

Thematic review of packaged bank accounts

Financial Conduct Authority (FCA)

RPC rating: validated

Description of the measure

The assessment explains that the FCA has undertaken a review to assess how firms have implemented the packaged bank account rules in the Insurance: Conduct of Business Sourcebook (ICOBS), which was introduced in March 2013.

A packaged bank account is a current account that comes with at least one insurance policy (such as travel and mobile phone insurance). It may also include a range of other non-insurance goods or services (such as airport lounge access).

The review found areas of good practice amongst firms. However, some practices were observed which, if replicated more widely across firms, would indicate some risk of failing to meet the FCA's existing requirements. The FCA therefore expects firms to familiarise themselves with the review and undertake a gap analysis to assess whether they are complying with existing rules. The assessment also covers the impacts of adopting elements of good practice that go beyond existing requirements.

Impacts of the measure

The assessment explains that 13 firms are affected by the outcome of the review. The FCA estimates that six people per firm need to read the 33 page report and undertake a gap analysis, giving an overall one-off cost of £160,000. These estimates were based on supervisory conversations with firms and on industry-specific salary rates. The FCA estimates additional one-off costs due to good practice recommendations at £7 million and on-going costs at £0.5m.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £1.4 million. This is a qualifying regulatory provision that will score under the Business Impact Target.

Quality of submission

The FCA has provided a clear and proportionate analysis of this measure, including a helpful description of the kinds of activity firms might undertake to comply with best practice recommendations, and a clear summary of its engagement with businesses.

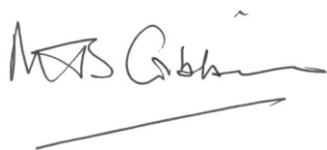
The assessment would have benefited from the inclusion of a discussion of the wider impacts of the measure.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£1.4 million
Business net present value	-£13.2 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated ¹	£1.4 million
Business Impact Target (BIT) Score ¹	£7.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.