



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

**Information Release**

**16 December 2011**

### **Central Bank Inspection and Mystery Shop Identifies Concerns about Information Provided on Current Account Switching**

The Central Bank of Ireland today (16 December 2011) published the results of a review of the current account switching process. The review comprised an on-site inspection and a mystery shopping exercise conducted across four banks.

The aim of the inspection was to assess how well the switching process works for consumers and the extent to which frontline bank staff provide information to consumers, and are aware of and understand the Central Bank's Switching Code<sup>1</sup>.

The mystery shopping exercise identified concerns about the level of awareness and understanding of the Switching Code by branch staff, and the quality of information provided to consumers when making enquiries about switching. However, the on-site inspection found that the switching process is generally working well and within the statutory timeframes allowed, although consumers continue to experience problems when moving direct debits when switching.

Director of Consumer Protection, Bernard Sheridan, said: 'We are disappointed and concerned at the quality and standard of information and interactions between consumers and branch staff as experienced by our mystery shoppers. This falls short of our expectations and may discourage consumers who wish to switch from doing so.'

It is vital that all switching information provided to consumers, both verbal and written, increases their awareness and understanding of the switching process, and supports them to switch accounts smoothly and efficiently. We have informed all banks that branch staff should be fully trained to provide quality and timely information on switching to consumers. The switching of direct debits, in particular, can cause consumers undue hassle and cost on occasions when not carried out on time and serves to put consumers off switching.'

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<sup>1</sup> [Code of conduct on the Switching of Current Accounts with Credit Institutions](#)

## **On-Site Inspection**

The onsite inspection reviewed switching during the period October 2010 to June 2011 and the main issues identified are:

- Low levels of switching with only 6,114 current accounts switched in the period representing 0.16% of all current accounts in the four banks.
- Communication with customers was poor, therefore banks should enhance the ways in which they communicate with consumers in order to ensure that the switching process works smoothly and efficiently for consumers.
- Complaints that relate to switching are not always categorised as such. Banks should be in a position to readily identify complaints specific to this area. Banks should also engage in regular analysis of the volume and nature of such complaints, to highlight possible areas that require attention.
- Issues that arise in the switching process can be due to delays in relation to direct debit originators updating their records. Banks should continue to work with the direct debit originators to make improvements in this area.
- Banks did not retain all relevant documentation, including correspondence issued to consumers, other banks, direct debit originators, etc., in order to be able to demonstrate compliance with the Switching Code.
- Not all banks regularly review their switching process, therefore, banks are recommended to consider how compliance with the Switching Code and the switching process can be tested and to include these in their compliance planning going forward.

## **Mystery Shopping Exercise**

A mystery shopping exercise was carried out in September 2011 by a third party appointed by the Central Bank and involved visits to sixty branches of the four banks on a nationwide basis.

The main findings of the mystery shopping exercise were:

- Only half of the mystery shoppers felt encouraged to switch after the visit.
- Bank staff lacked awareness and training in the Switching Code. It was found that:
  - Only half of the staff were aware of the switching process spontaneously once the mystery shopper stated they wished to move their account;
  - One fifth requested that the mystery shoppers make an appointment with a specific staff member. This made the process more difficult and could deter the customer from switching;
  - The switching pack, which sets out the information required by the consumer to go through the process, was provided in less than half of the visits and half of those were incomplete;

- Explanations of how standing orders, direct debits and salary payments would be dealt with were provided on just over half the visits.

The Central Bank has informed all banks of the results of this inspection and mystery shopping exercise. Individual feedback has been provided to the banks concerned and they are required to consider the results and report back to the Central Bank, particularly with regard to awareness of and compliance with the Switching Code and provision of consumer information.

The findings in one bank were particularly unsatisfactory and we have requested that a plan, including proposed timelines, be put in place by end-February 2012, to address the issues identified and to report back on progress to the Central Bank.

The findings and recommendations will also feed directly into a formal review of the Switching Code which will take place in 2012.

## **ENDS**

**Further information: Press Office (01) 224 6299, [press@centralbank.ie](mailto:press@centralbank.ie)**

## **Notes for Editors**

### **Code of Conduct on the Switching of Current Accounts with Credit Institutions ('the Switching Code')**

The statutory Switching Code came into effect on 1 October 2010 and replaced the Voluntary Switching Code that was previously in place by the IBF. The Switching Code applies to current accounts held by *consumers* and that are denominated in Euros. This Code applies where:

- (i) a *consumer* is switching a current account denominated in Euros held with a *credit institution*, to a current account with another *credit institution*; and
- (ii) a *consumer* is switching the active *direct debits* and standing orders on a *current* account to another existing current account with a different *credit institution*.

The Switching Code sets out rules for credit institutions with regard to the operation of the Switching process and aims to make the process as straightforward as possible for consumers, setting out timeframes for when the process has to be completed.

The Switching Code is available at:

<http://www.centralbank.ie/regulation/processes/consumer-protection-code/documents/code%20of%20conduct%20on%20the%20switching%20of%20current%20accounts%20with%20credit%20institutions%201%20october%202010.pdf>