



**Review of 2008 Northern Ireland Personal Current Account
Banking order**

Our Ref: PID20010/2562

1. Introduction

- 1.1. The Consumer Council for Northern Ireland is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI).
- 1.2. The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.
- 1.3. The Consumer Council campaigns for NI Consumers to have access to current accounts that meet their individual needs.
- 1.4. We have built up positive relationships with many of the banks operating in NI and have continued to meet with the banks periodically since the inception of the NI Banking Order 2008.

2. Summary of response

- 2.1. The CMA notified us of the intention to review the NI Banking Order last year. We agreed with the resolution to review the Order. We suggested that a survey of newer entrant banks on their views of the Order would be particularly helpful to assess whether it is time for it to be repealed or amended.
- 2.2. Having reviewed the provisional decision that the Order is to be revoked in its entirety, we are concerned that this is being done at a time when the market is still not working as well as it could for consumers. Switching levels appear to remain relatively low and there has been no decision on a UK wide plan for issues such as a cap on overdraft fees.
- 2.3. We accept that various articles within the order have been revoked because they are covered by requirements elsewhere in other legislation, or the Banking Conduct of

Business Sourcebook, or future proposed remedies to cover the full UK market. However, we are concerned that there is not enough understanding of how successful the remedies have been. As the proposed UK remedies are still at a provisional stage and will take time to implement, we feel it is premature to revoke the NI Banking Order until solutions are up and running.

3. What NI consumers want from their banks

- 3.1. In 2013, having conducted focus groups and omnibus surveys with NI consumers, we launched a new personal current account manifesto.¹ We made recommendations for banks to make improvements to current account products and services. This included access to branches, straight forward presentation of fees and charges, use of plain English and comparison information to help consumers switch.
- 3.2. While banks have made some progress, there is more to be done to really provide the solutions consumers have asked for. For example, overdraft charging structures are still complex. Each bank presents six charging scenarios agreed by the Office of Fair Trading (OFT). This lacks the simplicity needed to allow consumers to easily interpret prices and to shop around.
- 3.3. Consumers told us it is hard to work out if they are getting good value. Bank charges are complicated and many consumers think it is difficult and risky to change banks.

4. Change required in the NI banking market (compared to GB)

- 4.1. There are still a range of significant differences in the NI banking market compared to GB which we feel require particular attention and more localised solutions:
 - Switching rates in NI appear to have remained relatively low. Rather than switching, many consumers tend to open a second bank account on the basis they do not trust banks to switch payments correctly.
 - NI has the highest percentage of unbanked individuals in the UK (10% in NI compared to 4% in GB). This may reduce following the introduction of welfare

¹

Personal Current Account Manifesto, Consumer Council, September 2013. (Previous version 2011)

reform in NI, set to be phased in from 2017, as it would require claimants to have a bank account to receive payment.

- IT glitches have been a problem in recent years, causing a lack in consumer confidence.
- Few banks here have taken up an initiative to enable transparency through a personal finance comparison tool (Midata).
- There has been no formal sign-up to the Bank Branch Closure Protocol.
- No formal sign-up to the provision of Basic Bank Accounts for all.

5. Conclusion

5.1. We are concerned that the proposal to revoke the NI Banking Order, prior to the establishment of a full range of UK-wide measures to improve switching levels, communication, and overdraft charging structures is premature.

5.2. To this end, we would like to meet with the CMA to discuss the timing of the decision to revoke the Order, and what research that might be undertaken to inform this. Please contact us to arrange a suitable time to discuss these issues in more detail.

6. Contact details



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