

Pay.UK Limited Minutes of the Switching Services Customer Committee held on 17 February 2022 at 10:30am via Zoom

ATTENDEES:

Jo Kenrick

ORGANISATION:

INED (Chair)
Pay.UK (Secretariat)
Pay.UK
Pay.UK
Pay.UK (AI 02/22.01)
Pay.UK (AI 02/22.02)
Pay.UK
Pay.UK (AI 02/22.05 – AI 02/22.06)
Pay.UK (AI 02/22.06)
Pay.UK (AI 02/22.06)
Bank of Ireland
Barclays
e-Benchmarkers
e-Benchmarkers
INED
INED
HSBC
Nationwide
NatWest Group
Santander

APOLOGIES:

Starling Bank
Lloyds Banking Group

ITEM**SUBJECT****ACTION****02/22.01 Switching Services Budget Update**

Pay.UK provided the Committee with an update on full year 2021 and January 2022 financial performance.

DELETED [COMMERCIALY SENSITIVE]

02/22.02 Switching Services Risk Update

Pay.UK took the Committee through the supporting Risk Update paper. It was noted that the paper covers the risk assurance activities currently being undertaken within Pay.UK and an update on the operations risk profile for the SSCC. It was highlighted that the overall risk

profile remains stable. **DELETED [COMMERCIALY SENSITIVE]** Pay.UK provided the Committee with an update on the SSCC risk profile, the Committee were advised that a full review of the five active RCSAs has been undertaken, this means that every risk has been individually reviewed with the Service Line leads in a number of workshops. In addition to this a gap analysis has been undertaken and new risks and causes have been identified. From this review a number of risks have been identified as needing to be accepted, closed or transferred to other areas of Pay.UK. the accepted and closed risks have been actioned and the risks that need transferring are currently in the process of being updated. It was advised that there is an action plan in place, and training is being undertaken within Service Lines to allow them to enhance their skills. **DELETED [COMMERCIALY SENSITIVE]** The Chair noted that the action called out in the paper for input from the Committee, the Chair asked if it would be beneficial to have a risk session that included Participants (Customers). Pay.UK noted that this is dependent on what the Service would like. The Chair asked the Committee if there are any risks sessions taking place internally that can be shared. The Chair agreed to keep this on the table for later in the year.

02/22.03 CASS Strategic Review KPI Update

Pay.UK took the Committee through the supporting paper advising that the paper will cover four areas:

- SSCC remaining queries on KPI review
- KPI governance decisions
- Awareness levels
- Conclusion and action

DELETED [COMMERCIALY SENSITIVE]

02/22.04 CASS Brand Guidelines Changes

Pay.UK walked the Committee through the supporting presentation. The Committee were advised that this presentation and amended Guideline suggestions have been shared with the Operations Committee and earlier in February with the Communications Working Group, both Groups have been supportive of the changes. It was highlighted that the Guidelines have not been reviewed since the Service was launched. The change has been prompted by the shift in marketing strategies and the way in which people interact with their banks. For example, there are a number of new media landscapes that were not included within the Guidelines such as podcasts and social media outlets. Pay.UK also noted that the reason the Brand Guidelines are being brought to SSCC (where normally it would only go via Ops and CWG) is due a more strategic shift which will expand the criteria for the types of communications that require using the Trustmark. Pay.UK emphasised that there has been a consistent decline in the PCA media spend over the last five years at the same time the Brand media spend has tripled. This significantly affects CASS as currently the Trustmark is only mandated on the direct current account advertising. The overall spend that includes the Trustmark has decreased, overall this affects the awareness levels of the service. It was emphasised that there is a benefit to the whole market that the Trustmark is used as it instils confidence in the switching process amongst the End Users. If this is not done CASS will need to look at how they can uplift their spending to bridge the gap in awareness. Nationwide noted that the focus

seems to be increasing on acquisition. The focus over the last couple of year has been to retain End Users and with the changing interest rates there may be an increase in marketing spend but would need to see over the next 12 months. Pay.UK agree that the advertising spends will not go back to the levels it used to be, but often activity which may well be positioned as retention or brand building may be relevant to include the Trustmark and could help with future acquisitions (particularly on broadcast channels which are not direct to existing customers). Santander asked what are the updated expanded definitions within the Guidelines. Pay.UK advised that the detailed marked up version was shared with the Communications WG and the Ops Committee. **Pay.UK agreed to re-share this offline.** [Post Meeting note: Pay.UK shared the detailed marked up version of the amended Guidelines with the Committee 18 February 2022. **SSCC are to provide feedback by 3rd March 2022, nil response will be taken as acceptance.**] [Post Meeting note: The Chair and Pay.UK have taken the decision to extend the action deadline, given the discussion held and nature of the strategic change being proposed. As such this will be discussed and a final decision sought from the Committee at the April meeting] **DELETED [COMMERCIALY SENSITIVE]**. Pay.UK advised that all feedback received from Customers is noted with Pay.UK responses in the appendix of the presentation. It was noted that if these changes are not accepted, Pay.UK will need to take this away and develop another solution to mitigate against lower spend on Participant advertising which includes the Trustmark. NatWest asked does this have to be a rule or could this be a consideration where Customers provide a reason as to why it would not be included. Pay.UK responded that the challenge is that if all Customers request for this exception, then it could lead to no campaigns with the Trustmark, and then undermining awareness. The Chair noted that the pack shows how this will support awareness, this is a solution or the other solution is that CASS spends more money to fill the gap in awareness and this will use the deferred income. The best next steps are to circulate the amended Guidelines and get feedback from Customers. Pay.UK advised that the information is available in the pack that highlights the other options such as using the deferred income. Nationwide will speak to internal teams, they would also like to understand what the gap is, do you want Customers to spend more. Pay.UK advised that if Customers are willing to share their actual spend, it would make the modelling easier and more accurate and give a clearer indication of the size of the gap. **DELETED [COMMERCIALY SENSITIVE]**-

02/22.05 CASS e-Benchmarkers

Pay.UK provided the Committee with an introduction into the research that has been carried out by e-Benchmarkers. E-Benchmarkers have compared various digital journeys, including those through comparison websites. E-Benchmarkers talked the Committee through the supporting presentation. It was noted that the aim of the research was to look at both personal and business account switching, before the End User gets to the Banks website. E-Benchmarkers create peer groups of Banks, Building Societies, loan providers and credit card providers and then create an anonymous benchmark using real data provided by the Participants (Customers). This benchmarked data has been used to set the scene for the research. It is known that eight in ten current account sales are carried out in the digital space. It was noted that the vast majority of digital Current Account sales be it personal or business

Pay.UK
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Participants
03/03/2022

are not tracked from a marketing source. There will be End Users who do their research using price comparison sites, who will then open an account direct through the banks website without the two being linked. If End Users are aware of CASS then the likelihood is the price comparison sites are doing an ok job, in providing reassurance and the right information. For End Users who are unaware or less confident with their knowledge of CASS then the price comparison sites as a whole do not do a good job of promoting the service. E-benchmarkers moved on to discuss prominence and used Money Supermarket as an example, where you are presented with very clear options for comparison i.e. energy provider, to find information about switching your current account involves searching. The guidance is hard to find. Once you get to the information the quality of the information is poor and can often be misleading and does not build confidence in the End User. The journey through to the banks' websites from a price comparison site is not cohesive. It was noted that there is a lot to show that there is a disjointed journey from price comparison sites to the banks site. It was noted that Search results are dominated heavily by the CASS participants. The top searches are price comparison sites, banks and the CASS website. There are a number of Non-CASS providers who are paying to appear high up on the search results. Lastly e-Benchmarkers looked at other types of switching journeys that End Users would use in the digital space to see if there is anything that can be learned from these. The key element to pull out from this is the complexity and amount of End User data input required. For example, if you were to switch energy provider the End User would need to know their postcode, house number, there may be a further requirement or the End User to know who their current provider is. If End Users are to switch their Current account more information is required, it highlights the need to be clear with End Users what they need to have ready to be able to carry out the Switch. E-Benchmarkers walked the Committee through their six recommendations detailed in the supporting presentation.

- Provide aggregators with regularly refreshed and up to date switching content
- Make the CASS website more aggregator friendly; have aggregator specific content on the CASS website
- Encourage participants (Customers) banks to add bespoke post-aggregator product landing pages
- Engage aggregators who do not currently have switching guidance, particularly credit profiling apps and SME focussed websites
- Continue to keep the CASS website prominent in the search results
- Provide clear instructions on the user data required for a successful switch

The Chair thanked e-Benchmarkers for their work and asked the Committee for questions. HSBC asked if the proposal is to be done from a central CASS perspective or is this for the individual banks to look into further. Pay.UK advised that this will be a mixture of both central and individual banks. CASS will take the central recommendations forward and look into these further. As part of our looking ahead the interaction with price comparison sites can be looked into later this year or put on the future work plan for 2023. There are elements within the research that Customers can take further. CASS INED noted that this is a useful piece of work with helpful findings. Underlying issue is the business model for price comparison

websites and the demand for current account switching. Are there any comments around the demand side and the challenge of price comparison websites to create demand? E-benchmarkers has been tracking digital current account sales for a long time, there have been the occasional peak in activity, digital marketing has never been a source of current account sales. Digital sales of other bank products is huge and really significant part of where sales are sourced. All of this data is shared with the individual banks, there are two high street banks who have increased their current account activity through aggregate providers and are finding now that a significant amount of business is coming through this channel. It was noted that when an End User clicks a link on a price comparison site to a banks site, they are presented with a generic landing page. There are a small number of banks that have a bespoke landing page. First Direct are a good example of this, they have a bespoke landing page, although this page does not reassure the End User of the journey as it goes through. CASS INED asked how can this not be of interest in the End Users wellbeing. They advised that Money and Pension Services have recently launched their wellbeing strategy and may be worth engaging with them as this is essential to their wellbeing strategy to ensure that End Users are making the right choices. E-benchmarkers called out money savings expert as giving CASS a lot of prominence and why it might be useful to an End User's financial health to switch accounts, there are good examples out there but few and far between. The Chair asked the Committee if this information is useful to share internally with other teams in your organisations. Barclays agreed that this would be useful to socialise this within Barclays to help get CASS back on the agenda. Pay.UK advised if there are any follow up questions to this presentation then Pay.UK will be happy to get these answered and shared with the Committee and would be willing to have separate sessions to discuss further if required.

Pay.UK will share the data presentation deck with the Committee in the post meeting papers. E-Benchmarkers noted that all banks are part of this data and if you would like specific data then please reach out to the team.

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02/22.06 Workstream Update

Payments Transfer Service Review

Pay.UK took the Committee through the supporting paper. Noting that each pain point highlighted was taken away and feedback sought from Customers. Pay.UK highlighted the main areas of feedback from full Customers. From the work that has been carried out Pay.UK presented three recommendations to the Committee. The Committee noted the supporting paper. CASS INED raised a question in relation to the last recommendation of not progressing with the exploration of a redirection functionality. Does this stop any further progression of this as a concept? Pay.UK advised that this is correct for the current payment rails that the service is on, but it does not discount it from future thinking of how changes within the market could be incorporated in the future service. CASS INED asked what are the number of payments transfer switches (PTS) across the board. Pay.UK noted that the broken-down figures for PTS and Full Participant (Customer) is included in the supporting paper. **DELETED [COMMERCIALY SENSITIVE]** The Chair noted that the original thought was that the Service wasn't working and work therefore was needed to be done to resolve the issue, but on reading the paper it is clear to see that the processes of the service work and there are specific

elements that stop the process from working. Pay.UK looked at it from a Partial and Full Customer perspective, all problems that are being called out are not issues with the PTS. The service works but, in the future, it could be developed. The Committee supported the recommendations in the paper.

DELETED [COMMERCIALY SENSITIVE]

Acceptance Rate Working Group (ARWG)

Pay.UK walked the Committee through the supporting paper. Pay.UK highlighted that the new bank rejection analysis returns have doubled since the meeting in November which is positive. There are a few Participants (Customers) that are drip feeding through their findings, due to the volume of data they need to work through. It was noted that the analysis is proving that the number of rejections did begin to increase with the move to digital. Pay.UK and the ARWG are looking into additional Customer validation relaxations, a lot of work has been done with Customers on opportunities to further relax some more matching criteria areas. Pay.UK are aware a number of Customers already do this, based on their own internal risk and fraud appetite. Current feedback is that Operations reps are keen to support this. Pay.UK outlined the proposed relaxation of matching three out of four rule and highlighted that a number of Customers have been adopting this since the launch of CASS and they have not seen an increase in fraud or any potential fraud cases. Pay.UK advised that it has been discussed as to whether the industry acceptance target should be changed, to account for the changes in customer behaviours. This has been discussed with the ARWG and the Operations Committee, at present Pay.UK have only received feedback from six Participants (Customer with varying recommendations between 80-94%. Pay.UK advised that they will continue to follow up with Participants (Customers) and will update the Committee once a full return has been received. The Chair noted that there would need to be reassurance if the target was reduced that Customers wouldn't simply stop putting in the effort to reach the target. The question was raised to understand if there is a way of framing this to possibly keep the higher target, yet with an expectation Participants (Customers) who do not reach that target, will be required to provide evidence that they have done everything that they can to try and reach the target? CASS INED seconded the comment raised by the Chair. The other aspect to consider would be the use of digital identity and would that resolve the rejection issue and smooth out the switching journey. The Government are looking into this and should this be on the CASS radar. Pay.UK outlined at the strategy day that some exploration has been done into this and how it could be potentially brought into the market. It is a slow process, this will remain on the Pay.UK radar and it is being researched in the wider Pay.UK aspect.

02/22.07 Participant Dashboard

The Committee noted the latest CASS and CISA Dashboard. No comments were raised by the Committee.

02/22.08 Minutes of the Previous Meeting

The minutes from the previous meeting held 25 November 2021 were approved without comment. The redacted 25 November minutes were also approved without comment.

02/22.09 Action Log

09/21.03 Pay.UK to circulate previous work undertaken regarding payment transfer service in order to consider how best to progress **Closed**

the action was covered under AI 02/22.06(b). it was agreed to close the action.

11/21.01(b) A chart illustrating month on month number of switches for the rolling year to be included in subsequent monthly dashboards **Closed**

A chart has now been incorporated in to the monthly dashboard. it was agreed to close the action

11/21.02 Pay.UK to consider whether an additional risk considering the costs and benefits of regulatory intervention in a market where competition may not be high should be added to the risk register **Closed**

A new risk has been added to the RCSA. To be covered under AI 02/22.02. it was agreed to close the action

11/21.03(a) Pay.UK to provide data on consumer satisfaction from 2015 when the CMA was investigating the market to validate that there is low consumer satisfaction when the markets were found to be providing low quality services **Closed**

To be covered under AI 02/22.03. it was agreed to close the action

11/21.03(b) Pay.UK to investigate whether the fact that customers scoring Satisfied, Very Satisfied or Considering in the survey means those who are Very Satisfied and Considering count towards the same metric **Closed**

To be covered under AI 02/22.03. it was agreed to close the action

11/21.05(a) Pay.UK to share the outcome of the desk research conducted by its Research and Innovation team regarding the increase in current account fraud between 2020 and 2021 **Closed**

Offline update provided 28/01/2022. Further discussion to be covered under AI 02/22.06(a). it was agreed to close the action

11/21.05(b) Pay.UK to explore further the “more products and overlay services” scenario, and the outcome shared with the Committee offline and discussed at its next meeting **Closed**

Offline update provided 28/01/2022. Further discussion to be covered under AI 02/22.06(a). it was agreed to close the action

11/21.05(c) The Committee to consider how to escalate non-returns for the new bank rejection analysis to senior CASS representatives who are not members of the SSPC or the SSPC Info list **Closed**

To be covered under AI 02/22.06 (c). it was agreed to close the action

02/22.10 Terms of Reference 2022

The Committee noted the updated 2022 Terms of Reference (ToR). No comments were raised, the ToR was agreed.

02/22.11 Any Other Business

Pay.UK advised the Committee that for future meetings if Participants (Customers) wish to attend in person they will need to complete a visitor's charter. **Pay.UK will include this in the post meeting papers.**

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The Chair asked the Committee for thoughts on the positioning of the Strategy days taking place in October/November, if the Committee wanted to change this, it would need to be discussed soon.

Date of next meeting: 26 April 2022 at 10:30am
