

Ambrish Parmar's response to the invitation to comment on additional remedies suggestions

Dear Competition & Markets Authority ("Authority")

This response welcomes the opportunity to comment upon the additional remedy suggestions within the invitation to comment. It acknowledges that a significant number of respondents have afforded a range of remedy recommendations and observations. This response also welcomes and is supportive of the undertaking, and intention, to improve customer outcomes and increased market competition.

Below are a number of non-partisan suggestion points. In the event that you wish to discuss the afforded suggestions in greater detail, please do not hesitate to contact me.

Additional Remedy Suggestions:

Free if in credit (FIIC):

This is a popular product offering with a reported 75% of all Personal Current Account ("PCA") being FIIC accounts, and a product type that the Authority appears to support. This response would caution against associating popularity with understanding and transparency. It is also of the opinion that providers may benefit from reconsidering the composition and presentation of FIIC product literature. This response acknowledges that certain providers have raised concerns with respect to the 'less financially literate' of consumers. There is merit in introducing greater transparency and standardised communications/literature, covering customer journeys touch points; such as enquiry, point of sale, account review, account transfer, and life events (if not part of account reviews).

This response is also of the view that the most vulnerable in our society should be supported through the provision of financial services that are sensitive to their needs and circumstances. Therefore, free current accounts for the elderly, the unemployed, and students, have the capacity to promote and engender a sense of community and sensitivity into Retail Banking.

Overdraft Usage (arranged and unarranged)

This response fully recognises that there are differing lower-cost or interest-free overdraft facilities available for various PCA products. There are a number of product features in the market place with respect to overdraft usage such as overdraft buffers, grace periods, fee caps, interest and fee-free. These product features have merit, act as provider differentiators, and, importantly, benefit the consumer.

In respect to pre-arranged overdraft usage and associated limits, this response is of the view that a greater degree of analysis and appropriate due diligence should be performed, to establish overdraft usage propensity and overall affordability. Propensity and affordability components should be reviewed at regular intervals and supported by provider and self-service tools. The tools should be available through all appropriate channels.

In acknowledgement of responses in respect to the introduction of price control remedies, there are balanced arguments for, and against, mandating price structures; in particular, caps. However, a combination of guideline-pricing structures with clear sign-posting, and affordability assessments that are underpinned by grace periods, they may have the capacity to appropriately inform customers of the implications of unarranged overdrafts.

In the case of overdrafts—whether planned or unplanned—a central pillar to overdraft utilisation is financial planning. Therefore, affordability and propensity considerations are critical in respect to product appropriateness. The provision of financial planning toolsets has the capacity to support both, consumers and providers, and improve customer outcomes. Providers and consumers alike, may benefit from leveraging from complementary sectors such as debt management, in respect to toolsets. Budget/Affordability calculators are mandatory with respect to customer engagement and financial management, and whilst possibly positioned at the other end of the spectrum, can engender improved customer outcomes.

Accounting Switching:

The response notes, that over a 12-month period from 1 January 2015 to 31 December 2015, there were 1,033,939 switches; however, this represents an 11% reduction when compared to the same period last year (source: http://www.bacs.co.uk/Bacs/DocumentLibrary/CASS_dashboard_-_published_21_January_16.pdf). The response acknowledges and welcomes the intention to increase awareness and confidence in the Current Account Switching Service ("CASS"). This may encourage consumers to seek alternative product providers. With reference to the reduction, it would appear that further attention is required with respect to transparency, ease of use, and the implications of switching.

The role of Price Comparison Websites ("PCW") such as Money Advice Service, moneysupermarket.com, and uSwitch, are central to providing consumer choice, and the introduction of Mldata is regarded as positive.

Technology

The role of technology in the management of all aspects of PCA should be encouraged and welcomed. This response welcomes the increased role of technology in informing customers in respect to account events, and there is an argument that certain 'push messaging alerts' should be made standard for certain account types and/or customer behaviors (high propensity to call upon an overdraft facility).

The sharing of Transaction Data between providers is integral to account switching, and providers have raised the merits of centralising the sharing of PCA transaction data. The technology is available and proven Application Program Interfaces ("APIs"), may provide a technology solution to sharing PCA and credit data in a secure and efficient manner. APIs may also support wider customer centric innovation, such as development of financial management tools.

The digitisation of channels will increase channel choice, and, implemented appropriately, has the capacity of reducing the cost of service.

Barriers to entry

There needs to be a careful balance maintained between deregulation and increased completion. The response notes that the introduction of the Prudential Regulatory Authorities ("PRA") fast-track licensing regime has enabled a greater number of providers to enter the market, many of which offer current accounts. The response would caution against further deregulation, on the basis that this, over time, has proven to not increase net competition.

About Ambrish

Ambrish is Financial Services Director with a c19 year career in shaping and delivering business outcomes across the Financial Services sector. He is a Board Level Executive Advisor at the intersection of Business, Technology, Regulation, and Change. Ambrish's experience extends to UK's new Banking entrants through to the design of a Defacto Award winning Retail Banking Account Switching ecosystem.

End of submission.