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27 April 2022

Re: CEO invitation to roundtable meeting on retail banking exits and account migrations

Dear [CEO]

On 25 June 2021, the Central Bank wrote to the CEO of each of the five main retail banks in Ireland setting out our consumer protection expectations in the context of the changing retail banking landscape. That context included the planned departure of two retail banks and the resultant migration of payment and deposit accounts from those retail banks to new providers.

Since the announcements by the boards of the withdrawing banks in February and April last year, the Central Bank has been engaged with your firm with a view to ensuring that you have planned, prepared and put (or are putting) resources in place to ensure that the impacts on your customers and your staff, as well as the financial system as a whole, are met in an appropriate manner. I acknowledge your teams' ongoing engagement with our supervisors on these matters, and recognise the steps taken and underway to meet this unprecedented challenge.

Notwithstanding the work of your teams, and the coordination of actions by the Banking and Payments Federation of Ireland (BPF), it is clear that a number of concerns are emerging for consumers with respect to switching their payment or deposit account to a new provider. The purpose of this letter is to reinforce and, to any extent necessary, clarify the application of the expectations set out in our letter of June 2021 and to invite you to a roundtable meeting, hosted by Director General, Financial Conduct, Derville Rowland on this subject.

In terms of the Central Bank's expectations in this regard, specifically the following five risks warrant particular attention at this time (see details in the Appendix):

- i) Notice periods
- ii) Application of the switching process
- iii) New provider making commercial decisions in a manner that facilitates a customer making and executing a switch



- iv) Direct debit originators and/or other service providers
- v) Vulnerable customers

The roundtable meeting will be held at 11am on Tuesday, 17 May in the Central Bank of Ireland. It will be an opportunity to further engage on these risks and hear from you how your firms are working together on the matters outlined in this letter to ensure consumers' best interests are protected. It will include a specific focus on the topics outlined in the Appendix, as well as any other aspects of the delivery of our expectations of June 2021 that you wish to raise with us or the wider group present at the meeting. We have extended this invitation also to Mr Brian Hayes, CEO of the BPF.

In the meantime, our supervisory engagement with your firm on the above and other matters relevant to these transactions will continue, and in this context, I recognise the continued work of your staff to meet these challenges.

Yours sincerely

A handwritten signature in blue ink that reads "Colm Kincaid".

Colm Kincaid
Director of Consumer Protection



APPENDIX

Consumer Protection expectations in a changing retail banking landscape 2022

Payment and Deposit Accounts

i) Notice Periods

The Central Bank acknowledges the importance of commencing the schedule of notifications to customers of UBIDAC and KBCI notifying them that their payment or deposit account will close, and the need to set a timeframe within which that is planned to occur. The notification periods proposed currently exceed the minimum period set out in both Provision 3.11 of the Code and Regulation 79 of the Payment Services Regulations¹. We also acknowledge the approach adopted of issuing letters in phases with a view to managing the flow of migrations over the period 2022 into 2023. It will be equally important of course that consumers are facilitated to act on these notifications in a prompt manner so that there is an orderly migration and that firms' plans are agile enough to respond/react to consumer behaviour throughout this period.

It is important to point out that these notifications to customers in no way diminish the duties of the existing provider under the requirements of Irish financial services legislation; such duties remain until the customer has been properly onboarded to another provider. Nor do the notifications diminish the duties under that legislation of any prospective new provider to whom that customer wishes to switch their account.

Firms must act honestly and fairly and at all times in the best interests of their customers and the integrity of the market. In addition, without prejudice to the pursuit of legitimate commercial aims, firms shall not, through policies, procedures, or work practices, prevent access to basic financial services. This includes, without limitation, recognising that:

- Provision 3.11 of the Code states that firms provide “*at least two months’ notice*” where intending to cease operating all or part of a regulated entity – this is a minimum requirement. Firms are required to determine the appropriate notice period by reference to the time that consumers will need “*to enable [the consumer] to make alternative arrangements*”;
- the duty of the existing provider under Provision 3.11(c) of the Consumer Protection Code to “*ensure all outstanding business is properly completed prior to the ... cessation of operations*” includes (in the context of a customer operating an active account and wishing to switch to another provider) ensuring that the customer has switched to another provider, be that via the process in the Switching Code (see further below) or otherwise; and
- the duties of both existing and new provider under the [Central Bank’s Switching Code 2016](#) and relevant provisions of the European Union (Payment Accounts) Regulations S.I. No. 482 of 2016 transposing into Irish law, Directive 2014/92/EU (Payment Accounts

¹ European Union (Payment Services) Regulations 2018 [S.I. No. 6 of 2018]



Directive) to provide a switching service that ensures continuity of service until the migration to the new provider is complete (including without limitation having regard to Recitals 29, 30, 31 and 33 of that Directive).

As previously communicated and in particular in the context of this systemic exercise, this means that the firms withdrawing have a duty to have arrangements for circumstances where, notwithstanding that they have notified customers of the closing of their account, a customer has not been able to conclude a switch of their account to another provider within that notice period. This of course depends on remaining firms' duty to have arrangements in place to onboard accounts as well as a duty of the industry collectively to take collaborative and coordinated action to ensure consumers' interests are protected.

At our roundtable meeting, we expect to hear how your firm plans to deal with these scenarios and how your firm is providing clarity and assurance to consumers, while not taking from the need for customers to take action on foot of the notification they receive.

ii) Application of the Switching Code

The Switching Code provides protections to consumers who choose to avail of the process set out, which itself implements certain requirements of EU legislation². The Switching Code is designed to ensure switching payment accounts is easy and straightforward for the consumer. This includes making a switching pack available to customers (Provision 4.a), outlining the steps and timelines for completing the switching process as well as the actions that must be taken by both the existing and new payment service provider when the customer seeks to initiate the switching process. Provision 10 details that the switch should be completed by the new provider within 10 days of the switching date³.

It is important that the features of the Switching Code are made clear to consumers, including the actions consumers need to take and the responsibilities the Switching Code places on regulated financial service providers who are subject to it (such as your firm). The existing provider also has a duty under Provision 3.11(c) of the Consumer Protection Code to "*ensure all outstanding business is properly completed prior to the ... cessation of operations*" and this includes (in the context of a customer operating a payment account and switching to another provider) ensuring that the customer has switched. These protections will be especially important for consumers who face challenges in migrating their account.

Whether or not a consumer chooses to avail of the process in the Switching Code, the Central Bank expects that the outcome for consumers is that firms execute requests in a timely way to ensure consumers retain continuity of banking services throughout. The Central Bank will continue to track this matter as the migration of accounts progresses and will intervene to the full extent of our powers where this expectation is not being met.

² Articles 9 and 10 of Directive 2014/92/EU.

³ 'Switching date' means the date agreed by the consumer and the payment service provider for the switching process to commence



At our roundtable meeting, we expect to hear further how the banking sector proposes to monitor and assure that this expectation is met.

iii) New Provider making commercial decisions in a manner that facilitates a customer making and executing a switch

When a customer must switch their current or deposit account to a new provider, they will move across to the terms and conditions of that new provider. In certain respects, there may be decisions to be made by the new provider on the provision of certain features, charges or services. A case in point is an overdraft facility, where the terms and conditions of the new provider may be different and require a decision as to the type and nature of an equivalent overdraft facility that provider is willing to offer to the customer. Transparency about the process and timeframes for making such decisions, together with prompt making and execution of decisions, is key to ensuring the consumer experience is as easy and straightforward as possible.

At our roundtable meeting, we expect to hear further from you on the measures you are putting in place to ensure such decisions are made promptly and that there is continuity of service for consumers in the meantime. In this regard, improvements in process to allow overdraft applications to run simultaneously with account opening applications are particularly important – i.e., that transferring customers would not face ‘waiting periods’ before they could apply for such facilities.

iv) Direct Debit Originators and/or other Service Providers

We are mindful of the extent to which banks need to engage with other service providers, including direct debit originators (DDOs), in order to ensure a smooth and timely switch of a customer’s account. At our roundtable meeting, we expect to hear about the progress you have made in your engagements with other service providers and any further action that may be needed in this respect.

The Central Bank is aware that a number of the top 20 DDOs are regulated financial service providers (e.g. insurance companies and payment institutions) and has written to the CEO of each such provider to reinforce their duty to take action to ensure this exercise is completed efficiently, and seeking details of their plans to do so.

v) Vulnerable Customers

In our letter of June 2021, we noted that vulnerability can be transient, temporary or permanent and that all customers are potentially vulnerable to the risk of making uninformed decisions or decisions that are not in their best interests, particularly during times of uncertainty and change.

At our roundtable meeting, we expect to hear whether any particular vulnerabilities have begun to emerge and how your firm is dealing with those in the manner described in our letter, including how your firm has adapted communications and processes to meet the particular needs of vulnerable customers.