

CAMPAIGN FOR COMMUNITY BANKING SERVICES

31 May 2016

Retail Banking Market Investigation
Competition & Markets Authority
Victoria House
Southampton Row
LONDON
WC1B 4AD

*Action with Communities
in Rural England
Age UK
Association of
Convenience Stores
Community Development
Finance Association
Consumer Futures
Debt on our Doorstep
Federation of Small
Businesses
Forum of Private
Business
Money Advice Scotland
National Association of
Local Councils
National Federation of
Womens' Institutes
National Pharmacy
Association
New Economics
Foundation
SCOPE
Street UK
Towns Alive
Unite
Which?*

Dear Sir

Provisional Decision on Remedies Report

We have studied the relevant parts of the above report, principally **Remedy 1**, and although pleased that “closure of a customer’s branch” remains as a key trigger point (**3.235 b; Summary 36**) for an alert to the benefits of using the switching service for transfer of SME accounts to a competitor bank, possibly one remaining in the community, a final decision on introducing this important and overdue requirement on the closing bank is now to be deferred pending recommended further research and trials by the FCA (**Summary 36**) into this and other possible triggers after your report is published in the autumn.

In our comments of 11 November to your Provisional Remedies, and in earlier submissions and at the SME Roundtable you organised on 1 July last year, we referred to the behaviour of the major banks, those responsible for most of the market and by far the majority of branch closures, in promoting inferior alternatives to the customer in an effort to retain the business and this is likely to continue whilst all the proposed research and trials proceeds.

In 2014, 388 of the 512 branch closures left one or more alternative banks in the community; in 2015, 504 of the 681 closures left one or more alternative banks in the community and a similar pattern is emerging in the 600+ closures predicted in 2016. All of these alternatives, to which SME (as well as personal) accounts could be switched or utilised under the under publicised Inter Bank Agency Arrangements (IBAAs), would increase convenience for branch using customers, especially SMEs, and improve competition. The shared service model we have been consistently advocating would further improve competition and create more of a level playing field as the inevitable halving of the traditional banks’ networks, probably over the next 5 years, takes place. You will have seen the report in the FT 16-5-16 re G4S’s intention to enter this market if the UK banks co-operate and the various models are operated successfully by Prosegur for Spanish banks.

By handing over to the FCA all research on the triggers, valuable opportunities to improve competition are being lost when at least one of the triggers can be tested with immediate effect and be taken into account in the concurrent independent review of the Access to Banking Protocol. Our disappointment with the outcome is manifest.

Yours faithfully

Derek French
Director

50 Roundwood Park Harpenden Herts AL5 3AF
Telephone/Fax 01582 764760

Website : www.communitybanking.org.uk