

## Approval Of Payment Accounts Directive Is Huge Step In Fight Against Financial Exclusion

Wednesday 16 April, 2014

Today's vote in the European Parliament is the final step in the process which will guarantee access to a basic bank account for everybody legally resident in the EU. MEPs overwhelmingly voted to pass the proposal into law with 603 votes for and 21 against.

EU citizens will have binding right of access to a basic bank account, not only in their own member state but in other member states where they may need such an account.

This is very good news for up to 30 million EU residents who want an account but do not have one, in particular marginalised groups and vulnerable consumers. Some are refused because they are not considered profitable by banks (e.g. some students, elderly, and migrants); others might not be able to meet the administrative requirements to open a payment account (e.g. migrants, exchange students, trainees, seasonal workers and workers in other Member States).

Holders of a basic account will be able to lodge and withdraw money at bank branches and ATMs, transfer money and make payments online free or at reasonable (low) cost. Overdrafts may be an optional extra and the costs and penalties, if any, must be reasonable.

Member states must designate a range of payment institutions to ensure full access everywhere to basic payment accounts. There will be appeal procedures, of which consumers must be informed, if a basic payment account is refused. The directive also provides for better information for all account holders. Consumer choice will be enhanced by making it easier for consumers to switch to another bank.

EUFFI president Jim Murray warmly welcomed the vote and said "For most people a payment account is a gateway to other services and an essential element for full participation in modern society. This directive will help the excluded and those who are 'living the single market' by studying, working or living cross-border.

Member states should implement the directive as speedily and effectively as possible, designating national competent authorities, monitoring coverage and costs and intervening as needed. There should also be a positive "reach out" to the unbanked, together with support for those working with the financially excluded.

The directive prohibits discrimination against basic account holders as compared to holders of non-basic accounts. Access to a wide network of ATMs is particularly important: holders of basic accounts should have access to the same range to ATMs as holders of non-basic accounts."

-ENDS-

For more information, please contact:

Jim Murray  
European Foundation for Financial Inclusion  
E: [info@euffi.org](mailto:info@euffi.org)

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