



## European Banking Industry Committee

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European Banking Federation (EBF) • European Savings Banks Group (ESBG) • European Association of Cooperative Banks (EACB) • European Mortgage Federation (EMF) • European Federation of Building Societies (EFBS) • European Federation of Finance House Associations (Eurofinas)/European Federation of Leasing Company Associations (Leaseurope) • European Association of Public Banks (EAPB)

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### Q&A

#### **Q: Why did EBIC decide to work on this initiative?**

**A:** Back in 2010, EBIC was invited by Commissioner Barnier to investigate possibilities to improve the transparency, comparability and understanding of bank fees. The Commissioner considered that the European banking industry would be best placed to find practical solutions. It was clear to EBIC that this would be a very challenging task, because the current situation, traditions, and consumer habits are very different in the 27 Member States. Thus, due account would have to be taken of the existing national legislative and self-regulatory initiatives, and varying consumer expectations. Nonetheless EBIC, committed to improving consumers' trust and confidence in the banking sector willingly embarked on this initiative. This is also why EBIC remained in a close dialogue with the European Commission and the European Consumers' Organisation, BEUC, and encouraged the national banking communities to initiate a dialogue with their consumer counterparts at Member States' level.

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#### **Q: Why is the self-regulatory industry measure a better solution for consumers than legislation?**

**A:** It was important for the European banking industry to demonstrate to European consumers its commitment to be transparent and provide consumer-friendly solutions. The EBIC Principles were drafted in such a way as to allow full participation of national consumer organisations in the process of developing and transposing the measures, and to take full account of specific national demands and expectations. This level of consumer involvement would not be possible in case of an imposed EU legislation. In addition, a self-commitment of the banking industry would allow European consumers feel the first effects much earlier than if the legislative route was opted for, with its often lengthy adoption and implementation processes.

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#### **Q: What would be the main improvements for consumers following the EBIC proposal?**

**A:** The current situation in Member States is very different. While for some countries many solutions were already introduced under legislative provisions, regulators' intervention or national self-regulatory commitments, for others it will be a huge step forward, almost from nothing. The European banking industry announced to the European Commission its readiness to make significant cost and resources effort. The EBIC proposal would mean more transparency for consumers, which would be achieved through the use of the same terms for the most common services related to a personal current account across all banks. In addition, interested consumers would receive a summary of all their

spending on a current account in a given year. The proposal would also introduce more comparability, because the fees would be presented in the same structure, using the standardised terminology, and consumers could easily compare the prices of all banks in a given country. The focus would be on the most common terms in order to make the comparison quicker and more straight-forward, avoiding any confusing, lengthy and discouraging comparison procedures. Finally, our proposal aims at helping consumers to better understand what the current account and related services are, and to this effect comprehensive glossaries would also be developed.

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**Q: How would be consumer organisations involved?**

**A:** From the very beginning of the process EBIC maintained a close dialogue with the European Consumers' Organisation, BEUC, and it based the fundamentals of its proposal on the expectations put forward by BEUC. Our proposal is principle-based; it is constructed in such a way as to allow sufficient flexibility, necessary to address national specificities with suitably adjusted solutions. We consider that the dialogue between the national banking communities and national consumer stakeholders would be crucial, and the intention was to involve national consumer organisations in the course of the transposition, including the identification of the terminology and development of the glossaries. In fact, in many Member States a dialogue was already initiated because we are very open to listen to consumers and their concerns and expectations which are often different from one country to another.

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**Q: When would consumers feel the first results under this self-regulation?**

**A:** If the proposal was well received by the European Commission, the European consumers could feel the first effects in as early as autumn 2012.

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**Q: What reaction do you anticipate from the Commission and the consumer stakeholders?**

**A:** EBIC is convinced that the proposed principles are a significant step forward towards more transparent and comparable bank account fees in Europe and represent an effective solution, oriented to address the customer demands while avoiding costly bureaucracy and overly excessive information to consumers. It is our hope that the Commission recognizes that this new proposal for self-regulation is a great improvement for European consumers, and we encourage the Commission to accept our proposal. The national banking communities stand ready to start implementation, and we hope, that the national consumer organizations will engage in constructive cooperation.