Response to Provisional Decision from WISE received 25 September 2025

I gather that you are leading the CMA's work on the Provisional Decision on Bundling, which has only very recently been brought to Wise's attention. We recognise that the deadline has passed, but urge you to reflect on the evidence we submit below.

Having consulted colleagues at Wise, we respectfully suggest that the indicated decision may be rather premature. Whilst we do not dispute the analysis of how the market in general has changed, your analysis does not have regard to the market for the provision of payments and FX currency services - an important part of a growth economy, and one that SMEs currently suffer **£8.1bn** in hidden fees imposed by banks in relation to.

It is suggested in the evidence submitted to you following your consultation, and in the reasoning you give, that the advent of the Consumer Duty means that there will be a change in the behaviour of the banks such that they will not return to their previous behaviour of tying lending to a requirement to hold an account. We respectfully suggest that there is no quantitative evidence to support that contention at this stage. In fact, we write to draw to your attention evidence to suggest that the Consumer Duty has yet to result in any meaningful change in the behaviour of those same institutions in the provision of FX services. By extension, the risk of banks requiring SMEs to hold an account which would also potentially oblige them to continue to be subject to the hidden fees in the provision of FX services remains a material risk that should not be encouraged by the relaxation of the current restriction at this stage.

As mentioned above, the amounts involved are non-trivial. In the screenshot that I attach, I excerpt the analysis by Edgar, Dunn & Co (EDC), commissioned by Wise, which estimates the total cost of hidden FX fees to the SME community in the UK in 2025 amounts to £8.1bn. We would be happy to share more detail on the EDC analysis should that be useful.

I also attach the link to a recent mystery shopping deck compiled by Wise, covering the top 4 banks by assets and two money transmitters in each of the G20 countries, which shows that the % of added margin (padding) of FX rates in the UK remains amongst the worst in the G20. We believe that the absence of easily available and transparent information is what is preventing consumers, not least SMEs, from being able to make informed choices about the provision of their services. And whilst we very much hope that the supervisory conversations by the FCA on the implementation of its Consumer Duty following the guidance of 1 May on this issue will result in a change of behaviour, that is not yet the case. As a result, doing anything that might enable those same banks to go back to their old ways of bundling would risk exacerbating the position for SMEs - just when there is hope that they might be able to make a more informed choice and hold a separate account that enables them to choose cheaper FX services.

I hope that this is helpful. I am also copying this to HM Treasury, the FCA and the Bank of England.