



Malta Bankers' Association

COMMON PRINCIPLES FOR BANK ACCOUNT SWITCHING

We, the local banks listed in the Appendix hereto, have adopted these Common Principles for Bank Account Switching pursuant to their publication by the European Banking Industry Committee (EBIC) in December 2008, and their endorsement by the European Commission.

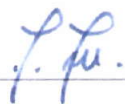
The Common Principles ensure that switching of **domestic personal current accounts** is not onerous to consumers and that their mobility shall not be constrained by any unnecessary delay or cost, or by lack of support from their banks. The Common Principles also increase customers' awareness of the switching-related services they can expect, and aim at reducing consumers' apprehensions with respect to bank account switching.

The background to the publication of these Principles is explained in EBIC's "Preamble" which follows. The Principles which have been adopted are then listed and elaborated upon after this Preamble.

Appendix

List of Banks in Malta which have adopted the Common Principles for Bank Account Switching

APS Bank Ltd.



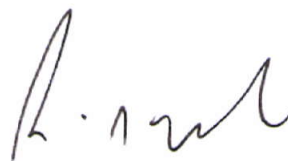
Banif Bank (Malta) p.l.c.



Bank of Valletta p.l.c.



HSBC Bank Malta p.l.c.



Lombard Bank Malta p.l.c.



Volksbank Malta Ltd.



Malta Bankers' Association

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Appendix

List of Banks in Malta which have adopted the Common Principles for Bank Account Switching



FIMBank p.l.c.

Adopted with effect from 1 May 2011



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COMMON PRINCIPLES FOR BANK ACCOUNT SWITCHING

1. Scope

- a. These principles apply to personal current account switching, which means a consumer switching his payments relationship from one bank (the 'former' bank) to another (the 'new' bank), in which he holds or opens a bank account, within his country;
- b. Payments relationship means the maintenance of a current account through which a consumer may make and receive payments;
- c. The Principles only apply to current accounts and recurring direct debits, standing orders for credit transfers and recurring incoming credit transfers¹, which are linked to them.

2. Information on switching

Banks will provide consumers who want to switch their current account with clear and complete information.

- a. Information provided will indicate the respective responsibilities (of 'former' bank, 'new' bank and consumer) and the timescales (if applicable) during the process and if any fees are to be imposed;
- b. Information will be made available on durable medium and supplied by banks and by the Malta Bankers' Association

¹ See Annex 1 for more details.

3. How will banks support the switching?

‘New’ and ‘former’ bank will offer assistance to the consumer in making the necessary arrangements in order to enable a smooth and timely switching.

In all cases, consumers can choose to address the ‘new’ bank as the Primary Contact Point for switching their account, instead of contacting the ‘former’ bank themselves.

The ‘new’ bank will:

- Provide the consumer with a guide to switching²;
- Open a new bank account for the consumer³;
- Help the consumer to provide the new account details to relevant third parties, in particular with regard to the sources of recurrent incoming credit transfers (as for example employers or social security) and direct debits following the creditor mandate driven flow, for instance by providing draft letters⁴. As regards direct debits following the debtor mandate driven flow, the new bank will inform the creditors on the new account details. The new bank will also offer the latter service in case of a creditor mandate driven flow if the client provides it with complete mandate information of creditors to be informed;
- With consent of the consumer, establish existing standing orders for credit transfers and accept direct debits on the new account upon receiving the relevant information from the ‘former’ bank or the consumer. If necessary, additional information shall be provided by the consumer.

If the consumer chooses the ‘new’ bank as his *Primary Contact Point* during the switching, the ‘new’ bank will:

- Contact the ‘former’ bank, if necessary, upon explicit authorisation of the consumer, and request the ‘former’ bank to provide a list with information to identify standing orders for credit transfers and available direct debit mandates on the ‘former’ account. This list shall be sent directly to the new bank, and a copy will be made available to the consumer;
- Request the ‘former’ bank to close standing orders for credit transfers and stop direct debits, upon explicit authorisation of the consumer;

² See Annex 3 for more details

³ Subject to its obligations under any applicable rules (e.g. Anti-Money Laundering Legislation) or its own policies.

⁴ See Annex 3 for more details.

The **'former' bank** will on the request of the consumer or on presentation of an authorised request of the consumer by the **'new' bank** as an intermediary:

- Provide a list with information to identify standing orders for credit transfers and direct debit mandates, if available, on the **'former' account**;
- Close standing orders for credit transfers and stop direct debits.

If the consumer wishes to **close his account** at the **'former' bank**, the **'new' bank** will assist him, for instance by providing draft letters⁵ requesting account closure and the transfer of the available balance of the **'former' account** to the **'new' account**. The consumer will also return his payments cards and unused cheques to the **'former' bank**.

In this case, the **'former' bank** will on the request of the consumer:

- Transfer any available positive account balance to the **'new' account**;
- Close the **'former' account**, unless any problems (as for example a negative account balance or unreturned payment cards) arise, in which case the consumer will be contacted directly.

4. Facilitating switching

- a. The **'former' bank** will not impose fees for closing the old account, except possibly for accounts open less than 12 months in accordance with the Payment Services Directive⁶;
- b. The consumer will have free of charge access to general information about switching (as specified in sections 2a, 2b and 3 bullet point 1), as well as to his personal information (existing standing orders and direct debits) necessary for the switching, if it is available through an automated process at his bank and does not reach back more than 13 months. All such information about the consumer's existing standing orders and direct debits will also be provided from the **'former' bank** to the **'new' bank** without charge for the consumer, if the consumer chooses to use the new bank as his primary contact point;
- c. Fees, if any, for switching related services provided by banks and/or banking communities shall be appropriate and in line with costs. They will be communicated in the information to be provided to the consumer in relation to the account. The level of fees shall be examined specifically in the review process (see section 6 below);
- d. Consumers will not be subject to any fees imposed by the banks as a result of the banks' own errors during the switching;
- e. The consumer should not be subject to any unjustified delay in switching due to banks;

⁵ See Annex 3 for more details.

⁶ Article 45(2) and (4) of the PSD (see Annex 2).

- f. The ‘former’ bank will provide all the available information to identify standing orders for credit transfers and to identify direct debit mandates on the old account within 7 banking working days upon receiving the request;
- g. The “new” bank will set up standing orders and will accept direct debits on the new bank account and notify, where applicable, creditors of direct debits about the change of bank account within 7 banking working days of receiving all the relevant information required to do so, either from the “former” bank or from the consumer.

5. Implementation

EBIC Members will coordinate the implementation of these Common Principles by the national banking communities.

- a. In Malta, the implementation of the Common Principles will be coordinated by the Malta Bankers’ Association;
- b. The Association will inform national consumer organizations about the implementation of the Common Principles;
- c. Consumers who have a complaint about participating banks’ compliance with these principles shall have access to the Consumer Complaints Unit within the Malta Financial Services Authority. Contact details are as follows:

Consumer Complaints Manager
Malta Financial Services Authority
Notabile Road,
Attard BKR3000
Tel: (+356) 2144 1155
Freephone: (+356) 800 74924
e-mail: consumerinfo@mfsa.com.mt
www.mfsa.com.mt/consumer

6. Monitoring

EBIC is committed to ensure appropriate monitoring of these Common Principles.

- a. EBIC will undertake a review process 1 year after the entry into force of the Common Principles at national level;
- b. The Malta Bankers Association will monitor the implementation of and compliance with these Common Principles. There will also be an evaluation process. This evaluation will be conducted by the Consumer Complaints Unit within the Malta Financial Services Authority in coordination with the Malta Bankers’ Association.
- c. EBIC will regularly inform the European Commission and European consumer associations on the operation of the Common Principles.

Annex 1 – Relevant Payments Services

What are consumers concerned about when they switch current accounts?

- Consumers may be worried that there will be problems regarding **incoming** payments like, for example, their salary, pension benefits, etc.
- Consumers may also be worried that there will be problems regarding **outgoing** payments, like rent payments, insurance premia, payments for utility, credit card payments, etc.

Payments, incoming as well as outgoing, are either made on a **‘one-off’** basis or are **‘recurring’**, in the sense that they are repeated transfers between the consumer and the same counterparty.

When a consumer switches current account, the only payments which can be disrupted in the process are **recurring payments**. Hence the payment services to be covered by the Common Principles are:

- **Recurring incoming credit transfers**
- **Recurring direct debits***
- **Standing orders for credit transfers.**

*The Common Principles apply to direct debits, with the restriction that information cannot be supplied by the ‘former’ bank if such information is not at the disposal of the bank.

This is the case if direct debit mandates are only exchanged between the consumer and a third party without necessarily involving their banks (*‘creditor mandate driven’*), so that the debtor bank does not have the details on the mandate signed by the debtor, since those are stored with the creditor. Consequently, the mandate data being stored with the creditor and not with the debtor bank, the consumer will have to take some responsibility in the switching process in identifying which mandates he has signed. In this case it may also be necessary that the consumer contacts counterparties directly, in which, of course, he can be supported by the ‘new’ bank.

In the case of direct debit mandates which are exchanged directly between consumers and their banks (*‘debtor mandate driven’*), the ‘former’ bank will be in a position to provide details of such mandates to the ‘new’ bank.

Annex 2

Article 45 of the Payment Services Directive: Termination

- (2) Termination of a framework contract concluded for a fixed period exceeding 12 months or for an indefinite period shall be free of charge for the payment service user after the expiry of 12 months. In all other cases charges for the termination shall be appropriate and in line with costs.
- (4) Charges for payment services levied on a regular basis shall be payable by the payment service user only proportionally up to the termination of the contract. If such charges are paid in advance, they shall be reimbursed proportionally.

Annex 3 - Guide to switching your current account

It is important to do things in the right order. Remember that you can use your new bank as the **Primary Contact Point** during the switching.

The correct procedure is as follows:

STEP ONE - *Opening a new account in the bank you have chosen.*

When you open a new account the bank will give you an account agreement stating all the terms of the account and how it functions. Read this document carefully. It is effectively the "user guide" to your account.

Along with this account agreement you will be given a price list for all banking services. The prices shown must be those currently applicable.

Ask for **Account Identifiers**, namely your new account number, the corresponding International Bank Account Number (IBAN), and the full address of the bank's branch where the account is being opened. You can use the Account Identifiers to pass on your new bank details to all counterparties that make automatic payments into this account (salaries, pension, benefits etc.) or to set up new standing orders or direct debits from this account (taxes, rent, insurance, utility bills etc.).

Order any cheque books or cards that you will need. Ask the bank how long it will take before cheques/cards will be ready for use.

STEP TWO - *Transferring all automatic payments to your new account*

Bear in mind that it will take the bank some time to complete the transfer. Within that time, payments may continue to come out of your old account. Remember to keep enough money in the account to meet any outstanding cheques or other payments due.

You can use your new bank as your *Primary Contact Point* and as an intermediary for your contacts with your old bank.

Your old bank, on request, will provide you or your new bank with a list of direct debit mandates and standing orders as far as this information is available⁷. Also, your old bank, on request, will cancel all standing orders and direct debits from your account.

Your new bank will reinstall the standing orders and direct debits and provide you with standard form letters (Letter 1, below) to inform other counterparties, as for example your employer, of your new bank details. Your new bank will also provide you with standard letters (Letter 2, below) to creditors to ask them to transfer the direct debits to the new account.

⁷ For 'creditor mandate driven' direct debits, the old bank may not have any information and can therefore not provide it to the new bank or the customer.

STEP THREE – *Closing your current account*

Request the closure of the old account once everything has been settled.

Two things must have happened before you ask your old bank to close your account.

First, all outstanding cheques/ bills must have been presented.

Second, all automatic incoming and outgoing payments (salary, pension, standing orders and direct debits) must have been transferred to the new account.

For requesting the closure of your old account you can use a standard letter (Letter 3, below).