

# Review of 2002 SME banking undertakings

Final decision

9 August 2016

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## 1. Summary

- 1.1 The Competition and Markets Authority (CMA) has a statutory duty to keep under review undertakings made under the Fair Trading Act 1973 (FTA) and under the Enterprise Act 2002 (EA02).<sup>1</sup> From time to time, the CMA shall consider whether, by reason of any change of circumstances, an undertaking is no longer appropriate and needs to be varied, superseded or released.<sup>2</sup>
- 1.2 On 6 November 2014, we decided that the 2002 SME banking undertakings (the undertakings) should be reviewed, and that this review would be undertaken by a CMA Group comprising the CMA panel members also conducting the retail banking market investigation.<sup>3</sup>
- 1.3 We published our provisional decision on the review of the undertakings on 17 May 2016 and have taken into consideration the responses received to our provisional decision in reaching our final decision.
- 1.4 We have decided that, with the exception of the bundling undertakings, which prohibit the banks<sup>4</sup> from compelling a customer to open or maintain a BCA alongside their loan or deposit account, market and regulatory developments since the undertakings were given, and the retail banking market investigation's remedies package, represent changes of circumstances such that the undertakings can be released.
- 1.5 We have decided to retain the bundling undertakings. Both the CMA's initial assessment of the undertakings and the findings of our retail banking market investigation suggest that there remain strong product linkages between business current accounts (BCAs) and lending to small and medium enterprises (SME lending), and that this particularly favours the longer-established banks. As such, we have not identified a relevant change of circumstances for the bundling undertakings and these undertakings, which mitigate the adverse effects of these linkages, should be retained.
- 1.6 Our final decision is summarised in Table 1 below.
- 1.7 We will phase the release of the relevant undertakings to align with the implementation of our remedies package (where relevant). We will provide

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<sup>1</sup> See [Remedies: Guidance on the CMA's approach to the variation and termination of merger, monopoly and market undertakings and orders \(CMA11\)](#), paragraph 2.2.

<sup>2</sup> See FTA, section 88(4) and EA02, section 162(2).

<sup>3</sup> [Retail banking market investigation case page](#).

<sup>4</sup> The CC accepted undertakings from nine banks. These were: AIB Group (UK) plc (known as First Trust Bank); Bank of Ireland; Barclays Bank plc; Clydesdale Bank PLC; HBOS plc (now part of Lloyds Banking Group); HSBC Bank plc; Lloyds TSB Bank plc (now part of Lloyds Banking Group); Northern Bank Limited (now known as Danske Bank); and The Royal Bank of Scotland Group plc (which also includes Ulster Bank Ltd in Northern Ireland). The 9 banks became 8 following the acquisition of HBOS plc by Lloyds TSB plc in 2009.

more information on the proposed timing of release, where we do not intend the release to be immediate, in our notice of intention to release the undertakings.

**Table 1: Summary of final decision**

<b>Undertakings</b>	<b>Description</b>	<b>Final decision</b>	<b>Rationale</b>
Transparency (Clauses 21 to 24 of the behavioural undertakings and Clause 11 of the transitional undertakings)	Information on charges and interest rates	Release	The retail banking market investigation's remedies package improves upon and renders the transparency undertakings unnecessary, as they combine information provision with tools to enhance price and service comparison.
Switching (Clauses 6 to 14 of the behavioural undertakings and Clauses 6 to 19 of the switching undertakings)	Establishment of a switching process	Release	The introduction of the Current Account Switch Service (CASS) in 2013 improves upon and renders the switching undertakings unnecessary.  It is not necessary to retain the switching undertakings for those 1% of SMEs that are not eligible for the full switching service under CASS.
Portable credit history (Clauses 15 and 16 of the behavioural undertakings)	Provision of up-to-date credit history to SME and any other bank nominated by SME	Release	Regulatory developments in relation to the sharing of SME credit data (eg the Small Business, Enterprise and Employment Act 2015 (SBEEA)), and the retail banking market investigation's remedies package, which includes measures to enable SMEs to search and switch products and providers, improve upon and render the portable credit history undertaking unnecessary.

<b>Undertakings</b>	<b>Description</b>	<b>Final decision</b>	<b>Rationale</b>
Bundling (Clauses 17 to 20 of the behavioural undertakings)	Prohibition from compelling a customer to open or maintain a BCA as a condition for granting, maintaining or servicing a loan or deposit account	Retain	There remain strong product linkages between BCAs and SME lending, and together with the information asymmetries between an SME's BCA provider and other lending providers, this favours longer-established banks.

## 2. Introduction

- 2.1 The CMA has a statutory duty to keep under review undertakings made under the FTA and under the EA02. From time to time, the CMA must consider whether, by reason of any change of circumstances an undertaking is no longer appropriate and needs to be varied, superseded or released.<sup>5</sup>
- 2.2 As part of its consideration of whether to conduct a review, the CMA initially assesses whether there is a realistic prospect of the review finding that there has been a change of circumstances since the undertakings were first given.<sup>6</sup>
- 2.3 Alongside the [market study of 2013/14 into banking services to SMEs \(2013/14 market study\)](#), the CMA on its own initiative undertook an initial assessment of the undertakings. The CMA's findings were set out in Chapter 11 of the market study published on 18 July 2014.<sup>7</sup> Drawing on the analysis in the market study, the CMA considered that there was a realistic prospect of finding that there had been a change of circumstances since the undertakings were given, such as to warrant a review into whether they remained appropriate in their current form, or at all.<sup>8</sup>
- 2.4 The CMA found that there was a realistic prospect of finding that there had been such a change of circumstances given the implementation of CASS in 2013. The CMA considered the implementation of CASS in 2013 to have made an important improvement in the switching process and considered there to be a realistic prospect that, for those SMEs covered by CASS, it substantially superseded the obligations regarding the switching process included in the undertakings.
- 2.5 On 18 July 2014, we invited comments both on the initial assessment and on whether a review should be an administrative priority for the CMA, by reference to its prioritisation principles. Having considered the responses,<sup>9</sup> and taking account of our prioritisation principles,<sup>10</sup> we decided on 6 November 2014 that the undertakings should be reviewed, and that this

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<sup>5</sup> See [CMA11](#), paragraph 2.2.

<sup>6</sup> See [CMA11](#), paragraph 3.10.

<sup>7</sup> The CMA considered that there were four main elements of the undertakings that were particularly relevant to the assessment: transparency undertakings (clauses 21 to 24 of the [behavioural undertakings](#) and clauses 11 to 14 of the [transitional undertakings](#)); switching undertakings (as detailed in the entire [switching undertakings](#) and clauses 5 to 13 of the [behavioural undertakings](#)); bundling undertakings (clauses 17 to 20 of the [behavioural undertakings](#)); and facilitating the provision of portable credit histories to SMEs (clauses 15 and 16 of the [behavioural undertakings](#)).

<sup>8</sup> See [2013/14 market study](#), pp16 & 17.

<sup>9</sup> The responses to the consultation are published on the CMA's [review of 2002 SME banking undertakings](#) consultation page.

<sup>10</sup> See the [CMA Prioritisation Principles](#).



review would be undertaken by a CMA Group comprising the same CMA panel members conducting the retail banking market investigation.

- 2.6 The CMA consulted on its provisional decision on the review of undertakings on 17 May 2016. The CMA received five responses to its consultation. All welcomed the release of the transparency, portable credit history and switching undertakings. RBS, LBG and Barclays suggested that if retained, the scope of the bundling undertakings should be extended to include a larger proportion of SME lending providers.

### **3. Background**

- 3.1 The banks provided the undertakings in 2002 and 2003 with a view to remedying concerns outlined in the [Competition Commission's \(CC\) 2002 report into SME banking](#).<sup>11</sup>
- 3.2 The undertakings accepted by the CC, comprised a number of requirements on banks covering transparency, switching, bundling and portable credit histories. The undertakings also required the banks to investigate the feasibility of sharing branch facilities where a bank did not have a local branch presence.

#### ***Transparency undertakings***

- 3.3 The transparency undertakings are set out in Clauses 21 to 24 of the behavioural undertakings and Clause 11 of the transitional undertakings.
- 3.4 The banks must compile and provide a range of price information on their services to SME customers:
- (a) Standard tariff charges payable by SMEs for the money transmission services listed in Schedule 2 of the undertakings.
  - (b) Standard rates of interest paid by the banks on BCAs held by SMEs.
  - (c) Standard rates of interest paid by the banks on short-term deposit accounts held by SMEs.

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<sup>11</sup> The undertakings were reviewed by the CC in 2007 and the transitional undertakings were released, with the exception of undertaking 11, which required four banks to notify the OFT (and subsequently the CMA after 1 April 2014), and to publish, all increases in charges and all new charges.

- 3.5 The banks must notify SMEs in relation to any overdraft charges and interest they have incurred in the statement for that account (or in a separate notice that accompanies the statements) or in a pre-notification notice.<sup>12</sup>
- 3.6 The banks must notify the CMA and publish notifications of:
- (a) increases in the tariff-based charges and standing charges listed in the schedule attached to the transitional undertakings; and
  - (b) new charges for any new or listed money transmission services and standing charge.

### ***Switching undertakings***

- 3.7 The switching undertakings are set out in Clauses 6 to 14 of the behavioural undertakings and Clauses 6 to 19 of the switching undertakings.
- 3.8 The banks were required to agree upon the establishment of a switching process, which included:
- (a) the transfer of direct debits from one bank to another;
  - (b) the resolution of any delays in any such transfers;
  - (c) the release from the old bank and transfer to the new bank of any security given by the SME;
  - (d) a reasonable and proportionate timescale for completing a switch;
  - (e) the payment of compensation to the SME when a switch is not completed within the agreed timescale; and
  - (f) the publication of performance objectives reporting the banks' ability to meet the agreed timescales.
- 3.9 For each stage of the switching process, a schedule attached to the switching undertakings outlined targets for when each stage should be completed. The SME could apply for a payment from the old bank if it failed to meet any of the targets set out in this schedule.

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<sup>12</sup> A pre-notification notice is defined as a notice of interest and/or charges incurred during a charging period which are to be deducted from an SME's BCA. The notice is given at least 14 days before any such deductions are made.

3.10 In addition, the banks are prohibited from charging SMEs in relation to the switching of an account, including the levying of charges in relation to the early termination of a business loan at the same time as the switch.

### ***Portable credit history***

3.11 The portable credit history undertaking is set out in Clauses 15 and 16 of the behavioural undertakings.

3.12 The banks must provide, upon request and free of charge, an up-to-date credit history to an SME and any other bank as nominated by the SME, such that the other bank has sufficient information in relation to the SME to make an informed lending decision. The banks are not obliged to provide more than two such credit histories for no charge over a period of 12 months.

3.13 The credit history must outline the following information:

(a) Details of any finance agreements in place, including any overdraft facilities.

(b) A monthly breakdown of the SME's transactional activity over the last 12 months, covering the account balance, credit turnover and overdraft limit.

(c) Confirmation of whether (and how many times) any payments have been returned unpaid due to a lack of funds in the SME's current account.

### ***Bundling undertakings***

3.14 The bundling undertakings are set out in Clauses 17 to 20 of the behavioural undertakings.

3.15 The banks are prohibited from compelling a customer to open or maintain a BCA as a condition for granting, maintaining or servicing a loan or deposit account.

3.16 The banks can, however, offer incentives (eg lower charges or interest rates) to SMEs to open a BCA alongside their loan or deposit account, and they can offer integrated products (provided that the integrated products are also offered separately).<sup>13</sup>

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<sup>13</sup> The bundling undertakings prohibit the tying of a BCA and a loan or deposit account, but does not prohibit the provision of integrated products (ie the sale of several products as one combined product).

## ***Branch sharing***

- 3.17 The branch-sharing undertaking is set out in Clauses 25 and 26 of the behavioural undertakings.
- 3.18 The banks were required to conduct an investigation into the feasibility, costs and associated benefits of participation in a UK-wide branch-sharing scheme with other banks without a local branch presence.

## **4. Final decision**

- 4.1 We have decided that, with the exception of the bundling undertakings, market and regulatory developments since the undertakings were given, and the retail banking market investigation's remedies package, represent changes of circumstances such that the undertakings can be released.
- 4.2 We have decided to retain the bundling undertakings. We have not identified a relevant change of circumstances for the bundling undertakings. Both the CMA's initial assessment of the undertakings and the findings of our retail banking market investigation suggest that there remain strong product linkages between BCAs and SME lending, and that this particularly favours the longer-established banks.

## ***Transparency undertakings***

- 4.3 We have decided to release the transparency undertakings.
- 4.4 The CMA's initial assessment of these undertakings found that although they have played a role in improving the transparency of prices, concerns remain about the transparency and comparability of prices.<sup>14</sup>
- 4.5 Our retail banking market investigation has found that competition in the BCA market is not fully effective, due to weak customer engagement and/or barriers to accessing and assessing information, which prevent SMEs from identifying the best offers in the market and acting on these to switch their BCA.<sup>15</sup>
- 4.6 We have found that while price information is available, it is difficult for SMEs to compare charges across banks, because of the complex tariff structures

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<sup>14</sup> See [2013/14 market study](#), p180.

<sup>15</sup> See Section 11.

and multiplicity of charges for BCAs; the variability in usage; and the lack of effective price comparison tools.<sup>16</sup>

- 4.7 We have decided upon a number of remedies intended to address our findings in relation to the transparency and comparability of BCA pricing. These remedies, which combine information provision with tools to enhance price and service comparison, will improve upon and render the current undertakings unnecessary.
- 4.8 We have decided to:
- (a) prompt SMEs to consider making changes to their banking arrangements at times when they may be more receptive to such messages. This includes providing them with an annual summary of the costs and benefits of their BCA;<sup>17</sup>
  - (b) facilitate price comparison between providers by making customer transaction data and banks' pricing information more easily available and useable;<sup>18</sup>
  - (c) facilitate the establishment of a comparison website for SMEs;<sup>19</sup> and
  - (d) enable customers and SMEs to make comparisons between current account providers on the basis of their service quality.<sup>20</sup>

### ***Switching undertakings***

- 4.9 We have decided to release the switching undertakings, as CASS improves upon and renders the switching undertakings unnecessary.
- 4.10 We concur with the CMA's initial assessment of the undertakings, in particular that:
- (a) There was a realistic prospect that CASS substantially supersedes the switching undertakings with respect to the timing of the switching process and the measurement of performance for eligible SMEs.<sup>21</sup>
  - (b) CASS has certain advantages over the switching undertakings:

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<sup>16</sup> See Section 11.

<sup>17</sup> See Section 13.

<sup>18</sup> See Sections 13 and 16.

<sup>19</sup> See Section 16.

<sup>20</sup> See Section 13.

<sup>21</sup> See [2013/14 market study](#), p180.

- (i) The guarantee of a switch within seven working days provided greater clarity regarding the overall timescales involved in switching BCAs than the more complex timetables included in the switching undertakings.
  - (ii) It included a 13-month redirection period for payments into the SME's old account and provided additional guarantees for switchers that they would receive all relevant payments without the risk of them being diverted to an old account.<sup>22</sup>
  - (iii) It had a broader coverage, covering 17 financial institutions representing 33 bank and building society brands.<sup>23</sup> In contrast, eight banks are subject to the switching undertakings.
- (c) The maintenance of both CASS and the framework included in the switching undertakings was likely to be undesirable for banks and confuse SMEs. Moreover, we have decided upon measures to improve the operation of CASS.<sup>24</sup>
- 4.11 In its initial assessment, the CMA also found that there was not a realistic prospect of a change of circumstances for those SMEs ineligible for CASS, and those aspects of the undertakings relating to the imposition of switching charges or wider issues with respect to switching.<sup>25</sup>
- 4.12 We note that in contrast to the switching undertakings, CASS does not compel the release and transfer of security given by the SME upon completion of the switch, and it does not prohibit the charging of fees in relation to the early termination of a loan in line with the switch. However, we have seen no evidence to suggest that either of these provisions remain necessary.
- 4.13 Further, CASS does not require the payment of compensation to the SME when a switch is not completed within the agreed timescale. However, the CASS guarantee provides an equivalent level of assurance to SMEs that the switch will be completed securely and within the agreed timescales. It also refunds the customer any interest (paid or lost) and charges made on either the old or new account if anything goes wrong with the switch.

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<sup>22</sup> In March 2015, the redirection period was extended to 36 months. We have decided to seek an undertaking from Bacs to the effect that beyond the current 36-month redirection period, after a customer has switched account, CASS provides perpetual redirection for customers as long as they have had a redirected payment within the preceding 13 months. See Section 14.

<sup>23</sup> Over 40 UK banks and building societies are currently signed-up to CASS and we think that this represents sufficient coverage of the BCA market.

<sup>24</sup> See Section 14.

<sup>25</sup> See [2013/14 market study](#), pp180 & 181.

4.14 For those SMEs that are ineligible for the full switching service provided under CASS, they are entitled to use the partial switching service.<sup>26</sup> As submitted by Danske Bank, the partial switching service does not meet the requirements of the switching undertakings, because the service:

- (a) is not covered by the seven working day switch guarantee;<sup>27</sup>
- (b) does not presently support a balance transfer or funding request; and
- (c) does not include an instruction from the customer to transfer the residual balance in their account, nor did it facilitate the funding by the new bank of a debit balance at the old bank.<sup>28</sup>

4.15 We do not think it is necessary to retain the switching undertakings for those 1% of SMEs that are not eligible for the full switching service under CASS. We concur with the view put forward by HSBC, among others, that there was currently a risk of conflict and confusion between the obligations under CASS and the undertakings, not to mention the cost in terms of time and resources required to maintain two overlapping systems.<sup>29</sup>

### ***Portable credit history***

4.16 We have decided to release the undertakings requiring the banks to provide a portable credit history to SMEs for the following reasons:

- (a) The CMA's initial assessment of the undertakings found that:
  - (i) There had been very few requests for portable credit histories. For example, one bank reported that it had received only 20 such requests since the undertakings had been given.
  - (ii) The government's proposals to mandate the sharing of credit information was, subject to its implementation, highly likely to create a realistic prospect of there being a change of circumstances.<sup>30</sup>

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<sup>26</sup> At the time of the initial assessment, CASS covered those SMEs with an annual turnover that did not exceed €2 million (or sterling equivalent) and employed fewer than 10 people (referred to as 'microbusinesses'). In March 2015, the eligibility criteria were extended to include SMEs with a turnover of up to £6.5 million. This covers approximately 99% of SMEs in the UK.

<sup>27</sup> Bacs told us that larger SMEs typically had individual banking requirements that made a switch within the seven working days guaranteed by CASS (under the full switching service) unlikely to work in a safe and controlled manner (see [Bacs response to the retail banking market investigation updated issues statement](#), p4).

<sup>28</sup> See [Danske Bank response to the retail banking market investigation updated issues statement](#), paragraph 6.2.

<sup>29</sup> See [HSBC response to provisional decision to make a market investigation reference in relation to PCAs and SME banking](#), paragraph 61.

<sup>30</sup> See [2013/14 market study](#), p182.

- (b) A number of our remedies intend to increase SME engagement with the SME lending market by encouraging greater price comparison (see paragraph 4.8), improve upon and render the portable credit history undertaking unnecessary.
- (c) The Small Business, Enterprise and Employment Act 2015 (SBEEA)<sup>31</sup> includes provisions designed to give SMEs easier access to finance. For example, it provided for HM Treasury to make regulations to require banks in certain circumstances to:
- (i) provide information on their SME customers to credit reference agencies; and
  - (ii) following the rejection of a business loan or other credit application, to pass on information about that business to designated finance platforms.

These regulations are now in force.<sup>32,33</sup>

### ***Bundling undertakings***

4.17 We have decided to retain the bundling undertakings.

4.18 The CMA's initial assessment of the undertakings found that there remained close linkages between BCAs, loans and deposit accounts, and BCAs continued to act as a 'gateway' for those loan and deposit accounts. Therefore, there was not a realistic prospect of a change of circumstances which indicated that these undertakings could be varied, superseded or released.<sup>34</sup>

4.19 There were specific concerns with compliance with the undertakings. For example, the results of the first report on compliance with the undertakings found that it was breached by Allied Irish Bank (trading as First Trust) (11 breaches) and HSBC (four breaches) in relation to the bundling of BCAs and loans, and that there were low levels of awareness of the undertakings among Barclays and RBS staff.<sup>35</sup> The recently published second report found that the banks have taken the necessary steps to ensure compliance with the

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<sup>31</sup> The SBEEA received royal assent on 26 March 2015 and comes into force at staggered periods over 2015 and beyond.

<sup>32</sup> See [Regulation 3 of the Small and Medium Sized Business \(Credit Information\) Regulations 2015/1945](#).

<sup>33</sup> See [Regulation 3 of the Small and Medium Sized Business \(Finance Platforms\) Regulations 2015/1946](#).

<sup>34</sup> See [2013/14 market study](#), pp181 & 182.

<sup>35</sup> See [Report on compliance](#), pp4 & 5.



undertakings.<sup>36</sup> RBSG told us that the entry and expansion of competitors, together with the imposition of the retail banking market investigation remedies package, were both material changes of circumstances that rendered the bundling undertakings obsolete in their current form.<sup>37</sup>

- 4.20 We do not think that recent entry and expansion into the SME banking market nor the implementation of our retail banking market investigation remedies represent a valid change of circumstances, such that the bundling undertakings can be released.
- 4.21 The findings of our retail banking market investigation confirm that there are strong product linkages between BCAs and SME lending, and together with the information asymmetries between an SME's BCA provider and other lending providers, this favours longer-established banks.<sup>38</sup> As such, these undertakings, which mitigate the adverse effects of these linkages, should be retained.
- 4.22 A number of parties told us that if retained, the bundling undertakings should be extended to cover a larger proportion of SME banking providers:
- (a) Barclays told us that the bundling undertakings should apply to all providers of SME banking services to ensure consistency of approach across the sector and to ensure that nothing diluted the retail banking market investigation remedies that were designed to benefit SMEs.<sup>39</sup>
  - (b) LBG told us that the bundling undertakings should be extended to protect a greater number of SMEs, and to effectively address the AEC in Northern Ireland as well as in Great Britain, as there was no evidence that there were stronger product linkages between BCAs and SME lending at the banks subject to the undertakings (compared to other banks), or that there were greater information asymmetries between the banks subject to the undertakings and other lending providers.<sup>40</sup>
  - (c) RBSG told us that if retained, the bundling undertakings should be extended to include at least those larger banks as identified in the provisional decision on remedies, as the CMA had identified high levels of customer inertia across the market.<sup>41</sup>

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<sup>36</sup> See [Report on compliance 2015](#).

<sup>37</sup> [RBS response to provisional decision on remedies](#), p31.

<sup>38</sup> See Section 11.

<sup>39</sup> [Barclays response to review of the undertakings](#), p2.

<sup>40</sup> [LBG response to provisional decision on remedies](#), p51.

<sup>41</sup> [RBS response to provisional decision on remedies](#), pp32 & 33.

- 4.23 We have decided not to extend the undertakings to other providers of SME banking services. The longer-established banks, who are subject to the terms of the bundling undertakings, represent a very large proportion of the market for the provision of BCAs and SME lending in both GB and NI, and would be better placed to compel a customer to open or maintain a BCA as a condition for granting a loan or deposit account if the undertakings were not in place.

### ***Branch sharing***

- 4.24 We have decided to release the undertakings requiring the banks to investigate the feasibility of sharing branch facilities, as the banks have now fulfilled their obligations under the terms of the relevant undertakings.
- 4.25 A study commissioned by the OFT in 2002 in response to the banks' initial investigation concluded that the compulsory sharing of facilities was not necessary or proportionate and would not facilitate new entry, and instead, inter-bank agency agreements negotiated between banks were more effective.

### ***Other provisions***

- 4.26 Given that the release of clauses 6 to 19 of the switching undertakings would represent the entirety of the operative provisions, we have also decided to release the entirety of the switching undertakings, including:
- (a) clauses 1 to 5 which set out the interpretations, definitions and scope of the undertakings;
  - (b) clauses 20 to 22, which cover compliance with the undertakings; and
  - (c) Schedule 1, which sets out the switching targets.
- 4.27 Similarly, given that the release of clause 11 of the transitional undertakings would represent the entirety of the operative provisions, we have also decided to release the entirety of the transitional undertakings, including:
- (a) clauses 1 to 5 which set out the interpretations, definitions and scope of the undertakings;
  - (b) clauses 12 and 13, which cover compliance with the undertakings;
  - (c) clause 14, which ensured the undertakings applied to both National Westminster Bank plc and The Royal Bank of Scotland plc; and

(d) the Schedule on money transmission services.<sup>42</sup>

### ***Timing of release***

4.28 LBG told us that we should seek to avoid any period of overlap between the undertakings to be released and corresponding requirements in our remedies package, as this would lead to increased complexity and cost for providers and risk confusing customers.<sup>43</sup>

4.29 We have decided that where one or more of our retail banking market investigation remedies is the main reason for the release of the undertakings, we will phase the release of the relevant undertakings to align with the implementation of our remedies package. This will ensure that there is no overlap between the undertakings and our remedies, and that SMEs are adequately protected throughout the process. We will provide more information on the proposed timing of release, where we do not intend the release to be immediate, in our notice of intention to release the undertakings.

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<sup>42</sup> RBS indicated that the bundling undertakings are linked to other parts of the 2002 SME Undertakings, which are to be released, for example regarding money transmission services. For the avoidance of doubt, we do not intend to release Schedule 2 of the behavioural undertakings, which is entitled 'Money Transmission Services'.

<sup>43</sup> [LBG response to provisional decision on remedies](#), p51.