

NON CONFIDENTIAL VERSION

Retail Banking Team
Competition and Markets Authority
Victoria House
Southampton Row
London
WC18 4AD

22 December 2016

Via email: retailbanking@cma.gsi.gov.uk

Dear Sirs,

Response to the Draft Retail Banking Market Investigation Order 2017

First Trust Bank ("FTB") welcomes the opportunity to provide its views on the CMA's Draft Retail Banking Market Investigation Order 2017 as part of the Formal Consultation process. This response is provided on behalf of AIB Group (UK) Plc ("AIBG").

AIBG has commented below and seeks clarification to issues raised in the Draft Order and Guidance Notes issued for Formal Consultation. AIBG would be happy to discuss any of the comments below made in this response with the CMA in further detail.

Part 1:

As a point of note, we had contacted the CMA on 2nd December regarding the incorrect definition of AIB and AIBG in the Draft Order, receiving confirmation that the latest version had been updated with the correct definitions later than day.

The correct definitions are as follows:

'AIB' means Allied Irish Bank (GB), the trading name of AIBG in Great Britain.

'AIBG' means AIB Group (UK) p.l.c., trading as First Trust Bank in Northern Ireland and Allied Irish Bank (GB) in Great Britain with company number NI018800.

The definition of First Trust Bank in the Draft Order is correct and does not need to be amended.

Part 2:

The Retail Banking Market Investigation, Summary of final report, section 214 states 'Our remedies on SME Lending are generally limited in scope to unsecured loans and overdrafts with a value up to £25k....Secured and larger loans and overdrafts usually require specific credit assessment, will typically be negotiated through a relationship manager, and will have individually tailored terms, price and quality comparison tools are therefore of limited assistance for such lending.'

However, in the Draft Order

- Article 10.7.1, states BCA and SME Lending products referred to in Article 12, only refer to those products offered to SMEs with a turnover below £6.5m.
- Article 12.1.2, states product information....BCA products and SME lending products.
- Article 12.4.2, states BCA products include.... (b) Business overdrafts.
- Article 12.4.3, states SME Lending Products' include.... (b) unsecured loans.

AIBG therefore seeks clarification regarding the application of the £25k threshold.

AIBG also seeks clarification that where information is requested for business overdrafts throughout the Draft Order, this is only required for unsecured overdrafts.

Part 2:

Article 10.7.1 (and elsewhere) refers to 'SMEs with a turnover below £6.5m'. AIBG seeks clarification that 'turnover' refers to annual sales revenue (exclusive of VAT and other turnover-related taxes) as opposed to account turnover. (Annual sales revenue taken from SME Interpretation on Page 17).

Part 6:

Article 23.2.5 refers 'has not provided a valid UK registered mobile phone number **and** has not opted to receive Alerts via a mobile banking application'. AIBG seeks clarification re the word 'and'. (**REDACTED**). AIBG (**REDACTED**) seeks clarification that Article 23.1 does not apply in circumstances where the customer has not provided a UK registered mobile phone number and either a mobile banking app is not available or alerts are not available via a mobile banking application.

Article 25.1.2 states 'the customer has a period of time during which they have the opportunity to take action to avoid **or reduce** charges'. Pt 70 in the Explanatory Notes states 'it may be that, in accordance with Article 24.4.2 (we cannot not locate this Article in the Draft Order) the Alert is sent on the day after the Alert trigger. Such customers may not be able to avoid charges incurred in the previous day but should be informed that if they act by a specific time they will be able to avoid any further charges.' AIBG seeks clarification on the circumstances the CMA deem relevant in relation to the above. (**REDACTED**)

Part 8:

Article 30.1.2 (and elsewhere in the Draft Order) refers to 'Standard Tariff Business Overdrafts'. Part 1 does not include this term in the Interpretations section (Article 9). AIBG therefore seeks clarification on this definition.

Article 30.4 details 'requirements to publish and display rates for standard tariff business overdrafts...applying where Providers are (a) offering a new standard tariff business overdraft to an existing or new SME customer, and (b) renewing an existing standard tariff business overdraft for an

existing SME customer on different terms'. AIBG seeks clarification on CMA's views as to how this delivery is envisaged in these particular instances.

Article 32.1.3 refers to 'any ancillary information requested by the Third Party that is necessary or desirable to enable use of the information provided pursuant to Articles 32.1.1 or 31.1.2, and that is reasonably practicable for the Provider to provide, in providing intermediary services to customers'. AIBG seeks clarification as to the nature of this ancillary information. AIBG also seeks clarification re Article 31.1.2 as we believe this may be a typing error.

Yours sincerely,

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Tracy Foy
Business Lead, CMA Programme (AIB UK)