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21 March 2016

Dear Sirs,

Response to the Supplemental Notice of Possible Remedies published on 7 March 2016

First Trust Bank ("FTB") welcomes the opportunity to provide its views on the remedy options set out in the CMA's supplementary notice of possible remedies (the "Notice"). In common with its previous engagement with the CMA in relation to this investigation, this response is provided solely on behalf of FTB, the trading name of AIB Group (UK) Plc in Northern Ireland.

This response should be read in conjunction with the information provided in our reply to the CMA's February 2016 Information request on Personal Current Account (PCA) overdrafts.

Overdraft remedy 1 – Prompts and alerts to inform customers of imminent and actual overdraft usage and charges

Generally, we consider customers should choose to 'opt-in' rather than 'opt-out' of alerts, to mitigate the risk of push notifications being regarded as a nuisance. The alerts selected by the customer will therefore be those which having meaning for their particular circumstances and, intuitively, are more likely to be acted on rather than ignored.

We consider the following alerts would be included in the minimum set, with the 'opt in' choice used as a prompt for the customer to confirm their preferred email address and mobile phone number to use when selecting the method of delivery:

- When a customer's account balance falls below a customer specified threshold;
- Last 5 transactions and current balance (e.g. weekly);
- When a customer's account goes outside its agreed limit – the alert would inform the amount that the customer should lodge funds by 3.00 pm to avoid charges.

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Overdraft remedy 2 – Measures to encourage PCA customers to make an informed choice on their overdraft options

We disagree that an opt-out or de-selection at account opening for unarranged overdrafts is necessary, and to do so would remove a service feature of PCAs that our customers do find convenient to use from time to time. Technically, unless restrictions were introduced on a customer's usage of certain account services, such as limiting the processing of direct debits and standing orders, or 'offline authorised' point of sale, it would not be feasible to prevent an unarranged overdraft in all circumstances without the customer also ensuring their account behaviours were consistent with exercising a choice not to incur an unarranged overdraft.

It would be possible to establish a tailored contact programme with customers who did not respond to an 'opt-out' communication. For example, the tailored programme could focus on all customers who had gone into an unarranged overdrawn position during the last 12 months.

Overdraft remedy 3 – suspension periods for unarranged overdrafts

As the CMA notes, retry period are generally already in operation but we consider a further grace period beyond same banking day risks becoming counter-productive in benefiting customers, for the reasons set out at Paragraph 120 of the Notice, and is unnecessary due the Customer being able to make use of the *Faster Payments* infrastructure and / or make lodgements at branch.

Overdraft remedy 4 – a monthly maximum charge for using an unarranged overdraft

First Trust Bank currently caps the number of paid and unpaid fees, and considers this type of fee and frequency of occurrence during a monthly charging period as providing an appropriate basis for inclusion within the scope of any MMC that the CMA may determine necessary. We do not consider that interest charges on overdrawn balances should fall within scope, as such amounts reflect the higher credit risk associated with unarranged overdrafts.

If the CMA are minded to specify a cap on the monthly maximum charge (MMC) for using an unarranged overdraft then we believe a monthly cycle is appropriate.

Measures to incentivise PCA providers to improve the engagement of and outcomes for overdraft users

Firms already submit complaints data across a range of banking services to the Financial Conduct Authority and which is in the public domain[1]. We consider that any potential remedy that may involve a KPI on complaints is managed via the FCA to ensure consistency of data in the public domain.

The Net Promoter Score (NPS) is a valuable metric but, if it were to be used for comparative purposes in the public domain, then a standardised 'customer journey' would be required for the basis of measurement to ensure consistency of reporting by firms.

We do not consider it appropriate to set targets for any KPIs that the CMA may determine as necessary, as they should form a relative measure of differentiation amongst competitors.

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[1] http://www.fca.org.uk/firms/systems-reporting/complaints-data

We trust the above will be of assistance to the CMA's work on potential remedies.

Yours sincerely,

Des Moore

Head of First Trust Bank