

# Pay.UK Limited

## MINUTES OF THE SWITCHING SERVICES CUSTOMER COMMITTEE MEETING HELD ON 19 DECEMBER 2023

Members		Attendees
Jo Kenrick (JK)	Independent member & Committee Chair	Pay.UK
	Santander	Pay.UK
	Starling Bank	Pay.UK
	HSBC	Pay.UK
	Bank of Ireland	Pay.UK
	Nationwide	Pay.UK
	Independent member	Pay.UK (Secretariat)
	Lloyds	
Apologies		Observer
	Independent member	Future Independent member
	NatWest	
	Barclays	

\*Committee members and attendees met by video conference.

### 12/23.01 Opening Business

#### Quorum

The Chair confirmed that the meeting was quorate.

The Chair welcomed everyone to the meeting. She introduced DELETED [COMMERCIALY SENSITIVE] of Starling Bank and DELETED [COMMERCIALY SENSITIVE] who would become an independent member of the Committee in January.

#### Conflicts of Interest

The Committee members were asked to declare any interests in relation to any of the agenda items to be discussed. An INED declared that she would not take part in the discussion over regulatory KPI's as this would conflict with her role at the PSR.

#### Minutes of the previous meetings

The redacted and unredacted minutes of the meetings held on 19 September 2023 and 14 November 2023 were both **approved**. Further to this the redacted minutes from both meetings were approved for publication on Pay.UK's website.

### 12/23.02 Pricing and Deferred Income

Pay.UK Finance provided the update for the Current Account Switching Service (CASS) and Cash ISA Transfer Service (CISA). DELETED [COMMERCIALY SENSITIVE].

DELETED [COMMERCIALY SENSITIVE]

DELETED [COMMERCIALY SENSITIVE]

DELETED [COMMERCIALY SENSITIVE] Volumes would continue to be monitored in 2024.

DELETED [COMMERCIALY SENSITIVE]

Pay.UK noted that in addition to the number of cash incentives to switch, the volumes in 2023 had also been affected by two large providers closing their current account books and offloading thousands of end users through CASS, which would continue into 2024. DELETED [COMMERCIALY SENSITIVE]

DELETED [COMMERCIALY SENSITIVE]

### **12/23.03 Switching Services Risk Update**

Pay.UK (JD) advised the risk paper primarily focused on the risk around DELETED [COMMERCIALY SENSITIVE] Pay.UK had met with HMT and the PSR to discuss this matter highlighting the root cause analysis undertaken. Neither had concerns with the rationale provided. The satisfaction scores were also compared against other sectors using the UK satisfaction index as a reference point, which itself has seen a decline this year.

Consumer expectations were also rising in addition to the increase over the past few years of current account books closing e.g. Tesco, M&S Bank, Intelligent Finance, Citi Bank etc. which had resulted in an increase in forced switches by end users. Analysis was continuing particularly with the tracker and the survey questions posed. The graph in the appendix outlined the monthly satisfaction scores were volatile and had varied considerably throughout the year. The regulators were not looking for any remediation activity in the short term following the update provided.

An INED commented that if the CASS remit was narrowed in the future then it's helpfulness for switching may be undermined for consumers. Switching was occurring but the journey could work better for consumers. SME's were struggling to switch first time, whilst consumers were struggling to shop around and get the help they needed to decide.

DELETED [COMMERCIALY SENSITIVE]

The Bank of Ireland commented that the focus at the beginning was the process of switching and the account opening was left out and was considered to be differentiated. Pay.UK responded that the satisfaction measures could be narrowed to only look at satisfaction of the switch. DELETED [COMMERCIALY SENSITIVE] The INED asked what could be the radical solution to make guidance on switching clearer, hassle free and convenient. DELETED [COMMERCIALY SENSITIVE]

Pay.UK agreed to share extracts from DELETED [COMMERCIALY SENSITIVE]. **ACTION: JD**

Pay.UK to review the proposed changes DELETED [COMMERCIALY SENSITIVE] with the incoming Chair and INEDs. **ACTION: EB**

### **12/23.04 Business Acceptance Rate Update**

Pay.UK reminded the Committee that during the September meeting it was agreed to revisit business acceptance rate performance improvement options, and to provide an update on the analysis.

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DELETED [COMMERCIALY SENSITIVE] Pay.UK had reached out to the CASS Operations Committee to confirm how each Customer approaches the scenario internally, DELETED [COMMERCIALY SENSITIVE]. As the paper outlined there were differing approaches based on appetites.

A question was asked as to whether Pay.UK should mandate acceptance of the switch if all other information was acceptable for the switch and feedback was still being received. Internally Pay.UK was exploring the legal aspects of this and would provide an update at the next Committee meeting. Pay.UK commented that it came down to the different interpretations of what was required for the switch. Some of this could be down to internal legal advice and fraud controls, so for 44% of Customers the rejection code would prevent some or all types of switch, whilst 56% of Customers would allow a partial or full switch to proceed. Pay.UK was happy to continue the work on this to resolve the disparity in legal advice.

The Bank of Ireland enquired if the criteria should be adjusted amend what was required to identify fraud.

The Chair asked if the Committee was comfortable with the analysis. All members agreed and no further comments were received.

### 12/23.05 CASS REGULATORY REVIEW UPDATES

JD highlighted that the paper summarised the proposals discussed during the September workshop and provided updates on activity undertaken since that meeting. DELETED [COMMERCIALY SENSITIVE].

Pay.UK advised that it was ready to move into the next phase by arranging an initial conversation with the regulators to ascertain their feedback on the regulatory review and KPI's. DELETED [COMMERCIALY SENSITIVE].

The Chair clarified that the Committee could suggest they were happy for the suggestions to be made to the regulator on the basis of simplification and avoidance of duplication, but that the Committee would not be able to approve non-compliance DELETED [COMMERCIALY SENSITIVE]. Pay.UK noted that the final KPI proposal would come back to the Committee for approval in due course.

Following due consideration the Committee was not able to approve DELETED [COMMERCIALY SENSITIVE].

### 12/23.06 CASS MARKETING: EVOLVING THE KPIS

Pay.UK informed the Committee that following the meeting in December an action was taken to look at the media spends required to deliver the combined consideration KPI. The historical econometric model had been updated with the data in relation to the new campaign and awareness figures seen throughout the year. The modelling showed that in order to deliver the proposed consideration KPI some savings could be made, but these would depend on the setting of the KPI. DELETED [COMMERCIALY SENSITIVE] On the satisfaction KPI the Committee considered that alternatives should be considered to drive better end user outcomes.

Pay.UK highlighted that a workshop had taken place in December and the pack from this workshop would be shared with the Committee. **ACTION: AG**

Pay.UK noted that they would like to provide value for the Committee and there had been learnings around the challenges of the achievement of the KPIS. Pay.UK add that it was about informing the debate on what the KPI's should be and the strategic intent was to focus more on the underserved segments where switching was less prevalent. The expectation was that it would be less expensive to service those smaller markets. The Chair advised the way it is written or framed could allow for the proposal to be misconstrued as a proposal to save money. An INED observed that the paper did not promote a positive

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message and asked where it had originated from as it felt different to the outcomes of the strategy day. Pay.UK responded that direction of travel was in line with the outcomes of the Committee workshop in September, but recognised that it would worth holding a review meeting with the incoming Chair and INEDs before progressing. It was further noted that 2023 would be the most successful year ever for switches, DELETED [COMMERCIALY SENSITIVE]

An INED advised that whilst it was important to focus on target groups the whole outcome for the journey needed to be considered and followed all the way through. For example, the work to improve on overdraft switches had not been finished. The Bank of Ireland approved of the conversations concerning the satisfaction KPI and was supportive of moving the targeting of segments to drive competition.

Santander commented that the format did not help and made it look like the focus was to reduce financial impacts. Also, reducing the focus on CASS when the other services may not be given the right focus may be wrong as the other services may need the support CASS had. An overdraft checker was previously discussed and the Committee asked where Pay.UK was with that. Pay.UK responded there was an eligibility tracker on most Customer websites with some Customers proposing improvements in this area. The Chair advised the requirement was always to focus on mass marketing as well as the targeted media, and was never about stepping away from one to the other.

The Chair added that this conversation reflected the purpose of the Committee and that it had a broader remit going above the technical piece. There should be clarity on the core strategic focus rather than looking at the other pieces around this. The Bank of Ireland agreed and asked if the regulator had requested a broader remit. DELETED [COMMERCIALY SENSITIVE]

An INED reflected that the challenge with undertaking a narrower remit was that the existing problems needed to be resolved.. DELETED [COMMERCIALY SENSITIVE] The budget and setup would allow for more to be done and it may be better to look at the outcomes the Committee was trying to achieve and setup a budget for that, rather than the other way around.

Pay.UK Comms advised the new campaign would commence in January 2024.

### **12/23.07 CASS RESEARCH UPDATE**

The Chair observed that the paper linked to the work on the satisfaction KPIs and provided granularity. Pay.UK added that the paper would allow enhanced focus on drilling down into the questions on satisfaction with the journey itself.

Following discuss the Committee highlighted its support of the paper.

### **12/23.08 CASS STRATEGY DAY FUTURE FORMATS**

An INED commented that reducing engagement was not desirable due to a loss of strategic input. The Chair advised that a paper be tabled during the first committee meeting of 2024 to capture the views of the new team. **ACTION: JD**

DELETED [COMMERCIALY SENSITIVE] . An INED suggested getting the value of the work by Manifesto by publishing the outputs produced including personas. Santander added that the benefits of the meeting could be better communicated with an update of progress made.

Pay.UK advised that the new SSCC Strategic Dashboard included the key topics that delegates raised at the Strategy Day in March. DELETED [COMMERCIALY SENSITIVE].

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On the wider stakeholder piece there had been significant research for the SME/sole trader's perspective and 18-24's with work underway on the next research piece which focused on the Financially Vulnerable. Engagement was expected to take place with representative groups to see how the wider stakeholder engagement could progress.

Following due consideration the Committee rejected the proposal to pivot annual SSCC strategy events to form part of SSCC quarterly meeting scheduling.

**12/23.09 SSCC MONTHLY DASHBOARD**

It was noted that dashboard had been circulated offline and no comments were received.

**12/23.10 ACTION LOG**

Action Log

The Action Log was considered and the status of each open item noted.

**12/23.11 Any Other Business**

Pay.UK updated the Committee that DELETED [COMMERCIALY SENSITIVE] had agreed to step up as independent members of the Committee, with three year terms commencing on 1 January 2024.

DELETED [COMMERCIALY SENSITIVE] had also been appointed to be the independent interim Committee Chair, commencing 1 January 2024, with induction meetings for this role to be arranged in the new year. An external search for a new independent Chair would be launched early January led by Pay.UK's Senior INED DELETED [COMMERCIALY SENSITIVE] The Committee requested that this advert be shared once available so that it could be forwarded onto interested parties. **ACTION: CG**

As there was no other business the Chair closed the meeting.