

LLOYDS
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GROUP



**LLOYDS BANKING GROUP PLC
RESPONSE TO CMA'S INVITATION TO
COMMENT ON WHETHER IT SHOULD
LAUNCH CERTAIN REVIEWS OF ITS
MARKET/MERGER REMEDIES**

Submission Date: 17th February 2023

Response to CMA's Invitation to Comment

Following the CMA's recent Invitation to Comment on whether it should launch certain reviews of market and/or merger remedies, we have reviewed the remedies the CMA has listed within Annex One of the publication, and welcome the opportunity to comment on the Lloyds TSB Group / Abbey National (2002 – Retail banking) remedy.

We note the CMA is also seeking views on whether there are any other remedies across the portfolio of market and merger remedies where stakeholders consider there to have been relevant changes in circumstance indicating that a review of that remedy may be appropriate. In light of this, LBG also welcomes the opportunity to raise a question relating to undertakings 21 to 24 (Transparency Undertakings – Information on charges and rates) of the SME Undertakings 2002.

Lloyds TSB Group / Abbey National (2002 - Retail Banking): We support the CMA's view that the Lloyds TSB Group / Abbey National (2002 – Retail Banking) remedy should be reviewed, given the substantial change in circumstances since these undertakings were given.

In relation to the Lloyds TSB Group / Abbey National (2002 – Retail banking) Undertakings given by Lloyds TSB Group to the Secretary of State for Trade and Industry in January 2002, we would agree that a review should be launched. As the CMA notes, there has been a material change in circumstances as Abbey National plc is no longer a distinct entity. While this change is in itself sufficient, in our view, to review (and release) the undertakings, we also consider there have been sufficient changes in retail banking market conditions that further support the need for a review (and release) of the undertakings.

The remedy itself relates to a merger that was proposed over 20 years ago and reviewed under a different regulatory regime to that which is now in place.

Since that time the market has evolved significantly and both Lloyds TSB Group and Abbey National have changed as entities. Lloyds TSB Group has become Lloyds Banking Group having acquired Halifax Bank of Scotland (HBOS) in 2009 and having created TSB as a new stand-alone competitor in 2013 and divested it. Abbey National plc became a wholly owned subsidiary of the Santander Group in November 2004 and was substantially rebranded Santander UK in 2010.

Further, in that 20 year period, competition in the retail banking market itself has changed quite significantly, including through the CMA's Retail Banking Market Investigation Order and the increasing demand for digital services as well as strategic drives towards online and mobile banking, which has overall seen a wide range of Fintechs and digital focused banks engaging in retail banking. Market conditions will continue to evolve including through, as recognised by the FCA in a recent discussion paper, the increasing presence and potential growth of Big Tech in the UK retail financial markets. [DP22/5: The potential competition impacts of Big Tech entry and expansion in retail financial services \(fca.org.uk\)](#). The conclusions reached by the Competition Commission in 2002 that led to the undertakings would, at the very least, need to be re-examined and refreshed by the CMA against current market conditions and regulatory developments in relation to any proposed acquisition, further calling into question the appropriateness of the continuation of the undertakings.

The release of these undertakings following these significant changes in circumstances, would enable both LBG and the CMA to benefit from a reduction in time and resource required to maintain and monitor the regulatory controls that remain in place for this remedy.

SME Undertakings 2002 (21 to 24): We would propose the CMA might also consider a review of the SME Undertakings 2002 with a view to the release of the Transparency Undertakings (21-24) as per its previous intention.

In relation to the SME Undertakings, we consider that Undertakings 21-24 (Price Information/Transparency Undertakings provisions of the Behavioural Undertakings) should be released in line with the CMA's final decision of August 2016. [SME undertakings final decision \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

In that decision, the CMA considered that the Retail Banking Market Investigation's remedies package (which represented a relevant change in circumstances) improved upon and rendered the Transparency Undertakings unnecessary and they should be released.

In terms of the timing of the release, the CMA stated in its Notice of Intention to Release that the Transparency Undertakings would be released "*upon the implementation of the measures to develop and require the use of open application programme interface (API) standards and data sharing through them. We expect this to occur by January 2018*". ([Notice of intention to release certain of the undertakings \(switching and behavioural\) \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)). While the Transparency Undertakings were not expressly included in the CMA's Final Release Notice of October 2016, the CMA did note that none of the respondents to its consultation suggested that the CMA should not release them. [Notice of release of SME undertakings, switching and behavioural \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

The Open Banking provisions of Part 2 of the Retail Banking Market Investigation Order 2017 make provision for Open API standards and data sharing and the CMA has recently confirmed that the Open Banking roadmap is substantially complete ([Millions of customers benefit as Open Banking reaches milestone - GOV.UK \(www.gov.uk\)](https://www.gov.uk)). Accordingly, we believe that the implementation of the measures envisaged by the CMA in its 2016 Intention to Release (per the quote above) have therefore also been met and request the CMA to consider now releasing the Transparency Undertakings as intended for firms like LBG who have implemented all of the requirements of the roadmap.

We thank you for taking the time to read our response and look forward to seeing the conclusions reached in relation to the reviews of the remedies.