

Date  
15 May 2017

# THE UKCARDS ASSOCIATION

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Sent via email to: [comparisontools@cma.gsi.gov.uk](mailto:comparisontools@cma.gsi.gov.uk).

Dear Sir/Madam,

## **CMA Market Study – Digital Comparison Tools – response to the 28 March 2017 update paper**

Many thanks for the opportunity to comment on the update paper.

We are pleased to note from the press release, that the update paper's findings suggest that DCTs generally work well for consumers, albeit that there are a number of areas of possible concern. We have primarily reviewed the update through a credit card '*lens*' and would make the following comments.

1. As a trade association, and mindful at all times of competition considerations, we do not get directly involved in our members' development of commercial propositions with third parties, such as Price Comparison Websites (PCW).

As such, the market study in this regard is somewhat separate, to the mechanics of how the broader credit card industry is operated and governed. For the same reason, we are also largely unsighted as to the technical and operational detail of the associated processes in how the use of DCTs are designed, or are likely to be re-calibrated, to better adapt to an ever-changing technological landscape and some of the associated consumer behavioural trends that are anticipated.

2. However, we do have a general and very significant interest in some of the broader themes as have been explored regarding transparency and consumer protection, which play a critical role in ensuring that best practice standards are in place across many aspects of the credit card market landscape. The cards industry has been at the forefront of many transparency initiatives, such as the evolution of summary boxes and annual credit card statements.
3. In our response to the statement of scope in October, we set out that the FCA's credit card market study (CCMS) identified a healthy level of switching and choice across the sector, which compares favourably with other markets. We noted that DCTs have played an important role in this evolution; improving customers' awareness around types of product, their different features, eligibility etc.
4. In our response to the CCMS interim report, we were supportive of the FCA's potential remedy relating to clearer standards for PCWs to which we signalled our willingness to assist in any useful way. We are mindful

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of the fact that the CCMS interim report (paragraph 8.10) and final report (paragraph 1.23) set out some areas where the FCA still had concerns in relation to PCWs and we will continue to engage with the FCA on these observations as required.

5. The DCTs update paper is very informative, capturing current practice across sectors and identifying areas for further work. Paragraph 1.4 is encouraging, recognising the overall benefits of DCTs, but equally in flagging that there is still room for improvement. It is worth citing that practices across the credit card sector are currently still subject to the development of the CCMS package of remedies, in addition to core regulatory conduct rules around for example being clear, fair and not misleading.
6. As we described in our [previous letter](#) we are still inclined to think that our main input to the DCTs market study is aligning this to a piece of work we are undertaking alongside the BBA and FLA (and members across the three associations) looking at what we describe as 'Quotation Search Tools' (QST). This has its origins in historical concerns around the extent to which credit searches, registered where a customer could be shopping around, can potentially have a negative impact on a consumer's credit rating – they have traditionally been predictive in the context of both credit risk (e.g. credit hunger) and potential fraud. The objectives of this piece of work were captured in the FCA's [Policy Statement PS16/15](#) (page 20). Subsequently, there has been a reference in the CCMS consultation paper (CP17/10), para 1.18; and in your own update paper at para 10.25 (b).
7. We note with interest that the update paper talks about opportunities to promote the need for greater consistency and the potential development of principles, which might apply across different sectors. This has some correlation with the aspiration in our own QST, to which we are examining the case for agreeing potential 'standards', where these are helpful in supporting good consumer outcomes, for example increasing the transparency in helping customers to understand the differences between so called 'soft' and 'hard' searches.
8. The credit industry also has a great deal of experience in working collaboratively and openly with other sectors, (e.g. utilities & telecoms), such as in the development and monitoring of the industry's Principles of Reciprocity (PoR) as overseen by the Steering Committee on Reciprocity (SCOR). We would be happy to discuss this further, and note that paragraphs 6.16 – 6.18 also touch on these Principles, and how they work in practice for DCT processes. SCOR is also mindful of Open Banking and emerging fintech developments, which have the potential to impact on the way that credit data is used in credit decisions (i.e. within a broad consumer empowerment context which is considered in a positive light by our members).

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We hope that our high level observations prove useful. Members have not asked us to specifically respond to the DCTs market study, nor to challenge any aspect of the findings or, indeed promote any specific points of concern. Rather, they are content that our input has been proportionate, given our role as described in paragraph 1, and coupled with our need to focus our available resource in dealing with the CCMS as well as the transposition of key European legislation such as PSD 2 and GDPR.

Finally, The UK Cards Association remains happy to engage in the DCTs market study work, where our participation is needed and is considered to be of value.

Yours faithfully,

Paul McCarron  
Principal Policy Advisor

Duncan McEwen  
Senior Policy Advisor