

Pay.UK Limited Minutes of the Switching Services Customer Committee held on 21 June 2023 (Hybrid)

Attendees:	Initials	Organisation
Jo Kenrick	JK	INED (Chair)
		Pay.UK (Secretariat)
		Pay.UK (AI 06/23.04 only)
		Pay.UK (AI 06/23.04 only)
		Pay.UK
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		Pay.UK (AI 06/23.01 only)
		Pay.UK
		Pay.UK
		Pay.UK
		Bank of Ireland
		HSBC
		INED
		INED
		Lloyds Bank
		Nationwide
		Santander
		Starling Bank
		NatWest
Apologies:		
		Barclays
		Pay.UK

Ref **Item**

06/23.01 SWITCHING SERVICES BUDGET UPDATE

Pay.UK Finance provided the update for Current Account Switching Service (CASS) and Cash ISA Transfer Service (CISA), which covered year-to May 2023 and the 2023 full year draft forecast. Pay.UK reminded the Committee that the budget was set in 2022 DELETED [COMMERCIALY SENSITIVE]

DELETED [COMMERCIALY SENSITIVE]

Pay.UK to include pricing on September agenda (Pay.UK 26/09/2023)

The Chair observed there were also questions that needed addressing on the governance of this Committee. Decisions had previously sat with this group and if there is a different approach to how pricing is set that will need further exploration. Pay.UK added that it was trying to move away from short term pricing to a more forward-looking three-year planning cycle. **The Chair asked Pay.UK to share the pricing principles with the Committee ahead of the meeting in September.**

(Pay.UK DELETED [COMMERCIALY SENSITIVE] 15/08/2023)

06/23.02 SWITCHING SERVICES RISK UPDATE

The Committee were asked to note the paper which provided an update on risk. With reference to action 03/23.02, future risk updates to this Committee will focus on the status of open and emerging directorate level operational risks, that directly impact Switching Services. Updates concerning Pay.UK's Enterprise Risk Management Framework (ERMF) and related programmes, that potentially impact the services will be provided on an ad-hoc basis, if there have been sufficient levels of progress made that require further discussion at this Committee. Future updates will be provided by the Switching Services Product Owner DELETED [COMMERCIALY SENSITIVE], who will continue to engage with other project managers across the ERMF to obtain a wider view on activities underway.

DELETED [COMMERCIALY SENSITIVE] The Chair asked if there was any requirement for a more substantive, detailed risk discussion. Pay.UK believed this was not necessary and there were no objections from the Committee.

DELETED [COMMERCIALY SENSITIVE]. DELETED [COMMERCIALY SENSITIVE]

06/23.03 CASS COMMS & MARKETING AWARENESS UPDATE

Pay.UK Comms provided the update, highlighting the following key points:

- A new creative approach ran January to March 2023.
- KPIs on awareness have been reached and awareness was higher at the start of the campaign.

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- High levels of trust and relevance achieved across all target audience groups.
 - Consumers are considering a switch.
 - Campaign approach has been well received. DELETED [COMMERCIAL SENSITIVE]
 - Learnings have found this approach is less informative, therefore a refinement exercise will take place on the messaging.
 - CASS 10-year anniversary; work is underway on how to mark the event.

Starling Bank observed that the last three months has seen increases in inflation and interest rates which could make it harder to deliver the message on the benefits of CASS to consumers. Are Pay.UK looking at the messages and addressing this potential risk? Pay.UK confirmed that research was underway with sub-groups on this matter which will ensure messaging is tailored appropriately. Starling Bank requested a further update on this point in September and in terms of the budget, Starling Bank were supportive of the proposal. An INED supported Starling's comments and suggested that CASS messaging could also be used to educate consumers on how to manage their finances. Pay.UK agreed the current, main campaign is driving awareness of an overarching message, however social content has been more targeted and directs consumers to where they can go for help. Pay.UK agreed to review messaging for the Q3 burst of activity. **Pay.UK to provide a further update in September on refinements to messaging content, factoring in comments from Starling Bank and an INED (Pay.UK DELETED [COMMERCIAL SENSITIVE] 26/09/2023).** An INED also raised a point on consumers carrying out multiple switches, and obtaining the incentive, however they are not necessarily aware of the impact on their credit score. The question is what is the path from seeing the advertisement to carrying out the switch and what are the benefits; is the website content helpful. Pay.UK advised it is looking to update the website to improve the customer journey and provide the right level of information, tailored to the consumer.

The Chair noted that Pay.UK were looking at the econometric model which has driven the proposed investment on increasing the awareness, asking what level of confidence was there in the current model and was there any risk. DELETED [COMMERCIAL SENSITIVE] Pay.UK advised the current modelling uses the new creative approach and the projections calculated after the investment should land at 77% average awareness for the year and the team were confident that at year end, the figures would not settle under the 75%. The Chair observed the current model was a broadcast strategy which did not allow for immediate uptick in TV activity, and should further media spend be required, it will be during a more expensive time of year i.e. Christmas meaning there would not be a lot of time left to increase awareness levels. The Chair also added that

in worst case scenario, when do Pay.UK need to decide on what options are available for advertising, how much flexibility is there and what would be required to improve the awareness levels. Pay.UK advised that it was monitoring activity and if come September/October there was a need to switch on additional activity it would. DELETED [COMMERCIALY SENSITIVE]

Pay.UK agreed to look at the Q3 media plan, and consider any activity that could be brought forward, and upweighted, to keep awareness levels at or above the required level. (Pay.UK DELETED [COMMERCIALY SENSITIVE] 07/07/2023).

The Chair asked the Committee if they could share offline what activity and budget it had allocated for advertising for the second half of the year as this will support Pay.UK in its review. DELETED [COMMERCIALY SENSITIVE] (Customers 14/07/2023)

An INED requested Pay.UK set up an alert that triggers an email when the awareness level drops below 75% month on month, and also felt that the target should be 80% and not 77%. (Pay.UK DELETED [COMMERCIALY SENSITIVE] 07/07/2023)

06/23.04 WORKSTREAM UPDATES

Research Update

Pay.UK advised two areas of research had commenced, the breakdown of which was detailed in the supporting paper and focussed on the SME's and the 18-24 age group. The results for SMEs are currently being reviewed and will be shared shortly. In terms of the 18-24 research, Pay.UK advised it had been using a specialist youth research agency; the results are just emerging and will need reviewing before sharing. An INED noted that many SMEs continue to use a personal account for conducting their business; does the research provide sufficient detail on the differences between other end users and SMEs. Pay.UK confirmed it had factored this in and agreed SMEs need to be encouraged to split their business activities away from a personal account to a business account. Pay.UK advised the learnings would be shared with an agency, with a view to developing the messaging content appropriately and engage with the stakeholder groups to gauge their feedback.. The sole trader market is significant and these difficulties should be considered. Pay.UK believed this matter should be discussed at the CASS Acceptance Rate Working Group. Due diligence is required on what bank policies are in relation to personal accounts and business banking and ensure the advice is structured appropriately to protect consumers applying for the different accounts. An INED observed the banks do have a role to play in helping consumers understand what is appropriate, and referred back to how the comms strategy can support the education piece i.e. what the benefits are of a business

account. It is also important to work with trusted intermediaries for sole traders, who would convey the message on behalf of CASS.

CASS Horizon Scanning

Pay.UK provided the update and ask the Committee to note the paper and supporting slides, which provided detail on activity up to March 2023. In terms of Open Finance, this does appear to be the direction globally but it will take a number of years before it is live in the UK, however CASS does need to be aware that it is in the pipeline. The Chair asked for clarity on the point “incentives are a key push factor in switching; high levels of incentives may cause delays in the seven-day switch”. Pay.UK stated that incentives are one of the largest causes of consumers switching, if high volumes of switches materialise, it could create challenges for the central or CASS Customer’s infrastructure and meeting the seven-day SLA. An INED noted that switching is not an option for those that use a digital wallet or e-money account; is there any research on the size of this market and how many banking as a service provider are active in the market, why are they not using bank accounts and what is the impact on the CASS awareness target groups? Pay.UK stated it did not have any breakdown, and believed it sat within the 18-24 group, who may not necessarily know what a current account is. Starling Bank reminded the Committee that e-wallets /e-accounts do not have FCS and consumer protection and CASS needs to be mindful of not misunderstanding these differences. The Chair observed the current infrastructure of CASS may not be suitable for those e-banking organisations, however as many consumers are multi-bankers, payment transfer switching may be more appealing, so that needs to be considered as part of CASS’s plans. The CMA believe CASS should have as broad a reach as possible, this will facilitate fluidity in the market and CASS should be engaged with these e-money organisations for that reason. DELETED [COMMERCIALY SENSITIVE]

Consumer Duty Impact to CASS

Pay.UK advised the consumer duty for those in scope is the 31 July. CASS had engaged with the FCA to understand if changes were required to the Customer Agreement and the Closure Instruction. The FCA feedback was that as Pay.UK are not regulated by the FCA it is not obligated to make any changes to the documentation, however should Customers feel that end-users would struggle to understand the information provided they should look to introduce additional collateral that provides clarity. Alternatively, Pay.UK would welcome feedback on any changes from Customers to include in future versions of its documentation, that will be fed into the annual documentary review. CASS Operations Committee are also aware of this update and to date no additional

feedback has been received, it is also important to note there is no impact on CISA. An INED shared the fact that there is concern in the market that consumer duty could have an impact on financial institutions, who may be more cautious about the customers they provide services to and feel they could fall foul in error if they take on more vulnerable customers. **The INED then asked if Pay.UK had carried out any research on the end user base which may be affected by this. Pay.UK advised it had not undertaken anything specific on this matter and requested an offline catch up to obtain more detail and agree a way forward. (Pay.UK DELETED [COMMERCIAL SENSITIVE] 28/07/2023)**

Starling Bank confirmed it was not impacted by consumer duty and regular switching just to obtain a cash incentive may not be improving outcomes for customers across the current account market. Starling suggested that in the spirit of consumer duty, this could be considered by CASS. Nationwide questioned how CASS and Pay.UK could be part of this, as it simply provides the rules that Customers have to abide by. DELETED [COMMERCIAL SENSITIVE] An INED added there is a question around the CASS objectives that were originally set out and believed there were still areas that needed addressing; what are CASS doing to meet these objectives and by doing so would also meet the consumer duty point. Whilst Pay.UK will not come under pressure to deliver consumer duty, the banks might.. An INED reminded the committee about the points raised today on helping to educate consumers, however that may cross into regulatory parameters i.e. offering regulated advice instead of guidance. **The Chair asked this matter is included for discussion at the December meeting (Pay.UK DELETED [COMMERCIAL SENSITIVE] 19/12/2023).**

Acceptance Rate Working Group (ARWG)

Pay.UK advised the updated CASS FAQ concerning credit rating impact linked to switching has been approved and is now live. Pay.UK added that Lloyds had encountered a spike in outgoing switches linked to the off-boarding of Intelligent Finance customers and the closure of its current account book. In addition, Pay.UK advised it would raise the point of sole trader switching at the CASS Operations Committee as the working group will not be meeting until August. DELETED [COMMERCIAL SENSITIVE]

Santander believed ARWG was merging with the CASS Operations Committee; Pay.UK advised this matter was still under discussion and nothing had been finalised. **(Pay.UK to invite DELETED [COMMERCIAL SENSITIVE] Santander to the ARWG).**

Strategy Day Feedback

DELETED [COMMERCIALY SENSITIVE] Starling Bank were supportive of these new initiatives DELETED [COMMERCIALY SENSITIVE] . In terms of rejections Starling Bank does try to understand the reason for the rejection to ensure the next engagement is the best it can be and that the problem can be fixed. The Chair asked Pay.UK to provide a document that details items that are actually going to be progressed and what support is going to be required. **Pay.UK stated it is currently discussing the regulatory obligation review, the strategic review, marketing and futureproofing and agreed to create a roadmap which it would share with this Committee. (Pay.UK DELETED [COMMERCIALY SENSITIVE] 26/09/2023)**

06/23.05 CASS REGULATORY REVIEW UPDATE

The Chair commented that this document was helpful, however to have a reminder of what the actual obligations are would be more beneficial and would help support further discussion and benchmarking. **Pay.UK suggested an additional workshop in July with the outputs shared at the September meeting. It would also circulate a copy of the Bacs/CMA undertakings with the post meeting papers (Pay.UK DELETED [COMMERCIALY SENSITIVE] 29/06/2023)**

06/23.06 PARTICIPANT DASHBOARD

The Committee were asked to note the dashboard.

06/23.07 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 23 March 2023 were **approved**.

In terms of the minutes of the redacted meeting held on 23 March 2023 a tracked change version had been uploaded to SharePoint during the meeting. Customers were asked to review and provide any questions by 30 June, if nil returns they will be taken as approved for publication.

06/23.08 ACTION LOG

Actions Marked for Closure

03/23.01.a	03/23.02	03/23.04.a	03/23.04.b	03/23.04.c
03/23.09	12/22.04.e			

Update: No objections to close.

Decision: All closed

06/23.09 TERMS OF REFERENCE

The Chair noted there were a number of areas that needed clarification and would follow up with Pay.UK offline ([Pay.UK JD 30/06/2023](#))

06/23.10 AOB

An INED asked if the ideation session on AI and Cloud was still required, and suggested it forms part of the strategy discussions.

DELETED [COMMERCIALY SENSITIVE] meeting. DELETED

([Pay.UK](#) DELETED [COMMERCIALY SENSITIVE] [29/06/2023](#) – add DELETED [COMMERCIALY SENSITIVE] [to future invites and distribution lists](#))

DELETED [COMMERCIALY SENSITIVE] Nationwide suggested a matrix of membership, to understand the roll off timeline and ensure the future transition to new members is a smooth and phased process. Pay.UK advised it was looking at this and had held discussions with the Chair.

Date of Next Meeting: 26 September 2023
