

Pay.UK Limited Minutes of the Switching Services Participant Committee held on 27 April 2021 at 10:30pm via Zoom

ATTENDEES:

Jo Kenrick

ORGANISATION:

INED (*Chair*)

Pay.UK (*Secretariat*)

Pay.UK

Pay.UK

Pay.UK (*AI 04/21.02*)

Pay.UK (*AI 04/21.02*)

Pay.UK (*AI 04/21.03 and 04*)

Pay.UK (*AI 04/21.03 and 04*)

Bank of Ireland

Barclays Bank PLC

Engine (*AI 04/21.03 (partial) and 04*)

Engine (*AI 04/21.03 (partial) and 04*)

INED

INED

Lloyds Banking Group

HSBC

Nationwide

NatWest Group

Santander

Starling Bank

APOLOGIES:

04/21.01 Welcome to new participant representative

[Redacted- commercially sensitive]

04/21.02 Switching Services Budget Update

Pay.UK provided an update on the CASS March YTD and 2021 draft forecast as outlined in the accompanying paper.

CASS

[Redacted- commercially sensitive]

[Redacted- commercially sensitive] However, given the high participant forecast, it is recommended requesting participants to reforecast for the remainder of the year. Participants were generally happy to reforecast towards ends of H1 to capture any change. NatWest Group noted that the current surge in Covid-19 cases in India may impact organisations with dependencies in the country, and the impact may be better understood within the next few weeks. The Committee **agreed** providing a reforecast (of all participants) ahead of the next meeting was sensible.

Participants
10/06/2021

CISA

[Redacted- commercially sensitive] The Committee **agreed** providing a reforecast (to all participants) ahead of the next meeting was sensible.

Participants
10/06/2021

04/21.03 CASS Strategic Review

Pay.UK presented an overview of the CASS Strategic Review as outlined in the accompanying paper. The Review would cover the following three aspects:

1. What other products could CASS support in switching?
2. Is CASS on the right infrastructure?
3. Is CASS still driving an effective current account market.

The first two aspects would be covered as BAU and an update provided to the Committee at a future meeting, whilst the third aspect would be covered at this meeting. At the Committee's previous meeting, it requested the CASS Communications Working Group to scope the debate on whether CASS still drives an effective current account market. The paper outlined a three-stage proposed approach to the delivery of the review, which included Define, Design and Deliver stages. The intention of the high-level time line presented in the paper was to have a clear view of the plan in Q3 2021 and implement by Q1 2022.

The INED was keen that the Committee's engagement should be as consumer-focussed as possible in light of the debate regarding what a competitive market is, and suggested a working group to gauge members' views as part of the discussion. Pay.UK agreed that a working group or workshop would be helpful in shaping the discussion. Starling suggested that the starting point would be highlighting the importance of CASS's role in providing consumers with confidence to switch. Starling would also like the review to focus on other measures of success and what CASS can do to drive a competitive market, including the role of partial switching in testing customers' confidence in full switching. **[Redacted- commercially sensitive]** Pay.UK agreed to include these elements in the Design stage of the review. Further to a query regarding comparative work outside the UK, Pay.UK agreed to review and if applicable re-circulate research that had been done in this area previously. **[Redacted- commercially sensitive]** This review would provide an opportunity to identify and explore the areas that could be improved if the CMA were minded to revisit the service. One of the INEDs noted that whilst a working group would be helpful, it was crucial to reach out to the CASS target customer groups as identified by the regulator in the early stage of the review, especially in light of the fact they have been disproportionately affected by the pandemic. The other INED agreed that there was nothing explicit in the plan relating to the CASS target groups. Exploratory work should be done to identify and understand the reasons why those in the target groups choose to switch, and the review would be a good opportunity to partner with organisations who work with our target groups at these points such as money management or debt advice organisations. The INED noted that we should engage with the CMA to gauge its understanding of the changes in the competitive market, and that it would be helpful to have these conversations with the target groups and regulators during the Define stage of the review.

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Further to a query from Santander, Pay.UK advised it would include a channel review for the Deliver stage after it had established CASS's role. Should the KPIs be updated, this could determine whether we could define a new communication approach and review the channels that do not allow us to reach our KPIs.

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[Redacted- commercially sensitive] **[Redacted- commercially sensitive]** The Chair agreed that the recent research that defined multi banking would be recirculated. **[Redacted- commercially sensitive]**

The Chair acknowledged that this was a significant piece of work that was happening in the context of other Pay.UK workstreams and looked forward to the work progressing. Pay.UK agreed to contact Committee members to progress the engagement scope. The Committee **agreed** with the overall approach of the Review.

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04/21.04 CASS H2 2021 marketing activity and 2021 budget proposal

Pay.UK presented the its planned approach and budget requirements for H2 2021 and 2022 as detailed in the accompanying paper. The CASS Communications Working Group had presented four different scenarios to ensure CASS continues to meet its regulatory obligations during this period **[Redacted- commercially sensitive]**.

[Redacted- commercially sensitive] The cost of a current account had increased over the past few years, and whereas previously it was an enabler for other bank products such as mortgages and savings, this was not necessarily the case anymore. Discussions with the regulators should include the need to review the KPIs to reflect current trends. **[Redacted- commercially sensitive]** If the KPIs were more relevant they would have more support from the market.

The Chair acknowledged the shift in consumer journeys from in branches to online and suggested that banks could work towards increasing the Trustmark visibility through their online channels. The Committee **agreed** to endorse the recommended 2B budget.

04/21.05 Risk update

Pay.UK provided an update of its risk profile, noting that it remains relatively stable **[Redacted- commercially sensitive]** Pay.UK is comfortable that there is sufficient activity being undertaken to mitigate these. **[Redacted- commercially sensitive]**

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19/05/2021**04/21.06 Workstream updates**

- a) CASS Future Scenarios/ Horizon Scanning WG: At the previous meeting it had been agreed to form a Working Group (WG) to discuss the CASS Future Scenarios document. The WG had its first meeting on 21 April, and the input/feedback had been incorporated into a revised version of the summary document. A second meeting was scheduled for 28 April 2021, and it is anticipated that a final version of the document will be presented to the Committee at its next meeting on 24 June 2021.
- b) CASS e-Benchmarking activity: Sixteen participants had agreed to take part in the e-Benchmarking analysis of their digital / mobile switching journeys. The analysis will include mapping both customers requesting to switch on to an existing account within a bank and those who wish to open a new account and switch to a new bank. The outcome will first be presented to the Acceptance Rate Working Group (ARWG) before being considered by the CASS Operations Committee, and then reported to this Committee to decide the next stage of the activity.

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- c) CASS Acceptance Rate Working Group: The ARWG recommended a change to the daily acceptance rate and commercial rate data reporting where it would exclude what has been identified as the industry's six primary rejection codes, in addition to those already excluded from the sub table within the data. **[Redacted- commercially sensitive]** Previously a more detailed conversation during an in-branch face to face experience may have prompted the customer to recognise the facility and agreed to make changes before submitting the switch. Such details tend to be lost during digital journeys, despite how prompts and/or questions are phrased and presented.. **[Redacted- commercially sensitive]** Further to a query from Lloyds Banking Group, Pay.UK confirmed that the overall figures in the report also included errors caused by customers such as not updating their address with their old bank before commencing a switch. Again, this was something that was easier to avoid with the in-branch experience yet not as much via a digital one. Further to a query from the Chair, Pay.UK advised that the total rejected switches for all R codes presented in Appendix 2 included multiple rejections for a single customer, such as not having updated their surname and address before commencing a switch. The e-Benchmark activity would give an indication of which participants have a strong digital journey and best practice would be shared to mitigate against rejections from digital submissions. However, there would be some rejections which may persist for some time whilst digital processes, and changes to these, are embedded. **[Redacted- commercially sensitive]** The INED suggested that in order to provide more transparency to the figures the true acceptance rate and the adjusted rate minus the agreed R codes for each participant should be included so the net can be identified. The Committee agreed that it should be reported to the ARWG that whilst it acknowledges the work it has undertaken, the data reporting should remain transparent, and the representatives should liaise with their senior colleagues in their organisations and Pay.UK to continue to work towards improving the acceptance rates back to the 94%. The Committee also requested ARWG representatives to provide the business model of their current accounts to understand what has changed over the last few years **[Redacted- commercially sensitive]**. This action will be progressed by Pay.UK via the CASS Ops Committee and ARWG. **Pay.UK 25/05/2021**

04/21.07 Participant dashboard

[Redacted- commercially sensitive]. It was noted that the dashboard had been circulated separately. At the request of the INED it was agreed that it would be included with the agenda papers for future meetings. **Pay.UK 30/04/2021**

04/21.08 Minutes of the previous meeting

The minutes of the meeting held on 25 February 2021 were signed off as were the redacted **Pay.UK** minutes, **[Redacted- commercially sensitive]** **30/04/2021**

04/21.09 Action log

All actions featured on the log were confirmed as complete and proposed to close.

04/21.10 Any other business

There was no other business discussed.

Date of next meeting: 24 June 2021 at 10:30
