

# **Moneysupermarket** Group

Response to the CMA's Market Study of Digital  
Comparison Tools Update Paper

April 2017

**About Moneysupermarket Group:**

Through our three leading brands, MoneySuperMarket.com, TravelSupermarket.com and MoneySavingExpert.com, we are committed to providing our customers with the services, tools and products they need to save and grow their money. In 2016, we helped seven million families save an estimated £1.8bn on their household bills.

MoneySuperMarket.com provides 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 more than 900 providers.

TravelSupermarket.com offers meta-search comparison tools to aggregate travel options and prices across hundreds of providers across package holidays, hotels, flights and car hire.

MoneySavingExpert.com is the UK's biggest consumer champion website and is dedicated to helping cut consumer bills with journalistic research, easy to use tools and a massive user community.

Moneysupermarket.com Financial Group Limited is authorised and regulated by the Financial Conduct Authority (FCA FRN 303190) for the insurance, mortgage and consumer credit products it offers. For energy products, MoneySuperMarket.com is accredited under the Ofgem Confidence Code.

## Summary

Moneysupermarket Group operates a range of Digital Comparison Tools (“DCTs”), the majority of which are Price Comparison Websites (“PCWs”) and we have prepared this response to the CMA Digital Comparison Tools (“DCTs”) Market Study Update Paper (the “Update Paper”) based on our experience of operating PCWs, but consider that many of the points are equally relevant to DCTs. The tools and services that we offer across our brands are aligned with the CMA's and wider government's objectives of promoting open and competitive markets and encouraging consumers to switch products when they can find a better deal elsewhere.

We are broadly supportive of the key findings from the CMA. Namely, that DCTs offer substantial benefits to consumers in reducing their search costs and making it easier for them to compare products, increasing competition between product providers and that DCTs represent good value to product providers when compared to other distribution channels. We will continue to support the CMA in the next phase of the market study as it considers four areas that will further enhance the benefits that DCTs are able to deliver; (1) maximise consumer confidence and build trust, (2) improve DCTs' access to necessary inputs, (3) make competition more effective, and (4) refine regulation.

### *Maximising consumer confidence*

The CMA's consumer research findings are largely consistent with our views formed from our consumer research; in that generally, consumers view PCWs favourably, considering them to be useful tools to help them save their money. To assist the CMA's analysis of consumer groups, we suggest the CMA consider extending its framework to include consumers' attitude to money and consider extending its analysis to households rather than focusing solely on individuals.

With regard to the next phase of the market study, we agree that the CMA should focus on those consumer groups who do not currently shop around and who have concerns about using DCTs. We agree that transparency over business model and service should be the key tool to giving consumers greater confidence. In addition, we consider that independence and impartiality of DCTs is of greater significance to consumers than the CMA's report suggests - particularly with regard to ownership structure and relationship between DCTs and their parent company.

### *Improving DCTs' access to necessary inputs*

We already support and are actively involved in many of the initiatives that are being run to increase access to product data and consumer usage inputs. Initiatives such as open banking APIs, Midata and Smart Meters have great potential benefits to consumers, but during their implementation need to ensure that consumer needs and benefits remain the key focus and that final solutions maximise flexibility for DCTs to make shopping around smoother for consumers.

We encourage the CMA to:

- (i) consider whether similar principles should be brought into general insurance through making renewal notices available in a format that consumers could easily make available to DCTs in order to undertake a meaningful product comparison;
- (ii) review the restrictions that currently exist over consumer data when it is made available to DCTs through arrangements such as SCOR Principles of Reciprocity or DVLA,

arrangements under MyLicence where conviction data is only made available to the incumbent insurer on the expiry of the policy and MIB claims and underwriting exchange databases.

### *Making competition more effective*

We strongly supported the banning of wide Most Favoured Nation clauses (“MFNs”) by PCWs within private motor insurance in 2015 and advocate the extension of this ban to all other products and all DCTs. However, our position is that narrow MFNs are important in order to reduce consumers search costs and to make it easier for them to compare products in one place, helping to encourage competition between product providers. We would be pleased to engage further with the CMA on this point. We support the proposed ongoing work to assess the impact of brand bidding agreements, non-resolicitation clauses and hollowing out.

### *Regulation*

We support the CMA’s provisional view that the benefits of whole of market requirements are unproven and are likely to be outweighed by their potential harm. We agree that consumer engagement and effective competition is better achieved through transparency.

In principle, we are supportive of the introduction of a cross-sector regulatory approach to DCTs as it would create greater consistency for both consumers and firms. However, we recognise that there may be a number of practical challenges to implementing this approach, including the need to reconcile this with variances in sector specific primary legislation. We believe any changes to the regulatory regime need to be proportionately and consistently applied across the spectrum of product distributors rather than just focusing on PCWs or DCTs.

We hope this response is useful in informing the CMA’s thinking for phase 2 of the market study and look forward to contributing further on specific topics.

## **Responses to detailed questions**

In answering the questions that follow, we provide examples from our own experience across all of the markets in which we operate and have drawn out specific comments on the CMA selected case studies of flights, credit cards, broadband and home insurance.

### **Theme 1: Consumers**

1. Should we focus our attention on the consumer groups we identify in Chapter 5 (see paragraphs 5.82 to 5.95) and if not, what groups should we focus on?

We consider that the assessment approach taken by the CMA<sup>1</sup>, represents a simple and pragmatic framework for mapping out consumer attitudes and behaviours. We agree with the primary aims of the CMA in the next phase of the market study to reduce the size of Group C<sup>2</sup> (“consumers with concerns about using DCTs”) and to move people from Group B<sup>3</sup> (“consumers who do not shop

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<sup>1</sup> Figure 5.18 of the Update Report

<sup>2</sup> Paragraph 5.88 of CMA Update Report

<sup>3</sup> Paragraph 5.89 of CMA Update Report

around”) to being more active consumers. However, we note three further considerations which, based on our understanding of consumer behaviours are important:

- **Meaning of “use”** - A consistent definition of “use” of a DCT is required as consumers interpret this in a variety of ways. Consumer use of DCTs can range from research to transacting or switching and a single consumer may revisit a DCT multiple times during the lifecycle of a switch. The motivations for differing types of use is important to understand, especially in the context of encouraging consumers to change behaviours. As the uses of DCTs can be variable, so can the reasons for consumers using or not using DCTs.
  - **Customer mobility** - In our experience, individual consumers may change group based on the product being compared, in line with their understanding and knowledge of the product. This may lead to, for example, consumers being in Group D (“trusting users”) for one product and in Group B for another. This is referenced by the CMA<sup>4</sup>, but ultimately we believe that any proposals to change consumer attitudes and behaviours to shopping around and DCTs will be most effective when operating in co-ordination with proposals to improve product understanding and confidence.
  - **Importance of households** - Our customer research shows that analysis at the household level is more relevant than individuals. Budgets are often managed at the household level. This links to CMA commissioned consumer research which showed that only 3 in 10 consumers said they were entirely responsible for shopping around and purchase decisions<sup>5</sup>. It is likely that the CMA’s initial views on the size of each group, and therefore the areas of potential focus in the next phase of the market study, may change if this household basis is used.
2. How has the growing use of DCTs affected suppliers’ offers to consumers who do not use DCTs in our case study sectors and more broadly? What impact have DCTs had on suppliers’ ability to discriminate between active and inactive consumers? What are the implications for vulnerable consumers?

In our experience, amongst consumers who do not use DCTs, there is a difference between those who shop around and those who do not. In general, consumers who stay with single product providers over the long term are likely to be able to make significant savings through shopping around. Suppliers are not treating these consumers in the same way as those who shop around. Consumers who do shop around, without using DCTs, will likely be saving money, but we believe they will be able to shop around more effectively and save more money by using DCTs.

We have a number of examples of when product providers have launched and tested product offers through Moneysupermarket Group rather than within their own website journeys. However, we do not have significant insight or experience of product providers’ ability to discriminate between active and inactive consumers.

3. What factors, if any, have we missed that may be holding back consumers from using DCTs?

Our research shows that, particularly within financial services, a consumer’s attitude to money (the extent to which a consumer takes responsibility for their financial well-being) and confidence in

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<sup>4</sup> Paragraph 5.84 of the Update Report

<sup>5</sup> Source: Page 13 of Kantar Public= Digital Comparison Tools: Consumer Research Final Report March 2017

their understanding of products are important drivers of the extent to which they shop around and use DCTs. We would support further work in this area during the next phase of the market study.

In addition, based on our own consumer research, we believe that independence and impartiality of DCTs is of greater significance than that found in the CMA commissioned consumer research<sup>6</sup>. Our research shows that many consumers do not believe that some DCTs are impartial, particularly as they understand the DCT ownership structure and seek assurance on the nature of the relationship between the DCT and its parent company.

We agree with CMA's observation that if a consumer is disinclined to shop around, a service which makes it easier to do so can only be helpful in encouraging them to engage in the market. We therefore support the proposals for the market study to consider actions to enhance the ability of DCTs to deliver this service. We note that such actions may need to be implemented alongside structural changes in certain sectors. For example, for many consumers the prevailing reason for not switching is fear of discontinuity of service within broadband and energy. The auto-renewals processes within general insurance markets can also often make it more complex and difficult for a consumer to switch insurance provider.

4. What, if anything, should be done about consumers' concerns about data sharing and the extent to which they feel in control?

We understand the CMA's findings that some consumers have concerns over how personal data is shared and stored. We encourage the CMA to consider whether consumer concerns over the secondary use of consumer data are valid, ie. that consumer data is being mis-used within the DCT industry or whether this is primarily a matter of consumer perception. We note that the primary purpose of DCTs requires the sharing of data with product providers and therefore a full assessment of this area requires consideration of how those product providers are storing and using the customer data.

We note that, like other data processes and controllers, the DCT industry is in the process of implementing the EU General Data Protection Regulations ("GDPR") which takes effect in UK from 25 May 2018. Given the extent of the impact of the GDPR, particularly around consumers' rights to be informed of, to object to and to restrict data processing, which aims to give consumers greater understanding and control of how their data is being processed, we do not believe it is necessary for this to be a significant focus of the CMA for the next phase of the market study.

5. What actions, if any, are needed to improve the way consumers use DCTs – including multi-homing and using DCTs' functionalities such as filtering and ranking?

Our consumer research indicates that, in general, consumers are aware of a range of DCTs through which they can research and switch products. In our experience, the number of DCTs consumers are willing to use correlates to the level of engagement they have in the underlying product, ranging from more than one for car insurance to up to 14 for holidays. We believe there is strong competition across many sectors in the distribution of products, not just between PCWs and DCTs, but also with other intermediaries and direct provider offerings.

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<sup>6</sup> Page 89 of Kantar Public= Digital Co Comparison Tools: Consumer Research Final Report March 2017 shows that 4% of consumers who don't use DCTs gave impartiality as a reason.

Competition between DCTs can take place in three main ways; (1) marketing to attract consumers to use the website or tools; (2) enhancement of the customer journey through investment in technology and use of data; and (3) reduction in pricing of the products or use of incentives for purchasing. Whilst we note that the CMA commissioned consumer research found limited evidence of consumers using filters and re-ordering results tables, we believe care is needed here as too much prescription on the customer journey for DCTs may potentially remove a key element of competition.

In seeking to improve the way in which consumers use DCTs, we encourage the CMA to consider the complete end to end journey of switching products. There are four main considerations:

- **The search engine challenge** - In many products, consumers are not able to purely use a DCT to research and switch a product. Prior to landing on a DCT website, consumers often use a search engine (chiefly Google) which continues to promote the trend that highest bidder gets to the top of the search results. This may not be in the interests of consumers. This is exacerbated with the recent trend of Google further downgrading organic search results in favour of paid search results, which leads to all DCTs (and providers) having to bid on paid search. As a result, consumers using mobile devices will only see paid for adverts in their initial search results.
- **The upsell challenge** - After deciding on a product, in many cases, consumers are required to click through to provider websites to complete the transaction. This element of the journey may then introduce further information and content as part of a product upsell. This upsell process can result in differences between the product finally purchased from the provider and that originally searched for on the DCT.
- **The certainty challenge** - Consumers can only shop around and compare products effectively when they have certainty over the product terms and price they are considering. In some sectors, notably consumer credit, this is not possible as many providers need to perform credit checks. Whilst quotation searches provide more information to consumers regarding eligibility, more substantial changes to credit checking processes to rebalance asymmetric information in favour of consumers.
- **The comparison challenge** - Consumers are frequently not just comparing the products presented in the results table of the DCT, but also to existing products (in the case of credit cards or energy, potentially at the end of an introductory offer) or a renewal offer (in the case of general insurance). For a consumer to be make an informed decision is it important that any information or presentation requirements on a DCT are also applied to these existing products to allow consumers to compare (see comments on theme 2 below).

## Theme 2: Inputs to DCTs

6. Have we captured the range of issues that might prevent DCTs from operating effectively?
7. Do the issues identified materially affect DCTs' ability to operate effectively and deliver good consumer outcomes?
8. Are current or planned initiatives sufficient to address the issues found?

We agree that the three inputs identified by the CMA<sup>7</sup>; (1) access to product information; (2) access to consumer usage information; and (3) integration with suppliers, are the core inputs that are needed by DCTs to operate effectively. However, we note that there can be a number of complexities to each of these inputs.

- **Product information and integration with suppliers** - in respect of product information, challenges can be variable and driven by sectoral differences. In home and motor insurance, DCTs have interfaces with brokers' and insurers' systems, but the differing systems and development cycles for each insurance provider can mean that making changes, such as requesting additional data items, can have very long lead times. This can become more complicated when the interfaces are managed by third party software houses (appointed by the insurance provider). These long lead times and complex processes have led to DCTs having to use alternative sources for qualitative aspects of product data (such as Defaqto) which are inherently less reliable than receiving data directly from providers. Within the energy sector, the Confidence Code whole of market requirements, places the onus on accredited PCWs to source and maintain energy tariffs from all suppliers, even for suppliers with which the PCW may have no contact or process in place collecting updated tariff information. This can lead to information on tariffs being out of date, when suppliers update tariffs but do not inform PCWs.
- **Consumer usage information** - There are three options on how to source consumer data: (1) by collecting information directly from a consumer through a question set; (2) by collecting data from a third party on behalf of the consumer (for example, driving licence information from the DVLA); and (3) by collecting data from an existing product provider or supplier. Currently, the most prevalent data source for consumer data is through a question set, but there are clear benefits to collecting data from the existing product provider or supplier or other third parties.

To this end, we are very supportive of initiatives such as open banking APIs, Midata and Smart Meters, but each initiative needs close management to ensure that consumer needs and benefits remain at the fore throughout their implementation and to ensure that final solutions do not give undue competitive advantage to incumbent providers.

We note that these initiatives do not impact general insurance, in that there are no plans to allow consumers to make their general insurance renewal information easily available to DCTs. We encourage the CMA to explore the extent to which this would be practical and beneficial for consumers.

We would additionally welcome the CMA reviewing some of the restrictions that currently exist over consumer data when it is made available to DCTs, for example, the blanket restriction over the use of credit reference agency data for outbound activities under the SCOR Principles of Reciprocity and

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<sup>7</sup> Paragraph 6.3 of the CMA Update Report

the restriction on accessing DVLA information at renewal for all parties except incumbent insurer under MyLicence.

### **Theme 3: Competition**

#### *DCTs' market position and barriers to entry and expansion*

9. What explains the strong position of a specific DCT in each of our case study sectors? What do DCTs do to grow their business in sectors where they appear to be relatively small compared to the leading DCT of the sector?

As described in the response to Question 5 above, we believe there are three main ways in which DCTs can compete for consumers and therefore grow their business. This description is consistent with that proposed by the CMA<sup>8</sup>, which details four main ways to compete for consumers; marketing, rewards, usefulness of the comparison service and low prices, exclusive offers and discounts.

10. What are the barriers, if any, for DCTs to enter or expand into sectors where they currently do not provide comparison services or where they are currently relatively small?

We agree with the CMA analysis that the most significant challenge for DCTs seeking to enter or expand into markets are consumer-side, including brand marketing investment to attract consumers to use the site. This is exacerbated by the recent trend by Google (as an important source of customers) to further downgrade organic search results in favour of paid search results, which requires all DCTs (and providers) to bid on paid search.

#### *Agreements between DCTs and suppliers*

11. What has been the impact of the removal of wide MFNs in the private motor insurance sector?

Since the banning of using wide MFNs by PCWs in April 2015 as part the CMA market investigation into private motor insurance, our experience is that insurance providers are more frequently able to agree pricing discounts (through a reduction in commission matched to a variable amount by the insurance provider).

Moneysupermarket Group does not use (and has never used) wide MFNs in any sector. Since they have been banned in motor insurance, MoneySuperMarket.com has entered into agreements with a number of insurance providers to offer discounted policies to consumers. We have had less success in arranging discounted policies in other general insurance markets such as home insurance where wide MFNs are still in place and would strongly support the removal of wide MFNs in other sectors.

We additionally note that the Private Motor Insurance Market Investigation Order 2015 issued by the CMA only limited PCWs from entering into wide MFNs. Given the nature of this market study, we would encourage the CMA to amend this requirement to all DCTs and all sectors (not just private motor insurance).

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<sup>8</sup> Paragraph 7.8 of the Update Report

12. What has been the impact of narrow MFNs in the sectors where we have observed them (home insurance, private motor insurance, credit cards, broadband and flights)?

We agree with the CMA conclusions from the market investigation into private motor insurance that narrow MFNs are important to help reduce consumers search costs and to make it easier for them to compare products in one place, helping to encourage competition between product providers.

We consider there to be three high-level drivers, common to most parts of our business, which help explain why consumers use DCTs.

- **The desire to find 'a better deal'** - this does not always mean an improvement on price, consumers often focus on getting a more suitable product/service for their needs.
- **The desire to save time** - the evolution of PCWs has provided consumers with the opportunity to compare different products quickly and easily.
- **The desire to save money** - Through the act of comparison, consumers can save money on a variety of items, including insurance cover, household bills and the annual family holiday.

Narrow MFNs are important to meet consumer expectations that DCTs will provide them with the best price. Their removal would undermine the ability to deliver against this expectation and reduce the ability of consumers to save time in shopping around as they would have to search providers' own websites directly.

13. What is the commercial rationale for the non-brand bidding and negative matching agreements we have observed (in all of our case study sectors) and what is their commercial and competitive impact?

Moneysupermarket Group does not pro-actively seek the inclusion of non-brand bidding and negative matching agreements into contractual arrangements with product providers. Our experience is that some product providers have sought their inclusion into contractual arrangements. We therefore have little to contribute on the commercial rationale for their existence.

14. What is the commercial rationale for the non-resolicitation agreements we have observed (in home insurance and energy) and what is their commercial and competitive impact?

Our experience is that non-resolicitation clauses have been included in contractual arrangements at the request of certain product providers. These restrict the ability of DCTs to re-engage with customers, primarily through CRM activities, at the end of fixed term products or introductory periods to highlight that to maintain or increase their savings, customers may need to switch again. We believe this reduces the likelihood of consumers shopping around and switching, thereby reducing competition between product providers and reducing the likelihood of consumers benefiting from the use of DCT's.

15. In which other sectors, if any, are (i) wide or narrow MFNs; (ii) non-brand bidding or negative matching; or (iii) non-resolicitation agreements in place? What impacts do they have in these sectors?

Moneysupermarket Group does not use (and has never used) wide MFNs in any sector. Narrow MFNs are used across general insurance, energy, consumer credit and flights channels.

Non-resolicitation clauses are most frequently sought in contracts by energy suppliers and general insurance providers.

In our experience, non-brand bidding or negative matching clauses are sought by a limited number providers, but they have been sought across a range of different sectors.

16. Are there any other agreements in place that may affect the effectiveness of DCTs and/or the effectiveness of competition between DCTs (and competition between DCTs and other sales channels)?

We have provided details of the relevant elements of contracts with product providers as part of the information submission in the first part of the market study.

#### *Unbundling and hollowing out*

17. How has the growth of DCTs affected product features and/or the product mix in our case study sectors over time? What specific evidence/examples indicate these changes?

We believe that the increased popularity of DCTs has likely caused an acceleration of unbundling of products in some sectors, but we agree with the CMA when it notes that unbundling had started as a trend before DCTs entered the market.

At its most simple level, an unbundled product will have fewer features and elements than a bundled product and to counteract this Moneysupermarket Group (and other firms in the DCT sector) have taken steps to present product features, inclusions and exclusions together with the associated costs of those features as part of the its general insurance comparison journeys.

To be effective, this requires the DCT to make an assessment of the key potential features of a product and present information on those features to customers. In many cases, this will require additional data to be shared with the DCT by the product provider which can have long lead times.

18. How widespread is the use of product reviews and ratings on DCTs and what has been the impact, if any, of the use of these tools?

We believe it's important for consumers to be able to make comparisons based on factors other than price. Over recent years, we have sought to increase the amount of 'qualitative' information about products such as key features and inclusions as well as exclusions and limitations. We continue to evolve and develop our approach in this area to meet consumer demands and expectations. The key dependency and limiting factor to delivering this is the availability of product data from providers which, as described above, can have very long lead times to making changes.

Quality ratings are available within the MoneySuperMarket.com car and home insurance channels and Defaqto ratings are used within the MoneySuperMarket.com travel insurance channel. The MoneySuperMarket.com quality ratings include a rating for claims experience based on responses we've previously collected from returning customers, where data is available. We also show a combined 'quality score', based on claims handling, policy features, customer service.

Within credit cards, MoneySuperMarket.com provides high level pros and cons for the specific product as well as additional qualitative information to assist consumers to make better decisions.

Within energy, MoneySavingExpert.com includes the results of a customer service poll for suppliers within the results of Cheap Energy Club. The poll (run twice a year) asks users to rate their provider for the previous six months for their service. Results are shown (% rated 'great' and % rated 'poor'), the date of the poll, and the number of votes against each of the available tariffs.

#### 19. What needs to be in place to prevent or mitigate any harmful impact of product unbundling or hollowing out and what can DCTs do about it?

We agree with the CMA approach to separately consider unbundling from pure hollowing out.

- **Unbundling** - Broadly, we believe that unbundling is in the consumer interest as it allows for greater choice and more tailoring of products to best meet individual needs, but the cost and quality of the additional options needs to be made available to consumers in clear and transparent way and at an appropriate point within the comparison journey.
- **Hollowing out** - Pure hollowing out is potentially of greater detriment to consumers. In order to mitigate this, it is important for product providers and intermediaries (including DCTs) to be clear to consumers about the significant inclusions and exclusions of the product. Through the provision of balanced and transparent product information, it should be possible to ensure consumers to make an informed choice about the type of product that is most suitable for their needs.

#### Theme 4: Regulation

#### 20. What are your views on the issues we list in in Table 8.1 and at paragraphs 8.13 to 8.42 of Chapter 8 and how could they be addressed?

We have considered the CMA summary of the issues and concerns raised by stakeholders as detailed in Table 8.1 and have the following observations:

- We welcome the CMA's provisional view that the benefits of whole of market requirements are unproven or are likely outweighed by the potential harm from such requirements and that consumer trust and engagement, as well as effective competition, is better achieved by ensuring DCTs are transparent about their market coverage.

The identified inconsistencies in the regulatory frameworks applicable to DCTs are driven from the variations in the primary legislation on which those frameworks are based. For example, within financial services, the Regulated Activities Order defines the insurance intermediation as a regulated activity, whereas the Electricity Act and Gas Act define the supply of energy as a

regulated activity, but not the distribution. Similarly within the broadband and energy sectors, the voluntary codes only apply to PCWs rather than DCTs (or other intermediaries) more broadly. This creates distortions where, for example in energy, some PCWs are subject to very specific rules, whereas other DCTs (predominantly white label tools) and third party intermediaries are not subject to the same requirements. There would be benefit from a regulatory regime which was proportionately and consistently applied across the distributors of products and applied fairly across the spectrum of PCWs, DCTs and intermediaries.

- We agree that in some cases, regulation is too prescriptive (for example the control and management requirements of the Ofgem Confidence Code) or in practice is interpreted in a way which is too narrow and potentially restricts innovation (for example FCA regulated advice requirements). We believe that principles based regulation is, in general, the most effective regulatory approach, but there are likely to be certain areas of regulation where specific rules are required or certain sectors (such as High Cost Short Term Credit) which require sector specific rules.

21. What is the balance between potential benefits and risks in introducing a cross-sector approach? What would be the most effective approach(es), and why?

In principle we would be supportive of the introduction of a cross-sector approach as it would create greater consistency for both consumers and firms. The level of prescription within the cross-sector principles is key. Many of the possible themes and components highlighted by the CMA<sup>9</sup> are already adopted and operated by Moneysupermarket Group, but it may be to a lesser extent than ultimately anticipated by the CMA. We welcome an ongoing dialogue to consider this in more detail.

In addition, we see a number of practical issues which could restrict its implementation including:

- **Definition of DCTs** - This is very wide ranging encompassing a number of business models; the CMA have identified hundreds of DCT brands and websites in the UK that offer a variety of services in sectors that range from skip hire to horse transport<sup>10</sup>. It is likely that a number of services do not currently consider themselves to be DCTs and the boundary of application will also need to be clearly communicated and enforced.
- **Cross-sector principles** - These would also need to apply consistently to all firms offering comparison services to UK consumers rather than to firms based or operating in the UK; some sectors, notably travel, are global in nature. It would need to be clear how the principles would apply to white label arrangements, which are a notable exception within existing accreditation schemes.
- **Positioning of DCTs** - It would need to be clear at what level a DCT operates, for example MoneySuperMarket.com could be viewed as a single DCT (as a PCW) or could be seen to be an operator of a number of individual DCTs across a range of products.
- **Interaction with existing regulation** - Much of this is based in primary legislation, and we need to be clear in particular on which should take precedence should there be a conflict. This may

<sup>9</sup> Figure 8.1 and Table 8.4 of the Update Paper.

<sup>10</sup> Paragraph 3.3 of the Update Paper

arise within financial services where for example, specific disclosures are already required regarding aspects of the service being offered.

- **Accreditation schemes** - Further research should be performed on the value and understanding of current accreditation schemes to consumers. In our experience, schemes such as the Confidence Code are not well understood by consumers and therefore potentially offer them limited value.

22. How could a cross-sector approach interact with existing regulatory frameworks?

As described in our answer to Question 21, we agree that the interaction with existing regulatory frameworks needs close consideration in the next phase of the market study.

**Theme 5: The future of DCTs?**

23. What future developments outlined in Chapter 9 are likely to have the greatest impact in driving engagement? If there are any important developments we have missed, what are they and why are they important?

24. What future DCT-related technologies might affect or assist vulnerable consumers?

In terms of future developments, we recognise and agree with developments highlighted by the CMA for both the immediate future and further ahead.

The upward trend in the use of mobile devices is already with us and will likely continue in the future. This creates a real challenge to provide an ever broader range of information (about products and the DCTs service) on a smaller screen. In the longer term, the ways in which consumers engage with DCTs may change as alternatives to screens such as voice interfaces, become more reliable, and therefore potentially open up services to consumers who have not previously been able to engage.

The development of APIs, particularly in respect of customer usage data, will enable consumers to achieve greater certainty when shopping around and remove the inherent variability that exists with estimates today.

Longer term we envisage that the key trends are increased use of Big Data, which will mean fewer data points are required to be input by customers and greater use of automated decision making will mean DCTs will more effectively be able to recommend products to customers. The possible development of recommendation based services would assist consumers who have less confidence in selecting and switching certain products.