



Current account

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Current account is a transaction account opened by a bank upon a consumer's request for the purpose of receiving regular or occasional payments and making payments within the limits of the funds available in the account. The funds available in the account are included in the amount of the credit line (tacitly or permitted overdraft).

Current account is opened based on a conclusion of a relevant agreement. The agreement based on which a current account is opened is concluded for an indefinite period. The funds in your current account are treated as sight deposits and are included in the deposit insurance scheme up to the amount determined by law. After you conclude a current account agreement, you receive a current account card which is a binding payment instrument which enables easy access to the funds in your current account, so it is important that you safeguard your card. Credit institutions provide various functionalities with your current account card. So in addition to withdrawals from ATMs, making deposits using ATMs and payments through POS devices, some credit institutions have recently started offering contactless payments functionality.

Permitted overdraft

If you have regular income in your current account, a credit institution may grant you a credit line in the form of a permitted overdraft. If you have been granted an overdraft, the amount of funds you have at your disposal will be the amount of your own funds augmented by the amount of the permitted overdraft. The amount of the permitted overdraft typically depends on the level of regular income and is granted without additional procedures and security instruments based on the current account contract concluded in written form. As a result, the interest rate charged on overdraft is very often one of the highest applicable to loans granted to consumers, so you are well advised not to use this facility as a long-term financing solution for your needs.

If you have been granted an overdraft on your current account, the credit institution will notify you regularly in an agreed manner about the balance and transactions in your account.

Reduction in overdraft limit/cancellation of overdraft

In the case of your default or reduced inflows into your current account, your credit institution has the right to reduce your overdraft limit or cancel your permitted overdraft but it has to notify you about any such action as a minimum 30 days prior to the date of the reduction or cancellation.

If a credit institution has reduced your overdraft limit or cancelled this facility without having initiated, prior to that action, an enforced collection procedure, the credit institution is obligated to enable you to repay the amount previously covered by the facility in instalments. No special application is required in such cases and the possibility of repayment in instalments is provided without additional costs over a period of minimum 12 months at the interest rate applied on the permitted current account overdraft. If this type of repayment of the reduced or cancelled overdraft has not been made available to you, you are not obligated to accept the reduction or the cancellation of your current account overdraft.

Tacitly (accepted) overdraft

Tacitly (accepted) overdraft is the amount of funds a credit institution has tacitly made available to you,

and which exceeds the positive balance in the account or the agreed overdraft facility.

Unpermitted overdraft

If you fail to use your own funds and the funds available to you under an overdraft in a rational and cautious manner, you are risking an unpermitted overdraft on your account. Frequent overdrawing on your account involving large amounts may prompt the credit institution to cancel your agreement and expose you to problems and additional costs.

Tying arrangements and package sales

Tying arrangements

Other banking products and services are usually tied to current accounts. For instance, credit institutions may offer you, based on the existing current account, various loans and/or more favourable lending terms, most often housing loans. In such a case, the primary product that is being offered is a loan and the product that the primary product is tied to is an active current account, which serves as an additional product. Loan agreements tied to a current account in a credit institution as a rule contain provisions which regulate that, should you as a debtor under a loan cease to receive regular income in that account, the interest rate on the loan granted will be increased to equal the market interest rate.

Note: If you are interested in a loan in a credit institution with which you do not have a current account, such a credit institution may not make the granting of the loan contingent on your opening a current account in that credit institution. However, in such situations, the terms and conditions that apply to the granting of a loan are less favourable compared to the terms and conditions that apply to those individuals who have active current accounts with that credit institution (e.g. higher interest rate).

Package sales

Also tied to current accounts are package sales of products, with the current account as the primary product that is being sold, and depending on the number of other purchased products and services, its price and the level of the permitted overdraft, may fluctuate upwards or downwards.

If you intend to use a larger number of services, it is desirable to consider packages of services offered with the current account because the purchase of a package implies lower monthly fees than those that would be charged had the services been purchased separately. However, when considering a purchase of a package of services and the choice between different packages of services, it is important to estimate whether you really need or wish to use all the products/services that will be at your disposal after you purchase a package. Failure to do so may lead to unnecessary costs as you would end up paying a fee for the use of a package of services and actually not using some of the products/services contained therein.

Note: The opening of a current account is very often the first contact you may have with a credit institution, so in the case where you later on find a credit institution that may have a more attractive and favourable offer, bear in mind that transfer to another credit institution is more difficult if you have signed a current account agreement in a package of services.