Banks impose undue pressure on, or coerce, clients to buy products and/or services from the bank or any of its affiliates, as a condition for obtaining another product or service from the bank, where at least one of the products or services offered in the package is not available separately ("tied package"), even when the products and/or services are functionally independent. Often, these "tied packages" contracts do not specify all the future prices, so that a long-term relationship is decided by short-term contracts. These practices, where the banks exploit tied packages and/or use aggressive commercial practices, including onerous or disproportionate non-contractual barriers to the rights to terminate a contract or to switch to another product or another trader (coercion), in order to maintain "hostage" customers within a product or service that they do not want or need, threatening them with the termination of the contractual relationship regarding another product or service, included in the package, creates *ex post* monopoly, for which firms compete *ex ante*.

This antitrust and restrictive practices as a huge impact in the real life of the financial consumers, in particular, but no exclusively, for the financial consumers who have revolving credits / open-end credits (*i.e.* credit card debt, lines of credit, *etc*.) or installment loans / close-end credit (*i.e.* mortgage loan, car loan, appliance loan, etc.) , which are a large part of the European financial consumers, since in these cases there are many and big difficulties in switching payment/current accounts. The consumers are held hostages to these tied packages that combining slow-moving services/products with fast-moving services/products, because the providers (banks) create a contractual barrier that prevents the consumer to switch to another service/product or another trader or terminate a contract. Providers leverage the fact of customers being hostages of a tied package and/or using aggressive commercial practices like coercion, to unilaterally impose the price of the product or the service whose purchase depends on the acquisition of the main product or service (*i.e.* the bank unilaterally decides raise running costs/fees of the basic transaction account that is tied to a mortgage loan).

We found evidences the average net fees are explained in 42.7% by the volume of the mortgage loans, and hast statistical significance with p value< 0.05 for a group of Banks in Eurozone, excluding the United Kingdom that is an outlier.

This was an expected result due to the practice of coercive tied selling, in which banks require the opening and maintenance of a demand deposit account to grant a mortgage loan, restricting the competition by preventing the switching, allowing the unilateral rise of such commissions and customers aren't able to escape. The banks leverage the fact of customers being hostages of a tied package (mortgage loans + deposit account) to unilaterally impose the price of the maintenance deposits accounts.

The Directive 2005/29 EC of the European Parliament and of the Council of 11 May 2005, concerning unfair business-to-consumer commercial practices in the internal market ("Unfair Commercial Practices Directive"), particularly Article 9 (d), and the Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 Text with EEA relevance, namely but not limited to the Article 12(1), has not been enough to end those kinds of unfair commercial practices.

Coercive Selling on (tied) deposit accounts: mortgage loans and the effect in the commissions relate (726.78 kB 2019-06-04 14:27:35)

Keywords: coercive selling, tied package, bundle package, cross selling, antitrust, unfair commercial practices, financial services, switching costs

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Octavio Viana is member of the Financial Services User Group (FSUG), which was set up by the European "Commission in order to involve users of financial services in policy-making, namely to advise the Commission in the preparation and implementation of legislation or policy initiatives affecting the users of financial services". He is leading a FSUG's subgroup that is studying and examining the "coercive tied selling" practices in the light of the current European regulation. Octávio Viana is President of the Association of Technical Market Analysts (ATM) and member of Securities and Markets Stakeholder Group (SMSG) and of the Corporate Finance Standing Committee as well. SMSG "helps to facilitate consultation between ESMA, its Board of Supervisors and stakeholders on ESMA's areas of responsibility and provides technical advice on its policy development". His extensive experience as a consultant for companies, advising on issues such as strategic analysis, finance, and management, makes him an expert in management, M&A, companies' evaluation, and in the field of banking and capital markets regulations. Octávio Viana published various articles about capital markets, namely "banning short selling is contributing to the market dysfunction", "rating agencies", among others. He also created applications to help the investors to calculate the fair value and risk of companies and countries (i.e. Discounted Cash Flow Model, WACC, Discounted Dividend Model, Altman Z-Score, Credit Default Swaps, Options, etc.). He holds a Ph.D. in Management and Finance, with thesis in “Pairs Trading. Hedging with an Edge”. He has authored the book “Estudos no Mercado de Capitais” that was edited by ATM and sponsored by NYSE Euronext.