



Subject: Best practice to be observed by credit institutions to simplify and standardise the commissioning of deposit accounts

Credit institutions play a central role in promoting responsible financial citizenship. Deposit accounts are a key banking product for financial inclusion. Aware of these facts, Banco de Portugal deems that the provision of minimum banking services by credit institutions taking deposits and carrying on relevant activities in retail banking markets should be more widespread.

Considering that only natural persons holding no more than one deposit account may have access to minimum banking services, Banco de Portugal deems that credit institutions should provide a standard deposit account including, in general, the minimum banking services set out in Decree-Law No 27-C/2000 of 10 March, in the wording in force, but without the access or commissioning restrictions set out in that Decree-Law.

Moreover, analysing national and international practice relating the commissioning of deposit accounts, it has been concluded that national practice in force is complex, hampering the comparison of commissions. For this reason, Banco de Portugal considers that credit institutions should adopt a standardised, simpler and more transparent commissioning model for those accounts, appropriate for the service provided, which should be clearly identified.

Deposit accounts are a base product which constitutes an infrastructure indispensable for access to the banking system. Nevertheless, Banco de Portugal recognises the legitimacy of charging a maintenance fee, as a counterpart of the provision of services inherent in the account, which must necessarily include instruments for the respective operation by the depositor. This supervisory entity, however, deems that the commercial practice of changing the amount of the fee depending on the deposit account average balance is not appropriate.

Banco de Portugal also points to the pressing need to increase transparency in order to ensure that the customers perceive more easily the fees and respective ancillary services related to reference banking products. This is a necessary condition for comparing the products provided by credit institutions. Banco de Portugal will provide an instrument for comparing standardised fees in the Bank Customer website.

Hence, in use of the powers conferred on it by Article 17 of its Organic Law, Banco de Portugal lays down the following:

1. Standardised deposit accounts

Banco de Portugal considers that there must be two types of standardised deposit accounts for natural persons, namely:

- (a) A minimum banking service account, as regulated by Decree-Law No 27-C/2000 of 10 March, in the wording in force; and
- (b) A deposit account, called “base account”, as described in Number 3 below.

Credit institutions may also provide other types of deposit accounts. For this purpose, they should consider the best practice described herein.

2. Minimum banking service account

Banco de Portugal considers that deposit-taking credit institutions carrying on their relevant activity in the retail banking product sector should join the access system set out in Decree-Law No 27-C/2000 of 10 March, in the wording in force.

3. Base account

Banco de Portugal considers that deposit-taking credit institutions should provide a standardised deposit account, called “base account”, with the characteristics described below:

- (a) The services included in a base account should correspond to the following:
 - i) Services related to the taking, maintenance, management and holding of a deposit account;
 - ii) Provision of a debit card to each account holder;
 - iii) Access to account operations through ATMs, home banking and at credit institutions’ counters;
 - iv) Operations included: deposits, withdrawals, payments of goods and services, direct debits and domestic interbank transfers;
 - v) Without prejudice to the provisions of paragraph iii) above, withdrawals at any credit institution’s counter may be limited to three within the same month. If the customer wishes to carry out more than three withdrawals at the counter in the same month, credit institutions may charge the respective fee set out in the price list.

- (b) A single consideration shall be due for the services described in the foregoing paragraph, called “base account servicing fee”, which shall be freely set by credit institutions, taking due account of fairness and proportionality principles.
- (c) Credit institutions may exempt their customers from paying the base account servicing fee, but cannot change the respective amount to reflect average account balances.

4. Other accounts

Within the scope of their contractual freedom, credit institutions may provide other deposit accounts with characteristics differing from those of base accounts.

Credit institutions may, in particular, consider the optional acquisition of other financial products or services associated with the deposit account (“Package accounts”), provided that they are not linked to products implying capital-loss risks (See Circular-Letter No 31/2011/DSC).

5. Terminology

For terminology consistency purposes, Banco de Portugal considers that:

- (a) The consideration due for the services included in the minimum banking services should be called “minimum banking service fee” and include the “fees, expenses and other costs” referred to in Article 3 of Decree-Law No 27-C/2000 of 10 March, in the wording in force;
- (b) The consideration due for the services included in the base account described in paragraph 3 above should be called “base account servicing fee”;
- (c) The consideration due for the services included in other deposit accounts should be called “(...) servicing fee” following the designation of the account;
- (d) The consideration due for the services included in Package accounts should be called “management fee”.

6. Implementation

Banco de Portugal considers that credit institutions should, in the shortest possible time, introduce the adjustments deemed necessary for the implementation of the best practice stipulated herein.

Sent to:

Banks, Central Mutual Agricultural Credit Bank, Caixa Económica Montepio Geral, Caixa Geral de Depósitos, Mutual Agricultural Credit Banks, Savings Banks, branches of credit institutions having their head office in third countries and branches of credit institutions having their head office in the European Union.