

Pay.UK Limited Minutes of the Switching Services Customer Committee held on 14 December 2022 via Zoom

| Attendees: | Initials | Organisation |
|------------|----------|-----------------------------|
| Jo Kenrick | JK | INED (Chair) |
| | | Pay UK (Secretariat) |
| | | Pay.UK |
| | | Pay.UK |
| | | Pay.UK (12/22.01 only) |
| | | Pay.UK (12/22.02 only) |
| | | Pay.UK (12/22.02 only) |
| | | Pay.UK (12/22.03 only) |
| | | Pay.UK (09/22.04 only) |
| | | Pay.UK (09/22.04 only)) |
| | | Bank of Ireland |
| | | HSBC |
| | | INED |
| | | INED |
| | | Nationwide Building Society |
| | | NatWest |
| | | Santander |
| | | Starling Bank (Deputy) |
| Apologies: | | |
| | | Barclays |
| | | Lloyds Banking Group |
| | | Starling Bank |

Ref **Item**

12/22.01 SWITCHING SERVICES BUDGET UPDATE

Pay.UK Finance provided the committee with an update on current CASS performance for YTD November 2022 along with the full year forecast, supported by the paper (Slide 5) in the meeting pack. This was followed by an update on Cash ISA.

DELETED [COMERCIALY SENSITIVE] Pay.UK Finance replied the amount could be seen in the 2023 Budget and one of the actions for the group would be to approve that budget. The amount would be covered in the pricing review due to take place in the second half of the year. DELETED [COMERCIALY SENSITIVE] Pay.UK advised it is currently scheduled at half year but could be brought forward to the March meeting. Nationwide agreed with this approach. The Chair pointed out it may not be possible to make the Cash ISA decision in March due to historical movement in April but it should be possible for CASS. Decision: **Pay.UK to work with its finance team to prepare what the price adjustment may be for the March meeting based on January and February's actuals. This will allow a decision to be made on the CASS deferred income at the meeting (Pay.UK 23/02/2023).**

The Chair asked the committee if they were happy to approve the CASS budget as it is for 2023 with the caveat that the pricing would be reviewed in Spring? No challenges were raised. **Decision Approved.**

12/22.02 SWITCHING SERVICES RISK UPDATE

DELETED [COMERCIALY SENSITIVE]

After checking through the risks there were not any to bring to the committee at this time. The overall Pay.UK risk profile remains stable, this is monitored at two levels (Board and Executive) and there are no new risks to bring to the committee.

There has been lots of work underway in Pay.UK to improve management of risk, particularly systemic risk. A key aspect of it has been to simplify the enterprise risk management framework which was externally reviewed last year. The recommendations were taken onboard to simplify the framework and focus on risks which need attention. A part of that is a change in reporting to the Board and Executive with the result being more focussed discussion. It is that approach which is being filtered down to apply to all risk discussions, whether internally or externally with Customers.

There are two risks in relation to CASS that were previously reported for several months as being outside of appetite. DELETED [COMERCIALY SENSITIVE] These risks have been reassessed against the new risk matrix approved by Pay.UK's Board and are both back within appetite. Following a deep dive Pay.UK is confident that these risks are well controlled. Control testing this quarter has validated this with no indication from engagement with any of the CASS regulators of a change in the level of regulation and Pay.UK is on track to provide the annual report to the CMA early next year. The risk

team works closely with other teams internally at Pay.UK such as the dedicated regulatory engagement team and the second line compliance team. Both of these teams add control to make sure of adherence to regulatory requirements relating to CASS and other products. DELETED [COMERCIALY SENSITIVE] An INED raised the point where with all the changes happening in payments just how relevant CASS or its guarantee continue to be when it does not cover the full range of payment types available? Should it be under horizon scanning or a risk register somewhere? Pay.UK answered predominantly the risk would be looked after by the Research and Insight team as part of the horizon scanning piece which they are looking after for the whole of Pay.UK. The team is not just looking at things transitioning to NPA but at BAU activities. Any concerns around the risks highlighted during the future scenarios and horizon scanning updates received by the committee here can be flagged for additional research and for insight or thought leadership activity to be undertaken. The INED advised it would be useful to have an easily available list that this committee can track and monitor for CASS related issues. Pay.UK advised the risk team work closely with the horizon scanning work and have an emerging risk analyst within the situational horizon scanning team. A feed is taken from that work and represented in Pay.UK's risks.

Pay.UK concluded by advising information is within the notes to say what Pay.UK is doing and offered to share information with anyone who would like to know more. Also, in the note is that Pay.UK are doing a lot to improve the way incidents are reviewed not just looking at incidents in isolation but trying to join the dots (assessing for common causes/patterns/results). Thereafter thinking of what can be done collectively to introduce or strengthen preventative controls reducing the likelihood of incidents occurring again or mitigating controls that increase resilience that lessen the impact as incidents occur. DELETED [COMERCIALY SENSITIVE]

12/22.03 CASS COMMS & MARKETING AWARENESS UPDATE

Pay.UK announced positive news that awareness levels have gone back up DELETED [COMERCIALY SENSITIVE]. This reflects the uplift in media activity undertaken in November with the Q3 campaign that ran from September to November. There was a successful panel event at the beginning of this month where there was great discussion. Also Pay.UK completed filming for the new campaign which will go live on the 16 January across TV, Radio, Media, Digital and Social. This includes bus wraps in London and Birmingham. It is an entirely new campaign (there is no more switch guarantee guy) to get people thinking about switching around a brand platform of 'maybe it's time'.

Pay.UK also confirmed the additional budget approved, to bolster the marketing campaign, was only used in part given the rise in awareness.

12/22.04 WORKSTREAM UPDATES

Measurement of Switching Proportions

Pay.UK went through the proposed change to the switching proportion measure described in AI 12/22.04. This impacts the insight provided using the measure. Under the old measure switching volumes have increased however with the new measure they have fallen slightly, matching what we have been seeing with actual switching volumes which have not recovered to pre-pandemic levels. The committee were asked to approve the new measure, there were no challenges. **Decision: Approved.**

End User Roundtable

Pay.UK went through the update provided in AI 12/22.04.

Webinar – Overdraft and Switching Research

Pay.UK went through the update provided in AI 12/22.04.

Future of Switching Research

Pay.UK went through the update provided in AI 12/22.04.

Future Scenarios

Pay.UK went through the update provided in AI 12/22.04. The Chair and an INED agreed with the review and refresh of the switching services ‘Future Scenarios’.

The Chair added some of the scenarios may have come from a strategy session and proposed incorporating the strategy session to be held in Spring. This could be done by either sharing the work done there and building on it or by utilising the resource available for the strategy session to input to the development of a new set of scenarios.

JA to catch-up with CS offline to arrange strategy session input (JA/CS 23/01/2023).

The Chair commented on the future scenarios development figures that the ‘total amount stole through scams’ figure was down against expectation. Pay.UK advised this is down to End User authentication having a significant impact in the reduction. An INED advised the banks have adopted the CRM code DELETED [COMERCIALY SENSITIVE] so this too will have influenced the figure.

CASS Tracker Review

Pay.UK went through the update provided in AI 12/22.04. The Chair queried the loss of year on year comparison when changes are made affirming when changes are made they are for good reason. Pay.UK clarified this had been taken into mind and some questions would remain static for that very purpose with each change carefully considered. The review has considered what people actually do with the data and

some questions have been assessed based on how little the data gained has been used. This is to prevent data being collected for the sake of it and providing a more focused question to give the insight required to inform. An INED requested an hour-long session to go over the survey and what is collected. **Pay.UK to organise a session to go over the survey after reaching out to gather interest (JA 23/01/2023)**. An INED queried if we were to look at the overall research carried out by Pay.UK what proportion is paid for through the CASS budget? Pay.UK advised the budget allocated for research for CASS is sitting in the Comms and Marketing line. DELETED [COMERCIALY SENSITIVE] The budget allocated to the research and insights team is a small amount for all the rich insights received. The monthly/quarterly tracker allows Pay.UK to report against the CASS KPI's and only as a by-product, the data can be utilised for wider Pay.UK services and insights. As is the case for all centrally-commissioned research is that it can be taken and filtered in ways beyond its initial intended purpose. The amount CASS pays for research which benefits wider Pay.UK is a small proportion and is always driven by CASS activity and the ability to understand and adapt to the market. Pay.UK agreed to draw out what the CASS budget pays as a percentage against the wider Pay.UK for the next meeting. **JA to discuss with KJ involving CS in the conversation (JA, KJ, CS 23/03/2023)**.

Event Support

An INED advised a constant for all of the events recently held was Liz Barclay, who contributed significantly to all of them.

Acceptance Rate Working Group (ARWG) Update

Pay.UK advised the focus has been on business acceptance rate switching over the last few months and identify some inroads and investigations to raise. One of these investigations following analysis by the team and follow-up with two Customers concerns the switching of 'Court of Protection Accounts'. This is where a deputy is put in charge of an End Users finances as they are deemed unable to make the necessary decisions to manage the account. Customers have advised that switches involving Court of Protection Accounts have, in some cases, been incorrectly rejected by other Customers. An action was raised at the CASS Operations Committee to confirm what their position is as an old bank in receipt of a switch request for an account under a Court of Protection order. Also, if their policy is to reject it then what the policy is to understand the rationale. This will allow Pay.UK to see if any change can be made for the benefit of End Users.

ARWG took place last Thursday and one of the Customers advised that they have a number of R325 rejections (legal status does not match). Upon further investigation

they found as a new bank that they setup a Sole Trader with a business account but the account the Sole Trader had with the old bank was a personal account. Sole traders are finding the process to open a business account quite cumbersome, challenging and find it easier to carry out their business from a personal account. There is a lack of signposting to advise that switches from a personal to business account (and vice-versa) will be rejected. This is something else to follow-up on.

Overall the target of DELETED [COMERCIALY SENSITIVE] acceptance is being met. The only times it has dipped has been due to a Customer raised service alert.

Payments Transfer Service

Pay.UK reminded the SSCC of the three options proposed for sharing with Customers about the improvements to the marketing and branding side of the Payments Transfer Service (PTS). The paper was shared with the CASS Operations Committee offline post the SSCC meeting for feedback. Eight responses were received initially which were not deemed sufficient enough to proceed so Customers were reminded that to progress with the proposals we would need more responses from the committee. Since then a further five responses have been received bringing the total to 13. Ten are in favour of the proposals whilst three have raised challenges. Of those three one does not use the PTS so would not use the guide or introduce switching information on their website. The other two wished to continue using the Partial Switch Service name due to familiarity and to avoid confusion for End User's and staff. Neither of them thought the information should be on a separate page and would not add any benefit. Pay.UK stated there is a disconnect from what was discussed at strategy day where there is interest in the PTS and what we are hearing from Customers. Bank of Ireland suggested that SSCC reps are not close to enough to the detail to know whether these proposals would add value and that the questions should be posed to the Operational teams. The Chair advised if the service was not worked on it may lose relevancy. Pay.UK replied it would not want to put resource to something if the appetite was no there from Customers to adopt the changes. The Customers who only use PTS do not have an issue, the challenges come from Customers who have PTS as an additional service. There is still a regular flow of enquiries through the Current Account Switch website from end-users who would like to switch but not close their old account. An INED suggested reaching out to End Users to research the demand for PTS. Bank of Ireland supported this adding it would be helpful to find out where the issues lie, whether it is down to a lack of communication/education or whether there is an issue with how the service works. The Chair supported doing some research to look at this from the End Users perspective. **JA to reach out to the R&I team from a research perspective to**

understand which research agency to approach before bringing an update back to this committee (JA 23/03/2023).

CASS Strategy Day

Pay.UK informed there were 38 attendees on the day allowing for six break out groups before going through the key themes and insights from the two breakout sessions summarised in AI 12/22.04e.

The Chair thanked all those who took part and facilitated the day. An INED noted two areas that stood out from the discussions on the day. The first point was there are people who want to switch but are held back as they are unable to find information on their eligibility or their credit limit for overdrafts. Pay.UK should be making sure our members have this information available, that it is clearly signposted and easy to find. The second takeaway was that there may not be strong competition in the market and End Users are not being fought over. There are so many people with high balances and Customers are not targeting them enough to switch their accounts. Nationwide advised they were a Customer who had driven current account growth in the past few years so were not sure if they came into that bracket. Advertising space on platforms is expensive and the challenge has been with Cost of Living and helping current End Users to manage with helplines and other support. The INED responded by saying this was a long-term issue for the CMA. Nationwide suggested looking at the past ten years to assess growth and the lack of. Santander advised on their website End Users would be informed if they wanted to switch they could but would have to contact Santander directly to see if they were eligible for an overdraft. Santander acknowledged End Users may want something easier. HSBC advised they have an eligibility checker for overdrafts allowing End Users to do a soft search to check if they were eligible without impacting their credit rating and allowing them to see how much of an overdraft they would be offered. Santander responded they have an eligibility checker but it is not under the CASS pages instead it comes up under the choice of current accounts offered page. Starling Bank advised the last thing they would want to do is raise the hopes of the End User when switching by promising something they would then be unable to provide. The position is to have a balance where the End User has enough information to know a switch can take place with an overdraft but to not overpromise the overdraft to prevent a bad customer experience should they end up not being eligible for one or the amount desired. Pay.UK advised this is deemed to be the right approach as CASS would just like to make it clear that having an overdraft is not a barrier to switching. Ultimately it is down to the Customers credit lending criteria to determine the overdraft available. This can only occur when the End User approaches the customer

and the decision should be given prior to the switch commencing. An INED reiterated that this is something that should be looked into further as the End User journey does not reflect the process being easy or without barriers. The Chair advised Pay.UK went to the treasury to get the awareness target changed to consideration. The response was that this could not be amended at this time and that further research would need to be undertaken to look at competition in the market before advising. There is no timeline given but until that occurs measures will not be changed and Pay.UK will be unable to look at the cost of running the service. If upon review the treasury pick up on points like these there may be a fresh set of directions to address the competition in the market. It is therefore timely to have review and unearth what is really underneath. This will allow an understanding of the dynamics and allow for a coherent answer if asked. **Customers to advise if they have an eligibility checker on their website and also if signposted as part of the switching journey (Customers 23/03/2023).** An INED clarified we need to find out if it comes down to affordable lending or a credit issue or if there is something that can be done about it. Santander advised it was about three years ago the messages about overdrafts not being a barrier were added to the websites and for Santander it may be a case of the message and the eligibility checker being added at different points within the journey and not linked together which is something they would look to improve.

Pay.UK advised a need to go to a more granular level of detail when it comes to the SME population (at the moment all in scope businesses are grouped into one category). Sole Traders and micro entities are not being captured. From the feedback at the ARWG there are those who have a personal account with one Customer, a Business account with another Customer and are unable to bring the two together to run their business as they should. This could be explored further at the next strategy day. An INED added that the point Liz Barclay raised was that Pay.UK should stop talking about SME's as SME's stretch quite a way in terms of size, profitability, revenue etc. The focus has been on Sole Traders and Sole Traders do not think of themselves as SME's. This could help to target them better and the vulnerabilities they face. Pay.UK supported this and added the Small Business Commissioner called out at each of the panel events that of the 5.5million businesses in the UK 4.3million are Sole Traders or micro businesses with just 35,000 medium businesses.

CASS Strategy Day 2023

Pay.UK announce a placeholder has gone out for the 22 February 2023 for a meeting to present back to the committee the proposed structure and topics for the next strategy day. If there is anything further the committee reps wish to be discussed/tabled or

incorporate they are to reach out to the CASS team at Pay.UK to share and discuss. Pay.UK confirmed an update on the NPA will be on the agenda.

12/22.05 PARTICIPANT DASHBOARD

Pay.UK referring to AI 12/22.05 noted DELETED [COMERCIALY SENSITIVE] which has been linked to several incidents/service alerts from customers which were one off events. Year to date Pay.UK are at the required KPI DELETED [COMERCIALY SENSITIVE] and expect to remain so DELETED [COMERCIALY SENSITIVE].

DELETED [COMERCIALY SENSITIVE] The Chair noted to help clarify the discussion a dip in completion SLA for Cash ISA in December. This would be seen as concerning if continues as the figure is just on the SLA at the moment. Pay.UK responded by advising the volumes were not anticipated and so the resources within some customer processing teams to manage the spike were not in place. The forecasting for both CASS and Cash ISA is strong even when we compare to this year (when as Nationwide said there was a huge spike).

12/22.06 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22 September 2022 were **approved** without comment. The redacted minutes were approved for publication with the redaction around research on page 5 to be reviewed. **Pay.UK to review and If specifics were shown online then redaction may be lifted (Pay.UK 23/03/2023). Post Meeting Note: Paper has now been published so redaction lifted.**

Santander raised a query asking if there was a maximum number of switches a customer could make? Pay.UK answered there is no limit and items will always be redirected to the ultimate new account.

12/22.07 ACTION LOG

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

Update: The meeting did not go ahead and is to be rescheduled in the new year. DELETED [COMERCIALY SENSITIVE]

Decision: C/F (23/03/2023)

09/22.01.b CASS COMMS & MARKETING AWARENESS UPDATE: Pay.UK to provide an offline update providing additional detail on the model outputs, to ensure the finding discussed was causation and not correlation

Update: Update sent to committee.

Decision: Closed

09/22.03.a Push Updates to all Participants/Customers via Service: INED (Faith Reynolds) will engage with Radium to explore the benefits and share findings with the Chair and Pay.UK.

Update: An INED advised discussion took place over the CoP angle and how to use CoP to check the details of an End User. It was advised an AISP (Account Information Service Provider) could be raised for this purpose. A follow-up meeting has been arranged with Pay.UK.

Decision: Closed

09/22.03.b Push Updates to all Participants/Customers via Service: INED (Chris Pond) agreed to follow up with Innovate Finance and Tech Nation to explore issues and feed back to group to further support this work

Update: There is some development around digital ID as supported by the Khalifa review. Tech UK advised it would be a powerful weapon against online fraud. DCMS held a lengthy consultation following which the government introduced the 'Data Protection and Digital Information Bill' which included powers to establish a digital ID. It is unlikely to be introduced in the expected timetable of next year. This is an interesting area to explore further and it may be worth having a further discussion with the appropriate people with the technical expertise.

Decision: Closed

09/22.05.c Payments Transfer Service : Pay.UK to discuss if recommendations will be taken forward via 1:1 customer sessions

Update: Update to be covered under AI 12/22.04.

Decision: Closed

09/22.01.c CASS COMMS & MARKETING AWARENESS UPDATE: Pay.UK Marketing to circulate a note off line once September awareness data is received to confirm agreed media spend.

Update: Confirmation of additional budget to be used provided to the Committee via email

Decision: Closed

09/22.05.a Overdrafts and Switching Research: Pay.UK to reach out to Liz Barclay, Small Business Commissioner, to obtain her perspective on the research. To conclude by early November

Update: J Ainsley spoken with Liz Barclay, research reviewed and LB has agreed to join the webinar being run by CASS/Pay.UK on this research on 10th Nov

Decision: Closed

09/22.05.b Payments Transfer Service : Pay.UK to discuss if recommendations will be taken forward via 1:1 customer sessions

Update: Update paper issued offline - to be discussed under AI 12/22.04.

Decision: Closed

An INED proposed the possibility of holding a roundtable to discuss the impact of digital ID on payments and switching. There are many payments outside of the CASS guarantee and a question is would digital ID solve that problem or not? Also, if digital ID were to become the point of authentication then all products and services could be managed from that point. Pay.UK agreed to take this forward initially linking up with Daniel Jonas, Head of Research & Insight at Pay.UK

12/22.08 TERMS OF REFERENCE

There were no comments and the Terms of Reference was **approved** for 2023.

12/22.09 ANY OTHER BUSINESS

Pay.UK announced Jo Ainsley will be changing roles and has been promoted internally to become a Senior Product Delivery Manager. In the interim she will continue looking after CASS.

Also, Andrew Stazaker (HSBC) will be leaving his role as representative to move into a new role (Head of Products) for Vanquis Bank. This means there is another vacancy for a position on the SSCC (now two). A communication will go out to the CASS/Cash ISA community to see if there is interest in the vacant positions.

Date of Next Meetings:

- 22 February 2023 – Ad-hoc Strategy Meeting
 - 23 March 2023 – Next SSCC Meeting
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