RETAIL BANKING MARKET INVESTIGATION

Notice of intention to conduct qualitative research in retail banking

25 November 2015

On 22 October 2015 the Competition and Markets Authority (CMA) notified the provisional findings of its investigation into the retail banking market in which it provisionally found adverse effects on competition.

The Notice of possible remedies, also published on 22 October, sets out our initial thinking on possible remedy approaches.

Further to our previously published notice of intention to conduct qualitative research, we consider that a programme of qualitative research will aid in understanding some of the potential remedies and the possible implications for competition. The remedies in question concern:

Remedies 1 and 3:

- Prompting customers to review their personal current account (PCA) or business current account (BCA) provider at times when they may have a higher propensity to change.
- Facilitating price comparisons between providers by making customer-specific transaction data more easily accessible and usable, including by price comparison websites (PCWs).

Remedies 5, 7 and 15:

- Enabling customers and small and medium-sized enterprises (SMEs) to make comparisons between current account providers on the basis of their service quality.
- Making it easier for prospective customers to find out whether the overdraft facilities they require would be available to them.
- Requiring banks to provide a loans price and eligibility indicator (SME only).


The CMA has now appointed Optimisa, 209-215 Blackfriars Road, London SE1 8NL to carry out this research.

Appendix A contains details of the agreed Research Objectives and Methodology. Please note that we are also conducting quantitative research, details of which will be provided in a separate notice.

Please also note that Runpath is assisting the CMA to develop some of the stimulus material to be used during the qualitative research for remedy 3, and for efficiency in its preparation of material for this purpose will draw on material that Runpath has previously developed in conjunction with Lloyds Banking Group.
Research objectives and methodology
Refined Research Objectives
Primary focus is on remedy 1 and 3

1: Communications
To find out to what extent customers are inclined to think about switching at identified trigger points
To identify any other potential trigger points that may exist
To explore and understand impact of different aspects of the prompts including:
  • Channel
  • Content
  • Timing
  • Frequency
To establish what type of communications customers currently receive from PCAs/BCAs and to explore how comms are typically treated

2: Comparison site / app
To find out what content would be particularly valued, e.g.
  • Price comparison
  • Quality measures
  • User generated content and ratings
  • Net gain
To find out what type of functionality would be particularly valued, e.g.
  • From price – service quality ratings
  • Ability to print, save and download
To explore impact of ability to use tool on different devices on willingness to use
To explore and understand in what circumstances customers are likely to use the site/app as well as identifying any barriers to using the tool
Overview of Revised Approach

Original Plan ....

1. Define
   - Review of existing research and publications to inform ‘Explore’ stage

2. Explore
   - Groups and depths to unpick behaviour around communications and apps from key service suppliers and gain insight to develop content for messaging to test in stage 4

3. Generate
   - Stimulus generation phase working with CMA and design agency

4. Test and Refine
   - Groups and depths to obtain reactions to both communications approaches developed in Stage 3 as well as obtaining feedback on the proposed website tool / app

5. Measure
   - Quantitative measurement / RCT to assess impact of different messages

Revised Approach....

1: Communications

1. Explore

2. Generate

3. Test and Refine

OUT OF SCOPE

Additional insight to guide remedies 5, 7 and 15 would be generated in the appropriate stages of research
Target Audience for Research
Focus to be on those who are more likely to consider switching ...

- Those who are **highly** unlikely to consider switching accounts will be excluded from both elements of research

  - For **Remedy 1**: need to be able to report findings for each of the key sub-groups identified based on trigger points as identified opposite
  - For **Remedy 3**:
    - **PCAs**: range of account usage profiles and range of level of comfort sharing personal data
    - **SMEs**: varying degrees of reliance on branches
  - For both Remedies:
    - Range of size of SMEs, nature of business, etc.
    - Range of SEG, age and affluence for PCA customers

<table>
<thead>
<tr>
<th>Remedy 1: sub-segments</th>
<th>Consumers</th>
<th>SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serious loss of service</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Unresolved complaints</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Branch closure</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Change to Ts and Cs</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Student – normal account</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Unarranged OD Fee</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>End of free banking period</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Opening BCA for first time</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>
## Agreed Sample Structures

See appendix for full detail on recruitment criteria

<table>
<thead>
<tr>
<th>What</th>
<th>Why</th>
<th>The detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 consumer groups: non rejecters (90 mins)</td>
<td>To identify all potential triggers</td>
<td>Those who open to considering switching account in future, mix of SEG and age</td>
</tr>
<tr>
<td>2 consumer groups: students &amp; OD (90 mins)</td>
<td>To cover off identified triggers</td>
<td>Midi (5-6) groups of recent graduates and regular/heavy users of OD</td>
</tr>
<tr>
<td>8 consumer depths: 2 per trigger (60 mins)</td>
<td>To cover off identified triggers and capture individual responses</td>
<td>Those who’ve made a complaint (4), regular OD users (2), recent branch closures (2)</td>
</tr>
<tr>
<td>2 SME groups: non rejecters (90 mins)</td>
<td>To ensure all triggers identified</td>
<td>Those who open to considering switching account in future, one sole traders/micro, one small and medium enterprises</td>
</tr>
<tr>
<td>12 SME depths: 2 per trigger (60 mins)</td>
<td>To cover off identified triggers and capture individual responses</td>
<td>Those who’ve made a complaint (4), End of free banking (4), Use PCA for BCA (2), Recent branch closures (2)</td>
</tr>
<tr>
<td>12 consumer depths (60 mins)</td>
<td>To cover off identified triggers and capture individual responses</td>
<td>Exact triggers to be confirmed after Explore stage</td>
</tr>
<tr>
<td>12 SME depths (mix of size, 60 mins)</td>
<td>To cover off identified triggers and capture individual responses</td>
<td>Exact triggers to be confirmed after Explore stage</td>
</tr>
<tr>
<td>10 Consumer Depths: range of financial status and confidence (75 mins)</td>
<td>To focus on individual responses and capture range of circumstances</td>
<td>To cover a range of financial status and confidence quotas to be agreed</td>
</tr>
<tr>
<td>10 SME Depths: range of size/ nature of business (75 mins)</td>
<td>To focus on individual responses and capture range of circumstances</td>
<td>To cover a range of circumstances and financial confidence to be agreed</td>
</tr>
</tbody>
</table>