystery customers performed account-changing procedures end to end⁵. In addition, their conclusions vary quite distinctly from GfK's.

³ IFOP Survey on Bank Image - 2011

⁴ IFOP Survey on Bank Image - 2011

⁵ The statistical margin of error is 22% for a survey conducted on a sample of 20 people (with a confidence level of 95%). In other words, we can be 95% sure that a result of 50%, based on a sample of 20 people, will give a real percentage for the entire population of between 28% and 72%.

In 2011, the Financial Sector Advisory Committee (CCSF – a joint body of banking and insurance professionals and their customers' representatives) issued an opinion⁶ after analysing these reports. It found that the compliance rate for the existence of a bank account switching service was 98%⁷. Though there is room for improvement in some areas – customer information, particularly – these surveys record the existence and smooth operation of the switching service in keeping with the EBIC's common principles.

Moreover, customer perceptions are changing for the better: in 2011, 55% of French people found that it was easy to switch banks. That number was 44% in 2009⁸.

Regarding access to a basic payment account

The FBF shares the opinion of the European Commission on the need for consumers to access financial services so that they may fully participate in the economic and social life of today's modern society. However, it does consider that the answer to this question can only have meaning on a national level. France was interested in these issues very early on: the first provisions on the right to an account, a real safety net in access to banking services for people who had been refused a new account, go back to 1984. Today, a very complete system covers all situations for both natural and legal persons. With it we have achieved a greater than 99% rate of access banking services – one of the highest in Europe. The most vulnerable populations have access to banking services under the same terms as the entire population, as shown in a report by CREDOC [French centre for study and observation of living conditions] on behalf of the CCSF on "access to banking services for households living under the poverty line"⁹.

To ensure knowledge of the customer and support of the banking relationship, it seems fundamental that the customer should have an objective economic link to the country in which he wants to open an account. That link may be temporary, as is often the case for foreign students, who do not have any trouble opening an account in France as long as they have an address there, even a time-limited one.

The widespread use of the SEPA must be considered, because it limits the interest of holding several accounts in different member states as was very rightly stressed by the European Parliament in its press release subsequent to the adoption of the SEPA end-date regulation: *"For EU citizens, it will no longer matter in which Member State a bank account is held. Transfers should become cheaper, faster and safer. For example, EU citizens moving within the Union could use a single euro account, into which a salary earned in another country could be paid. They could also pay bills in one country through an account held in another."*

The necessary trust, without which no banking or financial transaction can be performed, is built partly on geographic proximity between the customer and the service provider. In that regard, it is irrelevant to make comparisons with other industries. As to the limits on developing cross-border purchases of financial products, consumers' responses are most often¹⁰:

- No need, because they can buy everything they are looking for in their own country (32%).
- They prefer to buy those products in their own country (23%).

The language barrier is also a definite impediment (17%).

⁶ http://www.banque-france.fr/ccsf/fr/publications/telechar/avis_r/avis-ccsf-visant-a-renforcer-effectivite-des-engagements-pris-par-les-etablisements-de-credit-pour-faciliter-le-changement-de-banque-06-12-2011.pdf

⁷ The percentages cited are those expressed as market shares considered by the CCSF as more significant than those expressed as numbers of banks, since some of those banks have only marginal deposit account activity.

⁸ IFOP Survey on Bank Image

⁹ http://www.banque-france.fr/ccsf/fr/publications/autres/etude_acces_services_banque_pauvrete.htm

¹⁰ Special Eurobarometer 373

It must be acknowledged, as the European Commission has, that a certain number of initiatives have been taken on the national level in the three areas covered by this consultation. There is still progress possible in such or such a Member State on such or such an aspect, but they must integrate existing situations, which are highly variable according to the country. Therefore, governments should be given a wide berth to propose solutions that can integrate the context with national practices and are relevant and suited to the various habits of European consumers.

This is especially true for access to a basic payment account, which is meaningful only if it is meant for those people who are excluded from it for financial and social reasons. Therefore, that right must fit into the framework of a comprehensive national strategy in favour of social inclusion and solutions to poverty. Here, the FBF reiterates that the Treaty on the Functioning of the European Union assigns Europe a support role for national policies against exclusion, and does not stipulate that it should stand in for the States (Art. 153. TFEU).

In conclusion, the FBF finds that those countries that, like France, have already established structures to satisfy their consumers' expectations, do not want all their work put in issue, since the added value of any changes or additions would be modest, given the high level of service already in place. The FBF would also like to draw the European Commission's attention to the fact that the establishment of any measure always brings information technology developments with it that are often long and costly. Remember that 16% of IT expenditures worldwide are made by banks, with 396 billion dollars in investment in 2010 (+4.60% in one year)¹¹. Two-thirds of those investments are the result of regulatory obligations.

Thus, the FBF finds that, in the areas addressed by the consultation, the European Commission could quite usefully consider the best way to handle these issues by relying on the subsidiarity principle, which we think is the most capable of satisfying European citizens in their diversity.

¹¹ Gartner Study

1. TRANSPARENCY AND COMPARABILITY OF BANK ACCOUNT FEES

Question 1: Do you consider that the information provided by banks on bank account fees is presented to consumers in a sufficiently clear manner and easy to compare between banks? What good practices could you identify? What are the persisting shortcomings? Do you think that amendments to the transparency obligations in the Payment Services Directive (2007/64/EC) could address those shortcomings?

Yes, we find that the entire structure that exists in France enables consumers to know exactly what fees they are paying in their banking relationships. They can easily make any comparisons they want to find the bank and the services that best meet their expectations. At this stage, we do not see any persistent problem in this area that would need to be handled when the Payment Services Directive is revised.

This system relies on regulatory provisions and self-regulatory elements that are decided on by the banking profession.

In terms of transparency, the French Monetary and Financial Code formalises the prior and subsequent information. The transposition of the Payment Services Directive was the opportunity to build further on the information issued to customers.

Prior information

- Every customer has an **account agreement**: it is the standard contract signed with the bank that indicates which products and services have been chosen, their fee schedules and the bank's practices.
- **Fee availability** (display and handout) is stipulated by a ministerial order. It states that *"the information of customers and the public on the prices of products and services tied to the management of a payment account held or a deposit account must be done by means of a display, visibly and legibly, and a fee brochure, and freely available in public reception areas. The general conditions applicable to products and services related to the management of a payment account held by a payment establishment or of a deposit account must be made available at no charge to customers and the public by any appropriate means."*

Rates are also accessible on the **Internet, quickly and simply**: a dedicated section is generally available right from the home page.

- The customer is informed of any **fee changes**. Any prospective change to fee schedules applicable to the deposit account must be disclosed on paper or another durable medium, not later than two months before the planned date of application.

Subsequent information

- An **annual summary statement of banking fees**: In January of each year, customers are given a summary of the funds collected by the bank during the year for products or services provided for the management of their deposit account, including overdraft interest.

At end 2010, the banks added to these legal provisions with an FBF professional standard¹² to further facilitate the legibility and comparability of fees by defining, for prior information:

- Standard organisation for all fee brochures. Every bank must respect a typical summary that defines the names and order of the major sections.
- A standard excerpt of fees presented in a standardised format for 10 products and services defined in concert with customer representatives in the CCSF.

As for the subsequent information, a second FBF professional standard,¹³ requires banks to include **the monthly total of banking fees**, on the account statement in addition to the annual statement already cited.

The entire system is well-received by customers:

- 60% of French people think it is easy to find out the cost of a banking transaction;
- 61% know what their bank costs them¹⁴.

Banks work continuously to further improve these results, by familiarising people with the different structures for information and transparency about their products and services.

Question 2: Do you think that standardising bank account fee terminology could help to provide more transparent and comparable information on fees? If terminology were to be standardised, should that standardisation cover all fees or only some of them? If only some of them, on the basis of which criteria should they be chosen? Should terminology be standardised at national or EU level?

All processes related to budgetary and financial education must be encouraged. Unless certain fundamentals are mastered, any subsequent efforts with regard to transparency will fail.

There is a great need in this area. A recent study by CREDOC¹⁵ on the financial culture of French people showed that a small majority (51%) knows how to correctly respond to the question, *"Imagine you placed €100 in an account that paid 2% per year. You made no more deposits to the account, nor did you withdraw any money from it. How much would you have a year later, once the interest was paid?"*

For the purpose of this type of education, **three glossaries**¹⁶ covering several hundred definitions have been prepared by professionals, consumer associations and public authorities for the CCSF:

- Everyday Banking and Credit
- Savings and Financial Investment
- Insurance

In addition, some fifty terms, identified by the CCSF and the French Banking Organisation and Standardisation Committee (CFONB), were selected to create a **"foundation for harmonising the most common banking transactions."** This allows consumers to find common terms on their account statements that cover more than 90% of customary banking transactions.

¹² http://www.fbf.fr/fr/files/8BRBBV/20101129_NP_plaquettes_tarifaires.pdf

¹³ http://www.fbf.fr/fr/files/8CMC6M/20101210_NP_total_frais_bancaires.pdf

¹⁴ IFOP Survey on Bank Image - 2011

¹⁵ http://www.credoc.fr/pdf.php?param=pdf/Sou/La_culture_financiere_des_Francais_2011

¹⁶ http://www.banque-france.fr/ccsf/fr/infos_prat/glossaire/glossaire.htm

It is also with this view to giving the public a budgetary education that French banks are offering an educational program known as *les clés de la banque* (“the keys to the bank”)¹⁷ which is accessible on the Internet. Also on offer is a series of mini-guides on various topics that are distributed at no charge to social associations. Different banks offer their own programmes in addition.

Beyond these processes which are meant to educate and harmonise certain terms, any notion of standardising products and services should be avoided. The rigidity of a legal framework, especially at the European level for a market characterised by its proximity, would result in a line of standardised products and services that would hamper competition and penalise innovation. Ultimately, it would actually run counter to the consumer's interest. Today, the quest for growth is a major issue for the European Union; a restriction on innovation would penalise European actors and give the advantage to new, non-bank international operators with growing ambitions, although they are not subject to the same legal and prudential constraints as banks.

Harmonisation and Europe-wide translation of banking terms might not reflect the practices, financial cultures or market realities in which consumers are acting. It would be extremely complex and ultimately end up in greater confusion for the consumer. Such initiatives can only be established at the national level.

Question 3: Do you think that glossaries of terms and standardised lists of bank fees would facilitate comparability? If so, what format and content should this information have? What body/forum would you consider appropriate to develop such a glossary/standardised list of fees?

As stated in the previous question, glossaries contribute to greater familiarity with and understanding of banking services, but they must remain within an educational dimension to avoid any standardisation of products, services or practices among competing actors.

With that limitation, preparing such glossaries, as has been done in France, by getting customer representatives, professionals and public authorities together seems to be an appropriate solution. This type of glossary can only be prepared in a nationwide context, with reference to a given banking culture. Our experience shows that it is already a long and complex exercise in this context, and it is unrealistic to attempt to realise it on a European scale.

Question 4: In order to further increase bank account fee transparency and comparability, which of the following tools should be considered:

- i) comparison websites managed by public authorities*
- ii) standardised cost simulations to be provided by banks*
- iii) standardised representative examples to be provided by banks*
- iv) surveys by consumer organisations/financial ombudsman*
- v) any other tools you consider relevant?*

Should any of them be made compulsory? What would be the likely costs?

There are already plenty of service providers supplying comparisons on banks' products and services both to the public (in the media, online) and to professionals. For some, it is the very essence of their business.

¹⁷ <http://www.lesclesdelabanque.com/>

The FBF finds it surprising that the European Commission wants to get involved in this area by fostering this or that solution. The "official" website managed by public authorities seems the least appropriate, in this period of necessary savings of public money for an activity already covered by the private sector and consumer associations.

With regard to cost simulations or standard samples that are likely to be provided by banks, the FBF finds that they are not necessarily suited to everyday banking activities:

- The use of everyday banking services is extremely personal. Such standardisation would be perilous, because there would be a high likelihood that the customer would not see himself in the typical profiles suggested to him, creating more confusion than added value.
- To meet their customers' expectations, French banks are developing their packaged products and services to be more customised. This change in demand shows a greater and greater trend toward "custom," increasingly draining the supposed relevance from standard samples.

Generally, French banks consider it restrictive and misguided to reduce the bank-customer relationship to its fee schedule, thereby omitting what really makes the relationship – i.e. closeness, trust and security. The top motivation for switching banks is service quality¹⁸. The importance of the cost of banking services in the household budget must be adjusted to its fair value. In France in 2011, banking services made up 0.66% of household budgets. By comparison, telephone services represent 2.76% and insurance 2.34%¹⁹. The principle of universal banking, as it is practised in France and many Member States, is adapted to respond to this customer expectation of a comprehensive, long-term relationship with one's bank, covering all of one's banking and insurance needs.

Question 5: What level of detail should the information on actual fees paid have and how frequently should it be provided to the account holder? Would having comparable information on the fees actually paid encourage consumer mobility, including on a crossborder basis?

On their account statements, customers in France are shown the monthly total of banking fees and, every year, receive a summary statement of the money paid for products and services provided for the management of their deposit account, including overdraft interest. These mechanisms provide satisfaction and support better knowledge of the fees paid: 61% of French people know what their bank costs them, according to the IFOP survey of June 2011, vs. 56% in June 2009.

French banks are highly sceptical about any potential development of cross-border mobility based solely on fee comparisons. As the Eurobarometer cited in our introduction states, 80% of European citizens have no intention of buying financial products in other Member States because they do not feel the need to do so, or simply because they prefer to conduct these transactions in their own country. The quality of services offered locally, the low weight of those expenses in household budgets, and the desired nearness as a trust factor are reasons for this lack of enthusiasm – not to mention the language barrier. It seems to us that incorporating these realities into consumer behaviour in this sector is critical in defining practical pathways for progress. To deny them would result in ineffective, costly initiatives that would be a nuisance to consumers.

¹⁸ Cited by 53% of customers - 2012 Retail Banking Voice of Customer Survey, Capgemini

¹⁹ Source: INSEE

Question 6: What other measures/instruments should be considered in order to improve the transparency and comparability of bank fees? Please describe and indicate at which level (national or EU) you consider they should be taken.

The development of fee transparency in France shows that it has monitored consumer needs and demands while including the economic dimension, so as not to penalise competition. The landscape is always changing, and banks are always adapting to it. For each bank, it is what sets them apart that gives them the competitive edge. Too much standardisation would most certainly reduce the benefit for consumers.

Clearly, these changes only have meaning from a perspective of proximity – therefore a national one – so as to be as close as possible to the need expressed by the customer. This proximity also makes it possible to determine an adequate schedule that gives consumers the time to become familiar with the various systems before considering new ones.

2. SWITCHING BETWEEN PAYMENT ACCOUNT PROVIDERS

Question 7: Do banks in the Member State where you have a bank account offer a switching service? If yes, is it in line with the Common Principles on bank account switching described above? Is information on the conditions of switching presented in a consumer friendly manner?

The European Commission may refer to the ACP's survey cited in the introduction, which states that the bank account switching service is accessible to 98% of customers. This survey was conducted on more than 300 FBF member banks.

The DGCCRF finds that *"the implementation of effective measures is fairly well respected: a customer who requests complete information is supplied with it within 72 hours; recurrent transfers and direct debits are transferred by the new bank, maximum of 16 days to close an account, precautions are taken so that the former customer will not be in trouble if cheques are presented for payment after the account is closed."* This finding is the result of a field survey of 550 branches.

Note that both surveys involve a much wider range than the European Commission ordered from the firm of GfK, in which only 20 mystery customers performed account-switching procedures end to end. Remember that, the statistical margin of error is 22% for a survey conducted on a sample of 20 people (with a confidence level of 95%). In other words, we can be 95% sure that a result of 50%, based on a sample of 20 people, will give a real percentage for the entire population of between 28% and 72%. It is likely that this explains, at least in part, the divergences between the findings of GfK and those of the ACP and DGCCRF.

Question 8: If a switching service in line with the Common Principles is offered by banks in the Member State where you have a bank account, does it remove all obstacles to bank account switching? If not, what obstacles remain? Provide examples of good practices and persisting obstacles encountered.

The rules on customer mobility in France, like the Common Principles declared by EBIC, apply to current account mobility within a Member State, i.e. national bank mobilities, and in particular apply to the transfer of direct debits, standing orders for wire transfers, and recurring incoming wire transfers. For these simple products, there is no obstacle to their transfer in France.

When switching account providers, customers may wish to transfer their savings accounts. For some, their operating rules as defined by the State require specific reporting formalities. These transactions are generally billed by the banks, and some see that as a deterrent to mobility. Several times, the CCSF has focused on the costs of these transactions. Its latest study in July 2008 stressed that *"the costs generated by transfers [of regulated savings products], linked to the applicable tax system [...], generally exceed the fees that [banks] charge their customers, so that the transfer of these products is complex and amounts to an expense for the banks"*²⁰. Thus, these costs can be reduced only by a decrease in regulatory – specifically tax – constraints.

Overall, customer perceptions are changing for the better: in 2011, 55% of French people found that it was easier to switch banks. That number was 44% in 2009²¹.

Question 9: Should the Common Principles remain voluntary? What do you consider are the advantages or disadvantages of making them compulsory at EU level? What would be the likely costs?

The FBF finds that switching services offered by banks should remain within the area of self-regulation. The development of these services from nothing in only three years by most of the major French banks shows the effectiveness of a flexible system that is nonetheless subject to the control of supervisory authorities.

A professional FBF standard is a normative professional or ethical rule for all banks as covered by Regulation CRBF 97-02 (or a good conduct rule covered by subparagraph 3 of Article L. 612-1 of the French Monetary and Financial Code, or Article 314-2 of the General Regulations of the AMF). Each standard is sent to the competent supervisory authorities (AMF, ACP) that control compliance with its application in the context of their supervisory powers. The banks are obligated to apply the professional standard.

As indicated in the answer to Question 7, the system is available for virtually all customers. The recommendations issued by these authorities as a result of the audits carried out in France are thus incentives for the banks to gradually improve its effectiveness. Fitting these commitments into a Europe-wide legislative provision would have no impact on that aspect, and would set the shape of it, reducing the options for quick qualitative adjustments that self-regulation currently allow.

Question 10: Should switching principles/measures also cover cross-border switching of bank accounts?

As indicated previously (answer to Question 5), consumers are not particularly looking to develop cross-border financial activities. It is dubious indeed that extending the EBIC's Common Principles to cross-border mobility will fundamentally change this situation, especially since French banks currently offer this service at no charge, because they perceive it as a tool for winning over their domestic market.

The lack of any cross-border market for everyday banking is not explained by switching deterrents, but by a lack of demand from customers. Giving these services a cross-border dimension would profoundly change the current balance with additional costs (document translation, verification of national laws, and amendments to the rules on reporting to tax authorities). This would run the risk of no longer allowing free services to national customers, who account for the vast majority of service use.

²⁰ 2009-2010 Annual Report by the CCSF, page 174

²¹ IFOP Survey on Bank Image

Question 11: According to you, how important is the risk of having receipts, bills and payments misdirected when switching bank accounts? What measures could be considered to make the switching process safer?

Today, this risk is low, thanks to the advice followed by customers when implementing account-switching procedures. The proper change of domiciliation still depends on how responsive wire transfer issuers or direct debits recipients are in acknowledging the new bank contact information shared by the bank or service provider that is performing the transaction on its behalf. Note that most mobility support services established by French banks let customers know when creditors have acknowledged the information, meaning that any risk of an incident is avoided.

Question 12: What obstacles, if any, are still faced by account providers that are smaller or established in another Member State to expand their client base or to enter new markets? Are these connected to problems with switching facilities?

We do not see any direct link between banking mobility and the arrival of new actors. The arrival of a new entrant means, above all, the mobilisation of very substantial funds, in accordance with prudential rules. In a mature market like most markets in European countries, the prospects for making these funds profitable are both uncertain and part of a very long-term outlook.

Question 13: What other measures should be considered to improve bank account switching? Please describe.

As indicated by the Eurobarometer already cited:

- 85% of Europeans surveyed have not switched banks for their current account, because they do not feel the need to do so
- 8% have done so and 87% of them thought it was easy;
- Finally, only 4% did not do it because it was too complicated.

This broad study (22,469 surveyed for this question) demonstrates that the percentage of customers who find it difficult to switch banks is quite marginal. It is quite likely that we will reach a level of dissatisfaction that is hard to compress. Then we know that the investments required to reduce it are out of proportion with the benefit obtained.

The FBF denies that increasing the mobility rate is a goal in itself. Assessing the mobility rate in the banking sector is a tricky matter. Banks and customers build long-term relationships that can result in a mobility rate seen by some as "low" while it is the result of customer satisfaction. Recall the high overall satisfaction that French customers have with their bank (75% have a positive image) and their customer advisor (71% are satisfied)²².

Thus, there is no ideal or target mobility rate. The specific nature of this relationship in the service world does not prevent the customer from fully benefiting from the competition. This is especially obvious during structuring projects, such as a real estate purchase, for which the customer generally puts many actors in competition – even beyond the banking sector. Then, any new bank often becomes a supplemental – not a substituting – partner. Indeed, the degree of multi-bank use is significant: 18% of French people say they use more than one bank.

²² IFOP Survey on Bank Image - 2011

3. ACCESS TO A BASIC PAYMENT ACCOUNT

Question 14: Do you dispose of information on consumers encountering difficulties in access to a basic bank account? What types of obstacles are signalled by the consumers preventing them from having access to a basic bank account?

With more than 99% of the population having access to banking services, France does not think it is concerned by this question.

Our country has had a major push toward widespread access to banking services since the 1960s. Initially, it was based on the desire of public authorities to combat the underground economy by gradually introducing legal obligations to pay for transactions to or from a bank account, such as wages (Art. L3241-1 of the French Labour Code) or transactions in excess of a certain amount (L112-6 et seq. of the French Monetary and Financial Code).

Banking inclusion was reinforced in France by the creation of the right to an account, the major principles of which had been set out in 1984 (Article 58 of the Act of January 24, 1984). The Act of July 29, 1998 (Article 312-1 of the French Monetary and Financial Code) went further, in its chapter dedicated to preventing exclusion, by introducing, among the provisions meant to guarantee livelihood, the right of all to a bank account ("*Any natural or legal person domiciled in France who does not have a deposit account*" and "*Any natural person of French nationality residing outside France who does not have a deposit account*"), although access to banking services was already close to 98% at the time.

Basic banking services (Order n°2001-45 of January 17, 2001 enforcing Article L. 312-1 of the French Monetary and Financial Code) then appeared in the context of this right to an account. It includes:

- opening, holding and closing the account;
- one change of address per year;
- issuance on demand of bank or postal account information slips;
- domiciliation of bank or postal wire transfers;
- monthly mailing of a statement of transactions performed on the account;
- performance of cash transactions;
- encashment of cheques and bank or postal wire transfers;
- cash deposits or withdrawals at the window of the account-holding body;
- payments by direct debit, interbank payment order, or bank or postal wire transfer;
- methods for viewing the account balance from a remote location;
- a payment card with automatic authorisation, if the lending institution is capable of issuing it, or, failing that, a withdrawal card authorising weekly withdrawals from the automatic teller machines of the lending institution;
- two bank cheques per month, or equivalent methods of payment offering the same services.

According to the CREDOC study cited in our introduction, 99% of households in situations of poverty have a deposit account, i.e. as many as for the rest of the population. The results of the study also showed a very high satisfaction level among households in their relationships with their banks, both among poor households and among all households. More than 80% of poor households said they were satisfied with the relationships they had with their bank. If, in France, there is still a sliver of the population that does not have access to banking services, the sociological reality of these numbers shows that the reasons cannot be found on the banks' side.

Question 15: Are you aware of any measures taken by banks or other institutions in the Member State where you have your residence to facilitate access to a basic payment account? Have these initiatives been successfully enforced?

This question does not seem to be meant for professionals.

Question 16: Do these measures also facilitate access to a basic payment account for non-residents?

The right to an account associated with basic banking services was created by the French legislature with a view toward social unity and combating exclusion. It was never in any way intended to be applied to benefit the non-resident population or those without an address in France to promote their social inclusion in third-party countries.

Generally speaking, the experience of French banks shows that no request to open an account has ever been made by a non-resident customer who did not have an interest in, or a particular link to, opening an account in France (student, temporary posting, second home, border residents working in France, family living in France).

Conversely, opening up such a right to non-residents would obviously pose enormous legal problems for the banks and the public authorities, with regard to applying the law on money laundering, but also to mandatory statements of these accounts with the tax authorities concerned by the revenues of the account holders.

Moreover, the widespread use of the SEPA must limit the interest of holding several accounts in different member states, as was very rightly stressed by the European Parliament in its press release subsequent to the adoption of the SEPA end-date regulation: *"For EU citizens, it will no longer matter in which Member State a bank account is held. Transfers should become cheaper, faster and safer. For example, EU citizens moving within the Union could use a single euro account, into which a salary earned in another country could be paid. They could also pay bills in one country through an account held in another."*

Question 17: If consumers still have difficulties in opening a bank account, what are the reasons for that?

The Eurobarometer states that 56% of European citizens who do not have a current account explain that they do not need one or do not want one. Only 5% say it is because they were refused access to the service. Consideration of this reality had to be the basis for any review process to guide possible or desirable actions, and to define the best level at which to take action and the relevance of applying the subsidiarity principle.

Question 18: If more needs to be done what additional measures should be envisaged? Should the problem be tackled at national or EU level?

The FBF finds that the issue of access to banking services for people who are currently excluded from it must essentially be handled from the angle of social support. Consequently, the regulatory responses that are so necessary must be the responsibility of the national legislation, which is the only entity that can have an overview of the national provisions to be mobilised to combat social exclusion. Access to banking services for these populations can in no way be seen as an end in itself or as a unique lever for social insertion.
