



LBG TRIALS

DESIGN AND TRIALS EXTENDED REPORT: REDACTED VERSION

05th April 2016

Originally shared with the CMA in December 2015



- This is a redacted version of the report, which was previously submitted to the CMA in full.
- This redacted version has removed commercially sensitive information, whilst still aiming to provide a thorough summary of LBG's trials.
- The following redactions have been applied:
 - **Charts**
 - Chart axis and data labels have been removed. However, the percentage impact of the treatment is presented.
 - For the OD eligibility results charts, the data labels have been indexed rather than removed completely.
 - Slide 114 in the annexe explains how the results should be interpreted.
 - **Results tables**
 - The results tables have been indexed to redact the actual values. However, the percentage impact of the treatment is presented.
 - **Results in the text**
 - Results in the text have been either put into ranges or redacted completely.
 - **Commercially sensitive information**
 - Commercially sensitive information relating to the design and evaluation of the trials has been redacted from the text with a [].

Recent LBG customer trials provide important insights for the CMA's forthcoming remedy design and trials.



Executive summary

- Throughout the CMA's investigation, LBG has consistently stated that **it is possible to improve customer engagement**, and that doing so should be a focus for the CMA. The CMA has concluded in its Provisional Findings and Notice of Proposed Remedies that this is indeed an issue to pursue.
- **LBG is broadly supportive of the CMA's package of possible remedies. Remedies that seek to change customer behaviour will require a well-designed and iterative programme of trials and behavioural research.** This is consistent with the views LBG has previously submitted and with wider regulatory best practice. (Equally, there are a range of remedies where the CMA can move straight to implementation and seek to make quick progress.)
- **LBG has recently undertaken a range of relevant customer randomised control trials (RCTs)** involving several hundred thousand LBG customers. **This has generated some important insights** as the CMA starts to design its customer engagement remedies. In particular:
 - **Customer Tools:** LBG tested whether tools to help customers better manage their products (text alerts, planned OD, annual review) could significantly impact customer behaviour, lower the fees they pay and change provider behaviour by changing revenues. These had some of the biggest impacts, particularly for high OD customers. These types of tools are not currently covered by the CMA's remedy package. We think the CMA should build customer tools into the remedies package following further trials.
 - **Customer prompts:** the CMA is proposing introducing a range of prompts. LBG trialled prompts targeted at those customers making complaints as a way to focus on the most dissatisfied, but results were disappointing. There could be lots of reasons for this, but this shows that **testing proposed remedies is important**.
 - **Overdraft eligibility checker:** the CMA is proposing a remedy to introduce this tool. LBG trialled this, but in practice the tool didn't have a significant impact. Intuitively, an overdraft checker would seem to be a positive development and LBG has ideas on how to improve the impact of the next tool in future trials.

This report is structured as follows:

Summary	<ul style="list-style-type: none">• An overview of the LBG trials and their meaning for proposed CMA remedies
LBG trials	<ul style="list-style-type: none">• A description individual trial design and results<ul style="list-style-type: none">• PCA Planned Limit Availability 15• PCA Low Balance Text Alerts 34• PCA Revised Annual Statements 52• PCA Complaint Letter Insert 67• PCA Overdraft Eligibility Checker 76• RBB/SME Low Balance Text Alerts 84• RBB/SME Revised Annual Statements 100
Annex	<ul style="list-style-type: none">• Guide to interpreting statistical results 113



Some of the CMA's remedies aim directly to change customer behaviour. Trials will be critical in these cases.

CMA remedy	Next step*
1. Prompts to customers to review PCA or BCA	Trials needed
2. Increase awareness of switching and CASS	Trials needed
3. Transaction data more easily available and usable	Implement
4. A PCW for SMEs	Implement
5. BCA service quality comparisons	Implement
6. Standardise and simplify BCA opening procedures	Implement
7. Overdraft eligibility checker	Trials needed
8. Extension to CASS redirection period	Implement
9. Retain and provide ex-customer transaction data	Implement
10. Transfer CPAs through CASS	Implement
11. Support the partial switching service	Implement
12. Changes to CASS governance	Implement
13. Data sharing with credit reference agencies	Implement
14. Commercial open data and data sharing proposals	Implement
15. Loans price and eligibility indicator	Trials needed

- Remedies 1,2,7 and 15 seek to directly influence customer behaviour.
- **Changing customer behaviour requires significant trialling** to test what works in practice. Results are not always as expected.
- **Such a programme takes time.** The CMA will need to account for this in remedy design, where trials are a necessary step before any form of rollout.

- **For other remedies, the immediate next step should be to move quickly to a technical implementation where feasible**, as these relate to operational changes or require functional builds that third party providers can undertake (or already exist in some form).
- Of course, once built, some remedies will benefit from trials and this should be factored in eg trials of how to make CASS marketing more effective.

LBG undertook five separate RCTs with PCA customers...



HYPOTHESIS

CHANNELS

MEASURED IMPACTS

1 Availability of a planned OD limit

RETAIL

Providing customers that go into unplanned OD with trigger alerts around available planned limits will lead to a reduction in unplanned fees going forward and customers being better off in the long term.

Letter SMS Digital Prompts

c20k treated/channel
Same control size

- Increased overdraft limit
- Reduction in days in unplanned
- Lower overall fees
- No longer incurring unplanned fees
- Lower debit balance (long term)
- Understanding channel effectiveness

2 Auto opt in low balance text alerts

RETAIL

Trigger prompts to auto-opted overdraft customers 'near limit' and 'over limit' will reduce accidental use of unplanned overdrafts and therefore reduce overall fees.

Letter at launch SMS

c50k treated
Same control

- Reduced discretionary debit card usage into unplanned
- Lower unplanned fees
- Reduction in days in unplanned
- Lower debit balance (long term)
- Increased overdraft limit

3 Annual Summary Statements

RETAIL

Customers who receive a transparent summary of key areas of Current Account cost and value, act on the information and switch products/ change behaviour internally or switch out externally.

Letter

c95k treated,
c40k control

- Customers switching products internally/extending limits
- Uplift in product queries
- Customers switching externally
- Reduction in use of unplanned overdraft
- Increased overdraft limit

4 Complaint letter insert

RETAIL

An insert outlining simplicity of switching may trigger PCA customers who have complained to contact the 3rd party advice service detailed in the insert or switch to another provider.

Letter

c5k treated
Same control

- Increase in switch out rates
- Calls to Money Advice Service

5 Overdraft Eligibility checker

RETAIL

A simple pre-application overdraft eligibility tool. Some customers who would not normally apply will have the confidence to do so. Also those customers likely to fail can take alternative action and protect their credit history.

Webpage tool

c115k Lloyds; c80k Halifax visits
same control sizes

- Reduced failed application rates
- Improved filtering of applications

...and a further two RCTs with BCA customers.



HYPOTHESIS

CHANNELS

MEASURED IMPACTS

6

**Auto opt in
low balance
text alerts**



RBB/SME

Customers who receive enhanced information on their overdraft usage (near limit alerts) incur less excess fees / spend less time in an excess position.



Letter at launch



SMS

25K treated (RBB:SME split = 20K:5K); same control

- Reduction in average days in excess
- Reduction in volume of excess occurrences
- Reduction in value of excess fees
- Increased overdraft limits
- Uptake of new credit lines

7

**Annual
Summary
Statements**



RBB/SME

Customers who receive a transparent summary of key areas of Current Account cost and value, act on the information and switch products internally or switch out externally.






Letter

9k treated (RBB:SME split = 6K:3K)
Same control

- Uplift in product queries
- Customers switching products internally/extending limits
- Customers switching externally
- Uptake of new credit lines
- Reduction in transaction volumes



Some PCA trials were effective, others less so. Each trial provides relevant insight for the CMA's early remedy design work. (1/2)



TRIAL	RESULTS	CONCLUSIONS	RELEVANCE
1 Availability of a planned OD limit  RETAIL	<ul style="list-style-type: none"> Customers reacted and changed planned limits under the treatments. The exception was customers without a limit prompted via internet banking. SMS was most effective for those with a planned limit (42%+ vs. control). DM for those without (39%+ vs. control) NB these % differences are relative to small original effects. Timeliness of messages was important: customers incurring fees in a given month were more likely to act than others in the treatment. Absolute magnitudes: 1% to 0.2% more customers changed limits, depending on treatment. Heaviest fee payers were least likely to change limits. Prompt caused some customers to open a new account or product (15-20%+ v control). 	<ul style="list-style-type: none"> Trial was effective for some segments and some treatments. Refinements: consider repeat contact, different variants, timing of messages, and multi channel contact. 	Elements of CMA remedy 1 relating to event triggers.
2 Auto opt in low balance text alerts  RETAIL	<ul style="list-style-type: none"> Treated customers reduced unplanned fees and time unplanned. ~1% of treated customers saved £5+ per month v control by not going unplanned. The top 20% of fee payers saved [100-150]p/month on average. CMA average provider OD income was £4.11/month. FCA found 30p/month reduction with SMS alerts (Message Received). LBG found [25-75]p/month average reduction across the treatment group. Alerts also positively affected days unplanned (3 days/yr less); unplanned occurrences (3% less/month) and customers going unplanned (2% less/month). Customers who opted out before the trial started tended to be heavier OD users. Daily analysis shows most impact from alert in first 24 hours. 	<ul style="list-style-type: none"> Trial was effective for most segments and treatments. Refinements: explore different limits, different variants including multi channel, repeat frequency. 	
3 Annual Summary Statements  RETAIL	<ul style="list-style-type: none"> Mixed impact. Treatment affected low interest segments, but not unplanned OD users. Twice as many high balance customers with low interest were prompted to internally switch by explicit call to action. Customers with CTO>£1,500 most likely to respond to treatment. 	<ul style="list-style-type: none"> Improve variants for high balance, low interest. Redesign alternative approaches for OD users. Consider multi-channel 	Elements of CMA remedy 1 relating to periodic prompts.



Some PCA trials were effective, others less so. Each trial provides relevant insight for the CMA's early remedy design work. (2/2)



TRIAL	RESULTS	CONCLUSIONS	RELEVANCE
<div data-bbox="21 268 79 329">4</div> <div data-bbox="79 268 311 434"> <p>Complain letter Insert RETAIL</p>  </div>	<ul style="list-style-type: none"> Although directional impacts were positive, no statistically significant impact on switching rates. Sub segment analysis by complaint type also revealed no significant impacts. 	<ul style="list-style-type: none"> Redesign required in next iteration. Before CMA run any similar trials, consider alternative designs: channels, variants, larger samples, other complaint triggers. 	<p>Elements of CMA remedy 1 relating to event triggers.</p>
<div data-bbox="21 733 79 795">5</div> <div data-bbox="79 733 311 905"> <p>OD Eligibility Checker RETAIL</p>  </div>	<ul style="list-style-type: none"> Halifax customers seeing the OD checker (ODC) were less likely to open account than the control group with or without an overdraft (5.2% with ODC, 5.5% in control without ODC). Fewer ODC page visitors start application process (22% with ODC v 26% control without ODC). Of those who started an application, more users opened an account where ODC was available (23% with ODC v 21% control without ODC). Overall, the fewer starters effect dominates the improvement in completion from ODC viewers. Only ~8% of Halifax page visitors completed checker (22% started). Mobile least effective channel in terms of switching rate (<2%, v ~7% other channels). No significant results for Lloyds customers. 	<ul style="list-style-type: none"> This OD checker reduced account opening – the opposite of the intended effect. Further research into customer journey and experience required before further testing. Next version to be tested should have a different design. Test impact of changing channels, variants, ease of use and additional prompts. 	<p>Highly relevant for CMA remedy 7 (overdraft eligibility checker)</p>

Some RBB/SME triggers were also effective.



TRIAL	RESULTS	CONCLUSIONS	RELEVANCE
<div>6</div> <div>Auto opt in low balance text alerts RBB/SME</div> 	<ul style="list-style-type: none"> Text alerts did help RBB customers spend less time in excess (~10% excess occurrences v control), reduced the number of excess occurrences per month and increased the number of RBB customers applying to reduce their limit. For SME customers the number of excess occurrences per month was also reduced. In addition, the treatment increased the % of customers opening a new product. However, no significant impact on fees or balances. Top 20% of excess fees have a lower monthly maximum excess balance. As with PCA, heavier excess users tended to opt out of the trial. Positive customer feedback on trial. 	<ul style="list-style-type: none"> Explore different limits, different variants including multi channel, repeat frequency. Trial across multi-provider to increase sample size and assess ease of use. 	<p>Elements of CMA remedy 1 relating to event triggers.</p>
<div>7</div> <div>Annual Summary Statements RBB/SME</div> 	<ul style="list-style-type: none"> Limited significant impacts with this trial. RBB customers with relatively high/medium account costs reacted to treatment by opening new accounts and changing limits. Top 20% by fees reacted most strongly. Similarly relatively high/medium account costs SME customers also opened accounts. 	<ul style="list-style-type: none"> Limited impact Consider redesign and alternative calls to action. Also use multi-provider to increase sample size. 	<p>Elements of CMA remedy 1 relating to periodic prompts.</p>



There are also some general insights from the LBG trials that are relevant to the CMA's trials process. (1/2)

1

Well-designed trials take time

- Good trials should iterate, learn, adapt, combine and improve. Through learning and iteration better results can be achieved, although this takes time: LBG trials took a little less than a year.
- Careful design of the trial (testable hypotheses, sample selection and size, proper control and randomisation process, data collection process and so on) is vital.
- Lab trials should be considered to determine best trial variants in advance of field trials.

CMA IMPLICATION

- CMA cannot expect significant instant impact from all remedies.
- Remedies will need trial and iteration over time to achieve effective behavioural change.

2

Small details make big differences

- LBG (and others) find small differences in customer prompts can have a big impact.
- For example, if personal information is included or not; precise wording, format and even font can all effect response rates.
- The best channel or combination of channels and frequency of prompts depends on the nature of the call to action and the target group.

- CMA trials should explore multiple variants.
- Suggest lab trials prior to field launch.
- Treatments should include multi-contact, multi-channel options.

3

Ease of action is important

- Understanding the customer journey from receipt of prompt through to action is critical. It needs to be as easy as possible.
- For example, acting on a letter, might need ringing a call centre, clearing security and further steps. Alternatively, emerging methods like mobile app push alerts may be easier to act upon and hence show higher response rates. These should be trialled versus letter, SMS and existing channels.
- Multi-lateral trials with different providers can reveal how different customer journeys affect response rates.

- Mobile OD checker and complaint insert need further research.

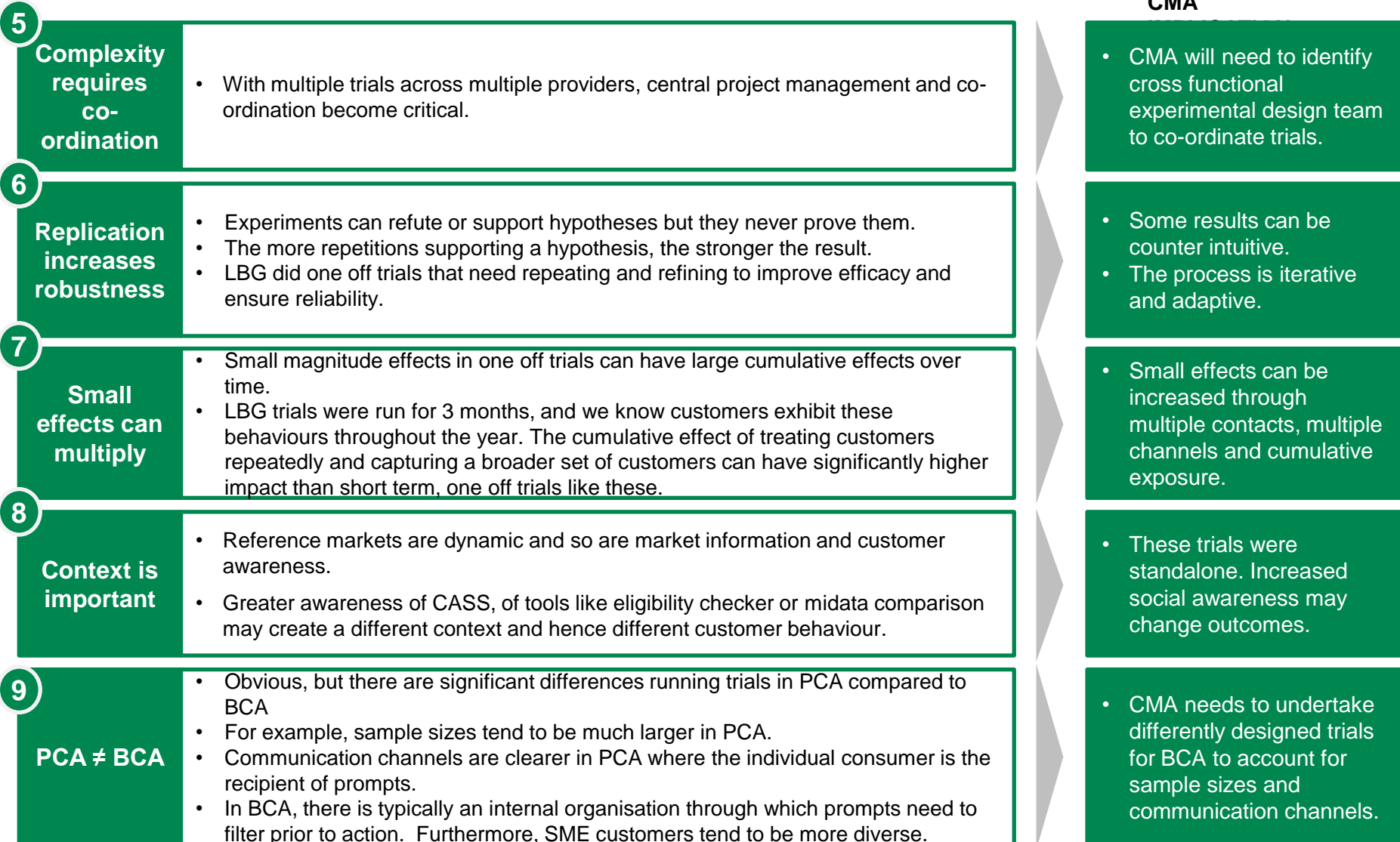
4

Targeting makes a difference

- Choosing the appropriate sample for treatment and control is important.
- The sample needs to be unbiased and yet appropriate to the treatment.
- LBG often found certain PCA and BCA sub segments to be more responsive.
- SME is a particularly diverse population. Not all trials will be relevant to all SME segments.

- CMA should identify target segments for all trials.

There are also some general insights from the LBG trials that are relevant to the CMA's trials process. (2/2)



Further, the CMA could build on lessons from recent FCA behavioural trials.



Examples of FCA led trials

Trial description	Behavioural impact and lesson	Source
Savings Statement Trial Different switching boxes in savings statements explored various treatments to increase switching (e.g. call to action, internal comparison, market comparison).	<ul style="list-style-type: none"> Lesson: trialling several variants helps identify better approaches. Preliminary results show 2-5% response rates (depending on treatment) vs expected direct mail response of <1%. 	<i>Interim results: FCA Savings statement switching box trial ongoing</i>
General Insurance Renewal Large RCT to test reactions to different types of information provided at renewal and whether this prompted people to switch in home and motor insurance markets.	<ul style="list-style-type: none"> Lesson: target groups within a given variant react differently The inclusion of last year's premium on renewal notices had the greatest impact, prompting between 11% and 18% more people to either switch provider or negotiate a lower premium when prices sharply increase. Customers who received on average a price increase of over 5% at renewal reacted most. The FCA also tested three other disclosure options. 	<i>FCA Occasional Paper 12: Encouraging consumers to act at renewal December 2015</i>
Overdraft Messages Not an RCT, but rigorous examination of different forms of communication (letter, text, app) and their effects on customer behaviour.	<ul style="list-style-type: none"> Lessons: cumulative effects are important; trial magnitudes can be small; there may be significant variation within reported averages. Text alerts reduced average monthly unarranged overdraft charges by 6% (£0.22). Mobile banking apps reduced average monthly unarranged overdraft charges by 8% (£0.33) for Bank A and by 5% (£0.23) for Bank B. Signing up to both services reduced monthly charges by 24% (£0.93) for Bank A. Annual statements had no effect. 	<i>FCA Occasional Paper 10: Message Received, March 2015</i>
Insurance Redress Letters RCT looking at variants of a redress letter sent to 200,000 financial service customers, including follow up reminder. (7 variants = 128 treatment groups).	<ul style="list-style-type: none"> Lesson: small variant changes can make a big difference in response rates. Response rate went up from 1.6% to 12% in the most successful treatment group. 	<i>FCA Occasional Paper 2: Redress letters, April 2013</i>
Savings Rate Change Letter RCT examining variants of savings rate change reminder letter and its timing (control, standard reminder, loss reminder, gain reminder).	<ul style="list-style-type: none"> Lesson: repeat contact builds awareness and increases behavioural change. Switching increased by between 5.6% to 7.9% with reminders. This, relative to a base switching rate (control) of approximately 50% to 70% 	<i>FCA Occasional Paper 7: Savings rate renewal letters, Jan 2015</i>



Key implications for CMA remedy design

- To develop effective, evidence based remedies that seek to change customer behaviour, a well-designed and iterative programme of trials and behavioural research is needed to properly understand what works.
- In this context, these one-off LBG trials have provided a variety of lessons about the pros and cons of various trial design approaches. There are also lessons from recent FCA experience in other related markets.
- Developing effective tools to influence customer engagement is an adaptive, long term exercise. The CMA should be prepared for this, and build this into the governance and timing aspects of the relevant remedies.
- Some of the LBG trials show the need for careful redesign following some possibly counter-intuitive outcomes, particularly around OD eligibility and using complaints as a trigger to action. Others showed the need for refinement and evolution to improve their existing efficacy e.g. text alerts and planned limit alerts.
- The CMA is uniquely placed to initiate large scale trials, across multiple providers and develop remedies which will change customer engagement for the better. These might be undertaken in partnership with the others such as the FCA.
- LBG hopes that the insights shared here will be a valuable input for the CMA as it starts to design its remedies in more detail, and that this evidence will help the CMA to focus and refine its ideas.
- Where there is specific read across between the LBG trials and the CMA's proposed remedies, the CMA can use this insight to benefit from the work LBG has already undertaken. LBG would welcome a meeting to discuss these results further.

1 PCA Planned Limit Availability



Trial prompts customers to save by changing OD limit.

Three channels; 60,000 customers

HYPOTHESIS

1

**Availability
of a planned
limit
RETAIL**



Providing customers that go unplanned with timely information around available planned limits will lead to a reduction in unplanned fees going forward and customers being better off in the long term

CHANNELS



Letter



SMS


Digital
Prompts

20k customers in each channel trial
60k in whole population

METRIC

- Increased overdraft limit
- Reduction in days in unplanned
- Lower overall fees
- No longer incurring unplanned fees
- Lower debit balance (long term)
- Understanding channel effectiveness

SAMPLE SELECTION

- Data selection was limited to one brand only (Halifax)
- Only customers with occasional unplanned overdraft usage (customers unplanned 1-2 of the last 6 months) were included to ensure that increased borrowing was not offered to customers with heavy overdraft usage
- A business decision was made to include customers with a non-Marketing indicator to understand whether a message of this nature could benefit customers who do not usually receive communications considered as financial promotions

RANDOMISATION PROCESS

- Standard randomisation
- To build a control group of 20k customers (to enable an accurate comparison against the treatment group), a control group was formed from equivalent populations within the letter and SMS control groups who met the Digital lead control group criteria




CUSTOMER ACTIONABILITY

- Ease to act varied amongst the channel communications. Customers who received an SMS or who saw a Digital banner were able to navigate directly from the communication to an overdraft application process, whereas customers receiving the letter needed to log on or call to action their request
- Customers who clicked through from the SMS to apply for an overdraft would have gone straight to browser.
- However, customers who logged in to the app to apply, would have been redirected to a browser to complete their application, instead of staying in app as is now the case.

HYPOTHESIS

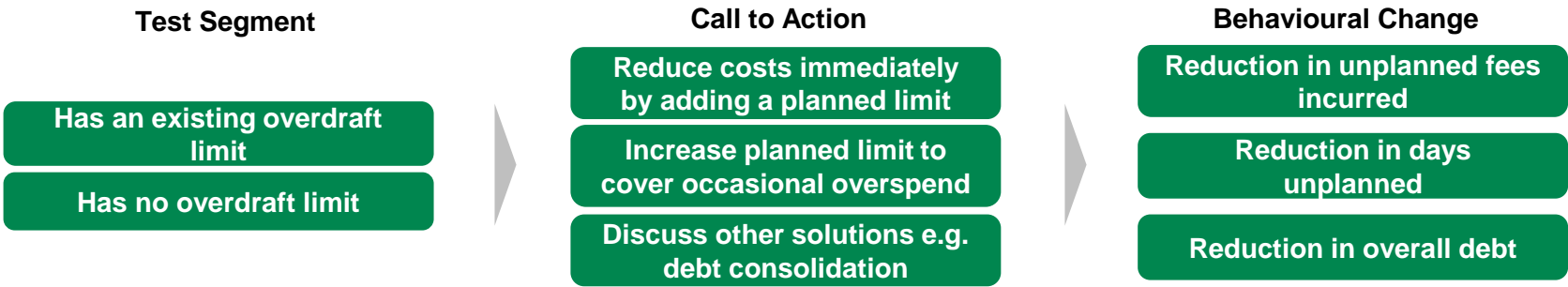
Providing customers that go unplanned with timely information around available planned limits will lead to a reduction in unplanned fees going forward and customers being better off in the long term

HIGH-LEVEL TEST STRUCTURE:

CHANNEL	CUSTOMERS TREATED	COMMS DATES	EST RESPONSE
 DIGITAL BANNERS	20k	MAY JUN JUL Ongoing throughout the trial	200-300
 LETTERS	20k	APR 22 MAY JUN Single mailing end of April	200-300
 SMS	20k	MAY JUN JUL Ongoing throughout the trial	200-300

SELECTION CRITERIA

1. Customer must have a clear incentive to act, avoiding situations where limit increase might add to overall debt
- ☐ Occasionally unplanned
- ☐ Sufficient additional/new limit available
- ☐ Stability around limit availability





One variant was used for direct mail channel

Message designed for optimum impact

CURRENT ACCOUNT

Customer reference: XXXXXXXXXXXXXXXX
Ref: HXCMANOCVDSTD
Date: XX Month XXXX

<Mr A Personalised>
<Sample House>
<1 Sample Road>
<Sample Town>
<Sample County>
<WX1 9YZ>

BARCODE

Johnson box used to highlight the costs of planned and unplanned borrowing

Header used to catch customer attention as a service message

**HERE'S HOW WE COULD HELP YOU
REDUCE OVERDRAFT FEES.**

Dear Mr Sample,

Over the last six months there have been times you've been charged an unplanned daily overdraft fee of £5. We want to help you reduce the fees you pay. Apply for a planned overdraft and it means that if you go overdrawn again, the fees you pay could be much lower.

As an example if you used an unplanned overdraft for three days a month you would be charged £5 a day in fees, that's £15 in total. But if this had been a planned overdraft it could have cost you as little as £1 a day in fees, that's £3 a month.

The information to the right highlights the costs of a planned overdraft compared to an unplanned overdraft.

A couple of things to bear in mind. The availability of a planned overdraft and your limit will depend on your circumstances when you apply and will be subject to eligibility, and we can ask you to repay your overdraft back in full at any time.

Not sure you'll use a planned overdraft?

Need it or not it's good to have a plan. It costs nothing to set up and if you do go overdrawn and stay within your planned limit, you'll pay much less in fees.

DAILY OVERDRAFT FEES.

UNPLANNED OVERDRAFT

By using this, your daily fee has been:

£5

PLANNED OVERDRAFT

Daily fees are:

For overdraft amounts £0 to £1,999.99	<div style="background-color: #00bfff; border-radius: 50%; padding: 5px 10px;">£1</div>
For overdraft amounts £2,000 to £2,999.99	<div style="background-color: #00bfff; border-radius: 50%; padding: 5px 10px;">£2</div>
For overdraft amounts £3,000 and above	<div style="background-color: #00bfff; border-radius: 50%; padding: 5px 10px;">£3</div>

REPRESENTATIVE EXAMPLE:
IF YOU USE A PLANNED OVERDRAFT OF £1,200, THEN WE'LL CHARGE YOU A DAILY FEE OF £1.

Example gives typical saving based on unplanned usage by treatment group

Limitations

- The example typical fee saving was generic to the overall treatment group; it was not possible to personalise to each customer

Other variants

- There were 4 variants of the letter; depending on whether the customer had an existing planned limit or not, and whether the customer held a packaged or non-packaged bank account
- Different format, personalisation, wording and reminder variants could be explored

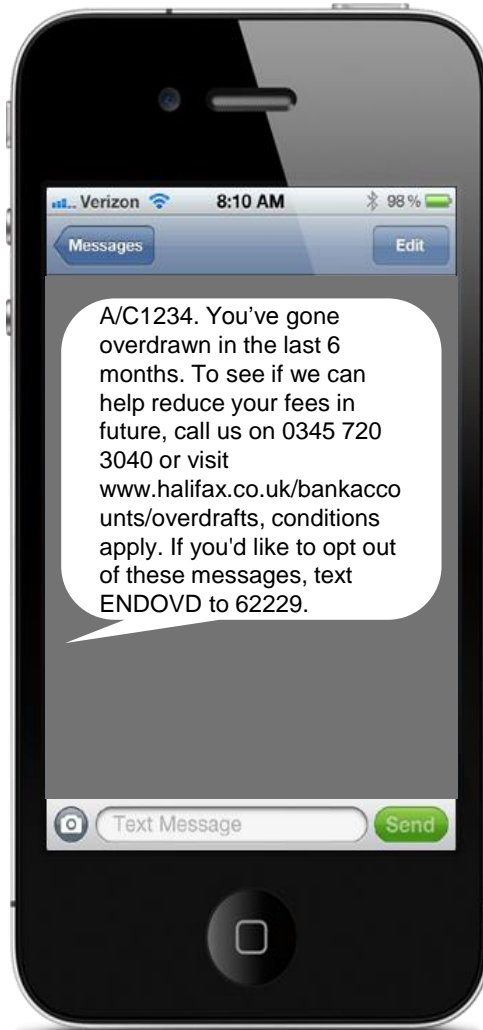
Option selection

- Wording was intended to be impactful by highlighting how a planned limit could save customers money; however, a representative example rather than personal, may have diluted the impact of the messaging
- Ease to act was more difficult for this channel than for SMS or Digital prompt



One variant was used for SMS channel

Slight message changes occurred over time



Trial constraints

- Messages were issued to customers around the 20th working day of the month. This may have been close to payday for a large number of customers with monthly pay, therefore may have impacted the customer's propensity to take up/ change their overdraft limit

Other variants

- There was a slight variation in the wording of the repeat messages sent in the second and third month of the trial. They referred to fees incurred in 'the last 7 months' and 'the last 8 months'
- Tighter targeting of customers who had incurred fees in a shorter time period, e.g. within the last 3 months, might increase the impact and subsequent response rate

Option selection

- The first line was chosen to align to the letter and to make the message impactful, based on the recency of the customer incurring unplanned fees. However, references to 'unplanned' fees were deliberately avoided as it was deemed to be complicated to explain succinctly
- Call to action was simple for any customers with a smart phone. However, as referenced earlier in the pack, customers applying via the Mobile Banking app would have been redirected to the mobile optimised browser
- Opt-out message was clear and simple for customers. A higher volume of opt-outs was seen following the second message
- Original intention was to keep the message within the parameters of one text message, however this was not possible when building in Legal requirements and opt-out clause



One variant was used for Digital channel

Messaging consistent with direct mail channel

Johnson box used to highlight the costs of planned and unplanned borrowing

Header used to catch customer attention as a service message

HERE'S HOW WE COULD HELP YOU REDUCE OVERDRAFT FEES.

Over the last six months there have been times when you've been charged an unplanned daily overdraft fee of £5. We want to help you reduce the fees you pay.

Apply to increase your planned overdraft and, instead of paying £5 a day if you go overdrawn, you could pay as little as £1 a day.

As an example if you used an unplanned overdraft for three days a month you would be charged £5 a day in fees, that's £15 in total. But if this had been a planned overdraft it could have cost you as little as £1 a day in fees, that's £3 a month.

A couple of things to bear in mind. The availability of a planned overdraft and your limit will depend on your circumstances when you apply and will be subject to eligibility, and we can ask you to repay your overdraft back in full at any time.

So why not apply to increase your planned overdraft. Then if you go overdrawn in the future and stay within your planned limit, you'll pay much less in fees. In most cases we can give you a decision straightaway.

REPRESENTATIVE EXAMPLE:

IF YOU USE A PLANNED OVERDRAFT OF £1,200, THEN WE'LL CHARGE YOU A DAILY FEE OF £1.

Apply now

DAILY OVERDRAFT FEES.

UNPLANNED OVERDRAFT

By using this, your daily fee has been: **£5**

PLANNED OVERDRAFT

Daily fees are:

For overdraft amounts £0 to £1,999.99 **£1**

For overdraft amounts £2,000 to £2,999.99 **£2**

For overdraft amounts £3,000 and above **£3**

Example gives typical saving based on unplanned usage by treatment group

Practical constraints

- Customer visibility of prompt was dependent on the frequency of log-in and prioritisation against other Digital leads
- Customers selected for the trial needed to have logged on within the last month

Other variants

- There were 4 variants of the prompt; depending on whether the customer had an existing planned limit or not, and whether the customer held a packaged or non-packaged bank account
- Different format, personalisation, wording and reminder variants could be explored

Option selection

- Decision was made to replicate as much as possible of the letter content; this is not the standard LBG approach to Digital prompts
- More succinct messaging was considered but was rejected as the message became less powerful without the reference to recently incurred fees
- Actionability: call to action was one click through to manage their account and/ or overdraft



Aspects of the trial can be developed

Refinements can be made in future iterations

Refinement	Impact	Recommendation
1 Post-trial measurement period	1. Unable to determine impact of trial on the likelihood of the customer having a long-term change in their debit balance.	1. Revisit account balances/ customer behaviour at + 6 months/ + 12 months to investigate any long-term improvement/ reduction.
2 Drop outs	1. Reduction in size of treatment group for second and third communications due to c400 customers no longer meeting Credit Risk criteria.	1. No alternative recommendation – data was refreshed to ensure customers still met the required selection criteria.
3 Target group criteria	1. Trial results may show certain sample segments yield greater behavioural response than others	1. Depending on results, consider tighter selection criteria for communication
4 Limited treatments variants	1. Trial insight constrained by limited number of treatment variants	1. Consider further trials (lab and field) with multi-channel, multi-frequency and variety of format/wording treatment combinations
5 Cumulative effects	1. The trial was a one off, over a constrained time period.	1. Investigate repeated contacts over an extended period to assess cumulative effects.



Complaints relating to the trials were low

Trial opt out rates were low

Trial	Complaint Volumes	Complaint Themes
Planned limit – SMS channel	7	<p>Low % of SMS complaints (<0.1%). Complaint themes (and number of complaints) were:</p> <ol style="list-style-type: none">1. Relevance - customer did not think they had been unplanned within the quoted timeframe (3)2. No Marketing Indicator (NMI) – customer unhappy at receiving SMS as they had an NMI on their account (2)3. Clarity of communication - customer remained within the overdraft buffer on the one occasion that they went unplanned (1)4. Incorrect mobile number on file – number held on file for the account did not belong to customer (1)

Opt-Out Volume	Opt-out %	Commentary
293	<p>1.5% overall opt-out rate across treatment group</p> <p>0.4% opt-out rate on receipt of first SMS</p> <p>1.3% opt-out rate on receipt of second SMS</p>	<p>Volume of opt-outs includes:</p> <ul style="list-style-type: none">• 74 customers who opted-out on receipt of first SMS• 219 customers who opted-out on receipt of second SMS



The PCA availability of planned limit trial shows customers changing their planned limit and using their unplanned overdraft less

Hypothesis

Customers who are told that they can have a planned overdraft limit:

- Will be more likely to apply for a planned limit
- Less likely to incur overdraft charges

Success criteria

- Increased limit
- Lower unplanned fees
- Lower debit balance
- Understanding channel effectiveness

We have looked at trends for:

- Amount and number of unplanned OD fees
- Number of days in unplanned OD
- Number of unplanned OD occurrences
- Average and maximum value of unplanned OD
- Probability of changing planned limit
- Probability of opening a cross-product account

Results

1. **Customers reacted and changed planned limits under the treatments. The exception was customers without a limit prompted via internet banking.**
2. **SMS was most effective for those with a planned limit (42%+ vs. control). DM for those without (39%+ vs. control) NB these % differences are relative to small original effects.**
3. **Timeliness of messages was important: customers incurring fees in a given month were more likely to act than others in the treatment.**
4. **Absolute magnitudes: 1% to 0.2% more customers changed limits, depending on treatment.**
5. **Heaviest fee payers were least likely to change limits .**
6. **Prompt caused some customers to open a new account or product (15-20%+ v control).**



Availability of planned limit – summary results

Customers changed limits, 14%-42% depending on treatment

IB channel saw a drop in unplanned fees

Direct mail was most effective for customers *without* a planned limit

Counterintuitively, the treatment increased overdraft balances for some customers

Sub-segment	Monthly unplanned fees (£)			% of customers changing planned limit			Days in unplanned OD per month			Monthly unplanned occurrences			Monthly unplanned balance (£)			Monthly max unplanned balance (£)			% of customers opening a new account		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
ODL10: Direct mail / no planned limit				139	100	39%				94	100	-6%	135	100	35%	117	100	17%	118	100	18%
ODL11: SMS / no planned limit				116	100	16%															
ODL12: Internet Banking / no planned limit	82	100	-18%				84	100	-16%	93	100	-7%							119	100	19%
ODL13: Direct mail / planned limit				114	100	14%															
ODL14: SMS / planned limit				142	100	42%															
ODL15: Internet Banking / planned limit	88	100	-12%	129	100	29%				93	100	-7%							117	100	17%

SMS was most effective for customers *with* an existing planned limit

Customers also opened new accounts as a response

Key learnings

- Customers do respond to targeted and relevant communication, in particular those without a planned limit to start with
- SMS may be more effective for behaviour change that involves less “hassle” (increasing planned limit, rather than setting up a new one)

	Statistically significant impact ; result in line with hypothesis
	Statistically significant impacts; results not in line with hypothesis
	Impact not statistically significant
T	What we got with treatment
E	What we would expect to get without treatment
I	The % impact of treatment

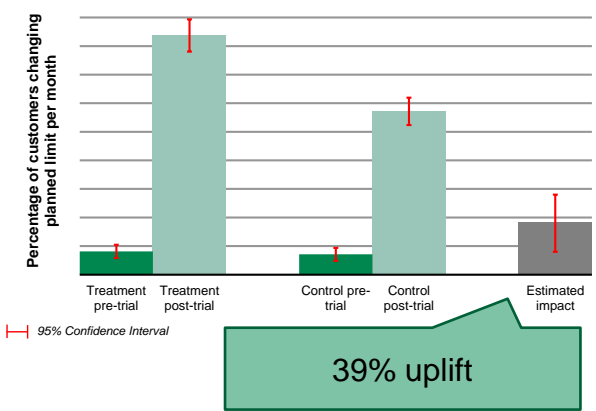
Note: Results have been indexed for redacted version; “E” is base.



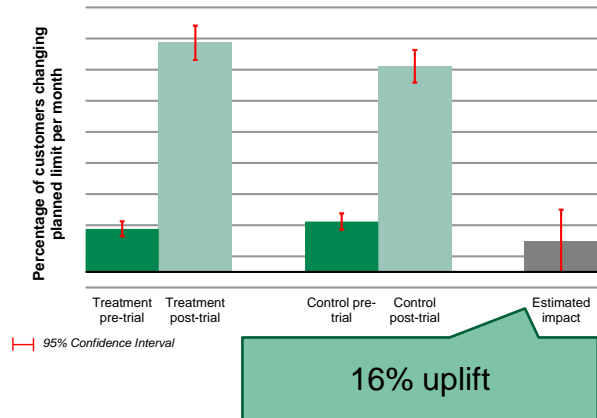
Customers did change planned limits as a result of treatment

% uplift large; absolute impact [$<5\%$] change limits

OD10: Direct Mail / No planned limit



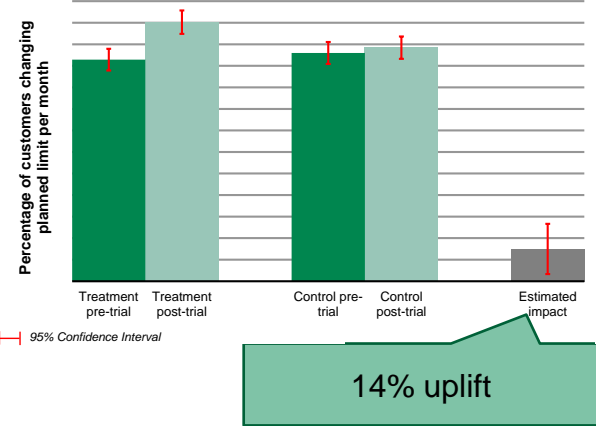
OD11: SMS / No planned limit



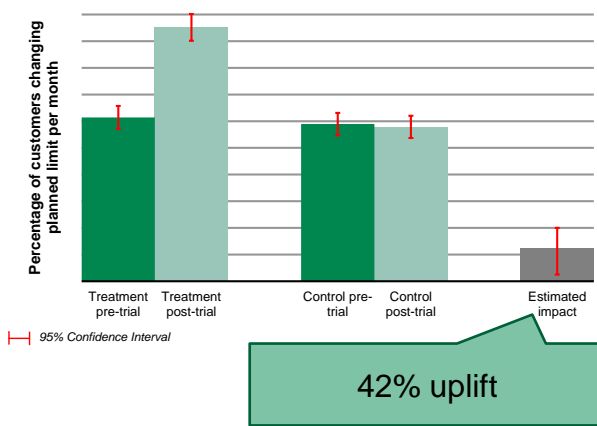
OD12: Internet Banking / No planned limit

No significant impact

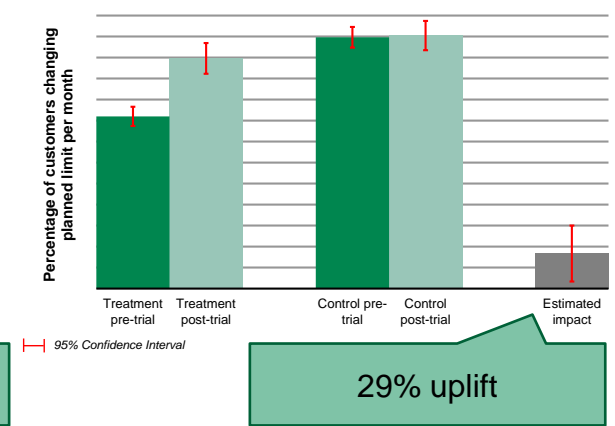
OD13: Direct Mail / Planned limit



OD14: SMS / Planned limit



OD15: Internet Banking / Planned limit

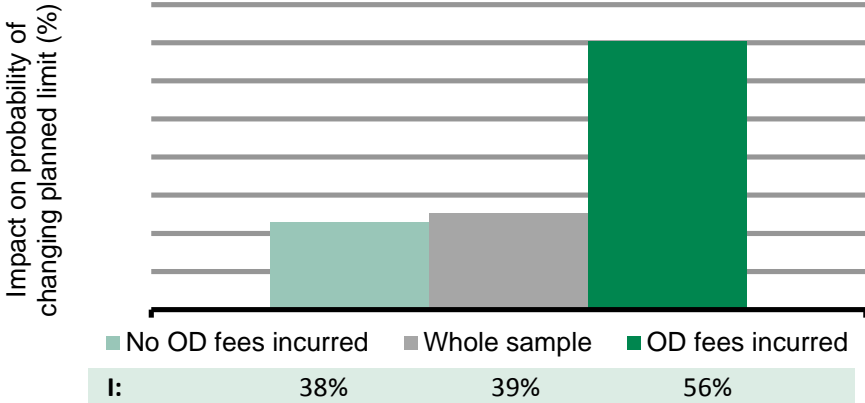




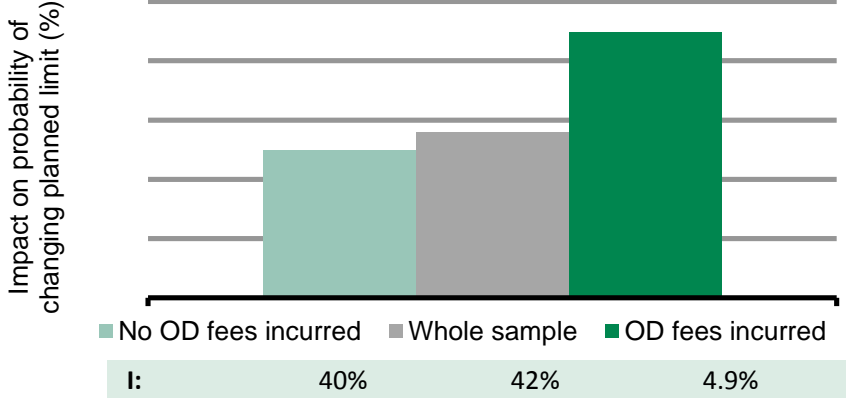
Timely, targeted communication is likely to be most effective

Customers were more likely to change limit if they incurred fees in that month

OD10: Direct Mail / No planned limit

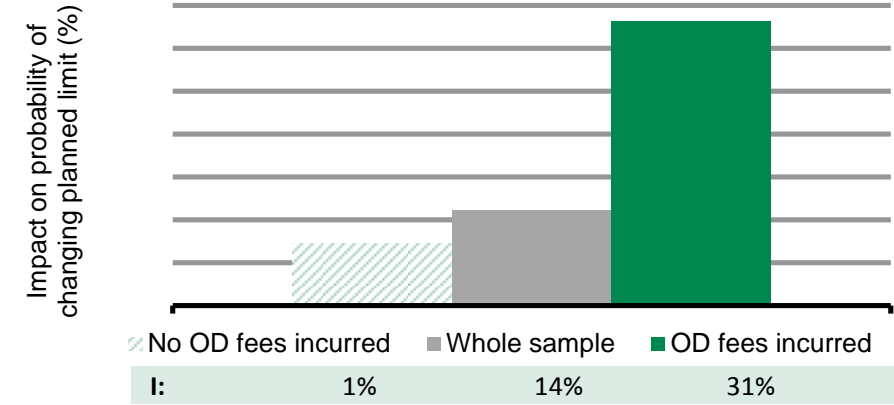


OD14: SMS / Planned limit

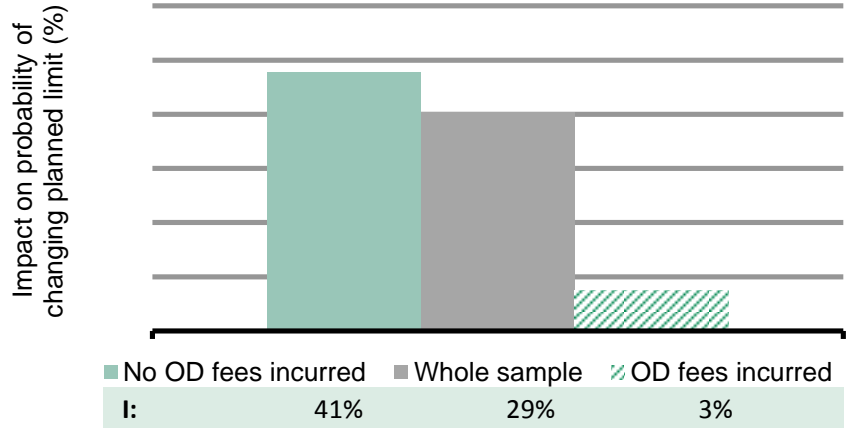


OD13: Direct Mail / Planned limit

Direct mail / planned limit



OD15: Internet Banking / Planned limit

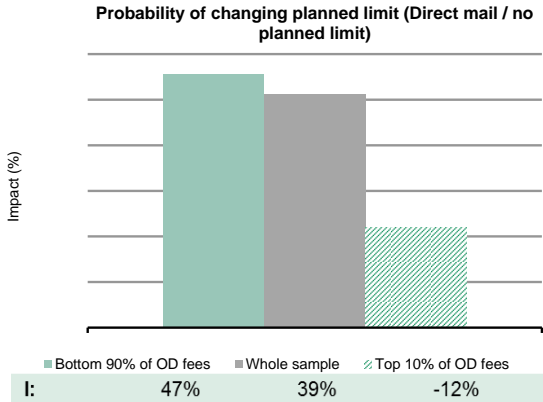


	Significant impacts
	Non-significant impacts
I	The % impact of treatment

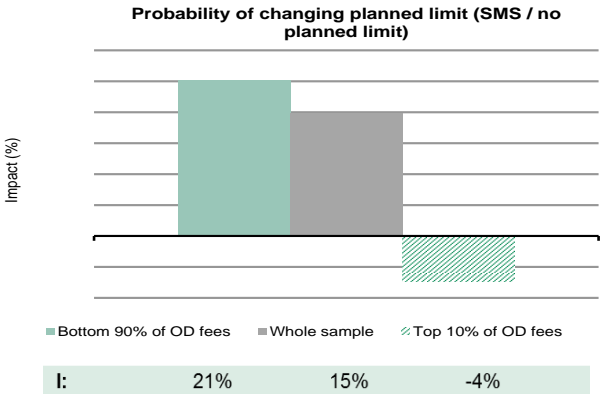


The highest fee payers are less likely to change their planned limit

OD10: Direct Mail / No planned limit



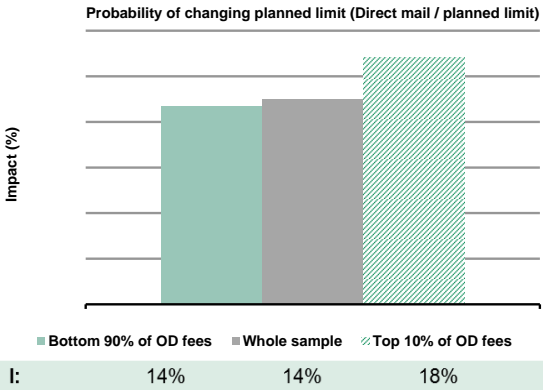
OD11: SMS / No planned limit



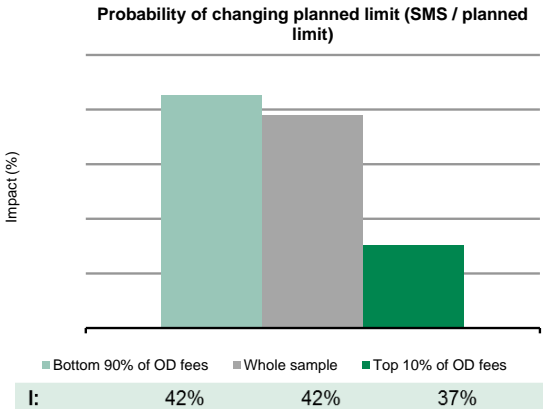
OD12: Internet Banking / No planned limit

No significant impact

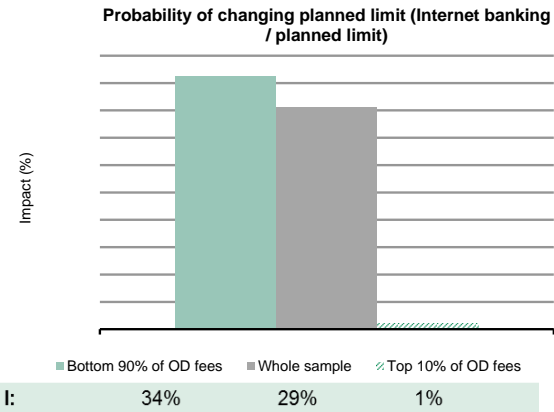
OD13: Direct Mail / Planned limit



OD14: SMS / Planned limit



OD15: Internet Banking / Planned limit



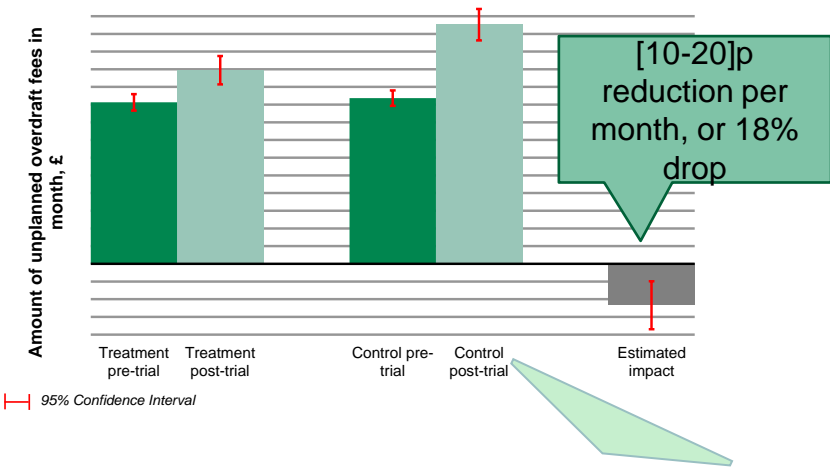
	Significant impacts
	Non-significant impacts
I	The % impact of treatment



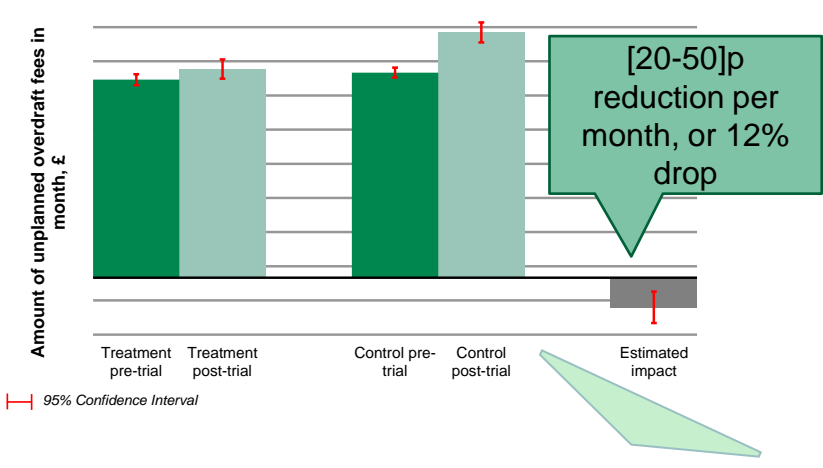
Customers prompted via internet banking incurred lower fees

There is some evidence that the highest fee payers saved the most

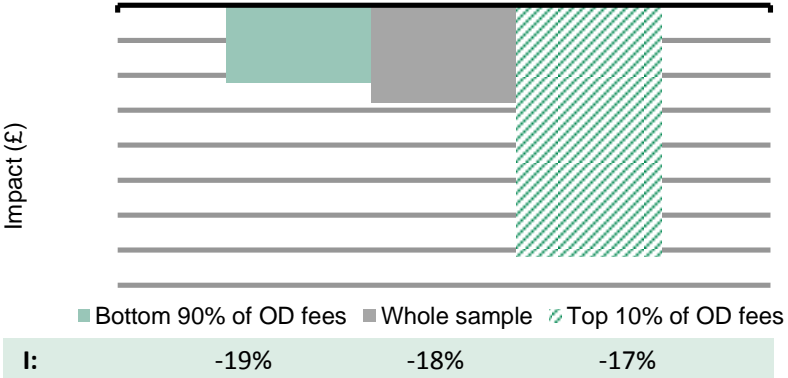
OD12: Internet Banking / No planned limit



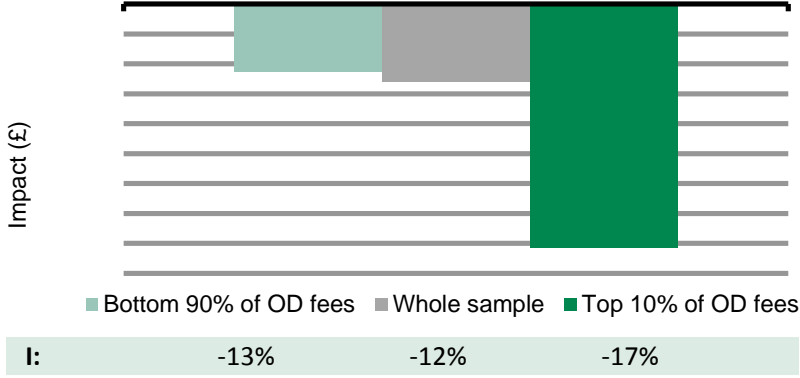
OD15: Internet Banking / Planned limit



Amount of Unplanned Overdraft Fees in month (Internet banking / no planned limit)



Amount of Unplanned Overdraft Fees in month (Internet banking / planned limit)

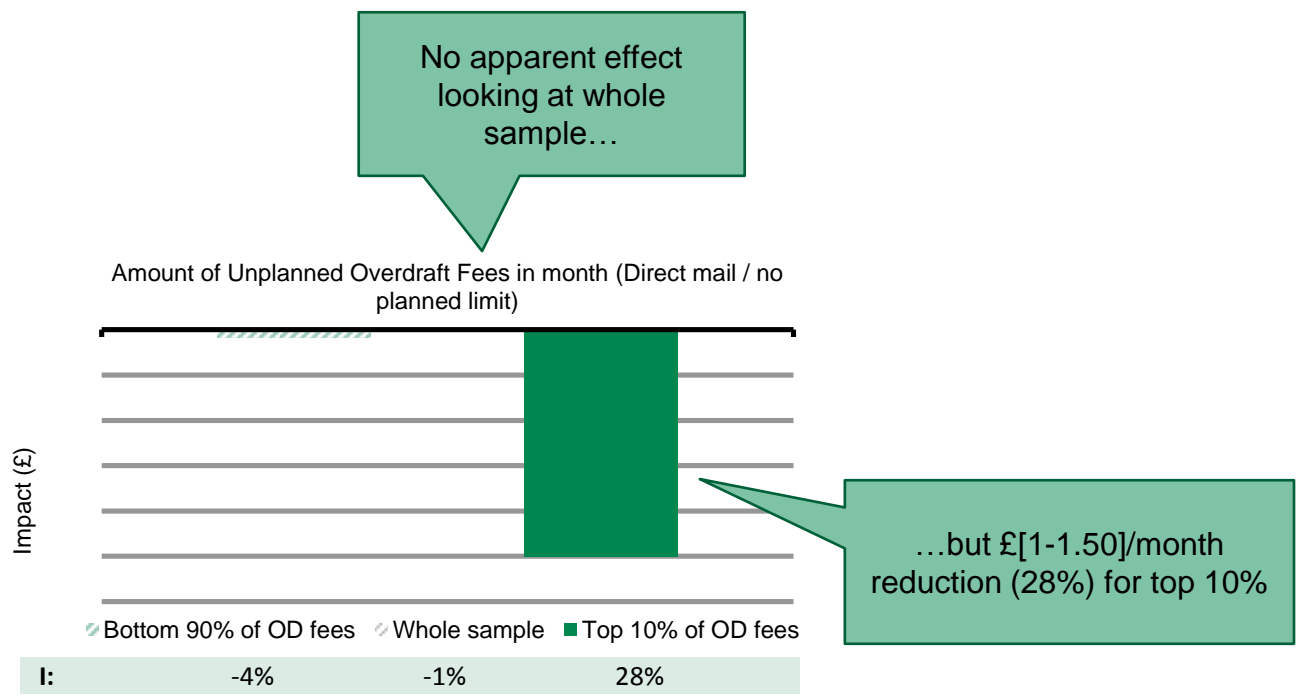


	Significant impacts
	Non-significant impacts
I	The % impact of treatment



Averaging can often hide impacts on customer sub-groups

The highest fee payers in direct mail / no planned limit saw a larger fee reduction



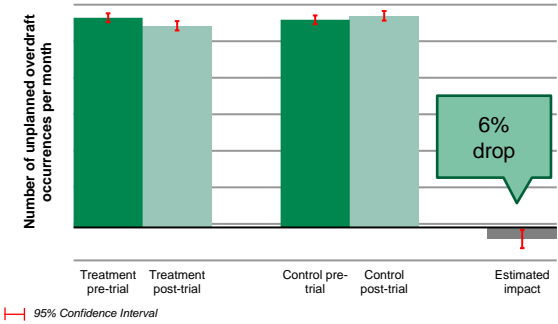
<div></div>	Significant impacts
<div></div>	Non-significant impacts
I	The % impact of treatment



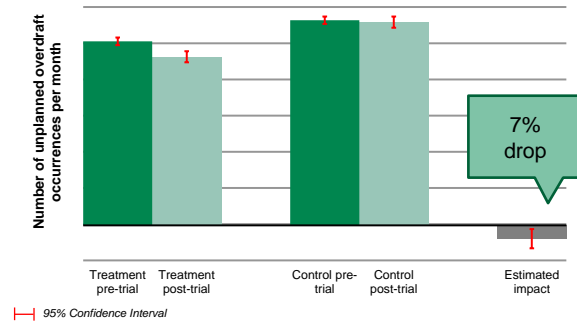
Three channels/segments showed reduced unplanned occurrences...

The bottom 90% of fee payers see a significant reduction

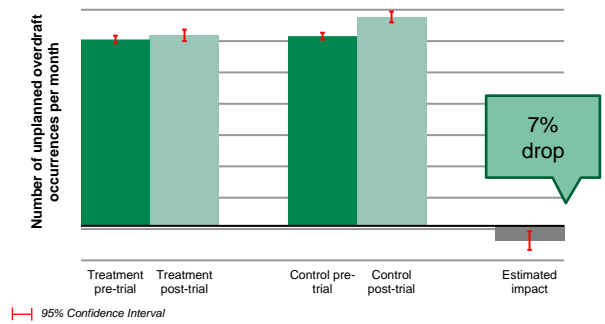
OD10: Direct Mail / No planned limit



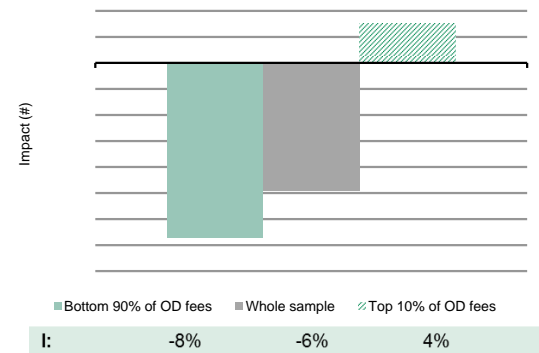
OD12: IB / No planned limit



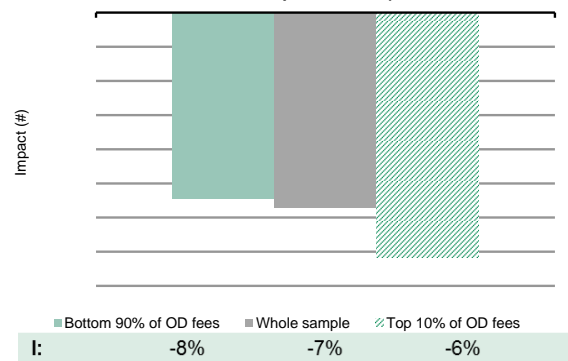
OD15: IB / Planned limit



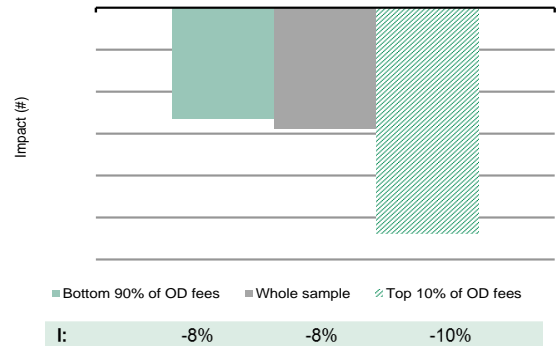
Number of unplanned occurrences (Direct mail / no planned limit)



Number of unplanned occurrences (Internet banking / no planned limit)



Number of unplanned occurrences (Internet banking / planned limit)



	Significant impacts
	Non-significant impacts
	The % impact of treatment

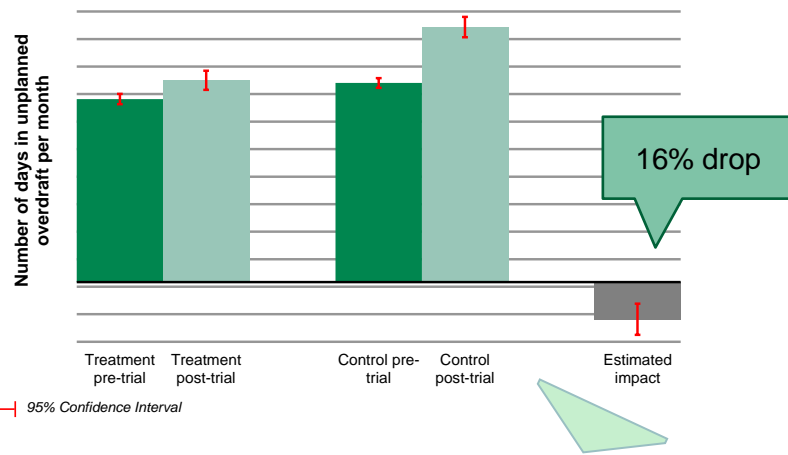


... and a reduction in days unplanned for some customers

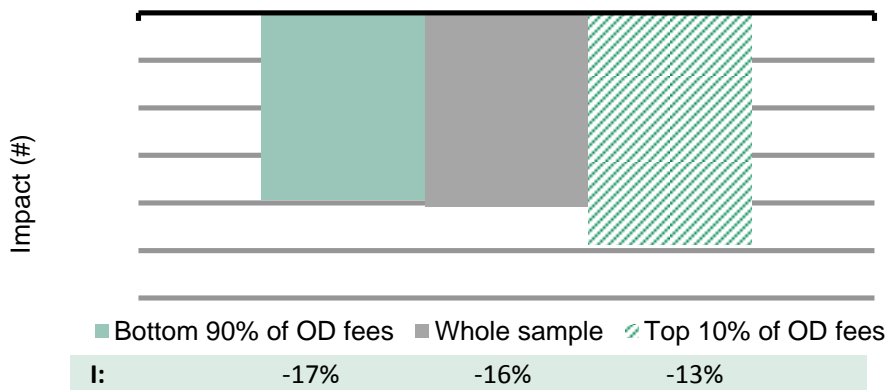
The bottom 90% of fee payers see a significant reduction



OD12: Internet Banking / No planned limit



Number of days unplanned (Internet banking / no planned limit)



■ Bottom 90% of OD fees ■ Whole sample ■ Top 10% of OD fees

I: -17% -16% -13%

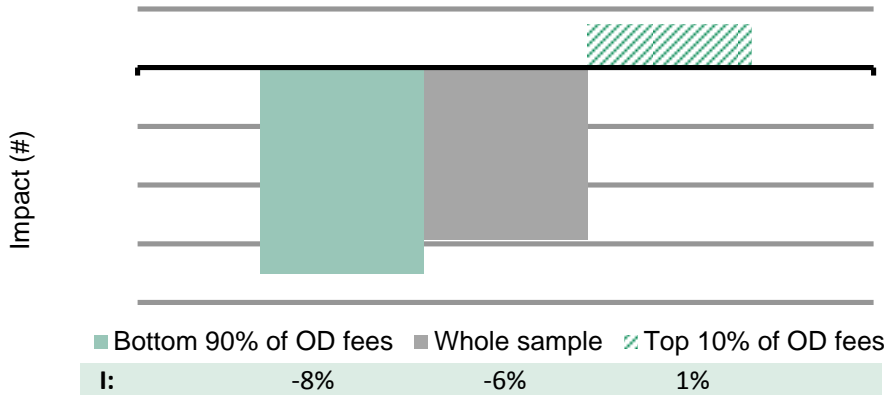
■	Significant impacts
■	Non-significant impacts
I	The % impact of treatment

17% drop

OD15: Internet Banking / Planned limit

No significant impact on average

Number of days unplanned (SMS / planned limit)



■ Bottom 90% of OD fees ■ Whole sample ■ Top 10% of OD fees

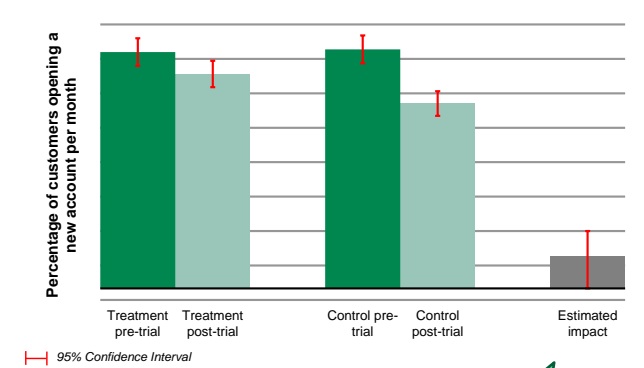
I: -8% -6% 1%

8% drop



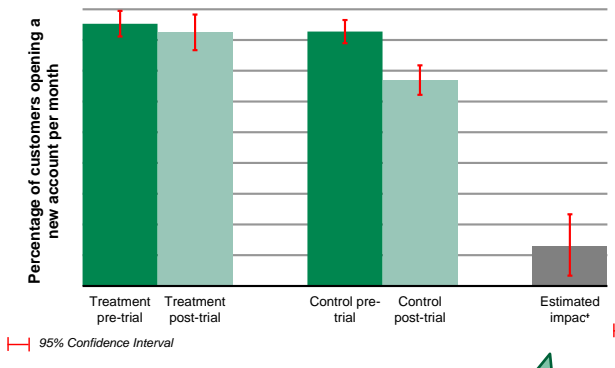
The prompts also caused customers to open alternative accounts

OD10: Direct Mail / No planned limit



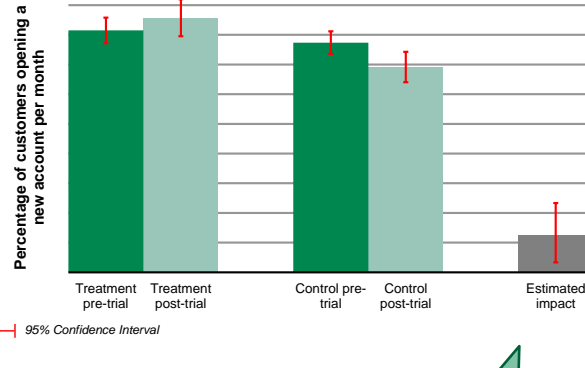
18% increase

OD12: Internet Banking / No planned limit



19% increase

OD15: Internet Banking / Planned limit



17% increase



The results are very sensitive to the time period used

Sensitivity analysis was conducted on the “post-trial” period

Which “post-trial” period should we use?

- **Main findings used the period May – August for direct mail and SMS trial cells and July – August for internet banking.**
- Communications were sent out on 22nd May for the direct mail and SMS trial cells.
- The first communications were sent out on 26th May, but some customers started receiving the treatment later in the Summer. Communications stopped on 22nd August.

Other options for the “post-trial” period

1. May – August
2. May – September
3. June – August
4. June – September
5. July – August
6. July – September

How sensitive are results to the choice of period?

- For direct mail and SMS, for each trial cell the results are only significant for one or two post-trial periods. The results are very sensitive to timing.
- For internet banking, there are no significant results when including May. For other periods, some of the results are not significant across all time periods.

2 PCA SMS Low Balance Alerts





The trial alerts customers to near and over OD limit.

SMS channel; 50,000 customers

	HYPOTHESIS	CHANNELS	METRIC
<div><div>2</div><div>Auto opt in low balance text alerts</div><div>RETAIL</div><div></div></div>	<p>Auto opting customers into 'near limit' and 'over limit' alerts will reduce accidental use of unplanned overdrafts and therefore reduce overall fees</p>	<div><div></div>Letter at launch</div> <div><div></div>SMS</div> <div>50k customers in SMS trial 350k in unplanned each month</div>	<ul style="list-style-type: none">• Reduced discretionary debit card usage into unplanned• Lower unplanned fees• Reduction in days in unplanned• Lower debit balance (long term)• Increased overdraft limit

SAMPLE SELECTION

- 50K from all gone unplanned in last 3 months




RANDOMISATION PROCESS

- No issues in randomisation of treatment or control groups

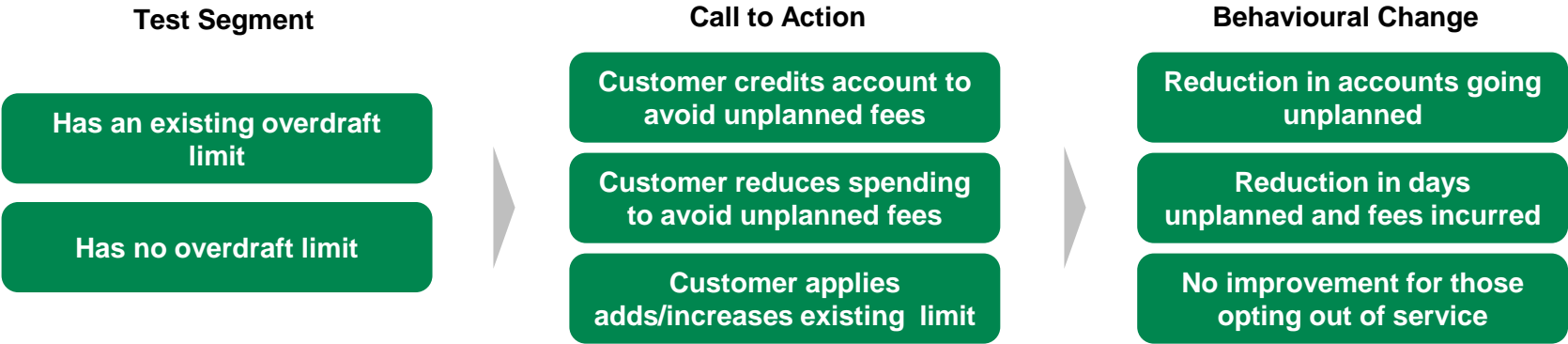
CUSTOMER ACTIONABIITY

- There were no barriers to customer action, although the manual process resulted in customers not receiving messages until after 10am. This may have resulted in customers having insufficient time to prevent spending or take action (although customers could transfer money into their account by Internet, Telephone or Mobile Banking at any time)

HYPOTHESIS
Auto opting customers into ‘near limit’ and ‘over limit’ alerts will reduce accidental use of unplanned overdrafts and therefore reduce overall fees

CHANNEL	CUSTOMERS TREATED	COMMS DATES	EST RESPONSE
 LETTER	50k	<div>11 MAY</div> <div>JUN</div> <div>JUL</div> <div>AUG</div> <div>Mailing to advise of opt in</div>	N/A
 SMS	49k ¹	<div>20 MAY</div> <div>JUN</div> <div>JUL</div> <div>28 AUG</div> <div>Alerts ongoing throughout the trial when customers near/ over limit</div>	N/A
 SMS	49k ¹	<div>MAY</div> <div>JUN</div> <div>JUL</div> <div>21 AUG</div> <div>SMS sent to customer at end of the trial</div>	N/A

- SELECTION CRITERIA**
- Customer must have a clear incentive and the ability to act
 - ☐ Unplanned within the last 3 months
 - ☐ Not unplanned all of the latest month



¹ Reduced as some customers opted out



SMS channel used to alert customers near or over limit

An opting in letter was sent to advise of alerts trial

Opting in letter

Header used to catch customer attention as a service message

TEXT ALERTS TO HELP YOU MANAGE YOUR <XXXXXX> CURRENT ACCOUNT

Dear <Salutation>,

We're trialling our free text alert service to help customers manage their accounts. We'd like you to take part in this trial, which involves sending text alerts to your mobile, to let you know if your account ending <XXXX> is close to, or <using an unplanned overdraft>/<over your planned overdraft limit>. The trial will run from <6th May to 28th August>

Avoid unplanned overdraft fees

By receiving a text before you use an unplanned overdraft, you could avoid fees. Unplanned overdrafts have higher fees than planned overdrafts and if you pay money in to your account and the funds clear before midnight on the day we send the alert, you could avoid unplanned overdraft fees. You'll then have these options:

- <Ask us about a planned overdraft>
- Transfer money into your account and the funds clear before 12am to bring it back in to credit
- Stop using your debit card until you have money available in your account.

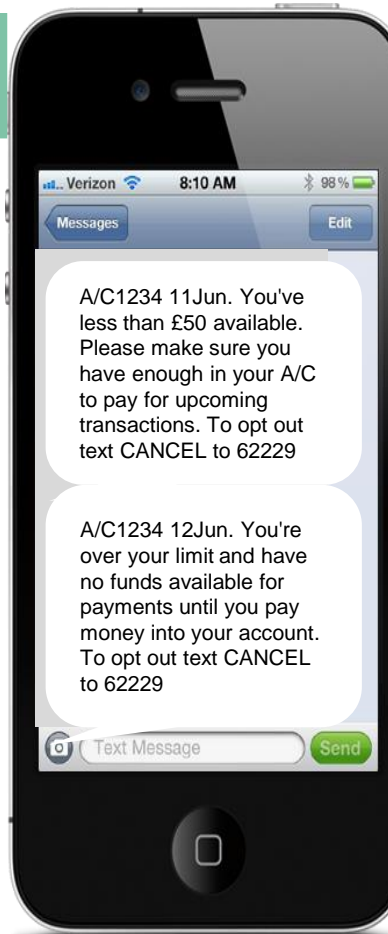
Johnson box used to highlight the costs of planned and unplanned borrowing

TAKE PART IN OUR FREE TEXT ALERTS TRIAL.

This could give you time to:

- Prevent unplanned overdraft fees being charged to your account
- Stop transactions which could make you use an unplanned overdraft

SMS alert



Practical constraints

- Due to the decommissioning of a bulk auto-enrolment process, the trial had to be conducted using a manual process, replicating the existing proposition as closely as possible
- This meant that customers could not choose to opt in with a new mobile number and could only opt-out by SMS

Other treatments

- Aligned with existing Retail text alert
- Could consider other wording variants + channels (eg app).
- Could consider different or customisable trigger limits

Variant selection

- No other wording variants were considered, as the decision was made to align alert wording to existing Retail text alert proposition

Letter sent to the treatment before the treatment started

SMS sent as treatment



Aspects of the trial can be developed

Refinements can be made in future iterations

Refinements	Impact	Recommendation
1 Timeliness of manual process	1. As balance data was not available until 10am each working day (at the earliest), customers may already have spent money / may have had insufficient time to act.	1. Follow automated text alert issuance processes, if the ability to bulk enrol customers exists.
2 Incorrect mobile number on file	1. There were a group of customers in the treatment group who could not receive text alerts due to bank records holding an incorrect mobile number.	1. Build in an automated process to opt-in with a new mobile number.
3 Cumulative effects	1. The trial was a one off, over a constrained time period.	1. Investigate repeated contacts over an extended period to assess cumulative effects.



Complaints relating to the trial were low

Opt-out volumes were higher than forecast

Trial	Complaint Volumes	Complaint Themes
Text Alerts	3	<p>Very low % of SMS complaints (<0.01%). Complaint themes were:</p> <ol style="list-style-type: none">1. Timeliness – near limit text alert received after a customer’s salary had credited their account, therefore caused concern that the customer had not been paid2. Awareness of trial - customer had either not received trial introduction letter or had forgotten it, therefore was concerned that he was incorrectly receiving information about someone else’s account3. Auto-opt in - customer unhappy to have been automatically registered for text alerts and colleagues were unable to provide correct information on
Opt-Out Volume	Opt-out %	Commentary
3,495	<p>7% overall opt-out rate across treatment group</p> <p>0.74% average daily opt-out rate on receipt of a text alert</p>	<p>Volume of opt-outs includes:</p> <ul style="list-style-type: none">• 88 customers who opted-out after receiving the introductory letter• 894 customers who opted-out after receiving the reminder message (a week before the trial commenced)• 2,413 customers who opted-out after receiving a text alert <p>N.B. Of the 982 customers who opted-out on receipt of the letter or reminder message, some of these will have opted-out due to an incorrect mobile number being held on file, however the exact volume is unknown</p>



The PCA low balance text alerts trial reduces unplanned fees and time spent unplanned

Hypothesis	Success criteria	We have looked at trends for:
<p>Sending customers low balance text alerts will lead to:</p> <ul style="list-style-type: none">• Reduced use of unplanned overdraft• Reduced overall fees	<ul style="list-style-type: none">• Reduced usage of unplanned overdraft• Lower unplanned fees• Lower debit balance• Lower complaints around fees	<ul style="list-style-type: none">• Amount and number of unplanned OD fees• Number of days in unplanned OD• Number of unplanned OD occurrences• Average and maximum value of unplanned OD• Probability of using unplanned OD• Probability of changing planned limit

Results

1. Treated customers reduced unplanned fees and time unplanned.
2. ~1% of treated customers saved £5+ per month v control by not going unplanned. The top 20% of fee payers saved [100-150]p/month on average. CMA average provider OD income was £4.11/month.
3. FCA found 30p/month reduction with SMS alerts (Message Received). LBG found [25-75]p/month average reduction across the treatment group.
4. Alerts also positively affected days unplanned ([2-5] days/yr less); unplanned occurrences (3% less/month) and customers going unplanned (2% less/month).
5. Customers who opted out before the trial started tended to be heavier OD users.
6. Daily analysis shows most impact from alert in first 24 hours.

[25-75]p reduction in unplanned fees per month, a 6% reduction

Customers use their unplanned overdraft less on average

Trial	Monthly unplanned fees (£)			% of customers changing planned limit			% of customers using unplanned OD			Days in unplanned OD per month			Monthly unplanned occurrences			Monthly unplanned balance (£)			Monthly max unplanned balance (£)		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
Low balance text alerts	94	100	-6%				98	100	-2%	93	100	-7%	97	100	-3%						

Initial lessons

- Opt-out SMS alerts need to be well targeted
- Results suggest they do influence behaviour and help customers avoid going unplanned
- FCA found that **opt-in** text alerts reduce unplanned fees by 5-8%, equivalent to 20-30p on average.

	Statistically significant impact ; result in line with hypothesis
	Statistically significant impacts; result not in line with hypothesis
	Impact not statistically significant
T	What we got with treatment
E	What we would expect to get without treatment
I	The % impact of treatment

Note: Results have been indexed for redacted version; "E" is base.

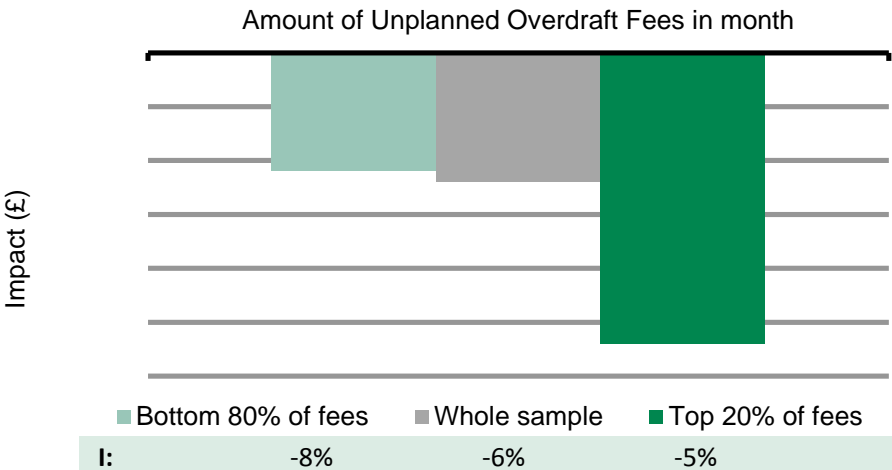
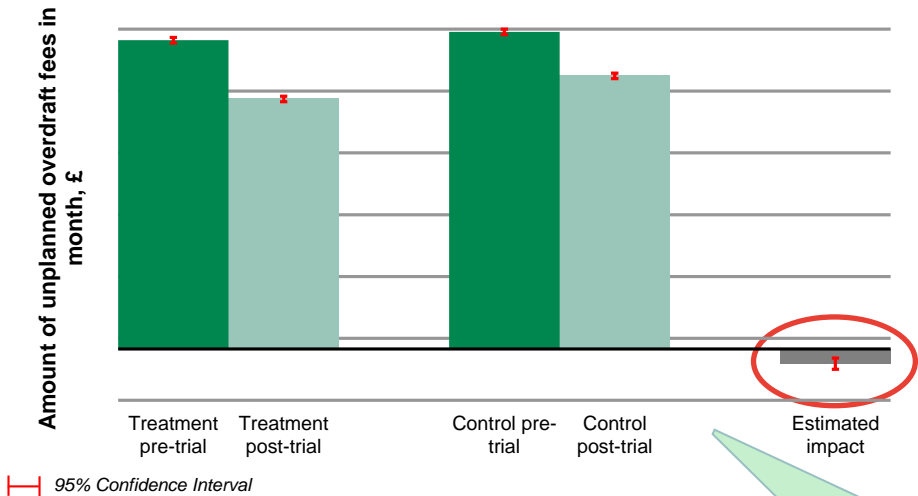


The top 20% of fee payers saved [100-150]p/month on average.

[25-75]p/month average reduction across whole treatment group.

- Average reduction of [25-75]p per month in unplanned fees, a 6% reduction
- Larger absolute reduction compared to the FCA research that found **opt-in** text alerts reduce unplanned fees by 20-30p on average, equivalent to 5-8%

- Customers paying the top 20% of fees before the trial saved [100-150]p per month on average, a 5% reduction
- Customers in the bottom 80% still saved over [25-75]p per month.
- **The trial was targeted at unplanned overdraft users**



	Significant impacts
	Non-significant impacts
I	The % impact of treatment



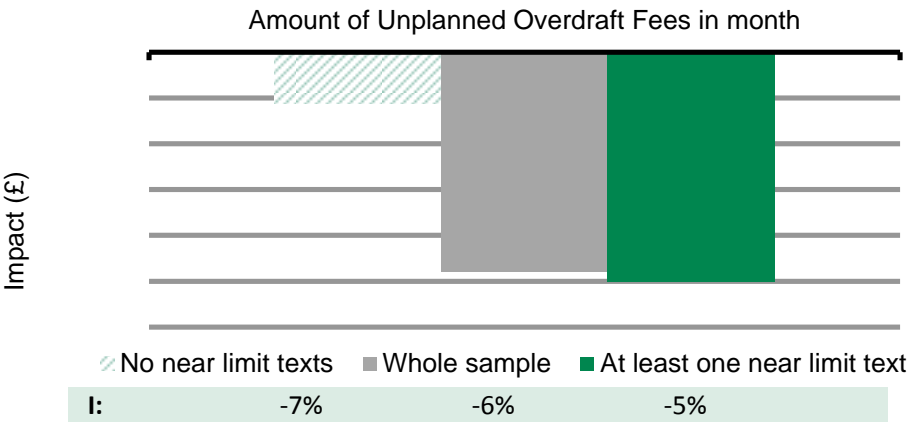
Text alerts targeted at the right customers are most effective

Receiving text alerts helped customers reduce unplanned fees

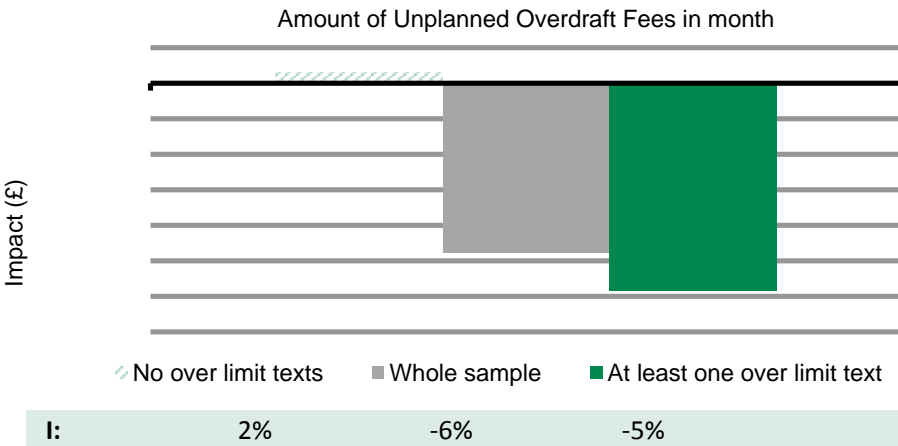
- Average reduction of [50-100]p per month in unplanned fees, a 5% reduction for customers who received at least one near limit alert (within £20 of their planned limit)

- Average reduction of [50-100]p per month, a 5% reduction, for customers who received at least one over limit alert, despite still using their unplanned limit

Near limit alert received



Over limit alert received

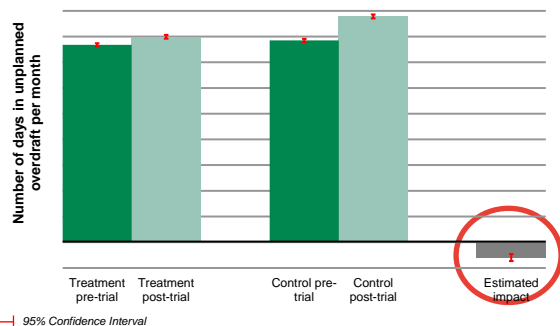


■	Significant impacts
▨	Non-significant impacts
I	The % impact of treatment



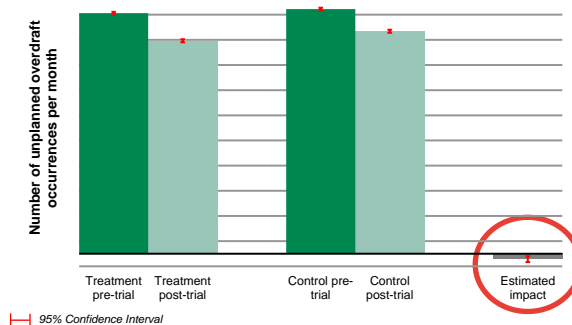
Alerts also positively affected days unplanned; unplanned occurrences and customers going unplanned.

Days unplanned



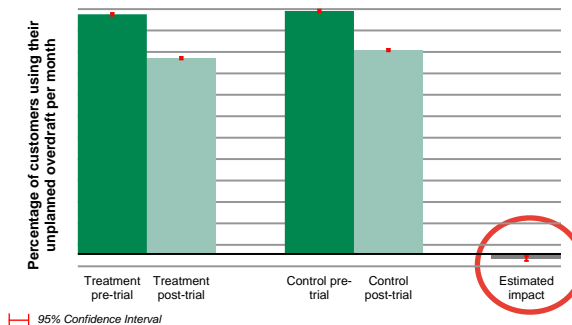
Average reduction in days unplanned of [0-1], a 7% reduction - equivalent to [2-5] days per year less.

Unplanned occurrences



Average 3% reduction in the number of unplanned occurrences per month

% customers going unplanned

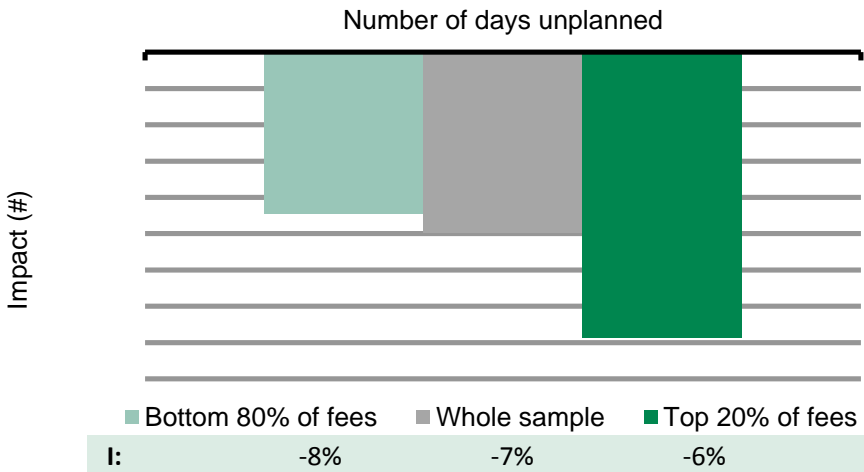
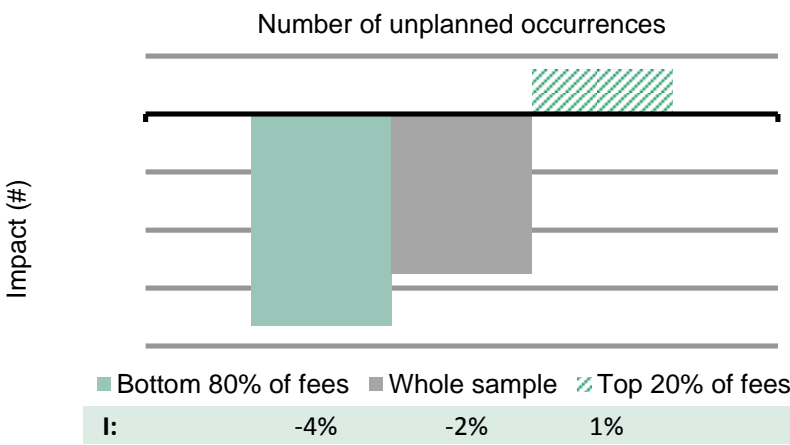
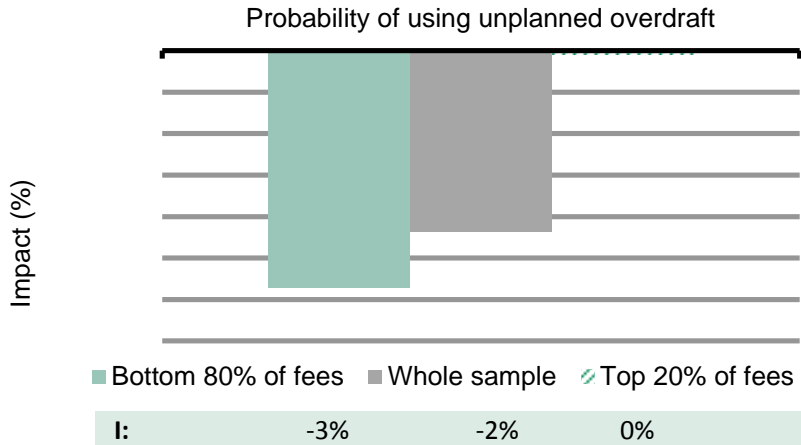


2% reduction in proportion of customers going unplanned – equivalent to nearly [0-10] in 100 fewer customers



Sub-segment analysis reveals nuances in customer behaviour

Top 20% of customers by total overdraft charges incurred



	Significant impacts
	Non-significant impacts
I	The % impact of treatment



Unsurprisingly, no alert yielded no impact



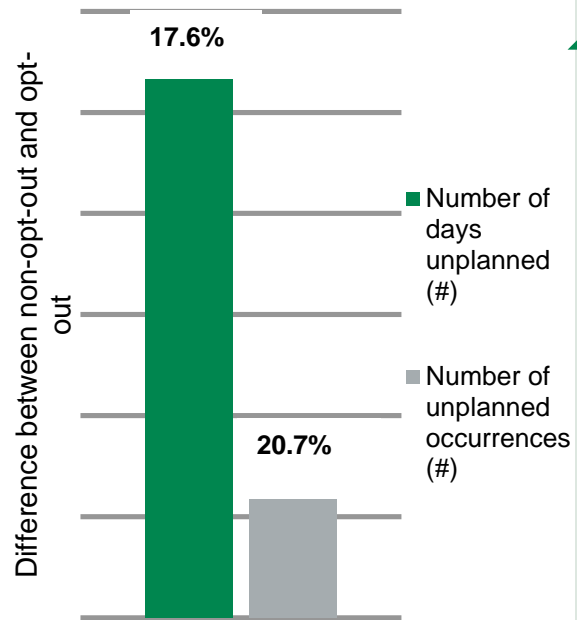
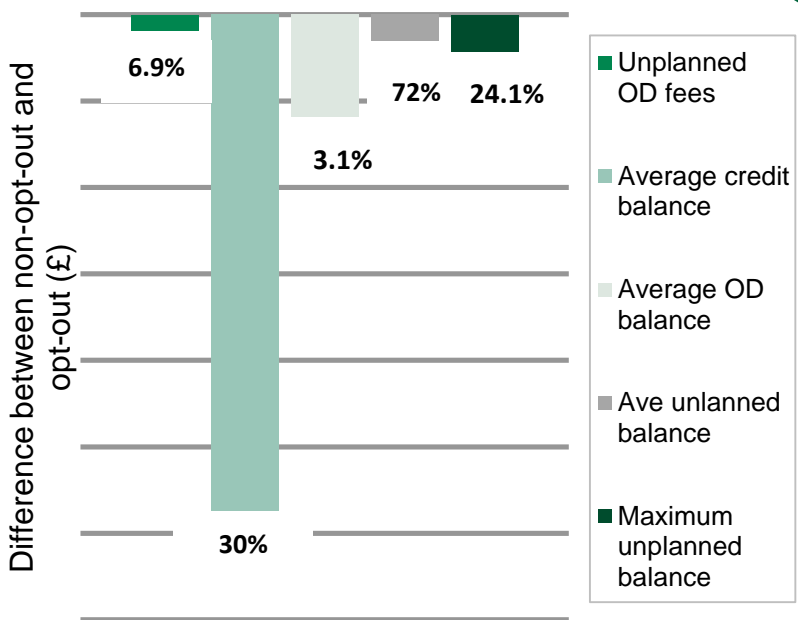
	Significant impacts
	Non-significant impacts
I	The % impact of treatment



Customers who opted out were heavier unplanned users pre-trial

3% of customers in the treatment group chose to opt-out of SMS alerts

Opt-outs had **heavier overdraft usage before the trial** compared to those that did not opt-out



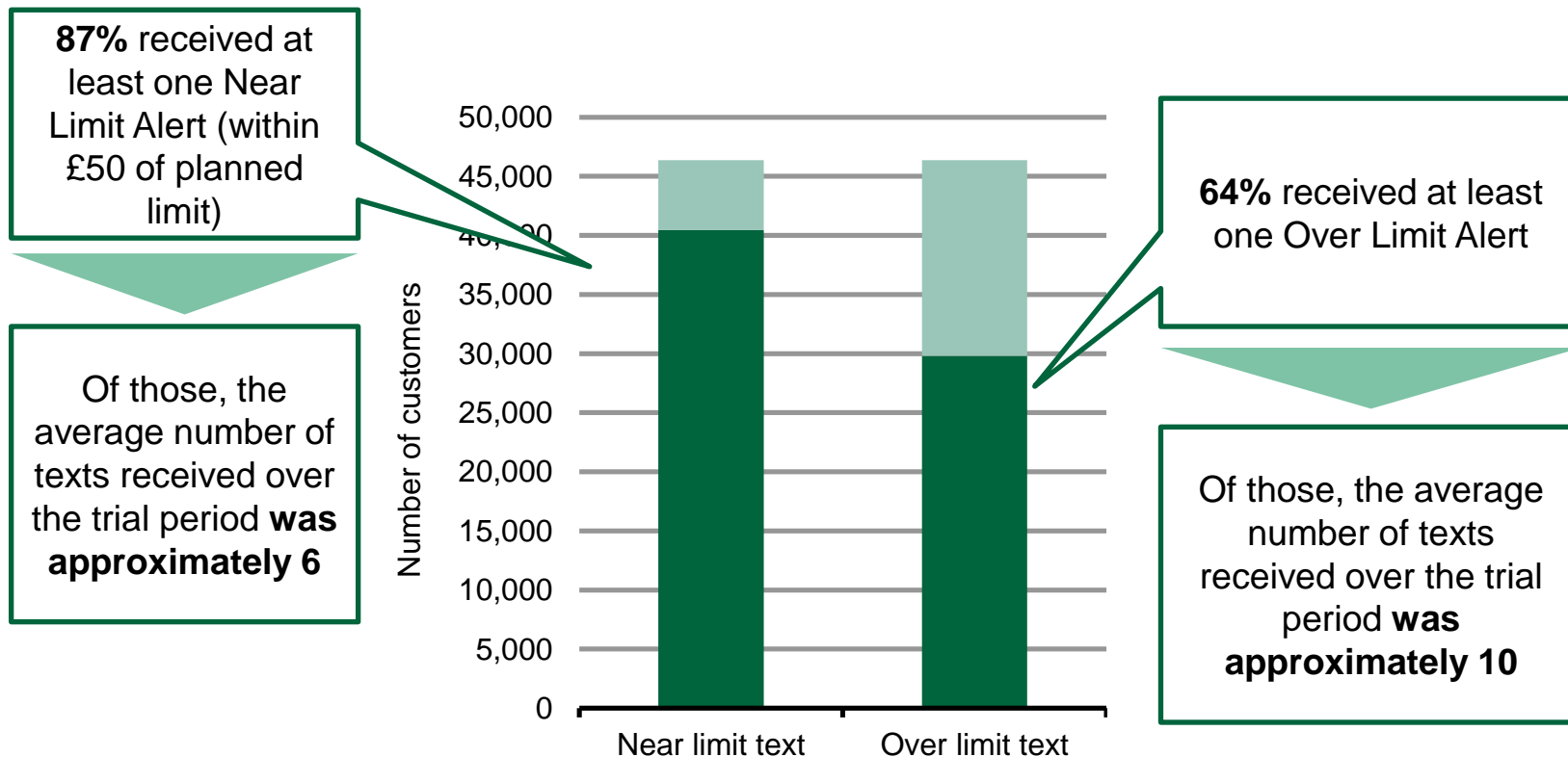
More time unplanned



The trial was targeted at customers who were most likely to benefit

The majority of customers received one or more text alerts during the trial

46,358 customers were in the treatment group for the text alert trial.



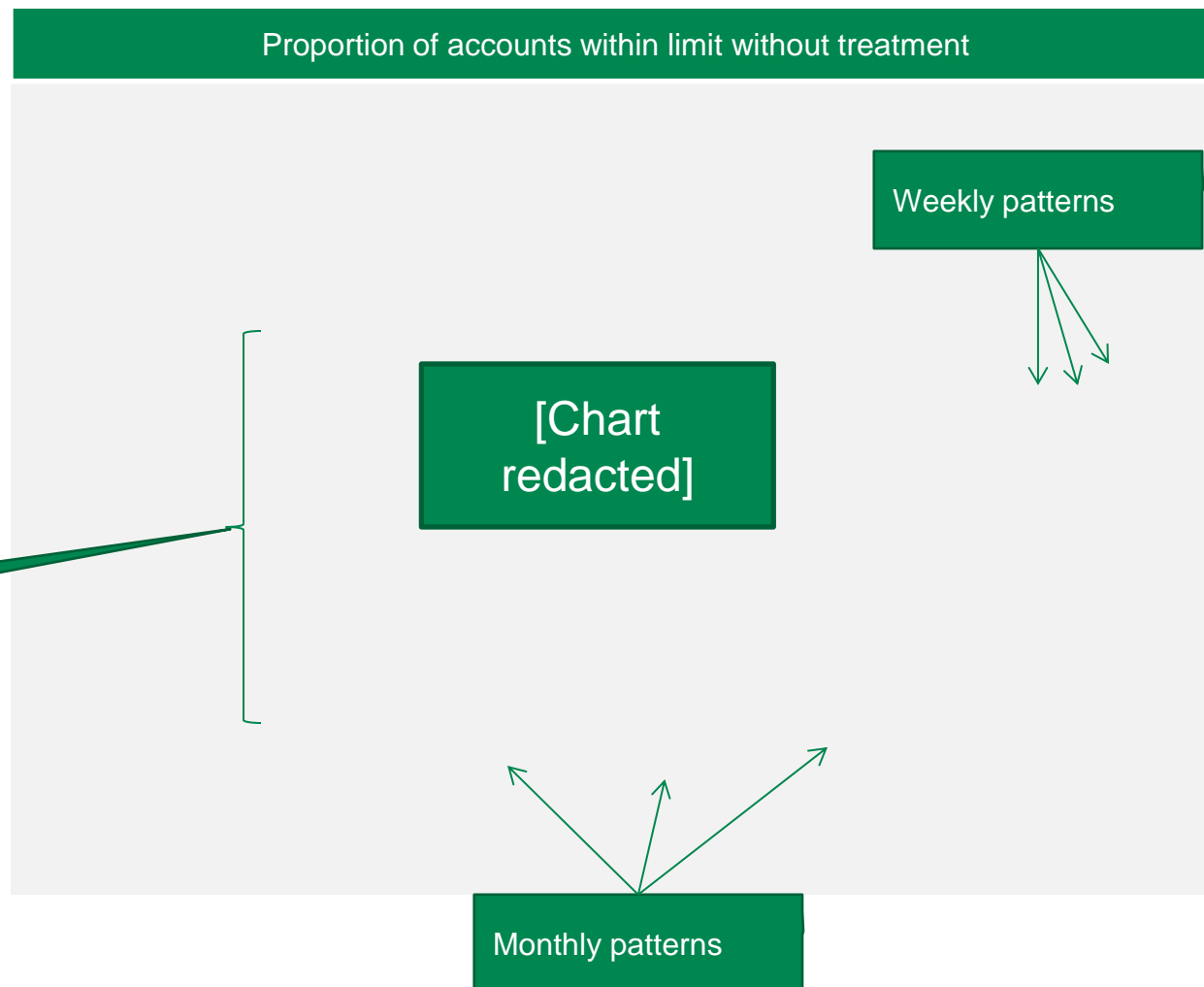


Daily data reveals significant above limit volatility

Trial customers go through regular monthly and weekly financial stress

- Analysis must strip out daily volatility and control for when SMS alerts are triggered
- NB within a day a customer may go below limit, receive an alert and then replenish.
- Within day “dipping” not captured in daily data.

x% exceed limit around 1st of month





Daily analysis shows most impact from alert in first 24 hours

x% increase in accounts within limit from treatment

Proportion of accounts within limit before and after first text

Control and treatment same
before first alert

[Chart
redacted]

Most impact (x%) seen in first
24 hours following alert.
Declines thereafter.

- Control group simulated by matching “would have been alerted” from total control .
- Days are working days to strip out weekend effects



The results are robust following the start of the trial

Sensitivity analysis was conducted on the “post-trial” period

Which “post-trial” period should we use?

- **Main findings used the period June – September.**
- The first text message was sent on 19th May. The last was sent on 27th August.
- May will be unaffected by the trial for many customers.
- Unplanned fees is a key outcome we are interested in. There is a lag between a customer going unplanned, and incurring fees. Therefore, including September should capture this.

Other options for the “post-trial” period

1. May – August
2. May – September
3. June – August
4. June – September

How sensitive are results to the choice of period?

- Change in unplanned fees is fairly robust to the post-trial period used. It remains significant for periods 2-4, with slight differences in magnitude. The same is true for other results.
- However, results are not significant in option 1 (except for days unplanned).

3 PCA Annual Account Review

	HYPOTHESIS	CHANNELS	METRIC
5 Annual Summary Statements RETAIL	Customers who receive a transparent summary of key areas of Current Account cost and value, act on the information and switch products/ change behaviour internally or switch out externally.	<div>Letter</div> <div>106k treatment; 41k control</div>	<ul style="list-style-type: none">• Customers switching products internally/extending limits• Uplift in product queries• Customers switching externally• Reduction in use of unplanned overdraft• Increased overdraft limit

SAMPLE SELECTION

Overall this trial focussed on Lloyds current account customers, holding Classic or Club Lloyds products. The 3 target segments were:

1. Classic a/c customers with £1000+ balances (we tested two segments £1000 - £5000 and £5000+), credit turnover £1500, earning low interest (<£10), not registered for rewards
2. Club Lloyds customers with £5000+ balances, credit turnover £1500, earning high interest (£60+), not registered for rewards
3. Classic or Club customers using an unplanned overdraft from 1 to 8 months during last 12 months, having an open to buy limit >=£200 over existing limit, their recommended limit had not reduced in last 3 months, not registered for rewards

Technical constraints - to achieve robust volumes for segments, need to simplify/combine criteria from original scope.

Legal constraints – Excluded added value account (AVA) products due to defining term usage re: insurance benefits. Excluded NMI's (customers with no marketing indicators) due to service message in the creative

Operational constraints – security restrictions for e-mailing data, digital inbox just being trialled & Athena Gold unavailable to resource via inbox due to long lead times to build a campaign into this system

Data constraints – accuracy in providing specific data via Group Data Warehouse, could not re-create data used in current statements e.g. balance, ROI

RANDOMISATION PROCESS

This is completed by a function within the ARM tool (Aprimo Relationship Manager). The criteria of the cells were built into ARM, the amount required to become the control cell is specified and then the function within ARM automatically randomises the data selections into the treatment and control groups.

CUSTOMER ACTIONABILITY


Customer had to proactively go in branch, contact by telephone or visit website, no ability via DM to provide any simple link to action an immediate account upgrade or increase planned overdraft limits.

One off communication limits reinforcement of message and potential for action.

HYPOTHESIS

Customers who receive a transparent summary of key areas of Current Account cost and value aggregated for the year, act on the information and switch products/ change behaviour internally or switch out externally.

HIGH-LEVEL TEST STRUCTURE:


CHANNEL	CUSTOMERS SELECTED	COMMS DATES	EST RESPONSE
 LETTERS	95k treated, 40k control	<div>MAYJUNJUL</div>	1,330





One variant was tested for each segment

Design can be refined in further iterations

<Customer name>
<Customer address>
<Customer address>
<Customer address>
<Customer address>


Your Club Lloyds Account annual overview

Account number: 123 456 789
Sort code: 12-34-56

Account summary

You pay over £1,500 on average in to your account each month and your average balance has been over £5,000, which has earned you over £60 interest.

Debit card

You are not yet registered for Everyday Offers. Sign up online at [lloydsbank.com/everydayoffers](#) and earn up to 15% cashback at the type of places you regularly shop with your debit or credit card.

Overdraft

[You don't currently have a Planned Overdraft limit of £xxx], and over the past 12 months you have never used an Unplanned Overdraft.

Option to consider

As well as a healthy account balance, the interest you are earning is high. So Club Lloyds is working well for you. Plus it's free when you pay in two separate direct debits and pay in over £1,500 each month.

But, you could be getting even more from your account if you sign up to **Everyday Offers**. Thank you for banking with Club Lloyds.

Your Current Account Round Up

Dear [Salutation]

When it comes to considering whether you're getting the best deals from your financial products and services, the chances are you rarely sit down and review the value of your current account.

Your annual overview


To allow you to see if your current account is performing at its best, we've put together a personalised review opposite, showing how you've used your account over the past 12 months. Take a minute to look at the results and see if you could be getting more from your money and think over the option we've suggested.

What this shows

Your account balance and the interest you're earning both look healthy but you could also get up to 15% cashback at the type of places you regularly shop if you register for Everyday Offers.

If you have any questions about this letter or want to know more about any of our current accounts go to [lloydsbank.com](#), visit us in branch or call 0345 300 0103, lines are open Monday to Friday 8am to 10pm, Saturday and Sunday 8am to 6pm.

Yours sincerely


Greg Coughlan
Current Accounts Director

Practical constraints

- One shot communication.
- Not supported with multi-channel contact
- Not supported with inter-temporal reminders
- Only trialled one letter variant

Other treatments

- No other treatments trialled

Variant selection

- Used “on average” instead of “regularly” in text to align to data criteria and included month/year data
- Letter format choice – limited by data accuracy/availability
- Call to action options:
 - Upgrade to Club account for credit interest or confirmation that Club is working well
 - To take up planned overdraft available to reduce unplanned costs
 - Sign up for everyday offers
- Considered & rejected:
 - Digital inbox, not available to use in timescales
 - Statement format giving specific amounts, concerns on accuracy of data available
 - Traffic Lights – different interpretations bank vs. customer
 - Inclusion of NMI customers – simplicity & speed
 - Joint accounts – only contacted primary account holder for greater simplicity
 - Email statement – security concerns meant expensive complex process



Aspects of the trial can be developed

Refinements can be made in future iterations

Refinement	Impact	Recommendation
1 Single channel of communication (DM)	1. Unable to build an easy process into DM for customer to upgrade/ increase planned overdraft limit	Consider multi-channel, multi-frequency contacts such as digital inbox
2 One communication of message	1. No ability to reinforce message through increased frequency or multiple channels	Issue supporting communication reminders
3 One variant tested	1. Limited understanding of the effectiveness of the creative 2. Limitations with data impacting personalised information that can be conveyed	Research alternative creative options: format, wording, design etc.
4 Cumulative effects	1. The trial was a one off, over a constrained time period.	Investigate repeated contacts over an extended period to assess cumulative effects.

There were no complaints about the annual statement

Some customers rang LBG to discuss calls to action options

- Complaints relating to the trials were very low, call responses were in line with expectations

Trial	Complaint Volumes	Complaint Themes
AAR	0	-

Trial	Call Volumes	Comments
AAR	480	Out of the 133,000 customers mailed, only 480 calls were received by telephony teams to discuss the statement and calls to action contained therein. Response rate of 0.36% – higher response rates may have been possible if digital channel was used.



The PCA annual account review leads to an increase in customers with high credit and low interest upgrading to Club Lloyds

Hypothesis	Success criteria	We have looked at trends for:
<p>Prompting customers to review their bank account will lead to:</p> <ul style="list-style-type: none"> Increased switching of products internally Increased switching out externally Changes to other behaviour 	<ul style="list-style-type: none"> Customers switching products internally Customers extending limits Customers switching externally Increase in product queries 	<ul style="list-style-type: none"> Average balances when in credit and when in OD Average unplanned OD Number and value of credit and debit transactions Number of days in OD Probability of opening a new account Probability of changing planned limit

Results

- 1. The trial had a mixed impact. Treatments affected low interest segments, but not unplanned OD users.**
- 2. Twice as many high balance customers with low interest were prompted to internally switch by explicit call to action.**
- 3. Customers with CTO>£1,500 most likely to respond to treatment.**

Large increase in customers with high balances and low interest upgrading to Club Lloyds...

...captured more generally with this metric for any change in product/tariff

Sub-segment	% of customers externally switching			% of customers upgrading to Club Lloyds			% of customers changing product or tariff			% of customers opening a new account			% of customers changing planned limit			Monthly unplanned fees (£)		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
AAR10: Very high balance, low interest				203	100	103%	192	100	92%									
AAR11: High balance, low interest				166	100	66%	147	100	47%									
AAR12: High balance, high interest																		
AAR13: Unplanned OD usage in last 12m																		

Sub-segment	Days in unplanned OD per month			Monthly credit balance (£)			Monthly debit balance (£)			Monthly unplanned balance (£)			Monthly credit transactions (£)			Monthly debit transactions (£)		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
AAR10: Very high balance, low interest																		
AAR11: High balance, low interest																		
AAR12: High balance, high interest																		
AAR13: Unplanned OD usage in last 12m																		

The prompt was not effective for customers that have been in their unplanned overdraft in the last 12 months

Key learnings

- Well targeted annual account reviews with clear calls to action can influence customer behaviour
- FCA also found no impact on fees, balances or external switching

	Statistically significant impact ; result in line with hypothesis
	Statistically significant impacts; result not in line with hypothesis
	Impact not statistically significant
T	What we got with treatment
E	What we would expect to get without treatment
I	The % impact of treatment

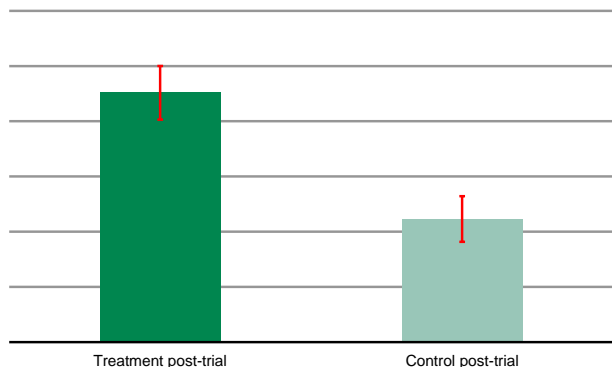
Note: Results have been indexed for redacted version; "E" is base.



Twice as many high balance customers with low interest were prompted to internally switch by explicit call to action.

AAR10: Very high balance, low interest

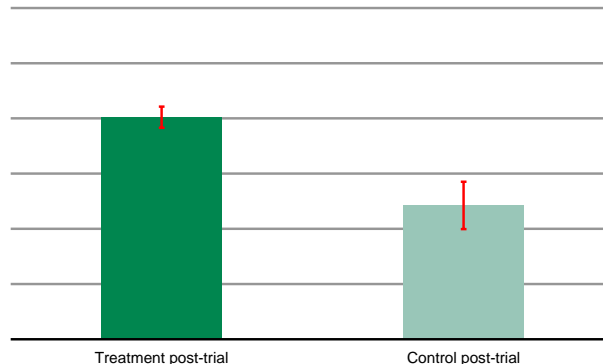
Percentage of customers upgrading to Club Lloyds



Number of customers upgrading doubles due to the trial

AAR11: High balance, low interest

Percentage of customers upgrading to Club Lloyds



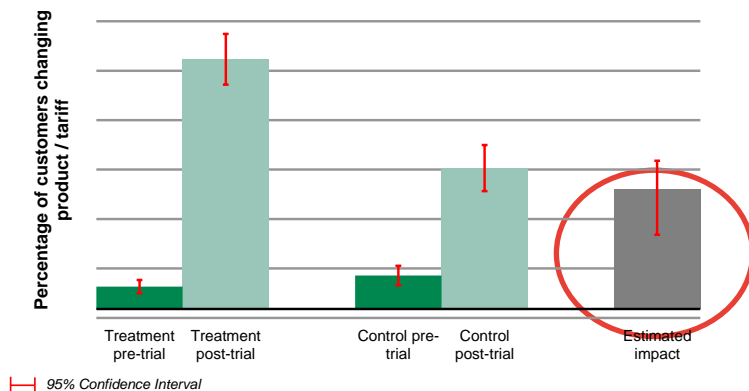
Number of customers upgrading increases by 1.5 times

- Not significant for:
 - AAR12: High balance, high interest; and
 - AAR13: Unplanned overdraft usage in last 12 months
- To be expected as this was not a call to action for these customers



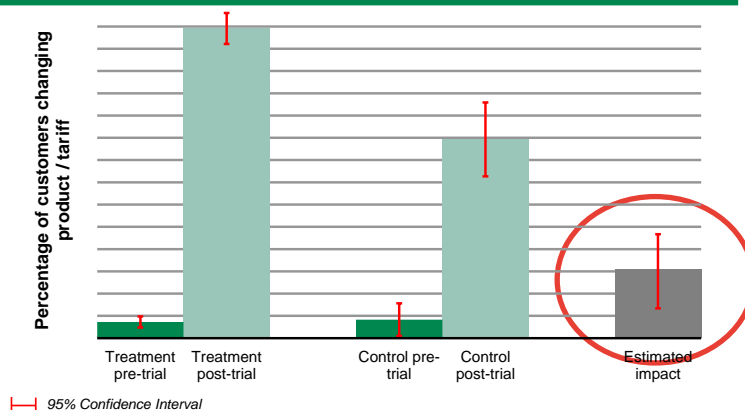
Similarly, there is a significant impact on internal switching to other current accounts for customers with high balance and low interest

AAR10: Very high balance, low interest



The % upgrading almost doubles

AAR11: High balance, low interest



The % upgrading increases by almost half



- Not significant for:
 - AAR12: High balance, high interest; and
 - AAR13: Unplanned overdraft usage in last 12 months
- Again, no call to action relating to product switching for these customers

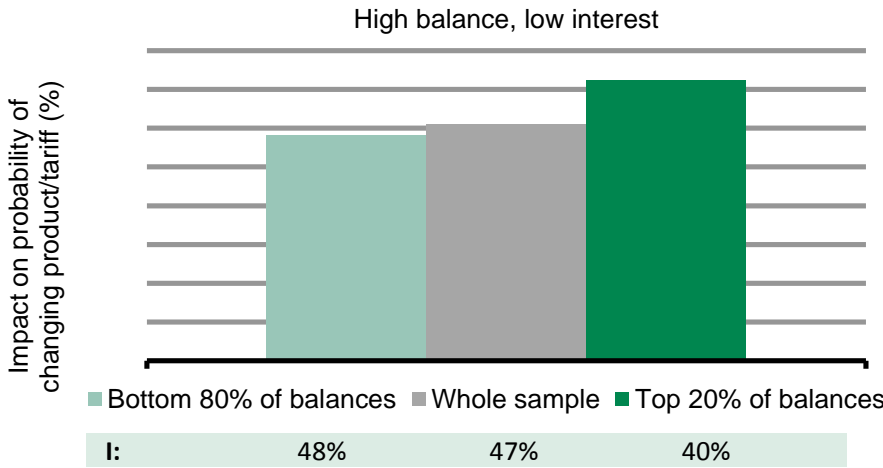
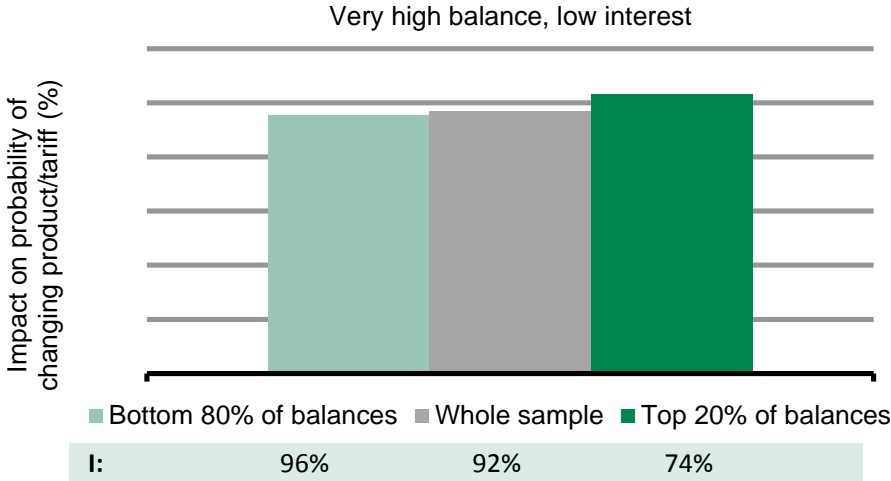


Trials should be targeted at customers who could benefit the most

Although there was not much variation within the sub-set of targeted customers

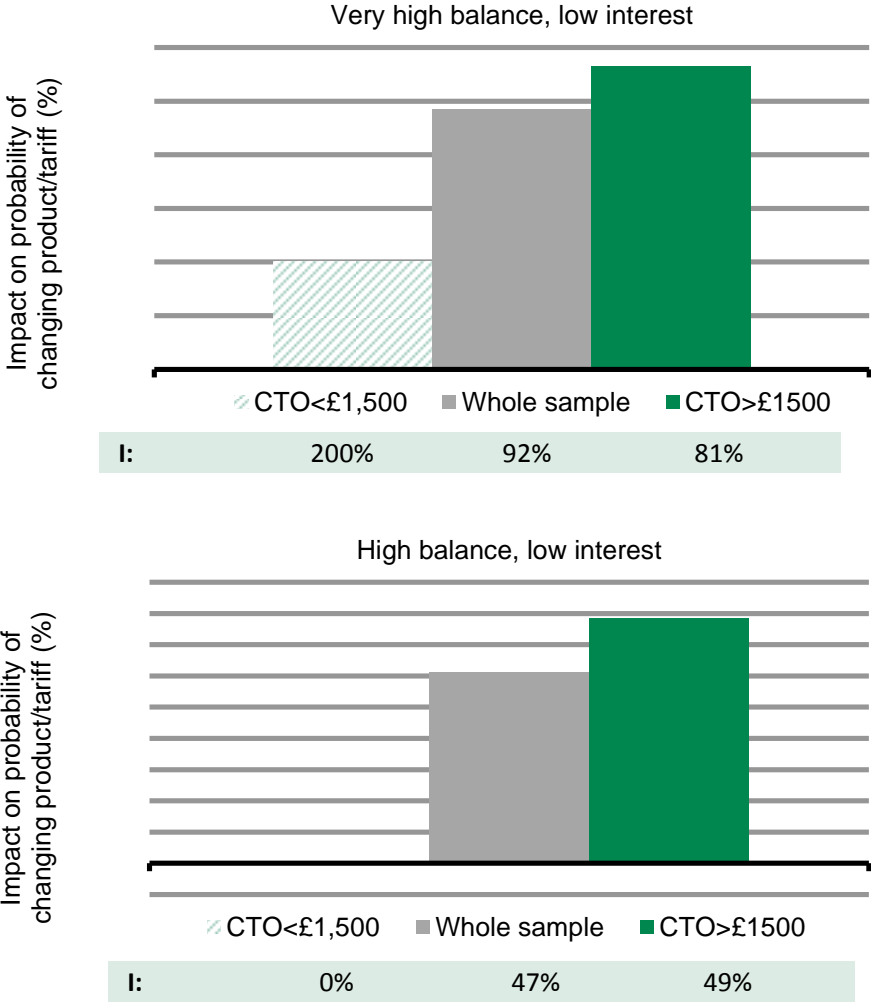
- Customers with the highest 20% of balances within each trial cell pre-trial are *slightly more likely* than customers in the bottom 80% to change product following the trial
- However, the customers were already well targeted for the trial, and all had *relatively* high balances

	Significant impacts
	Non-significant impacts
I	The % impact of treatment



Customers with CTO>£1,500 per month pre-trial are *much more likely* than customers with CTO <£1,500 to respond to the trial, for which there was no significant impact.

<div></div>	Significant impacts
<div></div>	Non-significant impacts
I	The % impact of treatment





No significant and material impacts have been found for other metrics

- No significant impacts found at aggregate level or sub-segment for:
 - % of customers externally switching
 - % of customers opening a new account
 - % of customers changing planned limit
 - Monthly unplanned fees (£)
 - Days in unplanned OD per month
 - Monthly credit balance (£)
 - Monthly debit balance (£)



The results are robust to the time period used

Sensitivity analysis was done on the “post-trial” period

Which “post-trial” period should we use?

- **Main findings used the period June – August.**
- The communications were sent out on 22nd May.

Other options for the “post-trial” period

1. May – August
2. May – September
3. June – August
4. June – September

How sensitive are results to the choice of period?

- The results are robust across almost all outcome variables to the post-trial period used.
- There are small variations in magnitude.

4 PCA Complaints Letter



	HYPOTHESIS	CHANNELS	METRIC
<div>4</div> <div>Complaint letter Insert RETAIL</div> <div></div>	An insert outlining simplicity of switching may cause some PCA customers to act on the information by contacting the 3rd party advice services detailed in the insert and/or switching to another provider	<div></div> <div>Letter</div> <div>c10k customers</div>	<ul style="list-style-type: none">• Increase in switch out rates• Calls to money advice service

SAMPLE SELECTION

Sample restricted to customers whose complaints were escalated or received directly by Customer Services. Insert was enclosed in complaint Send Letters and Final Response Letters issued by Customer Services to current account holders excluding complaints pertaining to bereavement or power of attorney, Collections and Recoveries, and alleged packaged account mis-sales.

RANDOMISATION PROCESS


Highly manual sample selection process: customers selected manually by Customer Service agents for inclusion in trial and those included were identified by a ‘marker’ manually added by Customer Service agents. Only 50% of Customer Services colleagues were asked to support the process thereby creating the ‘treatment group’.

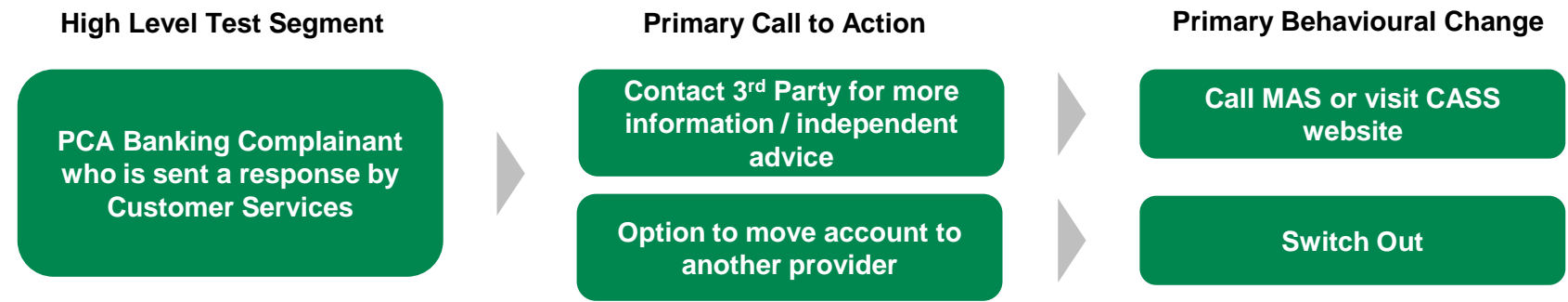
CUSTOMER ACTIONABILITY

No simple “one click” solution currently available to act on call to action. Options were for customers to phone the telephone number provided for the Money Advice Service to seek advice or visit the Simpler World website for information on the current account switching service.

HYPOTHESIS:
An insert outlining the simplicity of switching accounts sent out with banking complaint letter responses may cause some PCA customers to act on the information by contacting the 3rd party advice service detailed in the insert or switching to another provider

HIGH-LEVEL TEST STRUCTURE:

CHANNEL	CUSTOMERS	COMMS DATES	EST RESPONSE
 LETTER	5K treated, 5k control	<div><div>APR</div><div>MAY</div><div>JUN</div></div> (~1,500 p/w)	50-100





One variant of insert used

The Money Advice Service

The Money Advice Service offers free and impartial advice on everything from everyday banking to budgeting and borrowing.

The Money Advice Service can give you:

- Guidance on choosing and running a current account, or switching banks
- Useful advice on debt, benefits, mortgages, retirement, insurance and more
- Tools, calculators and budget planners to help you keep track and plan ahead.

Find out more

Call 0300 500 5000

Lines are open Monday to Friday 8am to 8pm, Saturday 9am to 1pm.

Visit www.moneyadviceservice.org.uk where you can also request a live web chat or a face-to-face meeting.

Follow the service on Twitter, Facebook and YouTube.



MAS colours used and MAS 'on brand' language

We can all use a little help and advice at times, especially when it comes to money. Did you know that you can get free, independent help and information about everyday banking?

The Money Advice Service (set up by the Government) and the Current Account Switch Service (provided by Bacs) are two independent services to give you support should you need it.

The Current Account Switch Service

The Current Account Switch Service guarantees that switching from one bank or building society to another is simple, quick and hassle-free. Here's how it can help:

The Current Account Switch Service is the same everywhere 36 UK banks and building societies offer the Current Account Switch Service.

Pick your own switch date

You can choose a switch date to suit you as long as it isn't a Saturday, Sunday or Bank Holiday. You'll need to allow a minimum of seven working days for the switch to take place.

Payments transfer automatically

The Current Account Switch Service will take care of moving all your payments going out (for example, your Direct Debits and standing orders) and those coming in (for example, your salary).

Payments redirected for 36 months
Any payments accidentally made to your old account will be redirected to your new account for 36 months, so there's no need to worry about missing payments.

Find out more

Visit www.simplerworld.co.uk to see if your bank or building society offers the service and read the full guarantee.



Leaflet used to minimise risk of communication being viewed as an official letter

Free and impartial, everyday

BANKING INFORMATION

The Money Advice Service and
Current Account Switch Service



No LBG branding used. Third party branded.

Practical constraints

- One shot communication.
- Not supported with multi-channel contact
- Not supported with inter-temporal reminders
- Only trialled one letter variant

Other treatments

- No other treatments or channels were trialled

Option selection

- Consideration given to standalone insert vs. inclusion in complaint response
- Limited options to enable straight through call to action; relying on existing infrastructure
- Avoidance of, "advice" related language
- Language 'on brand' for third party organisations

CASS colours used and CASS 'on brand' language



Aspects of the trial can be developed

Refinements can be made in future iterations

Refinements	Impact	Recommendation
1 Restricted timeframe available to conduct trial	<ul style="list-style-type: none">1. Small data sample achievable during timeframe.2. Limited time to observe changes in customer behaviour	<ul style="list-style-type: none">1. Track customer behaviours for approximately 6months after communication sent2. Execute trial for longer time to achieve a sample size that is larger than 10,000 customers
2 Manual solution	<ul style="list-style-type: none">1. High risk of human error at various points in the process2. Potential that customers not issued with complaint letter insert3. Potential that some customers calls to Money Advice Service as a result of the insert were not logged against the trial	<ul style="list-style-type: none">1. Utilise an automated way of selecting customers for sample2. Less manual way of tracking treatment groups contact with third party
3 Single variant	<ul style="list-style-type: none">1. Only one insert variant trialled	<ul style="list-style-type: none">1. Consider different variants with different calls to action2. Consider multi-contact, multi-channel treatments

Trial	Complaint Volumes	Complaint Themes
Complaint Letter Insert	0	-

Trial	Call Volumes	Comments
Complaint Letter Insert	5	Of the c.10,000 customers in the trial, only 4 calls were received by MAS in which customers referenced this mailing.



The PCA complaint letter insert provides no conclusive findings



Hypothesis	Success criteria	We have looked at trends for:
<p>Trial will lead to:</p> <ul style="list-style-type: none"> Increased contact with the 3rd party advice service Increased external switching 	<ul style="list-style-type: none"> Calls to Money Advice Service Increase in switch out rates Decrease in account activity 	<ul style="list-style-type: none"> Average balances (when in credit and OD) Average unplanned OD Number and value of credit transactions Number and value of debit transactions Probability of opening a new account

Results

- 1. Although directional impacts were positive, no statistically significant impact on switching rates.**
- 2. Sub segment analysis by complaint type also revealed no significant impacts**



Although directional impacts were positive, no statistically significant impact on switching rates.



Trial	% of customers externally switching			% of customers opening a new account			Monthly credit balance (£)			Monthly debit balance (£)			Monthly unplanned balance (£)			Monthly credit transactions (£)			Monthly debit transactions (£)		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
Complaint Letter Insert	94	100	-6%	101	100	1%	89	100	-11%	99	100	-1%	82	100	-18%	105	100	5%	104	100	4%

Treatment shows no statistically significant effects.

...and no significant impacts were discovered when looking at different complaint types (sub segments).

	Statistically significant impact ; result in line with hypothesis
	Statistically significant impacts; results not in line with hypothesis
	Impact not statistically significant
T	What we got with treatment
E	What we would expect to get without treatment
I	The % impact of treatment

Note: Results have been indexed for redacted version; “E” is base.



The trial had no significant impact, regardless of timing

Sensitivity analysis was conducted on the “post-trial” period

Which “post-trial” period should we use?

- **Main findings used the period June – September**
- Communications were sent out steadily between 8th June and 27th August.
- The period chosen provided the most amount of data given the small volumes.

Other options for the “post-trial” period

1. June – August
2. June – September
3. July – August
4. July – September

How sensitive are results to the choice of period?

- The trial showed no significant results across any metric.
- This holds across all post-trial period options

5 PCA Overdraft Eligibility Checker





Account applicants can use OD eligibility checker

Digital channels; ~200,000 customers

HYPOTHESIS

5

**Overdraft
Eligibility
checker
RETAIL**

A simple pre-application overdraft eligibility tool. Some customers who would not normally apply will have the confidence to do so. Also those customers likely to fail can take alternative action and protect their credit history.

CHANNELS



desktop mobile tablet

c115k Lloyds; c80k Halifax
equivalent control sizes

METRIC

- Reduced failed application rates
- Improved filtering of applications

SAMPLE SELECTION

- Tool was targeted towards users who are considering switching to Lloyds Bank and Halifax from their existing providers as well as customers who are considering applying for personal current accounts with these brands.
- Placed on the following Halifax pages : Reward PCA, Current Account, Easycash and Overdrafts
- Placed on the following Lloyds pages : Club, Classic, Cash and Overdraft
- An A/B test was conducted whereby half of visitors to the public site could see the tool and the other half could not.

Consideration should be given to whether the checker should also sit on the switching and PCA comparison pages of both brands

RANDOMISATION PROCESS

A/B test - the tool was available to use for half of all visitors on the Lloyds Bank and Halifax personal current account pages on the public sites.

CUSTOMER ACTIONABILITY

There were two steps to complete before customers could receive results:

1. Fill in a form with some personal details; and
2. Open email sent with verification code and enter this into the checker

Entering a correct verification code would take the customer to the results page of the Overdraft Eligibility Checker. Where the customer is probably eligible for a full facility PCA a link to the relevant PCA web page is provided if not the customer sees links for a basic PCA.



One design of tool was used.

Email verification was needed.

Mobile Home Page



Eligibility Checker

Use the Halifax Eligibility Checker to find out how likely you are to be accepted for a current account and overdraft with us. Using this Eligibility Checker will not affect your credit profile.

It should take about 2 minutes to complete.

[Check my eligibility](#)

Customer Information Page

CURRENT ACCOUNT AND OVERDRAFT ELIGIBILITY CHECKER.

- We'll use your personal details to provide you with a likelihood of approval for a Halifax current account and overdraft.
- We'll do so by using the information you give us, along with a soft search on credit reference agencies (CRA).
- A soft search on CRAs is **only** visible to you, not to lenders. It will not affect your credit score for future credit applications.

Please complete the following details. Mandatory fields are marked *.

Do you have a current account with Halifax? *

First Name *

Last Name *

Date of Birth *

DD / MM / YYYY

Speedometers used to align with other eligibility checkers in the market

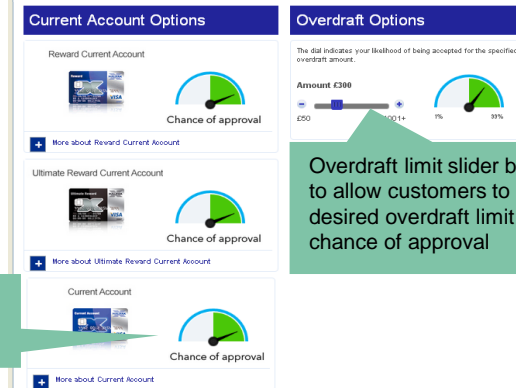
Results Page

CURRENT ACCOUNT AND OVERDRAFT ELIGIBILITY CHECKER.

Your current account and overdraft options

Please see below your chance of approval for a Halifax current account and overdraft. This is based on the information you have provided and what we know about your credit score.

Please be aware that this is only an indicative guide, the decision we make will be based on a more detailed assessment of your personal circumstances when you apply.



Overdraft limit slider bar added to allow customers to indicate desired overdraft limit and chance of approval

Practical constraints

- Only one design variant tested
- Different formats, layouts, calls to action etc could be trialled

Other treatments

- Email verification was the only fraud mitigation tested. We could consider other ways to verify users i.e. SMS verification or back office processing (as in the cards checker).
- An email with the results was sent to users who completed the process but no other reminders were sent after this.

Option selection

- Wording kept to a minimum, visual dial used.
- The overdraft dial was designed to move up and down as the customer moved the amount of required overdraft up and down.
- Likelihood shown for each account with + arrow to click through. Could have just pointed to the PCA comparison page



Aspects of the trial can be developed

Refinements can be made in future iterations

Refinements	Impact	Recommendation
1 Email verification was source of friction	<ol style="list-style-type: none">1. Lloyds % dropping off at email verification: 3% (this is 5% of those who do not complete the checker)2. Halifax % dropping off at email verification: 7% (this is 11% of those who do not complete the checker)	Consider using SMS for verifying contact details or look at other back office processes to identify if there is another route (as with the cards checker)
2 Tool was not optimized for mobile users	<ol style="list-style-type: none">1. Tool took up more screen space when viewed on mobiles resulting in users needing to scroll to view the full page.2. Scrolling of page may have demotivated some users from proceeding until results were obtained.	Optimise tool for mobile and tablet usage
3 One design variant tested	<ol style="list-style-type: none">1. Checker was only used by 8% of Lloyds customers and 22% of Halifax customers to whom it was visible. These volumes could be higher with a more effective design variant.	Test different design variants and compare effectiveness.
4 Cumulative effects	<ol style="list-style-type: none">1. The trial was a one off, over a constrained time period.	Investigate repeated contacts over an extended period to assess cumulative effects.



No complaints received about trial.

Trial	Complaint Volumes	Complaint Themes
Complaint Letter Insert	0	No complaints received about the tool



This version of OD eligibility checker did not increase account opening



Hypothesis	Success criteria	We have looked at trends for:
<p>Trial will lead to:</p> <ul style="list-style-type: none">Increased switching to Lloyds and HalifaxImproved site funnel efficiency (visit page to sale)	<ul style="list-style-type: none">Increased switching in relative to non-users to Lloyds and Halifax	<ul style="list-style-type: none">Switching inSwitching by channel (desktop, mobile, tablet)

Results

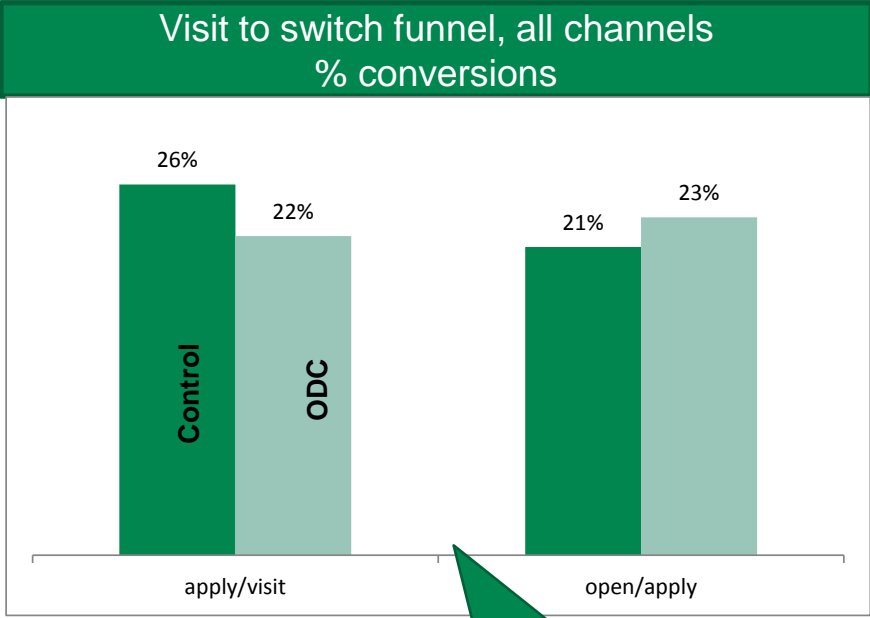
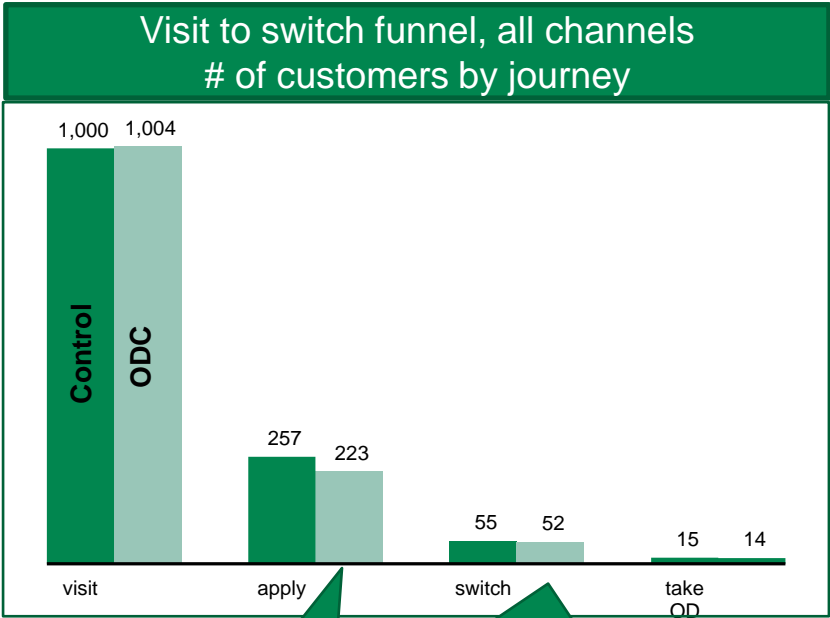
- Halifax customers seeing the OD checker (ODC) were less likely to open account than the control group with or without an overdraft (5.2% with ODC, 5.5% in control without ODC).
 - Fewer ODC page visitors start application process (22% with ODC v 26% control without ODC).
 - Of those who started an application, more users opened an account where ODC was available (23% with ODC v 21% control without ODC).
 - Overall, the fewer starters effect dominates the improvement in completion from ODC viewers.
 - Only ~8% of Halifax page visitors completed checker (22% started).
 - Mobile least effective channel in terms of switching rate (<2%, v ~7% other channels).
 - No significant results for Lloyds customers.

	Mobile	Tablet	Desktop
Halifax	32% less switches/visit than control	10% less switches/visit than control	Not significant
Lloyds	Not significant	Not significant	Not significant



Halifax customers seeing the OD checker were less likely to open account than the control group with or without an overdraft.

Note: Results have been indexed for redacted version; "Control; visit page" is base at 1,000.



Less people open account and take OD, seeing the ODC (5.2% v 5.5 control).

22% of ODC page visits started checker. 8% finished

Two effects from ODC:

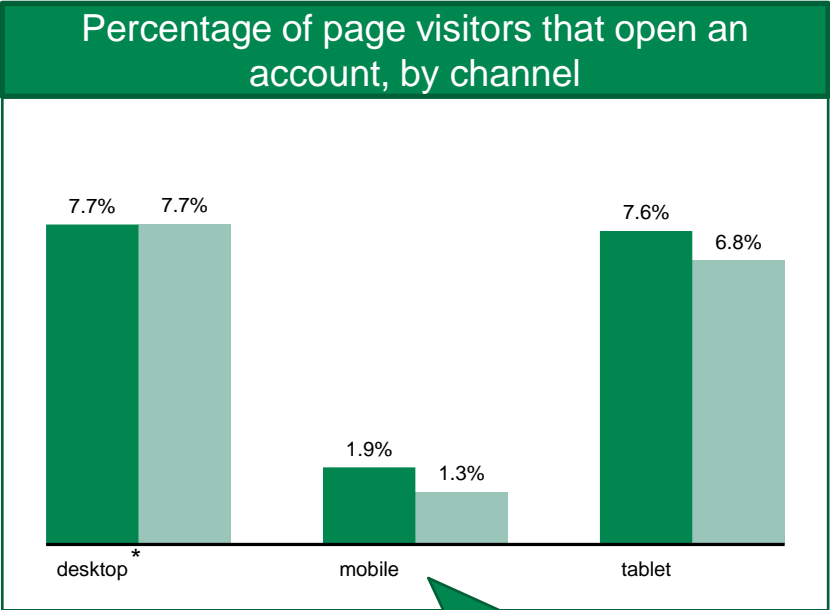
1. Less visitors to ODC page start application
2. More ODC users actually open

First effect dominates second.

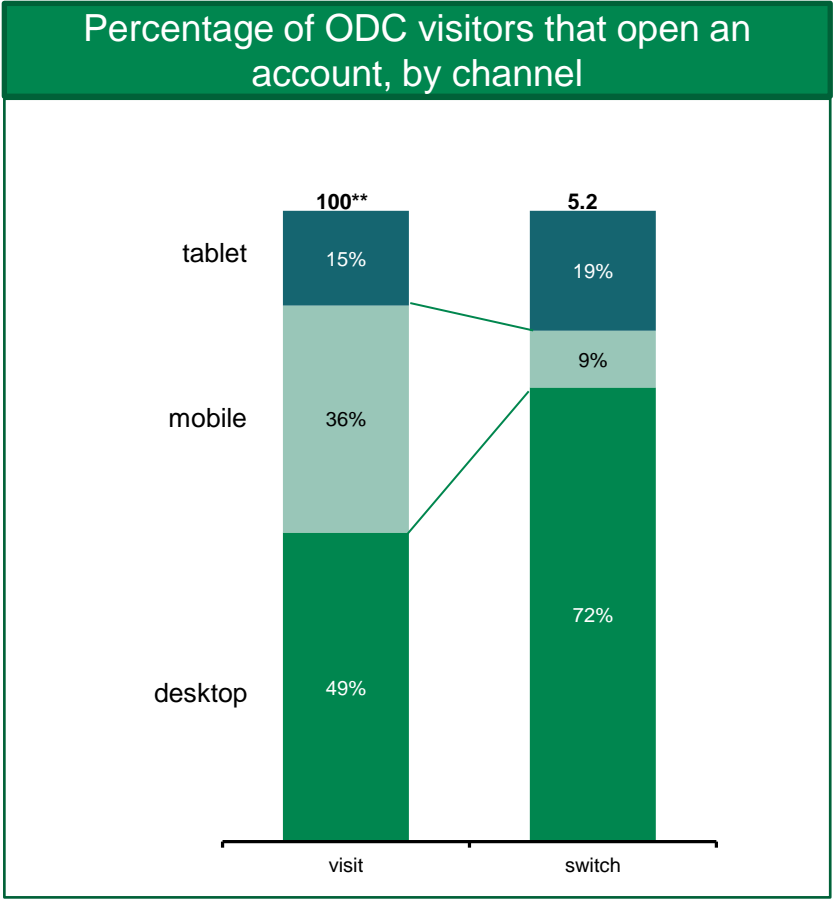


Mobile least effective channel in terms of switching rate.

Note: Results have been indexed for redacted version; "Number of visitors" is base at 100.



Mobile rates lower for ODC and control. ODC mobile users less likely to open account than control



*not significant result

** slight difference in numbers to previous slide due to device not being identified

6 RBB/SME text alerts



The trial alerts customers to near and over OD limit.

SMS channel; 25,000 customers

	<u>HYPOTHESIS</u>	<u>CHANNELS</u>	<u>METRIC</u>
<div><div>6</div><div>Auto opt in low balance text alerts RBB/SME</div><div></div></div>	Customers who receive enhanced information on their overdraft usage (near limit alerts) incur less excess fees / spend less time in an excess position	<div><div>Letter at launch</div><div>SMS</div><div>25K business customers in SMS trial (RBB:SME split = 20K:5K)</div></div>	<ul style="list-style-type: none">• Reduction in average days in excess• Reduction volume of excess occurrences• Reduction in value of excess fees• Increased overdraft limits• Uptake of new credit lines

SAMPLE SELECTION

- Random sample of 50,000 customers taken from a population of customers who have incurred at least 1 excess in any of the last 3 months (subsequently split into 25,000 test group and an equivalent control)
- Split of sample was 20,000 RBB customers and 5,000 SME customers. []
- Technical constraints: []
- Legal/risk constraints: could not include customers with non marketing indicator or customers in financial difficulty (see data brief for full list of exclusions). []
- Data constraints: []




RANDOMISATION PROCESS

- Database platform allows random sampling from a given population
- Random sample of 50,000 customers taken from a population of customers who have incurred at least 1 excess in any of the last 3 months (subsequently split into 25,000 test group and an equivalent control)
- Before sample could be taken, a series of other standard exclusions had to be applied such as customers with no marketing indicators, customers with free banking, and Clubs Charities and Societies.

CUSTOMER ACTIONABILITY

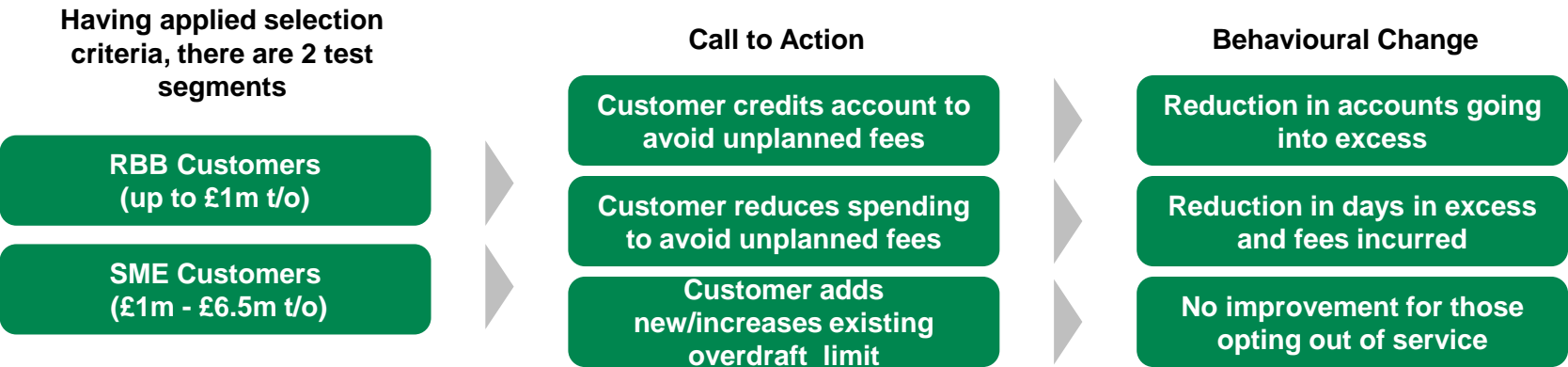
1. Customer must top up funds from another account manually to avoid fees – may be difficult if in meetings/unable to access banking.
2. Customer must contact LBG to request overdraft extension.
3. Operational constraints: []

HIGH-LEVEL TEST STRUCTURE:

CHANNEL	CUSTOMERS TREATED	COMMS DATES	EST RESPONSE
 LETTERS	25k (same control)	<div>27 APR</div> <div>MAY</div> <div>JUN</div> <div>JUL</div> <div>Mailing to advise of opt in</div>	N/A
 SMS	25k (same control)	<div>18 MAY</div> <div>JUN</div> <div>JUL</div> <div>AUG</div> <div>Alerts ongoing throughout the trial when customers near/ over limit</div>	N/A
 SMS	25k (same control)	<div>MAY</div> <div>JUN</div> <div>JUL</div> <div>14 AUG</div> <div>SMS sent to customer at end of the trial</div>	N/A

SELECTION CRITERIA

Customer must have incurred at least 1 excess within any of the last 3 months, but not have been in an excess position for all of the latest month





Customers were told of auto enrolment



LLOYDS BANK

Early mention that the service is being trialled to manage customer expectations about fixed term of service.

[Date] 2015

[Legal Name]
[The Company/Legal Entity]
[Address 1]
[Address 2]
[Address 3]
[Address 4]
[Post Code]

[Campaign code / Product]

Account number: <XXXX5678>
Sort code: <12-34-56>
Mobile number: <XXXXXX XXXXXX>

Text alerts to help you manage your business account

[Dear salutation]

We are trialling a new service for our customers to help them manage their business accounts. As part of this initiative, we would like to include you in a three month trial. During this period, we will send you text alerts to let you know if your account ending <XXXX> <is about to go overdrawn>. Text alerts will be sent to your mobile before midday, between Monday and Friday.

What will happen next

- If you're happy to be part of this trial and your mobile number above is correct, **you will automatically be included**. The trial period is 18 May 2015 to 14 August 2015. We will send you a text to confirm the trial is about to begin and a text when it ends.
- If you do not want to be part of this trial, please let us know by texting 'OUTA' to 82332 using your mobile number above and we will remove you.
- If you're comfortable with being included in the trial, but the mobile number above is not correct, please do let us know. Call us free on **0345 030 6264** and we will update your records and remove you from the trial. We are not able to send these trial texts to a different mobile phone.

These text alerts are to help you manage your account. You will only receive these text alerts during the week, before midday, so you should continue to monitor your account in the usual way. <BAU variable sentence>

Take the time to read the important information about the trial on the back of this letter. If you have any questions about these alerts, please call us on **0345 030 6264**. Lines are open between 8am and 6pm, Monday to Friday, excluding UK public holidays.

Yours sincerely

<Elaine Hartley>
<Head of Business Banking Products>

Given auto opt-in approach to trial, clear visibility of opt out process.

Things you need to know

What will the text message tell me?	We will let you know when your account is near to or over its available limit and the funds available to you. This message will not take into account any uncleared funds on your account.
What should I do if I receive a text alert to avoid going overdrawn?	You should check your balance and review any pending transactions. If possible you should consider paying in or transferring funds into your account. You can also call [RBB] one of our Business Managers on 0345 030 6264 to discuss your options. Lines are open between 8am and 6pm, Monday to Friday, excluding UK public holidays. [SME] <your Relationship Manager on 0345 030 6264 to discuss your options. Lines are open between 8am and 5pm, Monday to Friday, excluding UK public holidays. If you discuss borrowing with us, then we may ask for additional information to support your application. You can see the information that may be useful to have on hand when you call, by reviewing our checklist at lloydsbank.com/businessfinancechecklist
How often will I receive the trial text alerts?	You will receive a maximum of one trial text alert per day - this will be either a text if you go near your available overdraft limit, or a daily text, each day of the trial if <your balance remains over your available overdraft limit>. <You will continue to receive one daily or weekly balance alert text as usual>
Will I have to pay any mobile phone costs for this trial?	We will not charge you for these text messages. Your network operator may charge for some services and you may be charged more if you receive texts abroad, so please check with them.
Can I opt out at any time?	Yes, you can opt out of the trial at any time using the mobile number shown overleaf, and by texting 'OUTA' to 82332. Your network provider will charge you their standard network rate for this text. You can also opt out by calling us on 0345 030 6264. This may take up to 24 hours. Text alerts cannot be paused and restarted during the trial. <Opting out will not affect any of your usual balance text alerts>
Is there anything I can do to help manage my accounts using text alerts once the trial ends?	You can register for our free balance text alerts on your mobile or online at: < lloydsbank.com/businesssmsalerts > < lloydsbank.com/commercialsmsalerts > or by visiting us in branch. You can also sign up to internet banking by visiting lloydsbank.com/business
Can I feedback on the trial?	Yes, we will send you a text when the trial ends asking you to rate this text alert service out of 10, 1 being poor and 10 being excellent. You can feedback at anytime by texting 'FEEDA' to 82332, your rating out of 10 and any comments.

ANY PROPERTY GIVEN AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR OTHER DEBTS SECURED ON IT.

All lending is subject to a satisfactory credit assessment.

Our service promise

If you experience a problem, we will always try to resolve it as quickly as possible. Please bring it to the attention of any member of staff. Our complaints procedures are published at lloydsbank.com/business/contactus

Guidelines to drive action and response.

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Text Relay (previously Typetalk) or if you would prefer to use a Textphone, please feel free to call us on 0345 601 6909 (lines open 7am-8pm, Monday-Friday and 9am-2pm Saturday).

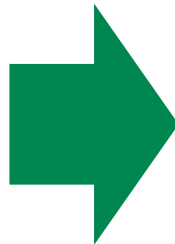
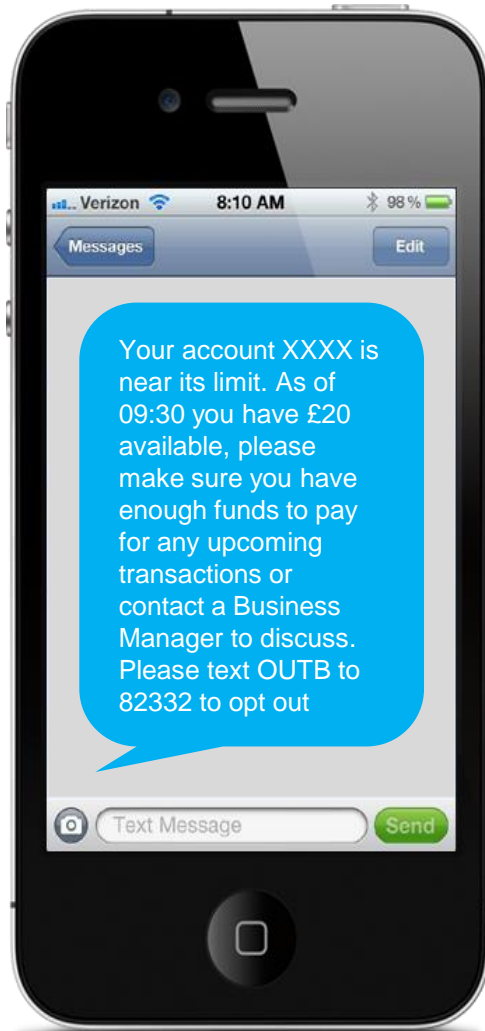
We reserve the right to end the trial at any time by giving you notice via text message. Calls may be monitored or recorded in cases where we have carried out your instructions correctly and to help improve our quality of service. Lloyds Bank plc Registered Office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales 2065. Telephone: 0207 626 1500. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under Registration Number 119378. We subscribe to The Lending Code, copies of the Code can be obtained from www.lendingstandardsboard.org.uk. Lloyds Bank plc is covered by the Financial Services Compensation Scheme and the Financial Ombudsman Service. (Please note that due to the schemes' eligibility criteria not all Lloyds Bank business customers will be covered by these schemes.)





SMS channel used to alert customers near or over limit

Multi-channel support could be used in future iterations



Practical constraint

- []

Other treatments

- []
- Multiple variants (wording) not explored due to limited sample size availability to have different test cells.

Option selection

- Default wording aligns with alerts used currently in PCA. Language used is informative, and prompts customer contact/action.
- Call to action options are outlined within the body of the text – further variants could have prompted internet banking/app registrations.
- SMS format chosen as most appropriate medium to inform business customers on the move – mobile app would be a suitable alternative.

Refinements	Impact	Recommendation
<div>1</div> Manual data driven solution	1. []	1. []
<div>2</div> Fixed parameters	1. Customers receive near limit alerts when they are within £200 of their limit/2% if limit is >£10k – some customers would prefer different trigger values. 2. Frequency of over limit alerts – some customers may not want daily reminders.	1. []
<div>3</div> Ease of action	1. []	1. []
Cumulative effects	1. The trial was a one off, over a constrained time period.	1. Investigate repeated contacts over an extended period to assess cumulative effects.

4

Trial	Complaint Volumes	Complaint Themes
SMS Alerts	21	<p>Very low % of SMS complaints (0.1%). Top 3 SMS complaint themes:</p> <ol style="list-style-type: none">Received alerts but no introductory letter ('gone aways')[]Colleague support on opt out process
Trial	Call Volumes	Comments
SMS Alerts	400	1.6% call response rates to the alerts and the introductory letter. Majority of queries were relating to incorrect numbers/opt outs.
Trial	Feedback Scores	Verbatim Feedback Themes
SMS Alerts	<p>78 customers provided feedback scores post trial:</p> <ul style="list-style-type: none">90% rated service 8/10 or better with 75% giving a 10/10 rating3% rated service between 5 – 7/104% rated service between 0 – 1/10	<p>Majority of verbatim feedback very positive – most customers who provided verbatim also asked for the service to continue.</p> <p>Constructive feedback also suggested some enhancements:</p> <ol style="list-style-type: none">Alerts to be made available on weekendsService to allow selection of parameters for near limit alerts
Opt-Out Volume	Opt-out %	Commentary
1064	RBB customers: 3.95% SME customers: 5.50%	Opt out volumes were higher from SME customers on both brands tested (Lloyds and BoS).



The RBB/SME SMS trial reduced time in excess

Hypothesis

Trial will lead to:

- Reduced time in excess position
- Reduced excess fees

Success criteria

- Reduction in average days in excess
- Reduction in volume of excess occurrences
- Reduction in excess fees

We have looked at trends for:

- Average excess, maximum excess
- Days in excess and number of excess occurrences
- Value of unauthorised borrowing fees
- Total OD fees
- Applications for new, increased and decreased OD limits

Results

1. Text alerts did help RBB customers spend less time in excess (~10% excess occurrences v control), reduced the number of excess occurrences per month and increased the number of RBB customers applying to reduce their limit.
2. For SME customers the number of excess occurrences per month was also reduced. In addition, the treatment increased the % of customers opening a new product.
3. However, no significant impact on fees or balances.
4. Top 20% of excess fees have a lower monthly maximum excess balance.
5. As with PCA, heavier excess users tended to opt out of the trial.
6. Positive customer feedback on trial.



RBB customers spent less time in excess, had lower excess occurrences and more applied to reduce their limit.

For SME, excess occurrences was reduced and more opened a new product.

No significant impact on fees

Sub-segment	Monthly total overdraft fees (£)			Monthly unauthorised borrowing fee (£)			Monthly average excess balance (£)			Monthly maximum excess balance (£)			Days in excess per month		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
RBB													96	100	-4%
SME															

Sub-segment	Number of excess occurrences per month			% of customers applying for new OD			% of customers applying for increased OD			% of customers applying for decreased OD			% of customers opening a new account		
	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
RBB	89	100	-11%							1002	100	902%			
SME	90	100	-10%										156	100	56%

Text alerts helped customers spend less time in excess, however

Some evidence of SME customers opening other accounts as a result of the text alerts.

Initial lessons

- Some evidence that text alerts allow customers to manage their finance differently (more customers decreasing their OD limit and less days spent in excess)
- May suggest better targeting of opt-out text alerts is required

	Statistically significant impact ; result in line with hypothesis
	Statistically significant impacts; results not in line with hypothesis
	Impact not statistically significant
T	What we got with treatment
E	What we would expect to get without treatment
I	The % impact of treatment

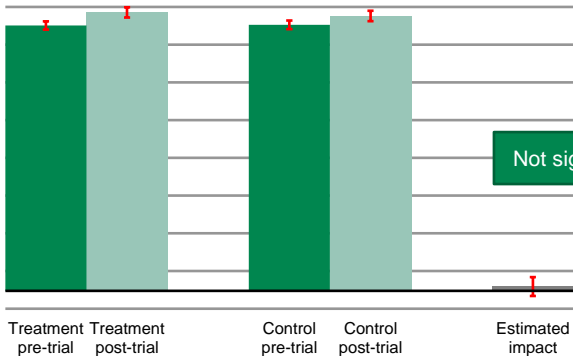


There was no significant impact on fees or balances.

This suggests text alerts need to be well targeted

RBB overdraft fees

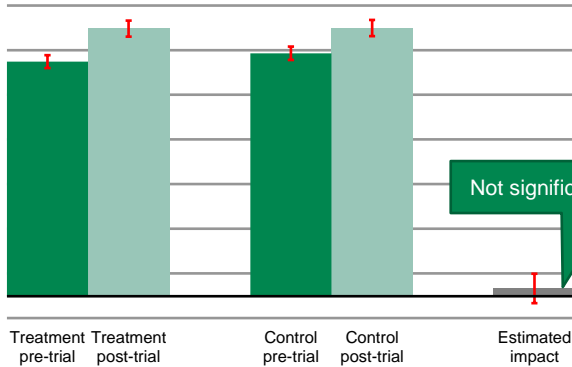
Total overdraft fees incurred per month, £



95% Confidence Interval

RBB unauthorised borrowing fee

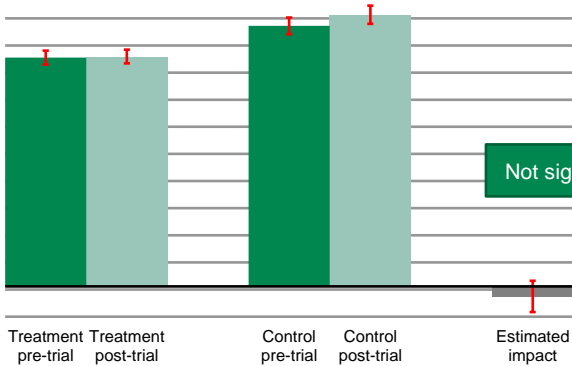
Monthly Unauthorised Borrowing Fee £



95% Confidence Interval

SME overdraft fees

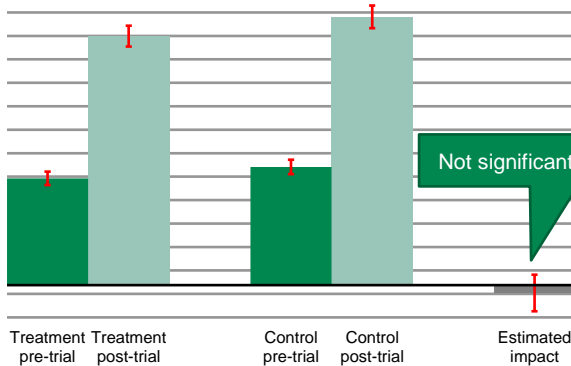
Total overdraft fees incurred per month, £



95% Confidence Interval

SME unauthorised borrowing fee

Monthly Unauthorised Borrowing Fee £

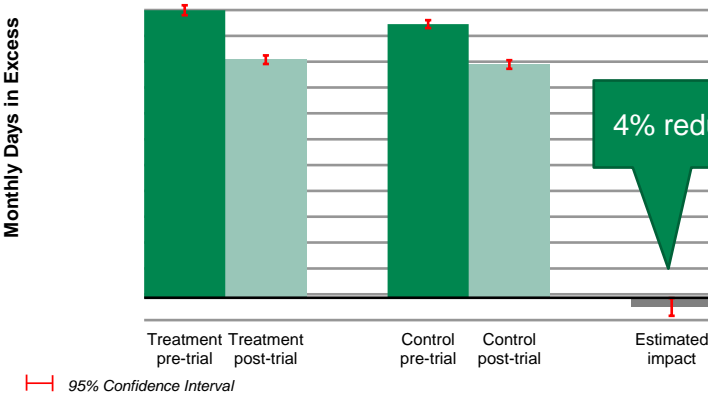


95% Confidence Interval

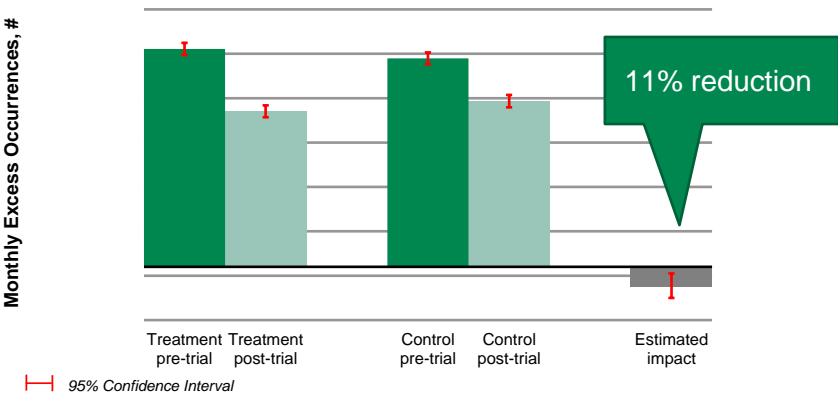


Text alerts did help customers spend less time in excess

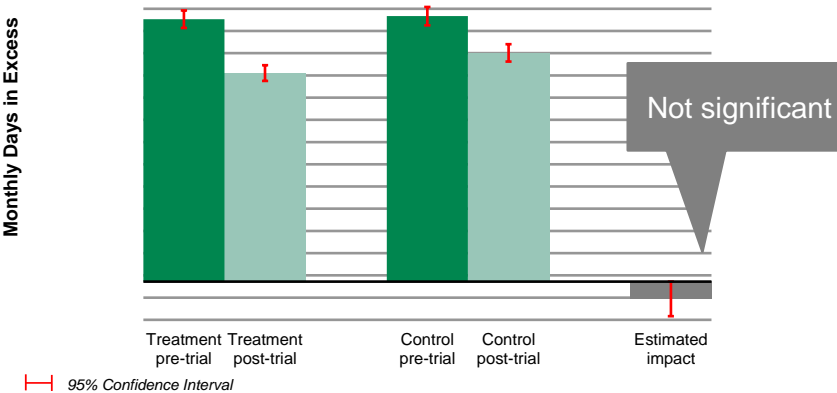
RBB days in excess



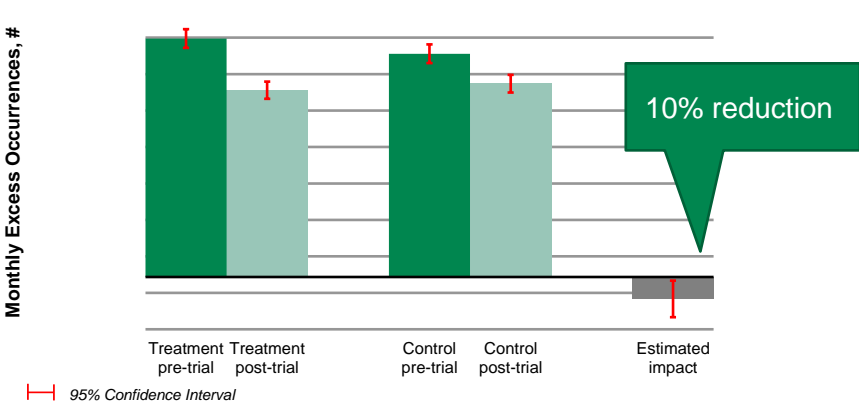
RBB number of excess occurrences



SME days in excess



SME number of excess occurrences

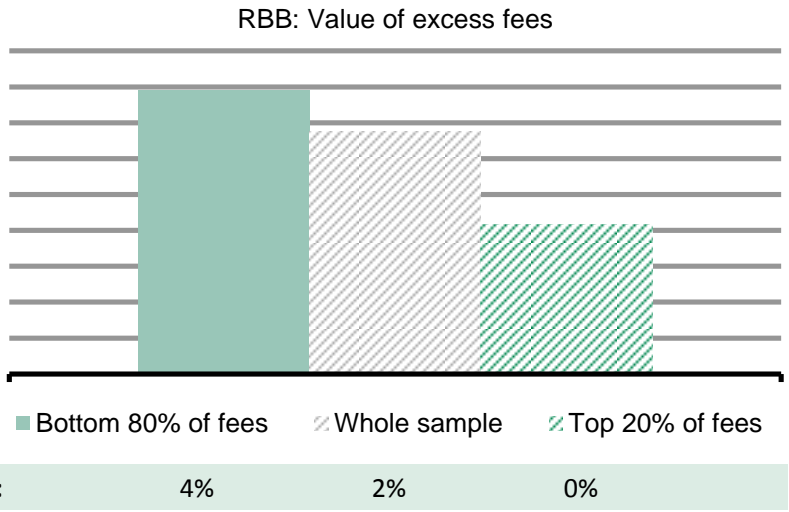




Top 20% of excess fees have a lower monthly maximum excess balance.

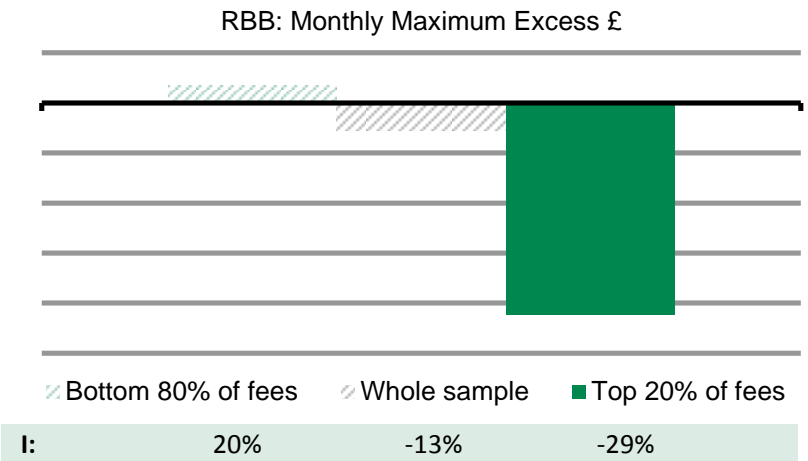
- RBB customers in the bottom 80% of fees before the trial incur **higher** excess fees due to text alerts, an increase of [20-80]p per month, or 4%, which is counterintuitive.

Impact (£)



- RBB customers in top 20% of fees before the trial, do go less deeply into excess due to text alerts however. A reduction of around a third.

Impact (£)



	Significant impacts
	Non-significant impacts
I	The % impact of treatment



No significant and material impacts have been found for other metrics

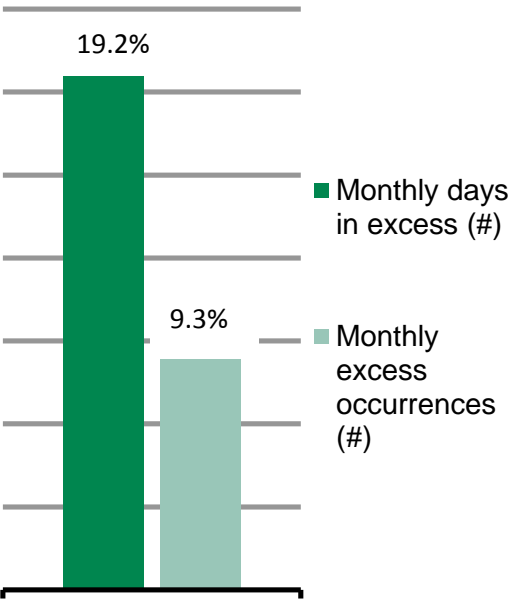
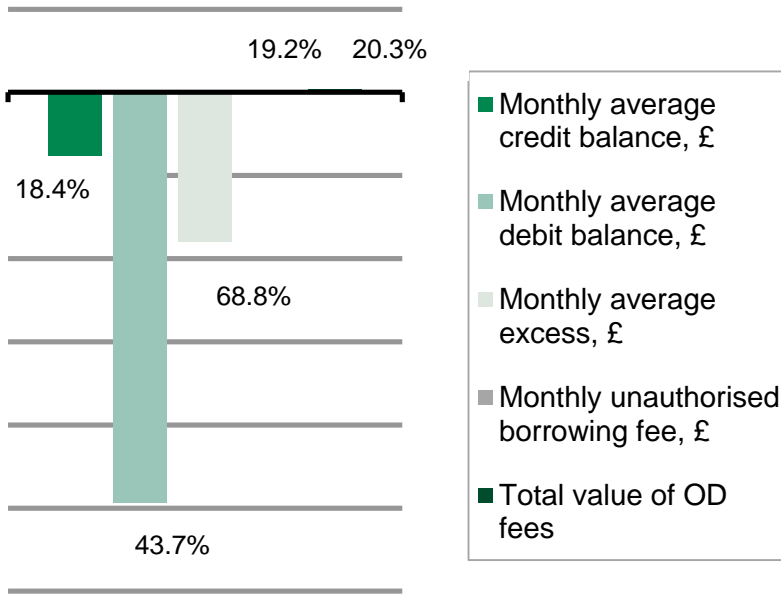
- No significant impacts found at aggregate level or sub-segment for:
 - Monthly total overdraft fees (£)
 - Monthly average excess balance (£)
 - Monthly maximum excess balance (£)
 - % of customers applying for new OD
 - % of customers applying for increased OD
 - % of customers opening a new account



As with PCA, heavier excess users tended to opt out of the trial.

2% of customers in the treatment group chose to opt-out of SMS alerts

Opt-outs had **heavier excess usage before the trial** compared to those that did not opt-out

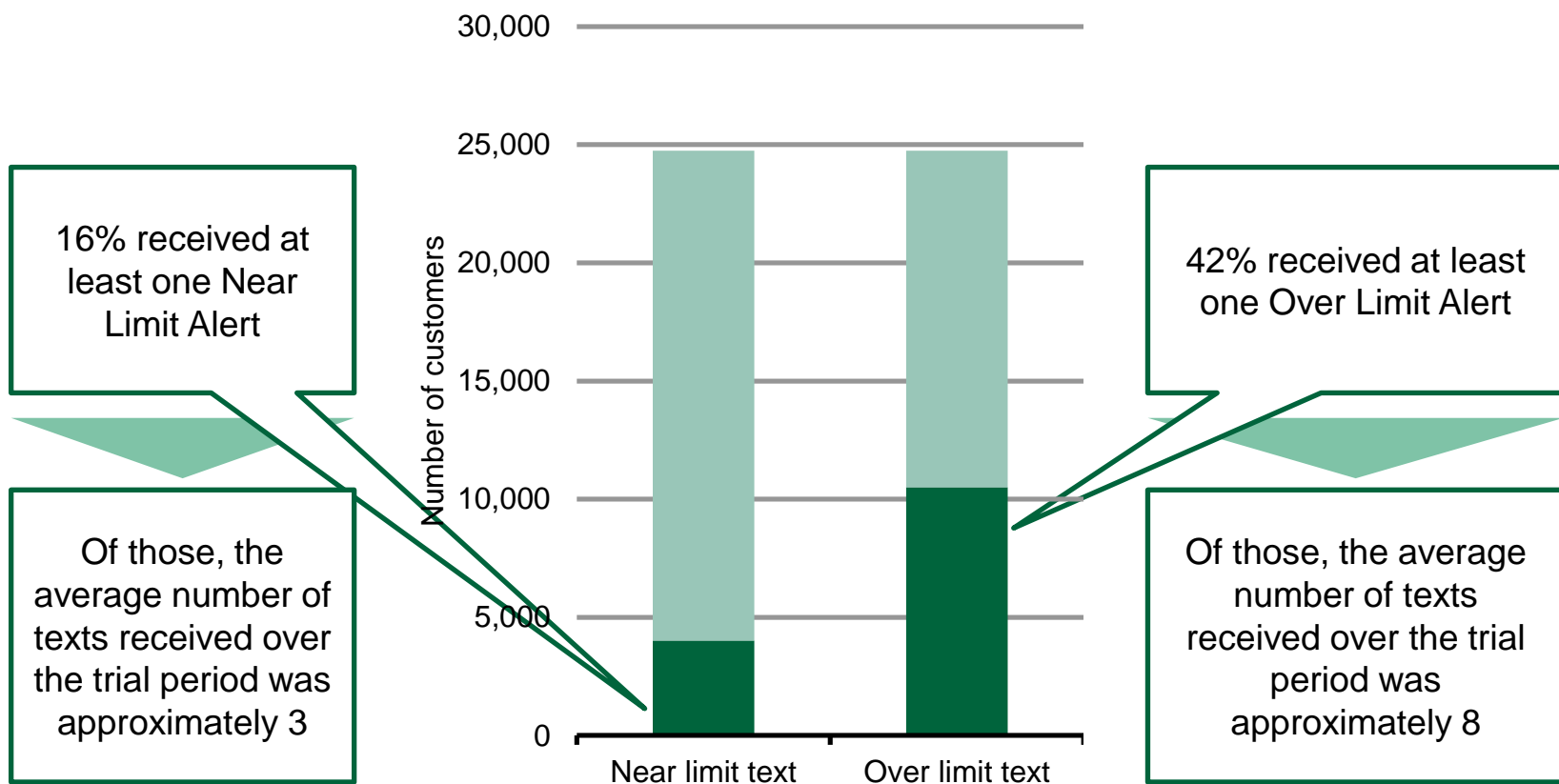




Relatively fewer customers received text alerts for RBB/SME than for PCA

Text alerts are likely to be most effective when targeted

24,749 customers were in the treatment group for the text alert trial.





The results are very sensitive to timing

Sensitivity analysis was conducted on the “post-trial” period



Which “post-trial” period should we use?

- **Main findings used the period June – August for RBB and May – August for SME.**
- The first text message was sent on 18th May. The last was sent on 13th August.
- These post-trial periods were used as they gave statistically significant results. However, these results do not hold for other post-trial periods that could be used.

Other options for the “post-trial” period

1. May – August
2. May – September
3. June – August
4. June – September

How sensitive are results to the choice of period?

- Results are very sensitive to the post-trial period used.
 - RBB results are only significant for option 3.
 - SME results are only significant for option 1.

7 RBB/SME Annual Account Review



	HYPOTHESIS	CHANNELS	METRIC
<div>7</div> <div>Annual Account Review RBB/SME</div> <div></div>	Customers who receive a transparent summary of key areas of Current Account cost and value, act on the information and switch products internally or switch out externally	<div></div> <div>Letter</div> <div>9k business customers in AAR trial (RBB:SME split = 6K:3K)</div>	<ul style="list-style-type: none">• Uplift in product queries• Customers switching products internally/extending limits• Customers switching externally• Uptake of new credit lines• Reduction in transaction volumes

SAMPLE SELECTION

Sample sizes were small due to exclusions applied such as customers on bespoke products, [] and other standard exclusions []

Low volumes meant that although at the cell level results would be valid, any analysis of sub-segments was likely to not yield statistically significant results.

RANDOMISATION PROCESS

An automated procedure was used to randomly select treatment and control groups from total cohort

CUSTOMER ACTIONABIITY


[]



Three different customer segments approached.

Messages tailored to each group

HIGH-LEVEL TEST STRUCTURE:

CHANNEL	CUSTOMERS TREATED	COMMS DATES	EST RESPONSE
 LETTERS	9k* (RBB/SME split = 6K:3K)	<div><div>JUL</div><div>AUG</div><div>SEP</div></div>	135

SELECTION CRITERIA*

1. Customer must be prominent in 1 of 3 segments:
 - ☐ High/Med account costs relative to T/O
 - ☐ High/Med average credit balance
 - ☐ High/Med excess fees

Having applied selection criteria, there are 3 customer test segments

Call to Action

Behavioural Change

High/Medium Account Costs	Review tariff via calculator	Product queries/ switches
High/Medium Average Credit Balance	Call BM to discuss Deposit products	Deposit / Savings accounts opened / enquiries made
High/Medium Excess Fees	Call BM to review credit options	Overdraft enquiries/ new limits & extensions

*Excludes free banking customers



Statement designed for greater impact with call to action.

Current design has no calls to action

What customers receive today

SUMMARY

Service provided between 10 December 2014 and 9 January 2015

Description	Quantity	Unit price GBP	Total price GBP (ex VAT)	Code
Itemised Service Charges				
ID:				
ACCOUNT PAYMENTS				
Cheques	1	0.62	0.62	ER
Direct Debits	50	0.43	21.93	ER
Free Debits	3	0.00	0.00	ER
Other Debits	1	0.59	0.59	ER
Standing Orders	2	0.50	1.00	ER
Transfers to other Accounts	1	0.00	0.00	ER
ACCOUNT RECEIPTS				
Automated Credits	42	0.15	7.05	ER
Credits paid in	2	0.75	2.25	ER
Other Credits	8	0.75	6.00	ER
Transfers from other Accounts	17	0.00	0.00	ER
Internet/Phonebank Credits	12	0.25	3.25	ER
Faster Payment Credit	41	0.15	6.90	ER
OTHER SERVICES				
Cash paid in	2,470.00	0.56 per 100	19.26	ER
Cheques paid in	20	0.31	11.47	ER
SUB TOTAL			80.32	
Discount			(36.14)	
SUB TOTAL AFTER DISCOUNT			44.18	
SERVICE TOTAL			44.18	

- FCA reported that current bank annual statements did not stimulate changed behaviours
- LBG aim is a more impactful statement to trigger behavioural change

What customers received as part of the trial

YOUR ACCOUNT SUMMARY

Account number: XXXX2560 Sort code: 30-91-01

Get better value for your business

This summary shows how you've used your Business Banking Extra Tariff over 12 months, between 10 May 2014 and 9 May 2015 and gives you a few ideas on how you could get more from it.

You can see your total service charges opposite and below is a breakdown of some of the areas where your current account could give you better value.

Your total service charges
(excl Account Maintenance Fees)

£151

Your transaction charges

For your statement

Eye catching slider designed to help customers see their personalised transaction splits at a glance.

Electronic 99%
£144

In Branch 5%
£7

— ① —

You can check if you're on the right tariff and switch online at lloydsbank.com/business.tariff.calculator

Credit balance

On average the credit balance on your current account over this period has been

£18,136⁺

Overdraft

You do not currently have an overdraft limit, but have occasionally gone into an overdrawn position. This means over this period you have incurred unauthorised borrowing

NEXT STEPS FOR YOUR BUSINESS

Our review shows your current account is generally working well for you, but you aren't earning any interest on your account balance. You could be making your surplus funds by moving them into a deposit account. To get the most from your surplus funds, call one of our Business Managers on 0345 030 6266.

Eye tracking research shows customers scan read. Main call to action positioned on the right hand side which is where customer's eyes are naturally drawn.

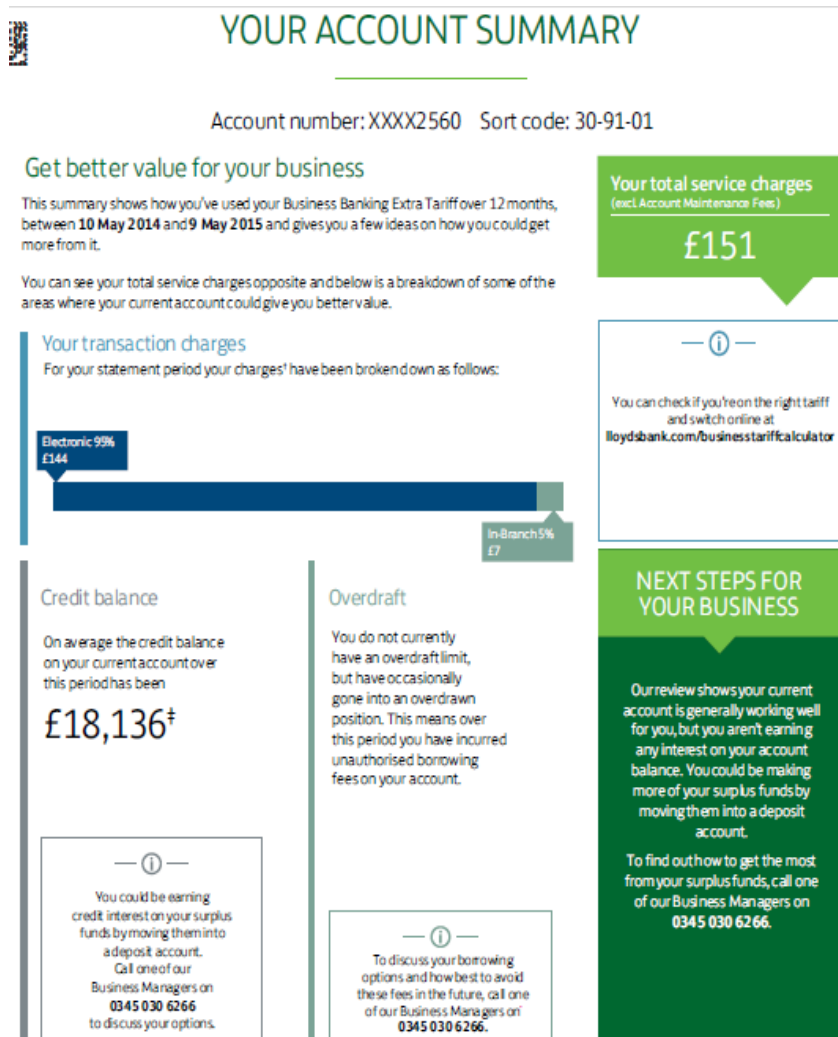
— ① —
You could be earning credit interest on your surplus funds by moving them into a deposit account. Call one of our Business Managers on 0345 030 6266 to discuss your options.

— ① —
To discuss your borrowing options and how best to avoid these fees in the future, call one of our Business Managers on 0345 030 6266.



One variant was tested for each segment

Design can be refined in further iterations



Practical constraint

- One shot communication.
- Not supported with multi-channel contact
- Not supported with follow up reminders
- Only trialled one letter variant
- Only trialled one medium
- 'One click' follow up not available in letter format
- []

Other treatments

- Consider trialling through other channels (email, digital inbox, mobile app, reactive offer in branch)
- Consider multiple variants (calls to action, formats, wording)

Option selection

- Marketing driven wording to prompt action – positive wording used to deliver best customer outcomes
- Statement layout is attention grabbing and differentiated from standard bank letters
- Clear 'next steps' for the customer – helping to increase value/reduce costs based on personalised summary
- Volume split considered as an alternative to £s transaction charges – decision taken that £s view is more impactful



Aspects of the trial can be developed

Refinements can be made in future iterations

Refinements	Impact	Recommendation
1 Technical	1. []	1. []
2 Technical	1. Due to resource restraints, any 'gone aways' (moved without telling LBG) were returned to a central team for disposal. 'Gone away' customers therefore did not receive the statement.	1. Track gone aways, and develop contact strategy for any customers returning as 'gone away' to identify correct address and redirect statement.
3 Sample size	1. Due to criteria set (ensuring customers selected had a relevant call to action/incentive), and suppressions applied (CiFDs, deceased, non standard products, etc), only 9K customers received the trial statement across RBB/SME, thus limiting results.	1. Longer term solution would not be subject to the same criteria exclusions (e.g. non standard tariff exclusions/ minimum £10k average credit balance). 2. Multilateral trial with other banks would enhance numbers and results.
4 Ease of action	1. [] 2. Customer cannot follow up call to action with a 'one click' application for new account/extension.	1. [] 2. Develop digital statement that allows 'one click applications' using stored customer information to complete product switches/changes.
5 Medium/Format	1. Customer response rates to mailings can be markedly lower than digital media. []	1. Develop IT solution to allow AAR to be sent via digital inbox/via mobile app/online banking.
6 Monitoring switching queries	1. []	1. []
7 Cumulative effects	1. The trial was a one off, over a constrained time period.	1. Investigate repeated contacts over an extended period to assess cumulative effects.

Trial	Complaint Volumes	Complaint Themes
AAR	0	-

Trial	Call Volumes	Comments
AAR	65	Out of the 9K customers mailed across RBB/SME, 4K had a call to action to contact telephony to discuss options. Response rate of 1.6% is in line with expectations – higher response rates may have been possible if digital channel was available.



There are no significant impacts of the RBB/SME AAR trial, however some of the volumes are very low

Hypothesis	Success criteria	We have looked at trends for:
<p>Prompting customers to review their bank account will lead to:</p> <ul style="list-style-type: none"> Increased switching of products internally Increased switching out externally 	<ul style="list-style-type: none"> Uplift in product queries (overdraft/current account/savings) Customers switching products internally / extending limits Customers switching externally 	<ul style="list-style-type: none"> Changes in product/tariff Applications for new overdraft limits Applications for increased/decreased OD limits Average numbers and values of debit and credit transactions Applications for new cross-product accounts

Preliminary results

- Limited significant impacts with this trial.**
- RBB customers with high/medium account costs reacted to treatment by opening new accounts and changing limits.**
- Top 20% by fees reacted most strongly.**
- Similarly high/medium account costs SME customers also opened accounts.**



The RBB/SME annual account review had limited impact on behaviour

Customers were more likely to open a new account, or adjust their overdraft

There are some impacts on RBB customer behaviour...

Sub-segment		% of customers changing product or tariff			% of customers applying for new OD			% of customers applying for increased OD			% of customers applying for decreased OD			% of customers opening a new account			% of customers closing account			Monthly credit transactions (£)			Monthly debit transactions (£)		
		T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I
RBB	AAR1: High/medium average credit balances												200	100	100%										
	AAR2: High/medium excess fees																								
	AAR3: High/medium account costs										200	100	100%	316	100	216%									
SME	AAR1: High/medium average credit balances																								
	AAR2: High/medium excess fees																								
	AAR3: High/medium account costs													280	100	180%									

NOTE: Many of these metrics have very low volumes. In general, this will reduce the power of the statistical tests as this makes picking up significant uplifts more difficult.

	Statistically significant impact ; result in line with hypothesis
	Statistically significant impacts; results not in line with hypothesis
	Impact not statistically significant
T	What we got with treatment
E	What we would expect to get without treatment
I	The % impact of treatment

Key learnings

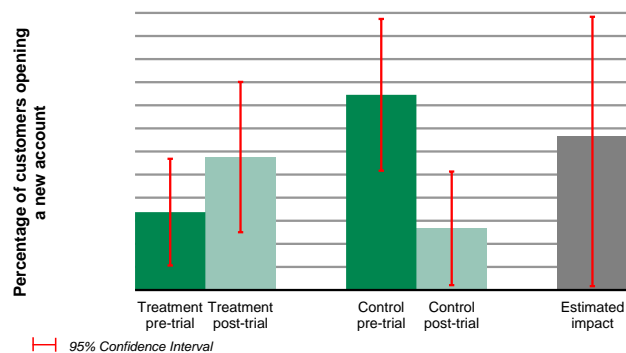
- Identifying trial impacts are limited by small sample sizes



RBB customers with high/medium account costs reacted to treatment by opening new accounts and changing limits.

High/medium account costs SME customers also opened accounts.

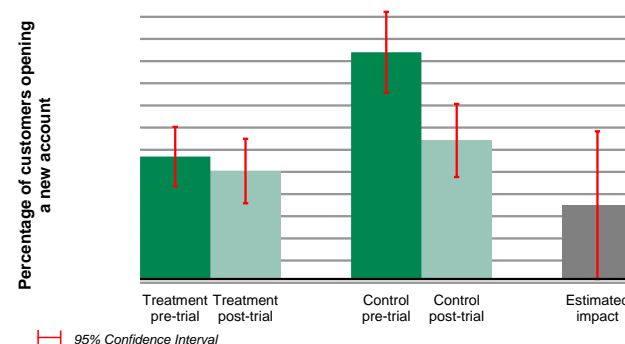
RBB: AAR1: High/medium average credit balances



RBB: AAR2: High/medium excess fees

No significant impact

RBB: AAR3: High/medium account costs



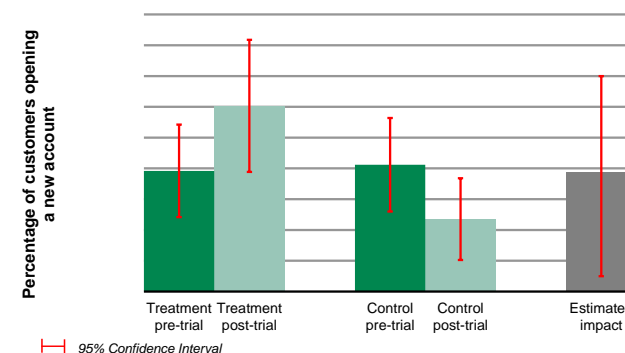
SME: AAR1: High/medium average credit balances

No significant impact

SME: AAR2: High/medium excess fees

No significant impact

SME: AAR3: High/medium account costs

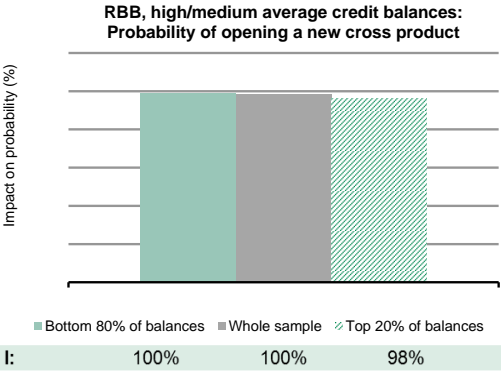




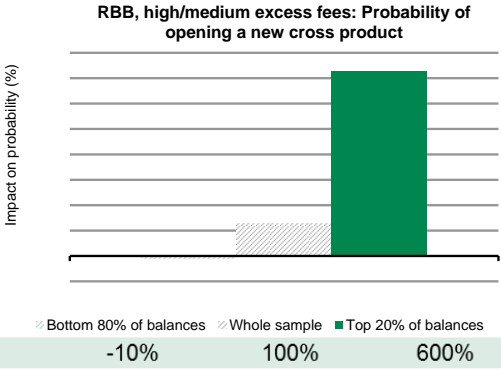
The top 20% by fees reacted most strongly.

Each treatment cell split into the top 20% and bottom 80% of balances

RBB: AAR1: High/medium average credit balances



RBB: AAR2: High/medium excess fees



RBB: AAR3: High/medium account costs

No significant impact

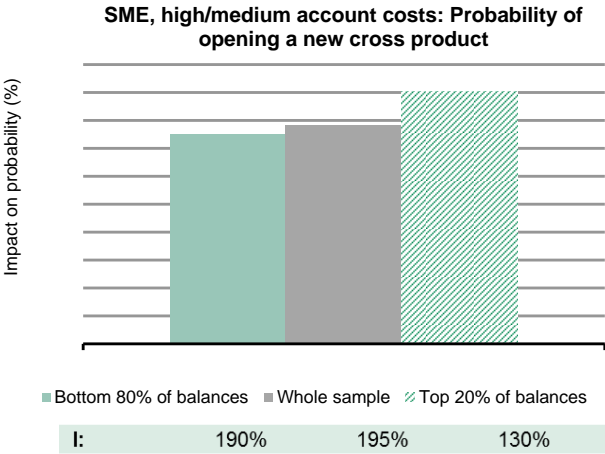
SME: AAR1: High/medium average credit balances

No significant impact

SME: AAR2: High/medium excess fees

No significant impact

SME: AAR3: High/medium account costs



	Significant impacts
	Non-significant impacts
I	The % impact of treatment



No significant and material impacts found for sub segment analysis of other metrics

- No significant impacts found at either RBB, SME or customer sub-segments for:
 - % of customers changing product or tariff
 - % of customers applying for new OD
 - % of customers closing account
 - Monthly credit transactions (£)
 - Monthly debit transactions (£)



These results are not sensitive to timing effects

Sensitivity analysis was conducted on the “post-trial” period

Which “post-trial” period should we use?

- **Main findings used the period July - September**
- Customer communications were sent out on the 14th or 21st July.
- This period provided the most amount of data given the trial started in mid/late July.

Other options for the “post-trial” period

1. July – August
2. July – September

How sensitive are results to the choice of period?

- This trial showed fairly limited results.
- However, these results were not sensitive to the post-trial period used.



Interpreting statistical results



Understanding presentation of the results

Magnitude and ...

Magnitude

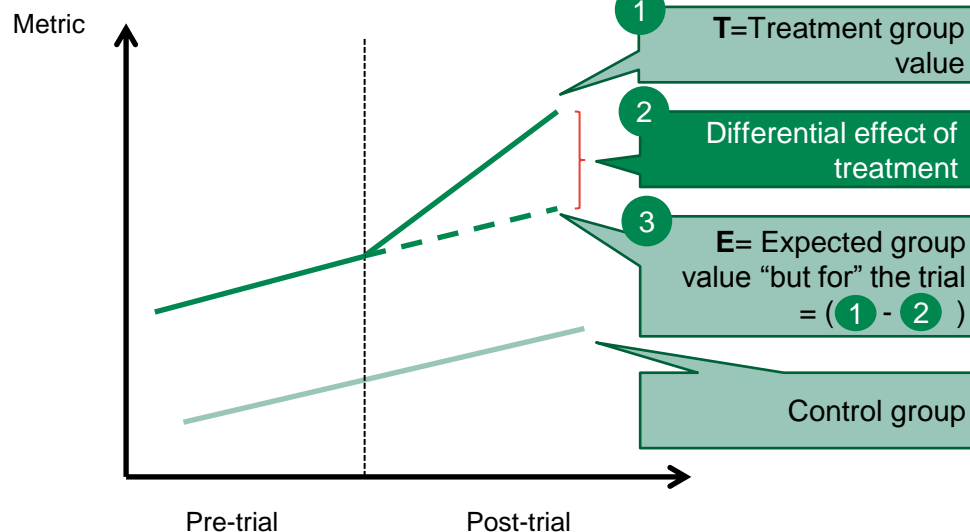
-£29 ; -£30 ; -1%

T; E; I

Impact is a measure of the **magnitude** of the effect.

Numbers in the boxes show

- **T** - what we got with treatment
- **E** - what we would expect to get without treatment
- **I** - the % impact of treatment



$$\text{Differential effect of trial} = (Treatment_{post-trial} - Treatment_{pre-trial}) - (Control_{post-trial} - Control_{pre-trial})$$

$$I = \% \text{ impact} = (1 / 3 - 1)$$

Example

-£29 ; -£30 ; -1%

In the text alert trial, for average monthly unplanned fees:

- **T** - what we got with treatment was -£29
- **E** - what we would expect to get without treatment was -£30
- **I** - the % impact of treatment (£0.4 in the example) was a reduction of 1%

Although only small, this effect was, nonetheless, statistically significant... see next page.

Note: all numbers on this slide are illustrative only.

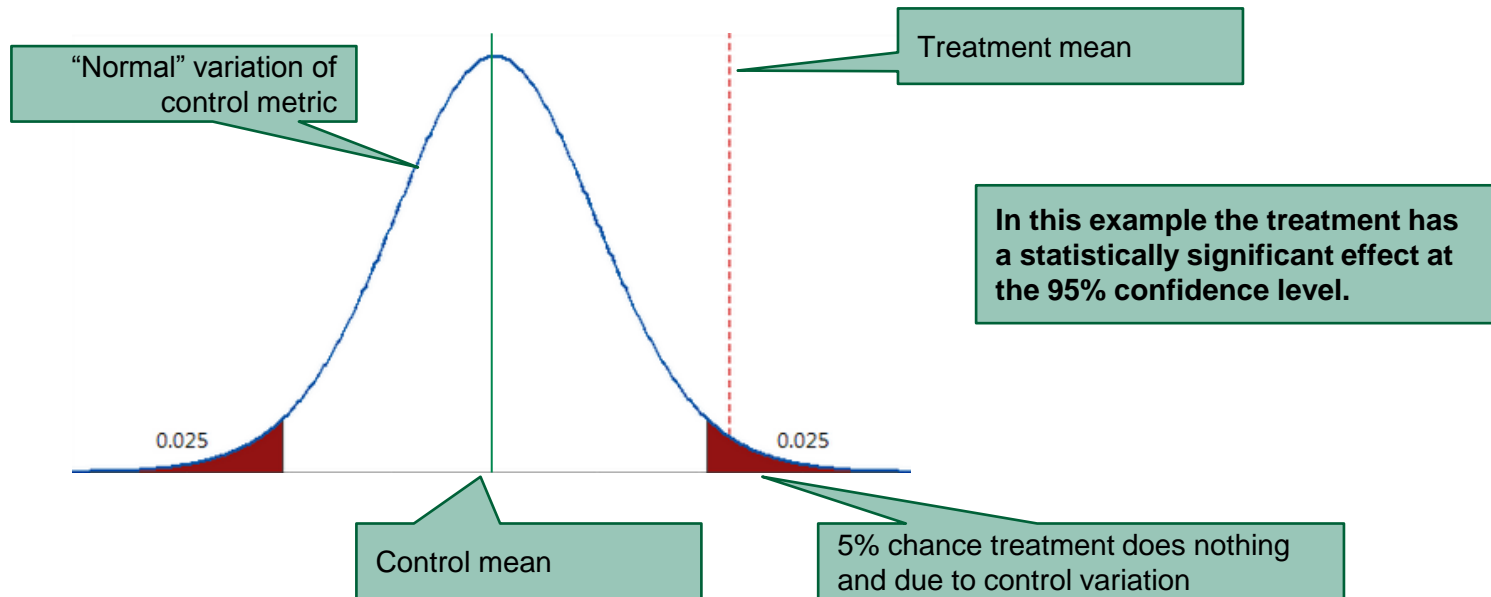


Understanding presentation of the results

... statistical significance

Statistical significance

- **Statistical significance** tells us how likely a result is caused by the trial, rather than mere chance or “noise” in the data. It does not reflect magnitude of impact.
- Not significant means we cannot tell if this is because of the treatment or chance variation.
- 95% confident means that when we state a result is significant, we are willing to accept a 5% risk that the results were in fact the result of random chance, rather than due to the treatment. This is a standard level of confidence to use in statistical testing of this nature.



Example

- The previous slide gave an example of a small effect that was significant.
- In other cases, there can be quite large apparent effects, but because variation is also large, whether the result for the treatment group is due to the treatment or just noise cannot be determined.