

Digital Comparison Tools Market Study:

Response form

1. Thank you for taking the time to respond to the questions in the Statement of Scope for our Market Study of Digital Comparison Tools (DCTs), published on our [website](#) on 29 September 2016.
2. Please download and save this form before completing it. Please submit your response by **5pm on Monday, 24 October 2016**, either by:
 - Email to: comparisontools@cma.gsi.gov.uk.
 - Or by post to: Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD
3. Please note:
 - You can choose which questions to respond to, but we ask all respondents to provide a small amount of background information at the start of this form. The boxes will 'expand' to accommodate long responses if required.
 - We are particularly keen to receive evidence in support of responses. If you are able to supply evidence please attach this with your response.
 - We intend to publish responses to our Statement of Scope in full. If you wish to submit information that you consider to be confidential, this should be indicated to us clearly and an explanation given as to why you consider it to be confidential.
 - The CMA may use the information you provide for the purposes of facilitating the exercise of any of its statutory functions. This may include the publication or disclosure of the information. Prior to publication or disclosure, in accordance with its statutory duties under Part 9 of the Enterprise Act 2002, the CMA will have regard to (among other considerations) the need to exclude, so far as is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if disclosed, would or might, in our opinion, significantly harm the individual's

interests or, as the case may be, the legitimate business interests of that business (confidential information). Further information about how the CMA will use information submitted during the Market Study can be found on our [website](#).

4. If you have any questions about our Market Study or this online form please contact the team at comparisontools@cma.gsi.gov.uk.

Your details

(Fields marked * are required)

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| Title* | Mrs |
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| | |
|-----------------|-------|
| Forename | Kathy |
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| Surname* | Graham |
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| Email* | [✂] |
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| What is your role / profession* | Interim Director of Policy |
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| Are you representing yourself or an organisation?* | An organisation <i>(please delete as appropriate)</i> |
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| If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?* | Yes / No <i>(please delete as appropriate)</i> |
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If you are representing an organisation:

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| (a) What is the organisation's name?* | Consumer Council NI |
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| (b) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?* |
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The Consumer Council 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.

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.

Theme 1: Consumers' perceptions, use and experience of DCTs

We will analyse consumers' awareness, understanding and perceptions of DCTs – for instance, how well consumers understand and/or trust DCTs, and what this means for whether they use them.

We also want to understand consumers' behaviour and experiences with DCTs, including what consumers expect to get from DCTs compared with what they actually receive. We will also look at whether they use DCTs just to compare products and suppliers or also to switch; how many DCTs they use; how successfully they use them; and the benefits they derive from doing so. We will also want to understand what happens when something goes wrong and consumers' expectations are not met (knowingly or otherwise). We also plan to understand whether increased use of DCTs results in excessive focus on price, to the exclusion of other factors and to the detriment of consumers' overall decision-making.

1. When and why do consumers use DCTs? To what extent do they trust them?

Consumer Council of Northern Ireland has developed a domestic energy price comparison tool. The tool is web based, simple to use, covers every domestic energy supplier, covers every available tariff, is independent of any company and is publicly funded. In our view it provides impartial information from a trustworthy source. We would be happy to discuss it further.

Can the inquiry consider the benefits of a tool that is publicly funded and entirely independent of suppliers and the influence of market participants?

2. How do consumers choose which and how many DCTs to use?

Will the research make efforts to investigate the existence of independent digital comparison tools (i.e. those who are not financed/rewarded by suppliers, for example the Consumer Council's energy price comparison tool)? To what extent do these exist? In what industries? Are they more trusted than other 'commercial' websites?

3. What are consumers' expectations of DCTs – for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

Will the scope of the exercise look at how customer feedback / complaints be included on DCTs?

Comparison sites must ensure that if providers do not operate or if their products aren't available in NI, this should be communicated upfront. This can be confusing and time consuming if product unavailability in NI is not immediately made clear.

The Consumer Council developed a Personal Current Account Manifesto¹ which was informed by consumers' experiences and views about banking services. They told us that some of the most important things in daily banking are good customer service, clear and transparent charges, easy to understand communications and reliable help when switching from another bank.

We believe that a comparison tool should be presented in a way that consumers are able to easily view and compare all the product features and perhaps information about the provider, so that they will know if it is a good deal for them.

4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

Price Tipping Point

Will the research look at whether there is a typical tipping price point for consumers to switch by sector?

Flight Comparisons

Can the research consider the level of protection provided with the flight depending on who the flight is purchased with? Do DCT sell flights directly, via travel agents or by providing links through to the airlines directly? Is it clear to the customer who they are entering into a contract with when purchasing the flight? We have seen cases where the passenger thought they had bought a flight from a travel agent but they had not and it was not clear who their contract was with. We are also aware [✂] work relating to price comparison websites which may be relevant to this exercise.

Tackling Barriers to current account switching

Current account switching rates are low at just 3%.² Our research has shown that 50% of consumers who were unhappy with their bank still felt it was too much hassle to switch, while 39% felt all banks are the same. DCT could combat these attitudes by providing information on switching guarantees, showcasing and highlighting where service providers differ.

¹ Personal Current Account Manifesto, Consumer Council, September 2013. (Previous version 2011)

² Retail Banking Market Investigation – Final Report, CMA, August 2016.

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

A critical test of DCTs' impact is whether they are improving or hindering competition between suppliers. A major way of improving competition is increasing engagement through reducing search costs. We plan to understand this effect and whether anything may be hindering it.

We also want to explore the relationships between DCTs and suppliers and to know whether DCTs are having effects on supplier behaviour. For example, we want to explore the impact of DCTs on the range, quality and pricing of their services, and the extent to which this leads to better or worse outcomes for consumers. We also want to understand the extent to which DCTs facilitate supplier entry or expansion.

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| 5. What factors influence suppliers' use and choice of DCTs and why? |
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| 6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them? |
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| 7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers? |
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8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

Theme 3: Competition between DCTs

We will aim to establish whether DCTs are competing effectively with each other, as well as facilitating competition between suppliers of the services they compare. If not, we will explore what may be holding back competition in any particular market.

We will explore how DCTs compete both for consumers and for suppliers. We will assess what well-functioning DCT competition looks like, and the potential for DCTs or suppliers to engage in practices that limit this.

10. In what ways do DCTs compete with each other – for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

Comparison sites must ensure that if providers do not operate or if their products aren't available in NI, this should be communicated upfront. This can be confusing and time consuming if product unavailability in NI is not immediately made clear.

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?

12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

Theme 4: The regulatory environment

There is a range of regulation of DCTs in place across our sectors of interest, from full regulation in financial services to voluntary accreditation in the telecoms and energy sectors. We will provide an overview of the different approaches to regulation being adopted and assess whether there are lessons to be learnt from comparing approaches.

13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

Will the research look at what DCT operators do with the 'personal data' captured from consumers and assess whether this is clear to consumers?

Are there any market codes of practice for price comparison sites?

14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

In August 2016 the CMA concluded in its Retail Banking Market Investigation Report that it was difficult to compare information on personal current accounts.

The biggest banks have been asked to develop a basic API (Application program interface – to allow multiple software programs to communicate with each other) to share a range of information such as location of local branches and product terms and conditions by March 2017. This is a welcome development. It will be beneficial to consumers who use online banking services and trust sharing details of their banking transactions via a third party comparison website. It does however address the needs of consumers who do not use online banking. Comparison information will need to be provided in various different formats, including leaflets. Our latest research shows that only 38% of consumers in NI use online banking³.

In the meantime the Consumer Council plans to provide a paper based ready reckoner tool. This to help consumers compare local banking services and consider switching current accounts. The information will also be available on our website.

15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

³ Consumers in Control? Report by the Consumer Council. October 2016

Current account market in Northern Ireland-

Competition among banks in Northern Ireland (NI) has undoubtedly improved since the Consumer Council's banking 'supercomplaint' with Which? in 2004.⁴ At that time the 'Big Four' banks (Ulster Bank, Northern Bank (now Danske), First Trust Bank and Bank of Ireland) dominated. However, the Consumer Council's 'Banking on Change' report from October 2016 looked at the identity of consumer's main bank here. Over 60% of respondents still bank with the 'Big Four' banks (as listed above).

Therefore the Consumer Council welcome efforts made by Government and regulators to encourage switching as a means of securing better deals for consumers and driving competition.

The Consumer Council believe that consumers here could benefit from information or resources that could help them to shop around for a current account given that switching rates are low at just 3%.⁵

Prior to the introduction of the remedies to encourage better banking outlined in the CMA report and given our research on switching and what consumers have told us they would like to see, the Consumer Council has decided to create an online comparison table for current accounts. The table will display key information needed for a consumer to compare various current accounts from providers here in NI. It will also include a link to the bank/ building society's website which will enable them to carry out additional research or contact the provider. We hope this banking comparison table will help to further drive competition in the NI current account market and promote switching. The Consumer Council would be happy to discuss this with the CMA.

Following on from the measures outlined in CMA's retail banking market investigation report (August 2016) banks will be required to implement open banking by 2018. What body will host and monitor financial product comparison sites? Who will oversee and regulate to ensure the content is accurate and representative? How will DCT's gain trust for privacy and security issues.

In relation to all of the themes and issues set out earlier, we will look at both the current situation and the effect of likely future developments in the DCT sector.

16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

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⁴ See the following for details <http://www.consumercouncil.org.uk/news/big-four-banks-condemned-by-super-complaint/>

⁵ Retail Banking Market Investigation – Final Report, CMA, August 2016.

Other comments and further contact

Do you have any other comments you would like to add?

Adding Value

We note that the study will not be focusing on SME's. However, the very smallest businesses share many characteristics with domestic consumers and in our view could benefit from well functioning DCT's. Can the study look at comparison tools for electricity and gas for small (micro) business consumers? This is segment of the energy market which has complex pricing structures and usually requires personalised price quotes based on personalised circumstances around consumption/load/ time of use etc.

NI Focus

In the commissioning of a consumer survey, the Consumer Council would request that robust sample of views are included from Northern Ireland consumers.

The Consumer Council currently has less sophisticated tools which allow consumers to compares products and services including our airline charges table and home heating oil price survey. We also publish online text document tables for gas and electricity tariffs. In the future we intend to develop additional online tools to assist consumers in making purchasing decisions. These will include tools to compare the cost of a public transport journey against the equivalent car journey, local petrol and diesel prices and a customer satisfaction comparison tool for energy providers.

Would you be willing for us to contact you to discuss your response?*

Yes

Thank you for taking the time to complete this form.

Please email it to: comparisontools@cma.gsi.gov.uk.

Or post it to:

**Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London
WC1B 4AD**