

# Retail banking market investigation

The role of comparison sites for small and medium-sized enterprises in addressing the adverse effect on competition

**7 March 2016**

This is one of a series of consultative working papers which have been published during the course of the investigation. Parties wishing to comment on this paper should send their comments to [retailbanking@cma.gsi.gov.uk](mailto:retailbanking@cma.gsi.gov.uk) by **Monday 21 March 2016**.

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The Competition and Markets Authority has excluded from this published version of the working paper information which the inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✂].

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## Summary

1. We provisionally found that the ability of small and medium-sized enterprises (SMEs) to make price comparisons between business current accounts (BCAs) and between lending products is limited and, in our Remedies Notice published on 22 October 2015, invited parties' views on options whereby an effective price comparison website (PCW) for SME banking services could be created (remedy 4).
2. We considered these responses and undertook further analysis. We are publishing this working paper, in advance of the publication of our provisional decision on remedies, to share our evolving thinking with parties.
3. Our further analysis suggests that SMEs may value a website which provides more than just price comparisons: a 'one-stop shop' offering non-price information, including customer eligibility and service quality, together with, potentially, the ability to link seamlessly to providers.
4. We have considered three options for developing this remedy further in the light of our evolving thinking:
  - (a) Adopting measures to help existing SME-focused websites to widen their scope to include price comparisons. These might include sites such as Business Banking Insight (BBI), a quality comparison service run by the Federation of Small Businesses and British Chambers of Commerce with support from the major banks.
  - (b) Mandating the creation of an industry-funded PCW. This would entail the Competition and Markets Authority (CMA) specifying the content and functionality of a comparison website and making arrangements for its funding and governance.
  - (c) Building on the Nesta challenge prize to deliver a solution. Nesta, an independent charity, is considering a challenge prize to identify innovative and sustainable solutions to the problem we have identified as regards SMEs' access to information on banking products.
5. Our current thinking is that the Nesta challenge prize is the most promising of the three approaches and that it offers the best prospect of identifying a sustainable and comprehensive solution to the competition concerns that we identified in our Provisional Findings.
6. However, we note that there are some risks that need to be managed with this approach and that, if we were minded to pursue it we would need to be confident that:

- (a) providers of SME banking services will continue to support the challenge prize process through to its conclusion, both financially and through the provision of customer data to help potential comparison site providers test their proposals in a 'data sandbox';<sup>1</sup>
- (b) a suitable mechanism could be found to maintain the CMA's involvement after the inquiry finishes to ensure that this process delivers the CMA's objectives; and
- (c) in the meantime, services, in particular the BBI, which currently offer SMEs comparative information and which are supported financially by the banks are maintained until the outcome of the prize challenge is known.

## **The potential role of comparison sites for SMEs in addressing the AEC**

7. We provisionally found that while price information is available, it is difficult for SMEs to compare BCA fees across providers because of the complex tariff structures and multiplicity of charges, the variability in usage and the lack of effective price comparison tools. We also found that there were barriers to searching, information asymmetries and incumbency advantages in the provision of SME lending.<sup>2</sup>
8. We noted too that, on the supply side, providers of product comparison information to SMEs faced difficulties in achieving commercial sustainability given the low level of shopping around for SME banking services.<sup>3</sup>
9. In our Remedies Notice we said that we were considering a number of possible approaches to these problems, one of which would be to require providers to facilitate the establishment of a PCW on banking services for SMEs, including but not limited to BCAs and lending products. We said that we envisaged that these would form part of a package of measures aimed at addressing the AEC.
10. We invited comments on how such a remedy might work including, for example, the products and providers that such a website would cover, how it could be financed, over what period it would require support and how long it would take to create and launch.

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<sup>1</sup> A data sandbox is a developmental platform which allows users to access and experiment with data in a controlled environment.

<sup>2</sup> [Provisional Findings Report](#), paragraph 12.11.

<sup>3</sup> [Provisional Findings Report](#), paragraph 8.102.

11. We have considered these responses and undertaken further work to understand how the remedy might be developed in light of those responses. We wish to share with parties our evolving thinking in advance of the publication of our provisional decision on remedies. We first summarise the responses we received to our Remedies Notice.

## **Responses to the Remedies Notice**

12. Of those parties which commented on remedy 4, the majority were positive about our proposal to develop a PCW, particularly as a means to increase pricing transparency. These included Barclays, HSBC Group (HSBCG), Lloyds Banking Group (LBG), Royal Bank of Scotland Group (RBSG), Santander, EEF, the Institute of Directors and Funding Xchange.

### ***What comparison sites should cover***

#### *SMEs to be covered*

13. Barclays, LBG and Santander all said that comparison sites would work best for smaller SMEs. Larger and more complex SMEs were usually offered bespoke pricing and therefore a comparison site would not be suitable for their needs.

#### *Products to be covered*

14. The majority of respondents agreed that standard tariff BCAs should be included on the site. Danske, however, said that this would only be possible if there was standardised terminology.
15. Barclays told us that deposit accounts could also be included, while RBSG said that these could potentially be included in the future. Danske said these could be included, if terminology was standardised.
16. Views were more mixed on lending. LBG said that smaller unsecured loans could be covered. Barclays and HSBCG said both smaller unsecured loans (for loans covered by the Consumer Credit Act<sup>4</sup> and loans up to £25,000 respectively) and overdraft limits could be included. RBSG said that the site should start with BCAs, but that smaller non-complex loans could possibly be included in the future. Danske told us that loans should not be included

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<sup>4</sup> Loans below £25,000 to sole traders and partnerships are covered by the Consumer Credit Act.

because prices were negotiable and were based on the pricing policies of each bank.

17. RBSG said it might be possible to include invoice and asset finance in the longer term.
18. A number of parties commented that it would not be possible to include bespoke pricing on a comparison site. LBG suggested that sites should inform SMEs that bespoke pricing might be available directly from providers.
19. Business Finance Compared, a start-up financial platform,<sup>5</sup> currently offers comparisons of a wide range of products. Its site covers BCAs (including overdrafts), credit cards, unsecured loans, secured loans, invoice finance, asset finance, trade finance, merchant cash advance and revenue advance. It felt that SMEs should be able to compare a wide range of financial products to identify the best ones for their needs.
20. Funding Xchange said that allowing businesses to compare across different products such as overdrafts, lines of credit and single invoice finance, would enable SMEs to see the most relevant options.

#### *Topics to be covered*

21. There was broad support for any comparison site to go beyond price comparison to cover service and quality measures. This was mentioned by Barclays, HSBCG, LBG, RBSG, Santander, First Trust, British Chambers of Commerce, Federation of Small Businesses and Baringa.

#### ***Important features for comparison sites***

22. Several respondents told us that application program interfaces (APIs) would help comparison sites to be effective. In particular, making transaction histories available via APIs would provide more accurate estimates of prices because the price comparisons would be made on actual transaction histories rather than illustrative profiles.
23. A number of respondents said that sites would need to consider issues of data sharing, privacy and data security.
24. A few respondents mentioned that standardising the presentation of prices and other features would help SMEs to make comparisons, and some said

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<sup>5</sup> Its [website](#) connects SMEs and lenders.

that minimum performance standards or key principles would ensure that sites were unbiased and met SMEs' needs.

### ***The Nesta challenge prize***

25. LBG submitted that the proposed Nesta challenge prize would be an appropriate way of facilitating the development of comparison sites.
26. Barclays mentioned a 'challenge-funded' approach as a possible means of developing a comparison site. [✂]<sup>6</sup>
27. Some respondents did not mention a challenge prize, but were in favour of allowing commercial solutions to develop. HSBCG said that the remedies package would create the environment for commercial operators to create a comparison site. Business Finance Compared said that we should promote and support existing SME-focused PCWs, stating that a bank-funded site might not be truly independent. The Institute of Directors suggested that commercially competitive sites would be beneficial and sites might specialise in meeting the needs of different types of SMEs. Referring to lenderscompared.org.uk,<sup>7</sup> BGL said that a site established by a regulator, which was the only channel for comparison and was subject to a variety of prescriptive requirements was not attractive to customers and therefore not widely used; instead a number of sites should be allowed to develop and compete with one another.
28. RBSG said that building on an existing product in the market would be quicker and cheaper than creating an entirely new site and would make use of existing expertise in running a comparison site.

### ***Other views***

29. A small number of respondents raised concerns that a comparison site was not the best way to address our AEC.
30. First Trust said that a comparison site would not be able to reflect the bespoke pricing which it said SMEs were offered.
31. Danske said that a comparison site would be difficult to implement and questioned its effectiveness. Instead, it felt that extending to BCAs the standardisation of terminology and presentation of fees mandated by the Payment Accounts Directive (PAD) would be a better way to increase

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<sup>6</sup> [Barclays response to Remedies Notice](#), paragraph 5.1.

<sup>7</sup> Set up by the Competition Commission to compare home credit.



transparency. In addition it suggested that indicative loan pricing might not match the actual prices SMEs ultimately agreed with providers.

32. Bacs felt that the complexity of SMEs might mean that financial education on the range of providers available and the services they offered would be necessary before a comparison site for SMEs was likely to be effective, though a site for smaller SMEs might be feasible.
33. The Financial Services Consumer Panel felt that there were already commercial comparison sites for BCAs and that it was unlikely that more comparison websites would of themselves make a difference.

## **Approaches that we are considering**

34. We considered three possible approaches to the development of our proposed remedy:
  - (a) Adopting measures to help existing SME-focused websites to widen their scope to include price comparisons.
  - (b) Mandating the creation of an industry-funded PCW.
  - (c) Building on the Nesta challenge prize to deliver an appropriate solution.

### ***Helping existing SME-focused sites to widen their scope***

35. The two most developed SME-focused comparison sites are [Better Business Finance \(BBF\)](#)<sup>8</sup> and the [Business Banking Insight \(BBI\) website](#). Both the BBF and BBI were set up by the largest banks to address issues for SMEs which were identified by government.<sup>9</sup>
36. The BBF provides support to SMEs in a number of areas, but with a particular focus on accessing finance. Within this, it provides a tool for SMEs to identify lenders based on their details and details of the finance they may require. The results list the range of suppliers, types of finance available, a brief description and a link to the supplier's website. It does not provide indicative quotes, a ranking of the best offers or an indication of lenders' willingness to lend.

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<sup>8</sup> Our Provisional Findings report referred to the Business Account Finder, but this is just a subsection of the BBF website. The comparison tables on the site are powered by Business Moneyfacts.

<sup>9</sup> BBF was set up following the financial crisis by the largest five banks as part of a series of measures intended to address concerns about the supply and price of credit from banks and the perception that banks are not adequately supporting SMEs. The BBI was commissioned by the Chancellor of the Exchequer following the joint CMA/FCA [phase 1 market study report](#) to improve transparency in SME banking.

However, it is comprehensive and provides useful advice to SMEs on obtaining finance.

37. The BBI allows SMEs to view the results of a rolling survey of 20,000 small businesses on the service quality of providers. The survey provides quality comparisons across a range of financial services available to SMEs, including BCAs, commercial mortgages, lending products and credit cards.
38. Users can filter the results by the characteristics of their business, for example size or industry sector, thereby obtaining more tailored information. Price comparisons are not provided, though the British Chambers of Commerce has told us that it is considering the addition of comparative price information. BBI is also currently reviewing the functionality and user experience of its site and intends to launch a new version of the site in the second quarter of 2016.
39. Currently, both the BBF and BBI have relatively low levels of awareness among SMEs, with only 10% of SMEs being aware of the BBF and 6% of the BBI.<sup>10</sup>
40. Some new entrants have recently launched websites (finance platforms) where SMEs can search across a range of finance providers and obtain an indicative quote from a lender and/or an indication of eligibility. At this stage the majority of these platforms focus only on lending and do not cover other banking products such as BCAs.
41. This approach to developing our remedy would require us to identify ways in which the entities concerned could be given the incentive and ability to widen the scope of their offering to provide SMEs with a one-stop shop for the identification and ultimately acquisition of banking products, and to include a comparison of a wider range of providers.

### ***Mandating the creation of an industry-funded PCW***

42. This option would entail us specifying the content and functionality that a comparison website should feature, deciding how it should be financed and by whom and making suitable arrangements for its governance.<sup>11</sup>

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<sup>10</sup> SME finance monitor.

<sup>11</sup> This model was used by the Competition Commission as a remedy arising from the Home Credit market investigation.

## ***The Nesta challenge prize***

43. **Nesta** is an independent charity which exists to foster innovation, including by offering competitive ‘challenge prizes’ which provide awards and support to successful entrants.
44. Following a scoping exercise, Nesta’s Centre for Challenge Prizes has developed a design for a Small Business Innovation Challenge Prize, with a proposed fund of up to £5 million to be directed towards a combination of in-kind support for entrants and cash prizes. The challenge would aim to incentivise the fintech sector<sup>12</sup> to develop innovative services enabling small businesses to compare BCAs and lending products. The parameters of the challenge, including the assessment criteria for the prize, would be specified in advance. Entrants would be invited to develop solutions which help small businesses navigate the market for financial products and services, supported by secure use of data.
45. In advance of the introduction of banking APIs, the challenge prize would be intended to serve as an additional stimulus to boost the growth of a competitive market in comparison services for SMEs. Consequently, throughout the challenge there would be multiple prizes awarded so that more than one solution would receive support.
46. As part of the challenge, Nesta would work with a data partner who would facilitate the creation of a ‘data sandbox’ intended to enable prize entrants to prototype their solutions using product data and anonymised account transaction data sets. Larger banks would need to supply the data required for the sandbox and meet the costs of the challenge prize administration and awards, but would play no direct role in the judging and assessment of winning services.

## **Advantages and disadvantages of each approach**

47. We see some potential benefits in the first approach: the development of existing websites. This approach would be likely to take less time to implement than, for example, creating a comparison site from scratch. It would make use of existing expertise in running a comparison site and may gain some traction with the market as a familiar ‘brand’ though we note that neither of the more established and bank-funded sites has attracted a significant user base to date.

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<sup>12</sup> Financial technology – or fintech – companies develop technology for the financial sector, often creating new innovative products.

48. Creating an entirely new provider-funded entity has the advantage that it could be custom-designed for our purposes. It would, however, probably take longer to implement than the first option; be likely to require long-term funding by providers rather than evolving into an independent, self-sustaining entity; and unlike commercially operated PCWs it would have little incentive to attract new customers and continuously innovate.<sup>13</sup> It may also result in the ending of support by providers of current initiatives such as the BBI survey and the consequent loss of expertise, experience and a continuous data time-series.
49. The main advantages of the Nesta approach include:
- (a) It may lead to the emergence of more than one sustainable commercial entity since several prizes will be awarded and entrants may, even if not winning prizes, identify innovative business models which enable them to enter the market and grow.<sup>14</sup>
  - (b) It would have the added advantage of raising awareness and encouraging comparisons as PCWs would be directly incentivised to promote their services to acquire customers. It currently seems to us that such innovative and self-sustaining solutions are more likely to arise from a competitive process than through regulatory design.
50. The most obvious risk from our perspective arises from the fact that the competition for the prize will take place largely after this inquiry has finished. We would need to find ways of maintaining CMA involvement through to its delivery and beyond. The CMA will be considering this as part of its broader monitoring function.
51. Further, similarly to the potential consequences of the second option, adopting the Nesta challenge prize as our favoured approach might create a risk of the discontinuation of other services, such as the BBI, funded principally by the banks, which would cease the provision of service quality comparisons. However, adopting the Nesta challenge prize should not preclude the existing solutions, such as BBF or BBI, from developing further, should they choose to do so.
52. We also note that our remedy on comparison sites may give rise to issues around the effect of multiple credit searches on an SME's credit rating since 'soft searching'<sup>15</sup> is not an option for SMEs currently. We are therefore

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<sup>13</sup> It should be noted that the Competition Commission's evaluation of the home credit market found that since the site had been set up there had been a decline of customers searching the site and recommended improvements in its promotion to customers.

<sup>14</sup> This could, for example, include loan eligibility checking and connecting applicants to lenders on the platform.

<sup>15</sup> Soft searching enables banks and lenders to check a customer's credit rating in order to offer a quote without affecting the customer's credit score. The facility is currently available for personal customers, but not for SMEs.

considering what, if anything, needs to be added as an ancillary to this remedy. We would welcome views on this.

## **Our current thinking**

53. Our assessment so far leads us to believe that the Nesta challenge prize offers the best way forward. Because it is driven by competition rather than regulatory design it seems more likely to give rise to innovative solutions and may also provide SMEs with a one-stop shop which does more than simply offer price comparisons. Were we to adopt this approach, however, we would need to consider a number of issues.
54. First of all, we would need to be confident that providers of SME banking services would support the challenge to its conclusion, both financially and through the provision of data to enable the sandbox exercise. Providers may be willing to do so and to sign voluntary undertakings to that effect since they may find it preferable to our other two options. However, if this was not the case we could consider using our order-making powers to mandate their participation.
55. Second, if we were to adopt this approach, since the challenge process will take place largely after this inquiry has finished it may be necessary to consider ways of maintaining a CMA involvement with the challenge prize process after the inquiry has finished. This might, for example, involve the participation of CMA nominated or approved representatives in the governance of the project. We would also need to consider whether a fall-back provision is necessary.
56. Third, we identified a risk that, following this inquiry and prior to the prize award, existing provider-supported services might be discontinued. To mitigate this risk it may be necessary to consider requiring providers to continue supporting the survey underlying the BBI, say for a period of two years after the publication of our final report.

## Appendix 1: Responses to the Remedies Notice

1. This appendix provides more detailed views from parties on Remedy 4. These were submitted in response to our Remedies Notice.

### Barclays

2. Barclays told us that [REDACTED].<sup>16</sup> It felt that comparison sites would be more suitable for smaller SMEs. It said that a comparison site should include BCAs, deposit accounts, overdraft limits and Consumer Credit Act eligible unsecured term loans. It also felt that service and quality measures should also be included.
3. Barclays considered that there were four possible approaches to creating a comparison site, which it listed in order of its view of their desirability:
  - (a) Making the necessary data available through a set of open APIs and letting the market create a site.
  - (b) Using a 'challenge-funded' approach.
  - (c) Engaging with an existing site to extend its coverage.
  - (d) Requiring the banks to create a site.
4. Barclays felt that open APIs would help facilitate any of these solutions. It also suggested that concerns about sharing data might make some SMEs reluctant to use comparison sites.

### HSBCG

5. HSBCG said that it supported our proposal to develop a comparison site for SMEs.<sup>17</sup> It felt that it should cover standard tariff BCAs, overdrafts and loans. It should include price and non-price factors (such as service quality).
6. It felt that the site should be underpinned by the principles of independence, transparency, accuracy and reliability.

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<sup>16</sup> [Barclays response to Remedies Notice](#), paragraph 5.1.

<sup>17</sup> [HSBCG response to Remedies Notice](#).

7. It said that BCA search results should be tailored to individual customer usage, rather than standard profiles. This could be done using APIs or SMEs could estimate their usage using their bank statements.
8. For loans and overdrafts, HSBCG felt that only smaller loans and formal overdrafts could be included on a comparison site. Referring to Remedy 15,<sup>18</sup> it said that there were advantages if tools to provide quotes and check eligibility were on comparison sites. Some of the information required for this could be populated using APIs.
9. It suggested that the remedies package would create the environment for commercial operators to create a comparison site. It said it would not oppose contributing (with others) to setting up and promoting a comparison site if the site met certain standards. It felt that the site would not need 'ongoing regulatory involvement after the initial start-up phase'.<sup>19</sup>
10. It suggested the site 'could be managed by an independent project coordinator'.<sup>20</sup> It suggested that this could be the Federation of Small Businesses, British Chambers of Commerce or a collaboration between the two. 'The project coordinator would be responsible for the selection of the website provider and the negotiation and implementation of the contract.'<sup>21</sup>
11. HSBCG also raised some considerations for the capability of the site provider, including the IT infrastructure, brand and commercial know-how. It also raised the issue of data security.
12. In a supplemental paper focusing on comparison sites, HSBCG suggested that competition among comparison sites would offer good outcomes to customers and would allow for ongoing innovation.<sup>22</sup> It said that some initial parameters would need to be set to address firstly data protection, security and liability risks and, secondly the consistency and neutrality of price and service comparison. Ensuring consistent and neutral comparisons would require comprehensive and consistent data collection and minimum standards for comparison. It also felt that ongoing competition would remove the need for indefinite monitoring of sites.
13. It also mentioned that the current low levels of usage for comparison sites and subsequent switching meant that there was little incentive for these sites to promote their comparison services for SME banking products. Therefore,

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<sup>18</sup> Requiring banks to provide a tool to check loan prices and indicate eligibility.

<sup>19</sup> [HSBCG response to Remedies Notice](#), paragraph 79.

<sup>20</sup> [HSBCG response to Remedies Notice](#), paragraph 80.

<sup>21</sup> [HSBCG response to Remedies Notice](#), paragraph 80.

<sup>22</sup> [HSBCG supplemental response on comparison sites](#).

measures to increase usage might be necessary to incentivise sites to promote these products more actively.

## **LBG**

14. LBG commented that it supported the development of a comparison website.<sup>23</sup>
15. LBG stated that Midata (customer transaction histories) transferred through APIs created the possibility of easy-to-use, individualised price and quality comparisons. It felt it would be suitable, not just for BCAs, but for other products such as loans (for smaller SMEs). It felt that such a comparison service would not be suitable for larger SMEs or those with more complex needs.
16. It proposed the proposed Nesta Small Business Innovation Challenge Prize as the most effective way of facilitating the development of a comparison service which could cover both price and service quality. It said that the comparison services could include standard tariffs and inform SMEs that bespoke pricing might be available directly from providers. It also said that 'common presentation of charges, benefits and terms would help ease comparisons'.<sup>24</sup>

## **RBSG**

17. RBSG welcomed our proposed remedy.<sup>25</sup> It felt that it would be possible to build on an existing product in the market, as this would be quicker and cheaper than creating an entirely new body and would make use of existing expertise in running a comparison site.
18. Alternatively, it said that a site could be run by a not-for-profit organisation, which might be viewed as more impartial by customers. It felt that the site should eventually become financially independent. It also said that the site should use agreed criteria to compare price, service, market coverage etc.
19. It suggested that the site should focus on BCAs, with the potential to include deposits and non-complex small loans in the future. It said it might be possible to include invoice and asset finance in the longer term.

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<sup>23</sup> [LBG response to Remedies Notice](#). LBG made a further submission on 2 March 2016 which will be published on our website.

<sup>24</sup> [LBG response to Remedies Notice](#), paragraph 4.4b).

<sup>25</sup> [RBSG response to Remedies Notice](#).



## Santander

20. Santander<sup>26</sup> supported the proposal to develop a comparison site for SMEs, particularly for BCAs. It felt that the site would work best for smaller SMEs.
21. It said that a site would need to make use of Midata-type information to be able to provide a proper comparison. It also noted that service quality information (ideally from the Business Banking Insight survey) should be integrated into any comparison site alongside pricing information to ensure SMEs could make informed choices. For those without a transaction history, it suggested using a similar model to its own calculator which presented results based on estimated usage.
22. It also said that the 'development of the technology should be funded by banks in accordance with their market share by number of BCAs'.<sup>27</sup>

## Danske

23. Danske said that a PCW for SMEs would be difficult to implement and questioned its effectiveness. Instead, it felt that extending to BCAs the standardisation of terminology and presentation of fees mandated by the PAD would be a better way to increase transparency. In addition it suggested that 'indicative loan pricing may result in estimates which will bear little resemblance to the actual pricing which a consumer might ultimately agree with their chosen provider'.<sup>28</sup>
24. It suggested that, if there was standardised terminology, a comparison site could cover BCAs and deposits, but not loans because prices were negotiable and were based on the pricing policies of each bank.
25. It said that it 'regards the creation of a new PCW as an unnecessary and disproportionate expense',<sup>29</sup> because comparison sites already existed and PAD-type measures would make it easier for comparison sites to access and compare price data.
26. It suggested that if a commercial comparison site was not viable, then an existing business information site (such as BBF) could be developed to include more comparative bank data.

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<sup>26</sup> [Santander response to Remedies Notice](#).

<sup>27</sup> [Santander response to Remedies Notice](#), paragraph 4.3.

<sup>28</sup> [Dankse response to Remedies Notice](#), section 2.4.

<sup>29</sup> [Dankse response to Remedies Notice](#), section 2.4d).

## First Trust

27. First Trust felt that a price comparison website would encourage too much emphasis on price.<sup>30</sup> Instead it suggested that a comparison site should also include information on service standards. It also said that a comparison site would not be able to reflect the bespoke pricing which SMEs were offered.

## Other responses to the Remedies Notice

28. The British Chambers of Commerce said that its members considered service quality among the key criteria when judging the performance of their bank.<sup>31</sup> It also said that its members favoured the BBI initiative as the best way to deliver this remedy.
29. The Federation of Small Businesses said that price comparison alone was not sufficient and the ability to make quality comparisons was imperative.<sup>32</sup> It said that it would be developing the BBI website over the first quarter of 2016 so that SMEs could use filters more effectively to focus on the criteria they were interested in, such as having a relationship manager.
30. The Financial Services Consumer Panel felt that there were already commercial comparison sites for BCAs and that it was unlikely that more comparison websites would of themselves make a difference.<sup>33</sup>
31. Business Finance Compared, a start-up financial platform,<sup>34</sup> said that we should promote and support existing SME-focused PCWs and that mandating that banks create a PCW was inappropriate as the impartiality of such a solution would come into question.<sup>35</sup> It felt that one of the limiting factors for commercial comparison sites in the sector was the lack of appetite for banks to list products on PCWs and/or to pay a commercially viable rate to acquire customers through the PCW channel.<sup>36</sup> It said that its site currently included BCAs (including overdrafts), credit cards, unsecured loans, secured loans, invoice finance, asset finance, trade finance, merchant cash advance and revenue advance. It continued to add products as the market developed. It felt that SMEs should be able to compare a wide range of financial products to identify the best ones for their needs.

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<sup>30</sup> [First Trust response to Remedies Notice.](#)

<sup>31</sup> [British Chambers of Commerce response to Remedies Notice.](#)

<sup>32</sup> [Transcript of SME roundtable](#), p 36.

<sup>33</sup> [Financial Services Consumer Panel response to Remedies Notice.](#)

<sup>34</sup> Its [website](#) connects SMEs and lenders.

<sup>35</sup> [Business Finance Compared response to Remedies Notice.](#)

<sup>36</sup> [Business Finance Compared response to Remedies Notice.](#)

32. Bacs felt that the complexity of SMEs might mean that financial education on the range of providers available and the services they offer would be necessary before a comparison site for SMEs is likely to be effective, though a site for smaller SMEs might be feasible.<sup>37</sup>
33. Baringa suggested that any comparison site should also include service quality and the proposition offered.<sup>38</sup>
34. EEF said that a comparison site should be implemented as soon as possible as it would 'help small businesses to better understand their finance needs and improve the transparency of product pricing'.<sup>39</sup>
35. The Institute of Directors was supportive of developing comparison sites, but felt that the best outcome would be a number of competing sites, rather than a single site. It felt that a single site would be vulnerable to capture by the incumbents. It suggested that competing sites would offer different services perhaps leading to specialisation by sector, size or stage in the business life cycle.<sup>40</sup>
36. Funding Xchange felt that comparison sites could 'play a significant role in increasing transparency'.<sup>41</sup> It also set out some minimum performance standards which it felt were necessary to 'ensure customers are receiving valuable, unbiased services that they can rely on'.<sup>42</sup> It also said that allowing businesses to compare across different products such as overdrafts, lines of credit and single invoice finance, would enable SMEs to see the most relevant options.
37. BGL referred to the lenderscompared.org.uk comparison site which was set up by the Competition Commission to compare home credit. BGL said that the prescriptive nature of the site meant that it was not attractive to customers and therefore was not widely used. It therefore advocated that conditions should be such that a number of sites were able to develop and compete with one another.<sup>43</sup>

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<sup>37</sup> [Bacs response to Remedies Notice.](#)

<sup>38</sup> [Baringa response to Remedies Notice.](#)

<sup>39</sup> [EEF Ltd response to Remedies Notice](#), paragraph 26.

<sup>40</sup> [Institute of Directors response to Remedies Notice.](#)

<sup>41</sup> [Funding Xchange response to Remedies Notice](#), p2.

<sup>42</sup> [Funding Xchange response to Remedies Notice](#), p2.

<sup>43</sup> [BGL Group Ltd response to Remedies Notice.](#)