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European Commission President José Manuel Barroso P.O. Box 149 Brussels Belgium

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 22.07.2011

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Access to a basic account – Withdrawal of planned legislative measure

Dear President Barroso,

The Austrian Federal Chamber of Labour (BAK) is the umbrella organisation of the nine regional chambers. It has been organised as a corporation under public law and is as such the legal representation of interest of all employees in Austria.

The activities of the BAK are based on the Chambers of Labour Act. This Act obliges the BAK to introduce the position of workers as well as their interests as consumers to all social, educational and politico-economic matters within the scope of a legally provided assessment procedure.

In its capacity as an umbrella organisation, the BAK represents a total of 3.2 million members with regard to all economic, social and all educational policy issues.

However, the BAK is also active in many committees within the scope of law enforcements. In addition, all labour chambers provide free advice and legal protection concerning all labour and social issues, as well as extensive advisory and service activities in the area of consumer protection.

"...access to payment services has become a necessary precondition for participating fully in the economic and social life of a modern society..."

These words are found in the introduction of the Consultation of the European Commission entitled "Access to a basic payment account" dated 6 October 2010. In that same document, the Commission also noted: "...according to recent data, about 30 million citizens in the EU above the age of 18 do not have access to a bank account."

BAK and many social institutions and consumer organisations throughout Europe welcomed the Commission putting this issue on its agenda and wishing to take legislative action whose "...particular focus will...include legislation on access to basic banking services..." for all EU citizens or persons residing in the EU (Work Programme of the Commission for 2011). The Commission has now decided only to give a recommendation instead of taking legislative action. BAK views this step as insufficient and disappointing for many working class people and consumers. In Austria, about 150,000 people who live in a household without a current account. There is actually a clear need for legal entitlement to a current account for everyone. This fact is obvious from the years of preparatory work done by EU authorities and by Europe-wide studies and consultations as well as the experiences of many member states. It is difficult to comprehend why the Commission is now nonetheless only issuing a recommendation.

The Commission published the "Study on the Costs and Benefits of Policy Actions in the Field of ensuring access to a Basic Bank Account – Final report" and recently issued the results of the subsequent assessment.

From the perspective of BAK, there are several inaccurate assessments in the study and several factors are not given sufficient weight in the subsequent assessment.

- Access to the labour market was one factor the study was unable to evaluate quantitatively. The Commission should recognise it more strongly because of its great significance.
- BAK constantly monitors the costs of accounts in Austria. According to BAK bank calculator, a normal user pays EUR 74 a year for an account. A cash transfer in Austria costs an average of EUR 3.58. Assuming 10 cash transactions per month for necessary payments, annual costs for people without a current account amount to EUR 429.60, a figure many times larger than the cost of an average current account. These big expenses pose a burden for members of society who earn little or who are in social need.
- The study notes the long term costs incurred indirectly in the EU as a result of the constant exclusion of marginalised groups of people. Greater attention must also be paid to these costs.
- BAK believes the disadvantages that can arise from a temporal delay in passing binding measures at EU level are untenable for the people affected and should be taken into greater consideration in the overall evaluation of policy options.

As already noted in its responses to the Commission, BAK definitely favours legislative action at EU level so legal groundwork can be laid quickly throughout Europe for access to this fundamental service of everyday life.

We appeal to you to rethink your decision in the interest of the large numbers of working class people and consumers involved and to issue a proposal yet this year for a legislative measure that would guarantee legal entitlement to a basic payment account (basic account).

Sincerely,

Herbert Tumpel President Melitta Aschauer-Nagl on behalf of the Director