

## Appendix One: Further information on international approaches to introduce basic transaction accounts

This appendix provides further information on the international case studies that helped to inform the key findings of the CoFR Issues Paper on Basic Transaction Accounts. This Appendix is structured into three sections:

1. Regulatory approaches
2. Industry-led approaches
3. Hybrid approaches

### 1. Regulatory approaches to improve access to basic transaction accounts

#### Europe

Anyone<sup>1</sup> who does not already have a bank account is legally entitled to a basic payment account under the European Union (EU) Payment Accounts Directive.<sup>2</sup> This has been implemented across Member States differently. This section highlights a subset of countries that have implemented the EU Payments Directive, with a focus on France, Denmark, Ireland and Sweden.

*France:* Access to basic bank accounts is legislated under the Monetary and Financial Code.<sup>3</sup> Any person who is refused an account by a bank is entitled to a written rationale for the refusal, and can then ask the Banque de France<sup>4</sup> to designate a bank to open an account for them within 3 days. The designated bank can restrict the services associated with the account to basic banking services.<sup>5</sup> The banking regulator, the Prudential and Resolution Control Authority, monitors compliance with the requirements and can fine non-compliant banks.

*Denmark:* All people in Denmark have the right to a bank account under the Good Conduct Act, which is overseen by the Danish Financial Supervisory Authority.<sup>6</sup> This does not include the right to a credit card. Banks are obliged to open an account for all people, but can refuse on the basis of violence, intimidating behaviour, or otherwise poor conduct from the prospective customer.<sup>7</sup> Where people are refused a bank account, they are entitled to a written statement explaining why they have been refused the service, and an independent ombudsman deals with complaints.

*Ireland:* As part of post-GFC restructuring of domestic banking sector, the Irish government committed to review options available to promote financial inclusion. The Irish Government identified access to transactional banking services as a key priority as part of this review, recognising the importance of these services as a gateway for customers to then access other

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<sup>1</sup> This includes individuals, professionals, associations and companies.

<sup>2</sup> In 2014, the EC issued the Directive with the aim of guaranteeing access to basic banking accounts for all citizens. This was transposed into national legislation by 2015.

<sup>3</sup> The French Financial Inclusion Framework. (2024). Banque de France. Presentation to the Council of Financial Regulators.

<sup>4</sup> Requests can be made in-person (at local BDF branches), online, or by post (free of charge). Applicants must provide the rejection letter, as well as valid ID and proof of address, and indicate the bank where they would like to open an account.

<sup>5</sup> [https://www.europarl.europa.eu/RegData/etudes/note/join/2011/464458/IPOL-IMCO\\_NT\(2011\)464458\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/note/join/2011/464458/IPOL-IMCO_NT(2011)464458_EN.pdf)

<sup>6</sup> [https://www.europarl.europa.eu/RegData/etudes/note/join/2011/464458/IPOL-IMCO\\_NT\(2011\)464458\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/note/join/2011/464458/IPOL-IMCO_NT(2011)464458_EN.pdf)

<sup>7</sup> IBID

financial products such as savings, credit, and cash.<sup>8</sup> This review, and subsequent efforts, led to an agreement with the main Irish Banks and the Post Office for the provision of Basic Payment Accounts – transaction accounts designed to meet needs of financial excluded consumers, specifically with their needs in mind.<sup>9</sup> This agreement was formalised under the Payment Accounts Regulations in 2016.<sup>10</sup> The Central Bank of Ireland is the authority responsible for implementing and monitoring these regulations.

Sweden: Since 1987, banks in Sweden have had a general obligation to accept deposits from the public, under the Banking Business Act.<sup>11</sup> This does not impose an automatic obligation: banks can still refuse prospective customers for suspected fraud or lack of proper identification.<sup>12</sup> Until 2015, banks were also under no obligation to supply any services other than the basic account itself – such as a transactional<sup>13</sup> or cash services – and banks had a right to refuse payment services and banking cards. These factors have been amended following the EU Payment Accounts Directive<sup>14</sup> that requires certain credit institutions to supply payment accounts with basic functions. Sweden has also introduced a cash services access law<sup>15</sup> that requires large<sup>16</sup> credit institutions that supply customers with payment accounts that include basic functions, to provide services that make it possible to withdraw and deposit cash from these accounts to an ‘adequate extent throughout the country’.<sup>17</sup> Banks that violate the requirements are subject to fines that are calibrated to the number of people who have been affected by the bank not providing the service.

## Canada

The Bank Act 1991 empowers Canada’s conduct agency, the Financial Consumer Agency of Canada (FCAC), to set regulations to ensure that basic banking services are available to all Canadians.<sup>18</sup> Under the Access to Basic Banking Regulations (2003)<sup>19</sup>, anyone may open a retail deposit account at a physical bank branch, provided that the bank is a member of Canada’s Deposit Insurance Scheme. Banks can refuse an applicant where they suspect fraud or illegal behaviour, if the applicant has a recent history of illegal or fraudulent activity in relation to financial services, if identity information is not provided or has been misrepresented, or if refusing the account is necessary to protect bank staff from physical harm, harassment or abuse.<sup>20</sup> Bankruptcy is explicitly not a ground for refusal. Banks must publish information on these conditions and the information people need when applying to access banking services. A refusing bank must provide a letter explaining the reasons for refusal and advise the refused applicant that they can escalate concerns to the FCAC.

<sup>8</sup> [https://www.europarl.europa.eu/RegData/etudes/note/join/2011/464458/IPOL-IMCO\\_NT\(2011\)464458\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/note/join/2011/464458/IPOL-IMCO_NT(2011)464458_EN.pdf)

<sup>9</sup> Financial Awareness and Inclusion – Irish Banking Culture Board

<sup>10</sup> Launch of guide to Basic Bank Account supporting financial inclusion and access to banking – Bank of Ireland Group Website

<sup>11</sup> <http://images.policy.mofcom.gov.cn/flash/200904/7cdf630c-69a5-42c9-b7c3-ce7986ce7769.pdf>

<sup>12</sup> Banks are required to perform thorough background checks on prospective customers under measures designed to combat money laundering. The accounts are generally not provided with overdraft facilities, so credit checks are less crucial. Lack of identification is the more common reason for denying a bank account. <https://www.riksbank.se/en-gb/payments--cash/payments-in-sweden/payments-report--2024/the-riksbanks-work-and-policy/work-on-the-e-krona-continues/>

<sup>13</sup> For example, accounts did not have to be linked to retail payment systems.

<sup>14</sup> <https://www.norden.org/en/info-norden/banks-sweden>

<sup>15</sup> The Payment Services Act, as amended in 2020.

<sup>16</sup> That is, institutions and branches that have more than 70bn kroner (about NZD12bn) in deposits from the public

<sup>17</sup> This is further prescribed to mean 0.3% (1.22%) of population shall have no farther than 25kms to place for cash withdrawal (deposit).

<sup>18</sup> <https://laws-lois.justice.gc.ca/eng/acts/b-1.01/>

<sup>19</sup> <https://laws-lois.justice.gc.ca/eng/acts/B-1.01/page-66.html#h-1369270>

<sup>20</sup> IBID

The fees charged and the services offered under these regulations can vary from bank to bank. The Financial Consumer Agency of Canada (FCAC) has also developed a Commitment on Low-Cost and No-Cost Accounts, which will be effective from December 2025, to ensure Canadians have access to low-fee retail deposit accounts.<sup>21</sup> Low-fee accounts offer deposit and withdrawal facilities; debit cards; cheque facilities; monthly printed statements; and at least 12 debit transactions per month (including at least 2 in-branch transactions), provided these services are available to the participating bank's *regular* retail customers. Fees cannot exceed CAD4 per month for the minimum package of services, but other services made available can be subject to a reasonable fee (at the discretion of the providing bank).<sup>22</sup>

## The United Kingdom

Basic bank accounts have been available in the UK for over a decade, aimed at supporting financial inclusion for those without a bank account.<sup>23</sup> The Payment Accounts Regulations introduced in 2015 require the 9 largest personal current account providers to offer basic bank accounts.<sup>24</sup> The nine largest current account providers under the basic banking regime cover 90% of the retail account market<sup>25</sup>. Designated banks must report basic bank account data to the UK Treasury on annual basis, who publish an annual basic bank account report.<sup>26</sup>

## 2. Industry led approaches to improve access to basic transaction accounts

### Australia

There is no legislative requirement for banks to provide basic bank accounts in Australia. The Australian Bankers Association applied to the Australian Competition and Consumer Commission (ACCC) for authorisation for an industry-standard basic bank account, to set minimum standards to which all of the applicants (the 10 main banks) would adhere.<sup>27</sup> Basic bank accounts would have offered minimum features to eligible customers – including no account keeping fees, no minimum monthly or opening balances, an unlimited number of fee-free deposits and balance enquiries, and a limited number of fee-free transactions such as withdrawals and bill payments.<sup>28</sup> However, the application was rejected because of concerns about adverse effects on competition, noting there were already a number of competing products in the market suitable for target customers. Successive official enquiries and Commissions – most recently the Royal Commission into Banking Misconduct – have encouraged the development of a standardised (but not mandatory) approach to basic banking. This has been implemented via the Industry Banking Code<sup>29</sup>, which codifies the concept of a basic ('affordable') bank account and sets minimum regulatory reporting

<sup>21</sup> <https://www.canada.ca/en/financial-consumer-agency/services/industry/laws-regulations/low-cost-no-cost-accounts.html>

<sup>22</sup> <https://www.canada.ca/en/financial-consumer-agency/services/industry/laws-regulations/low-cost-no-cost-accounts.html>

<sup>23</sup> <https://www.gov.uk/government/publications/basic-bank-accounts-january-to-june-2016>

<sup>24</sup> <https://www.gov.uk/government/collections/basic-bank-accounts>

<sup>25</sup> In deciding whether to designate a credit institution, need to consider its geographical coverage, distribution of consumers, its share of the payment account market.

<sup>26</sup> <https://www.gov.uk/government/collections/basic-bank-accounts>

<sup>27</sup> <https://www.accc.gov.au/system/files/public-registers/documents/D05%2B7072.pdf>

<sup>28</sup> <https://www.accc.gov.au/system/files/public-registers/documents/D05%2B7072.pdf>

<sup>29</sup> <https://www.ausbanking.org.au/wp-content/uploads/2021/03/2021-Code-A4-Booklet-with-COVID-19-Special-Note-Web.pdf>

requirements for banks. Banks are required to report to ACCC whether they offer affordable accounts, steps they take to identify eligible customers, and the uptake of these accounts.<sup>30</sup>

### **The United Kingdom (prior to the Payment Accounts Regulations 2015)**

Access to basic banking services was identified as a significant issue in an official inquiry into competition in the banking industry (the 'Cruickshank Report').<sup>31</sup> This report found that market-based solutions were not providing bank accounts for all, especially for high potential SMEs, low income groups (who lack appropriate identification or have a bad credit), and the less financially-literate, and the report recommended official intervention to improve access to bank accounts.

In 2004, the Government's *Promoting Financial Inclusion* Strategy identified access to banking (and free face-to-face money advice) as a priority area, and established a Financial Inclusion Taskforce to monitor progress.<sup>32</sup> Over the next few years, banks made voluntary commitments to improve access to basic banking services via the UK Banking Code, but in practice conditions attached to basic bank accounts (such as providing proof of address and not being bankrupt), which inhibited progress. In 2010, the Government committed to reducing the number of unbanked adults, and announced its intention to introduce legislation to require banks to provide bank accounts to all.<sup>33</sup> In 2014, the banking industry and the Government entered into a Memorandum of Understanding, agreeing that basic bank accounts should be fee-free, and should not be able to go overdrawn. This was subsequently formalised in regulations, via the 2015 Payment Accounts Regulations.

### **South Africa**

The Mzansi account, launched in 2004 as part of South Africa's Financial Sector Charter, was a collaborative effort by major banks to provide basic, low-cost banking services to previously unbanked populations.<sup>34</sup> The introduction of Mzansi accounts significantly increased financial inclusion, with about 6 million accounts opened by 2008, helping to raise the percentage of banked adults from 46% to 63%. The initiative featured a Visa debit card and shared ATM network access.<sup>35</sup> The introduction of these accounts faced some challenges such as high account inactivity rates among customers opening Mzansi accounts.<sup>36</sup> An agreement was reached between regulators and the banking sector to introduce an adjustment that would ensure that all clients are identified and verified, but that physical address details do not need to be verified for Mzansi accounts.<sup>37</sup> Key lessons that have been highlighted as part of efforts to improve access to bank accounts through the Financial Sector Charter and Code have been: gaining buy-in of the financial institutions, support of government and society, ongoing monitoring of initiatives, improving financial capability so that customers can use the Mzansi accounts, and making adjustments over time based on feedback from customers using these accounts.<sup>38</sup>

<sup>30</sup> <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-basic-bank-accounts-minor-variation>

<sup>31</sup> [https://webarchive.nationalarchives.gov.uk/ukgwa/20050301221631/http://www.hm-treasury.gov.uk/documents/financial\\_services/banking/bankreview/fin\\_bank\\_reviewfinal.cfm](https://webarchive.nationalarchives.gov.uk/ukgwa/20050301221631/http://www.hm-treasury.gov.uk/documents/financial_services/banking/bankreview/fin_bank_reviewfinal.cfm)

<sup>32</sup> [http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/02\\_12\\_04\\_pbr04\\_profininc\\_complete\\_394.pdf](http://news.bbc.co.uk/1/hi/shared/bsp/hi/pdfs/02_12_04_pbr04_profininc_complete_394.pdf)

<sup>33</sup> <https://www.gov.uk/government/collections/basic-bank-accounts>

<sup>34</sup> <https://www.afi-global.org/publication/the-use-of-financial-inclusion-data-country-case-study-of-south-africa/> and [Access to financial services: The case of the 'Mzansi' account in South Africa - ScienceDirect](#)

<sup>35</sup> <https://www.afi-global.org/publication/the-use-of-financial-inclusion-data-country-case-study-of-south-africa/>

<sup>36</sup> IBID

<sup>37</sup> IBID

<sup>38</sup> [https://www.afi-global.org/wp-content/uploads/2024/10/the\\_use\\_of\\_financial\\_inclusion\\_data\\_country\\_case\\_study\\_south\\_africa.pdf](https://www.afi-global.org/wp-content/uploads/2024/10/the_use_of_financial_inclusion_data_country_case_study_south_africa.pdf)

## 2. Hybrid approaches to improve access to basic transaction accounts through AML/CFT tiering

**Table One**, country level case studies on AML/CFT tiering approaches, including examples of accounts features, accounts restrictions and the associated AML/CFT requirements.

Country	AML/CFT Tiering description	Account restrictions	Account features	AML/CFT requirements	Link to documents	Implementing Agency
Nigeria	<p>The Central Bank of Nigeria introduced tiered AML/CFT requirements in 2012 to support financial inclusion policy objectives.</p> <p>The tiered approach implements flexible opening requirements for low-value and medium value accounts (with requirements increasing progressively with fewer restrictions and controls). The features considered are for the level one basic bank account.</p>	<ul style="list-style-type: none"> <li>Domestic payments and transactions only/no international transfers</li> <li>Single deposit amount</li> <li>Maximum cumulative balance (\$910)</li> <li>Maximum transaction limit</li> <li>Daily transaction limit</li> </ul>	<ul style="list-style-type: none"> <li>Linked to mobile phone accounts and mobile banking</li> <li>ATM transactions are permitted</li> <li>Savings and deposits</li> <li>No minimum opening requirements</li> </ul>	<p>Basic customer information (gender, passport photo, address, name, place and date of birth).</p> <p>Information can be provided virtually.</p> <p>No verification requirements.</p>	<p><a href="#">3 tiered kyc requirements.pdf</a> (<a href="http://cbn.gov.ng">cbn.gov.ng</a>)</p>	<p><a href="#">Central bank</a></p>
Mexico	<p>In 2011, Mexico's financial regulators (CNBV, SHCP, and Banxico) introduced a tiered approach that allows for low-value, low-risk accounts that are subject to increasing caps and restrictions on permitted transactions. Opening requirements increase</p>	<ul style="list-style-type: none"> <li>Capped limit of 285 USD in monthly deposits and 380 USD maximum balance.</li> <li>Customers can only use a debit card (national)</li> </ul>	<ul style="list-style-type: none"> <li>Electronic payments enabled (mobile, card, bank transfers)</li> <li>Non-face-to-face account opening</li> <li>Outsourcing of KYC to third parties</li> </ul>	<p>No Customer information required to open account</p>	<p><a href="#">Mexico's Tiered KYC: An Update on Market Response   Blog   CGAP</a></p> <p><a href="#">A Bold Move Toward Simplifying AML/CFT:</a></p>	<p>Financial Regulators – CNBV, SHCP and Banxico</p>

	progressively as restrictions on transactions are eased.	<ul style="list-style-type: none"> <li>The use of mobile phones to deposit, transfer or withdraw money is not permitted</li> </ul>	<ul style="list-style-type: none"> <li>Paperless record keeping for the four lower levels</li> </ul>		<a href="#">Lessons from Mexico   Blog   CGAP</a>	
<b>Brazil</b>	Since 2004, the Brazilian Central Bank (BCB) has granted KYC exempted simplified accounts. Special deposit accounts, known as simplified accounts, were introduced to be used by the low-income population.	<ul style="list-style-type: none"> <li>Maximum balance (~\$1804 NZD)</li> <li>Maximum monthly transaction restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>Transactions and savings features (ability to earn interest).</li> <li>Designed to be used by both individuals and micro-entrepreneurs</li> </ul>	Simplified document requirements in line with FATF guidance.	<a href="https://www.bcb.gov.br/content/publicacoes/report_fincit/Report%20on%20Financial%20Inclusion%20n%C3%B3%203%20-%202015.pdf">liftchallenge.bcb.gov.br/content/publicacoes/report_fincit/Report on Financial Inclusion nº 3 – 2015.pdf</a>	Central Bank
<b>Peru</b>	In Peru, AML/CFT regulations (including application of a tiered KYC regime) was first introduced in 2011 and further fine-tuned in 2015. Peru introduced three tiers for KYC requirements: simplified, general, and enhanced. The features considered are for the simplified bank accounts.	<ul style="list-style-type: none"> <li>Maximum balance of approximately \$600, with per transaction limits of \$290 and \$1160 as an accumulation per month.</li> <li>One account per person.</li> </ul>	<ul style="list-style-type: none"> <li>A financial service provider (FSP) can freely develop a product or service and seek the regulator's approval to use simplified regime if the AML-CTF risk is low.</li> </ul>	Simplified e-money accounts requires people to have a valid identity card (including full name, and address)	<a href="#">Emergency Disbursements during COVID-19 20200718.pdf (findevgateway.org)</a>  <a href="#">AFI GSP WG case study AW digital 0.pdf (afi-global.org)</a>	Prudential Regulator, the Superintendencia de Banca, Seguros y Administradoras Privadas de Pensiones (SBS)
<b>Egypt</b>	Tiered KYC efforts were explored in Egypt to include more unbanked and underserved customers. The Central Bank of Egypt collaborated with the Egyptian Money Laundering Combating Unit (EMLCU) to develop	<ul style="list-style-type: none"> <li>Lower transaction threshold - value limit of NZD ~\$351</li> <li>Monthly/daily limits (~\$210 NZD daily)</li> </ul>	<ul style="list-style-type: none"> <li>Cash deposits and withdrawals</li> <li>Transactions and basic online banking services (ability to view balances, transaction history and</li> </ul>	Fewer documents required to verify a customer's identity (only one form of ID is needed to open an account)	<a href="#">AFI Egypt Report AW digital.pdf (afi-global.org)</a>	Central Bank of Egypt and Financial Regulatory Authority (FRA)

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New Customer Due Diligence procedures introducing a tiered KYC regime in 2013.

transfer and ~\$1755 NZD monthly)

- Monitoring of account activity and automated alerts for transactions that exceed limits.

basic management features).

- Online payments
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