

RETAIL BANKING MARKET INVESTIGATION

Notice of intention to conduct qualitative research

1. The Competition and Markets Authority (CMA) is conducting an investigation into the retail banking market. The investigation covers both personal current accounts (PCAs) for individuals and banking for small and medium-sized enterprises (SMEs) including business current accounts (BCAs) and loans.
2. This qualitative research would support the development of two possible remedies after the final report: (a) service quality measures; and (b) maximum monthly charge (MMC) for unarranged overdrafts.
3. We have [published](#) our requirements (see Annex A) for this research, inviting research agencies to tender.
4. Note that any activities including commencing the process to enable the CMA to conduct qualitative research are contingent on, and without prejudice to, the final report on remedies.
5. The main objectives of this research would be to inform the development of different types of communication for the two possible remedies: (a) service quality – presentation of core Service Quality Indicators; and (b) MMC – terms and descriptors for customers.
6. For the purposes of the research on MMCs, we are currently seeking suggestions on what standardised term and definition could be used to explain the MMC and any existing research that could help inform the term and definition to use.
7. We have requested that potential bidders provide details of how they would implement comprehensive procedures within their agency to manage and minimise any potential conflicts of interest. Special requirements will be included in the service agreement between the CMA and the retained agency.
8. In particular, the CMA intends to require the successful bidder to meet the following minimum requirements:
 - Until the contract completion date (or until the termination of the contract):

- (a) no member of the team of staff undertaking the CMA's project (including the director responsible for the team working on the project and research executives) will undertake any work for other participants in the retail banking market without the CMA's consent; and
 - (b) the team of staff undertaking the CMA's project is kept physically separate from teams who undertake work for any other participant in the retail banking market (including workstations in separate areas or situated as far as possible, discussions conducted in closed rooms).
- Until the end of the market investigation which includes the remedies implementation phase¹ and, if applicable, any relevant appeals are finally determined:
 - (a) no member of the team of staff undertaking the CMA's project (including the director responsible for the team working on the project and research executives) will undertake any work that is directly related to the scope of the retail banking market investigation, and could therefore be relied upon by a party in its submissions to the CMA, without the CMA's consent;
 - (b) no individual working on the CMA's project will discuss that project with colleagues involved in work for other participants in the retail banking market; and
 - (c) the team's data is to be secured so that personnel involved in work for other participants in the retail banking market cannot access it.

9. **Please send responses to this notice (including on paragraph 6) by 12 noon on Monday 1 August 2016**, either by email to retailbanking@cma.gsi.gov.uk or in writing to the team at:

Retail banking team
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

¹ This is the period between publication of the final report and the acceptance of final undertaking and/or the imposition of final orders.

Request for Proposal (RFP) under CMA’s Market Research Framework

CC 1087

PROC 32-2016

Retail Banking Group - Qualitative development - Quantitative research

INTRODUCTION

1. This document outlines CMA’s requirements for the service and offers the Tenderer the opportunity to provide a detailed costed response to this.
2. In order to bid under this RFP you should read the Statement of Requirements (SoR) attached to Annex 1 and respond to the questions given in Annex 2.
3. The timescales for this procurement are outlined below:

Activity	Dates and Times
Issue RFP on Delta	20 th July
Deadline for submitting acknowledgement of receipt of RFP documentation	25 th July
Deadline for tenderer questions	25 th July
Deadline for issuing responses to questions	27 th July
Deadline for submitting a proposal	3rd August 19.30
Communicate award decision to tenderers	12 th August
Draft/conclude contract with successful tenderer	16 th August
Contract start date	19 th August
Publish outcome on Contracts Finder	12 th August – 10 th November

4. CMA reserves the right to vary these dates as necessary. You will be advised of any changes in writing.
5. It is CMA’s intention to provide a fair opportunity for each tenderer invited to participate in the RFP process. To ensure that the same information is delivered to every tenderer, CMA will

have **one point of contact** who will co-ordinate communication with tenderers throughout this RFP process and to whom all data requested in this RFP must be sent. Their contact details are given below:

Name: Mark Weekes
Email: mark.weekes@cma.gsi.gov.uk
Telephone: 020 3738 6527

There must not be any contact with another member of CMA staff about this RFP without explicit permission from CMA's Commercial Team. Failure to comply with this obligation may result in disqualification. For the avoidance of doubt, none of the foregoing is intended to limit discussion of any on-going business.

6. Please confirm whether or not you intend to submit a proposal by the date given above by completing the acknowledgment form provided at Annex 5.
7. Should you wish to ask any questions or request clarification on any point within the RFP document you should forward your question or request **by 25th July**. Any questions concerning aspects of the tender should be submitted via the portal at www.delta-esourcing.com.
8. Proposals must be submitted as directed in the timetable. CMA reserves the right not to consider responses received after the deadline.
9. You should submit one (1) electronic copy via the e-sourcing portal www.delta-esourcing.com **by 3rd August 2016** in Microsoft Word and Excel 2013. This must not be in a PDF format.
10. Tenderers are advised to allow sufficient time to ensure documents are uploaded before the deadline. CMA reserves the right to reject any proposals submitted after the deadline.
11. Prospective tenderers are reminded that the entire contents of this RFP belong to CMA. It must only be used for the purpose for which it was issued.
12. At any time, prior to the deadline for receipt, CMA may amend the RFP. Any amendments will be notified in writing to all prospective tenderers.
13. Those who do not wish to submit a proposal should tell CMA by e-mail. It would be appreciated if the reasons for not submitting a tender are given, although there is no obligation to do so.
14. CMA reserves the right to accept, reject, or solicit additional responses to any part of the proposal. The CMA may choose to clarify proposals from one or more short listed tenderers. Acceptance of a proposal is contingent upon the execution of a written Agreement and CMA shall not be contractually bound to any tenderer prior to the execution of such written agreement.

15. Tenderers must be prepared to incorporate all statements made in the proposal into the final contract.
16. This RFP represents the best effort of the CMA to document its requirements. CMA reserves the right to adjust the specification or scope of effort stated in this RFP. In the event that any modifications become necessary, you will be notified in writing by means of an addendum to the RFP.
17. In accordance with the UK Government policy on transparency, CMA is required to publish all contracts it awards. The text of any contract awarded as a result of this tender exercise will be made publicly available subject to any redaction at the discretion of CMA.
18. All or part of the successful proposal may be used to form part of the contract. Any content that the tenderer considers to be commercially sensitive should be highlighted.
19. Pricing information supplied with the proposal must be valid for at least ninety (90) days from the submission date. If you wish to reserve the option to withdraw the pricing during that period this must be clearly stated in the proposal.

Tender Response and Format

1. In responding to this RFP you are requested to read carefully the SoR in Annex 1.
2. You must adhere to the specific format set out in the table below. Proposals that deviate from the requested format will increase the time required to review and evaluate, will be classified as "non-compliant" and may be disqualified from further consideration.
3. Proposals should be tailored specifically to the requirements as defined in this RFP and to answer the questions given in Annex 2. High-level "sales" material should not be used within the body of the proposal. You may attach additional material in a separate appendix if it will support your proposal, provided that all such additional material is listed. It is essential that the proposal be both thorough and concise. Avoid broad, unenforceable, or immeasurable proposals.
4. In order to facilitate CMA's review of the submitted proposals, you are required to provide the information in the following layout:

	SECTION TITLE	CONTENTS/DELIVERABLES
1	Table of Contents	(Self explanatory)
2	Executive Summary	Top level summary of the most important aspects of the proposal, containing a concise description of the proposed solution(s).
3	Replies to Questions	Responses to the questions asked in Annex 2.
4	Price Information	Provide detailed pricing as specified in Annex 3 of the RFP. Provide pricing data using the pricing sheet and instructions given.
5	Additional Documentation	Provide details of any additional information you have attached which you feel was not covered elsewhere in the RFP and you think will be beneficial. Should you need to insert a document that references another location in this RFP then this must be clearly stated in the table provided in this section and attached to your response.
6	Form of Agreement and Certificate of Bona Fide Agreement	Please sign and return to CMA

Proposal Instructions and Administration

You are required to read and review the following annexes

Annex 1	Statement of Requirements and deliverables
Annex 2	Evaluation Methodology
Annex 3	Pricing Matrix
Annex 4	Terms and Conditions

Annex 1: Statement of requirements and deliverables

Requirement specification for research into personal current accounts and SME banking markets

Introduction

The Competition and Markets Authority (CMA) is conducting an investigation into the retail banking market. The investigation covers both personal current accounts (PCAs) for individuals and banking for small and medium enterprises (SMEs) including business current accounts (BCAs) and loans.

Information on the case including our published working papers and evidence is available on our website:

Retail banking website

The Provisional Decision on Remedies (PDR) was published in May 2016. The final report is due to be published in August 2016.

The PDR includes measures to

1. Enable PCA customers and SMEs to make comparisons between providers on the basis of their service quality
2. Limit the cumulative effect of unarranged overdraft charges (monthly maximum charge / MMCs) (PCA only)

. The above possible remedies are the subject of this proposed research.

Background

In order to increase the effectiveness of the service quality remedy proposed in the PDR we need to ensure that the service quality core metrics are communicated clearly and succinctly to customers to assist their decision making. The effective communication of the service quality metrics, will be informed by market research.

Similarly the effectiveness of the monthly maximum charge overdraft remedy will be greater when this monthly maximum charge is easily understood by customers.

We have drawn on both our own and FCA survey work and are consulting with the Behavioural Insights Team to assess any existing evidence in this area. It is important that this research build on these foundations and provides the best possible understanding of how these remedies may influence behaviour.

- <http://www.behaviouralinsights.co.uk/publications/east-four-simple-ways-to-apply-behavioural-insights/>
- FCA – qualitative research on standardised terms and definitions available at <http://www.fca.org.uk/your-fca/documents/research/payment-accounts-directive-services-qualitative-research> along with further analysis at <https://www.fca.org.uk/news/call-for-input-terms-and-definitions-payment-accounts-services> and the FCA's provisional list of terms and definitions based on this analysis at

<https://www.fca.org.uk/news/fs15-04-terms-and-definitions-for-services-which-are-linked-to-payment-accounts> (see Annex 1).

This statement of requirements and the deliverables sets out the required further research to improve the effectiveness of these remedies.

Research Objectives

Service quality:

To assess the content and presentation of service quality measures.

1. Content: we would like to test how data should be displayed to make it easy for customers to understand and assess. Here we would explore:
 - whether we should present percentages, or 'x out of 10', or level of shading of star (for example) to signify result; and
 - whether the comparison with other providers should be a ranking (5th out of 10 for example), a score for the top x providers (e.g. top 3 providers have scored over x%), or the industry average.
2. Presentation: we would like to test how visually to show the above content such that it makes people look at it and aids at-a-glance assessments. Here we would test:
 - whether a table, or star ratings, or other visual presentation resonates most with consumers.
3. To assess the prominence of message regarding independence of survey.

Monthly maximum charge

The effectiveness of the monthly maximum charge overdraft remedy will be greater when this monthly maximum charge is easily understood by customers. This could involve adopting a standardised term and definition that PCA providers use to explain the MMC to customers. To help develop such a standardised term and definition we would like to commission research to:

1. generate and short-list options for the term and definition to use, building on existing research and views of PCA providers;
2. explore how easy the short-listed options are for customers to understand and identify any sources of customer confusion with each of these options; and
3. explore ways of enhancing the short-listed options to improve customer understanding and reduce the risk of customer confusion

Specific points to be encompassed, are the usefulness for customers to understand from the term and definition what are:

1. The charges covered by the MMC:
 - a. any charges incurred as a result of exceeding a pre-agreed credit limit (ie fees and interest for using an unarranged overdraft / emergency borrowing facility);

- b. any charges incurred as a result of attempting to exceed a pre-agreed credit limit (ie charges for a PCA provider refusing a payment due to lack of funds, sometimes known as unpaid item fees);
2. The charges not covered by the MMC, in particular arranged overdraft fees and interest;
3. The period covered by the MMC: the PCA provider's monthly billing period, which may or may not be a calendar month;
4. The MMC only caps the sum of the charges covered by the MMC in any monthly billing period. Customers' actual charges may be less and will depend on their account usage; and
5. How relevant the MMC is to them given their account usage.

The objective is to assess what term and definition can be used to increase the effectiveness of the remedy, and reduce the risk of unintended consequences due to customers misunderstanding the nature and scope of the MMC.

Sample design and methodology

Method

We envisage that a qualitative methodology, a combination of groups and depth interviews will be the most effective way of achieving these objectives. This approach enables researchers to work with varying styles of presentation, ways of displaying content and phraseology in order to determine what works and what doesn't work in terms of customer engagement and comprehension.

Dependent on the qualitative responses it may be necessary to follow this up with more structured individual interviews comparing two or more alternative approaches; the most promising formats / descriptions to emerge from the qualitative research.

The scale of this is difficult to predict at this early stage, so this brief requests a detailed proposal to cover the developmental phase only and a summary description (e.g. ad hoc research / Omnibus / face to face / door to door / in home / in hall or online etc) of how you might approach quantification, assuming either two or three options for the service quality communication and two for the maximum monthly charge descriptor. Should there be a need for quantification, this will be a separate tender.

Sample

Service quality:

The service quality communication needs to be assessed among a broad sample of customers, covering a range of demographics, banks, different banking channels and varying amounts of overdraft usage.

Although the service quality remedy will apply to both PCA and SME customers, we know that the majority of small SMEs think in much the same way as PCA customers and we do not therefore intend to sample SMEs separately. This obviously leaves the larger SMEs un-sampled. We are however open to suggestions in this regard.

Given the relatively low level of customer engagement with banking, we suggest that respondents should be recruited on the basis of 'considering changing their PCA (or BCA) in the next 12 months' or those who have considered switching or have switched provider in the last 12 months

Overdraft charges:

The overdraft remedy is much more targeted. The sample needs to include both those who have experience of unarranged overdrafts / unpaid item fees (for example, in the last 12 months) and those who keep within their arranged overdraft limit or do not use any overdraft facilities (for example in the last 12 months). This is so we can take into account each of these customer groups' understanding of the potential term and definition of MMC communicated to them.

Robustness

Whilst we anticipate that the research will be qualitative in nature any research of this kind the CMA commissions needs to be robust and authoritative. The remedies are independent of each other and relevant for different customer bases so this needs to be reflected in the research design.

Stimulus material

Extensive use of stimulus material will be essential for this research. Please include a summary of your capability and experience in developing research stimulus material, with examples if possible.

The CMA expects to provide basic stimuli but would expect the research company to work with these, developing them as necessary as the fieldwork progresses.

Quality assurance

For the purpose of quality assurance of the research, the agency appointed may be requested (at reasonable notice) to provide CMA staff or their representatives access to relevant agency staff, processes, systems and documents for the purposes of monitoring fieldwork and carrying out other quality assurance activities. We would expect the agency, so far as it is able, to secure the co-operation of its staff and any sub-contractors engaged in the research in this process.

Agency response to ITT

We welcome you to bid for this research. Please submit your proposal by 12 noon on 3rd August 2016.

If work is to be commissioned it will need to be completed by end September 2016.

Deliverables

Assurances, as appropriate, that the following can all be delivered on time and to a high quality:

- Agreed sample design and survey instrument, including discussion guides and recruitment screeners.
- Stimulus material, e.g. mock-ups of stimuli
- Presentation of findings (Powerpoint) to our group of members and written report (Word). Both of these would be likely to be published.

In addition we may wish to have access to some anonymised recordings of the depths interviews or groups.

Project Timetable

We anticipate that the timetable would be along the lines of:

Receipt of proposals : 3rd August

Clarifications if needed : 3-11 August

Agency appointed: 12th August

Kick off meeting: 19th August

Fieldwork: w/c 30th Aug – 16th Sept

Presentation to the Members comprising the Market Investigation Group (the decision making body for the Investigation): 27th September 2016

Report (word doc with PowerPoint charts included, based on presentation but including technical appendix): 11th October 2016

Please provide an overview of your suggested timetable to meet these dates. If you feel that it is not possible to do appropriate research within this timing please suggest an alternative scenario and provide a robust rationale for doing so.

Fees

Please specify your fees in Annex 3, for component (groups and depths) provide a fee per depth and/or per group to allow an indication of fee should more / fewer be conducted.

Your assumptions about the numbers of people attending groups and the intended duration should also be stated.

Previous experience

We believe that individual researchers, their experience and commitment, are the core of high quality research. Please include full details of who would be conducting any interviews, their experience (not a full CV but enough to give a good flavour of their skills), and especially any experience in communication / development research / retail banking, both consumer and business banking.

Should you intend to sub-contract the recruitment element of the study please state your supplier.

Risks

Please state any risks you see in the delivery of this project and your mitigation plans for managing these risks. This should cover as a minimum; availability of key members of the

team and of researchers, risks to the timetable and risks that might affect the quality of the deliverables.

Conflicts of interest

Please state, as part your bid, any research in the banking market, including all research for retail banks or building societies, either currently being undertaken or conducted within the last year.

We request that bidders provide details of how they would implement procedures within their agency to manage and minimise any potential or perceived conflicts of interest.

The CMA requires the successful bidder to meet the following minimum requirements:

- Until the contract completion date (or until the termination of the contract):
 - no member of the team of staff undertaking the CMA's project (including the director responsible for the team working on the project and research executives) will undertake any work for other participants in the retail banking market without the CMA's consent; and
 - the team of staff undertaking the CMA's project is kept physically separate from teams who undertake work for any other participant in the retail banking market (including workstations in separate areas or situated as far as possible, discussions conducted in closed rooms)
- Until the market investigation and, if applicable, any relevant appeals are finally determined:
 - No member of the team of staff undertaking the CMA's project (including the director responsible for the team working on the project and research executives) will undertake any work that is directly related to the scope of the Retail Banking Market Investigation, and could therefore be relied upon by a party in their submissions to the CMA, without the CMA's consent;
 - no individual working on the CMA's project will discuss that project with colleagues involved in work for other participants in the retail banking market.
 - the team's data is to be secured so that personnel involved in work for other participants in the retail banking market cannot access it.

Please note that we intend to include these requirements as additional terms and conditions in the contract between the successful bidder and the CMA.

Annex 2: Evaluation Methodology

Assessment Criteria

All tenders will be assessed on the following weighted criteria, not necessarily in order of importance as set out below and in the in the table on page 13:

Conflicts of interest (Pass/Fail – not scored).

Quality

- Approach/methodology, including innovation (40%)
- Timescales (20%)
- Experience of the team (40%)

Price

- Price 100%

The evaluation team will evaluate each proposal based upon an understanding of how the proposal satisfies CMA's requirements as outlined in the SoR in Annex 1.

The following **Evaluation Methodology** will be used:

- a) Proposals will be checked for completeness and compliance. Proposals that do not contain all information requested (e.g. completed Pricing Matrix and any other attachments) may be excluded from evaluation.
- b) Proposals are assessed against the award criteria at Annex 2.
- c) Tenderers may be short-listed and may also be required to clarify the offer, make a presentation, demonstrate the product/service solution offered and/or open premises for inspection.

CMA will select the Most Economically Advantageous Tender (MEAT). While price will remain a critical decision factor, the satisfaction of CMA's requirements, quality and level of service, and the operating efficiencies that will be realised by CMA are the primary and the most critical aspects. Requirements are business driven and the selection decision will be based solely on information given in the proposal.

CMA is committed to fairness and to ensuring a level playing field among suppliers.

Tenderers should note that the minimum requirements will need to be satisfied for the proposal to be considered and assessed further against the criteria listed in the table below.

The criteria listed below are marked out of 10, where;

0: meets no aspects of criterion

1 to 5: meets some aspects of the criterion

6: meets all aspects of the criterion

7 to 10: meets all aspects of criterion and adds value

The following criteria are weighted out of a total of 100, the higher the weighting the more important the criteria.

Each criterion is then marked out of ten (ten being the highest score).

		Criteria	Sub Weighting (/100)		
				Score (/10)	Weighted score
Quality	Category weighting (/100) 80	1. Approach/methodology, including innovation - Proposed survey design and methods of achieving contract output	40		32
		2. Timescales - Feasibility of timetable and ability to meet project deadline.	20		16
		3. Experience of the team - Relevant previous experience of bidder in carrying out similar projects.	40		32
		Total (/100)	100		
		Weighted total			80
Price	20	Firm price, "Core" costs should include cost for components (groups and depths) providing a fee per depth and/or per group.	100		20
		Total (/100)	100		
		Weighted total			20

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Tenderers are asked to provide the information set out below. The responses to these questions will be evaluated as set out in this document and used to arrive at the Award decision.

Information required in your proposals

Tenderers are required to provide the following information in their responses:

1. Pricing

Tenderers should complete the Pricing Schedule provided in the RFP document. Tenderers must provide concise, comprehensive and complete pricing details. All pricing must be in accordance with the Market Research Services Framework rates.

Annex 3: Pricing Schedule

1. You must ensure that all prices are disclosed on the template below. The CMA will not pay any prices which are not fully documented.

Pricing Schedule

1. Core costs – project Key Stages

Task (Key stages of project)		Cost £ (Exc VAT)
“Core” costs based on the SOR should include cost for components (groups and depths) providing a fee per depth and/or per group.		
	Total cost for project	£

2. You are required to provide detailed pricing for the provision of the services. This pricing sheet must be completed and submitted along with your proposal. Pricing must be concise, comprehensive, and complete. Any pricing that does not conform to the format given in the template provided below may be considered non-compliant and the Tenderer may be disqualified.
3. Each product/service must be priced individually and not bundled with other products or services.

You must ensure that all prices are disclosed on the template. CMA will not pay any prices which are not fully documented.

4. Payment in full shall be made on CMA’s acceptance of the final deliverable unless otherwise agreed.

Annex 4: Terms and conditions

The CC Framework 1087 terms shall apply