

Payment Accounts Directive – banks will soon have to set up an account for anyone

By Lutz Auffenberg – German Attorney at Law at WINHELLER

As of this summer, the new Payment Accounts Directive will be transposed into the national law of each member state of the European Union. For this reason, the German Bundestag adopted the new German Act on Payment Accounts on April 11, 2016.

Consumers entitled to have a basic payment account

The regulations relating to basic payment accounts caused the most significant media response. Payment institutions will be obligated to provide each consumer with a current account including standard functions without discriminating anyone meaning that anyone legally residing in the European Union will be entitled to open a basic bank account. This includes asylum-seekers as well as persons who cannot be deported. The price of this account must be 'reasonable'.

Simplified payment account switching

Perhaps the most important innovation for payment institutions in addition to the basic account is the simplification of switching accounts. Both the client's new and old financial service providers will have obligations under the Act on Payment Accounts. The client will authorize the new provider to carry out the change by means of a legally prescribed form. The new provider will then have two days to notify the old financial service provider and to request all relevant data, such as authorizations for direct debit and standing orders. These must then be transferred to the new account within five days, allowing consumers to switch to a new account in a seamless way.

In addition, payment institutions will have to comply with new obligations regarding business transactions. They must provide clients with an easily understandable information sheet at all times, showing prices and fees that arise in connection with managing a payment account.

We will be happy to explain how to integrate the new requirements into your business processes in a legally compliant manner. Our specialized attorneys are looking forward to hearing from you.

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