



1. Overview

In 2021 Ulster Bank Ireland DAC (Ulster Bank) and KBC Bank Ireland (KBC Bank) announced their intention to exit the Irish retail banking market, representing a seismic shift for Irish retail banking. The Central Bank recognised the challenges that were likely to face consumers as a result, and that actions would need to be taken by the banking system collectively to ensure that customers were fully supported in line with the banks' obligations to their customers. This included in the migration and closure of over 1.2m customer bank accounts held at the exiting banks.

This has been a priority issue for the Central Bank since the withdrawals were announced. Our in-depth supervisory work has been conducted in phases, throughout which we have engaged intensively with the five retail banks, other relevant regulated entities (e.g. insurance providers) and other stakeholders to assess and manage the implications of the migration of such a large number of accounts on affected customers and the retail banking sector in Ireland. Our supervisory focus has been to ensure that customers are protected throughout the process and that the integrity of the financial system is protected.

The final statistics in relation to account migration activity illustrates the level of progress achieved over the last 18 months to close and migrate 1.2m customer accounts. At the end of June 2023, 96 per cent of all current accounts that were open in Ulster Bank and KBC Bank at the beginning of 2022, were either closed or inactive, while 17,576 current accounts remained open in the leaving banks were deemed as being the customer's 'primary' account. The true figure is likely to be even lower as the definition of a 'primary account' is backward looking based on the customer's past activity.

The level of accounts being opened on a monthly basis across the system are now back in line with the expected level of activity. In addition, branch, call waiting and other customer service indicators (including number of complaints) have remained stable. As a result of the phased, planned and coordinated approach by stakeholders across the financial system, the potential for system wide consumer detriment was mitigated.

The Central Bank will continue to monitor closure activity and the position remains that no account shall be closed until the exiting bank has taken all reasonable steps to support the customer to migrate their account.

2. A phased approach

The Central Bank took a phased approach, which was multi-faceted and extensive covering all aspects of the migration of current and deposit accounts. A dedicated programme of work was established, supported by a number of teams working across the Central Bank taking all necessary



steps across the full breadth of its mandate to ensure that the transition was as smooth as possible in the public interest.

In June 2021 the Central Bank published a [Dear CEO letter on the Changing Retail Banking Landscape in June 2021](#), which set out our expectations of how consumers must be treated throughout the period of change and consolidation. It set out a series of actions that we expected the banks to take to avoid systemic consumer detriment, ensure customers' interests were protected and financial stability was maintained throughout the process.

Throughout this phase there was ongoing supervisory engagement with the banks, including reviews of their operational preparations and planning. This included, for example, identifying the work that firms needed to do on call waiting times, given the likely increase in calls as customers took steps to migrate their accounts. In February 2022, the Central Bank published the outcomes of [a review of call waiting times](#), to highlight the need for further action by the banks to ensure that customer service operations and supports were in place for customers during this period of transition. The review found that there were significant issues and unacceptable waiting periods on the banks' customer service phone lines. The banks were required to put in place robust action plans to ensure the level of customer service provided on support phone lines is sufficient to manage both normal call volumes and to deal with surge events, in line with the expected increase in demands.

In Q1 2022, the Central Bank established a cross-Bank working group to focus on account migration activity, as the scheduled timelines for customers to begin moving their accounts were announced. This was supported by a detailed work programme based on ensuring customers are given appropriate time and support to move their banking arrangements. In the initial phase of this work, based on supervisory analysis and insights, the Central Bank determined that there was a need for more coordination and collaboration across the banking system, to ensure that the exercise was completed in line with expectations. In [April 2022, a second Dear CEO letter was issued](#) to reinforce and, to any extent necessary, clarify the application of the expectations set out in our letter of June 2021.

Stakeholder engagement has been a priority in all phases of the Central Bank's work on account migration, in recognition of the broad impact on customers and the need for a coordinated approach across a range of issues beyond the Central Bank's specific remit. This has included engagement with the Department of Finance, Department of Social Protection and other government departments, other State regulators, industry and staff representative bodies, public representatives, consumers and a range of sectoral representatives.



3. System-wide action and engagement

The first phase of supervisory work identified a need for a more coordinated approach by the main retail banks to the migration. In May and June 2022 the Central Bank arranged a series of roundtable meetings with the CEOs of the five main retail banks and the Banking and Payment Federation Ireland (BPFI). These meetings were held with the aim of establishing a coordinated approach across the five banks to ensure that the large scale migration of customer bank accounts happened in line with customer needs and expectations. The roundtable meetings sought to find a practical way forward that resulted in the account migration exercise being completed in a time-bound way, that provided a good customer experience and ensured that people retained the continuity in the banking services they needed in their daily lives. The meetings focused on four areas that the Central Bank identified as requiring more attention:

- Better planning;
- Customer focused arrangements;
- Proactive communications; and
- System wide engagement.

The five main retail banks committed to a more coordinated approach, with appropriate leadership and oversight by boards and senior management, coupled with effective planning at an individual institution and sector-wide level. This work was coordinated with the BPFI, who played a key role in supporting the industry to achieve a more joined up approach to the challenge.

Through this work, the banking sector responded with increased resourcing dedicated to customer account openings and operational capability including the provision of more digital options for customers as well as putting processes and supports in place for customers who needed time to move their banking arrangements. There was also increased awareness of the issues through nationwide advertising and information campaigns by the BPFI and banks themselves, to provide all customers with the information they needed to make informed decisions about moving their accounts and what actions they would need to take.

To improve transparency and ensure there was clarity on progress, the Central Bank introduced new statistical measures, with [the monthly publication of account migration data](#). This included reporting on progress with the migration of accounts linked to social welfare payments.



4. Managing related issues

At an early stage in the process, the Central Bank recognised that the migration and closure of this number of accounts would also have an impact on a range of related issues across financial services, including the payment of direct debits, the Central Credit Register and potential for IBAN discrimination.

On the potential impact on consumers from unpaid direct debit payments, in [April 2022 the Central Bank highlighted the issue](#) to firms and the need to have arrangements in place to ensure a smooth, timely and complete switch of a customer's account, including direct debit payments. [The Central Bank then reviewed the arrangements of the largest regulated financial service providers who are direct debit originators](#) (e.g. insurance companies). As a result of this review a series of expectations were published for regulated firms who are direct debit originators on how they should support consumers moving across their payment arrangements – including ensuring continuity of service.

In addition, the Central Bank issued instructions to banks related to the Central Credit Register in order to ensure that customers' credit records are not impacted by operational issues arising from the migration. Financial firms were also reminded of their obligations with respect to IBAN discrimination (recognising some customers might choose to move to a non-Irish bank or payment service provider).

5. Key outcomes

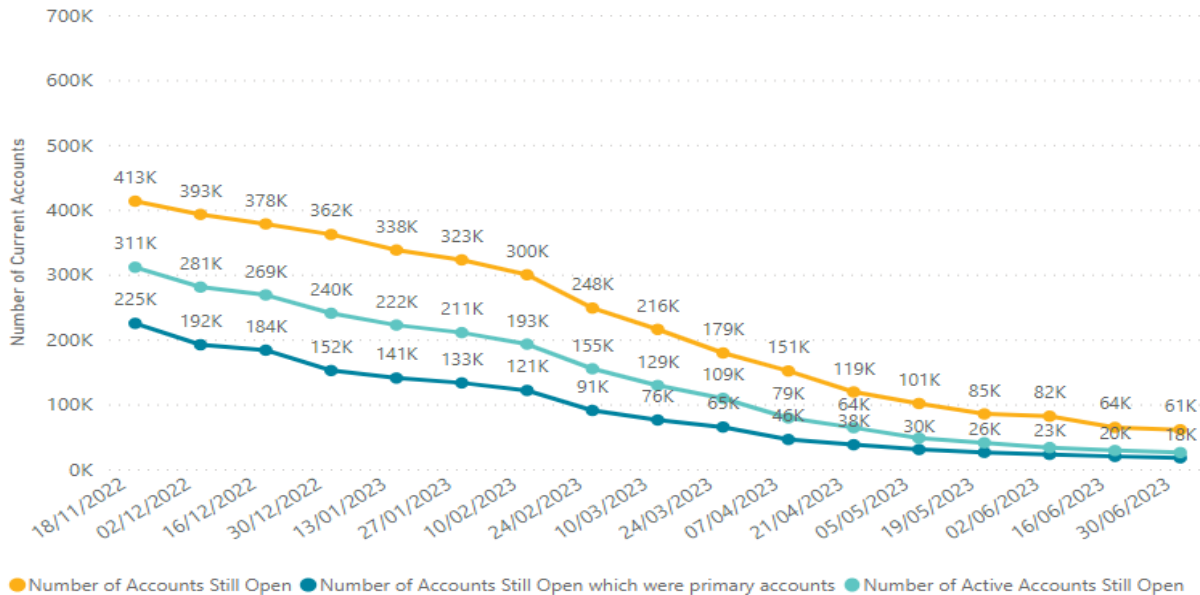
This final publication of the account migration statistics in July 2023 illustrates the level of progress achieved over the last 18 months to move and close almost 1.2m customer accounts. Just over 96 per cent of all current accounts that were open in Ulster Bank and KBC Bank at the beginning of 2022, were either closed or inactive at the end of June 2023¹. In total, 17,576 current accounts remained open in Ulster Bank and KBC Bank that were deemed as being the customer's 'primary'² account. The true figure is likely to be even lower as the definition of a 'primary account' is backward looking based on the customer's past activity. Accounts will continue to be designated as 'primary' until the necessary amount of time has passed since their previous transactions.

¹'End-June' in this refers to dates up to and including 30/06/2023.

²'Primary accounts' are those that show evidence of being the customer's main bank account. Such evidence may include a considerable number of customer-initiated transactions and payments received in recent months. This is a designation made by the reporting institutions, according to their own definitions.

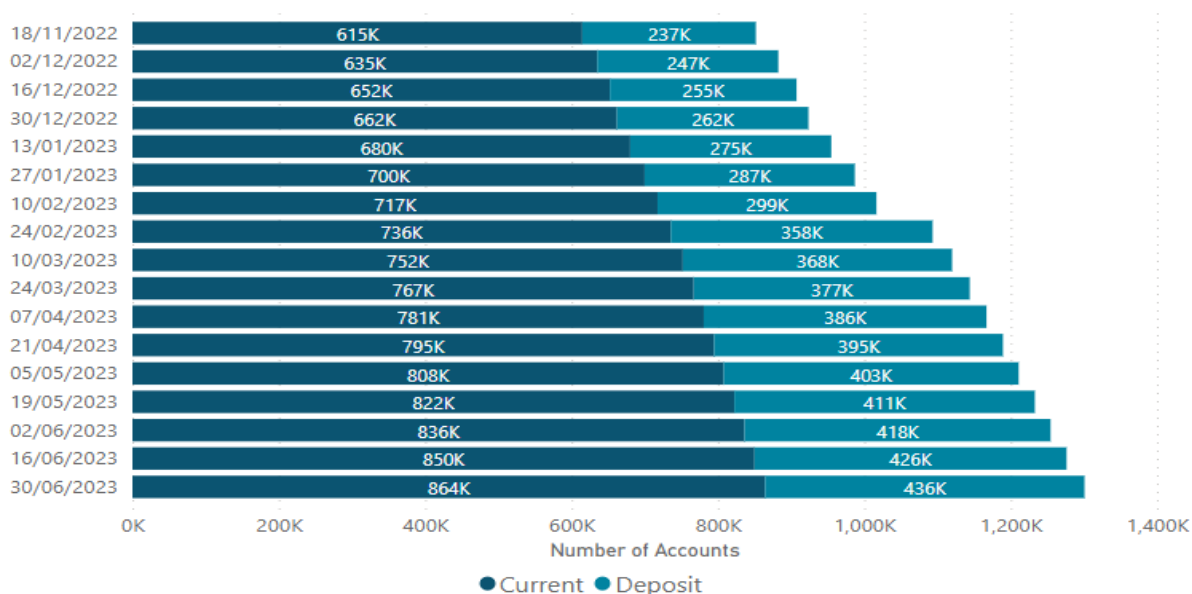


Chart 1: Number of Current Account Still Open by Activity Level



The number of accounts being opened is now at more normalised levels. A total of 57,138 accounts were opened in the five weeks to end-June in the main remaining banks, largely unchanged compared to average weekly openings recorded in both April and May. Recent account opening figures seem to be likely less related to migrating accounts, as the trend in account openings over the past number of months is largely in line with 'business as usual' openings observed in the market between 2019 and 2021. In total, 1,300,813 current and deposit accounts were opened across the three remaining retail banks since the beginning 2022.

Chart 2: Number of Accounts Opened





From 1 June 2022, [the Financial Services and Pensions Ombudsman \(FSPO\) started to specifically record complaints](#) in relation to providers leaving the Irish market. By 31 December 2022, the FSPO had received 99 complaints identified by the complainant as relating to “market exit” issues, of which 61 (62%) had been concluded by year end³.

In March 2023, the Central Bank provided an update on the review of customer support phone lines, detailing the improvements we have seen in the interim arising from the initial review. The update showed improvements by the banks on the performance of their customer support phone lines. This has included a range of measures such as increased resources and a significant reduction in cases where people were waiting unacceptably long lengths of time to get through.

6. Conclusion

The account exercise was unprecedented in its scale and had the potential to create significant risks and disruption for consumers, businesses and others in society who depended on the accounts involved. The experience to date shows is that a coordinated and collaborative approach based around customer focused arrangements, proactive communication and system wide engagement has the ability to deliver for its customers. The data shows that the vast majority of customer accounts have now moved or closed and the level of accounts being opened on a monthly basis across the system are now back in line with the normal level of activity. It also shows that throughout the account closure exercise branch wait times, call waiting times and other customer service indicators (including complaints) remained stable. As a result of the phased, planned and coordinated approach by stakeholders across the financial system, the potential for system wide consumer detriment was mitigated.

On this basis, the Central Bank will now conclude the publication of monthly data. The supervision of issues related to account migration will continue to be managed as part of ongoing supervisory engagement with regulated firms. Our supervisory focus will be to ensure that customers whose accounts remain open in KBC Bank and Ulster Bank are supported to move and close their accounts. This will include close scrutiny of issues arising for more complex account closures including vulnerable, non-standard and business accounts, which will require more resources, time and care by the banks involved.

The Central Bank will continue to monitor closure activity and the position remains that no account shall be closed until the exiting bank has taken all reasonable steps to support the customer to migrate their account. We will also ensure that the exiting banks have clear and transparent arrangements to manage any future claims from customers of residual unclaimed balances from accounts that have been closed.

³ Not all of these 99 complaints were in relation to the conduct of those providers leaving the market and the complaints received related mainly to customer service and maladministration issues.



The Central Bank will also continue to engage with the exiting retail banks on their planning and scenario analysis for potential tail risks that could materialise, including ensuring that banks retain sufficient resources and operational capacity to ensure an orderly wind down, including relevant expertise at the correct levels of seniority. This will continue to form part of our wider engagement with the exiting and remaining banks on the overall exercise of Ulster Bank and KBC winding up their operations in Ireland, with a view to ensuring an orderly and well-managed exit.