

Pay.UK Limited Minutes of the Switching Services Customer Committee held on 22 September 2022 via Zoom

Attendees:	Organisation
Jo Kenrick	INED (Chair)
	Pay UK (Secretariat)
	Pay.UK
	Pay.UK (09/22.01 only)
	Pay.UK
	Pay.UK (09/22.02 only)
	Pay.UK (09/22.05 only)
	Pay.UK (09/22.03 and 09/22.05 only)
	Pay.UK (09/22.03 only)
	HSBC
	IFF Research (09/22.05)
	INED
	INED
	Lloyds Banking Group
	Nationwide Building Society
	NatWest
	Santander
	Starling Bank
Apologies:	
	Bank of Ireland
	Barclays Bank
	Starling Bank

Ref **Item**

09/22.01 CASS COMMS & MARKETING AWARENESS UPDATE

Pay.UK presented an overview of the slides, highlighting to Customers that the key priority is to address the use of additional budget to bolster spend for 2022, along with considering budget scenarios for 2023 with a view to achieving the HMT target DELETED [COMERCIALY SENSITIVE] awareness. Pay.UK also highlighted that with

consumer confidence at its lowest, the rising cost of living and the high likelihood of another recession this could lead to unpredictability. Pay.UK advised Customers there had been a significant increase in August, as demonstrated on the graph on slide nine. It is hypothesised this is due to new offers in the market, namely switching incentives and moneyback on bills. Pay.UK reminded the group that having knowledge of their activity and spend (which will be kept confidential) helps to better predict if additional central spend is required. As such Customers were requested again to confirm when they plan to launch a marketing and/or product campaign, as this will enable Pay.UK to predict awareness levels with more accuracy and will help optimise additional budget needs to meet the DELETED [COMERCIAALLY SENSITIVE] target.

Pay.UK highlighted the current creative optimisation process taking place which will lead to a new communications platform. An INED asked if the overdraft research had been considered, given this is a key target market for switching. Pay.UK acknowledged this point, and confirmed overdraft messaging will absolutely be a key part of the detailed campaigning. Noting that refreshing the creative platform would support overdraft messaging better, as the current advertising creative is not able to successfully land messages beyond it being a smooth and easy process. As such the associated benefits with switching were not landing with our target audiences, one of which is a better overdraft facility. Pay.UK stated that the next stage of new created evaluation will be supported by thorough research, every stage will be tested considerably before execution for the planned new Q1 2023 campaign.

Pay.UK continued with the presentation, drawing attention to slide 14 the awareness model, which has now been recalibrated to include June'19 – July'22 data. Pay.UK highlighted a question the Chair had raised in advance of the meeting around the finding that participant brand building activity has an adverse impact on CASS awareness, explaining the reason is due to brand building creating loyalty which then makes end-users less receptive to CASS messages. **The Chair asked Pay.UK offline to provide some further details on the model outputs to ensure this finding was causation and not correlation.**

Pay.UK turned its attention to slide 17 which detailed numerous scenarios based on Q3 2022 spend DELETED [COMERCIAALLY SENSITIVE] . To achieve DELETED [COMERCIAALLY SENSITIVE] the lower band of the refreshed model an additional DELETED [COMERCIAALLY SENSITIVE] media budget is required. The Chair summarised that Pay.UK were asking for the funding DELETED [COMERCIAALLY SENSITIVE] to be made available as an option, in the coming weeks it would identify if it would actually be required in full or part, based on September awareness levels. Nationwide supported

this proposal, noting there may be, because of the cost of living crisis, an increase in switching in the forthcoming months. The Chair asked if there were any objections to this proposal. None received, **proposal approved. Pay.UK Marketing agreed to circulate a note off line with September data and agreed media spend.**

Pay.UK continued discussions around 2023 budget and planning, outlining three scenarios 1) cautious 2) moderate and 3) optimistic – all are dependent on levels of bank PCA spend. DELETED [COMERCIAALLY SENSITIVE] Pay.UK stressed there were no additional calls from customers for funding, as the activity would be supplemented by the CASS reserves. The Chair asked Pay.UK if it was confident with current funding levels to carry out the development of a new creative and establish this new approach; the current campaign does have a noticeable level of awareness so if the direction is going to change Pay.UK will have to build from bottom up. Pay.UK confirmed this had been factored into the figures, noting Q1 will be loaded to cater for this. The Chair asked the Committee if they were comfortable with the approach for 2023, **there were no objections.** An INED noted the August uplift may have not only been down to Customer activity and offers but by supporting promotions via Money Saving Expert. As such when planning future awareness activity, the likes of Martin Lewis etc. should be leveraged. Pay.UK agreed this was on its radar. DELETED [COMERCIAALLY SENSITIVE] In addition, an INED pointed out that debt and mental health should also be considered, also wanting us to understand the benefits for high overdraft users; something that Martin Lewis is also interested in. Lloyds advised the market had aligned in recent years and overdraft pricing was almost the same across all banks/building societies.

09/22.02 SWITCHING SERVICES BUDGET UPDATE

Pay.UK Finance provided the committee with an update on current CASS performance for 2022 along with the full year forecast, supported by the paper in the meeting pack. The Chair asked the committee to support the recommendation on deferred income; to set it aside as previously mentioned for communications activity, adding it was a sensible approach to take, especially as the coming months could see quite a lot of movement in terms of volumes and as previously mentioned by Pay.UK Marketing this will be carefully monitored. No challenges were raised.

09/22.03 CASS BLUE SKY THINKING

Pay.UK provided a summary of the papers that had been included in the meeting pack. ***Interoperability Model with Confirmation of Payee:*** to introduce a process for the new bank to send a CoP request to confirm the specific customer detail prior to issuing

Message 1 to ensure the relevant customer details are correct. This should have a positive effect in reducing rejections, which in turn improves acceptance rates and the end user journey/experience.

Business Process Management Tool: CASS sits within the Bacs infrastructure which involves several functions relating to both payment and messaging services which Customers access either via the Bacs Payment Services website or via submission channels such as ETS and STS. The proposal is to give CASS a standalone business process management tool, with the assistance of an external vendor, that would provide a way to centrally manage and more easily adapt the service in the future. This could also be utilised by the CISA transfer service and the Bulk Payment Redirection Service.

Push Updates to all Participants/Customers via Service: CASS provides the functionality to redirect payments for a minimum of 36 months. Meaning the currently centrally stored redirection table is utilised to store this information. Looking ahead there is an option to push this data to be stored directly by the Banks/Building Societies, where each can manage from their own side without incurring a central cost. Pay.UK observed that the additional costs incurred on this option may not be worth pursuing and the approach may not be palatable to the regulators who are currently comfortable with the single ownership and responsibility model in place.

Pay.UK asked the committee if there was appetite from them to explore any of the options further; noting each one will have its own resource and cost implications and will require external engagement too. Any costs would be taken from the budget. An INED questioned the necessity of enhanced CoP functionality if digital identity (DI) was in place; is it really worth the investment if DI can provide the required solution. The INED did however support the Business Management tool, as it will bring the full suite of products/services into one place. The INED also referred to the Open Banking Directory, where Radium have been doing work in Brazil which extends Open Banking Standards and improves the look-up facility. **It was agreed the INED would engage with Radium to explore the benefits and share findings with the Chair and Pay.UK.** Santander also raised a point around Open Banking and the ability to authenticate/consent using other security questions, this would need to be investigated fully. Lloyds believed the CoP solution would only fix less than 10% of switches and would likely not have a good ROI; as for the other two options Lloyds were not clear on additional benefits and were comfortable from an operational perspective with the current process. **An INED agreed to follow up with Innovate Finance and Tech Nation to explore issues and feed back to group** to further support this work.

Nationwide agreed further investigation was required but was unsure about the value of the proposed changes and the impact internally to them. Starling agreed the options were good, however, would want to have more information on the second option, in particular cost. Pay.UK stated it would need to go to the next level of investigation to provide this. Adding that all were deemed to be longer term improvements, so wouldn't create additional work or budget demands for CASS customers at this stage. Further adding that CoP already had a lengthy list of enhancements, on which CASS was not currently included, yet progressing the workstream would enable the discussions to happen in preparation for the future. It is expected these pieces of work would be targeted for 2025 and beyond, however the exploratory work would need to be conducted in 2023/24 if Customers are supportive of the approach. The Committee agreed for further exploration to be undertaken on options 1 and 2.

09/22.04 SWITCHING SERVICES RISK UPDATE

Both papers were noted - no comments raised.

09/22.05 WORKSTREAM UPDATES

Future Scenarios

Pay.UK advised this paper was for noting only, adding it will re-evaluate the Future Scenarios by the end of 2022, to ensure the ongoing relevance of the current areas of focus given these were formed in 2019. An INED asked for the large tech companies moving into payments scenario to be considered for inclusion. Pay.UK confirmed any new scenarios identified will be shared/reviewed by this committee prior to being included.

Overdrafts and Switching Research

IFF Research joined the call and provided an overview of findings. The aim was to explore the relationship between overdraft use and switching behaviour and to see how the two interact for both Consumers and SMEs. **Data was collected via an online survey of 1,800 UK consumers and 475 SMEs (who had under 50 employees) all of whom used an overdraft (either arranged or unarranged) in the last 12 months** (*Post Meeting Note: Following a request from an INED at December meeting Pay.UK can confirm that the data collected is public information and can be shared with the committee. This research can be found via the following link: [Pay.UK Overdraft Switching Report \(wearepay.uk\)](#)*).

IFF added there was also a qualitative follow up with the main analysis split by switching behaviour, made up of the following sub-groups covering a five year period:

- Switchers (had switched in the last 5 years)
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- Active Considerers (thinking about it)
 - Passive Considerers (not switched, thinking about it, not looked at options)
 - Non Considerers (not switched/not thinking about it)

IFF continued with the presentation, which highlighted the consumer and SME findings in more detail, focussing on overdraft usage, demographics and CASS awareness levels. An INED sought clarification around the “hassle” aspect which, according to Pay.UK Marketing, was now less important for those switching, however this research seems to identify it is an issue for SMEs with overdrafts. Given it does affect vulnerable groups and SME’s is there an implication on how to target those messages and should Pay.UK continue with the approach that it is a hassle rather than a very smooth process. The INED suggested reaching out to Liz Barclay, Small Business Commissioner, to obtain her perspective on this research. **Pay.UK agreed to pursue this suggestion, adding there is a final research paper being produced this too can be shared along with the full presentation.** Pay.UK advised the CASS advertisements to SMEs need to target the sole traders better, making messaging more relevant to them. Also, information on Price Comparison sites needs to be more accurate and consistent so as not to discourage switching. Pay.UK are currently trying to engage and build better relationships with the PCWs to improve the information they share. Pay.UK announced it has a webinar planned during Talk Money Week (November 7-11) and will share the results and findings in the wider context of the cost of living crisis. This webinar will tie in nicely with the round table that Pay.UK is also running on 3 November, which is focused on “End users and Payments” highlighting research undertaken this year on two key End User segments (financially vulnerable and SMEs). Pay.UK confirmed it also considering more face-to-face/hybrid interaction for 2023. An INED asked how the demographic research fitted with customers with high balances, who are possibly an older generation that are less into mobile and switching; this group should also be considered. Is there any other research that would help with the demographics. Additionally, how does this relate to the tracker survey and the questions therein. The INED requested a deep dive on the survey content, to look to build any new questions and how this played into the new creative. Pay.UK acknowledged these points and advised the tracker questions were reviewed on an annual basis and would ensure the suggestions were factored in. In terms of creative, this information will be shared with Pay.UK and the appointed creative agencies to ensure relevancy of messaging, especially to those smaller SME’s who do not see themselves as a current account users and slip through the marketing net.

CASS Tracker Satisfaction Measures

Pay.UK provided the committee with an update based on the supporting slide deck. DELETED [COMERCIALY SENSITIVE] Pay.UK stated the UK Customer Satisfaction Index shows there is an all time high of people reporting problems with organisations in general over the past two years. Thus, reducing satisfaction scores. This leads to an assumption that the decline in CASS satisfaction could be in keeping with wider trends in the market. Switching customers are asked a series of questions on the tracker a) overall how happy are you with the process of switching? b) have they experienced any problems during switching (listing the problems to choose from). Pay.UK noted this does mean the problems are not being isolated purely to the CASS journey, it could also include issues during the customers research process and onboarding/account opening journey. Pay.UK have provided a series of recommendations in the paper and also suggested adding another question in the tracker to differentiate various phases in the journey, which would then highlight if it is a CASS issue only or anything Pay.UK can influence. Pay.UK asked the committee if it agreed with the recommendations put forward in the paper. Nationwide believed more could go wrong on the journey as it was no longer a face-to-face activity; asking if this ultimately affects the decline in numbers. Pay.UK agreed to add this to a list of considerations for research or inclusion on the tracker. Pay.UK added that it was now aware of the number of digital switch requests undertaken and if it would be helpful to provide feedback to Customers to enable them to look at their own journeys and make any necessary adjustments this could be looked at. Pay.UK also advised it has a meeting scheduled with HMT later this month, to discuss proposed changes to the creative approach and changes to the model as well as the deep dive analysis.

Pay.UK turned to the Alternative Switching Proportion Measure, which looks at the number of people who self-switched versus the number of people who used CASS compared to 12 months ago and two/three years ago. It appears this could cause some issues i.e. they have forgotten they switched or a bad experience keeps them from switching again. **Pay.UK propose to look at switched customers from the last 12 months (Q2 2022) and compare to Q2 2020 and will produce a paper that details more accurate data and share with this committee offline in October.**

Acceptance Rate Working Group Update

DELETED [COMERCIALY SENSITIVE] The monthly MI shows that for some Customers, who were red before are now showing as green. The Pay.UK attestation document, a replacement for the Code of Conduct, will now include a question around acceptance rates and customers will be required to assure they are doing all they can (from an old and new bank perspective) to improve their scores. This will now be included in the

Pay.UK Guide and Rules in line with the annual documentary review. Pay.UK confirmed the Acceptance Rate Working Group has started to focus on business acceptance rate switching, for which the onboarding process is much more 1:1 usually via a relationship manager as opposed to digital; it will still cover retail switching in the discussion, as many customers have work underway to improve their acceptance rates for both retail and SME. DELETED [COMERCIAALLY SENSITIVE]

BPRS Participation Model

DELETED [COMERCIAALLY SENSITIVE] The next step is a review of the legal paperwork and an update will be provided to the committee at the last meeting of the year.

Payments Transfer Service

Pay.UK confirmed a review was carried out and survey issued last year, prior to the last strategy day to understand the pain points. Pay.UK to contact customers to see if there are any areas that require support ahead of the recommendations in the paper. An INED wanted to understand if there was industry appetite for voluntary commitment by Account Switching Customers, as Pay.UK are unable to mandate the recommendations, to adopt the recommendations around guidelines and standard use of terminology etc. Pay.UK advised the paper had been shared with CASS Operations and it was now seeking support from this senior level group, in the hope this will then be discussed internally within each organisation to understand what is the appetite to adopt. The Pay.UK team are happy to create a generic guide that has wording which customers could adopt and brand in their own way, however Pay.UK would not wish to pursue this if customers are not going to adopt and try to embed the standard terminology. The INED supported the Pay.UK approach. **Pay.UK agreed to address this via Customer one to one discussions.**

CASS Strategy Day

Pay.UK confirmed a placeholder will be circulated to CASS Customers shortly for 24 November, starting between 9:30/10:00am and concluding no later than 12:30. Pay.UK will be downloading updates at the November meeting, with the meeting in March 2023 reverting back to the usual format of face-to-face allowing for more networking and interaction. There will still be virtual breakouts at the November event, in line with the last two years as these had proven to be very effective. Pay.UK asked if the committee were comfortable with the proposed agenda and sought volunteers to support with facilitation and scribing in the breakout group. Nationwide confirmed it would be able to provide support. An INED agreed to support a breakout group, and ask what outputs were expected from the discussions. Pay.UK stated that previous some groups were very vocal, sharing lots of information, whilst others not so, making

it difficult to gauge. However, additional supporting questions and prompts would be provided to support the facilitators (in line with previous years) to keep the conversations going. If the INED had other suggestions this can be discussed off line ahead of the meeting and shared with the agency facilitating the day.

09/22.06 PARTICIPANT DASHBOARD

No comments raised

09/22.07 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 23 June 2022 were **approved** without comment. The redacted minutes were approved for publication.

09/22.08 ACTION LOG

06/22.03.b Draw up a programme/plan of review/touch points, to help keep this current with HMT

Update: Meeting with HMT on 29 September; DELETED [COMERCIALY SENSITIVE] Pay.UK are aware that HMT representatives may change, due to the recent change in government. This means that Pay.UK may need to start the introduction of CASS and the wider awareness process again with the new contacts i.e. advise what CASS is, what it has done to date, the strategic review it has undertaken and proposal for new KPIs. Once the plan and timeframe is defined, it will be brought back to this committee.

Decision: C/F 14 December

06/22.01.a There was support from the Committee for Pay.UK to review the reimbursement options. Pay.UK agreed to look into all options and present back to the Committee at the September meeting.

Update: Paper discussed at September meeting way forward agreed.

Decision: Closed

06/22.01.b Pay.UK to share the new pricing schedules with this Committee and the CASS and CISA Operations Committees.

Update: Shared offline.

Decision: Closed

06/22.03.a Committee to share (if willing) details of their current media spends to help with the CASS modelling for awareness, to help with the modelling accuracy. Any detail shared would be remain confidential.

Update: Pay.UK advised no responses received, as such planned analysis/activity with additional spend went ahead. Pay.UK reminded Customers that having this insight

upfront really does help to better assess if additional central activity/spend is needed or not.

Decision: Closed

06/22.05 Pay.UK will include Acceptance Rate on future agendas.

Update: Item added to future agendas for discussion.

Decision: Closed

06/22.09 ANY OTHER BUSINESS

Pay.UK noted it asked Ops reps at the September meetings for the 2023 volume forecasts to be submitted earlier than usual. The submission date is now the end of October 2022. If any concerns to achieve this deadline please notify Pay.UK via the central mailboxes.

Date of Next Meeting: 14 December 2022
