

PAYMENT ACCOUNT SWITCHING. A SWIFT AND EFFICIENT SERVICE THAT INSTITUTIONS MUST OFFER THE CUSTOMER

The payment account switching service, regulated by Royal Decree-Law 19/2017 of 24 November and implemented by Ministerial Order ECE/228/2019 of 28 February, is intended to enable customers to easily switch their payment accounts from their former institution to other institutions whose offer may be more suited to their interests and needs. To this end, the former and new institutions must facilitate an efficient, swift and free switch of their accounts, collaborating and exchanging the necessary information, within a maximum period of 13 working days.

With the aim of verifying the degree of compliance with the obligations established in the regulations, detecting inadequate practices and identifying good practice criteria, a cross-institutional supervisory action was carried out on 19 institutions in 2022.

The review performed showed that: i) although the regulation stresses the importance of the former and new institutions offering a clear, fast and secure account switching procedure, the institutions analysed reported to the Banco de España that they had received a very small number of applications; and ii) the intended efficient and swift switch of payment accounts may not be taking place, firstly, because the new institutions are not giving adequate visibility to the service and, secondly, because they do not appear to be in a position, in all cases, to send the a copy of the customer authorisation to payers of standing orders and issuers of direct debits and, therefore, the customer's direct management is sometimes required to make the changes.

Therefore, the Banco de España addressed these institutions so that they are in a position to ensure that:

- The application form is available on their website, in a visible manner and with a clear and intuitive URL.
- The switch can be completed on a non-face-to-face basis, when services are provided remotely.
- The procedures include, among the actions to be taken by the new institutions, the delivery of a copy of the switch authorisation to the customer.
- The existence of enforceable obligations could only prevent the switch of the balance, but does not prevent the switch of the remainder of the operation.

Also, good practice criteria passed on to the institutions were identified, such as: (i) making videos, infographics or guides available to customers, which ease and guide the customer through the switch procedure when it is completed on a non-face-to-face basis; (ii) the information contained in the switch application form should be clear, concise and complete; and (iii) the receiving payment service provider should communicate to the applicant the reasons preventing the switch process from being completed on paper or on another durable medium.

As a result of the supervisory action, the institutions analysed are making the service visible on their websites and incorporating tools that facilitate the comprehension of the form and guide customers through the procedure for requesting the switch of their accounts.