

RETAIL BANKING MARKET INVESTIGATION

Notice of intention to conduct a survey

1. The Competition and Markets Authority (CMA) has recently published a notice of intention to conduct a survey of personal current account (PCA) customers. The CMA does not intend to commission a full-scale survey of small and medium sized enterprise customers (SMEs). The CMA instead intends to conduct analysis of existing survey datasets, supplemented with short, focused interviews with a subset of SMEs as detailed below. We will also be undertaking qualitative research in relation to SMEs, details of which will be published at a later date.

Charterhouse Research

2. A key source of information during the phase 1 market study on SME retail banking was the Charterhouse Research Business Banking Survey (BBS). This survey provides a comprehensive source of evidence on the state of SME banking in England, Scotland and Wales. The survey also provides information on SME banking over time.
3. The CMA is acquiring the complete GB BBS dataset including historical datasets (from the start of 2010 through to the most recent survey).
4. However, this dataset falls short of the CMA's requirements in the following respects:
 - (a) The BBS does not cover Northern Ireland.
 - (b) Some of the topics in the questionnaire, particularly price transparency, price negotiation and the importance of free business banking on SME behaviour, are not covered in sufficient depth.

Northern Ireland

5. We intend to appoint Charterhouse Research to conduct similar research into SME banking in Northern Ireland so that we have consistent information across the whole of the UK.

Methodology

6. A key requirement for the Northern Ireland SME Banking Survey is that it is comparable to the main BBS survey, and as such will employ the same sampling methodology and questionnaire, and comprise approximately 1,150 interviews.

Further follow-up research

7. The CMA also intends to conduct follow-up interviews with two different groups of SMEs. Each of these SME survey groups will comprise between 250 and 500 SMEs and consist of a 10-minute interview with particular subgroups of SMEs (subsamples of BBS surveyed SMEs). The first follow-up survey (of SMEs who have recently applied for finance) will focus on both price transparency and the price negotiation process. The second follow-up survey will focus on how new SMEs and those coming to the end of their free banking period make decisions when choosing a BCA.
8. We believe this follow-up research would significantly enhance the CMA's understanding of the SME banking market.

Methodology

9. The sample for the follow-up surveys will be sourced from the existing Charterhouse interviews so that specific SMEs that fall into the criteria (SMEs who have recently applied for finance, new SMEs, or those at the end of their free banking period) can be identified before carrying out fieldwork.

Conflicts of interest

10. The CMA recognises that Charterhouse Research carries out research (including the GB BBS) for many of the parties. To mitigate any risk from conflicts of interest the CMA intends to take the following steps:
 - The CMA would ensure that the NI questionnaire and methodology replicates that of the GB BBS.
 - The CMA would have control of the questionnaire design process for the follow-up survey research.
 - Charterhouse will produce only a technical report and weighted dataset and set of tables. Charterhouse will not produce any analytical report or conduct analysis on the data. All analysis would be conducted in house by the CMA.

- The CMA will ensure that there is a clear audit trail of CMA sign off for every aspect of the survey design process.
11. The CMA is satisfied that these measures mitigate the risk of conflicts of interest arising.
 12. If parties have comments, please send to retailbanking@cma.gsi.gov.uk or write to the team at the address below. **The deadline for comments is midday Tuesday 20 January 2015.**

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We will consult further on the detailed methodology and questionnaire design that will be used in the follow-up research outlined in paragraphs 7 to 9 in due course.