

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

1

To find out to what extent customers are inclined to think about switching at identified **trigger points**

2

To **identify any other potential trigger points** that may exist

3

To explore and understand **impact of different aspects of the prompts** including:

- Channel
- Content
- Timing
- Frequency

4

To establish what type of communications customers currently receive from PCAs/BCAs and to explore **how comms are typically treated**

2: Comparison site / app

1

To find out what **content** would be particularly valued, e.g.

- Price comparison
- Quality measures
- User generated content and ratings
- Net gain

2

To find out what type of **functionality** would be particularly valued, e.g.

- From price – service quality ratings
- Ability to print, save and download

3

To explore impact of ability to use tool on different devices on willingness to use

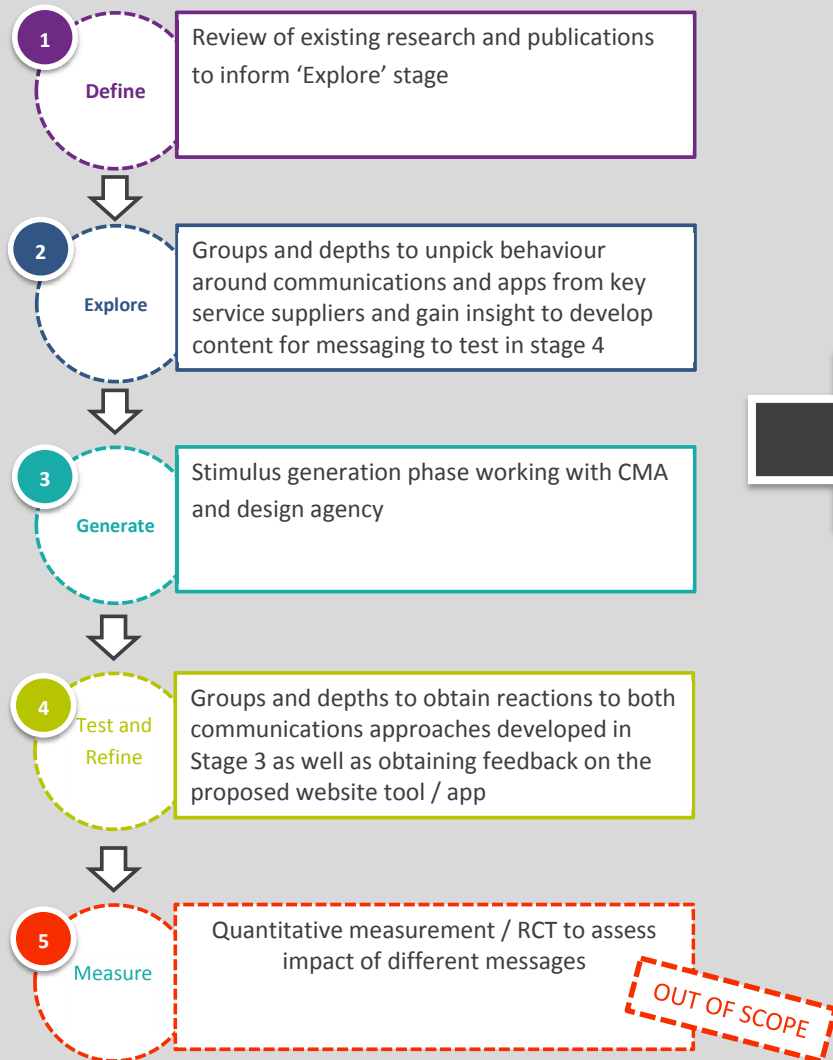
4

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

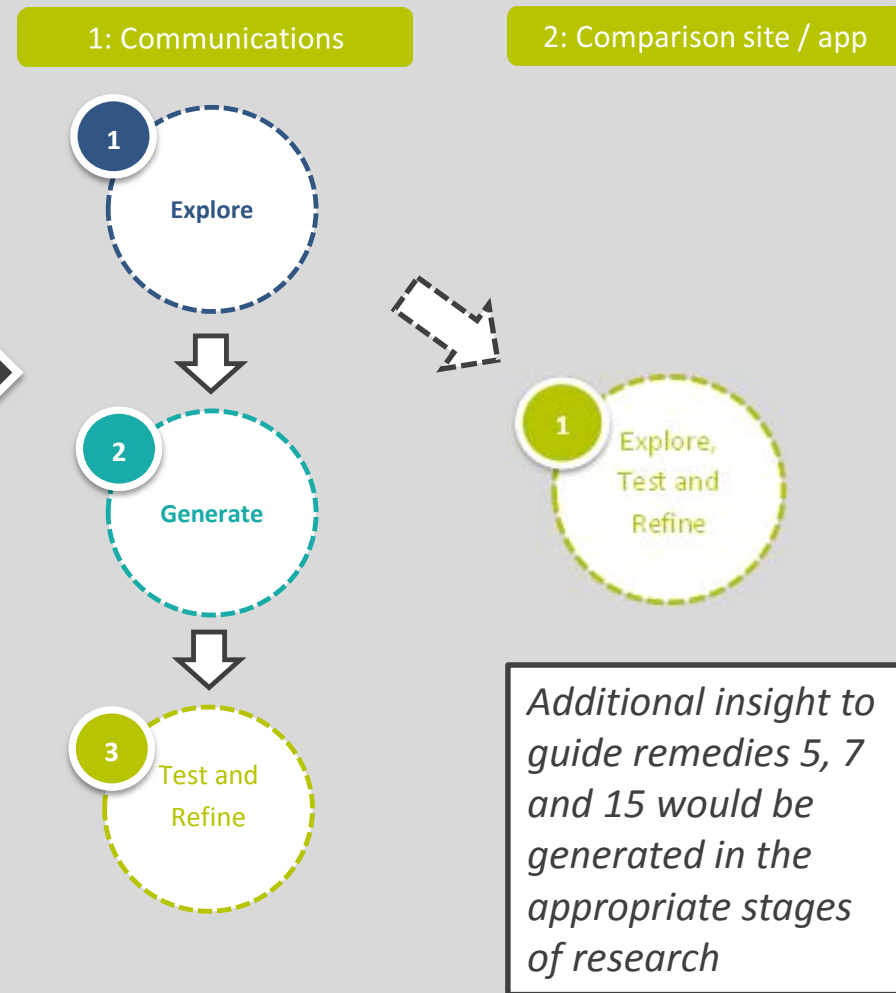


Overview of Revised Approach

Original Plan



Revised Approach....



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



Remedy 1: sub-segments	Consumers	SMEs
Serious loss of service	✗	✗
Unresolved complaints	✓	✓
Branch closure	✓	✓
Change to Ts and Cs	✗	✗
Student – normal account	✓	✗
Unarranged OD Fee	✓	✗
End of free banking period	✗	✓
Opening BCA for first time	✗	✓



Agreed Sample Structures

See appendix for full detail on recruitment criteria

1: Communications

1

Explore

What	Why	The detail
2 consumer groups: non rejecters (90 mins)	To identify all potential triggers	Those who open to considering switching account in future, mix of SEG and age
2 consumer groups: students & OD (90 mins)	To cover off identified triggers	Midi (5-6) groups of recent graduates and regular/heavy users of OD
8 consumer depths: 2 per trigger (60 mins)	To cover off identified triggers and capture individual responses	Those who've made a complaint (4), regular OD users (2), recent branch closures (2)
2 SME groups: non rejecters (90 mins)	To ensure all triggers identified	Those who open to considering switching account in future, one sole traders/micro, one small and medium enterprises
12 SME depths: 2 per trigger (60 mins)	To cover off identified triggers and capture individual responses	Those who've made a complaint (4), End of free banking (4), Use PCA for BCA (2), Recent branch closures (2)

3

Test and Refine

What	Why	The detail
12 consumer depths (60 mins)	To cover off identified triggers and capture individual responses	Exact triggers to be confirmed after Explore stage
12 SME depths (mix of size, 60 mins)	To cover off identified triggers and capture individual responses	Exact triggers to be confirmed after Explore stage

2: Comparison site / app

1

Explore, Test and Refine

What	Why	The detail
10 Consumer Depths: range of financial status and confidence (75 mins)	To focus on individual responses and capture range of circumstances	To cover a range of financial status and confidence quotas to be agreed
10 SME Depths: range of size/ nature of business (75 mins)	To focus on individual responses and capture range of circumstances	To cover a range of circumstances and financial confidence to be agreed