

## RETAIL BANKING MARKET INVESTIGATION

### Retail Banking Market Investigation Order 2017

#### Notice of intention to make an Order under sections 161 and 165 of, and Schedule 10 to, the Enterprise Act 2002 and public consultation on the draft Order

1. On 6 November 2014, the Competition and Markets Authority (CMA) board, in exercise of its power under [sections 131](#) and [133](#) of the Enterprise Act 2002 (the Act) made a reference for a market investigation into the supply of retail banking services to personal current account customers and to small and medium-sized enterprises (SMEs) in the United Kingdom (the market investigation).
2. On 10 November 2014, the CMA [appointed](#) from its panel a group of five independent members to conduct the market investigation and publish a [final report](#). The group was required to decide whether any feature, or combination of features, of each relevant market prevents, restricts or distorts competition and thereby has an adverse effect on competition (AEC) and if so, what action should be taken.
3. In relation to personal customers, the CMA's [terms of reference](#) include the supply of personal current accounts (PCAs), which includes overdrafts. In relation to SMEs, they include business current accounts (BCAs), overdrafts, deposit accounts and lending products, but they exclude non-lending products such as insurance, merchant acquiring, hedging and foreign exchange.
4. On 9 August 2016, the CMA published its report on the market investigation under [section 136](#), entitled *Retail Banking market investigation: Final report* (the Final Report), in which it concluded in accordance with [section 134](#) that:
  - (a) there are three separate (and, in certain circumstances, in combination) AECs in each of Great Britain and Northern Ireland in relation to PCAs, BCAs and SME lending;
  - (b) the CMA should take action to remedy, mitigate or prevent the AECs and detrimental effects flowing from them;

- (c) in order to address the AECs and resulting customer detriment, an integrated package of remedies should be imposed consisting of:
- (i) three cross-cutting foundation measures that will underpin increased competition in the reference markets which have the object of increasing customer engagement and making it easier for personal and business customers to compare the prices and service quality of different providers and of encouraging the development of new services;
  - (ii) additional measures to make current account switching work better, including building on and improving the existing current account switch service;
  - (iii) a set of measures aimed at PCA overdraft users, a group of customers who suffer particularly from the competition failures in the PCA market; and
  - (iv) a set of measures targeted at the specific problems in SME banking, enhancing SME access to information through new comparison tools, requiring banks to offer an indicative price quote and eligibility indicator tool, requiring banks to agree and adopt a core set of standards for SMEs opening a BCA and additional published information thereby reducing the hold that incumbent banks have in the market for BCAs and SME loans.
5. The CMA envisages implementing the package of remedies by: (a) the draft Retail Banking Market Investigation Order 2017 (the Order) attached to this Notice; (b) undertakings to be entered into by Bacs Payment Schemes Limited; and (c) recommendations to HM Treasury, the Department for Business, Energy and Industrial Strategy, and the Financial Conduct Authority.
6. In accordance with [section 165](#) of, and paragraph 2(1)(a) of Schedule 10 to, the Act, the CMA hereby gives notice of its intention to make the Order as part of a package of remedies to remedy, mitigate or prevent the AEC and any resulting customer detriment, which it had identified in the Final Report.
7. The CMA invites written representations on the Order from any interested person or persons. The CMA will have regard to any representations made in response to this Notice and may make modifications to the Order as a result. If the CMA considers that any representation necessitates any material change to the Order, the CMA will give notice of the proposed modifications.

8. Representations made in response to this Notice should reach the CMA by 5pm on 23 December 2016. Representations should be made in writing and should be addressed to:

Project Manager  
Retail Banking Investigation  
Competition and Markets Authority  
Victoria House  
Southampton Row  
London WC1B 4AD

or by email to [Retailbanking@cma.gsi.gov.uk](mailto:Retailbanking@cma.gsi.gov.uk)

9. This Notice, the Order and draft Explanatory Note accompanying the Order, which provides an explanation of how the Order is expected to operate, will be published on the CMA website.

*(signed)* ALASDAIR SMITH

*Group Chair*

23 November 2016