PAYMENT ACCOUNTS WITH BASIC FEATURES

This informative leaflet is issued pursuant to the Comparability of Fees, Payment Account Switching and Access to Payment Accounts Law of 2017 (64(I)/2017)

REPUBLIC OF CYPRUS

CONSUMER PROTECTION SERVICE
Ministry of Energy, Commerce and Industry

WHAT IS A PAYMENT ACCOUNT WITH BASIC FEATURES?

A payment account with basic features is a bank account held in the name of one or more consumers and is used to execute payment transactions. It covers the usual transactions carried out by a consumer (i.e. a natural person who acts for purposes that do not fall within his commercial, business or professional activity) in his daily life. Indicatively, a payment account with basic features includes the following services:

(a) the carrying out of all the operations required to open, operate and close a payment account;

(b) deposit of cash, checks and payroll remittances;

(c) cash withdrawals at the counter or through an automated teller machine (ATM) during or outside the working hours of the credit institution;

(d) direct debits, for example the payment of utility bills;

(e) payments by card, including online payments;

(f) credit transfers, including standing orders from terminals, counters and online, depending on the services offered by each credit institution.

WHAT ARE THE BENEFITS OF A PAYMENT ACCOUNT WITH BASIC FEATURES?

- The fees for the services provided through the payment account with basic features are determined by the Minister of Finance with the issuance of relevant decrees. The decrees are published on the website of the Ministry of Finance.
- By opening such an account, the holder is entitled to receive a payment card, which will enable him to withdraw cash and pay for purchases that will be completed either online or in stores.
- Through the payment account with basic features, it is possible to grant access to the holder to online banking services.
- The opening of a payment account with basic features does not create an obligation to the holder to purchase additional services from the credit institution (e.g. to enter into an insurance contract).

HOWEVER:

- The payment account with basic features is used only for personal, not for commercial purposes (the payment or deposit of salary in the account falls under the use for personal purposes).
- The consumer can designate a payment account with basic features in a credit institution, regardless of whether he has a banking relationship with other credit institution(s).
- A payment account with basic features may be a joint account.

ARE THE PAYMENT ACCOUNTS WITH BASIC FEATURES COVERED BY THE DEPOSIT GUARANTEE AND RESOLUTION OF CREDIT AND OTHER INSTITUTIONS SCHEME (DGS)?

Payment accounts with basic features are covered by the DGS. It is noted that the maximum amount of compensation paid by the DGS, per depositor and per licensed credit institution, is €100.000, including any accrued interest. This limit relates to the total deposits of a depositor with the specific credit institution, including the credit balance of the payment account. Additional information on the DGS and its operation is available on the website of the Central Bank of Cyprus - Deposit Guarantee & Investors' Compensation.

WHICH CREDIT INSITUTIONS PROVIDE PAYMENT ACCOUNTS WITH BASIC FEATURES?

The list with all the credit institutions which provide the services of payment accounts with basic features is available through the website of the Central Bank of Cyprus - Directive on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features.

WHO IS ELIGIBLE TO HOLD A PAYMENT ACCOUNT WITH BASIC FEATURES?

If you are a consumer and legally reside in the European Union, you have a right of access to payment accounts with basic features, irrespective of the place of residence.

Persons who do not have a permanent address of residence, are asylum seekers or do not have a residence permit (meaning that their deportation is de facto or for legal reasons impossible) are not deprived of the right of access to services of payments with basic features.

In addition, access to an account with basic features does not depend on the consumer's financial position, employment status, income level, credit history or personal bankruptcy.

WHAT IS THE PROCEDURE TO BE FOLLOWED IN ORDER TO APPLY FOR OPENING A PAYMENT ACCOUNT WITH BASIC FEATURES?

If you are interested in opening a payment account with basic features, you should submit an application to one of the credit institutions that offer such accounts. The credit institution which you will apply to, must open the payment account with basic features or refuse your application, in any case without undue delay and no later than ten (10) working days from the receipt of a complete application. In case your application is rejected, the credit institution must notify you immediately of the rejection and the specific reasons thereof, in writing and free of charge, unless such information is contrary to the objectives of national security, public order or the provisions of the Prevention and Suppression of Money Laundering Activities Laws. The credit institution has the right to reject your application if you already have a payment account with basic features in another credit institution in Cyprus, unless this other credit institution has notified you that it intends to close your payment account.

In case of rejection, the credit institution is required to indicate the procedure which should be followed in order to file a complaint against the rejection decision and about your right to contact an Alternative Dispute Resolution body for Consumer Disputes (ADR body) [CONSUMER PROTECTION SERVICE - Information for Consumers].

IN WHICH CASES DOES THE CREDIT INSITUTION HAVE THE RIGHT TO UNILATERALLY TERMINATE THE CONTRACT FOR PROVISION OF ACCESS TO A PAYMENT ACCOUNT WITH BASIC FEATURES?

A credit institution has the right to unilaterally terminate the contract for provision of access to a payment account with basic features, only in cases where at least one of the following conditions exists:

(a) the payment account with basic features has been intentionally used for illegal purposes;

(b) no transaction has been executed through this account for more than twenty-four (24) consecutive months;

(c) the account holder has provided inaccurate information in order to open the account, provided that the correct details would not provide the holder with this right;

(d) the holder does no longer legally reside in the European Union.

When a credit institution terminates the contract of a payment account with basic features for one or both of the reasons set out in paragraphs (b) and (d) above, it shall inform the holder of the reasons for termination at least two (2) months in advance, in writing and free of charge, unless such information is contrary to the objectives of national security or public order. In the event that a credit institution terminates the contract pursuant to paragraphs (a) and / or (c) above, the termination shall take effect immediately without the need for a notice period.

Together with the notice of termination, the credit institution is required to indicate the procedure which should be followed in order to file a complaint against the rejection decision and about your right to contact an ADR body for Consumer Disputes.

WHAT KIND OF SERVICES DO THE ADR BODIES PROVIDE AND HOW CAN SOMEONE APPLY TO AN ADR BODY?

ADR bodies provide consumers with the opportunity to resolve any disputes with a credit institution easily, quickly and with low cost. The ADR bodies are flexible and impartial and offer all the necessary information and guidance. In case the consumer changes his mind and no longer wants the mediation of the ADR, he can withdraw from the process at any time.

All the licensed ADR bodies as well as the relevant information about their services are published on the website of the Consumer Protection Service (see above).

Consumer Line: 1429

www.consumer.gov.cy

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