



MoneySuperMarket's response to the CMA's Draft Retail Banking Order

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About MoneySuperMarket.com:

MoneySuperMarket.com is the UK's leading price comparison website. We provide free, online tools to help people manage, save and grow their money, by enabling them to compare and switch Insurance, Money and Home Services products from nearly 700 providers.

MoneySuperMarket.com is part of Moneysupermarket Group PLC, an established member of the FTSE 250 index. In 2015, we helped six million families save an estimated £1.6bn on their household bills, including 1.6m people who got a better deal on their finances and half a million households that switched their energy supplier.

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Response

MoneySuperMarket welcomes the opportunity to respond to the CMA's Retail Banking Market Investigation Draft Order consultation.

In our response to the CMA's final report, we outlined our support for the CMA's recommendations in relation to open APIs. We believe that this measure could deliver great advances in terms of increasing the confidence of consumers to switch their personal current account as well as increasing levels of competition in the market.

Since the release of the CMA's report, MoneySuperMarket has been contributing to the data and customer work-streams that have been established as part of the Implementation Entity's ongoing work.

The matters highlighted in this response relate mostly to our experience in both of these forums to date. In particular, they relate to practical challenges that are already being experienced in implementing this remedy, specifically regarding product data and customer eligibility.

Product data

Product data is a key part of the switching experience, helping consumers to compare current account details and make an informed decision over whether they want to switch.

We are concerned, though, that back book product data has been omitted from the list of products outlined in section 12.1.2 of the draft order. The product information that is being mandated for sharing by the banks only relates to new accounts that are currently available. However, without product data regarding the account customers currently hold, customers will not be able to compare a potential new account against their existing account.

The impact of this will be that customers who have been with their current account providers for a long period of time (i.e. most customers) will not be able to compare their existing deal versus a range of new provider offers. Therefore, consumers with the most to gain from switching will continue to be marginalised. The only way this problem could be addressed would be by making sure that full back book product data is made available. We encourage the Implementation Entity to give this serious consideration.

The release of transactional data scheduled for 2018 is not an adequate substitute for back book product data. Firstly, it would require intermediaries to analyse the data in order to understand what features are associated with the account used by the customer. Doing this, can be very complex for the intermediary, not to mention costly and potentially lacking in accuracy. Secondly, depending on how a particular customer uses their account, analysing the data in this way might not be possible.

Furthermore, another advantage of making back book product data available is that it means consumers can still perform a comparison without sharing their transactional data. This is a particularly important benefit in light of our belief that privacy and data protection are going to be the biggest barriers to switching, so we have concerns the release of transactional data will not help stimulate switching amongst the most disengaged consumers. A more effective solution would be to enable the consumer to get access to their product information or transaction data or both.

We note the inclusion of business credit cards in section 12.4.3 of the draft order but we would also like to see personal credit card and transactional data included in section 12.1.2. We believe the inclusion of this information would be beneficial to consumers and would stimulate additional switching in the personal credit card market.

Customer eligibility

The order's wording on the issue of customer eligibility in section 12.1.2 (f) is vague. MoneySuperMarket is concerned that the requirements are going to be set too low: most likely covering age, minimum income, and minimum monthly deposits.

Consumers are looking for certainty of acceptance for a specific product when it comes to switching, particularly when consumers need an overdraft on their current account. A requirement for banks to participate in eligibility checking schemes (quotation searches using soft credit checking) would give consumers greater confidence in the switching process which will in turn lead to greater participation. We suggest further consideration is given to how pre-switching checks can be conducted so that consumers are given the assurances they need before completing the switching process.

If the CMA's Retail Banking team has any questions about the information contained within this response, please do not hesitate to contact MoneySuperMarket's Public Affairs Manager, Pritie Billimoria.