

**DANSKE BANK
RETAIL BANKING MARKET INVESTIGATION
RESPONSE TO PROVISIONAL DECISION ON REMEDIES**

1. Introduction

- 1.1. Northern Bank Limited (trading as Danske Bank) (**Danske**) welcomes the opportunity to comment on the Competition and Market Authority's (**CMA**) Provisional Decision on Remedies (**PDR**) in relation to the market investigation into the supply of retail banking services to personal current account (**PCA**) customers and to small and medium-sized enterprises (**SMEs**) in the UK.
- 1.2. Danske remains committed to ensuring that competition in the PCA & SME markets in the UK continues to work effectively for the benefit of consumers. Danske continues to work constructively with the CMA towards an appropriate package of remedies that addresses the key findings contained in the CMA's Provisional Findings Report.
- 1.3. Danske has limited its comments contained in this response to the main issues identified in the PDR¹. Danske may wish to make further representations at a later stage in relation to any of the information contained in the PDR. Danske would be happy to discuss any of the comments made in this response with the CMA in further detail.

2. Measures to develop and require the adoption of open API standards and data sharing

- 2.1. Danske has participated in the OBWG and welcomes the introduction of API standards.
- 2.2. The CMA refers to the security concerns relating to data sharing, including via Midata and API standards. It states at paragraph 3.55 of the PDR that “[w]e therefore think that the security and authentication measures proposed by OBWG and the redress provisions of PSD2 will together be sufficient to address the risk that customer confidence in services using this technology will be undermined”. Danske agrees that the security concerns arising from the introduction of API standards have been considered in depth by OBWG. However, the indicative release schedule proposed by OBWG (see Figure 3.2) has been developed in light of the security and authentication measures required to deal with these security concerns and in light of the PSD2 implementation timetable. Therefore, to accelerate the OBWG time frame by one year, as the

¹ Please note that, except for terms which have been defined in this response, Danske has adopted the same definitions as those used in the PDR.

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CMA is proposing, could seriously undermine the successful implementation of open API standards and pose a very real security risk.

- 2.3. We note in this regard that the CMA is referring (in paragraph 3.84) to the transposition of PSD2 in January 2018 and that the adoption of open API standards incorporating full read and write functionality on PCA and BCA transaction data should coincide with the implementation of PSD2. However, it is important to note that, while the transposition of PSD2 by Member States is mandated for 12 January 2018, the implementation of the regulatory technical standards (**RTS**) is subject to separate timelines. The European Banking Authority (**EBA**) is required to submit the draft RTS on strong customer authentication and secure communication channels to the European Commission within 12 months from entry into force of PSD2 (i.e. by 12 January 2017)². Danske understands that this has not yet happened. The Commission will then approve the RTS, which is expected to take between 4 and 9 months. Danske therefore understands that the implementation of the RTS on customer authentication and communication standards is currently expected to occur between November 2018 and April 2019. There is a clear benefit to work with the EBA to maximise consistency between the regulatory technical standards required by PSD2 and the open standard required by the proposed remedy³.
- 2.4. Paragraph 3.93 of the PDR refers to the Implementation Entity being funded in proportion to market share. Danske presumes that this is intended to refer to UK market share (as is the case with the funding of surveys on service quality (see paragraph 3.169) and the contribution to costs of the Nesta challenge prize process (see paragraph 6.175)). Danske agrees that this is an appropriate method for funding this remedy.
- 2.5. The remedy also requires RBSG, LBG, Barclays, HSBCG, Nationwide, Santander, Danske, Bol and AIBG (the **Remedy Banks**) to make available, as open data and through an open API, service quality indicators specified by the CMA in its remedy on service quality and at the time required by this remedy. The implementation of this remedy within 6 months of the Order being published is of course dependent on the availability of an open API by that date.
- 2.6. The remedy also requires the Remedy Banks to publish the Midata PCA data sets by Q1 2017. The CMA notes, at paragraph 3.98 that “[t]he release of redacted PCA information should present few problems for the banks which participated in the Midata initiative as they would already have addressed the technology issues involved”. However, the CMA fails to consider the reasonableness or proportionality of requiring those banks which did not participate in the Midata initiative to publish the Midata PCA data sets in such a

² See page 82 of the OBWG report.

³ See page 63 of the OBWG report.

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short time frame. Danske understands that itself, BoI and AIBG, i.e. the smallest of the Remedy Banks, did not participate in Midata. As a result, Danske is not aware of (i) the exact information included in the Midata PCA data sets and the format in which it is presented; and (ii) the technology issues involved in creating and releasing the Midata PCA data sets, e.g. the authentication of customers' identity, the complexity posed by joint accounts etc.

- 2.7. We note that the CMA states in paragraph 3.68 of the PDR *that “some smaller, though longer established, banks in GB and NI could encounter disproportionately higher costs in adopting and integrating the necessary technology into their legacy systems”*. These smaller banks include banks such as <REDACTED> and <REDACTED> which are in fact bigger banks in the UK with significantly more resources in the UK than Danske⁴. These prohibitively high costs were in fact the reason why Danske did not participate in the Midata initiative.
- 2.8. In light of the above, it is entirely unrealistic and disproportionate to require the smallest of the Remedy Banks to release the Midata PCA data sets at the same time as the much larger Remedy Banks who have participated in Midata and are therefore likely to comply with this remedy without much, if any, additional effort. This is particularly so as the CMA has already acknowledged that there are disproportionately high costs involved for smaller banks in adopting and integrating the necessary technology into legacy systems and in light of the fact that this is an intermediary remedy until the open API becomes available.
- 2.9. It is also imperative for the CMA to consider the cumulative impact of the remedies on the Remedy Banks, and in particular the smaller banks who have much more limited resources, both financially and in terms of manpower, to invest in implementing the remedies. Danske does not consider that it is able to manage the logistics of working on both the provision of the Midata PCA data sets and the open API in very tight timeframes at the same time. Danske understands that the largest banks which participated in Midata took approximately 8 months to develop the necessary technology, without the additional open API work stream and the rest of the proposed remedies.
- 2.10. With this in mind, the unnecessarily short implementation time frames proposed by the CMA are a serious concern as they are likely to lead to mistakes and security breaches occurring. As the CMA has rightly pointed out in paragraph 3.99 of the PDR, *“[r]ead and write functionality also raises challenges involving issues of security and fraud prevention”*. Danske therefore believes that, rather than addressing the AECs, the rushed implementation of the remedies could

⁴ Note that, while Danske is part of Danske Bank Group, the implementation of the proposed remedy will require substantial work to be undertaken by Danske in Northern Ireland.

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lead to mistakes and security breaches which could erode consumer confidence in banks.

2.11. Danske has been unable to ascertain with any accuracy what a reasonable implementation deadline could be in the short time period since publication of the PDR, particularly as it has not participated in Midata and is therefore not well informed on how long some of the developments may take. Danske suggests that the original implementation time line developed by the OBWG and as outlined in Figure 3.2 of the PDR, is more realistic and proportionate. Further, for the reasons outlined above, Danske does not believe that it should be one of the banks required to release, and make accessible through an open API, Midata data sets.

3. Measures to enable PCA customers and SMEs to make comparisons between providers on the basis of their service quality

3.1. Danske in principle supports the introduction of service quality comparisons.

3.2. The PDR does not clarify whether comparisons will be based on a bank group or a bank brand. Danske submits that any service quality comparisons should be done at brand level.

3.3. Danske agrees that the service quality data should be collated by an independent third party, provided that any such independent survey includes significant sample sizes for all banks. The independent survey company should also be responsible for making the survey results available as open data to banks and third parties in a consistent format. It is also important to ensure that survey participants understand what is meant by terms such as, for example, “branch services”, “digital services” and “overdraft services” to ensure that the results are as objective and consistent as possible.

3.4. As referred to in paragraph 3.168 of the PDR, Danske considers that BBI is in a good position to act as an independent third party for the collation of the service quality data for SMEs. In relation to PCAs, Danske considers that an industry body such as the British Bankers Association would be an appropriate body to collate the survey data.

3.5. Paragraph 3.179 of the PDR considers whether visual aids would make it easier for customers to assess the information, such as colour-coding or star ratings. While Danske believes that visual aids can be helpful in presenting information for consumers, it does not believe that such visual indicators would be appropriate for the presentation of the Core Service Quality Indicators. This is because the Core Service Quality Indicators cannot be measured against a set of standards or benchmarks. We note that a traffic light system is, for example, used for nutritional information – this is very different to the Core Service Quality

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Indicators as there are clear guidelines as to what nutritional food content (including precise recommended daily intakes) is healthy (or not healthy) for consumers. We note that star ratings are already used in the financial industry, for example by Defaqto. However, again, the circumstances in which the stars are awarded are against a set of standards. For these reasons, Danske believes that it is inappropriate to use visual aids for the presentation of the Core Service Quality Indicators.

- 3.6. Danske believes that visual aids may be helpful in presenting the Additional Service Quality Indicators if these are limited to objective standards. Danske believes that colour coding similar to the traffic light system for the Additional Service Quality Indicators would be overly simplistic as it only effectively allows a rating out of three. If the CMA and/or the FCA decide to adopt visual aids for the Additional Service Quality Indicators, Danske would prefer a star rating similar to the one Defaqto uses as consumers will already be familiar with this presentation for financial services. As noted above, in order to be objective and consistent, any star rating, or other visual aid, would have to be underpinned by a set of standards against which the banks' service quality is assessed.
- 3.7. We note the CMA's proposal in paragraph 3.178, and the illustrations in Figures 3.5 and 3.6, that each provider's performance on overall recommendation is accompanied by a ranking for that provider against all other providers. Danske is concerned that the inclusion of a ranking can be misleading as the regional focus of certain banks cannot be represented in such a ranking. For example, if Danske is shown as the 3rd provider out of 10 but the first two providers do not have any branches in Northern Ireland and/or do not offer accounts to customers based in Northern Ireland, then the ranking may be misrepresentative of the actual ranking for a customer based in Northern Ireland.
- 3.8. We note the alternative options to the publication of rankings proposed by the CMA in paragraph 3.178 of the PDR, namely (a) the publication of an indication of whether the rating is average at the higher or lower end of scores; or (b) publishing a ranking for each core measure alongside the absolute score. For the reasons set out above, Danske would prefer alternative option (a).
- 3.9. As noted in paragraph 2.5 above, the implementation of this remedy within 6 months of the Order being published is of course dependent on the availability of an open API by that date.

4. Provision of transaction history

- 4.1. Paragraphs 4.131 and 4.132 refer to a potential barrier to switching being that customers will lose access to their transaction history following a switch. To address this issue, the CMA is proposing a remedy to retain and provide BCA and PCA customers, on demand, with their transaction history. Danske does not

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believe that the proposed remedy will address the potential barrier identified by the CMA for the following reasons.

- 4.2. Individuals already have the ability to receive their five year transaction history through a request under the Data Protection Act 1998 (**DPA**). It is unclear how the proposed remedy will address the potential barrier identified by the CMA when the same rights available to customers under the DPA do not appear to have done so.
- 4.3. In addition, it is unclear how access to transaction history following a switch can address a barrier to switching as, at the point at which the customer receives, or becomes aware of its entitlement to receive, the transaction history, the customer has already decided to switch their account.
- 4.4. Danske notes that the CMA proposes a period of one week within which banks must make the transaction history available to the customer, subject to the customer providing necessary identity and other documentation. If the CMA decides to proceed with the proposed remedy, Danske considers that, depending on the medium by which the information is provided to ex-customers, one week may not be sufficient to provide what can be a very voluminous amount of information to ex-customers. We also note that the CMA is seeking to impose a maximum charge of £10, in line with the fee payable under the Data Protection Act 1998. However, it is important to note that the time period for providing information under the Data Protection Act is “*promptly or in any event within 40 days*”, subject to receipt of appropriate identification and payment of the fee. If the CMA is seeking to align the maximum fee which banks can charge for providing transaction history to ex-customers to the Data Protection Act 1998, it would therefore be reasonable and proportionate to also align the time period for providing such information to that in the Data Protection Act 1998, i.e. promptly or in any event within 40 days.
- 4.5. Danske notes the proposal in paragraph 4.148 that the transaction history could be provided in either physical and/or electronic format based on the customers’ request. The medium through which the information can be provided is of key importance. The provision of such potentially large amount of information in physical format incurs costs (e.g. copying, postage) which may not be sufficiently covered by the proposed maximum £10 fee. In addition, it is unclear how the provision of transaction data to customers in a physical format will address the potential barrier identified by the CMA. The CMA notes in paragraph 4.131 that this potential barrier “*could potentially affect businesses’ ability to apply for financial products in the future as they would not have proof of their transaction history*”. Danske does not believe that the fact that customers have a physical copy of their transaction history will improve their ability to apply for financial products in the future.

NON – CONFIDENTIAL VERSION

4.6. The provision of the information in electronic format to ex-customers poses potential security concerns as the transaction data can no longer be provided securely through eBanking. If the outcome which the CMA is seeking to achieve is the availability to customers of transaction history in an electronic format following a switch, Danske believes that a much more effective and proportionate remedy would be for the CMA to recommend to Bacs that it builds a solution which allows transaction data to be passed securely between the old bank and the new bank in a switch alongside standard messaging. This would provide both encryption and authentication of transaction data.

4.7. In any event, Danske believes that the proposed remedy will become redundant once the open API standard becomes available. The proposed remedy should therefore include a sunset clause to coincide with the implementation date of the proposed remedy on open APIs.

5. Measures to increase customer awareness of and engagement with their overdraft usage and charges

5.1. Danske does not in principle have any objection to the introduction of overdraft alerts. However, it has very significant concerns in relation to the onerous and unrealistic implementation time frames proposed in the PDR.

5.2. The CMA proposes at paragraph 5.65 that *“customers should be automatically enrolled either for text alerts or (where the customer is known to have installed and be using a mobile banking app) mobile banking push alerts”*. Paragraph 5.67 goes on to state that *“[w]e would generally expect PCA providers to have customers’ mobile phone numbers...”*. Danske believes that automatic enrolment should not pose any serious issues for new PCA customers as mobile phone numbers and consent for automatic enrolment can be sought at the time of opening the account. (Though it is worth noting that some new customers may refuse to provide their mobile phone numbers in which case auto enrolment will clearly not be possible.)

5.3. However, as Danske has highlighted previously, it currently only has mobile phone numbers for a limited number of its existing PCA customers despite regularly prompting customers to update their contact details, including mobile phone numbers. Danske is unclear how the CMA would expect banks to obtain customers’ mobile phone numbers. Even if a comprehensive communications programme⁵ is rolled out to prompt customers to provide mobile phone numbers, in Danske’s experience, such communications result in very low response rates.

⁵ Danske estimates that the cost of sending out one communication to all customers requesting mobile phone numbers is approximately £200,000. This figure would increase substantially if multiple communications are required and does not allow for the cost of uploading the contact details.

NON – CONFIDENTIAL VERSION

- 5.4. Danske does not have an overdraft alert like the one the CMA is proposing as part of this remedy, therefore it would have to create a new bespoke overdraft alert. There are a number of technical challenges involved in developing such an overdraft alert. Firstly, Danske's balance alerts are currently linked to the actual account balance while the proposed remedy requires Danske to run the alert off the available balance to allow for pending payments and any arranged overdraft facility. Danske considers that this change will require significant technological development. Secondly, as explained in further detail below, Danske's customers currently sign up for one of Danske's existing balance alerts through its eBanking platform while the overdraft alerts required by this remedy would have to sit outside its eBanking platform due to the requirements of PSD.
- 5.5. As highlighted to the CMA previously, the fact that Danske's alerts are currently triggered through its eBanking platform raises a number of concerns as Danske considers that its eBanking platform is a 'payment instrument' for the purposes of Article 4(23) PSD. A PCA provider is prohibited from issuing an unsolicited payment instrument to its customers under Article 57 of PSD. If an alert is housed within eBanking, Danske considers that the customer's explicit consent is required to sign up for Danske's alert services. For the avoidance of doubt, Danske does not consider that its alert service itself is a payment instrument. However, as Danske's alert services are inextricably linked to its eBanking service, which is considered to be a payment instrument, Danske believes that auto enrolment to its alert services, as currently structured, would be in breach of Article 57 of the PSD.
- 5.6. In light of the above, auto enrolling customers to the new overdraft alert service would require Danske to not only develop a new bespoke alert service but also to make fundamental changes to its eBanking platform, the account application process and the way in which alert services are issued. The cost and time associated with these changes is considered to be substantial.
- 5.7. It is also important to note that Danske's mobile and tablet applications are part of its eBanking service. Due to the structure of the eBanking service, it is not possible for Danske to move these applications out of eBanking. This means that Danske could only issue the new overdraft alert by text message (or email) but not by a mobile application push notification as it believes that this would again be in contravention of PSD (see paragraph 5.5 above).
- 5.8. In light of the technical challenges highlighted above, Danske considers an implementation time frame of 6 months from the date of the Order to be completely unrealistic. This is particularly so as this remedy will have to be developed and implemented at the same time as many of the other remedies. As noted above, Danske is a small bank with limited resources, both in financial

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and personnel terms⁶. While the larger banks may be able to resource different teams to work on each of the remedies, Danske will not be able to do so – the same individuals will in all likelihood work on most of the remedies.

- 5.9. Paragraph 5.92 of the PDR outlines some of the work required to facilitate automatic enrolment, including IT changes, changing customers' terms and conditions, collecting contact details and the upload of these contact details. For the reasons outlined above, Danske considers that, for the overdraft alert to be developed properly, including all of the associated customer communications, legal changes and structural changes to its eBanking service, a time frame of at least 12-18 months from the date of publication of the Order is required. A shorter time frame carries considerable data security risks as well as the risk of mistakes occurring, e.g. alerts sent to the wrong mobile number, no alert being issued where one should have been issued and/or an alert being issued where it should not have been. These mistakes and potential security breaches would likely erode customer confidence in banks, rather than engaging customers to interact more with their banks.
- 5.10. It is also important to note that Danske cannot start development of the overdraft alert until the details of what is required are worked through. For example, paragraph 5.59 of the PDR states that the alert should be triggered when the PCA provider has information from which it *"is reasonably able to determine that such limits are at significant risk of being exceeded during the day, taking into account information it knows or receives on transactions to be settled for that day (eg scheduled payments such as direct debits)"*. Danske notes the CMA's suggested approach not to be unduly prescriptive in relation to the timing and frequency of overdraft alerts and this is welcomed by Danske. However, Danske considers that the Order will need to specify exactly what is meant by *"reasonably able to determine"* and *"at significant risk of being exceeded"*. Specifically, which transactions do banks have to consider before determining whether a customer is at significant risk of exceeding its limit during the day? At what point during the day do banks have to become aware of these transactions for them to be included in the alert that day? For example, if Danske becomes aware that a £1 reservation is applied on an unattended payment terminal transaction at a filling station (which will be followed by a debit of up to £80 at some point during the day) Danske cannot be certain whether the customer's account will go into an unarranged overdraft until the debit is received. Danske assumes that, in these circumstances, the proposed remedy does not require an overdraft alert to be issued but this should be clarified. Clarity is also required on the interaction of this proposed remedy with the remedy on grace periods (see further below).

⁶ Note that, while Danske is part of Danske Bank Group, the implementation of the proposed remedy will require substantial work to be undertaken by Danske in Northern Ireland.

NON – CONFIDENTIAL VERSION

5.11. There are also practical difficulties outside the control of the banks, for example, banks are dependent on mobile phone providers pushing out messages in a timely manner to allow customers to act within the grace period.

6. Supplemental measures to help customers engage with and manage their overdraft usage

6.1. Danske believes that the CMA’s proposed approach in paragraph 5.126 gives banks the necessary flexibility to tailor their communications and to compete by differentiating their offerings. It believes that a more prescriptive approach would be overly burdensome to implement and monitor and could have the unwanted effect of stifling competition in relation to grace periods.

6.2. However, clarity is required on the interaction of this remedy with the remedy on overdraft alerts. For example, if Danske becomes aware of a debit after the grace period cut-off time, does the proposed remedy require the grace period to be extended until the following day?

6.3. Danske agrees that the implementation time frame for this remedy should be the same as the implementation time frame for the overdraft alert remedy. However, as already noted in Section 5 above, Danske has very serious concerns in relation to the current proposed implementation time frame for the overdraft alert remedy.

7. Measures to increase transparency of the cost of and eligibility for SME lending

7.1. The proposed remedy requires banks to publish APRs for unsecured loans up to £25,000 and EARs for overdrafts up to £25,000 within 3 months of the Order coming into effect. The ability to publish APRs and EARs is based on the assumption that unsecured loans and overdrafts up to the value of £25,000 are not negotiable. As Danske has told the CMA repeatedly, SMEs can negotiate all loans and overdrafts, regardless of the amount, with Danske. Danske evaluates each customer based on their specific circumstances and requirements and, as a consequence, this can result in different rates for each customer. In this context, it is unclear how Danske can publish APRs/EARs for these products.

7.2. Danske believes that, if the proposed remedy is adopted by the CMA, it may no longer be able to allow customers to negotiate overdrafts and unsecured loans up to £25,000. While a move to fixed pricing would arguably increase transparency for customers, in Danske’s case it would also lead to a loss of flexibility and the ability of SME customers to negotiate prices for these overdrafts and loans. Danske is concerned that this could lead to some SME customers being worse off, particularly those who pose a low credit risk.

NON – CONFIDENTIAL VERSION

- 7.3. The proposed remedy also requires the Remedy Banks to offer a tool on their websites, within 6 months of the Order coming into effect, to enable SMEs to obtain an indicative price quote and indication of their eligibility for all loans and overdrafts up to £25,000.
- 7.4. Danske believes that it is completely unrealistic for a small bank like Danske, with limited resources, to develop such a tool within 6 months. We note that HSBC informed the CMA that it was able to develop such a tool within 6 months. However, as noted above, it is inappropriate and disproportionate to expect a small bank like Danske to implement such a tool in the same time frame as a large corporation like HSBC which has infinitely greater resources at its disposal. The CMA also does not appear to have taken account of the fact that HSBC developed the tool at a time of its own choosing while Danske would be mandated to develop the tool at the same time and in addition to all of the other remedies. Further, HSBC was the only bank who developed the tool at the time in conjunction with Equifax while there will now be 7 banks seeking to develop similar tools at the same time. Danske has a serious concern as to whether there are sufficient technology developers in the market to facilitate the contemporaneous development of such a tool by 7 banks.
- 7.5. Danske considers that, in order to provide customers with an indicative price quote and an indication of their eligibility for a loan or overdraft, a soft credit search would have to be built into the process, including an assessment of the customer's credit rating. Danske expects that this will take time to consider and to develop and that this will lengthen the time Danske will need to implement the proposed remedy.
- 7.6. We note the suggestion in paragraph 6.85 that banks will be able to decide on the information input requirements for this tool but that banks should work with comparison sites to develop certain minimum standards in this regard. Danske does not believe that the Remedy Banks should work with a comparison site to develop certain minimum standards for information input requirements. Rather, Danske believes that these should be developed by banks in conjunction with an independent body. In any event, it is unclear how the remedy can be implemented within 6 months of the Order coming into effect when the comparison websites for SMEs to be developed pursuant to the remedy may not be available for 3 years.
- 7.7. Danske agrees that option (d) in paragraph 6.96 is the most sensible option as it balances the need to ensure that price and eligibility estimates are realistic with the obligation not to impose overly burdensome and disproportionate requirements on banks.

8. Measures to facilitate comparisons of SME banking products

NON – CONFIDENTIAL VERSION

- 8.1. The proposed remedy requires the Remedy Banks to provide complete product specifications for all BCAs and SME standard tariff overdrafts and unsecured small business loan products including prices, terms and conditions together with samples of customer transaction data necessary for use by entrants to the Nesta challenge prize. It also requires the Remedy Banks to make available, through two or more finance platforms within one month of the publication of the Order and on two or more comparison tools, details of their BCAs, standard tariff overdrafts and unsecured small business loan products including prices, fees, terms, conditions and eligibility criteria.
- 8.2. As Danske has highlighted previously, unlike most banks, the prices for all of Danske’s overdrafts and loan products for SMEs are negotiable, regardless of the size of the overdraft or the loan. Therefore, Danske would be unable to provide any information on “standard tariffs” overdrafts and unsecured small business loan products.
- 8.3. The proposed remedy does not consider on-going monitoring of SME comparison tools beyond the Nesta challenge prize competition. It is important that any SME comparison tool developed under this remedy is closely monitored throughout the operation of the comparison tool to ensure that the information provided by banks is presented in an objective format and that the ranking of banks on the comparison tool is not in any way affected by the commission or fees paid by banks to the comparison tool, whether directly or indirectly (e.g. through advertising). Danske suggests that the CMA would be the most suitable body to monitor SME comparison tools going forward.

9. General comments

- 9.1. Danske supports many of the CMA’s remedies in principle. However, as set out above, Danske believes that the implementation time frames for most of the remedies are entirely unrealistic and disproportionate to the technical developments involved in progressing the remedies, particularly in light of the high number of remedies which will have to be progressed contemporaneously. In addition, banks will have to progress the implementation of other regulatory requirements during the same time frame, for example the Payment Accounts Directive and the Payment Services Directive, which will also require significant resources.
- 9.2. The implementation timetable for the Remedy Banks also appears to be based on the resources of the largest banks (e.g. HSBC time-table to develop a loan eligibility calculator) and does not take into account the fact that Danske is a bank

NON – CONFIDENTIAL VERSION

which is significantly smaller than the largest Remedy Banks with only a fraction of the financial and personnel resources available to it⁷.

- 9.3. Danske submits that it is therefore entirely disproportionate to require it to comply with remedies in the same time scale as some of the largest banks in the world when the CMA has already acknowledged that there are disproportionately high costs involved for smaller banks in adopting and integrating the necessary technology into legacy systems. Apart from the high costs, the unnecessarily short implementation time frames proposed by the CMA are much more likely to lead to mistakes and security breaches occurring. Danske therefore believes that, rather than addressing the AECs, a rushed implementation of the remedies could lead to mistakes and security breaches which could erode consumer confidence in banks.

Danske Bank
7th June 2016

⁷ Note that, while Danske is part of Danske Bank Group, the implementation of the proposed remedies will require substantial work to be undertaken by Danske in Northern Ireland.