

Variation to Directions to NatWest Group plc issued under the Small and medium-sized enterprise (SME) banking undertakings 2002

Introduction

1. The CMA is varying the Directions issued to NatWest Group plc (NatWest) on 31 August 2022 concerning its failure to comply with Clause 17 of the [Small and medium-sized enterprise \(SME\) banking undertakings 2002](#) (the Undertakings). This clause prohibits NatWest from directly or indirectly requiring or threatening to require that SMEs that hold certain bank loans and deposit accounts also hold business current accounts (BCAs) with that bank. This is commonly known as ‘bundling’ products.

Background

2. On 31 August 2022 the Competition and Markets Authority (CMA) issued Directions to NatWest concerning its failure to comply with Clause 17 of the Undertakings. Included in these Directions were clauses which required NatWest to:
 - a. Provide Relevant Staff with annual training in the form described in the Directions.
 - b. Assess the understanding of those Relevant Staff by means of an assessment of at least 15 questions, as described in the Directions.
3. ‘Relevant Staff’ are defined in the Directions as “staff including but not limited to staff that interact with SMEs in branch, telephone, email, online, staff responsible for the marketing and sale of business loans and business deposit accounts for SME customers, including account managers, management staff, policy makers, decision makers for relevant processes, all relationship managers for business banking, staff designing processes for guidance or online documentation for SME products, and any relevant internal auditors, and first, second and third line assurance model staff and external contractors who provide assurance on or work with any products in-scope of the Undertakings.”
4. On 27 January 2025 NatWest wrote to the CMA with proposals for revising these two clauses in the Directions. In summary, NatWest’s proposals were to:

- a. Carry out the training and assessment as defined in the Directions for Relevant Staff:
 - i. On joining NatWest and becoming Relevant Staff.
 - ii. On transferring within NatWest and becoming Relevant Staff.
 - iii. For existing Relevant Staff, on failing the pre-assessment referred to below.
 - b. Introduce a pre-assessment (to be taken annually) for Relevant Staff who have previously completed the full training and passed the full assessment. Relevant Staff who pass the pre-assessment would not be required to repeat the full training. Relevant Staff who fail the pre-assessment would be required to complete the full training and carry out the full assessment.
5. Following discussion with NatWest, the CMA has decided to accept NatWest's proposals for amendment to the Directions. This is because:
- a. NatWest has provided evidence of the effectiveness of the proposed approach when used in other training it provides to its staff.
 - b. NatWest's compliance with the SME Undertakings and the Directions, since the Directions were issued, has been satisfactory.
 - c. NatWest has indicated that the proposed approach is more efficient for its staff.
6. As such, from the date given below, the Directions are varied as set out in the Annex below.

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Director, Markets
By Authority of the CMA Board
28 May 2025

Variations to Directions issued to NatWest Group plc (NatWest) under the Small and medium-sized enterprise (SME) banking undertakings 2002

1. Clauses 14 (staff training on the Undertakings) and 15 (Assessment of staff knowledge of the Undertakings) have been varied as follows (changes shown in redline):

14. Staff training on the Undertakings

- 14.1 NatWest is directed to prepare suitable Training on compliance with the Undertakings. NatWest must give all Relevant Staff a detailed description of the nature of the restrictions in the Undertakings and explain in full what these mean for the way BCA and business loan and deposit account products are offered to SMEs, and the reasons for the Undertakings being in place (the promotion of competition).
- 14.2 NatWest is directed to ensure it includes in its Training materials a hyperlink to the Undertakings.
- 14.3 NatWest is directed to ensure that the Competent and Experienced Relevant Staff are involved in overseeing the design and implementation of the Training.
- ~~14.4 NatWest is directed to ensure that all Relevant Staff must receive the Training in accordance with the Action Plan and no later than 12 months from the date of any training issued during 2022 in compliance with NatWest's prior obligations set out under the 2014 Directions.~~
- ~~14.5 Relevant Staff are to receive Training at least once annually.~~
- 14.4 Relevant Staff are to receive Training and conduct the assessment referred to at clause 15.2 in the following circumstances:
 - 14.4.1. On joining NatWest and becoming Relevant Staff.
 - 14.4.2. On transferring within NatWest and becoming Relevant Staff.
 - 14.4.3. For existing Relevant Staff, on failing the pre-assessment referred to at Clause 15.1.
- 14.5 NatWest is directed to maintain all final versions of materials developed for staff Training, internal staff policy guidance, product loan documentation and relevant manuals on an on-going basis and ensure these are relevant and up to date and fully compliant and are consistent with NatWest's obligations under the Undertakings.

15. Assessment of staff knowledge of the Undertakings

15.1 NatWest is directed to ensure that:

- 15.1.1 a formal pre-assessment for Relevant Staff is prepared in conjunction with the Training and must be conducted on an annual basis by all Relevant Staff who have previously completed the Training and passed the assessment referred to in Clause 15.2. Relevant Staff who pass the pre-assessment are not required to repeat the Training. Relevant Staff who fail the pre-assessment are required to complete the Training and carry out the assessment set out in Clause 15.2;
- 15.1.2 The pre-assessment will involve Relevant Staff (who have previously passed the assessment) being:
 - 15.1.2.1 provided with a one-slide reminder on the Undertakings, including the core anti-bundling rule, what this means for the way BCA and business loan and deposit account products are offered to SMEs and the reasons for the Undertakings being in place (the promotion of competition).
 - 15.1.2.2 set 8 scenario-based assessment questions.
 - 15.1.2.3 Relevant Staff who answer at least 7 of these questions correctly can complete/pass the module at that point. Staff who fail the pre-assessment would receive the Training and the assessment as set out in Clauses 14 and 15.2.
- 15.1.3 Competent and Experienced members of Relevant Staff will be involved in overseeing the marking of the pre-assessment.

15.2 NatWest is directed to ensure that:

- ~~15.2.1 a formal assessment for Relevant Staff is prepared in conjunction with the Training and must be conducted on an annual basis by all Relevant Staff;~~
- 15.2.1 the assessment is to be carried out annually by all Relevant Staff within 5 working days of completing the Training under clause 14 above. Should any Relevant Staff fail the formal assessment after two attempts, NatWest is directed to ensure re-training is provided to the staff member;
- 15.2.2. the assessment will involve a minimum of 15 questions, where at least 5 questions representing one third of the scores are allocated for demonstrating a full understanding of the provisions of the Undertakings in abstract. In addition, at least 10 questions representing

two thirds of the scores are allocated to demonstrating a full understanding of matters relating to the Undertakings in applied situations relevant to NatWest. These applied scenarios will include a range of breaches uncovered and highlighted by the CMA in its previous annual reports and compliance and enforcement work;

15.2.3. Competent and Experienced members of Relevant Staff will be involved in overseeing the marking of the assessment;

15.2.4. the pass mark for the assessment will be set no lower than 90% for all Relevant Staff.; and

~~15.1.6. electronic copies of all assessments undertaken and the mark assigned will be retained by NatWest for review by an Independent Body for at least 24 months after completion. Once NatWest is no longer required to carry out a Subsequent Assurance Engagement, this requirement to retain assessments will cease."~~

2. A [consolidated version of the Directions is published on the CMA's website](#).