STUDY

CONSUMER MOBILITY IN RETAIL BANKING IN PORTUGAL

FINAL VERSION

JULY 2026

Autoridade da Concorrência

EXECUTIVE SUMMARY

The retail banking sector plays a fundamental role in the economy, covering virtually all Portuguese households and the national business fabric. Deposits are the main source of bank funding and the primary savings instrument for households and firms. Credit is also one of the main sources of financing for households and businesses. Banks further provide essential payment and transaction services.

Consumers in Portugal face difficulties when searching for and comparing retail banking products. According to a Consumer Survey commissioned by the Portuguese Competition Authority (AdC), around 69% of respondents had not searched for information on current accounts offered by other banks in the previous five years. Even when consumers identify alternative offers, comparing those offers may give rise to additional difficulties. Existing comparison tools help reduce search and comparison costs. However, their potential to strengthen competitive pressure is not yet fully realised.

A significant share of consumers does not switch their main payment account. According to the Consumer Survey, around 89% of respondents had not switched their main account in the previous five years. This is consistent with similar surveys conducted by national competition authorities in other jurisdictions. A substantial proportion of these consumers explain their lack of switching by reference to factors that point to limited mobility and weak competitive pressure, rather than to an active preference for their current bank. Where switching does occur, it is mainly driven by dissatisfaction with fees, loan conditions or deposit conditions.

The payment account switching service provided for in the legal and regulatory framework remains very little used. This appears to reflect low consumer awareness of the service, limited promotion by banks, and the persistence of bureaucratic and operational barriers to its use.

Multi-banking is becoming increasingly relevant to competition in retail banking. However, most consumers continue to maintain their main account for long periods and to concentrate the most important financial decisions with the bank that holds that account. In December 2024, around 56% of current accounts had been open for more than 10 years, and around 32% had been open for more than 20 years. These figures are higher among the five largest banks. According to the Consumer Survey, around 65% of respondents had held their main account for more than 10 years, and around 80% for relationships longer than five years.

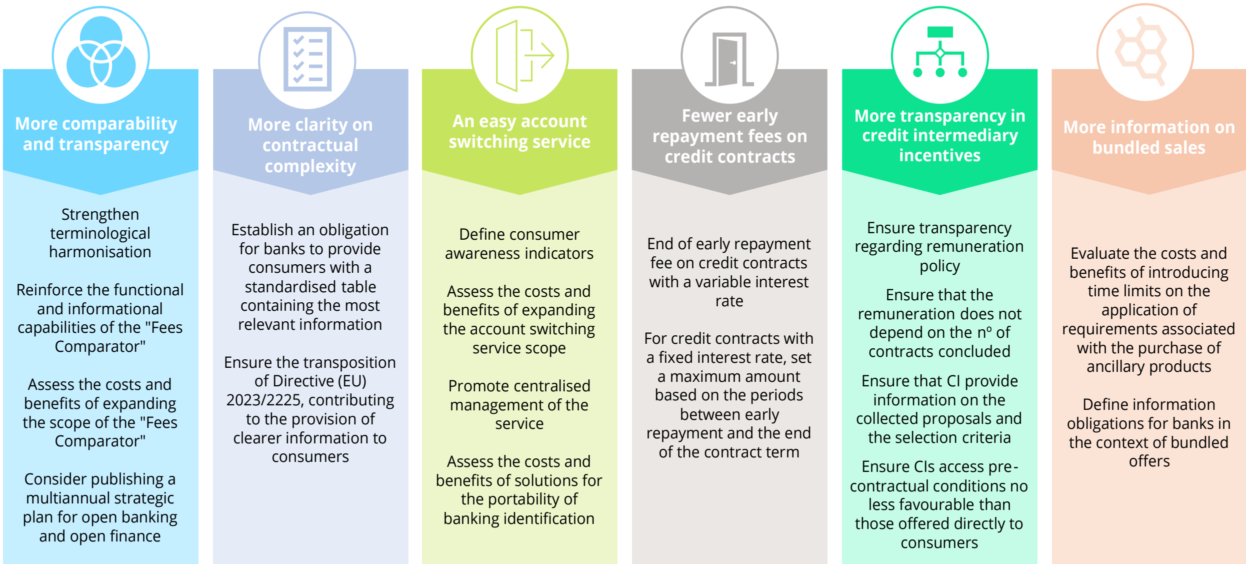
Long-standing customer relationships make it easier for the bank holding the consumer's main current account to supply additional products and services. According to the Consumer Survey, most respondents hold other products linked to their main account. Only around 16% reported having No. additional product associated with that account.

Switching costs and long-standing customer relationships with the largest banks may make it harder for new entrants and smaller banks to attract a significant customer base. The five largest banks in Portugal have consistently held a significant share of banking sector assets. Similarly, the Consumer Survey indicates that around 74% of respondents hold their main account with one of the five largest banks.

Credit intermediaries may play an important role in helping consumers take out credit. However, this role is not fully realised, partly because consumers have limited awareness of the nature and scope of the services provided by these agents, particularly where they act on behalf of lenders. Credit intermediaries operate in a market characterised by complex products and limited consumer financial literacy. The potential risk of conflicts of interest arising from the remuneration of tied or ancillary credit intermediaries may limit their pro-competitive role, particularly where consumers do not fully understand those incentives.

Switching costs may be an important source of market power in retail banking. To reduce search, comparison and switching costs, the AdC is issuing a package of measures comprising a total of 17 recommendations[1] addressed to the legislator and to Banco de Portugal.

Between 13 February and 5 March 2026, **the Portuguese Competition Authority (AdC) submitted the preliminary version of this Study to public consultation**. During the public consultation, the AdC received contributions from Banco de Portugal, three associations representing the financial sector[2], and two consumers or consumer representative bodies[3]. The contributions received reflected different perspectives on the matters under analysis and were taken into account in revising and further developing the Study's conclusions and recommendations, as detailed in the public consultation report[4].



[1] Pursuant to the AdC's Statutes, under which the AdC is responsible for contributing to the improvement of the Portuguese legal framework in all areas that may affect free competition, on its own initiative or at the request of the Parliament or the Government, and for putting forward suggestions or proposals for the creation or revision of the legal and regulatory framework (under point (g) of Article 5 and point (d) of Article 6(4), respectively, of the AdC's Statutes, approved by Decree-Law No. 125/2014).

[2] The Portuguese Association of Payment and Electronic Money Institutions (ANIPE), the Portuguese Banking Association (APB) and the Association of Specialised Credit Institutions (ASFAC).

[3] An individual consumer (Mr Ricardo Duque Gabriel) and the Portuguese Consumer Protection Association – DECO (DECO).

[4] See "Consumer mobility in retail banking in Portugal – Public consultation report".

Recommendations (simplified version)

A. *As regards limitations to the comparability and transparency of banking offers*

1 | to the Legislator. Strengthen terminological harmonisation in the retail banking sector, in particular by identifying terms associated with products and services that are relevant to consumers and by developing standardised definitions for those terms.

2 | to the Regulator. Strengthen the functional and informational capabilities of Banco de Portugal's "Fees Comparator" tool, in particular by: (i) including all relevant elements of banking offers; (ii) introducing personalised filters; (iii) strengthening the way in which the results of the comparison exercise are presented; and (iv) allowing other entities to access the database underlying the tool.

3 | to the Regulator. Consider extending the scope of Banco de Portugal's "Fees Comparator" tool to include savings products, in particular term deposit accounts.

4 | to the Regulator. Consider publishing a multiannual strategy for open banking and open finance in Portugal, encompassing, in particular, information aggregation services, with monitoring objectives, public indicators and a periodic review mechanism, supported by information gathered from supervised institutions and other relevant stakeholders.

B. *As regards contractual complexity*

5 | to the Legislator. Ensure the transposition of Directive (EU) 2023/2225 into national law as soon as possible.

6 | to the Regulator. Establish an obligation for banks to provide consumers with a standardised table containing the information most relevant to consumers in the context of mortgage credit.

C. *As regards functional and operational limitations of the account switching service provided for in the legal and regulatory framework*

7 | to the Regulator. Define consumer awareness and satisfaction indicators in relation to the account switching service provided for in Decree-Law No. 107/2017, to be met by credit institutions, and establish the corresponding annual targets. The indicators should be disclosed by credit institutions.

8 | to the Regulator. Assess the costs and benefits of extending the scope of the account switching service so as to include the temporary redirection of payments and the transfer of term deposit accounts and savings accounts.

9 | to the Legislator. Promote a change to the organisational model of the account switching service, so that the service is managed centrally by an entity independent from service providers.

10 | to the Regulator. Assess the costs and benefits of implementing national portability solutions for consumers' bank account identifiers, namely by extending the scope of SPIN or by adopting other solutions that prove feasible and appropriate.

D. *As regards fees associated with the early repayment of credit agreements relating to immovable property*

11 | to the Legislator. In cases of early repayment of credit agreements during periods in which the applicable rate is:

(a) ***variable***: revoke the possibility of charging a fee.

(b) ***fixed:*** (i) define a maximum fee amount structured by bands according to the period between the early repayment and the end of the term of the agreement; and (ii) establish that the amount of the fee must be justified by costs directly related to the operation and may not exceed the amount of interest payable between the time of early repayment and the end of the fixed-rate period.

E. As regards the risk of conflicts of interest in credit intermediation as a factor limiting its potential benefit for mobility

12 | to the Legislator. Impose an obligation on credit intermediaries to make available to consumers a set of information ensuring that consumers have access to clear information on intermediaries' remuneration policy and its implications for the proposals received, as well as on the credit institutions with which the intermediaries work.

13 | to the Legislator. Ensure that the remuneration of tied and ancillary credit intermediaries is subject to the limits already provided for in the legal regime for credit intermediaries applicable to the employees of credit intermediaries involved in the provision of advisory services.

14 | to the Regulator. Establish an obligation on credit intermediaries to make available to consumers contracting their services information on: (i) the number of proposals collected and the identity of the banks that prepared them; and (ii) where not all collected proposals are presented, the selection criteria used to choose the proposals presented, which must be clear, objective and suited to consumers' profile and preferences.

15 | to the Legislator. Ensure that the pre-contractual conditions made available by lenders to credit intermediaries are No. less favourable to consumers than those that would be offered to them if they contacted the credit institution directly.

F. As regards bundled sales of banking products and services

16 | to the Regulator. Assess the costs and benefits of introducing time limits on the application of requirements associated with the contracting of ancillary banking products or services in the context of the contracting of a main banking product or service.

17 | to the Regulator. Define obligations for banks relating to the provision of information to consumers in the context of packaged accounts and combined offers of banking products and services. The costs and benefits of making available a standardised indicator of the total cost to be borne by consumers in relation to each bundled offer should be assessed.

I. INTRODUCTION

1. **Retail banking plays a central role in the Portuguese economy. It serves virtually all households and businesses in Portugal**. Deposits are a key source of bank funding, accounting for 73.4% of banks' liabilities[5], with household deposits representing the largest share of total deposits[6]. Deposits are also the main savings instrument for households in Portugal, with most household deposits held as term deposits[7]. Banks further play a crucial role in the provision of credit, which is one of the main sources of financing for households and businesses. They also provide essential payment and transaction services.

2. **Competition is essential to ensure that credit institutions offer better conditions to consumers. These conditions may include more attractive remuneration, lower fees, better credit terms and improved non-price factors, such as service quality, transparency, accessibility and innovation**.

3. Between 13 February and 5 March 2026, **the Autoridade da Concorrência (AdC) submitted the preliminary version of this Study to public consultation**. During the public consultation, the AdC received contributions from Banco de Portugal, three associations representing the financial sector[8], and two consumers or consumer representative bodies[9]. The contributions received reflected different perspectives on the matters under analysis and were taken into account in revising and further developing the Study's conclusions and recommendations, as detailed in the public consultation report[10].

4. The preliminary version of the Study was prepared following a market consultation[11] on retail banking conducted by the AdC between 22 July and 24 September 2025[12], the contributions to which, on the whole, pointed to the existence of constraints liable to affect consumers' ability to choose and to limit bank switching[13].

5. **This Study assesses search, comparison and switching conditions in relation to payment accounts, savings products and credit products, from the perspective of retail consumers**[14]. Consumer mobility in retail banking had previously been analysed by the AdC and Banco de Portugal in a 2009 study[15], as well as in the context of legislative initiatives[16]. However, it remains important to assess whether further measures may be warranted to improve the

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[5] See "Portuguese banking system – 2nd quarter of 2025", Banco de Portugal, published on 25.09.2025.
[6] At the end of October 2025, the stock of household deposits held with resident banks totalled €197.5 billion, while the stock of loans granted by banks to firms amounted to €73.8 billion. Source: Banco de Portugal, accessed on 16.12.2025.
[7] See, for example, Bonfim & Queiró, "*Deposit interest rates and monetary policy transmission*", Banco de Portugal, Economic Studies, Vol. X, No. 4, published in October 2024.
[8] The Portuguese Association of Payment and Electronic Money Institutions (ANIPE), the Portuguese Banking Association (APB) and the Association of Specialised Credit Institutions (ASFAC).
[9] An individual consumer (Mr Ricardo Duque Gabriel) and the Portuguese Consumer Protection Association – DECO (DECO).
[10] See "Consumer mobility in retail banking in Portugal – Public consultation report".
[11] Hereinafter referred to as the "market consultation".
[12] See the market consultation on retail banking conducted by the AdC between 22.07.2025 and 24.09.2025.
[13] In the course of the market consultation, the AdC received contributions from the following entities: Banco de Portugal, the Directorate-General for Consumers (DGC), an anonymous individual consumer, the Portuguese Consumer Protection Association (DECO), Citizens' Voice – Consumer Advocacy Association (Citizens' Voice), an anonymous individual credit institution, the Portuguese Banking Association (APB), the National Association of Authorised Credit Intermediaries (ANICA), the Portuguese Industrial Association (AIP) and the Portuguese Confederation of Trade and Services (CCP). The market consultation report and the contributions are available here.
[14] The analyses carried out in this Study exclude, *inter alia*, investment products.
[15] See AdC/Banco de Portugal (2009), "Mobility in the Retail Banking Sector in Portugal" (in Portuguese).
[16] On 30.04.2020, the AdC recommended, *inter alia*, an amendment to Decree-Law No. 74-A/2017 to allow consumers to choose the credit institution providing the current account associated with a mortgage agreement (see "AdC's comments on legislative initiatives concerning the introduction of limits on bank fees associated with consumer and mortgage credit" (in Portuguese)).

comparability of banking products, simplify the way those products are taken out, and facilitate switching between credit institutions.

6. **The AdC collected a broad set of additional information to support its assessment of consumer search and mobility**. This information was gathered through (i) meetings with relevant stakeholders[17]; (ii) requests for information addressed to a broad set of banks[18], aimed at collecting data on the number of accounts and customer turnover rates; (iii) a large-scale Consumer Survey commissioned by the AdC[19,20]; and (iv) requests for information addressed to peer competition authorities regarding potential barriers and applicable recommendations in retail banking in their jurisdictions[21]. Together with the analysis of the applicable legal and regulatory framework and the review of the relevant literature, these sources provide the basis for the AdC's assessment and, where appropriate and justified, for the formulation of recommendations.

7. **This work is also framed by recent European Commission (EC) initiatives on financial literacy**[22] **and savings and investment accounts**[23]. In particular, the Commission Recommendation seeks to promote the development, by Member States, of savings and investment account schemes aimed at increasing household participation in capital markets.

II. BACKGROUND

8. **Banks perform several essential functions in the economy. These include taking deposits, granting loans and providing payment and transaction services**. Through financial intermediation, banks are exposed to liquidity and solvency risks, including because they transform short-term deposits into longer-term loans and investments. Banks also operate in a context of information asymmetry, particularly in the assessment of borrower risk and the quality of credit portfolios[24].

9. **Banks are also highly interconnected. They borrow from and lend to each other in order to manage liquidity**. As a result, difficulties affecting one bank may spread to other institutions and give rise to contagion effects. Risky lending or the default of one institution may therefore generate cascading effects and amplify systemic risks.

10. **Prudential supervision seeks to mitigate liquidity and solvency risks and to safeguard the stability and soundness of the financial system**. It operates at both microprudential and macroprudential level. Microprudential supervision focuses on the solvency and long-term

[17] Between September and October 2025, the AdC held meetings with: (i) consumer protection associations (*DECO*, *Citizens' Voice*, *União Geral de Consumidores*, *Associação Portuguesa de Direito do Consumo* and *Associação de Consumidores de Portugal*); (ii) consumer dispute arbitration centres (Lisbon and Porto); and (iii) national and international financial sector stakeholders (National Association of Authorised Credit Intermediaries, Pay.UK Limited and *Betaalvereniging Nederland*).

[18] The selected banks were: ABANCA, ActivoBank, Banco BEST, Banco Carregosa, Banco CTT, Banco Finantia, Banco Invest, Banco Montepio, Bankinter, BBVA, BiG, Bison Bank, BPI, Caixa Agrícola de Torres Vedras, Caixa de Crédito de Leiria, Caixa de Mafra, CEMAH, CGD, Crédito Agrícola, EuroBIC, Haitong Bank, Millennium BCP, Novo Banco dos Açores, Novo Banco and Santander Totta. These banks correspond to APB members offering retail services to individual consumers.

[19] The survey covered 1,100 individuals aged 18 or above, residing in mainland Portugal, between 31.10.2025 and 17.11.2025. The full methodological note, tables and additional data are included in the Annex I to the Study.

[20] Hereinafter referred to as the "Consumer Survey".

[21] Contributions were received from the national competition authorities of Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Norway, Poland, Spain and Sweden, as well as from the EC's Directorate-General for Competition.

[22] Questions and answers on the Financial Literacy Strategy and the Savings and Investment Accounts, EC, 30.09.2025.

[23] Commission Recommendation (EU) 2025/2029 on increasing the availability of savings and investment accounts benefiting from simplified and advantageous tax treatment.

[24] For the purposes of this Study, the terms "banks" and "credit institutions" are used broadly to refer to entities authorised to carry out banking activities, including the taking of deposits, the granting of credit and/or the provision of payment services, in accordance with the applicable legal and supervisory framework.

financial soundness of individual institutions and on protecting the funds entrusted by depositors. It includes minimum capital requirements, liquidity requirements and other regulatory obligations, which may also affect market entry conditions. Macroprudential supervision focuses on the stability of the financial system as a whole[25].

11. **Banks are also subject to conduct supervision**. Conduct supervision seeks to ensure transparency and fairness in the marketing and provision of banking products, including deposits and credit products[26].

II.1. BANKING REGULATION IN PORTUGAL

12. **Entities wishing to carry out banking activities in Portugal must be authorised by Banco de Portugal**. They must also comply with prudential requirements relating to capital, liquidity, governance, operations and reporting.

13. **Credit institutions classified as significant institutions**[27] **are directly supervised by the European Central Bank (ECB)**[28]. Other institutions are directly supervised by Banco de Portugal. As of September 2025, the Portuguese institutions, or banking groups headquartered in Portugal, directly supervised by the ECB included Banco Comercial Português, S.A. (Millennium BCP), Caixa Geral de Depósitos, S.A. (CGD), and LSF Nani Investments S.à r.l., the entity holding Novo Banco[29]. Other banking entities operating through subsidiaries in Portugal are also directly supervised by the ECB because they form part of large European banking groups that meet the ECB's significance criteria at group level[30].

14. **Banco de Portugal's powers derive from its Organic Law** (Law No. 5/98), **the Legal Framework of Credit Institutions and Financial Companies** (*Regime Geral das Instituições de Crédito e Sociedades Financeiras – RGICSF*)[31], **and the Legal Framework for Payment Services and Electronic Money** (*Regime Jurídico dos Serviços de Pagamento e da Moeda Eletrónica – RJSPME*)[32]. These instruments confer supervisory, oversight, regulatory and enforcement powers on Banco de Portugal[33].

15. **At national level, the RGICSF is particularly relevant for prudential and conduct supervision. It lays down the conditions governing access to, and the exercise of, activities by credit institutions** and financial companies.

16. **Given the objective of analysing consumer mobility in Portuguese retail banking, particular importance should also be given to European legislation** aimed at reducing barriers to banking mobility and improving the transparency of information provided to consumers.

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[25] See Banco de Portugal website, accessed on 11.12.2025.

[26] In Portugal, conduct supervision covers: (i) bank deposits and related accounts; (ii) mortgage credit, consumer credit, corporate credit and other forms of lending (except those intended to finance transactions involving financial instruments); and (iii) payment instruments (including cards, transfers, cheques and direct debits). See Banco de Portugal website, accessed on 11.12.2025.

[27] *I.e.*, banks with assets exceeding €30 billion or those considered systemically important.

[28] The ECB applies European legislation, notably the Single Supervisory Mechanism (SSM) – Regulation (EU) No. 1024/2013 and the SSM Framework Regulation – ECB Regulation (EU) No. 468/2014.

[29] See ECB website, accessed on 15.12.2025.

[30] These entities are: BBVA Instituição Financeira de Crédito, S.A.; Banco BIC Português, S.A.; Banco BPI, S.A.; Banco Santander Totta, S.A.; Banco Primus, S.A.; and Banco Credibom, S.A.

[31] Decree-Law No. 298/92 approving the Legal Framework of Credit Institutions and Financial Companies (RGICSF).

[32] Decree-Law No. 91/2018 establishing the new Legal Framework for Payment Services and Electronic Money, transposing Directive (EU) 2015/2366.

[33] As provided for in Article 17(1) of Banco de Portugal's Organic Law, Article 76 of the RGICSF, and Article 7 of the Legal Framework for Payment Services and Electronic Money.

17. **Directive 2014/92/EU establishes rules on the comparability of fees, account switching and access to payment accounts**. In Portugal, the Directive was transposed by Decree-Law No. 107/2017. For the purposes of this Study, three pillars are particularly relevant: (i) comparability of fees associated with payment accounts[34]; (ii) account switching and the transfer of banking services[35]; and (iii) universal access to a basic payment account[36].

18. **Directive (EU) 2015/2366 created conditions for the entry of new market players based on digital technologies**, particularly in payment services[37]. It was transposed into Portuguese law by Decree-Law No. 91/2018, which approved the RJSPME. Directive (EU) 2015/2366 and the national legal framework are relevant to banking mobility because they establish principles of proportionality and transparency regarding fees. In particular, the RJSPME prohibits fees for the termination, by the consumer, of a framework contract[38] for the provision of payment services, such as the closure of a current account or the termination of a payment card agreement[39].

19. **Directive 2014/17/EU strengthened transparency and comparability in mortgage credit**. In Portugal, it was transposed by Decree-Law No. 74-A/2017, which governs credit agreements relating to residential immovable property. Further details are provided in Box 4.

20. **Directive (EU) 2023/2225, which repeals Directive 2008/48/EC, introduces stricter rules on pre-contractual information and on consumers' rights of withdrawal and early repayment. Its objective is to improve transparency and consumer protection in consumer credit. The Directive has not yet been transposed into Portuguese law**. Member States were required to adopt and publish the necessary implementing measures by 20 November 2025, with those measures applying from 20 November 2026[40]. Directive 2008/48/EC had previously been transposed into Portuguese law by Decree-Law No. 133/2009, on consumer credit.

II.2. RECENT DEVELOPMENTS IN DEPOSIT INTEREST RATES

21. **The pass-through of higher remuneration on bank deposits held with the ECB to customer deposit rates has been slow and incomplete**. This has been particularly evident when compared with the faster pass-through observed in lending rates, which has supported higher bank profitability. This pattern has been observed across the euro area, although with differences between Member States and between types of deposits, in particular by maturity and customer segment, namely households and non-financial corporations[41].

22. **In Portugal, remuneration on term deposits remains below the euro area weighted average**. In October 2025, the interest rate on new household term deposits with maturities of up to one year stood at 1.37%, compared with 1.77% in the euro area[42]. For non-financial corporations, the difference was narrower, but the euro area average, at 1.91%, remained above the rate observed in Portugal, at 1.60%[43].

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[34] Chapter II (Articles 3–8) of Directive 2014/92/EU.
[35] Chapter III (Articles 9–14) of Directive 2014/92/EU.
[36] Chapter IV (Articles 15–19) of Directive 2014/92/EU.
[37] For a competition-oriented discussion of this Directive, see AdC, Technological Innovation and Competition in the Financial Sector in Portugal – Issues Paper, published on 16.04.2018.
[38] A framework contract is defined as "payment service contract which governs the future execution of individual and successive payment transactions and which may contain the obligation and conditions for setting up a payment account" (Recital 21 of the Directive (EU) 2023/2225).
[39] Pursuant to Article 94(2) of the RJSPME.
[40] Pursuant to Article 48(1) of Directive (EU) 2023/2225.
[41] See, *e.g.*, Messer and Niepmann, "What determines passthrough of policy rates to deposit rates in the euro area?", FEDS Notes, July 2023, available here.
[42] Source: Banco de Portugal. Last updated on 03.12.2025.
[43] Source: Banco de Portugal. Last updated on 03.12.2025.

23. **Developments in deposit remuneration have been examined by several national competition authorities in broader studies on competitive conditions in retail banking, particularly in relation to consumer mobility and switching** (see Box 1). Overall, these studies suggest that market concentration and switching costs may help explain, although only in part, the slow adjustment of deposit remuneration.

24. **Competition gives banks incentives to offer higher deposit rates, lower lending rates and/or more attractive non-price conditions**[44]. A more contestable market increases competitive pressure on banks to attract new customers and retain existing ones.

25. **Switching costs may be an important source of market power in retail banking**. Where banks face a relatively immobile customer base, competitive pressure tends to be weaker. This may reduce incentives to increase deposit remuneration. Even in the current context of high liquidity coverage ratios[45] and a relatively low loan-to-deposit ratio[46], which may reduce banks' incentives to compete aggressively for new deposits, consumer mobility remains a key determinant of banks' incentives to compete.

Box 1. Main recommendations from recent competition authority studies in retail banking

Several competition authorities have recently published studies on the functioning, structure and level of competition in retail banking. These studies sought to assess whether market conditions may help explain the low remuneration offered on deposits following the increase in ECB interest rates in 2022 and 2023.

These studies identified evidence of limited consumer mobility in retail banking markets. Relevant examples include studies conducted by the competition authorities of Australia[47], Belgium[48], Denmark[49], Spain[50], the Netherlands[51] and New Zealand[52]. These authorities issued recommendations aimed at **improving consumer search, comparability and mobility in banking markets**, namely:

- **Improving transparency, accessibility and consumer understanding of information**, notably through measures such as: (i) requiring banks to provide regular summary information in customer communications on the overall return of savings, together with comparisons against common market benchmarks (Spain; Netherlands); (ii) requiring banks to issue direct notifications of changes in deposit remuneration rates, including information on alternative products that may offer higher returns (Australia); and (iii) strengthening financial literacy initiatives (Spain; Denmark).

- **Improving comparability between banking offers, in particular by improving comparison platforms** (Spain; Netherlands; Denmark), while ensuring independence and/or greater transparency regarding potential commercial arrangements with credit institutions (Netherlands;

[44] This has previously been highlighted by the AdC, see the AdC's Comments on the Preliminary Draft of the Banking Activity Code and AdC's Comments on the Draft Law No. 21/XV/1, which include recommendations that have not yet been implemented and remain relevant.
[45] The liquidity coverage ratio corresponds to the ratio between available liquid assets and net cash outflows calculated under a 30-day stress scenario. In 2025, this ratio for the Portuguese banking system stood at approximately 260.1%, significantly above the regulatory minimum of 100% (see Banco de Portugal, "*Relatório de Estabilidade Financeira — Maio 2026*" ["Financial Stability Report"], published on 27.05.2026).
[46] *I.e.*, the ratio between total credit granted and total deposits. In Portugal, in the fourth quarter of 2025, the loan-to-deposit ratio stood at 76% (see Banco de Portugal, Banking Sector Indicators – Loan-to-Deposit Ratio, last updated on 12.05.2026).
[47] *Australian Competition and Consumer Commission* (ACCC), "*Retail deposits inquiry – final report*", published on 15.12.2023.
[48] *Autorité Belge de la Concurrence*, "*Avis de l'Autorité belge de la Concurrence relatif aux services bancaires de détail*", published on 10.10.2023.
[49] *Konkurrence- og Forbrugerstyrelsen*, "*Konkurrencen på bankmarkedet for privatkunder*", published on 09.08.2022.
[50] CNMC, "*Informe sobre los factores ligados a la estructura y funcionamiento del mercado bancario que podrían afectar a los incentivos para la remuneración de los depósitos*", INF/CNMC/149/24, published on 17.12.2024.
[51] ACM, "*Competition on the Dutch savings market*", published on 16.07.2024.
[52] ComCom, "*Personal banking services - final competition report*", published on 20.08.2024.

Australia).

- **Improving account switching services**, notably through: (i) **simplifying administrative restrictions associated with switching accounts** (Belgium); and (ii) strengthening or **expanding portability mechanisms between institutions** (Netherlands; Spain; Australia; Belgium). Recommendations also include the development of data portability standards and the assessment of the feasibility of **IBAN portability**.
- **Considering obligations to separate products**, except where bundled offers generate clear consumer benefits (Belgium). In particular, the prohibition of tying savings products with current accounts was suggested (Netherlands).
- With regard specifically to mortgage credit, recommendations included: (i) **improving the clarity of pre-contractual information** (Denmark); (ii) **promoting the comparability** of credit offers across institutions (New Zealand); and (iii) **supporting more informed consumer choices regarding credit intermediaries** (New Zealand).

Additional measures were proposed to **mitigate barriers to entry and expansion for new operators**, including: (i) **introducing more proportionate prudential requirements** (New Zealand; Denmark); (ii) **reducing administrative burdens and other obstacles associated with contracting deposits with foreign institutions** (Spain); and (iii) **accelerating and coordinating the implementation of open banking services** (New Zealand).

Further recommendations aimed to strengthen tax neutrality between investment instruments and savings products (Belgium) and to facilitate direct access of retail investors to capital markets (Spain).

III. SUPPLY OF BANKING PRODUCTS AND SERVICES

26. **The supply in the retail banking sector is generally organised around current accounts, savings products** (such as term deposits, savings accounts and structured deposits[53]) **and credit products** (such as mortgage loans and consumer credit), to which complementary financial products, such as insurance products, may be associated[54]. Alongside these products, the provision of payment services also represents an important activity, although it is not directly addressed in this Study[55].

27. **Current accounts play a central role in the relationship between consumers and banks**. They are the main banking instrument used by consumers to make payments, receive income and access other banking products and services, including payment cards, credit transfers and direct debits.

III.1. EVOLUTION OF MAIN BANKING PRODUCTS AND SERVICES

28. **The number of current accounts has remained relatively stable in recent years, with a slight upward trend** (see Figure 1). According to a 2023 survey on the financial literacy of the Portuguese population, around 96% of respondents held a current account[56]. The number of basic banking service accounts has also increased in recent years. At the end of 2025, there were

[53] Structured deposits are time deposits whose remuneration is wholly or partly associated with the developments in financial instruments or relevant economic or financial variables, such as the price of a share or a basket of shares, the value of shareholder indices or the exchange rate quotation (see Banco de Portugal website).
[54] This Study does not seek to assess the competitive conditions of these financial products.
[55] The AdC has previously analysed the payments sector. See AdC. Monitoring report on the recommendations in the 2018 Fintech Issues Paper (in Portuguese), published on 15.03.2021, and AdC (2018), Technological Innovation and Competition in the Financial Sector in Portugal – Issues Paper published on 16.04.2018.
[56] See the report on the 4th survey on the financial literacy of the Portuguese (in Portuguese), prepared by the National Council of Financial Supervisors (CNSF), composed of the three national financial supervisors (*Autoridade de Supervisão de Seguros e Fundos de Pensões*, *Banco de Portugal* and *Comissão do Mercado de Valores Mobiliários*), based on a consumer survey conducted by EuroSondagem, published on 16.04.2024.

265,627 basic banking service accounts in Portugal[57]. These are current accounts that allow account holders to access a set of essential banking services at reduced cost.

Figure 1. Current accounts at year-end, opened and closed annually between 2019 and 2024

Source: AdC request for information addressed to a representative sample of banks. Data processing: AdC.

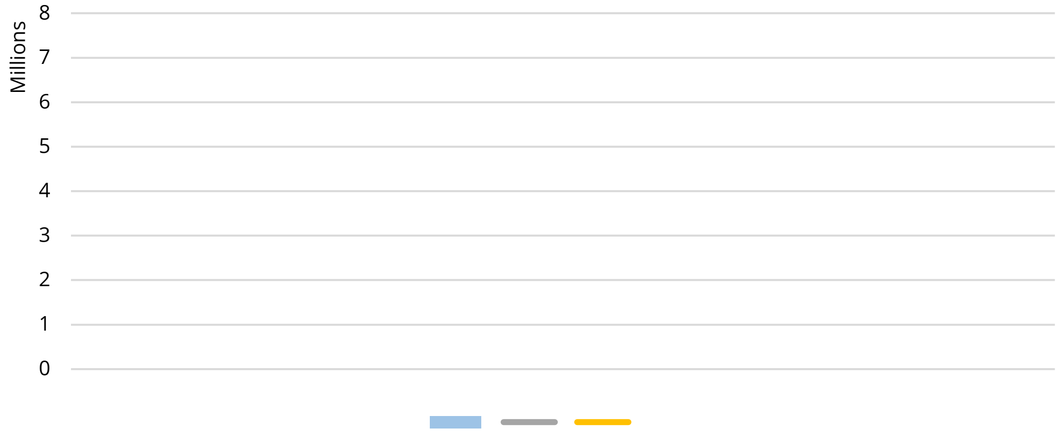
29. **Consumers typically hold several financial products and services with the bank where they have their main current account**. According to the Consumer Survey commissioned by the AdC, the most common associated products and services are credit cards (around 48% of respondents), savings accounts (around 33%), term deposits (around 32%), insurance products (around 30%), and mortgage credit (around 27%). The range of products associated with current accounts is particularly broad among traditional banks[58].

30. **Savings products are relevant both as household savings instruments and as a source of funding for banks**. At the end of 2025, they represented around 73.8% of total bank funding[59].

31. **A significant proportion of the Portuguese population holds term deposits**. **Since 2022, the number of term deposit accounts has followed an upward trend**, increasing on average by around 8% per year (see Figure 2). According to the 2023 financial literacy survey, around 34% of respondents held a term deposit account[60].

[57] According to Banco de Portugal data (in Portuguese), published on 23.03.2026.
[58] By way of example, according to the Consumer Survey: (i) the highest credit card subscription rates were observed at Santander (approximately 61%), BCP (approximately 55%) and BPI (approximately 54%); and (ii) the highest mortgage loan subscription rates were observed at Santander (approximately 40%) and BPI (approximately 37%).
[59] See Banco de Portugal, "Portuguese banking system — 4th quarter of 2025", published on 26.03.2026.
[60] See CNSF, report on the 4th survey on the financial literacy of the Portuguese (in Portuguese), published on 16.04.2024.

Figure 2. Term deposit accounts at year-end, opened and closed annually between 2019 and 2024



Source: AdC request for information addressed to a representative sample of banks. Data processing: AdC.

32. **Mortgage credit is an important instrument for financing the acquisition of residential property. It is therefore one of the banking products with the most significant and long-lasting financial impact on consumers**. At the end of 2025, the amount of new mortgage credit granted represented approximately 54% of the value of housing transactions[61]. Mortgage credit typically has a long maturity[62] and is predominantly granted at mixed or variable interest rates[63].

33. **Between 2019 and 2024, the number of outstanding mortgage loans decreased steadily** (see Figure 3). The number of outstanding loans declined by around 12% over that period. This development may be partly associated with an increase in early repayments, following the temporary suspension of early repayment charges on variable-rate mortgage loans until December 2025[64].

[61] See Banco de Portugal, underlying data from the charts included in the Financial Stability Report – May 2026 (graph G.I.1.13), published on 27.05.2026.

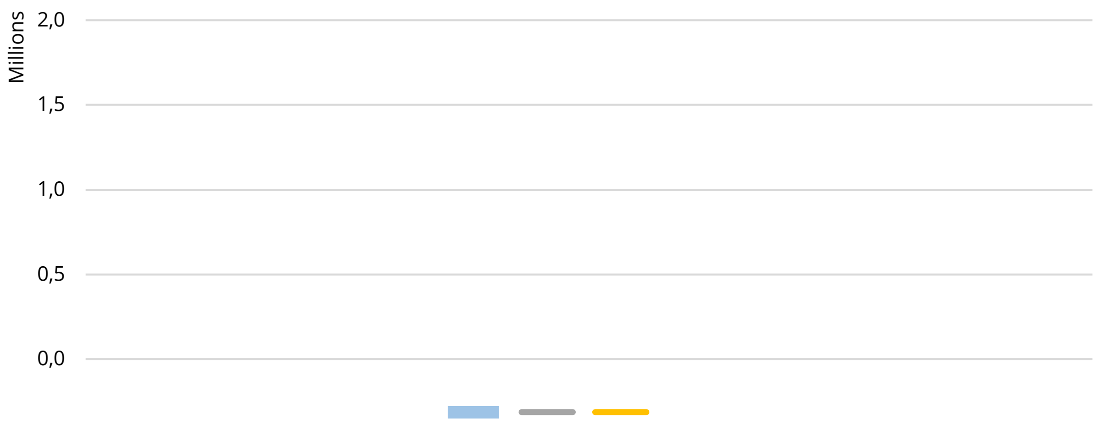
[62] The maximum maturity of a mortgage credit agreement may not exceed 40, 37 or 35 years, depending on whether the consumer is, respectively, up to 30 years old, over 30 and up to 35 years old, or over 35 years old (see Banco de Portugal's Bank Customer Website).

[63] In 2025, the majority (around 72%) of the stock of mortgage credit corresponded to agreements with a mixed rate, while variable-rate agreements accounted for 23% (see "*Relatório de Estabilidade Financeira — Maio 2026*" ["Financial Stability Report"], published on 27.05.2026).

Mortgage credit conditions vary depending on the predictability of instalments and exposure to market interest rate fluctuations. In particular, they depend on the type of interest rate chosen by consumers: (i) fixed rate, freely set by the credit institution at the outset of the agreement and applicable throughout its duration, resulting in constant instalments; (ii) variable rate, consisting of a benchmark index (generally the Euro Interbank Offered Rate – Euribor – which may not be revised more frequently than the maturity of the index), plus a spread (freely determined by the credit institution); and (iii) mixed rate, which combines a fixed rate for an initial period followed by a variable rate thereafter (see Banco de Portugal's Bank Customer Website, accessed on 03.12.2025).

[64] Pursuant to Article 7 of Decree-Law No. 80-A/2022.

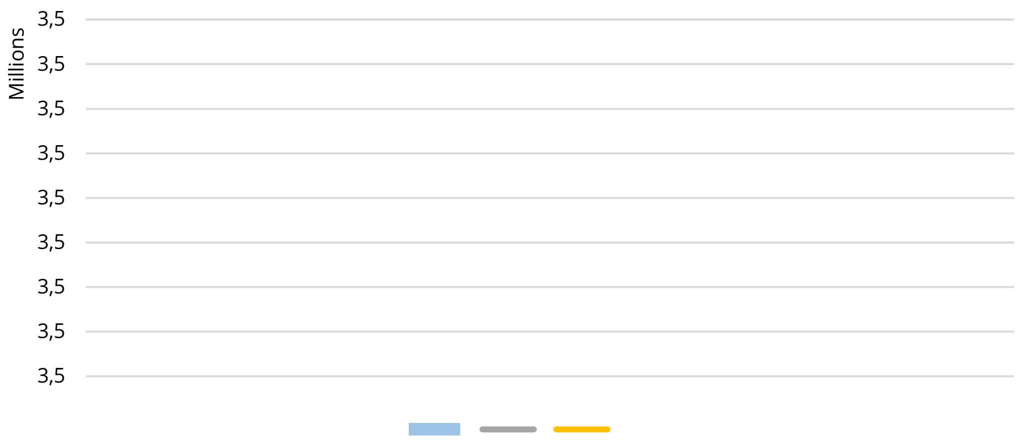
Figure 3. Outstanding mortgage loans, new loans granted and fully repaid loans annually between 2019 and 2024



Source: AdC request for information addressed to a representative sample of banks. Data processing: AdC.

34. **By contrast, the number of consumer credit agreements increased between 2019 and 2024** (see Figure 4). The number of agreements rose by around 44% over that period. Between 2022 and 2024, the number of consumer credit agreements grew faster than the number of consumers holding such agreements, by around 7% and 3%, respectively. This resulted in an increase in the average number of loans per consumer. This Study addresses consumer credit only insofar as it is relevant to interbank competition. It does not seek to provide a comprehensive assessment of the consumer credit sector. Accordingly, the consumer credit data analysed in this Study relate only to credit granted by the banks to which the AdC addressed requests for information. As a result, total consumer credit granted in Portugal is underrepresented in the dataset[65].

Figure 4. Consumer credit at year-end, new contracts granted and fully repaid annually between 2019 and 2024



Source: AdC request for information addressed to a representative sample of banks. Data processing: AdC.

35. **The marketing of credit products, whether consumer credit or mortgage credit, may involve the participation of credit intermediaries**. Credit intermediaries provide consumers

[65] In October 2025, approximately 44% of new consumer credit contracts were granted by specialised credit institutions (institutions whose main activity consists in granting credit) (see Banco de Portugal website, accessed on 03.12.2025).

with a broad range of services, from presenting different credit offers to facilitating the conclusion of credit agreements on behalf of lenders (see Box 2).

Box 2. Regulatory framework of credit intermediation

Credit intermediation is governed by Decree-Law No. 81-C/2017. This legal framework establishes the requirements for access to, and the exercise of, credit intermediation activities, as well as the provision of advisory services[66].

Credit intermediaries provide a broad range of services, including: (i) presenting or proposing credit agreements[67]; (ii) assisting consumers with preparatory or pre-contractual steps relating to credit agreements that the intermediary has not presented or proposed[68]; and (iii) concluding credit agreements on behalf of lenders[69]. These agents may also provide advisory services[70], consisting of personalised recommendations to consumers regarding credit agreements[71].

Credit intermediaries operate under one of three categories[72]:

Tied credit intermediary, which carries out credit intermediation activities under a tying agreement, acting in the name and under the full and unconditional responsibility of the lenders with which it has such a relationship[73]. These intermediaries may only present consumers with credit offers from those lenders[74] and may only be remunerated by them[75];

Ancillary credit intermediary, which carries out credit intermediation activities in connection with the sale of goods or services provided to consumers as part of its main activity, acting in the name and under the full and unconditional responsibility of the lenders with whom it has entered into a tying agreement[76]. These intermediaries may only present consumers with credit offers from those lenders[77] and may only be remunerated by them[78]; and

(iii) **Independent credit intermediary**, which carries out credit intermediation activities without having entered into a tying agreement with lenders[79] and is remunerated exclusively by the consumers to whom it provides those services[80].

36. **Credit intermediation has become increasingly significant in Portugal**. In 2025, credit intermediaries were involved in approximately 56% of the total amount of mortgage and mortgage-backed credit granted[81], and in approximately 51% of the total amount of consumer

[66] Hereinafter referred to as the "*legal framework for credit intermediaries*".
[67] Pursuant to Article 4(1)(a) of the legal framework for credit intermediaries.
[68] Pursuant to Article 4(1)(b) of the legal framework for credit intermediaries.
[69] Pursuant to Article 4(1)(c) of the legal framework for credit intermediaries.
[70] Pursuant to Article 4(3) of the legal framework for credit intermediaries.
[71] Pursuant to Article 3(p) of the legal framework for credit intermediaries.
[72] Pursuant to Article 6 of the legal framework for credit intermediaries.
[73] Pursuant to Article 3(m) of the legal framework for credit intermediaries.
[74] Pursuant to Article 17 of the legal framework for credit intermediaries.
[75] Pursuant to Article 58(1) of the legal framework for credit intermediaries.
[76] Pursuant to Article 3(k) of the legal framework for credit intermediaries.
[77] Pursuant to Article 6(3) of the legal framework for credit intermediaries, which provides that the legal regime applicable to tied credit intermediaries also applies to ancillary credit intermediaries, in conjunction with Article 17.
[78] Pursuant to Article 58(1) of the legal framework for credit intermediaries.
[79] Pursuant to Article 3(l) of the legal framework for credit intermediaries.
[80] Pursuant to Article 61(1) of the legal framework for credit intermediaries.
[81] See the advance release of Banco de Portugal's June 2026 Economic Bulletin, published on 08.06.2026.

credit granted[82]. At the end of 2025, 6,216 entities were registered and authorised by Banco de Portugal to carry out credit intermediation activities [83,84].

37. **Credit intermediaries operate in a market characterised by complex products and relatively low levels of consumer financial literacy**[85]. In this context, they may play an important role in promoting transparency and competition between credit institutions. In particular, they may help consumers understand and compare the contractual conditions associated with credit products.

38. **The relationships between lenders and credit intermediaries are particularly relevant in Portugal**. Independent intermediaries represent only a very small share of the market, accounting for less than 1% of authorised credit intermediaries[86]. By contrast, ancillary intermediaries have a significant presence, with almost 3,700 entities authorised by Banco de Portugal, corresponding to around 60% of the total. Tied intermediaries account for around 40% of authorised credit intermediaries.

39. **This market structure may give rise to conflicts of interest in credit intermediation**. Credit intermediaries operate between consumers and credit institutions. However, tied and ancillary intermediaries are often remunerated by lenders and act under tying arrangements with them. These incentives may influence the way in which information is selected, presented or prioritised. They may also create a risk that the solutions presented to consumers do not fully reflect the range of alternatives available in the market or the consumer's specific interests.

40. **Such potential conflicts of interest may affect the information made available to consumers and, consequently, competition in credit markets**. The effectiveness of credit intermediaries as a channel supporting consumer mobility and comparison of offers depends on how their incentives are structured and communicated. It also depends on the clarity and completeness of the information provided to consumers regarding the nature and scope of the intermediation service.

41. **The role of credit intermediaries in interbank mobility and possible ways to mitigate these potential conflicts of interest are discussed in Chapter VI.6.**

III.2. STRUCTURE OF RETAIL BANKING IN PORTUGAL

42. **The five largest banks in Portugal (currently CGD, Millennium BCP, BPI, Novo Banco and Santander Totta) have consistently held a significant share of the sector's total assets. Between 2010 and 2024, the share of these banks' assets in total sector assets, as measured by the CR5**[87]**, ranged between approximately 69%**[88] **and 74%**[89] (see Figure 5), remaining at all times above the simple average of the national CR5 ratios of EU Member States, which ranged between 60% and 69%, and above the corresponding weighted average observed

[82] Credit intermediaries are particularly relevant in car loan origination, being responsible for the majority of the amount of credit granted (over 80% in 2025) (see the advance release of Banco de Portugal's June 2026 Economic Bulletin, published on 08.06.2026).

[83] Banco de Portugal, "*Relatório de Supervisão Comportamental — 2025*" ("Conduct Supervision Report – 2025"), published on 12.05.2026.

[84] Credit intermediation activities are supervised by Banco de Portugal, which is responsible for granting and revoking authorisation to carry out such activities (pursuant to Article 9 of the legal framework for credit intermediaries).

[85] See the report on the 4th survey on the financial literacy of the Portuguese (in Portuguese), published in 2024 by the National Council of Financial Supervisors.

[86] At the end of 2025, only 40 independent credit intermediaries were authorised (source: "*Relatório de Supervisão Comportamental — 2025*" ("Conduct Supervision Report – 2025")).

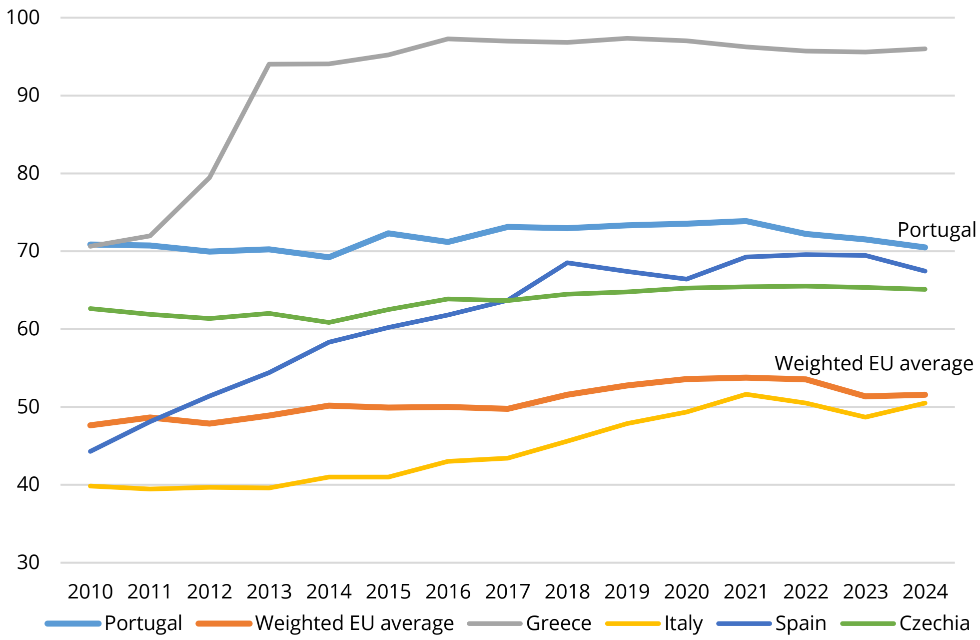
[87] The CR5 is a concentration index measuring the combined market share of the five largest firms in a sector.

[88] In 2014. Source: ECB.

[89] In 2021. Source: ECB.

in the EU[90], which ranged between approximately 48%[91] and 54%[92]. Similarly, according to the Consumer Survey commissioned by the AdC, around 74% of respondents hold their main account with one of the five largest banks.

Figure 5. Evolution of the CR5 in the retail banking sector in Portugal and in the EU between 2010 and 2024



Notes: (i) The EU average was calculated as a weighted average based on the size of each country's banking assets, in order to adjust the indicator for structural differences between national banking systems. Data source: ECB. Data processing: AdC.
(ii) The European countries shown in the chart correspond to the four countries with values closest to Portugal in the ratio of credit institutions' financial assets, excluding the central bank, to national GDP. In 2025, Portugal recorded 163.9%, placing it between Italy (173.2%) and Spain (192.1%), on the one hand, and Czechia (129.6%) and Greece (124.7%), on the other. Source: Eurostat. Data processing: AdC.

43. **Between 2010 and 2024, the Herfindahl-Hirschman Index (HHI)[93] remained at moderately high and relatively stable levels over time, consistently above the weighted European average[94]** (see Figure 6).

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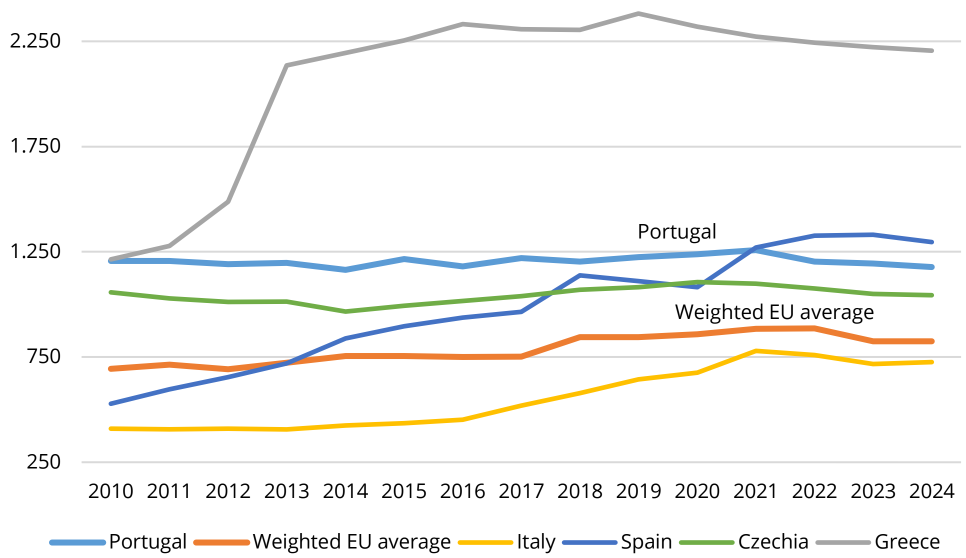
[90] The EU average was calculated as a weighted average based on the size of the banking assets of each EU Member State. This approach is commonly used in comparative analyses of the banking sector, such as Schoenmaker, D. and T. Peek, "The State of the Banking Sector in Europe", OECD Economics Department Working Papers, published on 27.01.2014. It should be noted that the unweighted EU CR5 average for 2024 (68.61%) also remains below the level observed in Portugal. Source: ECB. Last updated in September 2025 with data for 2024.
[91] In 2010 and 2012. Source: ECB.
[92] In 2021. Source: ECB.
[93] The HHI is calculated by summing the squares of the individual market shares of firms operating in the market. The HHI ranges from 0 to 10,000. A market is generally considered highly concentrated when the HHI exceeds 2,000; moderately concentrated when the HHI is between 1,000 and 2,000; and unconcentrated when the HHI is below 1,000.
[94] The index is calculated based on the total assets of credit institutions operating in Portugal, allowing for an overall assessment of sector concentration rather than focusing on specific markets or products such as deposits or credit. The European values presented correspond to averages weighted by the share of banking assets in each Member State. The simple average of Member States' national HHI values has remained above the Portuguese figures throughout the period observed (for example, 1,341 in the EU compared with 1,177 in Portugal in 2024). Source: ECB.

Figure 6. Evolution of the HHI in the retail banking sector in Portugal and in the EU between 2010 and 2024



Notes: (i) The EU average was calculated as a weighted average based on the size of each country's banking assets, in order to adjust the indicator for structural differences between national banking systems. Data source: ECB. Data processing: AdC.
(ii) The European countries shown in the chart correspond to the four countries with values closest to Portugal in the ratio of credit institutions' financial assets, excluding the central bank, to national GDP. In 2025, Portugal recorded 163.9%, placing it between Italy (173.2%) and Spain (192.1%), on the one hand, and Czechia (129.6%) and Greece (124.7%), on the other. Source: Eurostat. Data processing: AdC.

44. These figures are in line with those identified in analyses of the banking sector carried out by other European competition authorities, which resulted in the issuing of recommendations aimed at improving the conditions for searching, comparing and switching for retail consumers[95].

45. **With regard to merger activity, the banking sector has recorded limited activity in recent years**. In 2024, two acquisitions between banks were observed[96], and more recently, in 2025, a financial credit institution was acquired by a bank[97].

46. **The five largest banks account for the majority of the products analysed (namely current accounts, term deposits, mortgage credit and consumer credit), although the HHI for current accounts indicates a more significant presence of smaller banks** (see Table 1). This effect is less pronounced in term deposits and mortgage credit, where the degree of concentration is higher. Consumer credit granted by the banks analysed by the AdC displayed the highest level of concentration in December 2024, with approximately 95% of loans contracted with the five largest banks[98]. It should be noted that this analysis does not cover all credit institutions active in the provision of consumer credit, in particular excluding institutions whose primary activity focuses on this type of lending[99].

[95] The CNMC identified, for Spain, in 2023, an aggregate share of the five largest banks, in terms of assets, of 69%, and an HHI of 1,331 (see INF/CNMC/149/24). In the United Kingdom, the CMA identified, in 2015, an aggregate share of the four largest banks of 70% in personal current accounts in Great Britain (see "Retail banking market investigation").
[96] Acquisition of Banco Sabadell by the BBVA Group (Ccent/2024/36 – BBVA/Banco Sabadell) and acquisition of Banco EuroBic by the Abanca Group (Ccent/2024/9 – Abanca/EuroBic).
[97] Acquisition of UNICRE by Novo Banco (Ccent/2025/80 – Novo Banco/Unicre).
[98] Data source: Banks (AdC request for information). Data processing: AdC.
[99] See footnote 65.

Table 1. Concentration indices for the banking products and services analysed in 2024

	CR5	HHI
Current accounts	70.7%	1,323
Term deposits	80.6%	1,587
Mortgage credit	85.0%	1,618
Consumer credit	94.6%	4,065

Data source: Banks (AdC request for information). Data processing: AdC.

III.2.1. Market concentration and competition

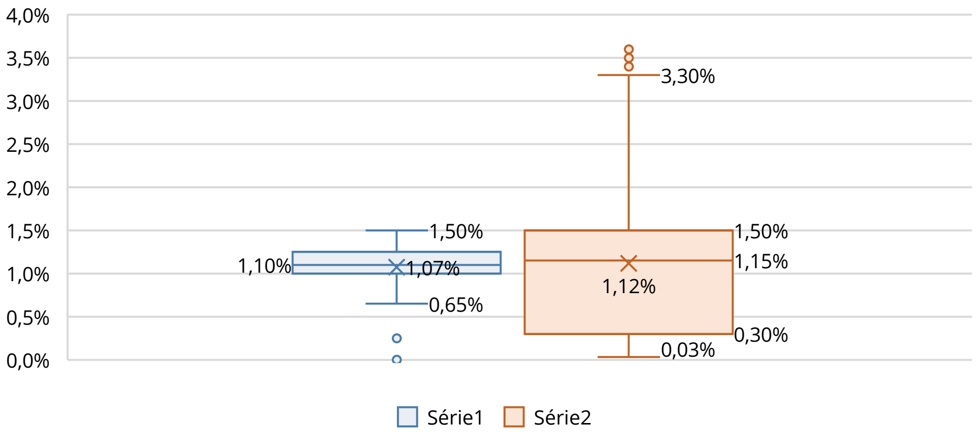
47. **In general terms, more concentrated markets tend to be less competitive. This tendency is stronger where markets are characterised by significant barriers to entry, substantial switching costs and consumer inertia**, particularly in searching for the best available offer. These factors were already highlighted in the 2009 study conducted jointly by the AdC and Banco de Portugal[100], which concluded that switching costs in Portuguese retail banking may hinder competition and generate welfare losses for consumers.

48. **In this context, the largest banks may face less competitive pressure than smaller banks to offer more attractive remuneration or lower fees**. A bank with a relatively high market share and a large existing customer base may have stronger incentives to set higher prices. By contrast, smaller banks may need to offer higher remuneration or lower fees to attract new customers.

49. **Term deposit remuneration illustrates how these differences may vary according to the size and longevity of financial institutions**. In November 2025, the term deposit offers of the five largest banks in Portugal were less attractive, in terms of interest rates, than the euro area average[101]. Smaller banks tend to offer more attractive household term deposit rates than the five largest banks and, in some cases, offer remuneration above the euro area average. The analysis also shows lower dispersion in the gross annual equivalent rate (gross AER) among the five largest banks.

[100] See AdC/Banco de Portugal (2009), "Mobility in the Retail Banking Sector in Portugal" (in Portuguese).
[101] The analysis was carried out on 11.11.2025 using information collected from the Standardised Information Sheets (*FIN*) for the offers available on the websites of the banks considered (see footnote 102).

Figure 7. Dispersion of gross AER for term deposits with maturity up to one year for the five largest banks and for other banks[102]



Source: Banks (Standardised Information Sheets for main term deposit offers). Data processing: AdC.

50. **Differences can also be observed in bank fees, particularly in relation to fee exemptions and the fee ranges applied to current accounts**. According to the Consumer Survey, more than 75% of customers of Millennium BCP, CGD, BPI and Novo Banco pay fees associated with their main current account. By contrast, only around 1% of Activobank customers and around 27% of Banco CTT customers report paying such fees. Customers of Banco CTT, Montepio and Crédito Agrícola report, on average, the lowest levels of account fees.

III.2.2. Recent entries and limited ability to exert competitive pressure

51. **Recent entries by new operators have mainly taken the form of digital banks**, including branches/subsidiaries of already established banks (*e.g. Moey!* from Crédito Agrícola and *Openbank* from Santander Totta) as well as fintech companies. Table 2 presents examples of such entries in the sector.

Table 2. Recent entrants in the retail banking market in Portugal

Bank	Activity registration in Banco de Portugal[103]	Available offers[104]
Revolut Bank UAB - Sucursal em Portugal	July 2025	Current accounts (digital with national IBAN), debit cards, credit cards, personal loans, savings accounts and investment products
NICKEL, Financière des Paiements Électroniques, SAS - Sucursal em Portugal	September 2021	Current accounts (digital with national IBAN) and debit cards

[102] The five largest banks are considered to be: CGD, Santander Totta, Millennium BCP, Novo Banco and BPI. Smaller banks include: ABANCA, Banco CTT, Banco Finantia, Banco Carregosa, Banco Invest, Montepio, Bankinter, BBVA, BiG, Caixa Agrícola de Torres Vedras, Caixa Agrícola de Mafra, CEMAH, Crédito Agrícola, EuroBIC, Haitong Bank and ActivoBank. The data include only the main term deposit offers with maturities of up to one year. These offers differ in terms of maturity, minimum and maximum investment amounts, as well as eligibility requirements. Excluding Caixa Agrícola de Torres Vedras, Caixa Agrícola de Mafra, CEMAH and Crédito Agrícola (cooperative and regional banks), the median rate among smaller banks' offers is 1.50%.
[103] The start of activity for these entities, as recorded in the list of authorised institutions maintained by Banco de Portugal, may not coincide with the effective start of operations in the country, which may occur later. For example, Openbank obtained its licence from Banco de Portugal on 1.12.2017 (see here) but only began operating in Portugal in 2019 (see their website [only in Portuguese]).
[104] The offers described were verified on 15.01.2026.

Bank	Activity registration in Banco de Portugal[103]	Available offers[104]
Bunq B.V.	September 2019	Current accounts (digital), debit cards, credit cards, savings accounts and term deposits
Moey! (Crédito Agrícola's digital bank)	September 2019	Current accounts (digital with national IBAN), debit cards, personal loans and savings accounts
Wise Europe SA	March 2019	Current accounts (digital), debit cards and investment products
Openbank (Santander Totta's digital bank)	December 2017	Current accounts (digital), debit cards, personal loans, savings accounts, term deposits and investment products
N26 Bank SE	September 2016	Current accounts (digital), debit cards, personal loans, savings accounts and investment products
Klarna Bank AB	March 2016	Current accounts (digital), debit cards, short-term credit ("buy now, pay later") and savings accounts

52. **Only some of these entities are realistically positioned to challenge incumbents for consumers' primary banking relationship**. Digital brands belonging to incumbent banking groups, such as moey! (Crédito Agrícola), Openbank (Santander Totta) and ActivoBank (Millennium BCP), may increase competitive pressure at the level of product offering and customer acquisition, but do not necessarily alter the underlying ownership structure of the market. Whether the market becomes more contestable therefore depends largely on the ability of independent entrants, such as Revolut, N26, bunq and Klarna, to become consumers' main bank rather than merely a secondary account.

53. **Despite the recent entry of these providers, demand-side factors may limit the ability of new entrants to attract a significant customer base**[105].

54. **The longevity of banking relationships is an important factor affecting mobility in Portuguese retail banking. In December 2024, around 56% of current accounts had been open for more than 10 years**, and around 32% had been open for more than 20 years[106]. These figures are even higher for the five largest banks, reflecting lower levels of customer mobility among their clients[107]. Similarly, according to the Consumer Survey, around 65% of respondents had held their main current account for more than 10 years, and around 80% for relationships lasting more than five years.

55. **Long-standing relationships also make it easier for banks holding consumers' main current account to supply additional products and services**. According to the Consumer Survey, most respondents hold additional products associated with their main account. Only around 16% reported having No. additional product linked to that account. Figure 8 summarises the distribution of the main products reported. The products most commonly associated with the main current account are credit cards, savings accounts, term deposits, insurance products and mortgage credit.

[105] Other barriers to entry and expansion may also exist, including legal and regulatory barriers.
[106] Data source: Banks (AdC request for information). Data processing: AdC.
[107] Considering only these banks, in December 2024 around 61% of current accounts had been open for more than 10 years and around 36% had been open for more than 20 years.

Figure 8. Distribution of the main financial products associated with the main current account[108]

Source: AdC Consumer Survey on retail banking in Portugal.

56. **The size and longevity of customer relationships with the largest banks may make it harder for new entrants and smaller banks to attract a significant customer base**[109].

57. **In addition, consumers' choice of their main bank continues to be strongly influenced by geographical proximity, despite the increasing availability of digital banking channels**. Although the number of physical bank branches has declined since 2010, both at the European level[110] and in Portugal[111], branch proximity remains the main reason cited by respondents when choosing a bank (approximately 21%). Other reasons include recommendations and loan conditions (both around 15%), as well as the level of bank fees (around 13%).

58. **The physical presence of banks may also affect the ability of certain institutions, particularly digital banks, to expand**. Developments in branch networks may influence how some consumers interact with financial institutions and take out banking products, especially in consumer segments that rely more heavily on face-to-face services or in areas with lower service density. At the same time, decisions on the location and number of branches fall within the commercial freedom of financial institutions. Banks, including new entrants, are therefore free to open or close branches, or to adopt alternative forms of physical presence, in areas where they identify sufficient demand. In parallel with the digitalisation of the banking sector, institutions operating exclusively through digital channels have also emerged.

59. **Multi-banking, that is, the use of more than one credit institution by the same consumer, may mitigate the market power of the largest banks. However, the available information suggests that multi-banking is more common among younger and more highly educated consumers**. According to the Consumer Survey, multi-banking is more common among individuals with higher education, at around 42%, and among consumers whose main account is held with Activobank, Millennium BCP's digital bank, or with smaller banks, such as Bankinter and ABANCA. The overall multi-banking rate observed in the survey sample is 37.5%.

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[108] A total of 2,512 responses were obtained from 1,100 respondents (each respondent could report multiple products, which were counted individually as separate responses).

[109] See OECD, "Balancing Prudential Regulation and Competition Considerations in Banking", published on 14.11.2025, which identifies consumer inertia, switching costs and the longevity of banking relationships as barriers to entry and expansion in retail banking.

[110] Source: ECB data.

[111] Source: ECB data.

60. **International evidence also suggests that the competitive challenge posed by new banks has, to date, only partly materialised**. Although these institutions have attracted a significant share of new account openings in some markets, their share of banking revenues generally remains limited, and consumers often use them for secondary banking purposes rather than as their main bank[112].

Key findings

- **Current accounts play a central role in consumers' relationships with banks**. Consumers typically hold several financial products and services with the bank where they have their main current account.
- **Credit intermediation has become increasingly significant in Portugal. However, tied and ancillary credit intermediation activities may give rise to conflicts of interest**. These potential conflicts may affect the information made available to consumers and, consequently, competition in credit markets.
- **The five largest banks have consistently held a significant share of the sector's assets**, above the EU average.
- **In more concentrated markets – particularly where barriers to entry and consumer inertia coexist – competitive pressure tends to be weaker**. In Portugal, this is reflected in less attractive term deposit remuneration among the five largest banks when compared with the euro area average and with smaller banks. It is also reflected in relevant differences in current account fees across institutions.
- **Factors such as multi-banking and the recent entry of digital banks and fintech providers may mitigate the market power of the largest banks. However, the longevity of banking relationships, the association of several products with the main current account and the importance of branch proximity may limit the ability of new entrants to attract customers**.

IV. THE ROLE OF THIRD-PARTY PROVIDERS IN BANK SWITCHING

61. Beyond the entry of new operators in the form of digital banks, **the digital transformation of retail banking is introducing mechanisms that may affect consumer mobility, notably open banking and open finance**. These instruments are intended to reduce information asymmetries and facilitate the comparison of offers. They may therefore contribute to making the market more contestable, although their actual impact will depend on their level of adoption and on the effectiveness of the solutions available in practice.

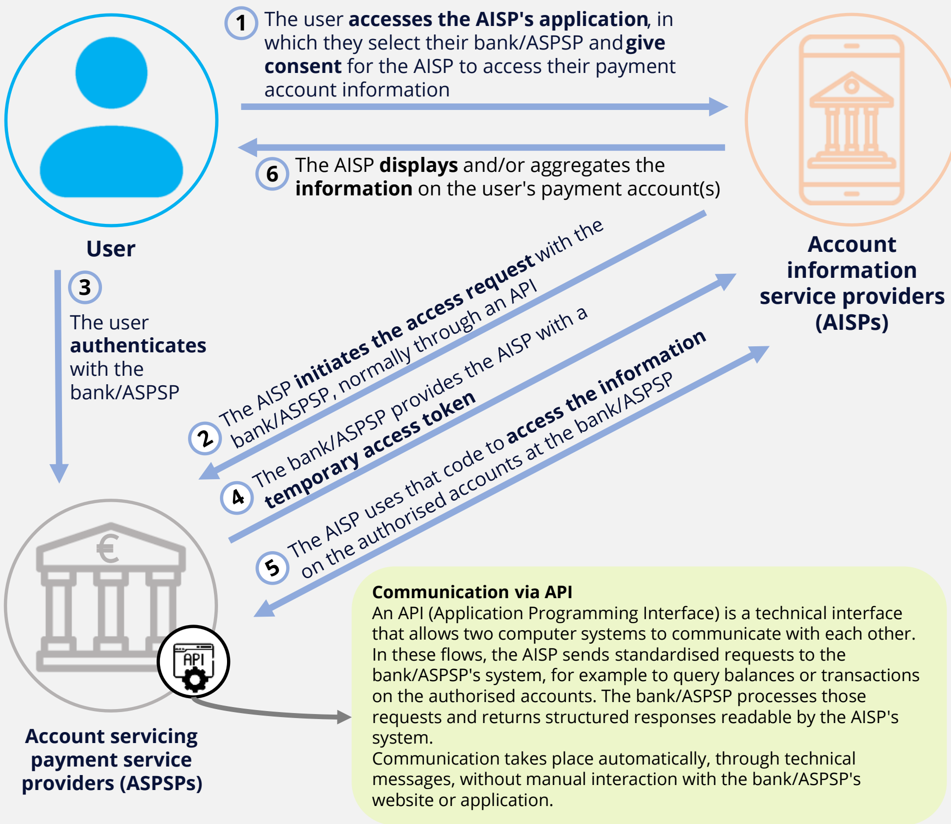
62. **Open banking, formally introduced by Directive (EU) 2015/2366, establishes a framework under which third-party providers** (TPPs) **may access payment account data with the customer's consent**, usually through application programming interfaces (APIs). This framework underpins account information services (AIS) and payment initiation services (PIS), allowing information to be aggregated and payments to be initiated outside the bank's own

[112] According to one consultancy, new banks attract 39% of new account openings globally, yet account for only around 5% of total retail banking revenue worldwide. They have mostly been adopted as secondary accounts for investing in alternative products, such as crypto-assets. Even in the United Kingdom, where take-up of new banks is highest – around 64% of consumers use them for at least one banking product or service – only 20% regard a new bank as their main bank. See Simon-Kucher, "Global Neobanking Research: The New Economics of Neobanking", March 2026.

interface. Box 3 explains, in simplified terms, how open banking works in the context of account information aggregation.

Box 3. How open banking works and what it is used for

The chart below illustrates, in simplified form, the main steps involved when an account information service provider (AISP) accesses the payment account data authorised by the customer.



Access to account data may also involve other providers, **including API aggregators. These providers may play a significant role because Directive (EU) 2015/2366 did not establish a single API or a fully harmonised technical communication model**. As a result, different technical interfaces coexist across banks and across Member States. API aggregators seek to reduce this complexity by providing connectivity to the interfaces made available by different banks, so that each AISP does not need to develop and maintain individual integrations with every account servicing payment service provider (ASPSP).

AISPs do not always interact directly with consumers. In some models, they act instead as infrastructure providers for other entities, such as financial management platforms, mobile applications, credit institutions or accounting service providers, which may or may not hold their own authorisation under Directive (EU) 2015/2366. These entities embed account-data-based functionalities within their own interfaces, which are the interfaces seen by consumers.

63. **In Portugal, the main uses of open banking identified in the context of account information aggregation are the following**:

    i. **Account aggregation**, allowing users to view, in a single interface, information on payment accounts held with different banks. This functionality is offered by several financial applications and by a number of Portuguese banks (*e.g.* ActivoBank, Caixa Geral de Depósitos and Revolut), whose platforms can display accounts held with other institutions.

ii. **Personal financial management**, including expense categorisation, budget alerts, balance forecasting, subscription identification and the detection of recurring fees or charges (*e.g.* Wallet by BudgetBakers or Finary, through AISPs such as Powens and Plaid[113]); and

iii. **The use of data to assess the consumer's financial situation**, drawing on up-to-date banking information on income, expenditure, balances and account usage patterns (*e.g.* Younited).

64. **These services should, in principle, improve consumers' access to information and facilitate comparison between offers. To date, however, their impact appears to have remained limited, both at European level and in Portugal**[114].

65. **The European Commission attributes this limited impact to a combination of technical, regulatory and operational constraints**[115]. These include: (i) the coexistence of different technical interfaces across Europe; (ii) the variable quality and performance of APIs; (iii) the absence of sufficiently harmonised minimum requirements on the data, functionality and performance levels to be ensured; (iv) the complexity of the regime governing access interfaces; and (v) divergences in how Member States have implemented, interpreted and supervised the regime, including as regards the scope of accounts covered[116]. Assessment of how open banking is developing in the EU is further hampered by the absence of official statistics on its use[117].

66. **Technical fragmentation increases integration costs and makes it harder to provide open banking services at European scale**[118]. In the absence of a single European API, providers must adapt to differing interfaces, requirements and performance levels[119]. API aggregators emerged to simplify this connectivity (see Box 3), but they mitigate the problem rather than resolve it, and themselves introduce an additional layer of intermediation and cost[120].

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[113] Platforms such as Powens and Plaid operate exclusively on a B2B (business-to-business) basis, providing banking data access infrastructure to third-party applications. They do not interact directly with end consumers, who engage only with the applications that integrate their APIs.

[114] The European Commission refers to the "mixed success" of open banking adoption across Europe. See EC, Commission Report COM(2023) 365 final on the review of Directive (EU) 2015/2366, published on 28.06.2023. Consistent with this, in the consultation conducted as part of the review of Directive (EU) 2015/2366, 45% of respondents considered that the Directive's open banking framework had not been successful, compared with 29% who considered it successful. See European Commission, "Targeted consultation on the review of the revised Payment Services Directive (PSD2)", which ran from 10.05.2022 to 05.07.2022.

[115] European Commission, COM(2023) 365 final.

[116] The Commission identifies divergent interpretations of the concept of "payment account" across Europe, creating uncertainty as to the types of accounts and data falling within the regime. By way of illustration, the Commission notes that AISPs may access credit card data in some Member States but not in others. See EC, "Commission Staff Working Document Impact Assessment Report accompanying the proposals for a Regulation on payment services in the internal market and a Directive on payment services and electronic money services in the internal market", SWD(2023) 231 final, published on 28.06.2023.

[117] The Commission states that, in conjunction with the European Banking Authority, it will explore the possibility of producing official data on open banking in the EU, and that in the meantime it will continue to rely on data produced by private entities. See EC, SWD(2023) 231 final.

[118] The Commission notes that interoperability is a necessary condition for effective data sharing and that the lack of API standardisation contributed to the imperfect functioning of open banking under Directive (EU) 2015/2366, raising technical barriers and the costs of accessing and reusing data. See EC, "Commission Staff Working Document Impact Assessment Report accompanying the Proposal for a Regulation on a framework for financial data access", SWD(2023) 224 final, published on 28.06.2023.

[119] It should be noted that the Commission chose not to impose a single European standard, taking the view that this could restrict competition and innovation (EC, SWD(2023) 231 final).

[120] EC, SWD(2023) 231 final. See also OECD, "Shifting from Open Banking to Open Finance", published on 27.01.2023.

67. **These technical limitations are also relevant in Portugal**. Although the country is described as having a relatively homogeneous infrastructure for access to banking data[121], the quarterly API performance reports published by the main banks show that the error rate in responses to third-party payment service providers has deteriorated, rising from 0.35% in 2021 to 2.62% in 2025[122]. Banco de Portugal attributes most failed account information requests to providers exceeding the daily limit on requests made without user intervention[123]. ANIPE further notes that the SIBS API Market does not follow the standard most widely adopted in Europe, which may limit interoperability between institutions and weaken the incentive for prospective providers to invest in the Portuguese market[124].

68. **Take-up of these services is also constrained by limited financial literacy and by consumers' low levels of trust in third-party payment service providers**. At European level, only 18% of citizens display a high level of financial literacy[125]. Moreover, in the Commission's public consultation on the review of Directive (EU) 2015/2366, the reasons most frequently given for not using account information or payment initiation services were an unwillingness to share data with entities other than one's own bank and a lack of trust in such providers[126]. Similarly, a recent European survey indicates that 25% of consumers are unwilling to share financial data in exchange for benefits, and that traditional banks are the providers consumers trust most for sharing financial data, cited by 51% of respondents[127].

69. **The available evidence also points to limited use of open banking solutions in Portugal**. According to the OECD, drawing on a survey of Portuguese consumers, only 3% of internet users with a bank account reported using account aggregation platforms or payment initiation services, and the use of digital budgeting tools was similarly low (7%)[128]. Alongside this limited take-up, a significant share of the Portuguese population reports difficulty using digital financial services, including home banking and mobile payment solutions. In the 2023 Eurobarometer survey, only 20% of Portuguese citizens said they were very comfortable using digital financial services, the lowest figure in the EU, where the average was 36%[129]. Gaps in digital financial literacy in Portugal have also been identified by the OECD[130].

[121] Indeed, the SIBS API platform provides TPPs with access to most national bank accounts, covering around 95% of bank accounts in Portugal. See VVA/CEPS, "A study on the application and impact of Directive (EU) 2015/2366 on Payment Services (PSD2)", 2023.

[122] The average response time of account information access interfaces has also worsened, reaching 652 ms in 2025 after an initial improvement from 771 ms in 2020 to 531 ms in 2021. These data were collected and processed by the AdC on the basis of the quarterly performance reports on dedicated interfaces published by the following payment service providers under Article 3 of Commission Delegated Regulation (EU) 2018/389: BCP, BPI, Caixa Geral de Depósitos, Novo Banco and Santander Totta. Reference period: 2020–2025.

[123] Banco de Portugal, Payment Systems Report 2024, published on 08.05.2025.

[124] Information gathered at a bilateral meeting between the AdC and the Portuguese Association of Payment and Electronic Money Institutions (ANIPE) held on 18.03.2026.

[125] EC, "Flash Eurobarometer FL525: Monitoring the level of financial literacy in the EU", published on 18.07.2023.

[126] EC, SWD(2023) 231 final.

[127] PwC, "Opening Up for the Digital Fast Lane – Payments and Open Banking Survey 2025", published on 19.05.2025.

[128] See OECD, "Digital financial literacy in Portugal: relevance, evidence and provision", published on 31.05.2023, Table 4-17, based on a 2022 survey of 1,516 Portuguese respondents. The change relative to 2020 was equally marginal, suggesting that the post-pandemic period, despite the general impetus to digitalisation, did not translate into significant take-up of these services (Table 4-18). Indeed, the use of account aggregators rose by only 2 p.p., payment initiation services by 1 p.p., and digital budgeting tools by 2 p.p.

[129] EC, "Flash Eurobarometer FL525: Monitoring the level of financial literacy in the EU", published on 18.07.2023.

[130] In 2023, the OECD produced, with the support of Banco de Portugal and the European Commission, two reports on digital financial literacy in Portugal: "Digital financial literacy in Portugal: relevance, evidence and provision" and "A Digital Financial Literacy Strategy for Portugal". In particular, fewer than half of internet users can answer most questions on digital financial knowledge correctly. Deficits are evident, in particular, in knowledge of consumer rights in online purchases, awareness of the use of personal data by financial institutions, and perception of the risks associated with crypto-assets.

70. **Open banking has also fallen short of its potential as a driver of switching in the United Kingdom, the market in which both demand-side adoption and the emergence of supply-side alternatives have advanced furthest**[131]. Open Banking Limited, the body responsible for implementing and developing open banking in the UK, reports that account information services have not yet been used to a significant extent in solutions specifically designed for account comparison and switching[132]. Among retail users, services based solely on account information appear to have plateaued over the past three years, while payment initiation services have continued to grow more strongly[133].

71. **The European regulatory framework is, however, evolving. Initiatives are under way to address the limitations identified in the functioning and adoption of open banking** and to establish a framework for the development of open finance. Open finance extends the principle of data sharing from payment accounts to a broader set of financial data, including credit, savings, investments, insurance and pensions. These data cover the most significant components of a consumer's financial relationship. A more integrated view of that relationship could support more comprehensive comparison and financial advice services, as well as a fuller assessment of each consumer's financial situation. Such services could make it easier to identify alternative offers better suited to the consumer's profile and reduce search costs, thereby improving the conditions for comparing providers and for switching or renegotiating financial products.

72. **Three legislative proposals are of particular relevance, namely a Directive on payment services and electronic money services in the internal market (PSD3), a Regulation on payment services in the internal market (PSR), and a Regulation on a framework for financial data access (the FiDA Regulation)**[134]. The PSD3/PSR package strengthens the quality and reliability of APIs for access to payment account data[135], including through performance and functionality requirements; restricts banks' ability to obstruct third-party access[136]; requires that access be non-discriminatory[137]; and provides customers with tools to manage the permissions they have granted[138]. The proposed FiDA Regulation[139], in turn, extends data sharing to other financial products[140], provides for the effective portability of those data between institutions[141],

131 The United Kingdom had 13.3 million active users in March 2025. See Open Banking Limited, "Open Banking Impact Report 7", published on 16.05.2025. According to AdC calculations based on the database made available by Open Banking Limited, UK operators recorded an average response error rate of 0.55% in 2025.
132 Open Banking Limited, "Open Banking Impact Report 7".
133 Open Banking Limited, "Open Banking Impact Report 7", fig. 9.
134 The PSD3/PSR package constitutes the review of Directive (EU) 2015/2366 and comprises two complementary instruments: the proposal for the PSD3 Directive (COM(2023) 366 final), which governs the licensing and supervision of payment institutions, and the proposal for the PSR (COM(2023) 367 final), which lays down the conduct rules applicable to the provision of payment services. The proposal for the FiDA Regulation (COM(2023) 360 final) seeks to establish a harmonised framework for access to financial data beyond payment accounts. At the time of writing, the PSD3/PSR package is in the final stages of the legislative process, while the proposed FiDA Regulation remains under negotiation.
135 Articles 35 et seq. of the PSR proposal.
136 Article 44 of the PSR proposal.
137 Article 31 of the PSR proposal.
138 Article 43 of the PSR proposal.
139 The Commission estimates the total annual benefits to the EU economy from improved access to and sharing of data in the financial sector at between €4.6 billion and €12.4 billion, with one-off implementation costs estimated at between €2.2 billion and €2.4 billion and recurring annual costs at between €147 million and €465 million (see the FiDA Regulation proposal).
140 Under Article 2(1) of the proposed FiDA Regulation, the categories of customer data falling within its scope include mortgage credit agreements; savings, investments in financial instruments, insurance-based investment products, crypto-assets, real estate and other related financial assets; pension rights in occupational pension schemes; pension rights under pan-European personal pension products; and non-life insurance products, with the exception of sickness and health insurance products.
141 Articles 4 and 5 of the proposed FiDA Regulation.

and requires that sharing operate through technically harmonised solutions, notably common APIs[142].

73. **These developments are intended to strengthen the role of financial data sharing as an instrument of comparison, transparency and bank switching**. With regard to open banking, the Commission considers that the revision of Directive (EU) 2015/2366 may reduce the obstacles faced by TPPs in providing basic services, make those services more competitive, and improve the quality and predictability of the interfaces for accessing payment accounts[143]. With regard to open finance, the Commission notes that access to, and reuse of, a broader set of financial data may facilitate consumers' access to offers suited to their profile, support comparison and product-switching tools, enable aggregated financial management and personalised advice, and allow greater automation of contracting and creditworthiness assessment processes[144].

74. **The AdC will monitor these developments and, in light of their implementation, will assess whether a more detailed analysis of this matter is warranted**, with a view to maximising the contribution of these instruments to strengthening competition and consumer mobility in the Portuguese banking sector.

Key findings

- **The digitalisation of banking is introducing mechanisms with the potential to strengthen competition**, in particular through open banking and open finance solutions. These mechanisms are intended to reduce information asymmetries and facilitate the comparison of offers.
- Nevertheless, **the evidence available at national and European level indicates that the impact of open banking in reducing frictions to bank switching has, to date, remained limited**.
- This limited impact results from a combination of factors, including **technical and regulatory limitations on access to banking data and low levels of digital financial literacy**.
- **The European regulatory framework is evolving to address these limitations**, seeking to improve the effectiveness, reliability and adoption of open banking and open finance solutions.
- **The AdC will monitor these developments** and will assess the need for further analysis to maximise the contribution of the digitalisation of banking to stronger competition and greater consumer mobility.

V. SWITCHING BEHAVIOUR IN RETAIL BANKING

75. **Consumer switching in retail banking involves several sequential stages. These include searching for alternative offers, comparing the options identified, taking out a product or service and, where relevant, switching banking provider**. These stages are interdependent, such that any friction encountered at an earlier point will have knock-on effects on subsequent

142 Article 10(1) of the proposed FiDA Regulation.
143 EC, SWD(2023) 231 final.
144 EC, SWD(2023) 224 final.

stages, thereby constraining consumers' ability to make informed decisions and, consequently, their capacity to exert competitive pressure on banks.

V.1. SEARCH FOR ALTERNATIVE BANKING OFFERS

76. **According to the Consumer Survey, around 69% of respondents had not searched for information on current accounts offered by other banks in the previous five years**. This finding should be considered in the context of long-standing customer relationships, particularly with the five largest banks, which is itself indicative of more limited switching among their customers[145].

77. **Approximately 60% of those respondents cited reasons that reflect barriers to information search, including the perception that product offerings are largely homogeneous**[146], **the existence of loan facilities with their current provider**[147], **and the expectation that switching would require significant time and effort**[148]. A further relevant set of reasons relates to satisfaction, trust, or proximity to a dedicated relationship manager[149]. These reasons may indicate that, for some respondents, their current banking products meet their needs. However, this must be assessed in light of the stable asset shares of the five largest banks, the long duration of consumer banking relationships, and the availability of products in the market with more attractive features in certain respects[150], which collectively point to a degree of consumer inertia, as well as to the complexity of comparing alternative offers[151].

78. **By contrast, around 32% of respondents had searched for information on current accounts offered by other banks in the previous five years**. Search activity was more common among younger respondents[152] and respondents with higher levels of education[153]. Similar patterns were observed for account switching[154].

79. **Those consumers cited, among other motivations, the search for lower fees** (approximately 66%) **and more attractive deposit rates** (approximately 40%). This suggests that search activity tends to be driven by perceived differences in pricing and returns, rather than by less observable contractual features.

80. **Low levels of financial and digital literacy may also affect consumers' ability to search for alternative banking offers**. This issue was highlighted during the market consultation and in meetings with stakeholders[155]. Notably, in 2023, Portugal ranked second to last among European

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[145] See paragraph 54.
[146] Approximately 25% of respondents who had not searched for alternatives identified this as at least one reason.
[147] Approximately 20% of respondents who had not searched for alternatives identified this as at least one reason.
[148] Approximately 19% of respondents who had not searched for alternatives identified this as at least one reason.
[149] Among respondents who had not searched for alternatives, approximately 72% cited at least one reason associated with satisfaction, trust, or the proximity of their relationship manager.
[150] See Chapter III.2 above.
[151] See the discussion in the following Chapter.
[152] Approximately 38% of respondents aged 50 or under had sought information on current accounts offered by other banks in the preceding five years, compared with approximately 24% of the remaining respondents.
[153] Approximately 37% of respondents with a university-level qualification had sought information on current accounts offered by other banks in the preceding five years, compared with approximately 24% of the remaining respondents.
[154] Account switching was found to be more prevalent among respondents aged 35 or under (approximately 16%) than among the remaining respondents (approximately 6%), and among respondents with a university-level qualification (approximately 14%) than among the remaining respondents (approximately 7%).
[155] During the market consultation, the AIP (Portuguese Industrial Association), Citizens' Voice, the DGC (Directorate-General for Consumer Affairs) and the CCP (Portuguese Commerce and Services Confederation) highlighted consumers' low levels of financial literacy, which undermine their capacity to understand, compare and make use of banking products and services, and potentially widen the information asymmetry between banks and consumers. In meetings, ACOP, apDC, UGC and DECO noted that consumer financial illiteracy restricts the search for alternative offerings and the propensity to switch banking provider, and in this regard identified practical difficulties associated with contracting through digital channels and with understanding documentation, particularly among more vulnerable segments of the population.

countries, with only 16% of consumers demonstrating a high level of financial literacy, and just 11% achieving a high score on the overall financial literacy assessment[156]. There are, however, a range of relevant initiatives at both national and European level aimed at improving financial literacy levels[157].

V.2. COMPARISON OF BANKING ALTERNATIVES

81. **The comparison of offers identified at the search stage is another point at which consumers face difficulties. Consumers may find it difficult to identify and quantify the charges they will incur over the life cycle of banking products and services**. This is due, in particular, to the dispersion of information and the way in which it is presented, as highlighted in the market consultation and in meetings with stakeholders[158]. These difficulties persist despite developments in the legal and regulatory framework aimed at further harmonising terminology and standardising the information made available to consumers (see Box 4).

82. **The difficulty of comparing alternatives may be greater in the case of bundled offers**. In these cases, the number of possible combinations of products and services, together with the existence of benefits conditional on taking out specific products or services, makes it more difficult to assess each component individually and to compare offers across institutions. This issue was also raised in the market consultation and in meetings with stakeholders[159].

83. **Existing comparison and simulation tools, both public and private, help reduce search and comparison costs. However, their potential as instruments of competitive discipline could be further developed**. In practice, these tools continue to have limitations, particularly in terms of ease of use and limited personalisation[160], which may affect their ability to estimate the effective cost borne by the consumer.

Box 4. Relevant national legal framework on the comparability of banking offers

With regard to payment accounts, Decree-Law No. 107/2017 introduced several measures aimed at improving fee comparability and transparency. In particular:

[156] See "Flash Eurobarometer 525 Monitoring the level of financial literacy in the EU", prepared by the European Commission and published in July 2023.
[157] At European level, the following initiatives are of particular note: (i) the EU Strategy on Financial Literacy, dated September 2025, which provides, in particular, for financial literacy awareness-raising actions at European scale and support to Member States in developing initiatives aimed at strengthening citizens' financial competences; and (ii) the Commission Recommendation on the introduction of savings and investment account schemes, adopted in September 2025, with a view to promoting retail investor participation in capital markets. At national level, particular reference should be made to: (i) the National Financial Education Plan (*Plano Nacional de Formação Financeira – PNFF*), launched in 2011, which aims to raise the level of financial knowledge among the population and promote the adoption of sound financial attitudes and behaviours; and (ii) the Digital Financial Literacy Strategy for Portugal, dated May 2023, prepared by the OECD for the Banco de Portugal with the support of the European Commission (OECD, 2023), which aims to empower the population to make safe use of digital financial services and to contribute to reducing digital financial exclusion.
[158] In the market consultation, Citizens' Voice, DECO, ANICA, AIP and DGC, and, in meetings, ANICA, ACOP and DECO, referred to the length, complexity and density of the information made available to consumers, which tend to make comparison and understanding more difficult. By contrast, Banco de Portugal and APB, in the market consultation, considered that such information, while extensive, is simple, clear and standardised, and enables consumers to take informed decisions.
[159] In the market consultation, AIP, Citizens' Voice, DECO and an individual consumer, and, in meetings, Citizens' Voice and DECO, presented a similar view. APB, by contrast, stressed that bundled offers may generate convenience and efficiency gains.
[160] In this context, in the market consultation, Citizens' Voice, DECO, DGC and AIP argued for broader functionalities and greater automation of the tools concerned, while APB acknowledged that there is scope to further develop these tools. In meetings, apDC and DECO stated that, even with these tools, consumers continue to face significant difficulties when comparing offers, particularly where information is dispersed and/or materially technical in nature.

credit institutions are required to use a list of representative services and harmonised terminology[161];

consumers must be provided, free of charge, with the Fee Information Document, before the conclusion of the contract, and with the Annual Statement of Fees; and

a fee comparison website must be created, accessible free of charge and on an impartial basis[162].

(i) In addition, Banco de Portugal issued Circular Letter No. 24/2014/DSC[163], which sets out a number of good
(ii) practices. These include, in particular, that (i) institutions should make available a standardised current
account with uniform characteristics, the "basic account", and a single maintenance fee covering the
(iii) essential services associated with the account; and (ii) the amount of that fee should not vary according to
the average balance of the account.

As regards credit, Decree-Law No. 133/2009, on consumer credit, and Decree-Law No. 74-A/2017, on mortgage credit, are particularly relevant. These legal instruments seek to reduce information asymmetries between lenders and consumers and to prevent mandatory tying practices, thereby strengthening consumer protection.

The most relevant provisions include publication and pre-contractual information duties, the standardised disclosure of credit costs[164]**, and the consumer's right to early repayment.**

Decree-Law No. 133/2009 regulates the provision of pre-contractual information[165] **through the Standardised Information Sheet (*FIN*)**[166]**, while Decree-Law No. 74-A/2017 establishes a similar requirement through the European Standardised Information Sheet (*FINE*/ESIS) for mortgage credit**[167]. Both regimes impose standardised disclosure requirements, ensuring that consumers have access to comparable information before entering into the contract.

Both legal instruments prohibit mandatory tying practices[168]. In the case of mortgage credit agreements, Decree-Law No. 74-A/2017 provides that, in the case of optional bundled offers, institutions must present a detailed simulation of the instalment for each discount item between the base spread and the contracted spread, both at the time of contracting and, at the customer's request, throughout the term of the contract[169].

In mortgage credit, the legal framework sets maximum early repayment fees of 0.5% for variable-rate agreements and 2% for fixed-rate agreements[170].

In consumer credit, the legal framework sets maximum early repayment charges of 0.5% for fixed-rate agreements where more than one year remains until the end of the contract, and 0.25% where the

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[161] Banco de Portugal Instruction No. 11/2018 (in Portuguese).
[162] Article 11 provides that the comparison website is to be managed by Banco de Portugal, ensuring that the information is up to date, accurate and impartial. Available on Banco de Portugal's "Fees Comparator".
[163] Circular Letter No. 24/2014/DSC.
[164] Banco de Portugal Instruction No. 10/2014 (in Portuguese) complements this regime by specifying the periodic information duties of institutions during the term of consumer credit agreements, including the obligation to send regular statements, to provide specific information in the event of default or early repayment, and to provide clear and up-to-date information on charges, interest and fees.
[165] Such as the nominal annual rate, the annual percentage rate of charge, the total amount payable, the frequency and number of instalments, and the conditions for early repayment, pursuant to Article 6 of Decree-Law No. 133/2009.
[166] The acronym *FIN* does not appear directly in Decree-Law No. 133/2009. It was subsequently introduced by Instruction No. 12/2013 of Banco de Portugal (in Portuguese), which specifies the information to be provided by credit institutions to consumers in accordance with the FIN templates set out in the annexes to that Instruction.
[167] Article 13 of Decree-Law No. 74-A/2017.
[168] As provided for in Article 29 of Decree-Law No. 133/2009 on consumer credit.
Under Article 11 of Decree-Law No. 74-A/2017, in the context of mortgage credit the lender may nevertheless require the consumer to: (i) open a current account for the processing of the credit, provided that, in such case, it accepts an account opened with another credit institution; and (ii) take out insurance contracts, provided that insurance policies from other providers with an equivalent level of cover are accepted.
[169] Article 11(4) of Decree-Law No. 74-A/2017.
[170] Article 23 of Decree-Law No. 74-A/2017.

remaining term is equal to or less than one year. For variable-rate agreements, No. charges are payable for early repayment[171]. Decree-Law No. 133/2009 also establishes maximum interest rate limits. Under the applicable regime, the maximum rates correspond to the average annual percentage rate of charge (APRC) charged by credit institutions in the previous quarter, increased by one quarter[172].

V.3. TAKING OUT BANKING PRODUCTS AND SERVICES

84. **After consumers have searched for and compared alternative offers, the selection of an offer marks the beginning of the contracting stage. This stage may involve difficulties linked to the complexity of the information made available by banks**. That complexity stems, in particular, from the length and diversity of the documentation and from the technical nature of the language used, as referred to in the market consultation and in meetings with stakeholders[173]. These difficulties tend to be particularly relevant for products and services with a greater financial impact, such as mortgage credit.

85. **Credit intermediaries may play an important role in this context**[174]. **However, that role may not be fully realised where their incentives are not aligned with consumers' interests or are not fully understood by consumers**. This was one of the issues raised in the market consultation and in meetings with stakeholders[175].

V.4. BANK SWITCHING

86. **According to the Consumer Survey**, **around 89% of respondents had not switched their main account in the previous five years. A significant proportion of those respondents**, around 73%, **identified difficulties in comparing offers or perceived switching costs**. **These results point to a context of low mobility and limited competitive pressure in the sector**. The following reasons for not switching account are particularly relevant:

(i) the expected time and effort required to switch, perceived as disproportionate[176], often combined with concerns about errors in the switching process[177], difficulties in transferring direct debits and standing orders[178], or lack of knowledge of the tasks required[179];

(ii) the existence of loans with the current bank[180], which may reflect additional switching difficulties; and

[171] Article 19 of Decree-Law No. 133/2009.
[172] Article 28 of Decree-Law No. 133/2009.
[173] In the market consultation, Citizens' Voice, DECO, ANICA, AIP and DGC, and, in meetings, ACOP and UGC, referred to bureaucracy, the length and complexity of documentation, and difficulties in accessing banks in person outside urban centres, associated with branch closures or with a reduction in the services provided by branches.
[174] See paragraphs 36 to 41.
[175] In the market consultation, Citizens' Voice highlighted the risks of conflicts of interest between credit intermediaries and consumers, and the importance of transparency regarding those agents' incentives. In meetings, DECO and Citizens' Voice reported cases of unsuitable advice being provided to consumers by credit intermediaries, while UGC considered that clarity and transparency regarding the incentives of credit intermediaries are crucial to ensuring that consumers derive the maximum benefit from the services provided by those agents.
[176] Around 21% of respondents who did not switch account identified at least this reason.
[177] Around 9% of respondents who did not switch account identified at least this reason.
[178] Around 10% of respondents who did not switch account identified at least this reason.
[179] Around 4% of respondents who did not switch account identified at least this reason.
[180] Around 20% of respondents who did not switch account identified at least this reason.

the perception that there are No. better alternatives[181] or that offers are largely similar[182], which points to the importance of effective comparison and simulation tools capable of making differences between offers more visible.

87. **Satisfaction with the current bank, trust in the institution and/or proximity to the bank relationship manager were mentioned by 63% of respondents who had not switched account**[183]. **These factors may indicate satisfaction with the current banking relationship.** (iii) **However, they are also consistent with a context of barriers to mobility**. As explained in paragraph 77, the stability of the market shares of the five largest banks and the long-standing nature of relationships with those banks, together with the high share of respondents who neither searched for information nor switched account in the previous five years, point to a weak consumer response[184]. In addition, the levels of non-switching and satisfaction with the current bank are broadly consistent with comparable surveys conducted by other competition authorities, which led to recommendations aimed at increasing search, improving comparability and facilitating bank switching[185].

88. **The high proportion of respondents who searched for alternative offers but did not switch account**, around 78%, **may reflect difficulties in comparing offers and perceived switching costs**. For those respondents, these difficulties were more relevant at the switching stage, at around 79%, than at the search stage, at around 60%. This is consistent with the expectation that switching costs weigh more heavily in the decision to switch than in the decision to search. In particular, respondents who searched but did not switch gave greater prominence to reasons such as the perception that there are No. better alternatives[186], that the time and effort required to switch are not worthwhile[187], that available offers are largely similar[188], and that they have loans with their current bank[189]. These reasons were more prominent than factors associated with an active preference for the current bank[190].

89. **Around 11% of respondents had switched their main account in the previous five years**. It should be noted that, in October 2022, around 14% of Portuguese consumers holding a current account stated that they had switched bank in the previous five years[191]. The new bank chosen by a significant proportion of respondents who switched was Bankinter (around 45%), ActivoBank (around 29%), Banco CTT (around 15%), or Crédito Agrícola (around 14%). The least

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[181] Around 24% of respondents who did not switch account identified at least this reason.

[182] Around 21% of respondents who did not switch account identified at least this reason.

[183] In particular, satisfaction with the current bank was mentioned by around 43% of those respondents, trust in the institution by around 42%, and proximity to the bank relationship manager by around 10%.

[184] This conclusion is aligned with the CMA study, for example paragraph 6.15, cited above.

[185] By way of example: (i) in Australia, in 2023, 81% of respondents had not switched their main bank account in the previous three years (see "*Retail Deposits Research – Final Summary Report*", published by the ACCC); and (ii) in the United Kingdom, in 2015, 86% of respondents stated that they had not switched their main current account in the previous three years (see "*Personal Current Account Investigation*", published by the CMA in 2015). Similarly, the value associated with satisfaction is of a broadly similar order of magnitude, albeit lower, than that observed in surveys conducted by other competition authorities. In Australia, in 2023, 56% of respondents identified satisfaction as a reason for not having switched bank in the previous three years (ACCC's survey mentioned above), while in the United Kingdom, in 2015, that proportion was 51% (CMA's survey mentioned above).

[186] Around 33% of respondents who searched but did not switch account identified at least this reason.

[187] Around 25% of respondents who searched but did not switch account identified at least this reason.

[188] Around 22% of respondents who searched but did not switch account identified at least this reason.

[189] Around 19% of respondents who searched but did not switch account identified at least this reason.

[190] Among respondents who searched for alternative accounts but did not switch their main current account in the previous five years, around 35% mentioned trust in the current bank, around 34% identified satisfaction with the current bank, and around 9% mentioned proximity to the bank relationship manager as reasons for not switching.

[191] See "*Flash Eurobarometer 509 – Retail financial services and products – May-June 2022*", prepared by the European Commission on the basis of the results of a consumer survey carried out by Ipsos NV, published on 13.10.2022.

frequently selected banks were Montepio Geral (around 8%), Novo Banco (around 8%), BCP (around 6%), and CGD (around 4%).

90. **As regards interbank mobility, the churn rate**[192] **stood, between 2019 and 2024, between 5.05%**[193] **and 6.39%**[194] (see Table 3). These values are lower than the switching rate observed in the Consumer Survey, at around 11%. This difference may be explained by the fact that the churn rate captures cases of effective account closure. It does not capture cases in which the main account is switched without the previous account being closed, or without a new main account being opened, because a pre-existing banking relationship starts to perform that role.

91. **These values are close to those recorded in the 2009 study by the AdC and Banco de Portugal, which analysed the churn rate between 2003 and 2007** and found a range between 4.3%, based on the number of accounts in 2007, and 6.3%, based on the number of customers in 2003. This limited evolution indicates that consumer response remains weak, notwithstanding the emergence of digital and smaller banks with attractive offers in terms of fees and/or remuneration.

Table 3. Churn rate for current accounts held by private consumers, 2019–2024

	2019	2020	2021	2022	2023	2024
Accounts	5.61%	5.30%	5.05%	6.01%	5.67%	5.47%
Customers	6.23%	5.63%	5.40%	6.39%	5.97%	5.58%

Source of data: Banks, request for information. Data processing: AdC.

92. **The main reason given by respondents for switching main account was the expectation of lower costs incurred through fees**, around 61%. **Credit and deposit offers are also critical drivers of switching**, as respondents identified the following as reasons: (i) the expectation of improved loan conditions (around 19%), and/or taking out a new loan (around 15%); and/or (ii) the expectation of improved deposit conditions (around 18%). It should be noted that mobility among consumers with mortgage credit (around 14%) is higher than the average (around 11%).

93. **The fulfilment of these motivations depends to a significant extent on access to information on alternative offers. This gives the search stage a central role in bank switching**. Around 23% of consumers who searched for alternatives switched bank, compared with only 5% among those who did not search. This corresponds to a propensity to switch that is almost five times higher among respondents who searched for alternative offers. In addition, around 66% of respondents who switched their main account stated that they had also searched for alternative offers.

[192] Since current accounts are the core product in consumers' relationship with banks, consumer mobility is typically measured by the churn rate for current accounts. The churn rate may be calculated as the average of the current account opening rate, defined as the number of accounts opened divided by the number of accounts at the beginning of the period, and the current account closure rate, defined as the number of accounts closed divided by the number of accounts at the beginning of the period. This mitigates two effects. First, the account opening rate tends to overstate mobility, as it includes accounts that do not reflect a bank switch, such as a consumer's first account or an account opened by a consumer who already banks elsewhere. Second, the account closure rate tends to understate mobility, as it includes accounts of consumers who leave the market, a phenomenon of limited relevance, and does not include accounts that have not been used in the previous 12 months, that is, inactive accounts. A more accurate indicator of consumer mobility could be the use of the payment account switching service provided for in the legal and regulatory framework. However, the use of that service has been negligible (see Chapter VI.3), which makes it poorly suited for that purpose.
[193] Churn rate associated with the number of accounts recorded in 2021.
[194] Churn rate associated with the number of customers recorded in 2022.

94. **Even where account switching takes place, the bank switching process presents relevant operational difficulties. These are associated, in particular, with closing the old account**, which was considered difficult or very difficult by around 18% of respondents who switched and by around 19% of respondents who searched but did not complete the switch.

95. **These difficulties tend to translate into longer switching processes**. For around 15% of respondents who switched, the process took more than one month.

96. **The payment account switching service provided for in the legal and regulatory framework is intended to mitigate these difficulties**. **However, its use has been negligible** (see Table 4). **This appears to result**, **in particular**, **from consumers' limited awareness of the service**, **its limited promotion by banks**, **and bureaucratic and operational barriers** to its use, as mentioned in the market consultation and in meetings with stakeholders[195]. According to the Consumer Survey, only 5% of respondents who were not informed by their bank of the possibility of carrying out the switch through the account switching service used that service[196]. This figure rises to 54% among respondents who received that information.

Table 4. Accounts opened using the payment account switching service provided for in the legal and regulatory framework, and consumers who used that service, 2019–2024

	2019	2020	2021	2022	2023	2024	Total
Accounts	11	12	29	23	35	36	146
Customers	18	17	43	29	47	48	202

Source of data: Banks, request for information. Data processing: AdC.

97. **Given the limited use of the payment account switching service, multi-banking has become more relevant as a potential source of competitive dynamics**. This phenomenon has gained importance in Portugal. According to the Consumer Survey, around 38% of respondents hold accounts with more than one bank.

98. **However, multi-banking does not appear to fully replace switching of the main banking relationship as a driver of competition**. Most consumers with payment accounts at several banks maintain their main account for long periods and concentrate the decisions with the greatest financial impact with that bank, such as the domiciliation of income and the taking out of long-term credit. According to the Consumer Survey, around 62% of respondents with multiple banking relationships had held their main account for more than 10 years. This figure rises to around 82% among respondents who hold current accounts at several banks but had not switched their main account in the previous five years. In addition, in December 2024, current accounts with No. activity in the previous 12 months represented around 21% of all current accounts[197]. Most of those accounts, around 68%, had been open for more than 10 years. This suggests that a significant proportion of consumers may not close their old account when they switch their main account.

[195] In the market consultation, AIP, DECO, Citizens' Voice, DGC, ANICA and APB, and, in meetings, Citizens' Voice, ANICA, DECO and UGC, converged on this understanding.

[196] It should be noted that 70% of consumers who switched bank stated that they had not been informed by their bank about the account switching service during that process.

[197] Source of data: Banks, request for information. Data processing: AdC.

Box 5. Econometric analysis of the determinants of searching and bank switching

In addition to the descriptive analysis of searching and switching patterns presented in the preceding paragraphs, **the AdC estimated a set of econometric models based on the Consumer Survey data, with the aim of identifying the factors that determine the probability of searching for banking alternatives and of switching bank, and of estimating the causal effect of searching on the decision to switch**[198]. The methodological details and full results are set out in Annex II.

What determines the decision to search

The estimation of the **determinants of searching** indicates that **each additional secondary bank raises the probability of searching by around 16.9 percentage points** (p.p.)[199], and that **each additional bracket of fees paid raises it by around 3.1 p.p**. By contrast, **the length of the main account relationship reduces that probability markedly**, by around -14 p.p. for accounts held for between five and ten years and by -18.1 p.p. for accounts held for more than ten years. This points to a banking inertia that becomes progressively entrenched in the relationship with the main bank.

The causal effect of searching on bank switching

The econometric analysis makes it possible to **estimate the causal effect of searching on the decision to switch bank**. Using a methodology that isolates the effect of searching from the factors that lead consumers to search in the first place[200], the analysis concludes that **searching raises the probability of switching by around 7.2 p.p.**, demonstrating its decisive role in bank switching.

What determines switching, beyond searching

Difficulty in accessing and comparing information on banking products is associated with a lower probability of switching[201]. A one-point increase on a 1-to-5 difficulty scale reduces that probability by around 6.4 p.p. Notably, the difficulty of completing the operational account-switching process was not selected by the model as a relevant determinant. This suggests that the switching mechanisms currently available are not the main barrier to mobility, and that the barrier lies further upstream, at the stage of searching for and comparing information.

The model shows that holding accounts with several banks increases the probability of searching, but **reduces the probability of switching main bank by -7.2 p.p. for each additional secondary bank**[202].

[198] The methodological approach draws on the CMA report “Searching and switching in retail banking”, published on 15.10.2018, which estimates a recursive bivariate probit model applied to the UK retail banking market. In line with that approach, this study distinguishes between the decision to search and the decision to switch, estimating the two equations sequentially rather than jointly, as the CMA did. This adaptation is justified on grounds of computational stability, as stable convergence of the jointly estimated model could not be achieved in the present context.

[199] The figure of 16.9 p.p. is obtained by computing the difference in probability between holding one additional secondary bank and maintaining the current number of banks. This difference is calculated for each of the 1,100 respondents, and the average of these differences is then computed to obtain the average marginal effect.

[200] The methodology adopted is designed to correct an endogeneity problem associated with the decision to search for banking alternatives. Consumers who search do not constitute a random sample, being, as a rule, more inclined to switch, in particular because they tend to be more dissatisfied, more cost-sensitive or more financially literate.
To address this problem, the analysis proceeds in two stages. In the first stage, the probability of searching is estimated on the basis of consumers' observable characteristics (such as age, education or the length of the account relationship). In the second stage, a correction term is incorporated into the switching equation to capture the unobservable component of the decision to search, thereby making it possible to separate the effect of searching itself from the factors that influence both searching and switching.

[201] The variable corresponds to the average of the scores given by respondents to the items “comparing offers from different banks”, “understanding the information obtained”, “obtaining information on the current account” and “obtaining information on accounts at other banks”, under question 12 on the assessment of different aspects of searching for banking alternatives.

[202] This result does not appear to reflect a reverse causality problem. Indeed, the data show that consumers who switched main bank report, on average, a higher number of secondary banks than those who searched but did not switch (0.78 compared with 0.64), which is not consistent with the hypothesis that switching mechanically reduces the number of secondary banks through the conversion of one of them into the main bank.

This is consistent with the hypothesis that multi-banking operates as a partial substitute for switching main bank, without fully replacing mobility as a mechanism of competitive pressure.

Mortgage credit displays two distinct effects. On the one hand, each additional product associated with the main account reduces the probability of switching by around -2.2 p.p., reflecting the customer retention effects of product bundling. Indeed, consumers with mortgage credit hold, on average, a significantly higher number of products associated with their account (3.5 compared with 1.6). **On the other hand, once this retention effect is isolated, holding mortgage credit increases the probability of switching by around 10.4 p.p.**, reflecting the financial incentive to obtain better credit conditions. This effect may have been particularly influenced by the exemption from early repayment fees in force during three of the five years covered by the survey.

Key findings

- **Interbank mobility is constrained by difficulties experienced by consumers when searching for and comparing offers**, taking out products or services, and switching bank.
- **Long-standing relationships between consumers and banks, together with low levels of financial and digital literacy, tend to limit the search for alternative offers**, with an impact on competitive dynamics.
- **The comparison of offers is made more difficult by the dispersion and presentation of information**, as well as by the multiplicity of combinations and conditional benefits associated with bundled offers.
- **Available comparison tools help reduce search and comparison costs. However, their potential as instruments of competitive discipline is not fully realised**, due to their complexity of use and limited scope for personalisation.
- **Taking out banking products may involve difficulties associated with the complexity** of the information made available and the level of bureaucracy in the relevant processes.
- **Credit intermediaries may play an important role in helping consumers make more informed decisions. However, that role is not fully realised**, given consumers' limited understanding of the nature and limitations of the services provided by those agents.
- **The use of the account switching service has been negligible**. This appears to result, in particular, from consumers' limited awareness of the service, limited promotion by banks, and bureaucratic and operational barriers to its use.

VI. BARRIERS TO MOBILITY AND RECOMMENDATIONS

99. **In a context of constraints on consumer mobility in banking, it is important to identify the main barriers to search and interbank mobility** among retail banking consumers in Portugal.

100. **These constraints do not stem from a single cause. It is therefore necessary to assess the appropriateness of a set of measures which, taken together, seek to mitigate those barriers**, promote competition and maximise consumer welfare. The following subsections identify a set of barriers and present proposed recommendations addressed to the legislator and to Banco de Portugal.

VI.1. LIMITATIONS TO THE COMPARABILITY AND TRANSPARENCY OF BANKING OFFERS

101. **The comparability and transparency of banking offers are essential conditions for effective competition in retail banking**.

102. **However, comparability may be hindered by the heterogeneity of the products offered and their pricing structures**. Bundling practices, addressed in Chapter VI.7, accentuate this diversity and complexity. They make price lists less straightforward to read across institutions and require greater analytical effort from consumers.

103. **European and Portuguese legislators have sought to strengthen information duties applicable to credit institutions**, with a view to improving the transparency of conditions and facilitating fee comparisons. Among the relevant legal instruments, Decree-Law No. 107/2017, which transposed Directive 2014/92/EU, is particularly relevant. It introduced harmonised terminology[203], standardised information tools and the obligation to make available a free and independent comparison website[204].

104. **In that context, institutions are required to use harmonised terminology** whenever they communicate fees relating to a set of representative services linked to payment accounts[205].

105. **However, this harmonisation does not extend to other banking products**. In the market consultation, concerns were reiterated regarding the diversity of terminology and the fragmented presentation of costs associated with banking offers[206].

106. **The analysis of the price lists of 18 banks offering mortgage credit[207] confirms a high degree of terminological heterogeneity**. In particular, different terms are used to describe fees that appear to correspond to the same operation and to differ only in the designation adopted by each institution. Examples include, in mortgage credit, fees charged for assessing a credit application[208], entering into the agreement[209], or early repayment[210]. In some cases, even

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[203] Directive 2014/92/EU required the creation, in each Member State, of a list of the most representative services, accompanied by standardised terminology (Article 3). That list serves as a reference for all banks and should be used by them to describe their fees. The terminology was established by Commission Delegated Regulation (EU) 2018/32. In Portuguese, the services defined were: account maintenance, provision of a debit card, provision of a credit card, overdraft, credit transfer, standing order, direct debit and cash withdrawal.
The European Banking Authority (EBA), responsible for harmonising these designations, reviewed the list in 2025 and concluded that the definitions remain appropriate and uniform across the Union.

[204] The regime was further complemented by regulatory acts issued by Banco de Portugal, such as Instruction No. 11/2018 (in Portuguese), concerning the definition of representative services and harmonised terminology, and Instruction No. 14/2024 (in Portuguese), which regulates the reporting of information for the purposes of disclosure on the public fee comparison tool.

[205] In addition to making price lists and pre-contractual information available in standardised formats.

[206] See, by way of example, the contributions submitted by Citizens' Voice and DECO in the market consultation.

[207] Price lists consulted, as at 21.11.2025, from the following institutions: ABANCA, Banco CTT, Banco Invest, Banco Montepio, Bankinter, BBVA, BCP, BIG, BPI, Caixa Agrícola de Torres Vedras, Caixa de Crédito de Leiria, Caixa de Mafra, Caixa Geral de Depósitos, CEMAH, Crédito Agrícola, EuroBic, Novo Banco and Santander Totta.

[208] Including designations such as "*comissão de dossier*" (file fee), "*comissão de estudo*" (assessment fee), "*comissão de estudo de dossier*" (file assessment fee), "*comissão de gestão de dossier*" (file management fee) or "*comissão de processo No. crédito habitação*" (mortgage credit processing fee). The English translations are provided for ease of reference only.

[209] Including designations such as "*comissão de abertura*" (opening fee), "*comissão de abertura de dossier*" (file opening fee), "*comissão de contrato do crédito habitação*" (mortgage credit agreement fee), "*comissão de crédito*" (credit fee) or "*comissão de formalização*" (formalisation fee). The English translations are provided for ease of reference only.

[210] Including designations such as "*comissão de liquidação antecipada*" (early repayment fee), "*comissão de penalização de amortização antecipada*" (early repayment fee) or "*comissão de reembolso antecipado*" (early settlement fee). The English translations are provided for ease of reference only.

within the same institution, similar designations coexist for fees whose functions are not clearly differentiated from the consumer's perspective[211].

107. **The lack of terminological standardisation is not unique to the Portuguese market**. In its consumer trends reports, the European Banking Authority (EBA) has noted that national competent authorities identified the clarity of terms and conditions associated with payment accounts and related fees as an important factor in promoting mobility[212]. The same report also identifies terminological inconsistency as one of the main barriers to cost comparison by consumers[213], as it constitutes a significant obstacle to the assessment of alternatives[214].

108. **In addition to limited standardisation, contractual and pre-contractual documentation is often complex, which limits consumers' ability to assess and compare alternatives**. This complexity results, in particular, from dense legal language, wording that may give rise to interpretative ambiguity, and other elements that may make it more difficult for consumers to understand the conditions and characteristics of the products and services offered by institutions.

Recommendation 1 | to the Legislator

Strengthen the harmonisation of terminology in retail banking by identifying the terms associated with the most relevant products and services most frequently used by consumers, and by establishing standardised designations for them. Harmonisation should be confined to the most representative terms for the most relevant products and services. It should not extend to innovative or other products which, by their nature, do not fit within standardised categories, so as to avoid the risk of undermining institutions' ability to differentiate their offerings.

This exercise could take one of two forms. It could build on the extension of the existing list of the most representative services linked to payment accounts, with its application to other banking products and services provided for in the relevant legislation. Alternatively, the harmonised designations could be enshrined directly in the legislation governing the products and services concerned.

109. **Comparison tools play an important role in mitigating information asymmetries**, particularly in light of the limitations to the comparability and transparency of banking offers identified above.

110. **However, in 2023, the European Commission identified limitations in the tools provided for in Directive 2014/92/EU, which, in its view, limit their potential impact on consumer mobility**[215].

[211] For example, the limited perceptible difference, from the consumer's perspective, between "*comissão de formalização do crédito habitação*" (mortgage credit formalisation fee) and "*comissão de contrato do crédito habitação*" (mortgage credit agreement fee), or between "*comissão de gestão*" (management fee) and "*comissão de gestão do processo*" (case management fee). The English translations are provided for ease of reference only.
[212] See the EBA Consumer Trends Report 2024/25, published on 26.03.2025, in which lack of transparency was identified as the main concern relating to payment accounts.
[213] Paragraph 101 of the above-mentioned report.
[214] Paragraph 157 of the above-mentioned report.
[215] See European Commission Report COM(2023) 249 final, of 12.05.2023, on the application of Directive 2014/92/EU.

111. **At national level, this assessment is corroborated by the information gathered** through the market consultation and the Consumer Survey, which indicates difficulties in comparing fees through comparison and simulation tools.

112. **In Portugal, the fees comparator made available by Banco de Portugal is one of the central instruments provided for in the transposition of Directive 2014/92/EU to facilitate comparisons across institutions**. The tool allows users to consult, in a standardised manner, the fees associated with a set of essential services. It therefore increases the visibility of information and seeks to support better-informed choices.

113. **However, the practical use of the comparator may be affected by certain functional limitations**. In particular, the tool does not include some elements that are relevant for comparison, such as eligibility conditions, the main services included, or usage limits. Its navigation also requires prior familiarity with technical categories of products and fees, including differences between types of packaged accounts[216] or specific fee descriptions[217]. In addition, the comparator is not optimised for use on mobile devices, limiting its use in a context in which consumers increasingly interact with banking services through those devices.

114. **The tool also remains essentially static. It does not allow personalised simulations reflecting the consumer's usage profile** or the estimated annual cost of the banking relationship. The absence of these functionalities reduces the tool's ability to support decisions tailored to consumers' effective usage profiles, particularly where the comparison involves multiple services or different combinations of products. In such cases, the analysis may become complex, discouraging active search for alternatives and limiting price sensitivity.

115. **There are examples of comparison and simulation tools in regulated markets that may provide useful approaches for improving the banking fees comparator**. In Portugal, the energy price simulator made available by the Energy Services Regulatory Authority (*ERSE*) is particularly relevant[218]. It allows users to compare commercial electricity and natural gas offers on the basis of filters and personalised simulations, including consumption, contracted power and other relevant parameters. Internationally, the fees comparator developed by the German financial supervisory authority, *BaFin*, is also noteworthy. Its features are presented in Box 6. This portal provides extensive filters, diversified comparison criteria, comparison functionalities and mechanisms to support the interpretation of the terms and fees presented. It therefore provides an example of how the objectives of Directive 2014/92/EU may be operationalised[219].

Box 6. Fees comparator implemented in Germany

The German financial supervisory authority, *Bundesanstalt für Finanzdienstleistungsaufsicht* (*BaFin*), has made available a new public payment account comparator since 2025. The comparator was created in the context of Directive 2014/92/EU. The previous comparator, operated by a private provider, was found by a German court not to comply with the Directive, in particular due to insufficient market coverage and the absence of systematic data updates[220].

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[216] The comparator displays up to three packaged accounts per institution, each with its own commercial designation. However, it does not provide detailed and comparable information on the services included in each account, nor does it highlight differences in the composition of packages across institutions. This may make it more difficult to choose the appropriate option and, consequently, to carry out a comparison.

[217] The distinction between closely related categories, for example "*manutenção de conta*" ("account maintenance") and "*manutenção de conta base*" ("basic account maintenance"), may not be immediately clear to all consumers.

[218] ERSE's energy price simulator (English version available).

[219] Payment account comparison tool implemented by the German financial supervisory authority, *Bundesanstalt für Finanzdienstleistungsaufsicht* (*BaFin*)

[220] See European Commission Report COM(2025) 485 final, of 11.09.2025, assembling specific payment account-related data from Member States, as required by Article 27 of Directive 2014/92/EU.

The *BaFin* portal provides a step-by-step tutorial explaining the main operations available to users. The tool includes an extensive set of filters, with up to 27 selection criteria. After applying those filters, users can select up to 20 accounts for detailed comparison, including a side-by-side view of three accounts.

The portal also provides complementary functionalities. These include exporting results to external formats, creating lists of favourites and presenting additional information on each fee or service in plain language. The tool also includes average benchmark values calculated on the basis of comparable accounts. This allows each offer to be assessed in the context of the wider market. For each service included in the selected offer, the comparator indicates whether it is covered by the account's basic fee or whether it entails an additional charge, enabling a clearer reading of the pricing structure.

The comparator allows the assessment of payment accounts to be personalised on the basis of each consumer's needs and usage profile. It does so by combining the different services that the consumer seeks to include in the banking relationship. This approach enables a more granular comparison, tailored to the consumer's specific circumstances, thereby strengthening the practical usefulness of the tool as an instrument to support decision-making.

Recommendation 2 | to the Regulator

Strengthen the functional and informational capabilities of Banco de Portugal's Fees Comparator, contributing to its more frequent, informed and effective use by consumers, in particular by:

(i) **including all elements of banking offers that are relevant** for comparison purposes, such as access conditions, products and services included, and usage limits, and presenting them in a standardised manner;

(ii) **introducing personalised filters**, such as the products and services sought by the consumer, in order to generate results adjusted to the consumer's specific circumstances;

(iii) **improving the presentation of comparison results**, in particular by excluding from the list of results banks that do not offer the product or service being compared; and

(iv) **allowing other entities to access the database** underlying the tool, with a view to enabling them to develop comparison and/or simulation tools.

This exercise would benefit from consultation: (i) with consumers, on the functioning and user experience of the tool and on additional functionalities to be implemented; and (ii) with credit institutions, on the feasibility of reporting the relevant information and implementing the technical developments required.

116. **Consumer mobility in retail banking is not limited to payment accounts. Products such as term deposits and other savings instruments are relevant components** of households' relationships with banks and may benefit from greater transparency and comparability. In the market consultation, some contributions noted that extending the scope of the current Fees Comparator to include savings products could facilitate better-informed choices and promote greater consumer mobility in this segment as well[221].

[221] In particular, the contributions submitted by Citizens' Voice, DECO and DGC.

117. **The availability of a comparator dedicated to savings products, similar in logic to the existing payment account fees comparator, would allow consumers to identify the most relevant differences between offers quickly and in a standardised manner**. It could also strengthen competitive discipline in this market segment.

118. In this context, there are examples at European level of public tools enabling the comparison of savings products, including:

    i. the Belgian financial authority (FSMA), which provides a savings account comparison tool through its Wikifin portal[222]; and

    ii. the Irish competition and consumer protection authority (CCPC), which provides public tools enabling the comparison of different financial products, including savings accounts[223].

Recommendation 3 | to the Regulator

> **Consider extending the scope of Banco de Portugal's Fees Comparator to include savings products**, in particular term deposit accounts.

119. As noted in Chapter IV, **open banking and open finance may contribute to the comparability, transparency and contestability of banking offers**. By enabling financial data to be shared, with the consumer's consent, with authorised third-party providers, these instruments can facilitate the development of services for aggregation, comparison, personal financial management and switching support.

120. **The impact of these mechanisms on bank switching depends, however, on the effective development of an ecosystem of services that consumers adopt and use in their decision-making**. A legal framework for access to payment account data, already provided for under PSD2, is a relevant condition. However, experience to date suggests that it is not sufficient, on its own, to ensure consumer take-up of innovative services, improved comparability of offers or stronger competitive pressure on incumbent operators.

121. **In this context, the evolution of the European regulatory framework is particularly relevant, notably through the PSD3 and PSR proposals and, especially, the proposed FiDA Regulation**. By extending access, subject to customer consent, to a much wider set of financial data, including savings, investment and credit products, the proposed FiDA Regulation could create conditions for the emergence of new financial data aggregation and comparison services, as well as digital financial advice services.

122. **These European initiatives represent a window of opportunity to strengthen the conditions for the development of open banking and open finance in Portugal**. It is therefore important to ensure that the new data access and sharing mechanisms to be developed are accompanied by conditions conducive to innovation, market contestability and stronger competition, to the benefit of consumers.

123. **To that end, the development of the national ecosystem should be monitored in a structured manner**. Publicly available information on the adoption of open banking and open finance services, the quality of access interfaces, the use of aggregation and comparison

[222] See the website of the *Comparateur de comptes d'épargne* (savings account comparison tool).

[223] See the website of Money Tools, which includes the comparison and simulation of savings accounts, among other products such as mortgage credit and personal loans.

platforms, and the potential impact on bank switching remains limited and insufficiently systematised. This makes it difficult to assess the degree of development of the market and any obstacles that may persist.

124. **Defining monitoring objectives and indicators can contribute to better-informed regulatory action**. Without public and comparable metrics, it is harder to assess whether the ecosystem is evolving in a manner consistent with the objectives of innovation, transparency and competition. Likewise, collecting data without a clear frame of reference may limit its usefulness for supervisory and policy-making purposes.

125. **In this context, Banco de Portugal could play a significant role in creating conditions conducive to the development of the ecosystem**. In this regard, the AdC notes the National Strategy for Retail Payments, developed in 2020 and updated in 2023[224] by the Payment Systems Forum, as an instrument for promoting innovation and efficiency in the payments sector. The definition and implementation of a multiannual strategy also covering information aggregation and management services could be particularly relevant to maximise the potential impact of the European legal framework, both as already established and as it may evolve, on the conditions for searching for and comparing banking and financial offers.

126. **Such an approach would signal regulatory priorities to the market, promote greater predictability for operators and create conditions for open banking and open finance to contribute more effectively to innovation, market contestability and stronger competition**.

Recommendation 4 | to the Regulator

Consider publishing a multiannual strategy for open banking and open finance in Portugal, encompassing, in particular, information aggregation services, with monitoring objectives, public indicators and a periodic review mechanism, supported by information gathered from supervised institutions and other relevant stakeholders. This strategy should seek to create conditions conducive to innovation, market contestability and stronger competition, to the benefit of consumers.

VI.2. CONTRACTUAL COMPLEXITY

127. **High levels of complexity in pre-contractual and contractual documentation may constitute a significant obstacle to consumers' understanding of the conditions and characteristics of the banking products they intend to take out**. This complexity may result from dense legal language, wording that gives rise to interpretative ambiguity, or other elements that make it more difficult for consumers to clearly understand the conditions and costs associated with the offers made available by institutions.

128. **Contractual complexity may also affect consumers' ability to assess and compare alternative products**, as discussed in Chapter VI.1. In this context, it is important to further simplify the documentation associated with banking products and services, promoting greater transparency, standardisation and intelligibility in the information made available to consumers.

129. **The legal framework applicable to consumer credit and mortgage credit already includes a relevant set of provisions aimed at ensuring that banking customers have access to**

[224] See the information available here. See also the AdC's comments on the proposed National Retail Payments Strategy | 2020-2022 (available here).

standardised and comparable information. In particular, the European legal framework applicable to consumer credit and mortgage credit, namely Directive 2008/48/EC and Directive 2014/17/EU, transposed into Portuguese law by Decree-Law No. 133/2009 and Decree-Law No. 74-A/2017, establishes pre-contractual information duties[225] and introduces standardised disclosure tools, namely the Standardised Information Sheet, or FIN, for consumer credit[226] and the European Standardised Information Sheet, or ESIS, for mortgage credit[227].

130. **This framework was recently strengthened by Directive (EU) 2023/2225**[228]. **This Directive further develops the presentation of pre-contractual information in a concise format, with benefits for consumers** in terms of information clarity and comparability of banking offers. In particular, it requires the information included in the Standard European Consumer Credit Information form to contain a first-page overview, designed to present the essential elements of the agreement in an easily identifiable way. These include the total amount of credit, the applicable interest rates and the annual percentage rate of charge (APRC), before more detailed information is provided[229].

131. **The transposition of Directive (EU) 2023/2225 into Portuguese law is still pending. This delays the benefits for consumers** associated with its implementation. The Directive required transposition by 20 November 2025 and provides for the application of the transposing measures from 20 November 2026 (see paragraph 20).

Recommendation 5 | to the Legislator

Ensure the transposition of Directive (EU) 2023/2225 into national law as soon as possible.

The transposition should contribute to the effective application of the provisions on transparency and the provision of information to consumers, constituting one of the relevant elements for reducing constraints on banking mobility.

132. **A similar approach may be relevant in mortgage credit**. In this segment, the ESIS/FINE may be of considerable length, making it less immediate for consumers to identify the elements that are essential for an informed decision[230].

133. **The introduction of a summary table could serve as a more accessible entry point to the information contained in the ESIS**. According to the European Commission[231], consumers tend not to read this document in full, owing to its length and complexity. Presenting the essential elements in a simple, standardised format could therefore make the document easier to read and offers easier to compare, encouraging consumers to engage with the remaining information in the ESIS.

134. **The provision of complementary summary documents may coexist with the standardised information sheets provided for in European directives and reinforce the clarity of the**

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[225] Such as the nominal annual rate, the annual percentage rate of charge, the total amount payable, the frequency and number of instalments, and the conditions for early repayment, pursuant to Article 6 of Decree-Law No. 133/2009.

[226] The acronym FIN does not appear directly in Decree-Law No. 133/2009. It was subsequently introduced by Banco de Portugal Instruction No. 12/2013 (in Portuguese), which sets out the information to be provided by credit institutions to consumers in accordance with the FIN templates contained in the annexes to that Instruction.

[227] Article 13 of Decree-Law No. 74-A/2017.

[228] This Directive replaces Directive 2008/48/EC on consumer credit.

[229] Pursuant to Article 10(3).

[230] Information gathered in a bilateral meeting between the AdC and ANICA held on 08.10.2025.

[231] European Commission (2024), Report from the Commission to the European Parliament and the Council on the review of Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property, COM(2021) 229 final.

information given to consumers. In Italy, in addition to the *FINE*/ESIS, known nationally as the *Prospetto Informativo Europeo Standardizzato* (*PIES*), national regulation requires the provision of a summary document to be provided at the time the agreement is concluded. This document takes the form of a personalised summary of the main economic conditions of the credit, such as interest rates and other relevant charges. It follows a standardised structure and is presented as the cover page of the standardised information sheet[232].

Recommendation 6 | to the Regulator

Establish an obligation for banks to provide consumers with a standardised table containing the information most relevant to consumers in the context of mortgage credit. This information should include, in particular, the annual percentage rate of charge (APRC) and, where applicable, bundled banking products or services. The table should use plain, clear, simple and accessible language. This would facilitate consumers' comparison and understanding of the main conditions of the credit and to compare offers.

VI.3. FUNCTIONAL AND OPERATIONAL LIMITATIONS OF THE ACCOUNT SWITCHING SERVICE

135. **Interbank mobility tends to decrease where switching bank account involves costs** in terms of time, effort, operational complexity or uncertainty as to the outcome. These factors limit consumers' effective ability to exercise choice.

136. **An easy, simple, swift and secure account switching process is therefore a central mechanism for promoting competition**. It enables consumers to switch institution at lower cost and with less effort, encouraging them to choose offers that are better suited to their profile and may generate financial benefits. In 2019, around 77% of Portuguese consumers who switched payment account stated that they had benefited financially from the switch[233]. This was the second highest percentage among the countries analysed by the European Commission[234]. Despite these potential benefits, only around 14% of Portuguese banking customers had switched current account that year, indicating low levels of effective mobility.

VI.3.1. Insufficient promotion and awareness of the account switching service

137. **In January 2025, Banco de Portugal issued a set of good practices and understandings addressed to banks, with a view to strengthening the promotion of the account switching service**[235]. These good practices and understandings are set out in Circular Letter No. CC/2025/00000003[236]. Banco de Portugal clarified and defined specific standards for the disclosure of information on the service, applicable to banks' digital channels, branches and customer service locations[237].

138. **This intervention was motivated, in particular, by the limited take-up of the account switching service by banking customers**, associated, among other factors, with a low level of

[232] Banca d'Italia, *Provvedimento del 30 settembre 2016 – Disposizioni in materia di trasparenza delle operazioni e dei servizi bancari e finanziari – Correttezza delle relazioni tra intermediari e clienti*, Section II, paragraph 7, adopted in the context of the transposition of Directive 2014/17/EU.
[233] EC, "*Final Report: Study on Switching of financial services and products*", published in 2019.
[234] Austria, Belgium, Czech Republic, France, Germany, Ireland, Italy, Latvia, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom.
[235] The understandings should be swiftly incorporated into institutions' procedures and practices. As regards the implementation of the good practices, institutions are required to comply by 01.01.2026.
[236] Banco de Portugal Circular Letter No. CC/2025/00000003 (in Portuguese), published on 10.01.2025.
[237] See Good Practice 5 and Understanding 8 of Banco de Portugal Circular Letter No. CC/2025/00000003.

awareness of the mechanism among the institutions' customer-facing staff[238]. The limited visibility of the service on institutions' websites is also a factor that may restrict consumers' awareness of the account switching service[239].

139. **Despite these measures, awareness and use of the account switching service remain limited**. Effective promotion of the service should encourage a higher number of payment account switches and promote greater competitive pressure between banks.

140. In this regard, it should be stressed that the results of the Consumer Survey indicate that **use of the service is strongly associated with the level of information provided**. Only 5% of respondents who were not informed by their bank of the existence of the account switching service made use of it, a figure that rises to 54% among those who did receive that information[240].

141. **The limited take-up of the account switching service therefore arises, to a large extent, at a stage prior to the use of the service itself. It stems not from any limitations in the service's effectiveness**[241]**, but primarily from consumers' limited awareness of its existence.**

142. **In some countries, services similar to the account switching service include specific mandatory disclosure mechanisms based on performance indicators relating to consumer awareness and satisfaction**. In the United Kingdom, the official current account switching service, the Current Account Switch Service (CASS), includes targets and regulatory obligations designed to promote consumer awareness. These obligations were introduced from 2016 onwards, following recommendations by the Competition and Markets Authority (CMA)[242] (see Box 7).

Box 7. *Current Account Switch Service* (CASS)[243]

CASS was launched in 2013, on the basis of voluntary participation by banks, in response to low levels of current account switching. Consumers perceived account switching as insufficiently safe. Switching was also driven mainly by "push factors", such as poor customer service, rather than by "pull factors", such as more attractive offers.

The CASS switching process takes seven working days.[244] **It ensures that payments linked to the consumer's old account are transferred to the new account within the established timeframe**. The service also automatically redirects incoming and outgoing payments from the old account to the new account for three years[245]. CASS is free of charge for consumers. It is currently available between 54 credit institutions and covers more than 99% of the market.

Banks participating in CASS must pay Pay.UK, the entity currently responsible for the service, a joining fee when they sign up to CASS. They must also pay a fee for each current account switch, in order

[238] In Circular Letter No. CC/2025/00000003, Banco de Portugal identified the limited take-up of the account switching service among bank customers, noting that this circumstance is not unrelated to the fact that the service is little known among the institutions' customer-facing staff as well as to the limited prominence given to this service on the institutions' websites.
[239] By way of example, a review of the websites of several banks suggests that point 5.1 of Good Practice 5 of Banco de Portugal Circular Letter No. CC/2025/00000003 may not be fully complied with by institutions.
[240] See paragraph 97.
[241] In the public consultation, the APB took the view that the limited take-up of the account switching service is mainly attributable to the fact that creditors frequently require customers to provide a new direct debit authorisation when their IBAN changes.
[242] CMA, "*Retail banking market investigation*", published on 09.08.2016.
[243] Informação obtida em reunião bilateral entre a AdC e a Pay.UK ocorrida em 30.09.2025.
[244] The consumer may select the switch completion date, with the process taking at least seven working days.
[245] When CASS was launched, this payment redirection service was guaranteed for only one year. In recent years, Pay.UK has extended this period, with a view to offering greater security to consumers switching account.

to cover the operational costs incurred by Pay.UK during the process. The redirection of payments does not involve any fee charged by Pay.UK to participating institutions.

Between 2015 and 2016, the Financial Conduct Authority (FCA)[246] **and the CMA assessed the effectiveness of CASS. They recognised its benefits in facilitating account switching, but identified operational limitations and low levels of consumer awareness and confidence**, with an impact on its competitive effect.

In response, performance indicators relating to awareness, satisfaction, confidence and ease of use of the service were implemented. These indicators are subject to targets and supervision by the Payment Systems Regulator and are published quarterly[247]. Pay.UK also publishes monthly data on the number of account switches carried out through the service[248]. Each year, Pay.UK carries out an external audit of banks participating in CASS, in order to ensure that their information and operational obligations remain compliant.

143. **Continuous regulatory monitoring of banks' compliance with information and operational obligations strengthens the competitive effectiveness of the account switching service**. It also promotes a more uniform application of the applicable disclosure rules and supports the identification of good practices adopted by institutions in promoting the service. These factors may, in turn, help strengthen consumers' trust in the service and support its effective use.

Recommendation 7 | to the Regulator

Define consumer awareness and satisfaction indicators in relation to the account switching service provided for in Decree-Law No. 107/2017, to be met by credit institutions, and establish the corresponding annual targets. These targets should cover, in particular, the duration of the switching process, trust in the service, the frequency of errors occurring during the switching process, the perceived benefits of the service and the degree of understanding of the characteristics of the service.

The indicators should be disclosed by credit institutions on their websites, in particular in the section relating to the account switching service.

VI.3.2. Limitations in the functionalities of the account switching service

144. **The absence of certain supplementary functionalities in the account switching service may limit consumers' perception of the security and usefulness of the process**. This is reflected, in particular, in concerns about misdirected payments and uncertainty as to whether the account switching process will be successfully completed.

145. Moreover, **the relevance of technical limitations in the account switching process cannot be ruled out**, notably the difficulties associated with transferring direct debits. According to Banco de Portugal, the transfer of recurring payments depends, to a large extent, on the account holder actively contacting creditors or third-party service providers, which limits the scope for

[246] FCA, *"Making current account switching easier"* and "*Account Number Portability*", published on 12.03.2015.
[247] The data available for the first quarter of 2026 show that, during that period, around 76% of consumers were aware of CASS and 99.8% of switches were completed within the established timescales. Over the previous three years, around 90% of consumers who used CASS reported being satisfied with the service.
[248] Data available from Pay.UK.

full automation of the process and constitutes a significant technical constraint on any more comprehensive redirection model[249].

146. **In this context, the introduction of supplementary mechanisms to the current account switching service could help reduce constraints on mobility. These mechanisms may include automatic redirection of incoming transfers** from the previous payment account to the new account[250]. This functionality would provide an additional benefit to consumers, as it would reduce the risk of failures during the transition between accounts and could make the switching process simpler and more secure[251]. In addition, the introduction of temporary payment redirection mechanisms would mitigate the difficulties associated with transferring recurring payments, ensuring the continuity of those payments during the period required to update the information held by creditors or service providers.

147. Such a solution appears particularly appropriate given that **the transfer of recurring payment orders is already provided for in the legal framework governing the account switching service, reflecting the legislator's objective of facilitating and automating that process**.

148. **This type of functionality is already included in the account switching services available in the United Kingdom and the Netherlands** (see Box 7 and Box 8, respectively). Similarly, in 2024, the *Comisión Nacional de los Mercados y la Competencia* (CNMC) recommended extending the scope of the account switching service to include payment redirection[252].

149. **The implementation of this type of functionality is not cost-free. It is therefore important to assess its net benefits**. At EU level, the European Commission assessed the introduction of automatic payment redirection and concluded that, at the time of the analysis, the costs would exceed the expected benefits[253]. However, a cost-benefit assessment of implementation at national level may result in higher net benefits. On the one hand, Portugal has one of the lowest levels of banking mobility in the EU[254]. On the other hand, the costs associated with national implementation are expected to be lower than the costs associated with minimum harmonisation across Member States.

Box 8. *Overstapservice*

The *Overstapservice* is the account switching service implemented in the Netherlands in 2004 by *Betaalvereniging Nederland*, the Dutch Payments Association. It is currently made available by 23 participating credit institutions[255].

This service enables consumers to switch payment account between banks operating in the Netherlands, free of charge, by completing an authorisation form with the destination bank. The switching process takes approximately two weeks.

For 13 months after the account switch has been completed, the *Overstapservice* ensures that recurring payments, direct debits and other transactions made to the customer's old account are automatically

[249] Response of Banco de Portugal to the preliminary version of the Study.
[250] Directive 2014/92/EU allows Member States to establish measures that go beyond the minimum requirements provided for in the Directive. See recital 29 of the Directive.
[251] This functionality is a central feature of CASS (see Box 7).
[252] See CNMC, "*Informe sobre los factores ligados a la estructura y funcionamiento del Mercado Bancario que podrían afectar a los incentivos para la remuneración de los depósitos*", INF/CNMC/149/24, published on 17.12.2024.
[253] See Report *COM(2023) 249 final*, published on 12.05.2023, on the application of Directive 2014/92/EU.
[254] In 2025, the European Commission concluded that, between 2018 and 2023, Portugal had one of the lowest levels of banking mobility in the EU, being the fourth Member State with the fewest bank switches. See Report *COM(2025) 485 final*, published on 11.09.2025, on the application of Directive 2014/92/EU.
[255] List of credit institutions participating in the *Overstapservice*.

redirected to the new account. Banks also provide the customer's new IBAN to individuals or businesses wishing to make transfers after the account has been changed.

After the 13-month payment redirection period, the switch is deemed to have been completed and the customer must then choose whether to close the old account, transferring any remaining balance to the new account, or, alternatively, to keep it active[256].

Banks participating in the *Overstapservice* pay a fee for using the service, the amount of which depends on the number of account switches carried out and on the volume of payments redirected by the same institution.

150. **Additional mechanisms may complement the account switching service and facilitate banking mobility**. These include extending the service to term deposit accounts and savings accounts. Such a measure could generate relevant benefits for consumers, since around 37% of banking consumers hold term deposits or savings accounts. In this regard, the CNMC recommended, in 2024, extending the scope of the account switching service to term deposit accounts[257].

151. The scope of Directive 2014/92/EU on payment accounts does not prevent the national regime from covering other products, should it be concluded that the benefits for consumers and for bank switching outweigh the implementation costs.

152. Accordingly, **any assessment of the costs and benefits** of extending the service to term deposits and savings accounts **should take due account of the circumstances in which such products may be included in the account switching process**. This is necessary to safeguard the interests of the parties and the integrity of the underlying contractual relationships.

Recommendation 8 | to the Regulator

Assess the costs and benefits of extending the scope of the account switching service provided for in the legal and regulatory framework **to include temporary payment redirection and the transfer of term deposit accounts and savings accounts**.

VI.3.3. Operational barriers in the operating model of the account switching service

153. **In the market consultation, two stakeholders raised concerns regarding the perceived lack of proactivity by institutions in promoting the account switching service**. **In their view, this contributes to the low take-up of the service**[258]. Indeed, the limited use of the account switching service, as shown in Chapter V.4, points to limited incentives for banks to actively promote the service to consumers.

154. **The current decentralised model of the account switching service has not been effective in improving consumer mobility** or in producing significant competitive effects in the sector. The limited visibility of the service, together with potentially heterogeneous practices, in particular as regards compliance with information duties, contributes to this outcome.

[256] See *Overstapservice*, *"Hoe werkt de Overstapservice?"* ("How does the *Overstapservice* work?"), point seven, "*Einde Overstapservice*" ("End of the *Overstapservice*").
[257] See CNMC, "*Informe sobre los factores ligados a la estructura y funcionamiento del Mercado Bancario que podrían afectar a los incentivos para la remuneración de los depósitos*", INF/CNMC/149/24, published on 17.12.2024.
[258] This view was shared by AIP and DECO.

155. **The UK example described above is managed by an independent entity**, allowing switching processes to be centralised on a single platform and making them more transparent, neutral and standardised.

156. **In Portugal, a similar organisational model is used in the electricity and natural gas sectors**. In 2017, the logistics operator for switching suppliers, commonly referred to as the *OLMC*, was established[259] with the objective of reducing the time needed to switch supplier and promoting transparency in the process. The example is described in Box 9.

Box 9. Logistics Operator for Switching Suppliers in the National Electricity System and the National Gas System in Portugal

The *OLMC* is the operator responsible for the procedure through which consumers switch electricity supplier[260]. Under the applicable legislative framework, this activity must be carried out by an operator independent from the participants in the National Electricity System, with a licence awarded through a competitive procedure[261]. Since 2017, this activity has been carried out by *ADENE – Agência para a Energia*.

The operator centralises the processes for switching electricity and natural gas supplier on a single platform. This simplifies the process for final customers, for whom the service is free of charge. The operator is responsible, in particular, for: (i) operationalising supplier switches; (ii) managing the electronic logistics platform for switching; (iii) providing information to the different participants in the National Electricity System, including consumers; and (iv) preparing and publishing half-yearly reports on switching processes. The switching service operated by the OLMC is remunerated by electricity suppliers.

Supplier switching is subject to regulation, supervision and monitoring by ERSE, which is also responsible for preparing and approving the mechanisms and procedures for switching natural gas and electricity supplier.

Recommendation 9 | to the Legislator

Promote a change to the organisational model of the account switching service provided for in the legal and regulatory framework, **so that the service is centrally managed by an entity independent from service providers**. That entity would be responsible, in particular, for:

(i) operationalising the switch of credit institution;

(ii) developing, managing and maintaining a platform for switching credit institution;

(iii) providing information to market participants; and

(iv) preparing and publishing reports on the credit institution switching process, including statistical data on take-up, completion and the technical functioning of the service.

The implementation of this model should also have regard to a set of elements relevant to the effectiveness of the service, namely: (i) an assessment of the need to ensure the participation of financial institutions in the system, including **whether such participation should be mandatory**; (ii) the **definition of transitional periods** allowing institutions to adapt their systems appropriately; and (iii) the **adoption of technological solutions** that ensure the

[259] Pursuant to Decree-Law No. 38/2017, subsequently repealed by Decree-Law No. 15/2022.

[260] Pursuant to Article 152 of Decree-Law No. 15/2022.

[261] Pursuant to Article 153 of Decree-Law No. 15/2022. The duration of each licence is to be established in the procedure and may not exceed 10 years from the date of issue.

implementation of the necessary adaptations to participating institutions' systems and guarantee participation in the account switching service on **non-discriminatory terms**.

Should the creation of a new entity be chosen, in line with the approach adopted in energy services, **the entity managing the account switching service should be selected through a competitive, open, transparent and non-discriminatory procedure**, insofar as an exclusive right would be at stake. That exercise should take into consideration the factors crucial to the pursuit of the activity in question, namely: (i) the regulatory provisions in force; (ii) the legal status of the managing entity, including its remit; (iii) the rules applicable to the access to, processing of and protection of personal data and banking information; (iv) the supervisory and oversight regime to which the entity will be subject; (v) the obligations regarding the prevention of money laundering and terrorist financing; and (vi) the technical means required for the proper provision of the service.

The AdC has advocated a set of principles in relation to procedures for the award of public service contracts, particularly where they involve the granting of exclusive rights, in several sectors. Those principles should apply, with the necessary adaptations, including those relating to the legal form chosen to grant the rights in question, to the case under analysis:

the total duration of a contract, including any renewals, should ensure that the service is exposed to competition on a regular basis, in particular:

- the duration of a concession contract should not exceed the period during which the concessionaire may reasonably be expected to recover the investments made for the operation of the services, together with a return on invested capital, taking into account the investments required to achieve the contractual objectives, as provided for in Directive 2014/23/EU; and
- a concession should be subject to a new public tender, rather than renewal,
(ii) after the end of the term of the relevant contract;

the exclusion of price and/or service quality as award criteria should occur only
(iii) where this does not limit the contracting authority's ability to assess the bids received in a full and meaningful manner; and

award procedures should not impose unnecessary barriers to participation by competitors.

VI.4. ABSENCE OF NATIONAL PORTABILITY OF BANK ACCOUNT IDENTIFIERS

157. **Bank account identifier portability allows consumers to switch institution without changing their account identifier**. Where such portability exists, consumers do not need to interrupt recurring payment arrangements or notify recurring payers and payees of the change. The additional assurance that incoming payments and direct debits will be processed through the correct payment account may facilitate banking mobility, particularly where there is No. efficient account switching service that is widely used by consumers.

158. The Netherlands Authority for Consumers and Markets (ACM)[262] has argued that **account identifier portability would be preferable to an account switching service as a means of**

[262] See ACM, "*Study into EU-wide account number portability*", published on 22.06.2016, and "*Competition on the Dutch savings market*", published on 16.07.2024.

facilitating mobility[263]. The main reasons identified by the ACM are that (i) portability reduces inconvenience for consumers, since they do not need to inform third parties of the switch; (ii) consumers' intention to switch account is more sensitive to portability than to their awareness of the existence of an account switching service[264]; and (iii) entities with which consumers make or receive payments would not need to update their data.

159. **The European Commission has also considered that account portability could facilitate bank account switching, particularly at national level, when compared with a European account switching service or a payment redirection mechanism**[265]. According to the Commission, this scenario could increase competitive pressure between credit institutions and improve consumers' ability to understand the contractual terms and conditions of their payment accounts, similarly to what occurred in the telecommunications sector with mobile number portability.

160. **Bank account identifier portability may be implemented through different mechanisms**. Box 10 presents, by way of example, portability mechanisms identified by the FCA, possible EU-level portability systems considered by the European Commission, and a mechanism implemented in Sweden.

Box 10. Options for bank account identifier portability mechanisms

1. *Financial Conduct Authority* (United Kingdom)[266]

The FCA identified three options for bank account identifier portability:

(i) **Option 1 – Retained identifier model**: the IBAN associated with the consumer's original payment account becomes their unique identifier and may be used irrespective of the bank with which the consumer holds an account. This is considered the least complex option for implementing portability.

(ii) **Option 2 – New identifier model**: the creation of an account-routing identifier, that is, a proxy or alias[267], associated with the IBAN. The FCA considers this model to be more complex than the previous one, but it would facilitate international payments and other payment services. The viability of this option would also depend on the choice of alternative identifier, consumer take-up and integration with the existing payments infrastructure.

(iii) **Option 3 – Central utility model**: portability would be provided through the use of a new or existing identifier, which could deliver greater benefits than the two previous models. Implementing this model would involve the creation of a centralised banking platform, which could also enable additional mechanisms, such as maintaining historical payment records associated with each account. This model may involve the highest costs, complexity and implementation risks.

2. EC[268]

The European Commission considered that EU-wide IBAN portability would mean that the IBAN would lose its current ability to identify the location of a consumer's bank account. The Commission therefore identified three options based on a "double-key" system. Under that system, each bank account would have

[263] See Chapter V.2 for further information on the payment account switching service in Portugal and the Netherlands.
[264] *De Nederlandsche Bank*, "*Banking products: You can take them with you, so why don't you?*", DNB Working Paper No. 490, published on 21.12.2015.
[265] EC, "*Study on tools designed to facilitate switching and cross-border opening of payment account on the EU payment accounts market*", published in 2021.
[266] FCA, "*Account Number Portability*", published on 12.03.2015.
[267] A proxy or alias identifies payment service users and their bank accounts through a unique alternative number for the purpose of carrying out payment services. See World Bank, "Proxy identifiers and databases in payments", Focus Note, published in September 2021.
[268] EC, "*Study on tools designed to facilitate switching and cross-border opening of payment accounts on the EU payment accounts market*", published in 2021.

a front-end identifier, namely a portable account number used by the consumer in day-to-day transactions, and a back-office identifier, used only by payment systems to identify the location of the account.

(i) **Option 1**: converting consumers' existing IBAN into a unique portable IBAN and linking it to a new back-office IBAN, of which the consumer would not necessarily be aware.

(ii) **Option 2**: creating a proxy identifier, that is, a front-line number, which could be linked to an existing IBAN and communicated to debtors and creditors. When switching account, the proxy identifier could be linked to a new back-office IBAN, again without the consumer necessarily needing to be aware of this.

(iii) **Option 3**: replacing all existing IBANs with new EU IBANs. This is the only option under which the account number would be genuinely portable and would require only the BIC[269] as a back-office identifier, in order to allow banks to identify where the account is held.

3. Sweden

Sweden has a proxy system that facilitates the portability of consumers' bank account identifiers[270]. The system uses a unique number belonging to each consumer, the *bankgiro* number, which is linked to the IBAN and BIC of the consumer's bank account and is used for transfers and payments. The *bankgiro* number is portable, unlike the underlying IBAN. When the consumer switches bank, the new IBAN may be linked to the same *bankgiro* number, allowing payments to be credited or debited through the correct bank account without interruption.

161. **In Portugal, since 2024, there has been an account-routing identifier system that already provides a limited degree of bank account identifier portability, called SPIN**[271].Through SPIN, consumers may link their IBAN to a mobile phone number, tax identification number (*NIF*) or corporate identification number (*NIPC*)[272], which may then be used instead of the IBAN to make bank transfers. The consumer may change the IBAN associated with the identifier at any time[273].

162. **At present, the potential positive effect of SPIN on consumer mobility remains limited**. The system does not cover all relevant payment services, in particular direct debits, and mainly facilitates credit transfers between payment accounts.

163. **Notwithstanding its potential benefits for interbank switching, bank account identifier portability through a single IBAN belonging to each consumer has not been implemented in any European country**. The main obstacle is likely to be the cost and risk of implementation, which may vary depending on the mechanism adopted and the infrastructures already in place in the banking sector.

164. **At European level, cost-benefit analyses of an EU-wide IBAN portability measure have concluded that the costs would exceed the expected benefits**[274,275]. These costs would largely be associated with adjustments to banks' technological infrastructure, differences between

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[269] The Bank Identifier Code (BIC) is a code used to identify the credit institution associated with each bank account. It is mainly used to complete international transactions.
[270] See Bankgirot website.
[271] SPIN is made available by Banco de Portugal to payment service providers under the Interbank Clearing System (SICOI) and is regulated by Banco de Portugal Instruction No. 11/2025 (in Portuguese).
[272] It should be noted that the consumer initiating the transfer, that is, the payer, does not have to link their mobile phone number, NIF or NIPC to their IBAN. Only the beneficiary consumer necessarily has to link the identifier to their IBAN through their bank.
[273]
[274] Also in 2013, the European Commission estimated that, if all European banking institutions adopted IBAN portability, the costs would reach between €15 billion and €74 billion. See EC, "*Proposal for a directive of the European Parliament and of the Council on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features*", Commission staff working document, published on 08.05.2013.
[275] See Report from the Commission to the European Parliament and the Council on the application of Directive 2014/92/EU.

Member States in bank account numbering conventions, and changes to IBAN and BIC systems. In addition, the European Central Bank, in an August 2025 report, states that, although technically feasible, IBAN portability would be excessively costly even at national level, and stresses that any national solutions must remain consistent with the EU legal framework and the applicable ISO standards[276].

165. **In the absence of sufficient evidence of net benefits** from bank identifier portability at national level, **a prior cost-benefit assessment is warranted**. That assessment should give preference to alternatives that are more readily applicable at national level and entail lower implementation costs. Such an approach makes it possible to pursue the same public policy objective while avoiding structurally demanding and potentially costly changes, in particular to the European payments architecture.

Recommendation 10 | to the Regulator

Assess the costs and benefits of implementing national portability solutions for consumers' bank account identifiers, namely by extending the scope of SPIN or by adopting other solutions that prove feasible and appropriate to the objective of facilitating the migration of bank identifiers.

This exercise should take into account the factors that are critical to the implementation of the solutions concerned, including the regulatory framework in force and the technical means required for their adequate adoption.

VI.5. FEES ASSOCIATED WITH THE EARLY REPAYMENT OF CREDIT AGREEMENTS

166. **Where certain fees, in particular fees associated with opening or closing products and services, are perceived as high or lack transparency, switching costs tend to increase**[277]. Higher switching costs may reduce consumers' propensity to transfer their banking relationship, even where potentially more advantageous alternatives are available.

167. **In light of the principles of proportionality, reasonableness and non-discrimination, it is important to assess whether maintaining, reducing or potentially eliminating certain fees is appropriate in view of public policy objectives**, in particular the promotion of mobility and access to banking products and services. This assessment should also take into account the requirement that banking fees correspond to a service actually provided and are proportionate to the costs incurred, as provided for in Law No. 66/2015.

168. **In mortgage credit, this assessment is particularly important, given the central role of these agreements in tying consumers to credit institutions**.

169. **Banks generally charge fees for the early repayment of mortgage credit, typically at the applicable statutory caps**. In November 2025, among 18 banks offering mortgage credit to

[276] In 2013, the European Commission estimated that, if all European banking institutions were to adopt IBAN portability, the costs would amount to between €15 billion and €74 billion. See European Commission, "Proposal for a directive of the European Parliament and of the Council on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features", Commission staff working document, published on 08.05.2013.

[277] In the market consultation, Citizens' Voice and DECO stated that the charging of certain fees, including opening and closing fees, is sometimes perceived as disproportionate and insufficiently justified in light of the service actually provided. In addition, an individual consumer noted that the structure of banking fees lacks greater transparency and predictability.

individual consumers[278], only one institution[279] offered mortgage credit products with early repayment fees below the statutory caps[280]. The remaining banks applied the maximum amounts permitted under Decree-Law No. 74-A/2017. Without prejudice to occasional commercial initiatives to attract mortgage credit customers that may affect this type of fee[281], the information contained in price lists and in the conditions publicly disclosed by banks on their websites indicates that the market converges around the application of the maximum legally permitted caps.

170. **These fees represent a contractual cost that increases barriers to mobility**. This is because full or partial early repayment is a central means through which consumers may transfer their credit to another institution and potentially benefit from more favourable conditions.

171. **This contractual cost may be amplified by behavioural biases documented in the economic literature, in particular present bias and the tendency to overvalue immediate losses relative to future gains**. In these circumstances, consumers may attach disproportionate weight to the upfront cost associated with early repayment, even where transferring the credit could generate net savings over time through a lower spread, a lower instalment or more favourable contractual conditions[282].

172. **From a competition perspective, this dynamic may reinforce the market power of institutions over their existing customer base**. Early repayment fees function not only as potential compensation for lenders, but also as a retention factor that limits the extent to which alternative offers translate into effective mobility.

173. **Until the end of 2025, early repayment fees for variable-rate mortgage credit were suspended**[283] as part of measures adopted in 2022 to mitigate the impact of rising interest rates on consumers. At the end of that period, the regime provided for in Decree-Law No. 74-A/2017 once again applied. Under that regime, early repayment of mortgage credit may give rise to a maximum fee of 0.5% of the capital repaid in variable-rate agreements and 2% in fixed-rate agreements[284].

174. **The suspension of the early repayment fee, and its successive renewals, appears to have contributed, at least in part and together with the increase in interest rates at the time, to a significant increase in the amount of early repayments of loans** for own permanent residence (see Figure 9)[285].

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[278] The price lists of the 18 APB member banks offering mortgage credit to private consumers were analysed on 21.11.2025. See footnote 207.

[279] See the case of the product "*Crédito Habitação Casa BBVA*" by BBVA, for which the information available indicated an exemption from full or partial early repayment charges.

[280] BIG's price list showed zero fees for early repayments of mortgage credit. However, in light of the associated note, which refers to the temporary exemption from these fees imposed by law, the AdC interprets the absence of fees as resulting from that regulatory obligation rather than from a commercial decision by the institution.

[281] According to information gathered in a bilateral meeting between the AdC and DECO, held on 29.09.2025, in certain commercial contexts some institutions promote credit acquisition campaigns under which they assume, in whole or in part, the costs associated with early repayment borne by consumers.

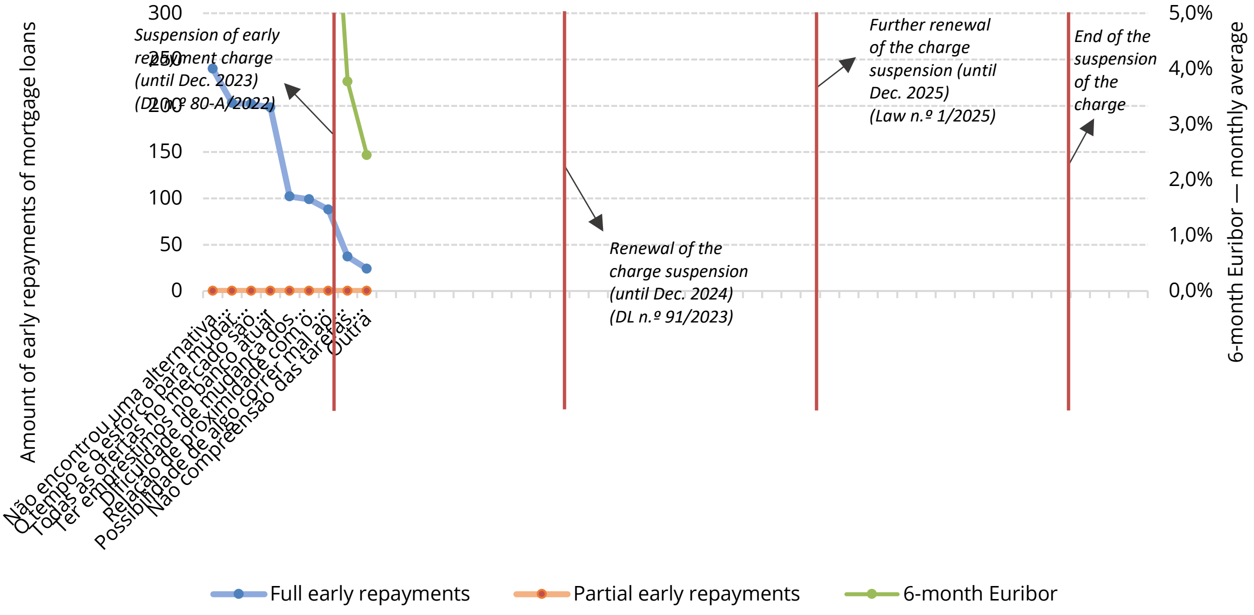
[282] The evidence available in behavioural economics points to the relevance of these mechanisms in inertia and low switching rates in financial services. See, for example, FCA, "Applying behavioural economics at the Financial Conduct Authority" (2013). In the market consultation, Citizens' Voice also noted that these biases may lead consumers to overvalue immediate costs and to perceive greater security in maintaining the relationship with their current institution, thereby undervaluing the potential benefits of switching bank.

[283] Pursuant to Article 7 of Decree-Law No. 80-A/2022.

[284] Pursuant to Article 23 of Decree-Law No. 74-A/2017.

[285] See Banco de Portugal webpage on early repayments of housing loans, consulted on 14.05.2026.

Figure 9. Amount of full and partial early repayments of mortgage loans for own permanent residence and 6-month Euribor rates[286,287]



Source of data: Banco de Portugal. Data processing: AdC.

175. **The temporary elimination of this cost contributed to reducing obstacles to contract renegotiation and credit transfers between institutions**. It also operated as a relief mechanism for consumers particularly exposed to the increase in financial charges resulting from rising interest rates. The peaks observed immediately before the announced end of the suspension are consistent with an anticipation effect linked to the time-limited nature of the measure, highlighting the relevance of this factor in the decisions of credit holders.

176. **This effect was acknowledged by Banco de Portugal**, which noted in 2024 that the temporary suspension of early repayment fees strengthened the conditions for bank customer mobility, in a context in which the average spread on new mortgage credit agreements declined compared with 2023[288].

177. Additional evidence presented by Banco de Portugal economists indicates that, alongside the rise in interest rates, the temporary elimination of early repayment fees played a significant role in the increase in mortgage credit transfers between financial institutions, by reducing refinancing costs for consumers[289].

178. **The increase in credit transfers may also have intensified competitive pressure on credit institutions**. In particular, this context appears to have created stronger incentives for

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[286] Amounts of full and partial early repayments of loans for the purchase or construction of owner-occupied permanent housing granted by banks, other monetary financial institutions, to private individuals, households and non-profit institutions serving households, resident in the euro area, as a percentage of total loans for owner-occupied housing.

[287] Reference interest rate, six-month Euribor, monthly average. Euribor, the Euro Interbank Offered Rate, is the benchmark rate of the interbank money market and results from the average of the rates quoted by a panel of European banks.

[288] See Banco de Portugal, "*Relatório de Acompanhamento dos Mercados de Crédito – 2024*" ("Retail Credit Markets Monitoring Report – 2024") (in Portuguese), July 2025.

[289] See Reis, A. and Martins, D. (2024), "A closer look at new housing loans in Portugal", presented at the 12th biennial IFC Conference. Specifically, the study's findings indicate that several factors contributed to the surge in credit transfers, notably the rise in interest rates, which prompted households to seek better loan conditions, and a significant legislative change: the decree-law introduced by the Portuguese Government in November 2022 prohibiting credit institutions from charging fees on early repayments of housing loans. This law, in force until the end of 2024, substantially reduced the cost of refinancing housing debt and thereby encouraged more households to transfer their loans.

institutions to renegotiate the conditions of existing agreements, with a view to mitigating the risk of losing customers to competing institutions. In 2009, the AdC and Banco de Portugal had already found that the limitation of early repayment fees in mortgage credit introduced in 2007[290] contributed to an increase in mortgage credit transfers between institutions[291,292].

179. International experience also provides relevant evidence on the effects of these fees. A study of the Italian mortgage market, exploiting a 2007 reform that reduced early repayment fees on existing agreements and eliminated them for new agreements, concluded that prepayment penalties significantly reduce the probability of early repayment by borrowers[293].

180. **Consumers therefore respond to policies that simplify or eliminate direct charges associated with mobility**, with positive effects on competition and on the dynamics of retail banking[294].

181. In addition to the empirical evidence regarding the effects of the suspension of fees on consumer mobility, **it is also important to analyse the economic rationale underlying early repayment fees, in particular as regards the allocation of risk** between credit institutions and consumers depending on the applicable interest-rate regime.

182. **The charging of early repayment fees represents compensation to credit institutions for potential losses arising from the early termination of the agreement. The effective incidence of that risk varies, however, depending on the applicable interest-rate regime**:

    i. In **fixed-rate mortgage credit agreements**, the rate is freely set by the credit institution and remains unchanged throughout the term of the agreement, **transferring to the credit institution the risk of changes in market interest rates**. That risk tends, however, to decrease as the end of the credit agreement approaches.

    ii. In **variable-rate agreements**, the rate results from the sum of an index, generally Euribor, and a spread[295], and is periodically reviewed. In this case, **the risk associated with the evolution of interest rates is predominantly borne by the consumer**.

183. **Accordingly, in variable-rate credit agreements, credit institutions are not exposed to costs equivalent to those existing in fixed-rate agreements**. The charging of an early repayment fee in these cases may therefore represent a disproportionate penalty for the consumer, discouraging credit transfers between institutions[296].

[290] See Law No. 51/2007, repealed by Decree-Law No. 74-A/2017. The caps established in Law No. 51/2007 for early repayment fees are equivalent to those established in the current legislative framework.
[291] Also in April 2020, the AdC submitted two contributions to the Portuguese Parliament/Budget and Finance Committee in the context of discussions on initiatives aimed at introducing limits on banking fees associated with consumer credit and mortgage credit. The AdC proposed measures to promote consumer mobility in banking that would reduce the risk of exploitation of locked-in customers by operators. In particular, the AdC recommended a legislative amendment so that it would always be possible to take out mortgage credit with a bank without being required to hold a current account with that same bank. This recommendation was accepted by the Budget and Finance Committee.
[292] The mortgage credit transfer index increased from 0.9% in 2006 to 2.2% in 2007, based on the information request sent to banks. See AdC/Banco de Portugal (2009), "Mobility in the Retail Banking Sector in Portugal" (in Portuguese).
[293] See Beltratti, A., Benetton, M. and Gavazza, A. (2017), "The role of prepayment penalties in mortgage loans", Journal of Banking & Finance, Vol. 82, pp. 165–179.
[294] See, for example, M. Brunetti, R. Ciciretti and Lj. Djordjevic, "Till mortgage do us part: Mortgage switching costs and household's bank switching", Journal of Banking & Finance, Volume 119, 2020.
[295] The spread is the component of the interest rate of a mortgage credit agreement that is added to the index and is freely defined by the credit institution, taking into account factors such as the customer's credit risk, the ratio between the amount of the loan and the value of the property, and the institution's funding cost.
[296] Article 25 of Directive 2014/17/EU provides that, in the context of early repayment of mortgage credit, any compensation charged to the banking customer may not exceed the creditor's financial loss.

184. **The legal framework applicable to consumer credit already reflects this differentiation in the allocation of risk**. Under Decree-Law No. 133/2009[297], early repayment fees are permitted only in fixed-rate agreements, with the applicable fee depending on the remaining term of the agreement at the time of repayment, and are prohibited in variable-rate agreements.

185. **Although the early termination of a credit agreement involves internal administrative acts**[298], **those acts appear to involve essentially fixed costs**, without any necessary link to the amount of credit concerned. This interpretation is consistent with banks' own price lists, in which fees associated with comparable administrative acts, where legally admissible[299], typically take fixed amounts and are not proportional to the outstanding capital.

186. **In this context, applying early repayment fees as a proportion of the amount repaid does not appear to be aligned with a logic of recovering administrative costs**. This approach has already been adopted by the legislator in the context of variable-rate consumer credit, where early repayment fees have been eliminated, reflecting the assessment that any costs associated with early repayment do not justify charges of this nature on consumers.

187. **A comparative analysis of the legal framework and initiatives recently adopted in several EU Member States shows a trend towards reducing or limiting early repayment fees for mortgage credit, particularly in variable-rate agreements** (see Box 11). In several countries, these fees have been eliminated or restricted under that regime. In fixed-rate agreements, compensation mechanisms tend to be more closely aligned with the lender's actual financial loss, often through calculation models based on market rates.

Box 11. Examples of European legal frameworks on early repayment charges in mortgage credit

Benchmarking of early repayment fees for mortgage credit

A comparative analysis was carried out of the legal frameworks applicable to early repayment charges for mortgage credit in several European countries. The main results are summarised in the table below.

Country	Fixed-rate limits	Variable-rate limits
Germany[300]	Present value of the difference between the contracted rate and the market rate, or 0% after the tenth year of the loan	0%
Austria[301]	0% up to €10,000; 0.5% if the remaining term is less than one year, or 1% if it is more than one year	0%
Belgium[302]	Maximum cap corresponding to three instalments	
Spain[303]	2% in the first 10 years and 1.5% thereafter	0.25% in the first three years or 0.15% in the first five years, and 0% thereafter

[297] Pursuant to Article 19 of Decree-Law No. 133/2009.
[298] In particular in terms of contract processing, system updates or document management.
[299] It should be noted that, for mortgage credit agreements, pursuant to Article 23(8) of Decree-Law No. 74-A/2017, the charging of any cost or expense in addition to the early repayment fee is prohibited.
[300] *Bürgerliches Gesetzbuch*, arts. 489-502.
[301] *Hypothekar- und Immobilienkreditgesetz*, art. 20.º.
[302] *Code de droit économique*, art. VII.147.12.
[303] *Ley 5/2019*, art. 23.º y 24.º.

France[304]	3% of the outstanding capital or the equivalent of six months' instalments, at the applicable average rate	
Netherlands[305]	0% for repayments of up to 10% of the outstanding capital per year; above that threshold, the present value of the difference between the contracted rate and the market rate	
Ireland[306]	No defined statutory cap	0%
Italy[307]	0%, for loans concluded after 2007	
United Kingdom[308]	No defined statutory cap	

Recent legislative initiatives adopted in the EU

1. Latvia

In 2023, the Latvian Government approved a legislative package to simplify and reduce the cost of transferring mortgage credit. The reform suspended the charging of early repayment fees by the original credit institution, capped the fees for formalising the new agreement at 1% of the loan value, removed restrictions on advertising, and streamlined the credit transfer process, including through the acceptance of digital signatures[309].

2. Lithuania

In February 2025, amendments to the Law on Credit Agreements for Consumers Relating to Immovable Property of the Republic of Lithuania entered into force. These measures were introduced to facilitate credit transfers between institutions and strengthen consumers' bargaining power vis-à-vis creditors. Accordingly, when repaying credit early in order to transfer it, the consumer is not charged by the original institution any fee or payment related to the process, such as property valuation or notarial costs. However, the institution may charge compensation for the early termination of fixed-rate agreements[310].

3. Sweden

In July 2025, Sweden implemented a new model for calculating early repayment charges for fixed-rate mortgage credit, making transfers between institutions less costly and more predictable for consumers[311]. Under the new regime, the fee must be calculated on the basis of the difference between the average swap rate at the beginning of the fixed-rate period and the swap rate at the time of early repayment[312]. Before this legislative change, the fee was determined only by reference to the interest rate agreed between the consumer and the institution in the credit agreement.

[304] *Code de la consommation, Livre III, Titre 1er, Ch. III, Sec. 7*, art. L313-47 & R313-25.
[305] *Code of Conduct for Mortgage Loans*, no. 6.
[306] *Consumer Credit Act*, 1995, section 121.
[307] Legge 2 aprile 2007, n. 40, art. 7..
[308] *MCOB 12.3*.
[309] Further information is available here.
[310] See contribution from the Competition Council of the Republic of Lithuania to the Informal Request for Information launched by the AdC through the ECN in June 2025. Further information made available by the Bank of Lithuania is available here.
[311] Around 65% of Swedish consumers have mortgage credit agreements on a variable-rate basis. This measure appears also to have been implemented with a view to increasing the number of consumers with fixed-rate agreements and thereby improving their financial stability. See contribution from *Konkurrensverket*, the Swedish Competition Authority, to the Informal Request for Information launched by the AdC through the ECN in June 2025.
[312] Further information is available here. It should be noted that this fee operates as direct compensation to institutions for the difference between the fixed interest rate agreed with the consumer and the market interest rate at the time the consumer repays the credit early.

188. **A regulatory approach that effectively differentiates between fixed-rate and variable-rate regimes could contribute to a more balanced allocation of risk between credit institutions and consumers**. It could also help avoid disproportionate charges and promote mobility in mortgage credit.

Recommendation 11 | to the Legislator

Revoke the possibility of charging consumers a fee in cases of partial or full early repayment of credit agreements relating to immovable property during periods in which the applicable rate is not fixed.

In cases of early repayment of credit agreements during periods in which the applicable rate is fixed:

promote a change to the compensation model for lenders, **so that the maximum amount of the fee payable by consumers is structured according to bands** based on the period between the early repayment and the end of the term of the agreement; and

establish that **the amount of the fee payable by consumers**:

- **must be justified by costs** directly related to the operation concerned; and
- **may not exceed the amount of interest that the consumer would have paid** during the period between the time of early repayment and the end of the fixed-rate period.

These changes should be reflected in Article 23 of Decree-Law No. 74-A/2017.

VI.6. RISK OF CONFLICTS OF INTEREST IN CREDIT INTERMEDIATION AS A FACTOR LIMITING ITS POTENTIAL BENEFIT FOR MOBILITY

189. **Credit intermediation has significant potential to promote competition in retail banking**[313]. **However, that potential may be limited by conflicts of interest inherent in the credit intermediation model**. In particular, the relationship between intermediaries and credit institutions, which often remunerate tied and ancillary credit intermediaries, may influence the way in which information is selected, presented or prioritised to consumers[314]. This structure creates a risk that the solutions presented do not fully reflect the range of alternatives available in the market or, at the limit, the consumer's specific interests.

190. **It is therefore crucial to mitigate, as far as possible, the risk of conflicts of interest inherent in credit intermediation activity**. In this context, the following matters are particularly important: (i) the transparency of the information made available by those agents to consumers; (ii) the remuneration policies of tied and ancillary credit intermediaries; (iii) the credit agreements presented or proposed to consumers by tied and ancillary credit intermediaries; and (iv) banks' obligations to provide information to those agents.

191. **In 2020, the AdC recommended strengthening the accessibility and informational content of the list of credit intermediaries made available on Banco de Portugal's website**[315]. In

[313] See Chapter II.
[314] See paragraph 39.
[315] See AdC's comments on legislative initiatives concerning the introduction of limits on bank fees associated with consumer and mortgage credit (in Portuguese), of 30.04.2020.

particular, the AdC argued that the list should include additional information relevant to consumers, including the number of complaints. That recommendation remains relevant.

VI.6.1. Limitations in the transparency of information made available by credit intermediaries

192. **Banco de Portugal has undertaken efforts to ensure transparency and proper compliance with the legal and regulatory framework applicable to credit intermediation**. More recently, in August 2025, Banco de Portugal published a practical guide on advertising disseminated by credit intermediaries, which clarifies the principles and rules to be observed by those agents[316].

193. **However, certain matters still warrant attention. These relate to the standardised information sheet** applicable to consumer credit and to the information to be made available to consumers, in particular before the credit intermediation service is provided.

194. **Consumers' difficulty in fully understanding the role and limits of action of tied and ancillary credit intermediaries appears to persist**[317]. A proper understanding of the scope of the intermediary's role in the sale of credit is particularly relevant where intermediaries act under a tie with one or more credit institutions.

195. **This difficulty persists despite the information obligations already provided for in the regulatory framework**.

196. **In particular, intermediaries must make basic information on their activity available in their establishments open to the public, on their websites and before providing intermediation services**[318]. Where advisory services are provided, tied credit intermediaries and ancillary credit intermediaries must inform consumers that their analysis will be limited to the credit agreements available within their product range. In the same situation, non-tied intermediaries must explain to consumers the scope of the credit products they will consider for the purposes of providing the service[319].

197. **The legal and regulatory framework also requires disclosure of information on the remuneration of credit intermediaries in mortgage credit**. Tied intermediaries must inform consumers, before providing services, of the existence and amount of any incentives paid by lenders[320]. If the intermediary does not know that amount, it must inform the customer that this information will be included in the standardised information sheet for the credit product[321]. In addition, when a mortgage credit proposal is presented, the ESIS delivered to the consumer by tied or ancillary intermediaries must include the form of remuneration and/or the amount of the commission received from the lender[322].

198. **By contrast, in consumer credit, when credit intermediaries present credit proposals to consumers, they are only required to disclose their identification and address in the**

[316] Banco de Portugal, *"Guia prático sobre a publicidade difundida por intermediários de crédito"* ("Practical guide on advertising disseminated by credit intermediaries") (in Portuguese), published on 22.08.2025.
[317] In the market consultation, Citizens' Voice noted that the transparency of credit intermediaries' incentives is, in its view, a necessary condition for an informed assessment of credit proposals by consumers. In a meeting, DECO stated that consumers are generally not aware of the risk of conflicts of interest affecting intermediaries, assuming that their interests will be safeguarded by those intermediaries.
[318] Pursuant to Articles 53 and 54 of the legal regime for credit intermediaries. Before providing intermediation services, the credit intermediary must also present the means available to consumers for submitting complaints and for alternative dispute resolution.
[319] Pursuant to Article 65 of the legal regime for credit intermediaries.
[320] See point (d) of Article 54(1) of the legal regime for credit intermediaries.
[321] See point (e) of Article 54(1) of the legal regime for credit intermediaries.
[322] See Part II of Annex I to Decree-Law No. 74-A/2017.

standardised information sheet[323]. The identification of the agent corresponds to its name, address, contact details and category of credit intermediary[324].

199. **These information obligations may not be sufficient to ensure that consumers understand the role of tied and ancillary intermediaries**. **That role should be easily and conveniently identifiable**. At present, only the category of credit intermediary has to be disclosed to the consumer. Although the remuneration policy of intermediaries follows from their category, consumers cannot generally be expected to know the characteristics associated with each category of credit intermediary.

200. **As a result, consumers may perceive tied and ancillary intermediaries as more impartial than they would if they understood the implications of the tie. This may weaken consumers' effective decision-making**, leading them to overestimate the extent of the search actually carried out by those intermediaries and to undervalue the possibility of biased assistance or recommendations. The disclosure of information on the remuneration of credit intermediaries is therefore important, as it enables consumers to understand the risk of conflicts of interest arising from the nature of the intermediaries' relationship with lenders.

201. **This information asymmetry would be mitigated by making explicit information available to consumers on how credit intermediaries are remunerated, as is already the case for mortgage credit**. This would enable consumers to make a more informed decision on the credit intermediary and on taking out credit. This is particularly important given the growing significance of consumer credit in Portugal[325].

202. In the current context, **this disclosure is particularly relevant in consumer credit**. This is a segment with significant and growing importance in household financing[326], and the available evidence suggests that the benefits of using intermediaries may be more limited in certain parts of this market. As noted by Banco de Portugal, although intermediation translates, on average, into more favourable conditions for consumers in mortgage credit, the same does not hold for car loans and revolving credit, where there are cases in which consumers bear higher costs when using an intermediary[327].

Recommendation 12 | to the Legislator

(i) **Require credit intermediaries to provide consumers, in addition to the information already required under the legal and regulatory framework in force, with**:

information that they act under the name and responsibility of the lenders with which they have a tied relationship;

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[323] See point 1 of Annex II to Decree-Law No. 133/2009.

[324] See Annexes I to IV to Banco de Portugal Instruction No. 12/2013 (in Portuguese).

[325] In March 2026, new consumer credit agreements were concluded for a total amount of around €944 million, the highest value in the statistical series made available by Banco de Portugal, which began in 2013 (see Banco de Portugal statistical series, consulted on 13.05.2026).

[326] According to Banco de Portugal's "*Relatório de Acompanhamento dos Mercados de Crédito – 2024*" ("Retail Credit Markets Monitoring Report – 2024") (in Portuguese), consumer credit grew by 10% in 2024, reaching an average monthly amount of €702.1 million, with an average cost (APRC) of 12.8% (+0.4 p.p. compared with 2023). Car loans recorded the strongest growth (+15%), followed by revolving credit (+8.2%) and personal loans (+6.6%), accounting for 39.2%, 16.9% and 43.9%, respectively, of the total amount granted in that year.

[327] Address by the Governor of Banco de Portugal on 01.04.2026 at the parliamentary hearing on the regulation of the credit intermediary sector in Portugal.

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in the case of credit intermediation, information that the proposals presented to consumers may not include proposals from all lenders with which they have a tied relationship or all proposals received from those entities; and

in cases of advisory services and consumer credit intermediation, information on their remuneration paid by lenders, analogous to the information provided for in points (d) and (e) of Article 54(1) of the legal regime for credit intermediaries in the case of mortgage credit intermediation.

Article 54(1) and Article 65(2) of the legal regime for credit intermediaries, established by Decree-Law No. 81-C/2017, should be amended accordingly.

VI.6.2. Risk of conflicts of interest in the remuneration of tied and ancillary intermediaries

203. **Under the national legal and regulatory framework, the remuneration policies of tied credit intermediaries and ancillary credit intermediaries must be defined by the lenders** with which those agents enter into a tying agreement[328], and must depend on qualitative and quantitative criteria[329]. **The remuneration of those intermediaries should not, however, prevent them from complying, in particular, with their duties to respect consumers' rights and interests**[330], as also follows from Directive 2014/17/EU[331].

204. **However, the European and national legal and regulatory frameworks do not restrict the remuneration of those intermediaries, which may therefore depend on sales targets. This increases the risk of conflicts of interest** already identified[332]. This remuneration practice may lead those agents to: (i) select the lenders with which they work on the basis of the incentives offered by them, rather than seeking to work with the largest possible number of lenders, with this effect being amplified where remuneration depends on the volume of agreements obtained from the same lender; and (ii) present consumers with the proposals that maximise their remuneration, which may not correspond to the proposals most suitable for consumers.

205. **To mitigate that risk, the European and national legal and regulatory frameworks establish limits on the remuneration of employees of credit intermediaries who provide advisory services in mortgage credit**. In particular, the remuneration of those employees must be independent of sales targets and of the number of agreements concluded or, under European law, of the rate or type of credit agreement[333]. For the same purpose, European law provides that Member States may prohibit the payment of commissions by lenders to intermediaries[334].

206. **The rationale underlying these limits on the remuneration of employees of intermediaries providing advisory services is clear**. Employees are the persons who have direct contact with consumers and who search for, present and recommend offers. Remuneration linked to sales targets may therefore create risks of conflicts of interest with consumers' interests.

[328] See Article 11(1) of Banco de Portugal Notice No. 6/2017 (in Portuguese).
[329] See point (b) of Article 11(2) of Banco de Portugal Notice No. 6/2017 (in Portuguese).
[330] Pursuant to Article 58(2) of the legal regime for credit intermediaries and point (a) of Article 11(2) of Banco de Portugal Notice No. 6/2017 (in Portuguese).
[331] Pursuant to Article 7(1) and (2) of Directive 2014/17/EU.
[332] See paragraphs 189 and 190.
[333] At European level, pursuant to Article 7(4) and recital 35 of Directive 2014/17/EU. At national level, pursuant to Article 68 of the legal regime for credit intermediaries and Article 18 of Banco de Portugal Notice No. 6/2017 (in Portuguese).
[334] Pursuant to Article 7(4) of Directive 2014/17/EU.

207. **However, legal limits on employees' remuneration do not address the risks of conflicts of interest affecting their employers, which persist. An intermediary's employee can be expected to align their behaviour with the commercial objectives of their employer**. Where the tying agreement between the intermediary, as employer, and the lender may establish a remuneration policy based on the characteristics of the credit intermediated, the honest and transparent conduct of the intermediary may be compromised by the possibility of bias.

208. **With a view to enhancing the role of these intermediaries in supporting interbank mobility, it appears appropriate, necessary and proportionate to limit this remuneration practice in the exercise of credit intermediation and advisory activities**, irrespective of the type of credit agreement. This would help discourage intermediation practices oriented towards the conclusion of agreements with characteristics that are more profitable for the intermediary and the lender, to the detriment of a better fit between the credit product and the consumer's preferences and of the competitive effectiveness of the intermediary's intervention in the credit market.

Recommendation 13 | to the Legislator

Ensure that the remuneration of tied credit intermediaries and ancillary credit intermediaries does not impair their ability to act in consumers' interests.

To that end, the limits on the remuneration of employees of credit intermediaries involved in the provision of advisory services, already provided for in Article 68(1) of the legal regime for credit intermediaries, should apply to the remuneration of tied and ancillary credit intermediaries.

These changes should be reflected in Articles 58 and 67 of the legal regime for credit intermediaries, established by Decree-Law No. 81-C/2017, and in Banco de Portugal Notice No. 6/2017.

VI.6.3. Restrictions on the plurality and comparability of proposals presented to consumers

209. **Credit intermediaries are subject to specific duties to provide assistance and information to consumers**. In particular, they must present consumers with agreements suited to their profile and interests and refrain from intermediating agreements on which they do not have detailed information[335].

210. **As analysed above**[336], **tied and ancillary intermediaries act under a tie with credit institutions**. **Their activity may therefore be influenced by commercial or remuneration incentives defined by those institutions**. This creates a risk of bias, which may be mitigated through effective disclosure of information by the credit intermediary to the consumer. Such bias may affect the range of credit offers presented or proposed to consumers by intermediaries, steering the consumer's decision towards the intermediary's own benefit.

211. **In addition, in the course of its activity, the credit intermediary may have access to a broader range of credit offers than those it presents or proposes to the consumer**.

212. **In this context, consumers may benefit from access to information on the criteria used by the intermediary to pre-select offers**. The rationale for not disclosing all proposals to the

[335] Pursuant to Article 45 of the legal regime for credit intermediaries.
[336] See Box 2.

customer may be understandable on grounds of proportionality and feasibility. In particular, the number of offers presented to the consumer should not be excessive, as this could create information overload and make the analysis of credit offers more difficult, time-consuming or confusing.

213. **It is therefore important to ensure that consumers have access, through the credit intermediary, to information that is sufficiently complete and representative of the range of offers available**. This would enable consumers to analyse and compare the proposals presented on an informed basis. Those proposals should have differentiated conditions and remain suited to the consumer's profile.

Recommendation 14 | to the Regulator

Establish an obligation for credit intermediaries to provide consumers using their services with:

- **the number of proposals collected and the identity of the banks that prepared them**; and
- **where not all collected proposals are presented, the selection criteria used to choose the proposals presented**, which must be clear, objective and suited to consumers' profile and preferences.

VI.6.4. Limitations in the information made available by banks to credit intermediaries

214. **The legal and regulatory framework provides for a set of general and personalised information and assistance duties that lenders must comply with vis-à-vis consumers before credit is taken out**[337]. These duties concern, in particular, mandatory and optional bundling, the types of credit interest rates to be presented to consumers through simulations or proposals, and the conditions for completing the ESIS.

215. **Not all of these obligations are reflected in the relationship between credit institutions and credit intermediaries**. In order to ensure access by those intermediaries to pre-contractual information, the legal framework for credit intermediaries establishes a right to information. However, it provides only that credit institutions must make available to credit intermediaries the information necessary for their activity[338].

216. **The provision by lenders to credit intermediaries of information that is not genuinely complete and representative of each institution's range of offers may limit the activity of those intermediaries**. As a result, the range of proposals presented by intermediaries to consumers may be incomplete and defined directly by the choices made by the lender.

217. **To limit this situation, the pre-contractual conditions made available by lenders to credit intermediaries should be No. less favourable than those that would be offered to consumers contacting the credit institution directly**.

218. **This distinction matters because differentiated conditions according to the distribution channel may undermine the usefulness of intermediation as an instrument of comparison and informed choice**. On the one hand, lenders should not be able to discourage

[337] See, in particular, Chapter III of Decree-Law No. 74-A/2017, Banco de Portugal Notice No. 5/2017 (in Portuguese) and Banco de Portugal Instruction No. 19/2017 (in Portuguese) for mortgage credit agreements. For consumer credit agreements, see Chapter II of Decree-Law No. 133/2009.
[338] Pursuant to Article 51 of the legal regime for credit intermediaries.

the use of intermediaries by applying less favourable conditions to consumers using that channel, including on the grounds that intermediation represents an additional cost for the institution. On the other hand, if the proposals presented by the intermediary do not reflect the most advantageous conditions available from lenders, consumers using intermediation may lack sufficient information to compare the available alternatives adequately. This may compromise the role of intermediation in reducing consumers' search and comparison costs.

Recommendation 15 | to the Legislator

Ensure that the pre-contractual conditions made available by lenders to credit intermediaries are No. less favourable to consumers than those that would be offered to them if they contacted the credit institution directly. These conditions include, in particular, spreads, the type of interest rate, the term, charges and the conditions attached to the purchase of ancillary products or services.

Article 51 of the legal regime for credit intermediaries, established by Decree-Law No. 81-C/2017, should be amended accordingly.

VI.7. BUNDLED SALES OF BANKING PRODUCTS AND SERVICES

219. **The national legal framework prohibits making the conclusion or renegotiation of banking agreements conditional on the mandatory acquisition of additional products or services**, except in the cases expressly provided for by law.

220. **This prohibition applies to mortgage credit[339] and consumer credit[340]**. The regime allows for two specific exceptions, namely the requirement to open or maintain a current account and the requirement to take out insurance, provided that the consumer may use alternative providers under equivalent guarantee conditions.

221. **In the field of savings and investment products, the applicable legislation limits the possibility of linking deposits to products that do not guarantee the capital invested**. In particular, it is prohibited to make the conclusion of deposit agreements conditional on the acquisition of financial instruments, insurance contracts or other investment products that do not guarantee the capital invested at all times, even where that association is optional and is intended to improve the conditions of the deposit[341].

222. **Optional bundled sales, or bundling, are permitted**. In these cases, the consumer may choose to take out together products that are also marketed separately, in return for more favourable financial conditions on the main product, in particular reductions in the cost of credit.

223. **Bundled sales of banking products and services are a relevant practice in retail banking in Portugal**. They are particularly significant in the marketing of mortgage credit and consumer credit[342].

[339] Pursuant to Decree-Law No. 74-A/2017.
[340] Pursuant to Decree-Law No. 133/2009.
[341] Pursuant to Article 8 of the packaged retail and insurance-based investment products (PRIIPs), set out in Annex II to Law No. 35/2018.
[342] See Banco de Portugal, "*Relatório sobre vendas associadas e comissionamento bancário*" ("Report on bundled sales and bank fees") (in Portuguese), published on 15.07.2022.

224. The analysis of banks' commercial offers shows the presence of bundled packages in retail banking[343]. These generally include two predominant types:

(i) **packaged accounts**, centred on payment services, for a single periodic price that includes cards, transfers, cash withdrawals and, in some cases, associated insurance products;

(ii) **bundled offers**, which link payment services with core products, such as deposits or credit, typically accompanied by conditional benefits, such as fee reductions or spread discounts, dependent on the simultaneous subscription of ancillary products and the corresponding charges.

225. **In some cases, the ancillary products that must be taken out in order to access discounts have No. direct relationship with the risk associated with the credit**. This is the case, in particular, where discounts are conditional on packaged accounts that include, for example, the use of credit cards.

226. **Bundled offers in package form often involve cumulative requirements**, such as salary domiciliation, the maintenance of minimum assets, the use of a credit card or the taking out of insurance. **The termination of one of these products or services may lead to the immediate loss of discounts**.

227. **Bundled offers may generate benefits for consumers. These include convenience, simplification of the banking relationship and economic advantages associated with the products and services included**, such as spread discounts in mortgage credit.

228. **However, retention effects may arise where these practices involve long-term agreements** with a significant weight in household budgets, such as mortgage credit. In those circumstances, bundled offers may affect consumer mobility.

229. **These agreements tend to operate as anchor products, owing to their duration and financial relevance**. They are also frequently used as the basis for aggregating additional products. The taking out of those additional products is typically incentivised through discounts on the main product.

230. **In this context, the cumulative maintenance of ancillary products over the term of the credit may reinforce customer lock-in mechanisms**. This is because preserving discounts depends on maintaining those contractual relationships[344]. The decision to switch institution therefore No. longer concerns the credit product in isolation. Instead, it depends on the total cost of the set of products taken out, the loss of conditional discounts and the simultaneous reconfiguration of multiple contractual relationships.

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[343] It should be noted that the European Commission found divergences in the interpretation of the concept of a "package" of services, with different practices across Member States (see the [Commission's May 2023 Report to the European Parliament and the Council]). Some Member States understand "package" as the combination of a payment account with complementary services necessary for its use, such as a card, overdraft or automated transfers, while others interpret it as the bundled sale of distinct financial products, such as insurance, credit cards or mortgages. It is noted that the Payment Accounts Directive sometimes uses the term "package" together with "services", Article 4(3), sometimes with "products", Article 5(2)(a), and sometimes with both, Article 8.

[344] See Qi Y., "Big Broad Banks: How Does Cross-Selling Affect Lending?", published on January 2020, which shows that the duration and depth of the bank–customer relationship significantly increase cross-selling intensity and customer retention.

231. **This effect tends to increase switching costs and reduce the effective comparability of offers**[345]. **It may also reduce the contestability of the banking relationship over time**[346]. Even where the initial credit conditions are competitive, as the agreement evolves and the associated risk decreases, the persistence of ancillary requirements and products may cease to reflect a proportionate relationship between the advantage granted on the main product and the obligations imposed on the consumer.

232. **The results of the Consumer Survey are consistent with this interpretation**. Among consumers who did not switch bank in the previous five years despite having searched for alternatives, around 20% identified the existence of loans as the main reason for remaining with their current institution. However, this group of respondents may not be homogeneous and may reflect different situations and motivations. Accordingly, not all cases will necessarily be attributable to the maintenance of ancillary products or services linked to the loan. They may also result from other factors related to the credit agreement itself.

233. **The net effect of a temporal limit** on the taking out of ancillary products on the price of the main product will depend, among other factors, **on the design of the measure, the degree of consumer mobility and the response of institutions**. In this regard, the economic literature supports the presumption that **high switching costs tend to reduce consumers' price sensitivity and sustain higher price levels**, particularly in concentrated markets, while also noting that this negative effect is more pronounced where certain structural characteristics are present in the market concerned[347].

234. In particular, **the Portuguese market displays a significant degree of concentration in the mortgage credit segment, which reinforces the case for regulatory intervention aimed at reducing switching costs**. According to the information requested by the AdC from the main credit institutions, the five largest banks (CGD, Santander Totta, Millennium BCP, BPI and Novobanco) held, in 2024, 84.8% of the mortgage credit granted by that group of institutions.

235. This level of concentration is relevant because, when combined **with significant switching costs, insufficient competitive pressure may weaken institutions' incentives to compete for existing customers and make market entry more difficult**[348].

236. **In this context, a temporal limit on the taking out of ancillary products may help to focus competition more clearly on the price and conditions of the main product at the time of contracting**. By reducing the complexity associated with the combination of multiple products and the dispersion of costs over the course of the banking relationship, such a measure may make the price structure more transparent and comparable. This could strengthen consumers' ability to assess and compare proposals and, depending on market conditions and the design of the measure, contribute to more effective competitive dynamics between credit institutions.

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[345] EC, "*Final Report: Study on Switching of financial services and products*", published in 2019, identifies that bundled products increase complexity and may discourage bank switching.

[346] Zhao, T., Matthews, K. and Murinde, V., "Cross-selling, switching costs and imperfect competition in British banks", Journal of Banking & Finance, published in November 2011, shows that cross-selling and switching costs contribute to lock-in and lower competitive discipline over time.

[347] Farrell, J. and Klemperer, P. (2007), "Coordination and Lock-In: Competition with Switching Costs and Network Effects", Handbook of Industrial Organization, Vol. 3, pp. 1967–2072. The authors set out the conditions under which switching costs tend to raise or lower equilibrium prices, concluding that the outcome depends on market-specific circumstances, notably the degree of concentration, the proportion of inert consumers and firms' ability to discriminate between new and existing customers.

[348] Farrell, J. and Klemperer, P. (2007). The authors observe that switching costs, in combination with other factors, may justify heightened antitrust scrutiny, noting in particular the UK authorities' prohibition of the merger between Lloyds TSB and Abbey National, in which switching costs combined with economies of scale made entry very difficult.

Recommendation 16 | to the Regulator

Assess the costs and benefits of introducing time limits on the application of requirements associated with the taking out of ancillary banking products or services in the context of a main banking product or service.

As part of that assessment, consideration should be given, in particular, to:

- how the introduction of time limits may influence consumer mobility and the contestability of long-term banking relationships;
- the potential impacts of the measure on competition, efficiency and innovation in the supply of banking products and services;
- the proportionality of the measure in light of the economic benefits associated with bundled offers for different consumer profiles; and
- the suitability of alternative time-limitation models, namely through the definition of an absolute maximum period or a proportion of the duration of the main agreement.

237. **The analysis of banks' price lists shows a high degree of complexity in the structuring of combined offers**. This includes, in particular: (i) packages comprising multiple products and services; (ii) diverse cumulative requirements; (iii) a high number of footnotes applicable to the same offer and cross-references between different sections, such as accounts, cards, credit and insurance; and (iv) practical difficulty in estimating the net cost of the package compared with contracting each service separately.

238. **This complexity may make it more difficult to compare alternatives and may accentuate information asymmetries, limiting consumers' ability to identify more advantageous solutions**, as reflected in the information gathered[349]:

(i) in the Consumer Survey, among those who did not switch bank, around 24% stated that they had not found a clearly better alternative, around 21% considered that all offers were similar, and around 21% stated that the time and effort required to switch were not worthwhile;

(ii) some contributions received in the market consultation shared this assessment. DECO stated that packaged accounts are difficult to understand, making it harder to identify the associated benefits. Citizens' Voice, DECO and AIP also warned of the risk of perceived advantages not materialising, the existence of hidden costs and the possibility that conditional offers may limit freedom of choice. Citizens' Voice further noted that conditional discounts may make future renegotiation or transfer of agreements more difficult.

239. **The difficulty of assessing and comparing bundled offers is particularly relevant where they are taken out in the context of long-term agreements** with a significant impact on household budgets, such as mortgage credit.

240. **In mortgage credit, the legal framework already provides for information obligations relating to the impact of taking out ancillary products and services together with the loan**,

349 Banco de Portugal's "*Relatório sobre vendas associadas e comissionamento bancário*" ("Report on bundled sales and bank fees") (in Portuguese), published on 15.07.2022, highlights that the admissibility of bundling presupposes the existence of clear information and the availability of genuine alternatives for consumers.

in particular on the applicable interest rate[350]. As a rule, this information makes it possible to identify the benefit associated with bundling in the main product, such as the reduction in the spread compared with a scenario without ancillary products.

241. **However, the legal and regulatory framework does not ensure, in an equally clear and systematic manner, the provision of information on the total costs associated with maintaining those ancillary products and services over time**[351].

242. **This information asymmetry makes it more difficult to carry out an overall economic assessment of the bundled offer**. In particular, it prevents consumers from directly comparing the benefit obtained in the main product with the recurring charges associated with the ancillary products.

243. **In this context, it is important to ensure that bundled sales constitute a free and informed choice**, in line with the principles already advocated by the AdC in the context of legislative initiatives on banking fees in 2020[352]. The relevance of these practices has also been recognised at public policy level. The Programme of the XXV Constitutional Government includes, in this regard, the promotion of a study on restrictions to product bundling[353].

Recommendation 17 | to the Regulator

Define obligations for banks relating to the provision of information to consumers in the context of packaged accounts and combined offers of banking products and services. This would contribute to increasing the transparency of the conditions under which bundled offers are made available and, in that way, to mitigating the difficulties experienced by consumers in comparing alternative offers.

In this context, the costs and benefits of making available a standardised indicator of the total cost to be borne by consumers in relation to each bundled offer should be assessed. That indicator should be based on standard usage profiles, common to all banks and predefined by Banco de Portugal, based in particular on the quantitative information reported by banks on the use of their products and services. In the case of payment accounts, those profiles could reflect, for example, the number of payments, cash withdrawals, transfers or credit card transactions.

The indicator would allow consumers to assess, in a more immediate and structured manner, whether taking out a given set of products and services as a bundle would be more advantageous than taking out each of them separately.

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[350] Article 11(3) of Decree-Law No. 74-A/2017.

[351] It should be noted that, in the ESIS, credit institutions indicate the possible existence of costs associated with the contracting of ancillary products, referring consumers to the relevant price lists. The potential charges associated with each of those products are therefore not set out explicitly in those documents.

[352] See AdC's comments on legislative initiatives concerning the introduction of limits on bank fees associated with consumer and mortgage credit (in Portuguese), of 30.04.2020.

[353] See page 116 of the Programme of the XXV Constitutional Government (in Portuguese).

ANNEX I – CONSUMER SURVEY

1. This annex sets out the methodological details of the Consumer Survey commissioned by the AdC, the main results of which are presented in the Study “Consumer Mobility in Retail Banking in Portugal”. It also includes an analysis of each question and, for completeness, the full transcript of the questionnaire used to collect data from individual consumers.

I. METHODOLOGICAL CHARACTERISATION OF THE SURVEY

I.1. UNIVERSE AND DATA COLLECTION

2. **The survey of retail banking consumers in Portugal was addressed to individuals aged 18 or over residing in mainland Portugal**. Its objective was to collect information from individual consumers on the use, search and comparison of the main banking products and services, as well as on any switching of current account.

3. **Data were collected between 31 October and 17 November 2025 through an online questionnaire** made available to members of a consumer panel held by *E.M. – Estudos de Mercado e Sondagens de Opinião, Lda.*, the entity responsible for carrying out the fieldwork.

4. **A total of 1,100 valid responses were obtained**, after the application of eligibility filters and quality controls. The questionnaire was completed without interviewer intervention. If a simple random sample of 1,100 observations were assumed, the margin of error would be around 3 percentage points, for a confidence level of 95%. However, given that the sampling design is non-probabilistic, this reference should be understood only as an illustrative value and not as a strict statistical measure.

I.2. REPRESENTATIVENESS OF THE SAMPLE

5. Table 1 presents the demographic breakdown of the sample and compares it with the Portuguese population. In terms of age, **individuals aged 18 to 35 are overrepresented**, while **individuals aged over 65 are underrepresented**. The intermediate age groups, 36 to 50 and 51 to 65, are close to the values observed in the population.

6. In terms of education, respondents with **higher education are overrepresented when compared with the resident population**, while individuals with basic education are underrepresented. This difference is common in online surveys, where participation tends to be higher among individuals with higher levels of education.

7. In terms of employment status, the sample includes a diverse set of profiles, including employees, self-employed workers, students and retired persons. This makes it possible to capture different patterns of banking use.

8. These deviations in age and education are typical of surveys based on online panels. The online collection method tends to capture, with greater probability, individuals with higher digital literacy and regular internet access.

9. Even so, the composition of the sample makes it possible to observe a relevant set of behavioural patterns. These patterns provide useful evidence for framing the analysis of mobility and competition dynamics in the banking sector.

10. The deviations observed, in particular in age and education, will be taken into account in the analysis, especially when discussing differences between demographic segments or patterns of use of banking services.

Table 1. Demographic breakdown of the sample, by dimension[1]

Demographic dimension	*n*	%	% Population (2024)
Sex			
Women	572	52.0%	52.8%
Men	528	48.0%	47.8%
Age group			
18 to 35 years	321	29.2%	22.3%
36 to 50 years	277	25.2%	23.7%
51 to 65 years	283	25.7%	25.3%
Over 65 years	219	19.9%	28.7%
Education			
Higher education	634	57.6%	28.6%
Secondary education	430	39.1%	32.7%
Basic education	36	3.3%	38.7%
Occupation			
Employee	702	63.8%	
Self-employed / own-account worker	96	8.7%	
Unemployed	51	4.6%	
Retired	211	19.2%	
Student	24	2.2%	
Other	16	1.5%	

Source: AdC survey of retail banking consumers in Portugal.

I.3. ANALYSIS OF THE SURVEY RESULTS

11. **This section further develops and complements the analysis of the Consumer Survey results**. It presents additional information and breakdowns that allow for a more detailed reading of certain trends identified in the Study. These elements provide a more granular understanding of the results, in particular as regards banking relationship dynamics, mobility and consumer perceptions in retail banking.

I.4. CHARACTERISATION OF THE SAMPLE'S BANKING RELATIONSHIP

12. This section describes, in disaggregated form, the banking relationship patterns reported by respondents. It covers the bank with which respondents hold their main current account, the incidence of multi-banking, the payment of fees and the financial products associated with the account.

I.4.1. Bank of the main current account and incidence of multi-banking

13. Respondents identified the institution with which they hold their main current account. The distribution is concentrated in a number of larger banks. Table 2 presents the full distribution of

[1] The values in the "% Population (2024)" column refer to values calculated for 2024 for the population to which the respondents belong, or for a similar population. All data were collected from the *Pordata* repository (a Portuguese statistical database). For the "Sex" and "Age group" dimensions, the values relate to the resident population aged over 15. However, the 15–19 age category is considered at half of its total value for aggregation purposes. The categories aggregated at population level do not always correspond exactly to the categories used in the sample collection, namely 15 to 34 years, with an adjustment to the 15–19 subcategory, 35 to 49 years, 50 to 64 years and over 65 years. For the "Education" dimension, the values relate only to the active population aged 15–64.

the main account by bank, as well as the percentage of consumers who report holding additional accounts with other institutions, that is, multi-banking.

14. The overall rate of multi-banking in the sample is 37.5%. Multi-banking refers to the use of more than one credit institution by the same consumer for the same or different banking products and services. Differences can be observed between institutions and between segments with different levels of education. In particular, multi-banking is more common among individuals with higher education, at 42.3%, and among individuals whose main current account is held with Activobank, Millennium BCP or a group of smaller banks, such as Bankinter and ABANCA.

Table 2. Distribution of the main current account and incidence of multi-banking, by bank

Main current account			Multi-banking	
Bank	***n***	**%**	***n***	**%**
CGD	339	30.8%	129	38.1%
Santander	151	13.7%	52	34.4%
Millennium BCP	144	13.1%	65	45.1%
BPI	99	9.0%	29	29.3%
Activobank	78	7.1%	39	50.0%
Novo Banco	74	6.7%	27	36.5%
Banco CTT	62	5.6%	20	32.3%
Montepio	50	4.5%	15	30.0%
Crédito Agrícola	49	4.5%	16	32.7%
Bankinter	20	1.8%	9	45.0%
ABANCA	9	0.8%	5	55.6%
EuroBIC	6	0.5%	1	16.7%
BBVA	4	0.4%	1	25.0%
Revolut	4	0.4%	2	50.0%
Banco Best	3	0.3%	0	0.0%
BIG	2	0.2%	2	100.0%
Other	6	0.5%	1	16.7%
Total	1,100		413	37.5%

Source: AdC survey of retail banking consumers in Portugal.

I.4.2. Payment of fees associated with the main account

15. Respondents were asked whether they pay maintenance fees associated with their main current account and, if so, the corresponding annual amount. Around two thirds of participants stated that they pay fees, although the incidence varies by age and by banking institution.

16. Table 3 presents:

    i. the percentage of customers who pay fees;
    ii. the ratio of paying to exempt customers by bank;
    iii. the distribution of the annual amount of fees across different brackets;
    iv. the proportion of consumers with fees below €40 per year.

17. In addition, differences are observed in exemption levels and amount brackets when considering subgroups with certain associated products, such as mortgage credit or term deposits.

Table 3. Payment of fees and corresponding amount, by bank

Bank	Paying customers	Ratio paying vs exempt customers	% below 40€
CGD	79.9%	3.68	49.2%
Santander	72.8%	2.32	33.7%
Millennium BCP	81.9%	3.92	37.3%
BPI	76.8%	2.91	29.9%
Activobank	1.3%	0.01	0.0%
Novo Banco	75.7%	2.67	37.5%
Banco CTT	27.4%	0.36	87.5%
Montepio	76.0%	2.58	71.0%
Crédito Agrícola	40.8%	0.62	77.8%
Total	66.5%	1.76	45.1%

Source: AdC survey of retail banking consumers in Portugal.

I.4.3. Financial products associated with the main account

18. Consumers identified the financial products they hold in addition to their main current account. The most frequently reported products include: (i) credit cards; (ii) savings accounts; (iii) term deposits; (iv) insurance products; and (v) mortgage credit.

19. Figure 1 summarises the distribution of the main products reported, making it possible to assess the relative frequency of each category. It should be noted that 15.7% of respondents stated that they did not hold any additional product associated with the account.

Figure 1. Distribution of the main financial products associated with the main current account

Source: AdC survey of retail banking consumers in Portugal.

I.4.4. Age of the main current account

20. Participants indicated how many years they had held their main account. The full distribution of responses is presented in Table 4. The table makes it possible to observe differences between banks with different account-age profiles in the sample.

Table 4. Age of the main current account, by bank

Bank	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
CGD	0.6%	7.1%	9.4%	82.9%
Santander	1.3%	14.6%	18.5%	65.6%
Millennium BCP	2.1%	11.1%	13.9%	72.9%
BPI	5.1%	15.2%	13.1%	66.7%
Activobank	7.7%	48.7%	29.5%	14.1%
Novo Banco	4.1%	21.6%	10.8%	63.5%
Banco CTT	1.6%	30.6%	56.5%	11.3%
Montepio	4.0%	6.0%	10.0%	80.0%
Crédito Agrícola	2.0%	36.7%	12.2%	49.0%
Bankinter	15.0%	45.0%	5.0%	35.0%
ABANCA	11.1%	22.2%	33.3%	33.3%
EuroBIC	16.7%	33.3%	33.3%	16.7%
BBVA	0.0%	0.0%	0.0%	100.0%
Revolut	50.0%	25.0%	0.0%	25.0%
Banco Best	0.0%	0.0%	66.7%	33.3%
BIG	0.0%	0.0%	50.0%	50.0%
Other	33.3%	0.0%	0.0%	66.7%
Total	3.1%	16.8%	16.3%	63.8%

Source: AdC survey of retail banking consumers in Portugal.

I.5. SEARCH FOR AND COMPARISON OF BANKING ALTERNATIVES

21. This section describes the survey results relating to the search for information on alternative current accounts, as well as the reasons for not searching.

I.5.1. Incidence of the search for alternatives

22. Respondents were asked whether, in the previous five years, they had searched for information on current accounts offered by other banks. The distribution by demographic subgroup, namely age group and education level, is presented in Table 5 and Table 6.

Table 5. Distribution of consumers who searched for alternatives, by age group and by bank

Bank	18 to 35 years	36 to 50 years	51 to 65 years	> 65 anos
CGD	27.1%	23.9%	26.3%	22.7%
Santander	23.8%	30.5%	26.5%	19.2%
Millennium BCP	24.3%	22.2%	32.6%	20.8%
BPI	30.3%	24.2%	24.2%	21.2%
Activobank	56.4%	24.4%	12.8%	6.4%
Novo Banco	27.0%	36.5%	20.3%	16.2%
Banco CTT	29.0%	16.1%	27.4%	27.4%
Montepio	30.0%	22.0%	30.0%	18.0%
Crédito Agrícola	42.9%	20.4%	18.4%	18.4%
Total	29.2%	25.2%	25.7%	19.9%

Source: AdC survey of retail banking consumers in Portugal.

Table 6. Distribution of consumers who searched for alternatives, by education and by bank

Bank	Higher education	Secondary education	Basic education
CGD	66.7%	30.1%	3.2%
Santander	49.7%	47.7%	2.6%
Millennium BCP	52.1%	43.1%	4.9%
BPI	49.5%	48.5%	2.0%
Activobank	85.9%	11.5%	2.6%
Novo Banco	55.4%	44.6%	0.0%
Banco CTT	41.9%	50.0%	8.1%
Montepio	42.0%	56.0%	2.0%
Crédito Agrícola	40.8%	53.1%	6.1%
Total	57.6%	39.1%	3.3%

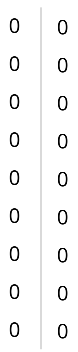
Source: AdC survey of retail banking consumers in Portugal.

I.5.2. Reasons given for not searching for alternatives

23. Consumers who indicated that they had not searched for alternatives in the previous five years selected up to three reasons for that decision. The reasons were grouped into categories such as satisfaction with the current bank, trust, perception of similarity between offers, existence of associated products, such as loans, and other stated reasons.

24. The aggregate distribution of responses is presented in Figure 2, while the breakdown by bank is presented in Table 7. This makes it possible to observe the relative frequency of each reason for each institution.

Figure 2. Reasons for not searching for alternatives to the current account



Source: AdC survey of retail banking consumers in Portugal.

Table 7. Reasons for not searching for alternatives to the current account, by bank and main reasons[2]

Bank	Satisfaction	Trust	Has loans	All offers are the same
CGD	44.7%	52.5%	18.0%	25.8%
Santander	39.8%	38.9%	33.3%	30.6%
Millennium BCP	54.5%	46.5%	23.2%	21.2%

[2] Only the main banks are considered, *i.e.* those accounting for more than 3% of the sample collected. Only the four most frequently listed reasons are presented.

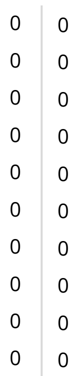
Bank	Satisfaction	Trust	Has loans	All offers are the same
BPI	65.8%	42.5%	24.7%	28.8%
Activobank	83.3%	52.4%	0.0%	19.0%
Novo Banco	36.7%	28.6%	22.4%	18.4%
Banco CTT	73.2%	51.2%	7.3%	17.1%
Montepio	55.3%	47.4%	15.8%	23.7%
Crédito Agrícola	65.6%	53.1%	12.5%	18.8%
Total	52.5%	46.8%	24.5%	20.3%

Source: AdC survey of retail banking consumers in Portugal.

I.5.3. Reasons given for searching for alternatives

25. Among consumers who reported having searched for alternatives, the main motivations for doing so were identified. These included, in particular, lower fees, deposit conditions, loan conditions, the quality of home banking/the app, among others. The distribution is presented in Figure 3.

Figure 3. Reasons for searching for alternatives to the main current account



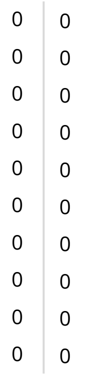
Source: AdC survey of retail banking consumers in Portugal.

I.6. SWITCHING CURRENT ACCOUNT

26. Respondents were asked whether they had switched bank in the previous five years. Affirmative responses corresponded to 10.8% of the sample.

27. Figure 4 presents the distribution of the reasons given for switching main account.

Figure 4. Reasons for switching main account in the previous five years



Source of data: Consumer Survey. Data processing: AdC.

28. The breakdown by demographic group is included in Table 8, which presents the profiles of consumers who reported having switched account, segmented by (i) age group, (ii) education, and (iii) bank at which the main account was held.

Table 8. Demographic and bank breakdown of consumers who switched bank

	(i) Sample		(ii) Switched bank		
Demographic dimension / Bank	**n**	**%**	**n**	**%**	**% ratio**
Age group					
18 to 35 years	321	29.2%	51	42.9%	1.47
36 to 50 years	277	25.2%	28	23.5%	0.93
51 to 65 years	283	25.7%	27	22.7%	0.88
Over 65 years	219	19.9%	13	10.9%	0.55
Education					
Higher education	634	57.6%	86	72.3%	1.25
Secondary education	430	39.1%	31	26.1%	0.67
Basic education	36	3.3%	2	1.7%	0.51
Bank					
CGD	339	30.8%	14	11.8%	0.38
Santander	151	13.7%	18	15.1%	1.10
Millennium BCP	144	13.1%	9	7.6%	0.58
BPI	99	9.0%	11	9.2%	1.03
Activobank	78	7.1%	23	19.3%	2.73
Novo Banco	74	6.7%	6	5.0%	0.75
Banco CTT	62	5.6%	9	7.6%	1.34
Montepio	50	4.5%	4	3.4%	0.74
Crédito Agrícola	49	4.5%	8	6.7%	1.51
Bankinter	20	1.8%	9	7.6%	4.16
ABANCA	9	0.8%	3	2.5%	3.08
EuroBIC	6	0.5%	1	0.8%	1.54
BBVA	4	0.4%	0	0.0%	
Revolut	4	0.4%	3	2.5%	6.93
Banco Best	3	0.3%	0	0.0%	
BIG	2	0.2%	0	0.0%	

Demographic dimension / Bank	(i) Sample n	%	(ii) Switched bank n	%	% ratio
Other	6	0.5%	1	0.8%	1.54
Total	1,100		119		1

Source: AdC survey of retail banking consumers in Portugal.

I.7. MAINTENANCE OF THE MAIN ACCOUNT

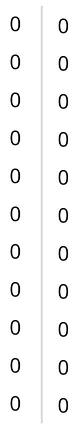
29. According to the Consumer Survey, around 89% of respondents had not switched their main account in the previous five years.

30. These respondents were invited to select up to three reasons justifying the maintenance of their account with the current institution. The responses were aggregated into categories such as:

    i. satisfaction with the current bank;
    ii. trust in the institution;
    iii. perception that there is No. better alternative;
    iv. perceived difficulties or complexities associated with the switching process;
    v. existence of associated products, including loans;
    vi. reasons relating to the time or effort required; and
    vii. other reasons indicated by consumers.

31. Figure 5 presents the distribution of the reasons given for maintaining the main account.

Figure 5. Reasons for maintaining the main account in the previous five years



Source of data: Consumer Survey. Data processing: AdC.

32. Table 9 presents the breakdown by banking institution, making it possible to observe the relative frequency of each reason for each bank.

Table 9. Main reasons for maintaining the account, by bank[3]

Bank	Satisfaction	Trust	Absence of a better alternative
CGD	38.5%	42.2%	24.0%
Santander	41.5%	40.0%	20.0%

[3] Only the main banks are considered, *i.e.* those accounting for more than 3% of the sample collected. Only the three most frequently listed reasons are presented.

Bank	Satisfaction	Trust	Absence of a better alternative
Millennium BCP	34.6%	35.3%	24.1%
BPI	44.3%	39.8%	17.0%
Activobank	78.2%	58.2%	38.2%
Novo Banco	36.8%	30.9%	17.6%
Banco CTT	39.6%	47.2%	45.3%
Montepio	50.0%	45.7%	26.1%
Crédito Agrícola	63.4%	51.2%	29.3%
Total	42.8%	41.9%	24.5%

Source: AdC survey of retail banking consumers in Portugal.

II. SURVEY OF RETAIL BANKING CONSUMERS

33. **The full transcript of the questionnaire used to collect data from individual retail banking consumers is presented below**. The questions and corresponding response options were applied in Portuguese. The version below is therefore an English translation prepared for information purposes only and does not correspond to the exact wording of the questionnaire used in the fieldwork.

II.1. INITIAL QUESTIONS

1. What is your age group? Options: 18 to 35 years; 36 to 50 years; 51 to 65 years; over 65 years.
2. What is your level of education? Options: basic education; secondary education; higher education.
3. What is your employment status? Options: student; employee; self-employed; unemployed; retired; other (please specify).
4. At which bank do you hold your main current account, *i.e.* the account you use most often, where most of the recurring transfers you receive and/or direct debits are processed?
5. Do you hold current accounts with other banks?

The following questions should be answered with reference to your main current account or to the bank where you hold that account.

6. Which of the following products do you hold in addition to your current account? Select all applicable options. Options:
    a. savings accounts;
    b. term deposits;
    c. structured deposits, that is, term deposits with remuneration linked to the performance of financial instruments and/or economic or financial variables;
    d. investment funds;
    e. retirement savings plans;
    f. consumer credit;
    g. mortgage credit;
    h. insurance products;
    i. credit cards;
    j. none;

k. other (please specify).

II.2. CHARACTERISTICS OF THE MAIN CURRENT ACCOUNT

7. What was the main reason that led you to choose the bank where you hold your current account? Options:
    a. recommendation;
    b. proximity of a physical branch to home/place of work;
    c. advantageous conditions associated with partnerships with an employer, educational institution or other entities;
    d. benefits included when opening the account;
    e. account characteristics;
    f. quality and/or functionalities of the bank's online banking/mobile app;
    g. amount of fees charged;
    h. loan conditions;
    i. other (please specify).
8. For how many years have you held this account? Options: less than 1 year; between 1 and 5 years; between 5 and 10 years; more than 10 years.
9. Do you pay fees associated with your current account? Options: yes; no; do not know.
    a. If yes, what annual amount are you charged? Options: less than €10; €10 to €40; €40 to €75; €75 to €100; more than €100; do not know.

II.3. COMPARISON AND SEARCH FOR PAYMENT ACCOUNTS

10. In the last five years, have you searched for information on current accounts at a bank other than your own? Options: yes; no.

II.3.1. For consumers who answered "yes" to question 10

11. Which of the following options motivated you to carry out the search? Select up to three options:
    a. wanting more attractive deposit conditions;
    b. wanting lower fees;
    c. wanting better-quality online banking/mobile app and/or more functionalities;
    d. wanting better loan conditions;
    e. wanting to take out a new loan;
    f. wanting better customer service;
    g. wanting greater security;
    h. wanting greater proximity of bank branches to home/place of work;
    i. wanting more transparency and more accessible language in the bank's communications;
    j. other (please specify).

12. Considering the last time you searched for another bank, rate the following situations on a scale from 1 to 5, where 1 means "very difficult" and 5 means "very easy". Options:
    a. obtaining information on the current account, where applicable;
    b. obtaining information on accounts from other banks;
    c. the search experience overall;
    d. comparing the offers of different banks;
    e. understanding the information obtained, where applicable;
    f. understanding the tasks required to switch bank;
    g. understanding the tasks required to close the account with my original bank.
13. Did you encounter any other difficulties during the search? If yes, which?

II.3.2. For consumers who answered "no" to question 10

14. What were the main reasons for not having searched for accounts at other banks in the last five years? Select up to three options:
    a. satisfaction with the current bank;
    b. the time and effort required to switch account would not be worthwhile;
    c. all offers in the market are similar;
    d. trust in the current bank;
    e. difficulty in transferring direct debits or the recurring transfers you receive;
    f. close relationship with the bank relationship manager;
    g. having loans with the current bank;
    h. possibility that something might go wrong when switching account;
    i. other (please specify).

II.4. SWITCHING CURRENT ACCOUNT

15. In the last five years, have you switched your current account to another bank?

II.4.1. For consumers who answered "yes" to question 15

16. What were the main reasons for switching bank in the last five years? Select up to three options:
    a. wanting lower fees;
    b. wanting better-quality online banking/mobile app and/or more functionalities;
    c. wanting greater security;
    d. wanting more attractive deposit conditions;
    e. wanting better loan conditions;
    f. wanting to take out a new loan;
    g. wanting greater proximity of bank branches to home/place of work;
    h. wanting better customer service;

i. wanting more transparency and more accessible language in the bank's communications;

j. other (please specify).

17. When requesting the account switch, did the bank to which you switched inform you of the possibility that, with your authorisation, it could handle the transfer of your usual transactions and balance from your old account to the new one? Options: yes; no; do not know/do not remember.

18. Through which mechanism did you complete your bank switch? Options: the new institution handled the switch with your authorisation; you handled the switch manually yourself; other (please specify).

19. Considering the bank switch you carried out, rate the following steps, where applicable, on a scale from 1 to 5, where 1 means "very difficult" and 5 means "very easy". Options:

    a. understanding the tasks required to carry out the switch;

    b. accessing the documents requested by the banks;

    c. completing the documents requested by the banks;

    d. submitting the documents requested by the banks;

    e. changing direct debits;

    f. changing the recurring transfers you receive;

    g. transferring the remaining balance to the new account;

    h. cancelling banking contracts and services associated with the old account;

    i. closing the old account.

20. Did you encounter any other difficulties when switching bank? If yes, which?

21. What was the total duration of the bank switching process? Options: less than 1 week; 1 to 4 weeks; 1 to 3 months; more than 3 months; do not know/do not remember.

II.4.2. For consumers who answered "no" to question 15

22. Are you considering switching bank in the next 12 months? Options: yes; no; do not know.

23. What were the main reasons for not having switched bank in the last five years? Select up to three options:

    a. satisfaction with the current bank;

    b. the time and effort required to switch would not be worthwhile;

    c. all offers in the market are similar;

    d. trust in the current bank;

    e. close relationship with the bank relationship manager;

    f. difficulty in transferring direct debits or the recurring transfers you receive;

    g. having loans with the current bank;

    h. possibility that something might go wrong when switching account;

    i. you did not find a better alternative;

    j. not understanding the tasks required to switch account;

k. other (please specify).

ANNEX II – ECONOMETRIC ANALYSIS

1. This annex analyses the factors influencing consumers' decisions to search for banking alternatives and to switch bank, based on the Consumer Survey carried out by the AdC.

2. The analysis distinguishes between two distinct but related decisions: (i) the decision to search for alternatives and (ii) the decision to switch bank.

3. This distinction is relevant because banking mobility depends not only on switching itself, but also on consumers' ability and propensity to search for alternatives.

I. DATA

4. The analysis is based on a survey carried out between 31 October and 17 November 2025, with a sample of 1,100 individuals aged 18 or over residing in mainland Portugal.

5. In the sample, 31.5% of respondents searched for banking alternatives in the previous five years and 10.8% switched their main bank over the same period.

6. The analysis considers sociodemographic characteristics, such as age, education and employment status; characteristics of the banking relationship, such as account age, number of products held and type of credit; and indicators of barriers to search or switching, such as the search difficulty index.

7. Question 12 of the survey asked respondents to assess different aspects of the process of searching for banking alternatives on a scale from 1, "very difficult", to 5, "very easy". This question was asked only to respondents who stated that they had searched for alternatives. On the basis of these responses, two subscales were constructed[1]:

    i. *difficulty_info*, corresponding to the average of the assessments relating to the comparison of offers, understanding of the information available, and obtaining information on the current account and on other banks. This subscale captures frictions associated with accessing and processing information; and

    ii. *difficulty_process*, corresponding to the average of the assessments relating to understanding the steps required to close the account and switch bank. This subscale captures frictions associated with carrying out the switching process.

8. Table 1 presents the main descriptive statistics for the full sample and for the subgroups of respondents who searched for alternatives and who switched bank.

Table 1. Descriptive statistics for the full sample and for the subgroups of respondents who searched and who switched bank

	Full sample (*n* = 1,100)	Those who searched (*n* = 346)	Those who switched (*n* = 119)
Dependent variables (%)			
Searched	31,5	100,0	65,5
Switched	10,8	22,5	100,0
Gender (%)			
Male	48,0	52,6	51,3
Female	52,0	47,4	48,7
Age group (%)			
18-35 years	29.2	34.4	42.9
36-50 years	25.2	30.9	23.5

[1] The index is inverted in our analysis, difficulty = 6 – ease, so that higher values correspond to greater difficulty.

	Full sample (*n* = 1,100)	Those who searched (*n* = 346)	Those who switched (*n* = 119)
51-65 years	25.7	19.9	22.7
Over 65 years	19.9	14.7	10.9
Education (%)			
Basic education/other	3.3	2.6	1.7
Secondary education	39.1	30.1	26.1
Higher education	57.6	67.3	72.3
Employment status (%)			
Employee	63.8	69.9	69.9
Self-employed	8.7	10.1	9.2
Retired	19.2	13.0	10.1
Unemployed	4.6	3.5	6.7
Student	2.2	2.0	2.5
Banking relationship			
Pays fees (%)	66.5	68.2	49.6
Fee level[a]	1.5	1.7	1.2
No. of products (mean)	2.11	2.33	2.18
Has mortgage credit (%)	26.7	28.6	35.3
Has consumer credit (%)	8.7	7.2	7.6
Has other banks (%)	37.5	56.9	63.9
No. of secondary banks (mean)	0.43	0.67	0.73
Has an account with a large bank (%)	73.5	67.9	48.7
Search barriers – access to information[b]			
Comparing offers	—	2.7	2.4
Understanding information obtained	—	2.4	2.1
Obtaining information on current account	—	2.2	2.0
Obtaining information on other banks	—	2.5	2.3
Average – access to information	—	2.5	2.2
Search barriers – switching process[b]	—		
Closing account with original bank	—	2.7	2.5
Switching bank	—	2.7	2.5
Average – switching process	—	2.7	2.5
Reasons for search (%)			
Lower fees		66.2	43.7
More attractive deposit conditions		40.5	23.5
Better loan conditions		28.3	17.6

[a] Ordinal scale: 1 = less than 10€/year; 2 = 10–40€/year; 3 = 40–75€/year; 4 = 75–100€/year; 5 = more than 100€/year.
[b] Scale from 1 (very difficult) to 5 (very easy).
"—"indicates that the variable is not applicable to the full sample.
Source: AdC survey of retail banking consumers in Portugal.

II. MODELS

9. The decision to switch bank is closely associated with the decision to search for alternatives. In the sample, 65.5% of consumers who switched bank had previously searched for alternatives. The switching rate among consumers who searched (22.5%) was around four times higher than the rate observed among consumers who did not search (5.4%).

10. This evidence suggests that search plays an important role in banking mobility. It also suggests, however, that consumers who search may differ systematically from those who do not. It is therefore necessary to distinguish the specific effect of search from the effects associated with consumers' characteristics[2].

[2] In statistical language, search is said to be endogenous in the switching equation.

11. For this purpose, an econometric approach was adopted that makes it possible to isolate the impact of search on the probability of switching. This approach controls for the remaining observable variables and for unobservable factors associated with the decision to search[3].

12. The analysis is based on two complementary models:

    i. Model M1: determinants of the search decision (full sample, *n* = 1,100);

    ii. Model M2: determinants of the switching decision, with correction for the endogeneity of search.

13. Both models are estimated using *Probit* specifications[4]. The results are presented as average marginal effects (AME), expressed in percentage points.

II.1. MODEL M1 – DETERMINANTS OF SEARCH

14. The probability that a consumer searches for alternatives is modelled as follows:

$$P(search_i = 1) = \Phi(\alpha_0 + \boldsymbol{\alpha}'\boldsymbol{z_i}),$$

where $\Phi(\cdot)$ is the cumulative distribution function of the standard normal distribution.

15. The final specification includes the following variables[5]:

$$P(search_i = 1) = \phi(\alpha_0 + \alpha_1 num\_banks\_sec_i + \alpha_2 age\_5to10_i + \alpha_3 age\_10plus_i + \alpha_4 fees\_level_i + \alpha_5 educ\_sec_i)$$

II.2. MODEL M2 – DETERMINANTS OF SWITCHING

16. The estimation of the switching decision incorporates a correction that accounts for the relationship between search and switching.

17. The methodology used is based on two stages:

    i. first, the probability of search is estimated, using Model M1; and

    ii. second, the generalised residual obtained in M1 is incorporated into the switching model, in order to capture unobservable factors associated with the decision to search. This procedure makes it possible to identify the impact of search on switching, while isolating that impact from consumers' observable characteristics.

18. The generalised residual is defined as:

---

[3] A Control Function approach is used, suitable for models with binary dependent variables, which makes it possible to correct for selection bias and identify the causal effect of search on switching. See Rivers, D. and Vuong, Q. H. (1988), "Limited information estimators and exogeneity tests for simultaneous probit models", Journal of Econometrics, 39(3), pp. 347–366; and Wooldridge, J. M. (2015), "Control function methods in applied econometrics", Journal of Human Resources, 50(2), pp. 420–445.

[4] The *Probit* model is a statistical model used to estimate the probability of occurrence of a binary event, in this case searching or switching bank. The *Probit* model ensures that the predicted probabilities always lie within the [0%, 100%] interval, using for this purpose the cumulative distribution function of the normal distribution. For each variable, the model estimates a coefficient that reflects the direction and intensity with which that variable pushes the consumer towards searching or switching. A positive coefficient means that the variable increases that probability, while a negative coefficient means that it decreases it. To quantify and interpret this impact, average marginal effects (AME) are calculated, measuring the average impact of each variable on the probability of the event in percentage points.

[5] The variables included in each model were selected on the basis of a prior analysis of the determinants of search and switching. For each candidate variable, alternative specifications were estimated and its statistical relevance in both equations was assessed. Variables that were not consistently statistically relevant across specifications were excluded from each equation. The account age category of less than one year was excluded from the candidates for reasons of reverse causality: those who have held an account for less than one year may have arrived at that bank precisely because they searched and switched recently.

$$\hat{v}_i = \begin{cases} \dfrac{\phi(\hat{x}'_i\hat{\alpha})}{\Phi(\hat{x}'_i\hat{\alpha})}, & se\ search = 1 \\ \dfrac{-\phi(\hat{x}'_i\hat{\alpha})}{1-\Phi(\hat{x}'_i\hat{\alpha})}, & se\ search_i = 0 \end{cases}$$

where $\phi(\cdot)$ is the density function and $\Phi(\cdot)$ the cumulative distribution function of the standard normal distribution. This residual captures the unobservable factors that led the consumer to search more or less than would be expected given their profile.

Unlike the simple residual $\hat{\varepsilon}_i = search_i - \hat{p}_i$, the generalised residual respects the normal distribution assumed in the first-stage *Probit* model[6].

19. Thus, the probability of switching is modelled as (including M1's residual $\hat{v}_i$):

$$P(switch_i = 1) = \Phi(\beta_0 + \beta_1 search_i + \beta_2 \hat{v}_i + \boldsymbol{\beta}'\boldsymbol{x_i})$$

20. The effect of search should be interpreted jointly, taking into account both the coefficient associated with the search variable and the correction term introduced. The net causal effect of search is therefore approximated by the sum $\beta_1 + \beta_2$[7].

21. The final specification includes:

$P(switch_i = 1) = \Phi(\beta_0 + \beta_1 search_i + \beta_2 \hat{v}_i + \beta_3 dif\_info_i + \beta_4 fees\_level_i + \beta_5 num\_banks\_sec_i + \beta_6 mortgage_i + \beta_7 n\_products_i + \beta_8 unempl_i)$

22. Given the two-stage nature of the methodology, conventional standard errors do not fully capture the uncertainty associated with the estimation[8].

23. For this reason, the standard errors presented were obtained through bootstrap, with 500 replications. Both stages were re-estimated in each iteration[9].

24. As in Model M1, the results are presented as average marginal effects. These quantify the impact of each variable on the probability of switching, expressed in percentage points[10].

II.3. REVERSE CAUSALITY IN THE EXPLANATORY VARIABLES

25. An important limitation of the analysis is that the variables are observed at the time of the survey response and may therefore reflect the situation after the switching decision.

26. In this context, some variables may capture ex post effects rather than determinants of the decision, namely:

    i. *fees_level*. Those who switched report lower fees (1.21 on average), than those who searched and did not switch (1.82 on average). This difference does not mean that low

[6] See Rivers e Vuong (1988).

[7] In exact terms, the causal effect is calculated as the difference between predicted probabilities in two scenarios for each observation *i*:

- Scenario 1 (everyone searches): $\hat{v}_i = \phi(\hat{x}'_i\hat{\boldsymbol{\alpha}})/\Phi(\hat{x}'_i\hat{\boldsymbol{\alpha}})$;
- Scenario 0 (no one searches): $\hat{v}_i = -\phi(\hat{x}'_i\hat{\boldsymbol{\alpha}})/(1-\Phi(\hat{x}'_i\hat{\boldsymbol{\alpha}}))$.

[8] In the second stage, the standard errors would not be valid for $\beta_2 \neq 0$, because the residual $\hat{v}_i$ is itself an estimator with estimation uncertainty not captured by conventional standard errors. This uncertainty is addressed through bootstrap, as described in Wooldridge (2015).

[9] The bootstrap re-estimates the model, recalculates the generalised residuals and estimates M2 again. This procedure captures uncertainty in both stages.

[10] For continuous variables, the AME is: $AME_k = \frac{1}{n}\sum_{i=1}^{n} \phi(\hat{x}'_i\hat{\boldsymbol{\beta}}) * \hat{\beta}_k * 100$.

For binary variables (dummies), the AME is calculated by finite differences, comparing the predicted probabilities in the two scenarios (d_k= 1 versus d_k = 0), keeping all other variables at their observed values: $AME_k = \frac{1}{n}\sum_{i=1}^{n}[\Phi(\hat{x}'_i\hat{\boldsymbol{\beta}} + \hat{\beta}_k * (1-d_{ki})) - \Phi(\hat{x}'_i\hat{\boldsymbol{\beta}} - \hat{\beta}_k * d_{ki})] * 100$, where d_{ki} is the observed value of the dummy for observation *i*.

fees inhibit switching, but may reflect the fact that those who switched are now paying the lower fees of the new bank.

ii. *n_products*. Those who switched report fewer products associated with the account. Those who have mortgage credit and switched have, on average, 3.12 products, while those who did not switch have, on average, 3.53 products. The relationship with the new bank tends to be more recent and simpler, with products becoming associated progressively over time. The negative coefficient may therefore partially reflect this temporal accumulation effect.

iii. *num_banks_sec*. Those who switched report, on average, more secondary banks (0.78), than those who searched and did not switch (0.64). This runs counter to the hypothesis that switching mechanically reduces the number of secondary banks by converting the secondary bank into the main bank.

III. RESULTS

III.1. MODEL M1 – DETERMINANTS OF SEARCH

27. The decision to search for banking alternatives is influenced by several factors, such as the number of secondary banks, the level of fees and the age of the account (see Table 2). The results indicate that:

i. Number of secondary banks: each additional bank increases the probability of search by 16.9 percentage points. This suggests that consumers with more accounts at different banks are more exposed to the market and face lower costs when comparing offers.

ii. Level of fees: each additional fee bracket increases the probability of search by 3.1 percentage points, showing that higher direct costs stimulate the search for alternatives.

iii. Account age: the probability of search decreases as the age of the main account increases. For accounts held for between 5 and 10 years, the probability decreases by -14.0 percentage points, and for accounts held for more than 10 years, the reduction is -18.1 percentage points. This points to the presence of banking inertia.

iv. Education: consumers with secondary education have a probability of search that is -8.0 percentage points lower than that of consumers with higher education, suggesting that financial literacy affects consumers' ability to compare offers.

Table 2. Determinants of banking search (Model M1 results)

Variable	Coef.	S.E.	*z*	*p*	AME (p.p.)[a]	S.E.	*p*
Constant	-0.37	0.10	-3,65	<0,001			
N.º of secondary banks	0.52	0.07	7,93	<0,001	16,86	1,96	<0,001
Fee level	0.10	0.03	3,43	<0,001	3,13	0,90	<0,001
Account age: 5 to 10 years	-0.44	0.13	-3,26	<0,001	-14,04	4,25	0,001
Account age: more than 10 years	-0.56	0.11	-5,36	0,001	-18,09	3,26	<0,001
Education: secondary education	-0.25	0.09	-2,90	0,004	-8,04	2,74	0,003

Pseudo R^2 = 0.089 *Hosmer-Lemeshow*: H = 4.70. p = 0.789 *VIFs* < 2.5

[a] AME = average marginal effect in percentage points.
Source: AdC survey of retail banking consumers in Portugal. Data processing: AdC.

III.2. MODEL M2 – DETERMINANTS OF SWITCHING

28. The decision to switch bank is also influenced by search, after correcting for the selection of consumers who search (see Table 3). The model shows the following:

    i. Search: the coefficients for *search* (+5.58) and the *CF residual* (−3.02) should not be interpreted in isolation[11]. Search increases the probability of switching by 7.2 percentage points. This result is lower than that estimated for the UK market by the CMA, with an AME of 12 percentage points[12].

    ii. Difficulty in accessing and comparing information[13]: each increase in the difficulty of accessing information is associated with a reduction of -6.4 percentage points in the probability of switching.

    iii. In the case of mortgage credit, two effects are observed:

        i. on the one hand, each additional product associated with the main account reduces the probability of switching by -2.2 percentage points (captured by *num_products*, coefficient −0.19), reflecting the loyalty or lock-in effect associated with the joint sale of products;

        ii. on the other hand, holding mortgage credit increases the probability of switching by 10.4 percentage points (captured by *mortgage*, coefficient +0.68), indicating that consumers with mortgage credit may be more likely to search for better credit conditions.

    iv. The number of secondary banks has opposite effects in the two models. In Model M1, an increase in the number of secondary banks increases the probability of search (16.9 percentage points), while in Model M2 the probability of switching decreases with each additional bank (−7.2 percentage points). This suggests that multi-banking may act as a partial substitute for switching the main bank.

    v. The increase in fees reduces the probability of switching by -2.4 percentage points, although this result should be interpreted with caution, given the possibility of reverse causality discussed in Chapter II.3.

Table 3. Determinants of bank switching (Model M2 results)

Variable	Coef.	S.E.	*z*	*p*	AME (p.p.)[c]	S.E.	*p*
Constant	-1.18	0.44	-2.71	0.007			
Search	5.45	0.82	6.61	<0.001	7.18	1.92	<0.001
CF residual	-2.96	0.50	-5.94	<0.001			
Search difficulty – information[a]	-0.54	0.15	-3.65	<0.001	-6.44	1.60	<0.001
Fee level[b]	-0.21	0.06	-3.25	0.001	-2.40	0.63	<0.001
N.º of secondary banks	-0.65	0.21	-3.14	0.002	-7.17	1.92	<0.001

[11] The CF residual is significant, $p < 0.001$, as confirmed by the Hausman test. Under the null hypothesis of exogeneity, $\beta_2 = 0$), the coefficient of the residual would be zero, confirming that endogeneity was present and that the correction was necessary.

[12] CMA, "Searching and switching in retail banking" (2018). The study, based on a sample of 3,676 UK banking customers, concludes that search increases, on average, the probability of switching by around 12 percentage points. In addition, it identifies that consumers with higher levels of education, financial literacy and confidence in using the internet are more likely to search. Conversely, customers with higher levels of indebtedness tend to search and switch more frequently, while overdraft users and customers of large incumbent banks show a lower propensity to switch.

[13] The variable corresponds to the average of the scores attributed by respondents to the options "*comparing the offers of different banks*", "*understanding the information obtained*", "*obtaining information on the current account*" and "*obtaining information on accounts from other banks*", in the context of question 12 on the assessment of different parameters associated with searching for banking alternatives.

Variable	Coef.	S.E.	*z*	*p*	AME (p.p.)[c]	S.E.	*p*
Has mortgage credit	0.68	0.24	2.91	0.004	10.43	4.08	0.011
Number of products[b]	-0.19	0.07	-2.71	0.007	-2.22	0.70	0.002
Pseudo R^2 = 0.2958 *Hosmer-Lemeshow*: H = 3.55, p = 0.895							
S.E. obtained by *bootstrap* (500 replications, with re-estimation of both stages).							

[a] Observed only for respondents who searched for alternatives; median imputed for the remaining respondents.
[b] See discussion of reverse causality in Chapter II.3.
[c] AME = average marginal effect in percentage points.
Source: AdC survey of retail banking consumers in Portugal. Data processing: AdC.