



Current Account Switch Service Annual Report 2021



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Foreword

The impacts of the pandemic will continue to be felt into the future and we must be prepared for this.

As 2021 dawned I was not anticipating that we would have another year of turmoil and doubt caused by the appearance of new strains of the COVID-19 virus. We assumed that life would return to something close to normal – especially in terms of how we consider the financial services we use.

What we did see in 2021 was the financial services industry and its customers act decisively on what they had learned in the previous year.

Banks and building societies focussed on their own brand values to ensure they portrayed themselves as trustworthy, reliable partners for the long term.

Customers sought out mobile and digital ways to manage their finances. When it looked like the restrictions we were all living under would be relaxed banks began to offer incentives to switch current accounts and there was increased switching activity as some of the pent-up demand to change began to unwind.

Throughout this year the Current Account Switch Service’s approach has been to take steps to understand and address the changes to how financial services are supplied and what customers demand. We have ensured that our awareness approach adapted to the new expectations of customers and our research discovered what was needed in the future.

We have worked to create strong relationships with others to ensure that our service can understand and address the needs of our key customer groups; those aged 18-24, the financially vulnerable and small businesses, in short those farthest away from understanding the value of switching current accounts.

Our steps have continued to enable the Service to meet all of its key performance indicators. We have also worked to test if these indicators reflect the requirements of a successful future service and these findings are addressed in our strategy.

I am proud of the achievements that the Current Account Switch Service and the team have delivered in 2021. The impacts of the pandemic will continue to be felt into the future and we must be prepared for this. There will always be benefits for consumers and small businesses in being able to switch their current accounts easily and safely and with the CASS guarantee in place, we can look forward confidently to continuing to serve their needs.

“In 2021 we saw the financial services industry and its customers act decisively on what they had learned in the previous year.”



Jo Kenrick
Chair, Pay.UK CASS Switching Services Participant Committee

Introduction

Pay.UK is responsible for the UK's retail payment systems and related services.



David Pitt

*Chief Executive Officer
Pay.UK*

I am just over halfway into my first year as Chief Executive Officer of Pay.UK, the organisation responsible for the UK's retail payment systems and related services.

In 2021, Pay.UK laid out the foundations for our refreshed strategy and, the Current Account Switch Service, in common with the other services Pay.UK is responsible for has aligned its strategy to this. The ways that this will be delivered will become material in 2022. At this juncture, however, I want to reflect on the successful journey made by CASS in 2021.

I am very pleased to see that the Current Account Switch Service achieved all its KPIs. This was enabled by deep understanding of the changing market for current accounts; both in terms of what banks and building societies are offering and what customers value.

This choice is becoming much more sophisticated and while incentivisation, for example, will always play a role in customer choices, more deep-rooted values are becoming more important; the value of strong customer service and choices in how customers want to pay and be paid.

The Current Account Switch Service is an integral part of Pay.UK and shares the same highly regarded values and principles of all the people who deliver the services we are responsible for.

It is the living of these values throughout the team and across Pay.UK that enables the Service to meet its prime role; to help those who want to switch their bank accounts without difficulty. This annual report highlights the Current Account Switch Service's activity and successes during the year.

**A worry-free
overdraft?**



**It
could
be just
a switch
away.**



currentaccountswitch.co.uk

CASS Performance in 2021

Since the beginning of the pandemic, when switching volumes fell, we have seen a slow increase in volumes.

In 2021 the Current Account Switch Service continued to meet its regulatory objectives, enabling the Service to achieve designation by the Payment System Regulator (PSR) for the fifth consecutive year, as the United Kingdom's alternative switching scheme under the Payment Account Regulations 2015 (PARs).

In addition, the Current Account Switch Service continued to deliver successfully against the undertakings it accepted from the Competition Market Authority (CMA) in 2016 as part of the Retail Banking Review.

The total number of current accounts switched in 2021 was 782,223, taking the total number of switches since the launch of the service in 2013 to 7.8 million.

KPI Performance in focus



Satisfaction, Awareness, Advertising Reach and Switch Completion

The Current Account Switch Service has achieved its Key Performance Indicators (KPI's) in 2021. Overall customer satisfaction with CASS in 2021 was 92% with overall customer awareness of the service for the year reported as 76%. These outcomes are both higher than CASS' KPI's of 90% and 75% respectively.

The Service ran two paid advertising campaigns in 2021, with a Q1 mass-market campaign reaching 95% of UK adults, and a Q4 campaign targeted at the financially vulnerable reaching 96% of the target audience. Both campaigns exceeded the 90% reach target.

Over the year, the CASS 7-day switch completion rate was 99.8% against a target of 99%.



Total Switching in 2021

Since the beginning of the pandemic, when switching volumes fell, we have seen a slow increase in volumes.

In 2020, the total number of current accounts switched was 704,560. This number increased to 782,223 in 2021, a gradual and positive increase.



The Impact of COVID-19 on Performance in 2021

The coronavirus pandemic has had a clear and continued impact on some aspects of performance. For example, looking at the awareness of the Service there is a clear difference between 2021 and pre-pandemic performances – awareness averaged 76% across 2021, down from 80% in the first half of 2020.

However, it is important to note that in 2021 the Current Account Switch Service exceeded its overall target of 75% awareness. This year has continued to show that clarity and visibility of the Service plays a critically sensitive role in the attainment of this target. Over the past year, awareness has been impacted by lower switching activity, less participant personal current account advertising activity in Q1-Q3, and rationalised central Current Account Switch Service campaign activity than pre-pandemic times. Intra-year, there have been seasonal factors and increased distraction from coronavirus variant outbreaks compounding these effects at various points.

In addition, we also put more focus into those groups that could potentially benefit most from switching, without sacrificing overall achievement of our awareness target. At the end of Q3, we launched our latest advertising campaign which specifically targets financially vulnerable groups, 18-24s and SMEs, appearing on TV, radio, cinema, out-of-home and social channels.

Performance Metrics

47



Number of brands accessible through CASS

99.8%



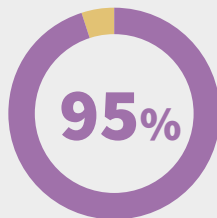
7-day switch completion rate

Paid campaigns advertising reach

Q1



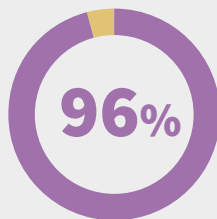
Mass campaign benefits of switching
(Target is 90%)



Q4



Financially vulnerable
(Target is 90%)



PR/Social Campaigns:



Financially Vulnerable



18-24 year olds



High credit balances



SMEs



92.2%

Customer Satisfaction

(Target is 90%)



76%

Awareness of Service

(Target is 75%)

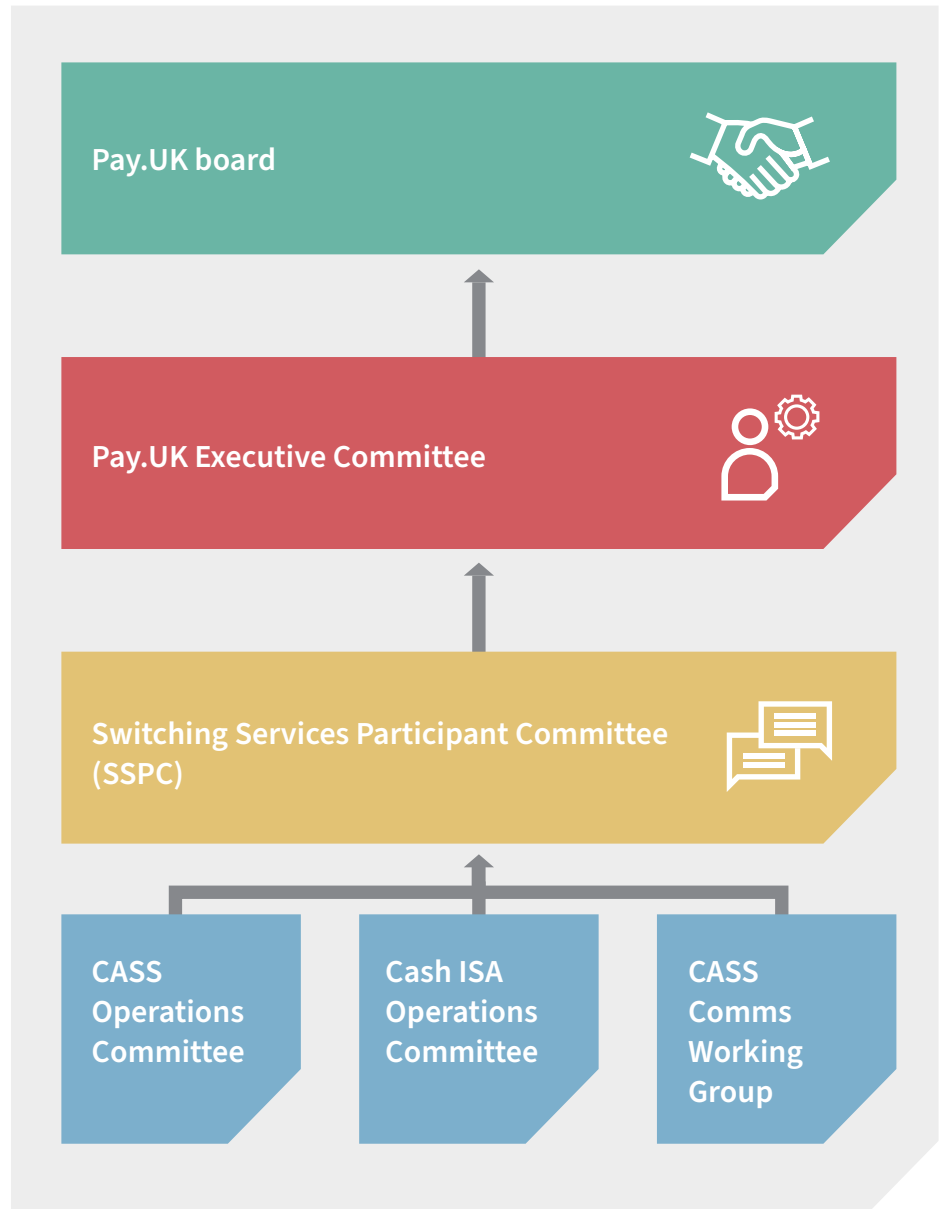
Governance

The number of attendees at the Switching Services Participants Committee (SSPC) is 14. Decisions are taken by consensus with all participants of the Current Account Switch Service who provide the 47 participating brands retaining the right to vote in the event the Chair decides to invoke the voting process.

There are three committees reporting into the SSPC: the CASS Operations Committee, the CASS Communications Working Group, and the Cash ISA Operations Committee.

SSPC reports into the Pay.UK Executive Committee (ExCo), which is responsible for the oversight of the Service, including annual approval of the strategy and budget, and ensuring it is best aligned to the Pay.UK **strategic objectives**. These strategic objectives have been refreshed for 2022, and can be seen on page 7.

The ExCo reports directly into the Board of Pay.UK. The Chair of SSPC attends, by invitation, for specific agenda items.



Pay.UK Strategic Objectives

Drive enduring resilience **01**

- Identify and mitigate systemic risk across our platform.
- Continually enhance our platform.
- Proactively manage our suppliers.

Deliver value **02**

- Deliver cost-efficient payment services.
- Get the best value from our suppliers.
- Automate and enhance processes that drive efficiencies.
- Drive platform value through the use of data.

Strengthen safety and security **03**

- Deliver continually evolving fraud detection and prevention functionality, rules and standards.
- Work with the wider industry and beyond to mitigate fraud and enhance consumer protection.
- Build deep insight based on global trends and react accordingly.

Enhance access and innovation **04**

- Enable better use of data for others to innovate on our platform for the benefit of end users.
- Evolve our platform to drive end user focused innovation.
- Provide choice in the way our customers connect to our platform.

Increase customer satisfaction **05**

- Proactively respond to the evolving needs of our customers.
- Monitor and track customer satisfaction and understand changing needs.
- Continual outcomes-focused engagement with our customers.

Inspire our colleagues **06**

- Develop an empowering and inclusive culture.
- Focus on attracting, developing and retaining talent.
- Live our values and deliver results.

Strategy

The CASS strategy day gave key stakeholders an equal opportunity to provide input and raise any questions.

Annual strategy day

As part of the CMA Retail banking review undertakings, as well as ensuring the Current Account Switch Service is representative of the marketplace and consumer markets, each year since 2016 the Service has led an annual strategy day.

The Current Account Switch Service Strategy Day provides our leadership with a chance to speak to a wide group of industry stakeholders and consumer representatives to gain perspective and input on the future delivery of the Service.

The 2021 Strategy Day held on 15 October 2021 was structured to enable two interactive breakout sessions so all delegates had an equal opportunity to provide their input and raise any questions for the discussions.

The event shared highlights from the past 12 months as well as discussing the ongoing impact COVID-19 may have on the Service and its participants, the wider market and most importantly its end users.

The event began with a presentation from the Pay.UK Strategy Team, on the new Pay.UK objectives then updates from the Research and Innovation team, NPA programme as well as the Current Account Switch Service team.

Prior to the breakout sessions, the Brand & Marketing team also shared details on the previous year's advertising campaigns as well as the Strategic Review, which commenced in April 2021.

CASS 2021 Strategic Review – Summary

The review focused on:

01. KPIs

- To assess whether the Current Account Switch Service needs to evolve its role in the market, and if so, what this future role and the associated KPIs should be.

02. Product and Infrastructure

- To assess if the Service is still delivering value based on market changes for consumers and the ecosystem; and whether current infrastructure may need to evolve in the future to remain fit for purpose.

This led to the following conclusions and recommendations

01. KPIs

- Shift the media from a mass audience to a more targeted approach on key audiences.
- Be a customer champion for vulnerable and disengaged audiences or those most likely to benefit from the switching service.
- Shift core marketing KPI from awareness to consideration as a better indicator of market inertia.

02. Product and Infrastructure

- The current work the Service is doing focusing on reducing rejections was validated.
- The need to pursue “quick wins” with respect to enhancing the current platform capabilities was identified.
- An interest from Participants to explore a central solution to improve the account and customer verification process was identified.

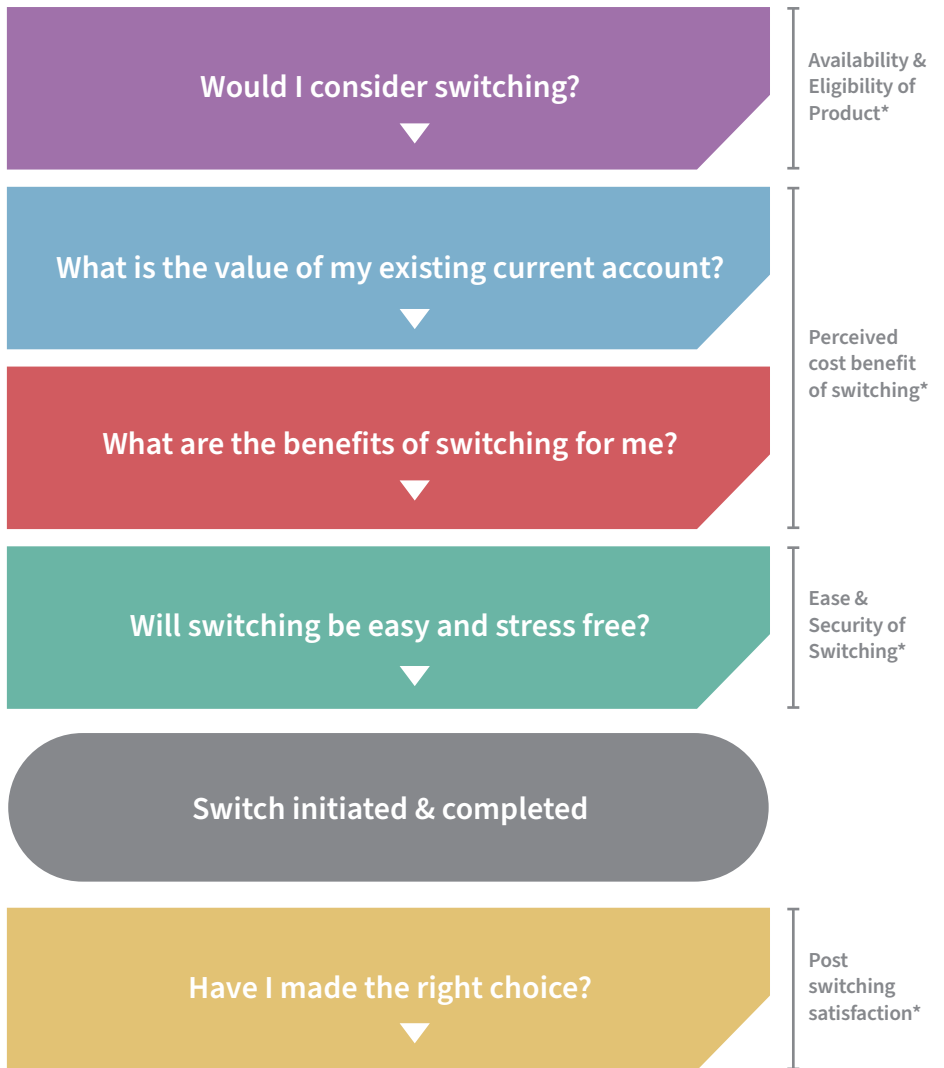
Strategy Day – Session 1

The first breakout session of the day focused on the KPI review. Since consideration broadens the role the Current Account Switch Service could play, the objective was to gather suggestions for how the industry and CASS can overcome switching barriers along the end-to-end switching journey.

Discussion topics were provided for the delegates, who were split into eight groups. Each group was given two questions to answer against a specific switching barrier:

- 01.**
What can the industry as a whole do to overcome this barrier for customers?
- 02.**
What can the Current Account Switch Service do to overcome this barrier for customers?

The Current Account Switching Journey



*barriers to switching

Strategy Day – Session 2

The second session of the day focussed on the Product & Infrastructure aspects of the 2021 strategy review.

The objective again was to gather ideas from stakeholders as to what technologies CASS should consider exploring for a central solution to help validate customer and account information.

Again, the delegates were split in to eight groups and provided with stimulus to support the discussions as well as two questions:

- 01.**
What technologies are currently available to us either in the market, from within Pay.UK or at the participant level that could be leveraged to build a more robust solution for customer and account validation?
- 02.**
What are the key barriers to or considerations for implementation?

The strategy day, once again, had great engagement throughout and many common themes were shared on the key areas of focus. The Pay.UK leadership team was very grateful for the valuable input received on the day from all delegates.

The outputs will be taken forward to support the development of the 2022-2023 Switching Services workplan. This will help to confirm the activity to be undertaken for the short, medium and longer-term strategic focus for the service, whilst ensuring the Current Account Switch Service remains aligned to the wider Pay.UK strategy, supporting better end user outcomes whilst remaining robust and resilient.

Customer Engagement and Marketing

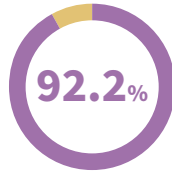
As the pandemic continued to influence the behaviours of customers and the strategies of our participants, we saw banks and building societies focussing on promoting their brand and current account features.

This activity was more prevalent than traditional switching incentives such as cash rewards being offered to encourage customers to switch. CASS research showed that at the same time customers were becoming interested in exploring opportunities to access banking services digitally, and were placing more emphasis on stronger customer service and the availability of money management tools.

With this in mind, the Service's two main marketing campaigns were timed to run at the beginning of the year and in Autumn – periods in which we know consumers are more likely to consider switching their account.

In January 2021, CASS launched a mass awareness campaign targeting all UK adults with a continuation of the campaign creative from September 2020. As COVID continued to impact lives in a significant way, our approach to engage with the wider population was to share real-life stories about switching.

This helped to reflect that, even during those challenging months of the pandemic, choosing to switch a current account was still a quick and easy thing to do thanks to the Current Account Switch Service.



These 'switch stories' from the campaign appeared on TV, radio, in print and online, and reached 92.2% of UK adults, exceeding CASS' 90% reach target.

With many people still working remotely and generally spending more time at home, CASS adapted its approach to reflect this new normal: making use of longer-form broadcast media, and expanding how we reached people via digital. To complement this campaign, the Service also produced insight based on commissioned research into the benefits control gives people in their daily lives – including choice of bank accounts.

Using the findings from this research, CASS partnered with behavioural psychologist Kate Nightingale to create a new animation, bringing to life the sense of satisfaction that can be achieved by taking small steps such as switching.

This campaign culminated in a broadcast radio day, with more than half a million listeners tuning in to listen to Pay.UK's Jo Ainsley discuss the findings.

The digital 'continuous activity' was live between the two main campaigns that ran at the beginning and end of the year. It helped to maintain awareness across the year in line with our KPIs. Using media targeting based on online behaviour and profiles, it advertised to those displaying behaviours which meant they were more likely to consider switching amongst our mass, 18-24 and SME audiences.





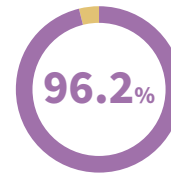
In Autumn 2021, CASS launched its second large-scale campaign of the year, targeting the financially vulnerable, 18-24s and SMEs. While the role for the Current Account Switch Service communications was to continue to support our audiences if they wanted to switch, the background context was more optimistic and upbeat as the nation transitioned out of the pandemic and this was reflected in updated creative.

As life returned to normal, CASS could look to reach consumers in more traditional ways – with less focus on at-home advertising. This campaign aired on TV, radio, digital and cinema. 18-24s in particular were looking forward to a return to normal life and getting out and about, so cinema was included as an engaging format that this audience is receptive to.

Throughout 2021, CASS engaged with its consumer audience via social media, using Instagram, Facebook and TikTok to engage with people either via its own channels or through a range of influencers and creators.

Using third parties to communicate the CASS message enabled the Service to bring the switching messages to life in new and engaging ways, cutting through the inertia that exists, with audience and channel specific content reaching more than 5 million 18-24 year olds.

While paid for activity drove reach, influencer led content generated more than 165,000 impressions with an engagement rate of 12%, well exceeding the industry benchmark of 3% .



The campaign reached 96.2% of CASS' Financially Vulnerable demographic, exceeding once again its 90% reach KPI.



Ecosystem Engagement

During 2021, the Current Account Switch Service has continued to engage with its core stakeholders – from the financial services industry, Small and Medium-sized Enterprises (SMEs) to consumer groups and charities – with the aim of understanding more about the priority groups of businesses and individuals that we support.

As we moved into the second year of the pandemic, CASS was particularly interested in understanding how the pandemic might have influenced longer-term patterns of consumer behaviour and attitudes to switching – with the potential for many to be more vulnerable to new financial pressures.

Impact on SMEs

This year, CASS worked with SmallBusiness.co.uk to collaborate directly with SMEs and understand how the pandemic had impacted on the way they choose financial services, especially with relation to switching bank accounts.

CASS built on the success of its work with SMEs in 2020 when research found that nearly 25% of all SMEs still use personal current accounts for their business rather than business accounts. The new research found that this figure had dropped in 2021, to 20%.

CASS delivered two articles based on the research that were shared on the SmallBusiness.co.uk website helping the Service and the research to be seen by over 2000 small business owners.

The Current Account Switch Service and SBUK also hosted two online webinars – with Jo Ainsley, Senior Service Line Manager at Pay.UK, discussing the research findings with Laurence Gosling, SmallBusiness.co.uk Editorial Director, and an online webinar that CASS attended alongside small business owners and industry leaders.



CASS SBUK Survey Results – Key Takeaways:

20%



Of business are still using personal current accounts (down 5% from 2020).

53%



Of businesses surveyed have never switched.

57%



Of SMEs would consider switching to a digital only bank.



Strong digital offering and low or no account charges were the highest drivers of switchers.

Impact on Financially Vulnerable People

CASS also worked with the Social Market Foundation completing research that explored the role that banks and building societies can play in bolstering financial resilience and improving outcomes for vulnerable customers.

It also examined how the COVID-19 pandemic has impacted the financial situation of UK households and small-and-medium-sized enterprises (SMEs). The final report was informed by an expert roundtable held in November 2021, which brought together experts from industry (Small Business Commission; Financial Inclusion Commission and the Payments Systems Regulator), the research community (University of Bristol; Fair4All; Fairer Finance) and consumer groups and charities (MoneySavingExpert; StepChange; The Money Charity).

The SMF briefing paper suggested that banks and building societies are best placed to know when people are at risk of getting into financial trouble, and to offer tools and services to help – such as apps and tools giving customers the ability to make spending plans, forecast cash flows, automatic saving functions, and expenses categorisation.

Outcomes in the financial services industry are best improved through a mixture of measures to increase customer engagement and current account switching, and regulatory interventions to protect vulnerable customers.

The SMF also found that some households and small businesses had exhausted their financial reserves during the lockdown years, adding new urgency to the need to rebuild their financial resilience. Financial difficulties are adding to the burden on the National Health Service by contributing to mental health problems and placing demands on NHS resources, the report also said. “Social prescribing” of financial wellbeing tools and services would help relieve some of that burden.

The report concludes by arguing that outcomes in the financial services industry are best improved through a mixture of measures to increase customer engagement and current account switching, and regulatory interventions to protect vulnerable customers.



SMF/CASS Report: Banking on change
Developed in 2021



Conclusion and forward look

2021 has been a successful year for the Current Account Switch Service.

The Service has met our regulatory undertakings, KPIs and achieved designation from our regulator and led research to examine the changes to the switching market in a year once again impacted heavily by the pandemic.

The Service does not work alone but works collaboratively and could not have delivered its achievements in 2021 without the support of participants and without engaging widely and working in collaboration with the switch ecosystem.

CASS warmly thanks its participants, regulators, partners and supporters for their help in 2021.

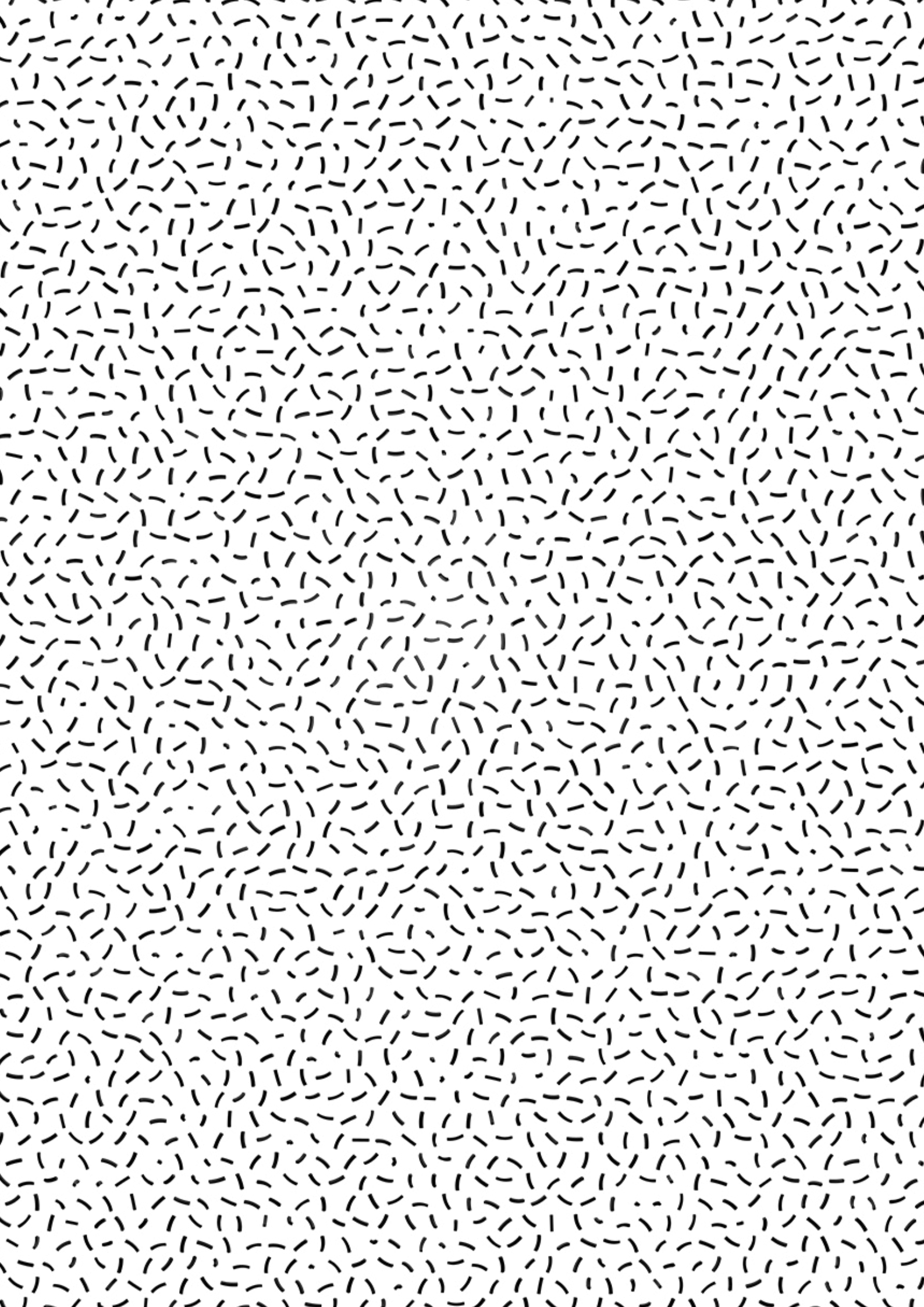
CASS is looking forward to 2022 and we believe our revised strategic approach has a long-term impact on the way banking services are delivered and consumers' future needs. The Service encourages anyone with an interest in these issues to get in touch to help us in our work.

Want a bank account that's right for you?

It could be just a switch away.

CURRENT ACCOUNT SWITCH GUARANTEE

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