

RULES AND PROCEDURES FOR BANK ACCOUNT SWITCHING

Information for customers

Ljubljana, November 2009

I. Background

In 2007, the member institutions of the Bank Association of Slovenia embraced the initiative launched by the Slovenian Consumers' Association to develop a guide to personal account switching and prepared the Rules and Procedures for Bank Account Switching (hereinafter: "the Rules"). The consultation process involved also the Bank of Slovenia and the Competition Protection Office. The European Commission and the European Banking Industry Committee drafted in 2008 and 2009 the Common Principles for Bank Accounts Switching, which the member institutions of the Bank Association of Slovenia incorporated in these Rules.

The objective of these Rules is notably to put in place a standard code of banking practice designed to facilitate personal account switching from one financial institution to another by making it quick and straightforward.

II. What is it and why do consumers need the Rules?

These Rules apply to switching personal transaction accounts (hereinafter: "the account") of natural persons (hereinafter: "the customer") from one bank to another (the term "bank" refers also to savings banks). This shall not be construed as bank account switching where the same account number is preserved. The Bank Association of Slovenia and its member institutions have drafted these Rules for banks and their customers to help make the process of switching personal bank accounts quicker and more straightforward.

The procedures designed to facilitate bank account switching are outlined in these Rules alongside the division of roles and responsibilities and the time frame for switching the customer's payments relationship.

III. What accounts do the Rules cover?

These Rules shall apply only to switching the account on which all customer's obligations have been duly settled.

If the customer has also other account-related services (e.g., payment cards, loans/credit facilities automatically charged against the account) provided on the account in question, the terms and conditions agreed to apply to these services may be subject to a change after the account is closed (e.g., higher interest rate on the outstanding loan, higher subscription fee on payment cards, ...).

IV. Procedures – responsibilities on personal account switching

The members of the Bank Association of Slovenia, which have subscribed to these Rules, have agreed to provide assistance to customers/consumers in making the arrangements for account switching as follows:

- Should a customer request a personal account switching, the bank will provide for the account switching in accordance with the provisions laid down in these Rules. In the case that a customer should decide to change the bank, he/she has to open an account with the »new« bank as a prerequisite for beginning the switching procedure. The customer shall file the Account Transfer Request Form for switching bank with the »new« bank (hereinafter: the Account Transfer Request Form), which contains the customer's request for closing the account held with the »former« bank.
- The "new" bank acting upon the customer's request shall send the Account Transfer Request Form to the »former« bank and on the following working day at the latest, the "new" bank shall notify the employer – payer – of the number of the new account. Notifying any other credit transfer sources shall be the responsibility of the customer.

- When the »former« bank receives the Account Transfer Request Form, it shall check whether the customer has settled all obligations on the account and if so, it shall continue with the procedure specified in these Rules. In the case that the terms and conditions for bank account switching have not been fulfilled, the "former" bank shall notify the customer and the "new" bank and agree the further steps to switching the account (the time frame for account switching can be extended, or account switching will not be carried out in line with these Rules).
- Provided that the terms and conditions for account switching have been fulfilled, the »former« bank will prepare a list of information to identify the standing orders for credit transfers and direct debit mandates on the customer's "former" account within three working days following the receipt of the written Account Transfer Request Form at the latest. With the consent of the customer, the »former« bank shall provide a list with the aforementioned information to the customer and/or to the customer's »new« bank of choice.
- The »former« bank will close standing orders for credit transfers and stop direct debit arrangements on the presentation of the Account Transfer Request Form within five working days following the receipt of the Account Transfer Request Form. The "former" bank will inform the direct debit originators by electronic mail of stopping the direct debit arrangement.
- Prior to closing the account, the »former« bank will arrange with the customer to return cheque books and payment cards (issued by it, as well as unused cheques and payment cards of other authorised persons), it will agree the repayment of outstanding loans (if any) and other details.
- The »new« bank will reinstall standing orders and accept direct debits based upon the information regarding the standing orders and direct debits provided by the »former« bank within three working days following the receipt of the list of standing orders and direct debits from the "former" bank and in agreement with the customer.
- Once all steps to switching a personal account have been completed and all obligations on the account have been settled, the »former« bank will close the account and transfer the outstanding balance to the account opened with the »new« bank. The »former« bank will have to send back any incoming payments credited to the closed account to the originator, since no credit transfers can be made in favour of accounts that have been closed.
- No fees shall be charged for switching-related services provided by banks under these Rules other than actually incurred costs (e.g., postage).
- The personal bank account switching should be completed within 14 working days, provided that all terms and conditions for closing the account have been complied with in accordance with the contract on opening and maintaining personal transaction accounts and in conformity with the general terms and conditions for the maintenance of personal transaction accounts through which customers may make and receive payments.

Respective responsibilities of banks and customers

The "new" bank shall be obliged to provide the customer with the following information in relation to the account:

- The possibilities for and transactions available on different types of accounts,
- The general terms and conditions for making transactions and the provisions of the account-opening contract, e.g., payment relationship and mandates to make payments (by electronic banking, by telephone banking, by payment card, by standing order, by direct debit, ...),
- The bank's fees, commitments and charges (price list),
- Effective rates of interest,

- The bank account switching pack taking customers through the process:
 - the completion of the Account Transfer Request Form ,
 - the information regarding the originator of standing orders and direct debits,
 - the responsibility i for settling direct debits during the bank account switching phase,
 - the importance of informing the payer or other credit transfer sources about the new account,
 - the obligatory provision of a positive balance in both the "old" and the "new" account to honour obligations (standing orders, direct debits, cheques, payment cards ...), disposal with funds and payment of all fees charged on both accounts,
 - the duration of the entire procedure, and
 - the information about a contact person/point of contact to help customers with any queries.

On the occasion of opening a personal bank account, the »new« bank must carry out the full-scope identification of the customer in accordance with effective regulations, while the customer must present to the »new« bank on the occasion of identification at least one personal identification document as proof of identity and his/her tax number.

Responsibilities of the customer

- The customer shall be obliged for the purpose of bank account switching to the »new« bank open an account and complete and sign the Account Transfer Request Form.
- The customer shall be obliged to provide sufficient cover in the account held with the »former« bank and thus enable any outstanding transactions to be executed (direct debits, cheques, cards ...).
- The customer shall be obliged to notify all potential payers of the bank account switching, except for those informed by the bank upon his/her explicit authorisation.
- The customer must terminate the business relationship with the »former« bank in accordance with the contract on opening and maintaining a bank account and the general terms and conditions for making transactions through the personal account (to settle all outstanding obligations, return payment card(s) and unused cheque (issued by it, as well as unused cheques and payment cards of other authorised persons), set up arrangements for repaying loans, ...).
- The customer shall check carefully the list with the information on direct debits and standing orders prepared by the »former« bank, and he/she shall agree with the »new« bank at its earliest convenience any changes in the new account related to direct debits and standing orders. Specifically, the terms and conditions for setting up and fees charged on individual direct debits and standing orders may differ greatly from one bank to another.

The »former« bank shall be obliged to:

- Prepare information regarding standing orders and direct debits and dispatch such information in accordance with the customer's request,
- Take steps to arrange with the customer if necessary:
 - Cancellation of unused cheques, return of debit / payment / credit cards of the cardholder and any duly authorised persons,
 - Agreement on the new manner for repayment of outstanding loans, and
 - Other,
- Close standing orders and stop direct debits,
- Transfer the outstanding balance to the account opened with the »new« bank, and
- Close the account.

V. Monitoring the implementation of and compliance with the Rules and customer relations management

The Bank Association of Slovenia is responsible for monitoring the implementation of and compliance with these Rules and Procedures in banks, that is, this mandate can be given to another duly appointed by the Retail Banking Committee that operates within the framework of the Bank Association of Slovenia.

The Bank Association of Slovenia will monitor whether the Rules are in place and duly observed by undertaking a review process as follows:

- By monitoring whether the banks' websites feature adequate information,
- By monitoring whether adequate information and forms are available in bank branches, and
- In special cases it may ask the bank for internal guidelines for the implementation of the account switching procedures.

In addition, the Bank Association of Slovenia will be monitoring the implementation of the Rules and procedures also by obtaining from the participating banks occasional feedback information on the implementation of the procedures for switching bank accounts.

As regards customer complaints, that is, disputes with customers that arise from the implementation of these Rules and the procedures for personal bank account switching any such disputes shall be referred to the Settlement Council operating within the framework of the Bank Association of Slovenia, in which also the representatives of consumer organisations are to be involved.

VI. When will these modified Rules enter into force?

These modified Rules shall enter into force on 1 November 2009, and they shall apply as of 16 November 2009 onward.

The following member institutions of the Bank Association of Slovenia have subscribed to these Rules:

Abanka Vipa d.d.
Banka Celje d.d.
Banka Koper d.d., Koper
Banka Sparkasse d.d.
Banka Volksbank d.d.
BKS bank AG, Bančna podružnica
Delavska hranilnica d.d., Ljubljana
Deželna banka Slovenije d.d.
Gorenjska banka d.d., Kranj
Factor banka d.d., Ljubljana
Hranilnica LON d.d., Kranj
Hypo Alpe – Adria – bank d.d.
KD banka d.d., Ljubljana
Nova kreditna banka Maribor d.d., Maribor
Nova Ljubljanska banka d.d., Ljubljana
Poštna banka Slovenije d.d., bančna skupina Nove kreditne banke Maribor d.d.
Probanka d.d.
Raiffeisen banka d.d.
SKB banka d.d., Ljubljana
UniCredit Banka Slovenija d.d.