

ENG

The development of Bank Accounts of the clients in the DzW (Dokumentationssystem zur Wohnungslosigkeit - Documentation System of Homelessness) of the BAG W:

Since 2007 the number of the clients in the DzW without a bank account is decreasing steadily by every year. In 2007 the number of clients without an account was 52.8 percent. In 2019, 28.2 percent of the clients had no bank account, which means in reverse conclusion that 71.8 percent had an account. This is a good sign but there is still place for improvement and our members in the field still experience that basic bank accounts are not always as easy to access as they should be.

Here are some of the main issues in Germany:

Conditions for basic bank accounts

Why is the comparison in Germany so difficult?

The best practice would be a central database platform to compare different basic bank account models and conditions. As the European Directive on the comparability of fees related to payment accounts with basic features also suggests, such a platform should actually be opened in 2018. But such a database does not exist in Germany (anymore).

The basic idea was, that not a state-owned platform should be implemented but a private platform certified by governmental processes. This private platform operator was "Check 24" and their database went online for approx. five months in 2020. The service was shut down in January 2021 due to the complaint of the Verbraucherzentrale Bundesverband (the federation of the German consumer organisation). The consumer organisation was criticising deficiencies in the bank account comparison, deficiencies in the market coverage of the platform (too few bank institutes and per institute only one account model) and partially outdated information [01].

As a temporary solution, the account comparison site of the Stiftung Warentest (a German consumer organisation conducting independent tests) was unlocked, so that everyone can get their information for free. Now the band width of information is however a lot smaller: Where Check24 listed more than 600 comparisons of bank institutes, the platform of Stiftung Warentest has now less than 400 [02]. In any case, this was only intended as a provisional solution, because the Federal Minister of Finance, Olaf Scholz (SPD), had actually wanted to initiate that the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin - Federal Financial Supervisory Authority) runs a central database platform by the end of 2022. However, the draft law failed in parliament because of the CDU/CSU. The CDU/CSU is proposing to put the operation of a comparison platform out to a tender offer after the Bundestag elections [03]. As things stand, there are no further political agreements on this.

The „provisional“ website of the Stiftung Warentest is the only available source of comparison for basic bank accounts so far [04]. I also put the export of the comparison by Stiftung Warentest into the attachment but as far as I could see, this information is only available in German so here a further informations to this:

The Situation in Germany: Comparisons are complex and generalizations are difficult to make

According to BaFin, around 1.300 bank institutes in Germany currently offer a basic bank account [05] – because these are all banks with payment accounts for consumers. In December 2020, Stiftung Warentest compared 128 banks and 203 basic bank account models. As before, basic bank accounts are particularly expensive, in the most expensive case up to 250 euros per year [06]. In this test Stiftung Warentest made out 13 account models (about 6% of all tested basic account models), where more than 200 Euros must be paid annually as account management fees. At 38 banks, the fees amounted to less than 100 euros per year (around 19% of all account models tested).

Overall, it is hardly possible to generalize the costs via the comparison platforms (such as Stiftung Warentest or also Check24). On the one hand, this is because they are not comprehensive. On the other hand and mainly, this is because the individual-personal intensions for the bank account usage must always be taken into consideration: Customers who only want to use their account online certainly do not care about the amount of the fees for transfer per receipt. For refugees and non-Germans in particular, the sometimes not inconsiderable fees for international transfers can play a decisive role. There are also very different offers depending on the region, which must be taken into consideration especially for the use of branch accounts. Stiftung Warentest's annual price calculation is based on a model customer with the following characteristics:

- No regular cash inflow,
- Account is managed via bank branch or via PC,
- 36 transfers per year (receipt or online),
- 227 credit/debit memos per year (including payment via Girocard),
- 48 cash withdrawals from ATMs of the bank/ ATM network.
- 1 change of standing order (receipt or online),
- 12 account statements (by mail or online).

In principle, online accounts are cheaper than branch accounts. In the end, however, the pricing is quite opaque - for example, the bank may make the basic account dependent on the purchase of business shares (e.g. BBBank[07]) or the customers may be restricted in some other way (e.g. the test result of Sparda-Südwest "Basiskonto Online" lists a restricted customer base, which, however, could not be identified in more detail[08]). There are also account models where the amount of the basic fee depends on how much money is received each month.

The following fees are mainly decisive:

- Monthly basic fee: range from 0 to 14.90 euros per month,
- Transfer fees: range from 0 to 4.90 per receipt,
- Girocard price: range from 0 to 20 euros per year,
- Cash withdrawals (free withdrawals are often limited monthly, mostly 2-5 withdrawals. After that, they can cost up to 5 euros per withdrawal).

Other costs and fees may apply, for example:

- Chip-Tan device for online banking (one-time, approximately 10-25 euros),
- Business shares at the bank,
- foreign transfers (basic fees, foreign fee, additional fees),
- cash withdrawals abroad.

Reasonable costs - How much is too expensive?

The BGH ruling also cited in the Spiegel Online article does not contain any statements on how much a basic bank account may actually cost. Deutsche Bank's fee clause for the basic account of 8.99 euros plus additional costs was judged to be inadmissible. The Verbraucherzentrale refers to an amount of 6,45 euros per month according to the BGH ruling as the average price of a basic account from a comparison of Deutsche Bank's basic account with 32 other credit institutions [09] .

Scope of basic bank accounts

- Legal entitlement (unlike current account, cannot be denied in case of negative Schufa - General Credit Protection Agency),
- Only one per person,
- Papers accepted for account opening: passport, identity card, residence permit, toleration paper with seal of German foreigners authority or information certificate,
- Services: Cash deposit/cash withdrawal, bank transfer, direct debit, standing order, Girocard,
- Bank may only cancel for cause

Cancellations of the basic bank account

The basic bank account can be terminated if:

- a criminal act has been committed to the detriment of the bank/employees/customers,
- the conditions for the account are no longer fulfilled (e.g. toleration expires),
- another equally usable account exists,
- no money has been received or paid out on the basic account within two years, or
- the customer is more than three months in arrears with the account management fee and the amount exceeds 100 euros.

Problems with opening basic bank accounts

Cost advantages of direct banks vs. low-threshold and identification procedures

Direct banks can often offer considerably more favourable conditions. However, because they do not operate their own branch network, contact between the bank and its customers is usually impersonal. "Postident" or "videoident" procedures can be used to open bank accounts. Although banks must accept documents such as official proof of information or toleration notices when opening a bank account, the Deutsche Post, which is performing the post-ident procedure, does not have to accept these documents for verification. The videoident procedure requires a certain level of technical equipment and, according to the regulations of the BaFin, documents with optical security features (holographic images).

For people who does not have the technical access or the appropriate documents, this means that they are more often unable to switch to the cheaper direct banks and have to open an account at a branch bank.

Creditworthiness, Schufa and rejection of the basic bank account

Actually, basic bank accounts should be opened regardless of creditworthiness. According to information from "Finanztipp", some banks nevertheless query the data of customers at Schufa, among other things to find out whether they have a current account at another bank. [10]

The situation becomes particularly difficult for customers with debts, for example, if a current account was not converted into a "P-Konto" in time (this "Pfändungsschutzkonto" is a particular type of bank account where a certain monthly amount is legally exempt from distraint). It is also sometimes not clear, what an "actually usable checking account" has to mean in particular. It also seems that it is not quite as easy to switch accounts if a customer wants to use another cheaper basic bank account.

If the bank wrongly refuses to open a basic account, customers can apply to BaFin for an administrative procedure. The administrative procedure itself is free of charge, but all other expenses must be hold by the customer (e.g. costs for correspondence, attorney or consulting fees).

If BaFin orders an account to be opened the bank can appeal against this order again. However, this happens relatively rarely. According to BaFin, in most cases where they can effectively help, it is sufficient for them to ask the credit institutions to comment on the rejection. A formal order was not necessary, at least in 2019, for all applications for administrative proceedings received by BaFin. [11]

According to this information from BaFin, a total of 144,200 applications for the opening of a basic account were submitted in 2019. Credit institutions initially rejected about 5,200 of these applications (3.6%). 160 customer approached BaFin with an application to conduct an administrative procedure (around 3% of the 5,200 rejected cases). In 70 cases, these were successful (around 1.3% of the 5,200 rejected cases). BaFin's article states, "The figures show that the institutions continue to fulfill their obligations under the ZKG[12] basically well." However, it is not clear from the BaFin pages what happened with the other 5,000 or so cases that were initially rejected. It is only explained that in the remaining of the 160 administrative procedure applications, the denial of the basic bank account was justified. The fact that BaFin itself emphasizes that a formal order to open a basic bank account was not required in the successful cases suggests that quite a few of the more than 5,000 other refusals were probably also wrong.

Lack of replies and time duration of checks

Instead of a rejection of the basic bank account, it also happens that the banks do not answer the applicants. In principle, the bank must make a decision within ten banking days. If it does not do so, customers can also contact BaFin.

BaFin has one month to review the application for an administrative procedure[13]. This means that up to six weeks can pass without a basic bank account, even if the decision is positive in the end.

Problems with the use of basic accounts

The BaFin reached in 2019 about 160 complaints by customers related to the basic bank accounts[14]. It is not clear from the article what type of complaints are involved.

In forums and articles about this, a wide variety of problems are listed in this regard. In particular, when applying for the accounts, banks are often not transparent enough, so that either account models are mediated that do not meet personal needs or that the total costs are only listed in full after completion of the basic bank account application[15].

01 Verbraucherzentrale 14.04.2021, <https://www.verbraucherzentrale.de/aktuelle-meldungen/geldversicherungen/kontovergleich-bei-check24-nach-klage-offline-stiftung-warentest-folgt-51146>

02 Siedenbiedel 15.09.2021, <https://www.faz.net/aktuell/finanzen/olaf-scholz-planung-fuer-girokonto-vergleichsplattform-zieht-sich-17534872.html>

03 Fondsprofessionell 11.05.2021, <https://www.fondsprofessionell.de/news/produkte/headline/girokontenvergleich-bafin-ist-vorerst-raus-206797/>

04 <https://www.test.de/Basiskonten-im-Test-4936098-tabelle/?defaultprofile=alleGirokonten>

05 Zimmermann 15.10.2020, https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Fachartikel/2020/fa_bj_2010_Zahlungskontengesetz.html

06 Stiftung Warentest 16.12.2020, <https://www.test.de/Basiskonten-im-Test-4936098-0/>

07 <https://www.bbbank.de/content/dam/f0125-0/NEU-PDF/Formularcenter/Konten-Karten/Informationsbogen%20für%20Verbraucher%20zum%20Basiskonto.pdf>

08 <https://www.test.de/Basiskonten-im-Test-4936098-detail/302020989004!116/?origin=Comparison&defaultprofile=onlineKontofuehrungKostenloseKontofuehrungOhneBedingungen&sort=hersteller>

09 Verbraucherzentrale 03.09.2021, <https://www.verbraucherzentrale.de/wissen/geld-versicherungen/sparen-und-anlegen/fragen-und-antworten-zum-basiskonto-16610>

10 Lietzau 14.04.2020, <https://www.finanztip.de/girokonto/basiskonto>

11 Zimmermann 15.10.2020, https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Fachartikel/2020/fa_bj_2010_Zahlungskontengesetz.html

12 Zahlungskontengesetz: Payment Accounts Act

13 Stiftung Warentest 16.12.2020, <https://www.test.de/Basiskonten-im-Test-4936098-0/>

14 Zimmermann 15.10.2020, https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Fachartikel/2020/fa_bj_2010_Zahlungskontengesetz.html

15 Wilke 18.06.2021, <https://www.sueddeutsche.de/wirtschaft/basiskonto-bilanz-gebuehren-1.5326480?fbclid=IwAR2t40kD0BDaktjPGbAsFLnuzr4e5jdP6ArPg-gXL0nX5uDj8qkoOkkK4GU>