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LLOYDS BANKING GROUP

LLOYDS BANKING GROUP PLC

Response to the CMA Strategic review of markets remedies

Submitted on 02/03/2026

INTRODUCTION AND EXECUTIVE SUMMARY

1. As a **leading UK financial services provider, Lloyds Banking Group (LBG) provides financial services to 28 million customers** in the UK. We help millions of customers – individuals, families and businesses – to spend, save, borrow and invest and help Britain prosper.

2. **We welcome the CMA's decision, in line with its 4Ps framework, to launch a strategic review of those of its markets remedies** where it considers there is a realistic prospect of finding clear and straightforward changes of circumstances, meaning the remedy is no longer appropriate. We believe this strategic review aligns well with the Government's ambition to cut the administrative cost of regulation on business by a quarter. We welcome that these remedies are being reassessed, to ensure the range of remedies that remain in place reflect today's market realities and consumer needs, and support effective, proportionate regulation.

3. In our submission, we focus on the **Retail Banking Market Investigation Order 2017, the Payment Protection Insurance (PPI) Market Investigation Order 2011** (as varied) and the CASS Undertakings 2017. **For each of these remedies, we believe there have been material changes of circumstances, in terms of changes in the market and competitive landscape, shifts in consumer behaviour and regulatory developments. We consider that the original purpose of these remedies has either been achieved, or continues to be achieved through other means. Our view is therefore that they no longer remain appropriate, and should be removed.**

4. The **Retail Banking Market Investigation Order** was put in place to deal with 'Adverse Effects on Competition' found in the PCA, BCA and SME Lending markets, including barriers to switching, low customer engagement, barriers to accessing information and lack of transparency. Since the Market Investigation took place over 10 years ago, all three of these markets have fundamentally transformed and we believe the identified competition issues no longer exist. **The market and competitive landscape in each case have changed significantly, with technological innovation and lowered barriers to entry and expansion, which continue to evolve at pace – the market is highly dynamic.**

5. **In addition, we have seen step changes in both personal and SME consumer behaviour,** including in digital adoption, use of banking apps, search strategies, use of AI in managing finances, and propensity to switch and multi-bank.

6. **Further, the regulatory landscape has changed, bringing in additional robust layers of consumer protection** including through introduction of the FCA's Consumer Duty in 2023-2024, the new price transparency rules brought in through the Digital Markets, Competition and Consumers (DMCC) Act in 2024, the FCA's High Cost of Credit rules in 2019, with further changes ongoing such as the modernisation of the Consumer Credit Act currently underway. Changes such as the introduction of Open Banking and the SME Credit Information Regulations have also enhanced opportunities for innovation and competition.

7. **In relation to the PPI Market Investigation Order, we note the market has entirely changed and ceases to operate in its original form.** The majority of providers have exited the market, and, with only a small legacy back book and no active distribution, the original purpose of the Order is no longer achievable or relevant. In the absence of its prescriptive Annual Review requirements, firms, including Lloyds Banking Group, would look to provide relevant information to customers through more modern, customer friendly communications in line with our customer engagement standards.

8. Our commitment to ensuring good outcomes for customers, maintaining high standards of transparency and fairness, thriving in a competitive market, and complying with our broader regulatory obligations means that there is no detriment from removing the Orders; rather, we would have more flexibility to innovate and adapt our approaches to best suit today's customer needs.

9. **We also note there are significant ongoing costs in complying with the requirements of the Retail Banking Market Investigation Order and the PPI Order, including in monitoring and reporting.** Revocation of these Orders would enable firms to reduce unnecessary costs while having the flexibility

to communicate with customers in more engaging, digitally native ways which suit their changing needs and enable innovation and promote sustainability.

10. **Importantly, removing the Orders would not weaken competition.** The evidence we set out demonstrates that the Orders themselves are no longer meaningful drivers of competitive outcomes, while their continued operation adds unnecessary layers of complexity and cost for firms to navigate.

11. In our submission we also comment on the Current Account Switch Service (CASS) Remedies Undertakings 2017. The CASS Undertakings were given by Bacs payment schemes and delivered by Pay.UK, and our view is that the intended purpose has now been achieved: CASS is embedded and working well with over 50 participant firms and high consumer usage of the service, coupled with strong consumer awareness and confidence. We would like to see it continue and evolve but do not consider the Undertakings necessary to achieve this.

12. We develop each of these points in this submission.

13. We note that there are other remedies relating specifically to Financial Services under review (Private Motor Insurance, Home Credit, Payday Lending and Store Cards), and since we do not have direct obligations under these we have not included any views within this response. However, we will review any proposed changes from a customer outcomes perspective or for any indirect impact. For example, we note that the Home Credit Order requires in-scope lenders to share customer data with Credit Reference Agencies (CRAs). This customer data can inform lending / affordability decisions, in the interest of customers, and so we would like comfort that such information would continue to be available from those lenders, via CRAs, because they would not have the ability or incentive to stop. We welcome the CMA and FCA working closely together on this, as indicated in the FCA's Consultation Paper of 25 February 2026 on its proposed approach to implementing remedies following its Credit Information Market Study.

14. Finally, we note that while Part 2 of the Retail Banking Market Investigation Order (Open Banking) is not in scope of this review, we look forward to working further with the CMA to develop its thinking in relation to Open Banking and Open Data requirements ahead of the planned transition to a new long term regulatory framework under the FCA.

15. In summary, we consider the Retail Banking Market Investigation Order, the PPI Order and the CASS Undertakings have correctly been identified for review and revocation, given that the circumstances which originally justified their introduction have changed substantially.

16. We thank you for taking the time to read our response, and look forward to seeing the conclusions reached by the CMA in this review. Should you wish to discuss any aspects of our response in more detail, we would be happy to do so. Please contact: grouppregulatorypolicy@lloydsbanking.com.

SUPPORTING DETAIL - RETAIL BANKING MARKET INVESTIGATION ORDER

1. **In the 12 years since the start of the CMA's Retail Banking Market Investigation in 2014, the three markets it found required improvement – Personal Current Accounts (including overdrafts) (PCA), Business Current Accounts (BCA) and SME Unsecured Lending – have changed significantly.** Across these markets, the range of competitors with different business models and strengths has grown considerably – with new digital only neobanks which offer attractive digital propositions and experiences achieving increasingly high levels of account opening share, as well as high service quality recommendation from customers – alongside traditional high-street banks. These new players were only just beginning to emerge at the time of the Market Investigation (2014-2016) but, a decade on, have positively disrupted the markets. For example:

   - Monzo was founded in early 2015 and became regulated in 2016. It launched its first full current account in 2017. Now in 2025, it states "*More than 14 million personal and business customers now use Monzo to spend and manage their money, with hundreds more joining every day".*[1]
   - Starling was first conceptualised in 2014, took shape in 2015 and obtained its banking licence in 2016. The timeline on its website shows how it has gone from strength to strength, launching new accounts (including Business Accounts), propositions and functionality and winning awards. Now in 2025 it has some 4.2 million open accounts and states "*We grew by attracting more customers in a competitive market because we deliver great experiences, both through our app and our UK-based customer service agents*".[2]
   - Revolut was founded in 2015, and after 10 years of global growth, has now received its UK banking licence and is completing the build of its UK banking operations.[3]
   - Tide Bank was established in 2016 as a digital-only finance platform. Its digital banking service launched in 2017, focusing exclusively on small businesses. It states: "*We're one of the UK's fastest growing fintechs*", "*We're dedicated to transforming the business banking industry*" and its CEO states: "*In the UK, we serve well over 800,000 members – more than 14% of the market*" and refers to "*building on our highly profitable UK business*".[4]

2. The Financial Research Survey, conducted by Ipsos, contacts around 50,000 adults (age 16+) a year in total across Great Britain. Interviews are over the phone and online, taking into account (and weighted to) the overall profile of the GB population. Based on this, latest current account insights (to December 2025) from Ipsos report:

   - [✂]
   - **Neo-challengers are attracting an increasingly varied age range of customers[5] and a growing customer base[6] in the GB current account market:** Early adopters were often younger demographics, but neo-challengers are now seeing increased success across all age bands.

3. In relation to SME Lending specifically, we note that the CMA concluded following its 2025 review of the SME Banking (Behavioural) Undertakings 2002 that **the competition landscape in the SME Loans**

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[1] Press | Monzo
[2] https://www.starlingbank.com/about/road-to-starling/
[3] https://www.revolut.com/discover-our-company/. Noting Revolut's UK banking licence is 'with restrictions', meaning it cannot provide full banking operations or offer deposit protection.
[4] https://www.tide.co/blog/tide-update/major-milestones-in-2025-and-a-look-ahead-to-2026-a-letter-from-our-ceo/
[5] © Ipsos 2025, Financial Research Survey (FRS), for the 6 months ended 31 December 2020 to 6 months ended 31 December 2025. Results based on a sample of 5,978 current account holders aged under 35, 2,704 current account holders aged 35-54, and 1,005 current account holders aged 55+. The survey contacts around 50,000 adults (aged 16+) a year in total across GB. Interviews were over the phone and online, taking into account (and weighted to) the overall profile of the adult population. Neo-challengers as of December 2020 held 24% of new business in the last 12 months among under 35s,18% among 35-54s, and 14% for over 55s. This compares to December 2025, when neo-challengers held 31% of new business in the last 12 months among under 35s, 31% of 35-54s and 22% of over 55s. This data is based on combined brand share for neo-challengers, in the respective age bands, for all new current accounts opened in the last 12 months. Neo-challengers are defined as: Chase, Kroo, Monese, Monzo, Pockit, Revolut, Smile, Starling, Thinkmoney, Triodos, Wise.
[6] © Ipsos 2025, Financial Research Survey (FRS), for the 6 months ended 31 December 2020 to 6 months ended 31 December 2025. Results based on a sample of 55,265 current accounts holdings of respondents aged 16+. Based on those surveyed, Current accounts held with Neo-Challengers constitute 18% of overall current account holdings as of December 2025, vs 5% as of December 2020. Neo-challengers are defined as: Chase, Kroo, Monese, Monzo, Pockit, Revolut, Smile, Starling, Thinkmoney, Triodos, Wise.

Market has significantly changed, particularly since it last reviewed the Undertakings in 2016. The CMA agreed there was sufficient evidence to support the decision that this change in competitive landscape, along with changes in consumer behaviour and regulation (enabling more entry and expansion), constituted a change of circumstances which justified removal of the Undertakings[7].

4. The markets in scope of the Retail Banking Market Investigation Order are now highly dynamic and continue to evolve - indeed the markets are likely to look very different again in a few years' time, with all providers, new, traditional and emerging, in the mix. New players continue to emerge and compete in the PCA, BCA and SME lending space, with neo-banks, fintechs and alternative providers. Digital innovation across the market will continue to drive competition and consumer value. This includes companies offering digital payments or alternative lending (e.g. peer-to-peer and crowdfunding). Like the neobanks, their ability to build new technology and systems from scratch rather than transform legacy systems enables them to deliver competitive new customer propositions quickly and with fewer constraints.

Structure and competitiveness of the relevant markets

5. **There is strong and effective competition across the PCA, BCA and SME Lending markets, including as a result of entry and expansion of the neobanks which has accelerated over the past 10 years and continues.** As the CMA noted in its final decision to revoke the Undertakings, the rise of challengers has also been further facilitated by reductions in possible regulatory barriers to entry/expansion. To illustrate:

   a. **In Personal Current Accounts (PCAs):**

      - For PCAs, the number of new accounts opened in the market has increased significantly since 2017, and most sharply since 2021, [✄] This is due to emergence and growth of the neobanks and a sharp increase in multi-banking. [✄]
      - Neobanks have made account opening effortless, encouraging consumers to open additional accounts and try new providers. Consumers increasingly open and use different accounts for different purposes, including separate salary and spend, diversify funds and secure better rates and rewards.
      - [✄]
      - Published Current Account Switching Service (CASS) data shows that Monzo has also performed especially well in the switching market (under the CASS specifically), as well as the broader account opening market, where its share of 'switching in' (i.e. consumers switching providers to open an account with them) has risen from 1.4% in 2018 to over 7% in 2025. By contrast, LBG share of 'switching in' through CASS has fallen from c.30% in 2015 to just under 11% in 2025.[8]
      - The latest customer research on overall service quality (based on customer recommendation, produced for the Retail Banking Order requirements) shows that Monzo and Starling continue to rank in the top five.[9]

   b. **In Business Current Accounts (BCAs):**

      - Since the initial surge in the opening of new BCAs driven by the Covid pandemic in 2020-2021, the BCA flow (new account opening) market has been growing significantly year on year [✄]. This can be attributed to the increased entry of neobanks, and consumer shift to more multi-banking (opening additional accounts) supported by competitive dynamics, such as growth in fee-free accounts (particularly appealing to new start-ups and smaller businesses), increasingly effortless onboarding (completed in under two hours and with lower levels of data requirements) and improved user experience (e.g. intuitive apps enabling ease of account servicing). Since June 2021,

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[7] Review of the SME Banking (Behavioural) Undertakings 2002 - Final decision (2025) – see p.37 for summary of the CMA's view on the change of circumstances.
[8] Current Account Switch Service Statistics - Pay.UK
[9] @Ipsos SQI data for GB (February 2026). Personal banking service quality – Great Britain | Ipsos. Monzo and Starling rank top two although difference is not significant compared to the next brand, Nationwide. first direct and Chase are also in the top five.

we have seen a steadily increasing number of customers across our portfolio becoming dual banked, in particular for our smallest Retail Business Banking sector (under £3m turnover). [✂]

- **Latest customer research on overall service quality (based on customer recommendation, produced for the CMA Retail Banking Order requirements) shows Monzo at the top, with Mettle, Starling, Handelsbanken and Tide all also in the top five. Monzo, Starling, Mettle, Tide and Zempler** also rank above the majority of traditional players on the online and mobile banking services, and relationship/account management metrics.[10]

c. **In SME lending:**

- The British Business Bank has found that smaller businesses "have never had more options than they have now".[11] It notes "*Challenger and specialist banks continue to outperform the bigger traditional banks, increasing their share of lending to smaller businesses in 2024*".
- Gross lending to SMEs by challenger and specialist banks was up to a record high of 60% share in 2024, higher than the largest five banks for the fourth year in a row.[12] [✂]
- We note that challengers are increasingly offering a diverse range of lending options, often characterised by greater product flexibility. Typically, these challengers operate across the entire risk spectrum, providing multiple pricing points tailored to specific risk levels, for example, pricing to risk.[13]
- In addition, latest service quality metrics for SME loans and overdrafts show that Handelsbanken and Metro ranked highly in comparison to other high street banks.[14]

6. **Intermediaries and enablers play a significant role in the SME lending market, further supporting competitive outcomes and reducing potential barriers to entry/expansion.** An estimated 67% of SME lending in 2024 was facilitated by intermediaries, with brokers facilitating c.33% of SME funding deals by specialist lenders and c.28% by challenger banks.[15] Aggregators (e.g. MoneySuperMarket, NerdWallet, BusinessComparison, BusinessAccounts.co.uk) continue to emerge. We see firms like SilverRock (now part of GB Bank), which was granted a UK banking licence in 2024, enter to provide forward flow financing to non-bank and specialist lenders and building societies that provide loans to SMEs and consumers.[16]

7. As the CMA concluded in its final decision to revoke the Undertakings, based on the evidence it received and its own analyses, "*there has been a material reduction in market concentration and a material increase in the diversity of providers, product offerings available to customers and level of competition in the supply of SME business loans … as enabled by the reduced barriers to entry and expansion*".[17]

Shifts in Consumer Behaviour

8. **The change in the competitive landscape, enabled by advances in technology and innovation, has been driven by a significant shift in customer preferences towards use of digital channels across all three markets.** In 2025, over 23 million of LBG's 28 million customers are digitally active, more than 21 million use our mobile apps, and [✂] of personal current accounts across our core brands were opened online. This compares to [✂] in December 2016[18]. Even in older consumer segments online PCA opening is high. This trend was accelerated by the pandemic, but continued at pace. [✂] of our business banking and SME customers are digitally registered, of which [✂] are digitally active.[19] LBG's Consumer Digital Index, a largescale study we launched more than 10 years ago, helps us understand how digital innovation

[10] @Ipsos SQI data for GB (February 2026). Business Banking Service Quality: Great Britain Results | Ipsos
[11] Small Business Finance Markets 2024/25 (March 2025).
[12] Small Business Finance Markets, as above.
[13] See for example Iwoca: How do you decide what interest rate to offer? | iwoca - Support Centre.
[14] @Ipsos SQI data for GB (February 2026). Business Banking Service Quality: Great Britain Results | Ipsos. Neobanks were excluded from the loans and overdraft metric due to sample size.
[15] National Association of Commercial Finance Brokers, NACFB Members fuel 70% of UK's £38bn broker-led SME lending - NACFB (Mar 2025).
[16] SilverRock | Achieve more together
[17] Review of the SME Banking (Behavioural) Undertakings 2002 - Final decision (2025).
[18] LBG Internal Data
[19] LBG Internal Data

is transforming financial lives across the UK. Our 2025 report highlights that 95% of UK adults are online in 2025 (equivalent to a rise of 6.3 million since 2016) and 93% of those online use internet banking monthly. 57% say mobile banking apps have enhanced their lives or helped save time/money.[20]

9. In this context, we note that latest Ipsos service quality metrics show Monzo, Starling and Chase (for PCA customers) and Monzo, Starling, Mettle and Tide (for SMEs) all rank highly by comparison to most longer established banks for online and mobile banking services.[21] Their Appstore ratings also reflect high customer satisfaction with the app experience: 4.9 out of 5 for Monzo, Starling and Chase. We also note that Starling, Tide and Monzo all offer same day BCA opening via mobile apps and with 24/7 in person app support.

10. **The rapid development of app-based banking has been enabled due to the sharp increase in use of smartphones.** Uswitch data shows that at the start of 2025 there were 88.4 million mobile connections in the UK, equivalent to 127% of the UK population (as many people have more than one connection registered). 96% of the UK population were mobile phone users, including nearly 80% of those aged 65+. These figures have increased dramatically since 2012: while 86% of 16-24 year olds had a smartphone, at that time only 3% of people in the 65+ bracket owned a smartphone.[22]

11. **Compared to 2015 when the CMA found low levels of customer engagement and desire to switch accounts, we have seen a shift in customer switching behaviour.** For both personal and business customers, switching has become much simpler. The fee-free Current Account Switch Service (CASS), backed by the Guarantee, takes the hassle out of switching. As a result, switching using the service has become well established, with high levels of consumer awareness (77%), confidence (79%) and satisfaction (93%). [23] CASS statistics published by Pay.UK show that switching volumes (with the CASS Guarantee) are consistently high, at over 100,000 a month in several months of the year, and over 1 million switches completed in 2025 (the third year running with >1 million switches).[24]

12. **At the time of the Retail Banking Market Investigation in 2015, CASS data shows that share of 'switchers in' was concentrated across just a few of the traditional banks and building societies. By 2025 there are 50+ participating firms and share of 'switching in' is spread across a wide range of providers, including a mix of traditional and neobanks.** It is notable that shares of 'switching in' vary significantly between different providers year on year, reflecting the strong competition to attract switchers. We note the Chair of Pay.UK's Switching Service Customer Committee stated in Pay.UK's latest Annual Report for 2024: "*We saw a healthy, active switching ecosystem*"[25]

13. **Another marked change in customer behaviour is the rise in multi-banking behaviour noted above, a behavioural change in both personal and small business customers. Opening an additional current account is more common than switching a current account: over half of new current accounts are additional account openings.[26] This is due to a number of factors which make it both easy, practical and attractive to open additional current accounts.** This means customers are diversifying where they hold and operate their money and are less likely to commit to one provider. This places competitive pressure on banks to make sure they are meeting customers' needs brilliantly, so as to win or retain the primary relationship.

14. For PCA customers, we observe that this behaviour began to rise sharply following the pandemic when ability to travel opened up and neobanks offered attractive travel propositions such as fee-free debit card spending overseas. The desire for such specific features to suit their needs, coupled with the quick and easy account opening processes that the neobanks were able to offer, led to a shift in behaviour where people began to open additional accounts rather than switch. We are acutely aware of this

[20] 2025 Consumer Digital Index report
[21] @Ipsos SQI data for GB (February 2026): Personal banking service quality – Great Britain | Ipsos. Business Banking Service Quality: Great Britain Results | Ipsos. Note difference between Chase and Halifax and first direct for PCA online and mobile services is not significant, and Tide ranks jointly with NatWest for BCA online and mobile services.
[22] UK Mobile Phone Statistics - Stats Report - Uswitch
[23] Current Account Switch Service statistics - Pay.UK
[24] Current Account Switch Service statistics - Pay.UK (as above)
[25] 2024-Annual-Report-and-Financial-Statements.pdf
[26] © Ipsos 2025, Financial Research Survey (FRS), for the 6 months ended 31 December 2025. Results based on a sample of 6,738 respondents who have opened a current account in the last 6 months (aged 16+). The survey contacts around 50,000 adults (aged 16+) a year in total across GB. Interviews were over the phone and online, taking into account (and weighted to) the overall profile of the adult population. As of December 2025, additional current account openings constitute 52% and switched accounts 26% of new current account openings in the preceding 12 months.

competitive pressure, where PCA customers can now effortlessly open one or more secondary accounts perhaps initially for a specific feature or purpose, then, based on positive experience, begin to expand usage and shift balances. We need to compete effectively with the neobanks not only in terms of service experience but with new digital propositions and features. In this context, we observe demand for switching lies across both new and existing customers, i.e. some choose to open a new account with a different provider and multi-bank for a period of time then choose to fully switch their relationship at a later stage.

15. For SME customers, the banking journey has significantly evolved due to digital solutions, increased competition, and greater flexibility. In the past, SMEs would typically visit a branch to consult with their personal banker when starting a new business. They may have relied mainly on their incumbent bank and only sought alternatives if they faced declined lending applications or poor service. Today, SMEs have access to a variety of solutions, including from challenger banks and specialist providers, that they will consider much earlier alongside the bank(s) that hold their personal account. This shift allows SMEs to utilise multiple banking services across different providers, driven by innovative digital platforms and competitive offerings. The SME banking journey is now very clearly a multi-provider ecosystem, offering greater choice and flexibility. The expansion of the use of brokers has also had an impact, with SMEs now having greater access to often locally based brokers who can support them in accessing finance alongside banks, specialists and digital lenders. The CMA concluded in its final decision to release the SME Undertakings that "*There have been changes to customer behaviour in relevant SME banking markets. Specifically, customers' propensity to consider alternative providers and to switch providers in loans has increased.*"

16. **In addition, technological innovations are improving the customer experience and making it quicker to access bank accounts and finance. Facial recognition and fingerprints, for example, allow customers to prove their identity whenever and wherever they want rather than needing to make an appointment with the bank; and – for SMEs – developments such as Digital Identity could simplify 'know your business' processes further.**[27] The rise in app-based banking enabled by increased smartphone usage, including among older demographics, was a further catalyst to the change. Apps and mobile banking are more likely to be a reason for choice in selecting a provider for those opening an additional current account compared to those either switching accounts or those opening accounts for the first time.[28] The ability to have multiple accounts, particularly via apps and multiple cards in a digital wallet, drives competition every day in people's wallets – at every transaction there is an opportunity for the customer to choose whichever of their bank accounts best serves that purpose for them.

17. **The way consumers search and shop around has also evolved - with increased digitalisation and smartphone usage, consumers are more likely to browse or search online, using a range of search methodologies including comparison sites and search engines, increasingly powered by AI.** According to McKinsey, while not specifically in the context of banking, "*AI has already fundamentally altered online research, discovery and search behaviour*". They note "*consumers are quickly defaulting to AI-powered search to guide their choices, evaluate brands and increasingly to discover new ones*". Half of consumers they surveyed now intentionally seek out AI-powered search engines, and use of AI search spans all ages. They note that it changes consumers' ability to understand earlier in a journey what factors are important, and what features different brands excel at, and enables them to reach a conclusion in fewer clicks.[29]

18. Financial comparison sites and 'best buy' tables also remain a key tool for consumers. Finally, marketing on social media has also evolved to meet consumer trends, with banks increasingly using platforms such as Meta, TikTok, LinkedIn and YouTube to drive customer engagement and brand visibility to remain competitive in a digital landscape.

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[27] CFIT-Blueprint-Report-March-2025-Final.pdf (March 2025)
[28] © Ipsos 2025, Financial Research Survey (FRS), for the 12 months ended 31 December 2025. Results based on a sample of 4,093 switchers, 8,756 additional account openers, and 1,364 first time account openers (aged 16+). The survey contacts around 50,000 adults (aged 16+) a year in total across GB. Interviews were over the phone and online, taking into account (and weighted to) the overall profile of the adult population. 19% of those opening additional current accounts in the last 12 months cite 'offers online mobile banking' as a reason for choice in selecting their current account provider, compared with 13% of those switching a current account and 16% of those opening a current account for the first time. Similarly, 16% of those opening additional current accounts cite 'convenience of managing the account online or via an app' as a reason for current account choice, versus 10% of those switching current accounts and 15% of first-time current account openers.
[29] Winning in the age of AI search | McKinsey

19. **These shifts in consumer behaviour in themselves constitute a material change in circumstances, which have enabled digital banking to thrive and put pressure on traditional providers to adapt and evolve their products and services.** This material change in circumstances also highlights how the requirements of the Retail Banking Order, which were set out in the context of a less sophisticated digital environment, and prior to the rapid evolution of AI, have become outdated. The fast-moving nature of technology and consumer confidence, capability and behaviour, mean that to deliver good customer outcomes, we, as an industry, must keep pace to meet consumers' communication needs, without being constrained by prescriptive and outdated regulatory requirements.

20. **In fact, the prescriptive nature of the information requirements set out in the Order may limit competition and innovation as they do not allow firms to adapt their approach to communication to accommodate the change in the way consumers search for and consume information.** Banks need the freedom to keep evolving how they communicate with consumers, in line with evolving technology and behaviour, in particular accounting for the impact of and embracing the opportunities presented by AI.

Regulatory developments

21. **Since the Retail Banking Market Investigation Order came into force, there have been a number of notable changes in regulation that we believe serve the same purpose as the majority of the provisions of the Order. This means that – even in the absence of the strong competitive landscape that we see today – they would address the competition problems that were originally identified.**

22. **The introduction of the FCA's Consumer Duty ('the Duty') in 2023/24 focused on transparency, fair value and good consumers outcomes – and provides a high standard of consumer protection**. It requires that "a firm must act to deliver good outcomes for retail customers" together with cross-cutting rules such as that firms must act in good faith towards retail customers and avoid causing foreseeable harm, alongside rules on specific outcomes, relating to price and value and consumer understanding for example. The Duty requires firms to support their customers by helping them make effective and informed decisions about financial products and services by making sure customers are given the information they need, at the right time, and presented in a way they can understand.[30] Firms must ensure options available to consumers are presented in a clear and fair way, and they ensure that their 'choice architecture' is not designed to influence consumers to select a particular option that benefits the firm but may not deliver a good outcome for the consumer.[31] Equally, under the Consumer Support outcome, the Duty expects firms to ensure customers can access information and exercise choice effectively in practice. This includes avoiding unreasonable operational, informational or behavioural friction where customers seek to change products, compare options, or exit a service.[32] The Duty also requires firms to ensure that customers are getting fair value for money; a product or service that doesn't meet any of the needs of the customer it is sold to, or which has negligible or no obvious benefits, is unlikely to provide fair value under FCA rules.[33] The FCA expects firms to be proactive in delivering good customer outcomes and to monitor and take action based on the evidence of customer outcomes.[34]

23. **We also note that the DMCC Act 2024, which came into effect in 2025, updated the law to protect consumers from unfair trading, including strengthening the rules on price transparency in the context of 'invitations to purchase'.** It requires that prices should not be misleading and whenever possible consumers should be presented with the total price of the product at the outset, including all mandatory charges. If the nature of the product means its total price cannot reasonably be calculated in advance, the trader must instead give the consumer the information needed to enable the consumer to calculate the total price themselves. This addresses similar consumer harms as the price information provisions of the Order, including Parts 8 and 9 for SMEs, as it includes not being misleading in indicative pricing. Prices must be 'realistic, meaningful and attainable' for the consumers to whom they are presented. The CMA's associated guidance further explains these requirements. [35]

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[30] PS22/9: A new Consumer Duty
[31] FG22/5: Final non-Handbook Guidance for firms on the Consumer Duty
[32] FCA guidance, ibid.
[33] FCA guidance, ibid.
[34] Consumer Duty – information for firms | FCA and Consumer Duty implementation: good practice and areas for improvement | FCA
[35] CMA209 Unfair commercial practices, price transparency

24. The FCA's High Cost of Credit Rules were introduced in 2019 and 2020 following its high-cost credit review. Among other interventions it brought in new rules relating to overdrafts – designed to make overdrafts simpler, fairer and easier to manage.[36] Its package of remedies included stopping firms charging higher prices for unarranged overdrafts compared to arranged ones; banning most fixed fees for borrowing through an overdraft; simplifying overdraft pricing; requiring firms to advertise overdraft prices in a standard way; issuing guidance to reiterate that refused payment fees should reasonably correspond to the costs of refusing payments; and requiring banks to do more to identify customers who are showing signs of financial strain. This was alongside a set of competition remedies which aimed to improve consumers' low levels of awareness and engagement with overdrafts, requiring firms to provide online eligibility tools, improving visibility and content of information about overdrafts, automatically enrol customers into a set of overdraft alerts to address unexpected overdraft use, and remove any available overdraft from the description of a customer's available funds.

25. In the light of these new rules, particularly the programme of alerts (subsequently built into the FCA's Banking Conduct of Business Sourcebook (BCOBS) 8.4), the CMA varied the Retail Banking Market Investigation Order, on the basis of a relevant change of circumstances, by removing Part 6 (overdraft alerts). At this time, the CMA did not remove Part 7 of the Order, which requires providers to specify for each PCA product they offer the maximum relevant charges that they could accrue in relation to that PCA in any month as a result of exceeding or attempting to exceed a pre-agreed credit limit on the PCA. We believe the combination of the FCA's overdraft remedies, the strengthened rules on price transparency following the DMCC Act, as well as Consumer Duty, while not duplicating or mapping exactly to the specific provisions of Part 7 of the Order, do add a level of protection and creates overlap with the remaining overdraft remedy in the Retail Banking Market Investigation Order.

26. The Small and Medium Sized Business (Credit Information) Regulations 2015 also require designated banks to share (and regularly update) credit information (which includes information on loans and current accounts) about SME customers with specified credit reference agencies who provide this to other finance providers on request. HM Treasury's post-implementation review concludes that "*the policy has improved the availability of credit data for SME finance providers, reduced information asymmetries, supporting more accurate credit risk assessment and enables a wider range of finance providers to offer credit facilities to SMEs*", that "*the SME credit market and finance technology have both evolved substantially over the past decade" and that "the regulations have significantly enhanced competition in the SME credit market*". It also notes research which finds that the regulations have "*boosted the probability of SMEs establishing new borrowing relationships by 25%*".[37]

Further reasons why the Retail Banking Market Investigation Order remedies should be removed

27. As set out above, we think there are clear reasons why the Retail Banking Market Investigation Order should be removed in its entirety (with the exception of Part 2 as this is not in scope of this review). However, we would also observe that there are factors relating to each individual remedy under the Order which mean they are no longer required; for example because they are outdated, misaligned with consumer behaviour and no longer serve to address their original purpose - or because there is other effective regulation, or embedded industry practice, but where more flexibility in approach is being inhibited by the Order. We set out a number of observations below[38]:

Part 3 of the Order (requirement to collect and display Service Quality Indicators (SQIs))

28. Part 3 was designed to make it easier for consumers to find out and compare information on the service quality of different providers. Given the clear evidence of effective competition in both the PCA and BCA market, it is clear that any barriers to accessing and assessing such information are no longer in place.

29. **In addition, the increase in digital banking and the reduced use of branches for current account opening (as referenced earlier), means that the requirement to publish posters or digital displays in branch, which brings significant cost in terms of artwork production, print, delivery and control is increasingly disproportionate as branches are no longer the venues for competition that they were**

[36] High-cost credit review | FCA
[37] CCDS_Post-Implementation_Review_2024.pdf (Oct 2024).
[38] We note that Part 2 of the Order is out of scope for the current review, Part 4 is inactive, Part 6 was removed in 2019, Part 10 is largely expired, and Part 11 is expired by virtue of it being a 'sunset remedy'. Part 12 relates largely to monitoring and reporting requirements. Our comments relate to the remaining requirements for which we are in scope.

10 years ago. While the SQI metrics do provide one source of information on how different providers rank in terms of service quality, there are other similar survey-based recommendation metrics available to providers and consumers, including Which? (based on its own customer reviews and large-scale survey of current account customers)[39] and Money Saving Expert.[40] For providers who wish to access up to date benchmark research on consumers' views of service quality, there are various research providers who offer this. Trustpilot enables customers to review their experience of financial providers, so consumers can make judgements about providers based on detailed reports of others' recent experiences. Finder.com[41] and App Store ratings are other examples; firms themselves may use these reviews, alongside other sources of customer feedback, to help them improve their service. In addition, consumers now increasingly use different sources to help make choices about providers, such as word of mouth through social media platforms.

30. [✂]

<u>Part 5 of the Order (requirement to provide up to 5 years of transaction history on account closure and up to 5 years hence)</u>

31. **Part 5 was introduced to address perceived barriers to switching,** particularly customer concerns that they might lose access to transaction history if they moved provider and could not therefore access it, for example if needed to open future credit products.

32. **We consider that the Part 5 requirement is no longer needed to address any barriers to switching, no longer reflects consumer need and does not provide incremental value.** Established industry processes and existing regulation already ensure that LBG (and we expect other providers) would continue to make historic statements/transaction histories available on request, for whatever period a former customer required.

33. **As noted earlier, we have seen switching behaviour through CASS become embedded,** with high levels of confidence, awareness and uptake. This, coupled with growth in multi-banking, has led to a marked rise in new account opening in both PCA and SME markets, demonstrating that concerns about access to historic transaction data is no longer a factor influencing willingness or ability to switch.

34. We also consider the requirement to provide up to five years' worth of transaction history on closed accounts does not reflect today's customer needs or typical use cases. In practice we see low demand for transaction histories: [✂] In this context we observe that transactions histories, certainly going back more than two years, have reduced relevance in terms of accessing credit/other products with another provider. They are not typically required for customers to access new banking products, as onboarding checks are typically run via a Credit Reference Agency (CRA). There are only certain circumstances where account history would be required for account opening, and this would typically be far less than 5 years (typically 6 months).

35. To illustrate, across LBG's personal and SME banking propositions, access to new products is primarily underpinned by CRA checks, ensuring robust, consistent and efficient decision-making. For PCAs, personal overdrafts, credit cards and loans, transaction history is not required. Very occasionally customers may voluntarily provide a transaction history if appealing a decision, but volumes are extremely low. For BCAs, we use neither transaction history nor CRA data to assess applications. For business overdrafts we use CRA data primarily and require a transaction history on a small minority of cases – underwriters may request statements (but typically up to 6 months only) to support manual assessments where we do not yet have enough data on an account. For SME Lending, all loan requests from customers who do not already have an existing relationship with LBG are assessed manually and would require 6 months of transaction history. Only occasionally is anything longer required. For Mortgages, CRA data is assessed for all applications. In a minority of cases, underwriters may request up to 3 months of statements to support manual assessments.

36. In terms of other use cases, we note (and include on guidance for branch colleagues) that common reasons for customers requesting *printed* statements include when applying for a job, for Department of Work & Pensions claims, for Visa applications (Home office/immigration) for Mortgage applications

[39] Bank Accounts - Which?
[40] Best current accounts: Get up to £255 to switch, 1% cashback & more with top bank accounts
[41] Find better deals on investing, banking, loans, credit and insurance

(proof of funds), for DBS checks and for Tax returns. However, in most cases (other than tax returns) it is typically a recent statement (from within last 3 months or less) that is required. Although this does not specifically relate to customers who have closed accounts, we believe this is likely to be indicative of use cases in general.

37. Moreover, access to transaction history (previous statements) is now standard industry practice, independent of the CMA Order. LBG can provide customers and former customers with statements well beyond five years where requested, with no charge. We also note that there is a degree of overlap with UK Data Protection Legislation and Subject Access Request (SAR) requirements, where customers have the right to access their personal data, including transaction history, upon request. In practice, former customers would rarely need to use a SAR to obtain this information, given that the practice is embedded in BAU.

<u>Part 8 (Publication of rates for SME lending products)</u>

38. Part 8 of the Order was put in place to address barriers to accessing and assessing information and low customer engagement in the SME lending market. It requires providers to publish specific information for loans and overdrafts, including Annual Percentage Rates (APRs) and Effective Annual Rates (EARs) and additional contextual information.

39. As noted **earlier in this response, the SME lending market has evolved significantly. We agree with the CMA's conclusion in its decision to release the SME Undertakings that both competition and consumer behaviour have changed materially. This demonstrates that SMEs are no longer disengaged and access to information about alternatives is readily available.**

40. We fully recognise the importance and value of transparent pricing for SMEs and will continue to provide clear, comparable information, irrespective of whether the Order is retained, to enable consumers to make informed choices and to meet our broader regulatory responsibilities. However, revocation of the Order would give providers flexibility to present information in different ways, that are clearer for SMEs to understand and use. Our research indicates that SMEs value being provided with the actual cost of borrowing, and loan repayment amounts and total interest costs may be more tangible and easier to understand for some than representative rates. As noted earlier, the way consumers search and access information is rapidly evolving and we would welcome the flexibility to evolve the format and content of our communication alongside.

41. We would further add that the concepts of APR and EAR are designed for traditional lending models. Fintechs are increasingly offering new forms of revolving lending facilities, as opposed to traditional overdrafts. The rules that we have today are not designed for these products, and therefore are less helpful to consumers. Like for like comparisons using APR and EAR really only work for customers who are looking to compare traditional providers and products.

42. In addition, Consumer Credit Act (CCA) reform is underway, and the details of SME lending requirements in relation to CONC and CCA are subject to further discussion with the FCA. We are aware that CONC 3 review is being considered, and we look forward to any broader discussion or consultation on APRs that might come out of that review.

43. **Even without the Order, we would continue to ensure SMEs have access to key pricing information to enable them to make informed decisions. The FCA Consumer Duty, FCA Principles of Business, and relevant CONC rules already promote transparency and fair pricing, without prescribing specific content and formats, giving flexibility to reflect the information in the way SMEs can best understand and use it.**

<u>Part 9 (Provision of pricing and eligibility tool)</u>

44. Part 9 of the Order requires providers to make continuously available, in a prominent location on their websites, a tool which enables SMEs to obtain an indicative price quote and indication of their eligibility for a loan or overdraft before they begin any sales journey. It was designed to enable SMEs to readily explore alternatives.

45. Even though the market is now competitive, and SMEs have a greater propensity to seek alternatives, we recognise the importance of transparent pricing in SME lending. Our research shows that SMEs value knowing their eligibility and likelihood of credit being approved. [✂]

46. Pre-eligibility (enabling customers to know what price they can expect) is central to our approach to lending. The eligibility tool is built into our journeys and, even in the absence of the Order, we would still support our customers to be able to get to the answer quickly on whether they would be offered the lending they require, and what pricing they would receive.

47. However, **we would welcome the opportunity to be able to explore providing key pricing and eligibility information in different ways, to make it easier for consumers to digest, without being bound by the restrictions of the Order. For example, the most appropriate location of the tool may be different based on specific customer journeys, and greater flexibility would allow us to evolve and develop the tool, including its placement.**

48. In line with other regulation and our commitment to ensure good consumer outcomes, our SME lending journeys are designed to be clear and transparent. Once the consumer has entered the application process/sales journey for a loan or overdraft, we use live pricing and eligibility information. This is delivered during the sales journey as it is based on individual customer data and risk profile data. It is available for all existing and new-to-bank customers during their application for loans and overdrafts up to £25,000 and ensures that they receive tailored cost information before committing to a product and fully understand what they will be paying. They are still able to seek other offers at this stage if they wish.

49. We would highlight that digital first engagement has become embedded across the industry, and eligibility tools are now a standard feature of personal lending journeys (e.g. credit cards and personal loans). Maintaining this approach to SME lending reflects customer expectations and digital strategy alignment. In fact, some banks and fintechs already offer, or are developing, more advanced eligibility and pricing tools than those mandated by the Order. These tools can use real-time credit data, Open Banking insights, and AI-driven risk models.

50. When the Retail Banking Order was published, the CMA had designed its remedies to reflect the increasing digitalisation of banking, but it could not have envisaged the monumental digital and behavioural changes that the next decade would bring, including through the impacts of the Covid pandemic and the transformative evolution and entry of AI into firms' and consumers' lives. As such the backdrop to UK Retail Banking has radically changed – in terms of the global economy, regulatory framework, technology, consumer attitudes and behaviour – and as a result the Retail Banking Order has become outdated.

51. Finally, we would like to draw attention to the CMA's observations in its final market investigation report: "*We recognise that our market investigation is being carried out against a backdrop of highly unusual macroeconomic conditions following the global financial crisis in 2007/08 and the subsequent economic downturn*". It noted factors such as prolonged low Bank of England interest rates, significant government intervention in the banking sector to restore stability, increased importance to banks of current account balances as a source of funding, and banks seeking to rebuild balance sheets and improve capital position. This led to general contraction of lending activity by the major banks, particularly in the SME sector, and the CMA noted it facilitated some entry/expansion by new lending providers. It also noted the upcoming EU referendum, but at the time was unable to comment on what the impact of this would be on the economic outlook. The backdrop to today's Retail Banking environment is different in almost every respect.

SUPPORTING DETAIL – PAYMENT PROTECTION INSURANCE (PPI) ORDER

52. **We strongly advocate for revocation of the PPI Order, given the significant changes in circumstances, and benefits in taking a different approach to serve the remaining legacy customers.**
53. The key remaining requirement for LBG, on the basis we no longer sell PPI policies, but have a small remaining back book, is to provide customers with Annual Review statements to enable shopping around and switching.
54. **However, the market has changed to the extent it effectively no longer exists, so the original purpose of the Order as a competition remedy can no longer have any utility.**
55. As previously discussed with the CMA in our bilateral engagement on this topic through 2025[42], the majority of providers have now exited the market and closed their legacy back books. We are not aware of any major credit provider selling new PPI policies directly to consumers in the UK.
56. We estimate that there is only a small volume of PPI policies still in existence (c.397k) of which c.44% are LBG [43] (based on FCA reporting).
57. As the CMA is aware, Covea, who were our underwriters of the MBNA book PPI policies, also made the decision to exit the PPI market. As a result, LBG has reduced our own legacy back book through the cancellation of the MBNA policies in 2025.
58. **The PPI Order is very prescriptive meaning that Annual Review layout, format and content cannot be altered. If revoked, we could adapt the way we provide information to better meet current customer needs, enhancing clarity and presentation to align with our latest customer engagement standards and with FCA Consumer Duty guidance.**
59. During 2025 we executed a separate campaign to deliver customers a concise message around claim eligibility and the claims process. This communication saw a significant uplift in customer engagement, demonstrating that a clear and jargon-free communication successfully drives positive customer outcomes.
60. **For LBG, there is a significant cost of compliance relating to Annual Review production, associated controls, plus mailing and print costs. Given the change in the market, this could be used in better ways, e.g. to deliver information in a way which meets customer information needs more effectively.**
61. **Finally, new regulation, in particular the FCA's Consumer Duty, will ensure any back-book customers still receive the information they need to make informed choices.** The Consumer Duty came into force for closed book products including PPI back books from July 2024. Its Consumer Principle and specifically its Consumer Understanding Outcome (as referenced earlier) ensure that firms' communications will support and enable consumers to make informed decisions, and that they will be given the information they need at the right time in a way that they can understand.
62. In summary, we support revocation of the PPI Order on the basis there has been a significant change of circumstances since the Order came into force. The market has entirely changed so the original purpose of the Order can no longer have utility and is not needed. In absence of the Order we would continue to provide our legacy policy holders with transparent information about their policies, but would have the flexibility to vary the layout, format and content to best suit their needs.

[42] We reference our bilateral engagement through 2025 including meeting 29/01, email 13/02, meeting 03/03, email and supporting pack 03/04 and response to the CMA's information request July 2025.
[43] FCA Value Measures Report 2024

SUPPORTING DETAIL – CURRENT ACCOUNT SWITCH SERVICE UNDERTAKINGS

63. **We support a review and subsequent removal of the CASS Undertakings 2017 (given by Bacs Payment Schemes Ltd) on the basis that:**
    i. **the Current Account Switching Service (CASS), now owned and operated by Pay.UK, is embedded and working well for consumers and participants, and the purpose of the Undertakings to make current account switching work better (including building on and improving the existing service) has been achieved.**
    ii. **The broader regulatory framework in place through the FCA and the PSR, underpinned by the Payment Account Regulations 2015 (PARs), means that provision of switching services that work well for consumers and promote competition are being monitored and can be enforced by sector regulators.**
    iii. **Release of the Undertakings will enable the service to continue to evolve in line with participant and consumer needs.**

    We build on these points below.

    <u>Switching under the CASS is embedded and working well</u>

64. The CASS Undertakings were given by Bacs payment schemes in 2017, as part of a package of remedies designed by the CMA to address problems with competition it identified through its Retail banking market investigation. The CMA required Bacs to undertake to complete specified reforms to its corporate governance, to extend the CASS payments redirection period to an additional 13 months (over the existing 36 months) and to complete specified measures to increase awareness of and confidence in CASS, and measures to facilitate the searching and switching of personal current accounts including working with participants to ensure they would give firm decisions to a customer on the Arranged Overdraft offered after a customer has completed the PCA provider's application process but before they switch account.
65. CASS is now embedded and working well, with over 50 participant firms and high levels of switching using the service, coupled with strong consumer awareness and confidence. Pay.UK's Switching Services Customer Committee (SSCC) oversees the strategy, development and performance of the CASS. It is made up of Pay.UK representatives, customer representatives, and independent members including the Chair. The most recent Chair was appointed in June 2024.[44] The SSCC reports to the Pay.UK executive committee, which in turn reports to the Board of Pay.UK.
66. Pay.UK publishes monthly statistics and quarterly and annual reports on the service on its website, providing openness as to effectiveness. In Pay.UK's latest Annual Report, Wanda Goldwag (Chair of Pay.UK's SSCC) stated "*We welcomed new brands to the Service, enabling more choice through a diverse and competitive market*".[45] CASS statistics published by Pay.UK show that switching volumes (with the CASS Guarantee) are consistently high, at over 100,000 a month in several months of the year, and over 1 million switches completed in 2025 (the third year running with >1 million switches) and over 12 million completed altogether. Main reasons for switching include online or app banking, customer service, interest, spending benefits and features or benefits – indicating that customers are choosing to switch and being successful in switching to get better products, price and services.[46] In Q4 2025, based on Pay.UK customer data, awareness, satisfaction and recommendation levels were 77%, 93% and 92% respectively. Confidence in the service, determined by end users agreeing with the statements: it would be easy for me to switch, it would be quick for me to switch, I think it is a secure and reliable process, and any problems would be dealt with effectively, was 79%.[47]

[44] Pay.UK welcomes new Chair of the Switching Services Customer Committee (SSCC)
[45] 2024-Annual-Report-and-Financial-Statements.pdf
[46] Current Account Switch Service statistics - Pay.UK
[47] Current Account Switch Service statistics - Pay.UK (as above)

67. Our experience at LBG as a participant firm is that the service works well for participants and consumers alike, and is driving strong competition. We have always been a strong advocate of the service since its inception. Many of our customer incentives across our current account portfolio encourage customers to use CASS to switch. As new banks emerge, they join up.[48] We would like to see it continue and evolve but do not consider the Undertakings necessary to achieve this. We note that while Pay.UK carries out successful promotional activity as required by the Undertakings, we (and the other banks) also carry out our own promotional activity, given the benefits of CASS for participant firms and consumers alike.

68. In terms of overdraft decisioning prior to completion of switch, and the extended redirection period required by the Undertakings, we believe these conditions are now baked into CASS participants' processes, and – given the strong governance framework along with regular participant and customer engagement – any changes would only be made in order to evolve in the interest of customers and participants. At LBG, for instance, we have a process in place where customers going through the CASS process can open an overdraft at the same time as a PCA.

<u>Maintaining switching services is underpinned by a robust regulatory framework</u>

69. The requirement to offer consumers (including SMEs with income <£1m) a prompt and efficient switching service between payment accounts is set out in the FCA Handbook (specifically BCOBS 5.1). The FCA updated these rules in 2016 to bring into effect changes in switching legislation set out in the Payment Account Regulations 2015 (PARs)[49], which included more specific switching requirements and responsibilities of payment services providers (for consumers). The rules reflect the FCA's commitment to promoting competition in the interests of consumers in line with the Payment Accounts Directive.

70. Under these rules, payment service providers (PSPs) may either provide a switching service (in line with the PARs requirements), or be a member of a designated 'alternative switching scheme' which meets the PARs requirements. The Payment Systems Regulator (PSR) was appointed by HM Treasury in 2016[50] as the competent authority to designate alternative switching schemes and monitor their ongoing compliance under the PARs. As such the PARs provided that any operator of a switching service may apply to the PSR for designation as a 'alternative switching arrangement'.

71. The PSR agreed in 2016 that the Current Account Switching Service (CASS), operated at the time by Bacs, met the minimum requirements for designation under the PARs (Regulation 15(2)), and has renewed its designation annually to date. In November 2025 it confirmed the CASS continues to meet the requirements, following a review of information and evidence submitted by Pay.UK.

72. The PSR set out its approach to designation and ongoing compliance monitoring in its guidance document. [51] As such the PSR continues to monitor CASS compliance, requiring annual compliance reporting, and has the regulatory powers (including enforcement powers) to ensure operators of alternative switching services continue to meet the requirements set out in the PARs.

73. On this basis our view is that the regulation which is now in place (switching rules reflecting PARs under FCA, and the PSR's powers to monitor and enforce compliance with designated alternative switching services such as CASS) provide a regulatory framework which will ensure consumers and SMEs continue to benefit from effective switching services, which will continue to enable effective competition.

74. In conclusion, we are confident that even if the Undertakings are removed, the CASS will continue to thrive and evolve. Any risk to payment providers continuing to enable effective switching is prevented by broader regulation and legislation, and – in our view – the risk to the continuation of the CASS itself (or equivalent) is minimal given the established and embedded participation, the continued demand from both participants and consumers, and the ability for the service to evolve in line with consumer needs and expectation. It is important it is enabled to evolve.

75. We note that Wanda Goldwag, Chair of the SSCC, states in Pay.UK's most recent annual report: "*In 2025 we look forward to our continued engagement with stakeholders and refinement of our strategy as we work to ensure that the Current Account Switch Service remains a best-in-class service that empowers*

[48] Banks & building societies
[49] The Payment Accounts Regulations 2015. See Part 3 and Schedule 3.
[50] PS16/2 The application of the Payment Accounts Regulations in respect of alternative arrangements for switching accounts | Payment Systems Regulator
[51] pars-final-guidance.pdf

choice and ensures consumers and small businesses can always find a current account that best suits their needs". She references that she has closely engaged with HM Treasury, the PSR and the CMA on the future role of the CASS, and that Pay.UK will focus on "*looking for new opportunities to improve operational capabilities and maintain service relevance*". [52]

[52] 2024-Annual-Report-and-Financial-Statements.pdf