UniCredit Bank reply to the European Commission public consultation on Bank Accounts
(ID number 03094871618-32)

31 May 2012

Premise

i) UniCredit welcomes the opportunity to contribute to this consultation on bank accounts from the angles of transparency and comparability, switching and access to basic products.

ii) UniCredit appreciates the consultation approach whereby the three topics are subject to wide public debate which leverages on as many experiences, practices and differing yet complementary standpoints.

UniCredit: a relevant European financial player

iii) UniCredit is a major international financial institution with strong roots in 22 European countries, active in approximately 50 markets, with about 9,500 branches and more than 150,000 employees. UniCredit is among the top market players in Italy, Austria, Poland and Germany. In the CEE region, UniCredit operates the largest international banking network with around 4,000 branches and outlets. UniCredit Group is a market leader in the CEE region. Furthermore UniCredit was recently recognized as Global Systemically Important Bank.

iv) UniCredit business model relies on a four-pronged stance:
   i) the centrality of customer;
   ii) multi-local approach;
   iii) global product factories;
   iv) global service lines.
UniCredit engagement in the policy-debate over EU consumer-protection-related issues
v) Given its role within the EU, the Group is strongly committed to and engaged in the policy debate over investor and consumer protection issues.

vi) In doing so, the strong support for the EU single financial market and the customer-investor centricity represent the two key driving features underpinning the Group proactive approach towards the policy debate on retail issues.

UniCredit approach applied to provide the feedback therein
vii) The Group position expressed in the current document is based on contributions from the following structures: Public Affairs, Family and SME Division, Compliance - Global Banking Services Counsel, Business Sustainability (Italy), Organization (Italy).

viii) The reply given throughout the current document contains the rationale underpinning UniCredit position with regards to the following questions. When any significant proposal that EC may consider is set out, it has been highlighted in yellow on purpose.

Unicredit Consumer Protection Sustainability Approach (Italy)
i) In Italy, one of UniCredit Bank’s most important objectives is the provision of clear information to our customers and to invest in the financial education of its communities, thereby enhancing financial inclusion. Efforts are being concentrated along the following lines:

- providing clear and detailed disclosures of features and fees associated with our products and services;
- simplifying documentation for customers reinforcing our dialogue with Consumer Associations;
- pursuing financial inclusion and Consumer Protection in various countries, in particular Italy, Germany and Austria.

---

1 [https://wwwunicreditititchisiamounicreditinitaliasostenibilitadellbusinessinitaliaoini-unicreditiniziativconcet.html](https://wwwunicreditititchisiamounicreditinitaliasostenibilitadellbusinessinitaliaoini-unicreditiniziativconcet.html)
2 [https://wwwunicredititcontentdamunicreditchisiamouniCreditPersoneitalia/pdf/decatalogcontocorrentesentpdf](https://wwwunicredititcontentdamunicreditchisiamouniCreditPersoneitalia/pdf/decatalogcontocorrentesentpdf)
General assessment of the consultation questions

EU single retail financial market: proximity and demand-side characteristics do matter

i) In order to put this contribution into a wider context, it is worth stressing that the EU single financial market has to be meant as a place where as many financial providers as possible are able to bring their competing offers to any EU consumers. This is different than expecting that EU consumers seek out the best deals to meet their needs within the EU boundaries as a whole, regardless of the location of the financial provider.

ii) In this regard, cross-border banking stands as a significant driver in fostering financial integration of retail banking, which to date has proved to be slower than other market segments (e.g. money and financial markets).  

iii) The way the EU single financial market should be meant is based on the fact that retail banking services have an inherently local~domestic dimension. Among the various qualified sources in this regard, it is worth mentioning the Final Report by the UK Independent Commission on Banking. As a matter of fact, banking assets and liabilities (including loans towards local businesses activities) are mostly non tradable, even within integrated markets.

iv) Market (e.g. payment systems and credit registers) and legal (regulation and consumer protection regimes) infrastructure are the complementing supply-side characteristics of the EU retail banking market.

v) As far as the demand-side characteristics of the EU retail banking market, the recent EC Report on Retail Financial Services provides a significant variety of regulatory and behavioral nature (unwillingness to purchase abroad, language barrier, worries of fraud or crime, not knowledge of one’s own rights) which needs to be analyzed carefully.

Excerpt of proposals made throughout the feedback to the questions below

vi) The EC ought to leverage on the behavioral approach, for instance, by stating whether there is an information failure which can be addressed just by a regulatory intervention (enhancing transparency) or instead the challenge goes beyond it and requires an improvement of the quality of information in a meaningful way.

vii) With regard to the trade off product standardisation-financial products innovation, Authorities ought to run an in-depth assessment in order to better understand implications and preferable policy options.

---

2 EC, Report on Retail Financial Services, Special Eurobarometer 373, February 2012.
viii) Policy makers might undertake a structured and comprehensive field policy analysis with the aim of getting a more solid and fact based understanding of ‘if’ and ‘to what degree’ glossaries of terms and standardised lists of bank fees would provide more transparency and comparability as well as would help customers to make more informed choices as they purchase bank accounts-related services.

ix) As long as the provision of information, in that it allows consumers to make more informed decision making and consequent actions, is regarded as a public good, authorities might promote testing of different designs of disclosure document and then provide the financial industry with guidance on the more effective way to deliver information in a consumer-friendly manner.

x) Cross-border switching of bank accounts will only be attainable if the EU regulatory framework makes it possible for bank account services to be assimilated across the EU.

xi) The issue of bank account switching cannot be seen separately from the way the EU payment system is designed and practically implemented. In this regard, the enhancement of the level playing field within the domain being regulated by the Payment Services Directive might significantly contribute to that purpose.

Findings from the Eurobarometer Survey

xii) Before addressing the specific questions below, it is worth to recap the main findings from a recent Eurobarometer Survey, by applying a particular focus on current accounts given the subject. The informative set stemming from that Survey contributes to providing an up-to-date and Pan-European picture on the attitudes and behaviours of the European citizens with regard to the bank accounts.

- Across the 27 Member States, the current account is the most widespread financial tool among the retail financial products surveyed;
- It ranks the least purchased within the last 5 years;
- 56% of interviewed neither need nor want a current bank account, whilst those having experienced some troubles when trying and opening one total 5%;
- It was the most purchased (3%) products in a EU Member State outside the home country;
- It ranks first (5%) in terms of attitudes to cross-border purchasing;
- As reported by the Consultation Paper, «one of the main reasons given by consumers [21%] for not purchasing financial products (such as current accounts) in another EU country was the lack of clear information». However, it is worth mentioning other reasons nonetheless relevant for delivering an enabling environment and making proper policy choices such as ‘no need as

---

5 European Commission, Retail Financial Services Report, Special Eurobarometer 373, February 2012.
6 European Commission, Commission services working document - Consultation on bank accounts, 20 March 2012, p. 3.
one can buy everything in one’s own country’ (32%), ‘one prefers to buy financial products from one’s own country’ (23%), ‘not knowing one’s rights in case of problems’ (18%); ‘language barrier’ (17%), ‘worries about fraud or crime’ (15%), ‘preference to buy face to face’ (15%), ‘less consumer protection in other EU Member States’ (5%);

- It ranks 4th (74%) in terms of frequency of the salespersons not telling if they were paid a commission or bonus or other remuneration;
- It ranks 7th out of 8 (73%) as frequency of written information received about the product;
- Alongside with the credit card, it showed the highest percentage (52%) of interviewed who had taken it as first product vs. comparison with different products (45%);
- With reference to all retail financial services surveyed, 85% of the interviewed stated not to have ever had problem with the product purchased. Within the remaining 15%, about 9 out of 10 complained according to various patterns.
Specific answers for the Consultation

I. 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?

**Feedback**

1. First and foremost, the question should ideally be put at a EU-level context. As a matter of fact, the provision of information on bank account fees varies in the various jurisdictions across EU. Let us call this aspect the ‘*Jurisdiction dimension*’;

2. Secondly, the provision of such a piece of information does not occur irrespectively of the regulatory framework in which the banks operate. Let us call this aspect the ‘*Regulatory dimension*’;

3. Thirdly, with regard to the aim of reducing information asymmetries as well as enhancing product comparability, the choice of resorting to disclosure regulation in itself does not mean that it will work. A behavioral perspective might be helpful in order to gain a better understanding and a more solid evidence of which policy ways may be pursued to positively impact on the intention and action of consumers dealing with bank accounts. Let us call this aspect the ‘*Behavioral dimension*’;

4. The study recently released by the EC on the current state of play in Member States regarding initiatives in bank fee transparency and comparability in personal current bank accounts may become a good starting ‘analytical ground’ on which the EC and any other interested stakeholders can figure out which jurisdiction and regulatory dimensions are at play and how they interact each other. Both stand as a given context constraint which has to be taken into due account.

5. As a result of the above, the EC ought to explore more in-depth the behavioral approach, for instance by stating whether 1) there is an information failure which can be addressed by a regulatory intervention enhancing transparency, or 2) that the challenge goes beyond it and up to an improvement of the quality of information in a meaningful way.

6. With regard to the part of the question referring to the Payment Services Directive, the PSD does not seem to be qualified as a proper mean whereby transparency obligations could be taken in. One reason for this is that despite a full harmonisation approach retained by the PSD, as many as 23 optional provisions left a certain margin of discretion to the Member States7. The higher the departure from the full-harmonisation baseline, the lesser the PSD qualification in that sense. The EC should have the full picture of the degree of a departure. As long as any

---

significant departures occur, policy implication would descend.

7. With regard to the overall topic of disclosure regulation, an alternative policy option could be an approach based on transparency and comparability encompassing the various retail banking products rather than a product-by-product approach.

**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?

**Feedback**

1. Whichever approach to be adopted by the EC to deal with this topic, the one which is deemed as preferable should take into account the following criteria each with the same degree of importance:
   a) a (coordinated) national or EU level view should be adopted;
   b) regarding the standardisation option: the topic of bank fees is likely to be rooted in the existing regulatory framework of each Member State. To that extent, envisaging outright standardisation of bank account fee terminology on most common services among 27 Member States could be a target to be accomplished in due time. As an intermediate step, a 'reconciliation guide' could be delivered, mapping out bank fee terminology as per applicable regulation across Member States. How the resulting reconciliation information could then be used (e.g. for policy purposes, for the customers or as a ‘road map’ towards a EU standardisation bank account fee terminology) would depend on the complexity and degree of reconciliation findings;
   c) financial innovation: the assessment of any possible impact on the reduction of financial products innovation should also be taken in due account. Indeed, the competition dimension ought to be given stronger and more explicit emphasis in the sense that overall markets act as driver of innovation and financial providers compete individually in designing products aimed at better suiting consumers’ needs.
   d) standardisation vs. country-specificity trade-off: the aim of pursuing the availability of standardised and comparable information (to be noted that standardisation of terminology has to be clearly separated from standardisation of products) across EU could be seen as a desirable common ground ensuring a level playing field over ‘core’ bank fees transparency (i.e. unity) whilst leaving some leeway for eventual country-specific calibration to the domestic authorities in charge of transparency tasks, although there must be an appropriate EU-level coordination;
   e) monitoring: in case that policy initiatives are put in place over this topic, a
properly-shaped monitoring system⁸ should be designed in order to check whether the disclosure regulation works or not. An outcome-oriented mindset ought to be adopted, namely the monitoring focus should seize which behavioral changes from the customers have been caused by further standardisation and comparability. Then the above said causal relationship should be confronted with the intended purpose which the EU authorities should formulate ex-ante.

**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?

**Feedback**

1. Better than relying on opinions, it might be an added value for the public policy debate if a structured and comprehensive field policy analysis were undertaken with the aim of getting a more solid and fact based understanding of ‘if’ and ‘to what degree’ glossaries of terms and standardised lists of bank fees would facilitate both the intermediate objective (more transparency and comparability) and above all the final objective (concrete behaviors of customers as they purchase bank accounts-related services through an informed choice). Such findings might significantly contribute/help policy makers and financial firms to act more effectively within their respective competence areas.

2. The criteria listed above as feedback 2.1. also applies to Question 3.

3. In Italy, the bank has taken many steps to improve the transparency of certain contracts and related documentation, thereby making them easier for customers to understand, in accordance with the domestic Regulators also together with Italian Consumer Associations. In Italy, regulation was enacted in order to ensure that customers comprehend all costs related to the services offered and are able to compare them with offerings from other companies.

---

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?

Feedback

By regarding each of the tools listed above as a policy option, the reply to the question seems subordinated to ‘which’ overall policy approach is taken. In this regard, what is said above as feedback to Question 1 and Question 2 still applies. To put it another way, the identification of the most proper ‘tool(s)’ needs to be put in the context of the prior definition of a set of pre-conditions such as i) market/regulatory failure to be addressed; and ii) set objectives that correspond to the failure and its root causes. It should be made clearer which ‘conceptual framework’ the EC relies on. Do the transparency and comparability stand as final policy objectives by themselves or are they instead just a means in order to attain an objective which should be defined in terms of expected behavior of customers? The latter way seems preferable.

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?

Feedback

1. As for the level of detail, a list could ideally have approx 10 most common services linked to a personal bank account.
2. With regard to the ‘frequency’, an ex-post (e.g. annual) statement could be envisaged.
3. The enhancement of EU comparability of information on actual fees would be in the following dimensions: i) on the demand side it would be an asset for the customer to make a more informed decision, ii) on the supply side it would be a further trigger for improving the level of offer according to the customer’s needs (both those needs ‘covered’ by items made comparable and different ones).
4. The question above seems to refer to the ‘consumer mobility’ as the ‘litmus test’ of whether a given policy initiative works or not. However, the way Question 5 is set triggers the following remarks:
   a) in addition to the ‘external’ mobility where consumers switch banks, due consideration should also be given to the phenomenon of ‘internal mobility’, i.e. when the consumer switches products but stays with the same
provider. This usually results from an effort from the provider to adapt to the customer's needs as best as possible, throughout the life-cycle of the relationship;

b) on a more general basis, looking at the ‘standardisation and comparability’ as the ‘silver bullet’ to drive consumer mobility, even on a cross-border basis, may bring about unintended consequences and outcomes. According to the European Commission’s Report on the Retail banking sector inquiry, the highly fragmented market and legal infrastructures were cited among the main basic aspects of the supply side of retail banking markets. Their Report on Retail Financial Services also offers an interesting and complementing analysis on the attitudes and behaviors of the European citizens towards their (cross-border) mobility over bank accounts.

As a result of what was said above, the EC ought to define a precise perimeter as to what extent and through which causal linkages it expects that a policy action, if any, on transparency and comparability would enhance consumer mobility.

**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.

**Feedback**

1. This topic requires to consider factors such as jurisdiction-explained fragmentation, differing regulators and competent authorities as policy actors, the coexistence of a national and EU dimension as well as a reported inertia among EU citizens regarding financial products and services.

2. At EU and national level, further coordination among the relevant policy actors in charge of this topic might pave the way to a more comprehensive understanding of the role played by transparency and comparability within a general framework of behaviors and attitudes of EU citizens both at the time of the purchase of a bank account and throughout the relationship.

3. Policy makers might set up periodic survey or research testing options aimed at improving transparency and comparability. In doing so, consumer experimental design could be resorted too. Providers of bank accounts could also be involved in the conduction of the above survey and research and thus assist the regulators in finding ways to promote a more enabling financial environment and better regulatory framework.

---

10 European Commission, Retail Financial Services Report, Special Eurobarometer 373, February 2012.
11 E.g. [www.consumerfinance.gov](http://www.consumerfinance.gov).
II. Switching between payments 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?

**Feedback**

1. A switching service is being offered in accordance with the EBIC Common Principles and as coordinated at national level\(^\text{12}\).
2. With regard to the issue of presenting information on the conditions of switching in a consumer-friendly manner, room for initiatives might exist. As long as the topic of providing consumers with the information needed to allow their understanding, informed decision making and consequent actions is regarded as a public good, authorities might promote testing of different designs of disclosure document and then provide the financial industry with guidance on the more effective way to deliver information in a consumer-friendly manner. The financial industry and other interested stakeholders might then be involved. In this regard, the exercise carried out by the Consumer Financial Protection Bureau to test two prototypes of ‘closing disclosure forms’ for mortgage loans\(^\text{13}\) could be set as an example both for the testing process and for the design of the form.

**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.

**Feedback**

As a practical example, in Italy, UniCredit Bank offers a service called “Trasloco facile” where the provider offers a given customer with switching service support about transfer bank account and products/services linked to it.

---

\(^{12}\) For instance, in Italy UniCredit Bank offers “Trasloco Facile” a bank account switching service, available in its 4,000 branches, completely free. The list of products and services that can be switched goes far behind those of the EBIC Common Principles.

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?

Feedback
An Impact Assessment exercise by the EC might be the proper tool to factor the various angles and facets implied by such a topic and to convey inputs from stakeholders. As a matter of fact, two recent EC reports show quite different findings about the consumers attitudes, willingness and ability towards bank accounts switching. A reconciliation between the two would be strongly needed before any policy elaboration and following action.

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

Feedback
Yes in principle. However this goal will only be attainable if the EU regulatory framework makes it possible for bank account services to be assimilated across the EU.

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?

Feedback
As far as the Italy’s UniCredit Bank experience is concerned, thanks to bills portability, the risk of misdirected bills is very low. 

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

Feedback
The issue of bank account switching cannot be seen separately from the way the EU payment system is designed and practically implemented. In this regard, the enhancement of the level playing field within the domain being regulated by the Payment Services Directive might significantly contribute to that purpose. As a result of the high degree of fragmentation, the current EU payment system is still far from the full implementation of a smooth cross-border bank account switching.

---


III. 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 signaled by the consumers preventing them from having access to a basic bank account?

**Feedback**

1. In Italy, Unicredit has strengthened the dialogue with Italian Consumer Associations to improve the identification of different customers’ needs and facilitate their access to banking products and services. In concrete, the exercise focused on developing concrete solutions related to:
   - transparency and financial education
   - financial inclusion.

2. A system is in place which monitors the ‘complaints from customers’ with feedback loop to improve the products on offer accordingly. To date complaints have not been counted on consumers encountering difficulties in access to a basic bank account.

**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?

**Feedback**

With regard to Italy, the provision of financial services for financial inclusion purposes is mainly addressed by the two initiatives "Servizio Bancario di Base" and the "Conto di Base". Both consist in services designed to satisfy consumers with basic financial needs. In particular, the "Conto di Base" is a contract which has a settled number of operations included in the monthly fee, as defined by the Economic and Finance Ministry, as per an agreement between Italian Banking Association (ABI), Bank of Italy and Consumer Associations (starting as from 1st June 2012).
**Question 16:** Do these measures also facilitate access to a basic payment account for non-residents?

**Feedback**
Yes, non-residents could open the “Servizio Bancario di Base”.

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

**Feedback**
No major difficulty is expected.

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

**Feedback**
Increasing consumers’ financial education throughout consumers at a national level could be useful.
Contact people (name.surname@UniCredit.eu)

Please find below the list of the key people actively involved in this work, whose contribution made possible to coordinate and provide UniCredit answers to this Consultation. Some other experts have been involved, but are not listed below.

Regulatory Affairs / Public Affairs (Coordination Team and Contributor)
e-mail: regulatory.affairs@UniCredit.eu

Mr Sergio Lugaresi (Head)
Mr Riccardo Brogi
Mr Andrea Mantovani

Other Contributors (in alphabetical order)

Family&SME Division
Global Marketing Individual Clients
Ms. Elena Goitini (Head)
Ms. Alessandra Olmeda

Transactional and Loan Products (Italy)
Mr Igor Borceto (Head)
Mr Andrea Bucci

Global Regulatory Counsel
Mr Antonio La Rocca (Co-Head)
Mr Enrico Bertulessi (Co-Head)

Global Banking Services Counsel
Ms. Paola Lattuada (Head)
Mr Gianluca D’Imperio

Global Transaction Banking
Mr Marco Bolgiani (Head)
Mr Fabio Stragiotto
Identity and Communication Italy
Mr Rodolfo Ortolani (Head)

Business Sustainability Italy
Ms. Emanuela Angori (Head)
Mr Stefano Pagliaro

Organization Italy – Banking Processes
Mr Donato Piacentini (Head)

Banking and Payment System Processes
Mr Sandro Galuzzi (Head)
Ms. Elisa Salibba

Public Affairs
International Relations with the European Union
Ms. Costanza Bufalini (Head)
Ms. Anousheh Alamir