

Pay.UK Limited Minutes of the Switching Services Participant Committee held on 25 November 2021 at 10:30am via Zoom

ATTENDEES:

Jo Kenrick

ORGANISATION:

INED (Chair)
Pay.UK (Secretariat)
Pay.UK
Pay.UK
Pay.UK (AI 11/21.01)
Pay.UK (AI 11/21.02)
Pay.UK (AI 11/21.03)
Pay.UK (AI 11/21.05 (partial))
Pay.UK (AI 11/21.05 (partial))
Bank of Ireland
INED
Lloyds Banking Group
HSBC
Nationwide
NatWest Group
Starling Bank

APOLOGIES:

INED
Barclays
Santander

ITEM**SUBJECT****ACTION****11/21.01 SWITCHING SERVICES BUDGET UPDATE**

Pay.UK provided a Switching Services update on October 2021 financial performance.

CASS

Pay.UK walked the Committee through the October YTD and full year 2021 draft forecast as detailed in the accompanying papers.

[DELETED – COMMERCIALY SENSITIVE]

CISA

[DELETED – COMMERCIALY SENSITIVE]

CASS 2022 budget

[DELETED – COMMERCIALY SENSITIVE]

11/21.02 SWITCHING SERVICES RISK UPDATE

Pay.UK provided an update of its risk profile. [DELETED – COMMERCIALY SENSITIVE]

11/21.03 CASS STRATEGIC REVIEW

Pay.UK walked the Committee through the update of the CASS Strategic Review, providing a recap of the options considered and agreed at its extraordinary meeting on 7 October 2021, the response to the queries and proposal, and an update on the approach for 2022 as detailed in the accompanying slide deck. Starling Bank thanked Pay.UK for discussing offline and considering the feedback, also noting that it is a strong proposal. **[DELETED – COMMERCIALLY SENSITIVE]**

Lloyds Banking Group queried whether the satisfaction measurement is the same used on the dashboard. Pay.UK confirmed that it is the same data used. The INED queried how the levels of Consideration correlate to the levels of Satisfaction. Pay.UK noted that the data demonstrated that 30% of those who were Quite Satisfied were also considering switching, indicating that it is not only those who are dissatisfied who consider switching. Pay.UK acknowledged that those in the Satisfied, Very Satisfied or Considering are considered separately. Therefore **Pay.UK will investigate if this means those who are ‘very satisfied and considering’ count towards the consideration metric.** The INED noted that this was an important number to capture as it would help understand the appeal of innovation, and would also be helpful to have the figure to hand if it were queried by HMT. **The Committee agreed the proposed target outlined in the paper.**

Pay.UK also walked through the updated 2022 budget proposal as detailed in the accompanying slide deck, noting that consideration has been given to continuing the delivery of the existing KPIs whilst preparing for the transition to the new ones. This has been considered for the proposal to utilise the 2021 Comms & Marketing contingency budget noted during AI 11/21.01. **[DELETED – COMMERCIALLY SENSITIVE]**

The Committee thanked Pay.UK for the quality of papers produced which enabled a good discussion on the matter and gave the Committee sufficient understanding of the proposal in order to support it.

Pay.UK
16/12/2021

11/21.04 CASS STRATEGY DAY 2021

Attendees to the CASS Strategy Day, which took place on 15 October 2021, provided a lot of detailed input, which was summarised within the accompanying slide deck for the Committee. Pay.UK focused on the final slide of the deck which outlined the next steps for consideration/approval, being mindful of the fact that participants would have already planned their respective work priorities, change budgets, resources and other commitments for 2022. As such, the initial exploration would be driven primarily by Pay.UK throughout 2022 in order to provide enough notification to participants of what may be required in 2023, and for participants to agree whether these are the right areas to focus on and if they can commit to providing Pay.UK the relevant resources to progress these in 2023.

The next steps covered:

- Ensuring that the e-Benchmarks recommendations and best practice continue to be promoted, liaising with the operational representatives on the CASS Operational

Committee and CASS Acceptance Rate Working Group (ARWG) where appropriate, as well as 1:1s

- Promote the Partial Transfer Service (PTS). It has transpired through recent annual reviews with partial participants that they do not encounter the same challenges with the PTS as full participants, so work is underway to better understand why this is and what best practice could be shared with full participants to improve the service for them
- Set up a trial group of participants who use the PTS and support them in actively promoting the service
- Exploring additional overlay services such as Confirmation of Payee (CoP), Request to Pay (RtP) and open banking (OB), and explaining how these may benefit participants to reduce switching rejections
- Continue work with TISA to explore the digital identity programme, to understand whether there is scope to further improve the customer journey and increase the acceptance rate.

The vast majority of the resource will be from Pay.UK with some connectivity with participants.

Further to a query from Lloyds Banking Group, Pay.UK advised that the work of the ARWG includes understanding the percentage of different rejection reasons, including those relating to data entry. Further to a query from Starling Bank, Pay.UK advised that it hopes to discuss the options to use CoP to support switching with participants who already use the service, should a pilot be progressed. This would help to better understand what percentage of rejections this could potentially remove.

The INED noted the scenarios work has a trigger point if OB reaches four million users, and unless the current number of users is significantly below this figure, this should be incorporated into the horizon scanning for the PTS to ensure it is still viable and useful to consumers. The INED also enquired of the participants present at the meeting if they agreed with the general consensus regarding the PTS. Lloyds Banking Group advised that it did not have evidence of any demand for the service with its customers or how it would benefit them. It also noted that at least 20% of instructions it sends out for payments being transferred are not actioned, which could result in its customers being placed in financial difficulty. **[DELETED – COMMERCIALY SENSITIVE]**. Starling Bank advised that it has also encountered issues with the PTS and therefore does not offer it. Like Lloyds Banking Group, it was also interested in any data that supported demand for the service, noting that some of its customers have enquired if they offer it.

The INED suggested that the Committee should focus more on customers who want to partially switch accounts but feel they cannot due to their overdraft, and how we can help them overcome this and other perceived barriers. The INED also suggested that an exploration piece on what CASS would look like if it were rebuilt from scratch today, considering what a future switching service would look like.

[DELETED – COMMERCIALY SENSITIVE]

The Chair noted that the Strategy Day had prompted a good discussion and the Committee agreed for **Pay.UK to progress with the first four steps and provide an update at the Committee's next meeting before deciding how to progress with the remaining steps.**

11/21.05 WORKSTREAM UPDATES

Future Scenarios

Pay.UK noted that none of the scenarios had moved towards their tipping point, and provided an update on two scenarios which had been updated since the Committee's previous meeting:

- “more seamless customer journeys” – e-Benchmarkers have provided interim results for the research that focusses on the digital current account switching journey for consumers and SMEs, and these demonstrate how much of the switching journey happens outside of our remit. The research also compares current account switching journeys to other switching journeys such as utilities. The research is quite comprehensive, and whilst an offline paper could be shared **it would be more appropriate for the Committee to discuss this at its next meeting in February 2022.**

Pay.UK
17/02/2021

Pay.UK stated that sufficient time during the Committee's next meeting should be dedicated to reviewing the research and next steps, as this will be more beneficial than a written paper alone. The Chair agreed to consider this.

- “more security around payments and switching in a more robust infrastructure” – the desk research will be conducted by the Research & Innovation (R&I) team to better understand the cause for the increase in current account fraud between 2020 and 2021 and will likely be **shared with the Committee offline in January 2022**, after which it can decide whether this should be explored further.

Pay.UK
20/01/2021

As discussed under 11/21.04, Pay.UK agreed that even though the tipping point had not yet been reached for the “more products and overlay services” scenario, **this would be explored further with findings shared with the Committee offline and discussed at its next meeting.** In terms of future proofing the service, the INED noted that Facebook is promoting its currency in its Metaverse. Pay.UK advised that this is currently on Pay.UK's horizon scanning and will be updated for the Committee accordingly.

Pay.UK
17/02/2022

The Committee noted that a separate research project exploring what a switching service designed today would look like. There are two aspects to this research – a technical aspect explored via conversations with the likes of Vocalink and a consumer/end-user aspect. The R&I team will explore this.

CASS Acceptance Rate Working Group (ARWG)

Pay.UK provided an update on work undertaken by the CASS ARWG as detailed in the accompanying paper, in particular focussing on the progress of the new bank rejection analysis. To date, seven participants had returned their data for the analysis. This low number has been attributed to the number of participants who had prioritised their resource to completing the annual CASS Code of Conduct submissions. The returns for the analysis are expected to increase now that the majority of codes have been returned. **[DELETED – COMMERCIALY SENSITIVE]** The INED was concerned that lowering the target would not be

acceptable without understanding the reasons, and therefore it is imperative that there is a full return from participants. Pay.UK advised that it is currently working with the CASS operational representatives and a few have highlighted an issue with completing their returns in a timely manner (the data was shared with the representatives in July 2021). **The Committee agreed that it would consider how to escalate this to senior CASS representatives who are not members of the SSPC or the SSPC Info list.**

The Committee noted the summary paper.

11/21.06 PARTICIPANT DASHBOARD

As agreed under 11/21.01 above, future dashboards would incorporate a chart illustrating the rolling 12 months number of switches. The Committee noted the dashboard.

11/21.07 MINUTES OF THE PREVIOUS MEETING

An INED queried why a contribution made regarding the remit of the CRM Code concerning APP scams as discussed under 09/21.05 (page 10) had been redacted, as this did not appear to be commercially sensitive. **Pay.UK agreed to reconsider this.**

**Pay.UK
06/12/2021**

11/21.08 ACTION LOG

Actions featured on the log were confirmed as complete and agreed to close without comment except the following:

09/21.03 Pay.UK to circulate previous work undertaken regarding payment transfer service in order to consider how best to progress

**C/F
17/02/2021**

Further to the discussion under 11/21.04 above, the Committee agreed that further exploration is done before its next meeting, and then compare this with the previous work that was undertaken. The Committee would then agree how best to progress.

09/21.07 Pay.UK to circulate previous work undertaken with CMA regarding the role of overdrafts in switching in order to consider whether this clarifies the current situation or whether further exploration is required

Closed

Notwithstanding the suggestion under 11/21.04 to further explore Pay.UK's role of helping consumers overcome perceived barriers in switching, Pay.UK advised that it cannot mandate to participants that overdrafts feature as part of a switch. The CMA requested that Pay.UK ensures that users are made aware that having an overdraft is not a barrier to switching. Lloyds Banking Group clarified that all consumers have the right to apply for an overdraft when switching to the new bank, and that participants cannot refuse to progress switches if an overdraft remains unpaid, meaning participants have to deal with customers leaving without settling that debt. The INED noted that the exploratory work should consider the appetite of overdraft users to use the PTS. The Committee agreed to close the action, noting that there may be further discussions on this in the future.

09/21.09 Participants to advise Pay.UK offline of their respective organisations' policy regarding meeting in person in 2022, and, if appropriate, determine which committee meeting or workshop they could attend to enable at least one full face to face meeting in 2022

Closed

Four participants had responded and indicated they would be happy to meet in person at least once in 2022. The Committee agreed by consensus to meet face to face for its 23 June 2022 meeting.

11/21.09 ANY OTHER BUSINESS

Pay.UK advised that as part of its overall strategic direction, some of its terminology will change. "Participants" will be known as "Customers", while bank/building society customers will be referred to as "End users". Work is being undertaken to transition to the new terminology and will be reflected in various Pay.UK literature including the name of this Committee, which will be known as the Switching Services Customer Committee (SSCC) from January 2022.

Date of next meeting: 17 February 2022 at 10:30am
