



Communication Department

## PRESS RELEASE

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### **The Banco de España reviews the payment service provider procedures in place to help customers change accounts**

The Banco de España has conducted a supervisory action in relation to 19 institutions which, as a whole, have a significant market share in payment accounts. The aim was to learn how institutions provide the payment account switching service and to verify compliance with the regulations.

The payment account switching service seeks to allow consumers to benefit from the market's most advantageous offers and to easily change their payment accounts for others better suited to their interests and needs. To this end, institutions should help customers switch accounts efficiently and swiftly, without imposing on them obligations which the institutions themselves should assume. The account switching service is regulated by Royal Decree-Law 19/2017 and implemented by Ministerial Order ECE/228/2019 of 28 February 2019. This legislation establishes a procedure for switching accounts. Specifically, it requires the two payment service providers involved to actively collaborate, exchange all the information necessary and carry out the actions set out in the legislation within 13 business days, free of charge. The legislation also addresses the possibility for banks to refuse to transfer the balance when there are outstanding payment obligations.

The Banco de España's supervisory action has enabled it to gain adequate knowledge about the functioning of the payment account switching service and the associated procedures carried out by banks. It has also enabled it to identify the conditions payment service providers must meet to facilitate an efficient and swift switching of accounts. These include, among others:

- Keeping their procedures updated.
- Making the account switching application form available to customers both on their website (duly visible) and in all the branch offices, with sufficiently clear, concise and comprehensive information.
- Providing for the switch to be carried out off-site when services are provided remotely.
- Being prepared to send a copy of the customer's authorisation to payers who regularly make incoming transfers and to the beneficiaries of direct debits, so that the customer does not have to directly manage the changes.
- Ensuring that the existence of outstanding obligations is no reason for denying the switch, but only for refusing to transfer the account's credit balance.

- Informing applicants of the reasons why the switching process may not have been possible.

As a result of the action conducted, best practice criteria have been identified. Certain weaknesses regarding compliance with transparency and consumer protection legislation have also been observed. Accordingly, the Banco de España has contacted the institutions to ensure that the account switching service is fully effective and compliant with the applicable legislation.

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