



Working With Regulated Companies

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Summary of presentation

Steve Smith is Director for Competition and Regulatory Strategy at Lloyds banking Group. He led LBG's submission on retail competition issues and also the LBG's retail competition team in the CMA retail inquiry and the numerous FCA and PSR competition inquiries.

This presentation was given by Steve at the fourth workshop of the UKCN Consumer Remedies project held at the CMA on 22 June 2017. The second half of this workshop was focussed on working with regulated companies.



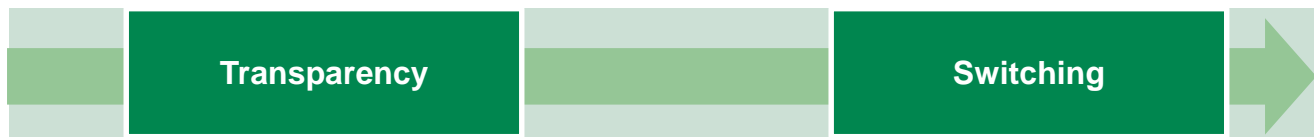
WHAT I'D LIKE TO COVER TODAY

1. Proposition and Service development at Lloyds Banking Group
 - How do we come up with ideas
 - How do we test them

2. How we've worked with Regulators in Market Studies
 - Helping remedy development through prototypes and RCTs
 - Internal challenges
 - Principles to follow
 - How regulators can work with firms



WORKING WITH REGULATORS ON MARKET STUDIES



	Transparency	Switching
1 CMA Retail Banking Market Study	<ul style="list-style-type: none"> Built a prototype Open Data comparison engine to demonstrate the opportunity for better comparison in PCA & BCA <ul style="list-style-type: none"> Ran series of customer trials 	<ul style="list-style-type: none"> Encouraged the CMA to recommend significantly increased advertising of the Current Account Switching Service
2 FCA Savings Market Study	<ul style="list-style-type: none"> Undertook behavioural trials with the FCA to test measures aimed at improving transparency 	<ul style="list-style-type: none"> Trials targeted customers with the most to gain from switching
3 FCA Credit Cards Market Study	<ul style="list-style-type: none"> Supported and trialled disclosures to encourage faster repayment 	<ul style="list-style-type: none"> Supported clearer standards for PCWs; open access to credit card usage data
4 FCA work on General Insurance	<ul style="list-style-type: none"> LBG was the only firm to participate in a randomised control trial testing customer reactions to different info at renewal 	<ul style="list-style-type: none"> Supported FCA's introduction of new rules which require providers to publish last year's premium on renewal notices

Through focusing on transparency and switching measures we have aimed to ensure both new and existing customers benefit from competition and choice and encourage a more even distribution across customer groups



KEY FINDINGS

- **Traditional forms of research** such as surveys are ***flawed*** as they fail to account for the unconscious mind and context...
- ...but they ***can be improved*** if supplemented by other forms of research such as lab testing
- Trialling is an ***effective way to predict*** and understand behaviour
- Trials can be used ***to help develop remedies and not just test them***...our experience shows that the normal market study timeline would allow for testing
- **Lessons for trialling:** best to iterate and adapt, ensure samples are properly targeted...***be open minded on the results!***