



British Chambers of Commerce response to working paper on the role of comparison sites for SMEs

ABOUT THE BCC

The British Chambers of Commerce (BCC) is a dynamic and independent business network of 52 Accredited Chambers across the UK, with Accredited Chambers in every nation and region of the UK, and in key markets around the world, representing tens of thousands of businesses with millions of employees

The BCC is an authentic voice for British business and a leading commentator on the UK economy, drawing on a powerful network that represents business interests in Westminster, Brussels, and in every part of the UK.

Accredited Chambers sit at the heart of local business communities, helping thousands of companies - of every size and sector - to grow and thrive. Together with our fast-growing global network, Chambers provide practical advice and support to British companies trading around the world. Chambers help businesses connect, belong, and succeed. For over 150 years, our business has been helping UK business grow.

INTRODUCTION

The BCC welcomes the opportunity to formally respond to the Competition and Markets Authority (CMA) working paper on the role of comparison sites for small and medium-sized enterprises in addressing the adverse effect on competition.

As things stand, the BCC welcomes the CMA positioning the Business Banking Insight (BBI) research programme as a possible remedy. However, there remains a risk that the existing momentum behind the BBI project could stall due to uncertainty regarding the CMA's longer-term support for this important initiative. Our members believe that more needs to be done to ensure that remedies are delivered promptly and effectively. This should include focusing on promoting existing initiatives such as BBI that already have the support of SMEs across the UK. In our view, this should complement rather than stifle support for the Nesta challenge prize process.

BUSINESS BANKING INSIGHT

Feedback from our members confirms that businesses across the UK believe that the Business Banking Insight (BBI) initiative is the most effective means of implementing Remedy 5: Enable SMEs to make comparisons between current account providers on the basis of their service quality.

As mentioned in previous submissions, the BBI website is in the process of being significantly upgraded to improve its functionality and usability. The new website will be up and running this year and feedback from SMEs has already been very positive. A recent survey found that 9 out of 10 SMEs said they would recommend the upgraded BBI website. Significantly, the survey also found that SMEs rated the BBI higher than many of its existing competitors (see Table 1).

Table 1: Comparison websites: overall ratings vs. competitors

Rated out of 10	New BBI site	businesscomparison.com	moneysupermarket.com	money.co.uk
How professional does it look?	7.5	5	5.5	5.2
How Trustworthy does it seem?	8.8	5.5	6.4	5.3
How relevant is it to you?	8.6	4.5	6	5

Source: ICM/TMW Unlimited, January 2016

The SMEs surveyed felt that the BBI website was credible because of the origin of reviews included on the site and that the website was trustworthy because of presence of BCC, Federation of Small Businesses (FSB) and HM Treasury logos. The SMEs surveyed also felt that the functionality of the site made it easy to use, particularly the ability to personalise searches and compare scores against the average bank score for each product and service.

The CMA must be careful to distinguish between the BBI survey dataset and the BBI website. We note that new long-term platform solutions may arise from the Nesta challenge prize process, for example, the 'one-stop shop' referenced in the working paper. However, as the CMA have previously noted, the BBI remains the only source of data on service quality for SMEs. Although there is certainty over the provision of most of the data needed to create the 'one-stop shop' outlined in the working paper, such as pricing or customer eligibility, there remains a degree of uncertainty around the long-term provision of trusted survey data on service quality.

NESTA CHALLENGE PRIZE

The BCC remain broadly supportive of the Nesta challenge prize and we believe that it has the potential to deliver some innovative products in the long-term. The BCC has, and will continue to work closely with Nesta in order to ensure the best possible outcome for SMEs. However, we firmly believe that the BBI initiative is complementary rather than a competitor to the Nesta challenge prize process and in principle we are open to providing access to aggregate BBI data to enable providers to test their proposals in a 'data sandbox'.

The BCC are also open to the BBI platform entering the Nesta challenge prize process. A recent survey of SMEs found that 9 out of 10 would be very interested in information on fees and charges being added to the BBI website. Feedback also confirms that this was due to the trust in the website. Significantly, this was almost entirely down to the presence of the trusted logos (BCC, FSB and HM Treasury) and they would have faith in this information being housed on the BBI website.

We would also caution the CMA against pursuing a 'one size fits all' approach. Rather remedies should reflect the fact that different SME's have different requirements and while a 'one-stop' may work for some firms other may well want a more tailored approach.

FINAL OUTCOME

Businesses have waited a long time for the CMA to undertake and complete its investigation and so where feasible remedies are identified they should be implemented as a matter of urgency so that SMEs can benefit as soon as possible. Feedback from our members confirms that the most preferable option is to build on the BBI site, an existing product in the market, as it would be more efficient and effective to build on an existing product that is already trusted and supported by SMEs across the UK and it would also benefit from the considerable existing expertise from a broad range of stakeholders in running a comparison site.

In order to ensure that SMEs continue to have access to this important data source and to help safeguard the Nesta challenge prize process, we believe that the CMA should mandate the BBI survey data as the default option for remedy 5. In order to increase awareness, the CMA should also mandate all banks to support this initiative by working to promote the BBI website among their customers.

The BCC appreciate the continued open engagement with the CMA and remain keen to engage further as this review progresses. For more information please contact: Suren Thiru, BCC UK Economic Advisor, s.thiru@britishchambers.org.uk/020 7654 5801.