INNOVATE FINANCE

CMA Provisional Decision: Strategic Review of CMA Markets Remedies

Proposed Removal of Part 3 (Service Quality Indicators) of the Retail Banking Market Investigation Order 2017

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About Innovate Finance

Innovate Finance is the independent industry body that represents and advances the global FinTech community in the UK. Innovate Finance's mission is to accelerate the UK's leading role in the financial services sector by directly supporting the next generation of technology-led innovators.

The UK FinTech sector covers businesses from seed-stage start-ups to global financial institutions that embrace digital solutions, playing a critical role in technological change across the financial services industry. FinTech has grown enormously since the Global Financial Crisis of 2007/8, which led to mistrust in traditional banks and coincided with an explosion in the use of smartphones, widespread adoption of the use of apps, the advent of blockchain technology, and significant investment in FinTech start-ups.

FinTech is synonymous with delivering transparency, innovation and inclusivity to financial services. In addition to creating new businesses and new jobs, it has fundamentally improved the ways in which consumers and businesses, especially small and medium-sized enterprises (SMEs), access financial services.

We represent most of the UK's digital-first and digital-only challenger banks, all of whom hold a UK banking licence.

Executive Summary

Innovate Finance opposes the CMA's proposal to remove Part 3 (Service Quality Indicators) of the Retail Banking Market Investigation Order 2017. Part 3 requires banks to commission independent surveys and publish comparable, standardised "league tables" on service quality for personal and business current accounts.

Our case for retention rests on three grounds:

1. **Disproportionate harm to challenger banks.** Digital-first and digital-only providers consistently rank at or near the top of Service Quality Indicators **(**SQI) results. This is one of the only independently verified, government-mandated channels to demonstrate superior service without the brand recognition, legacy distribution and marketing budgets of the CMA9. Removing Part 3 would strip away the mechanism that converts better service into visible competitive advantage. This will further entrench incumbents rather than leveling the playing field.
2. **No demonstrated change of circumstances.** The retail banking market remains highly concentrated, switching and engagement remain structurally low (Current Account Switch Service business/charity switches remain under 1% of eligible SMEs annually), and SME

banking inertia persists (five major banks hold 89% of BCA (business current account) share among SMEs with 10+ employees). The conditions that justified the remedy in 2016/17 have not materially changed.

3. **The FCA's Consumer Duty does not replace Part 3.** Consumer Duty is a firm-level, principles-based obligation. It does not require standardised, comparable, cross-provider data or produce a public league table. It operates at a different level and serves a different function from Part 3's market-wide comparability.

Cost-benefit balance favours retention. The SQI remedy is now low-cost to comply with (methodology and reporting cycles are well embedded after nearly a decade), while the loss of a credible public benchmark and evidence that customer service drives over a quarter of switching decisions (Which?, Aug 2026) would be significant.

Recommendation: Retain Part 3 in full. If the CMA proceeds with removal regardless, it should first publish the specific evidence underpinning its change-of-circumstances finding and consult further on the impact on challenger and digital-only providers.

1. Introduction

Innovate Finance welcomes the opportunity to respond to the Competition and Markets Authority's (CMA's) provisional decision on the Strategic Review of CMA Markets Remedies. This response focuses on the proposed partial removal of the Retail Banking Market Investigation Order 2017, and specifically on the proposal to remove Part 3 of that Order, which contains the Service Quality Indicators (SQI) remedy; the requirement for banks and building societies to commission independent customer surveys and publish comparative results ("league tables") on service quality for personal current accounts (PCAs) and business current accounts (BCAs).

The SQI remedy has been in place since 2017 and forms part of the integrated package of remedies that followed the CMA's 2016 retail banking market investigation. It was designed, together with Open Banking, prompts to review banking arrangements, and other measures, to address the low levels of customer engagement and switching that the CMA identified as a key driver of weak competition in retail banking.

The UK economy is at a critical juncture for productivity and growth, and we strongly support the government's and the CMA's desire to reduce unnecessary regulatory burden where remedies genuinely no longer serve a purpose. Our member Monzo responded to the March 2026 consultation on this matter, indicating its strong recommendation to retain Part 3 of the Order. **We take the same position, because:**

(a) The removal of the SQI remedy would disproportionately benefit incumbent banks and negatively impact challenger and digital-only banks, who typically score most highly in the published survey results. These scaling banks lack the brand recognition, legacy distribution networks and marketing resource of the CMA9 to otherwise make their superior services known to consumers and SMEs;
(b) Removing the remedy would strip away one of the few remaining, independently verified and freely available tools that allow consumers and SMEs to compare providers on quality rather than on brand or inertia. It should be acknowledged that switching and engagement in retail banking remain structurally low; and

(c) We do not consider that the underlying "change of circumstances" needed to justify removal has been demonstrated, given the retail banking market remains highly concentrated and the conditions that justified the remedy in 2016/17 persist.

We cannot therefore see how a cost-benefit analysis would support removal of Part 3, and we set out our reasoning in more detail below.

2. The Current Position

Part 3 of the Order requires designated providers to commission independent, comparable surveys of PCA and BCA customers and to publish the results – including whether customers would recommend their provider's overdraft services, online and mobile banking, branch and in-app services, and overall service – twice yearly, in a standardised format, as open data.

The remedy exists because the CMA's 2016 investigation found that a combination of low customer engagement, poor transparency and a lack of comparable information were core barriers preventing customers from searching for, and switching to, better-performing providers. Nearly 60% of personal customers had, at that time, stayed with the same bank for over a decade, and price and quality signals were not driving competitive pressure in the way they would in a well-functioning market.

SQI results are also used by third parties – comparison websites, consumer groups and the media – to build public "leaderboards" ranking providers on customer satisfaction. We, at Innovate Finance, often cite SQI results in our policy and advocacy materials to regulators and government, as a useful framing for the importance of competition in retail banking and the need to maintain a level playing field for challenger banks.

This is one of the very few remedies in the entire retail banking package that translates directly into a simple, digestible, comparative signal that ordinary consumers and SME owners can act on without needing to understand the underlying regulatory framework.

3. Removal Would Disproportionately Harm Challenger Banks

It is well documented that digital-first and digital-only banks have consistently ranked at or near the top of the published SQI results tables for both PCAs and BCAs since the surveys began, reflecting the quality and responsiveness of app-based service models that many of our members have built from the ground up. This has become one of the most visible, credible public proof-points that challenger banks can point to when competing for customers against long-established brands.

Our members do not have local branch networks built up over generations, do not benefit from decades of customer inertia, and do not have the marketing resource on a comparable scale to the major banks. Independently verified, government-mandated survey data is one of the only channels through which a smaller or newer provider's quality of service can be demonstrated to the public on equal terms with an incumbent.

Removing Part 3 would not simply be a neutral reduction in reporting burden. It would remove the principal mechanism by which challenger banks currently convert better service into a visible competitive advantage, while leaving intact the CMA9's inherent advantages of brand recognition, footprint and customer inertia. In practice, the removal of part 3 risks entrenching the position of the incumbents rather than levelling the playing field for scaling firms. This is at odds with direction

for the UK's financial services industry set in July 2025's Financial Services Growth and Competitiveness Strategy,[1] which said:

"A more competitive UK financial services sector can invest more in the real economy, support consumers in getting better returns on their savings and build on existing specialisms in thriving clusters across every nation of the UK."

We also note that, unlike some of the other remedies under review, the operational cost of the SQI remedy to designated providers is now low: the surveys have been commissioned on a rolling basis for almost a decade, the methodology is established, and the reporting cycle is well embedded into providers' compliance functions. The marginal saving from removal is therefore modest, while the loss of a credible, comparative public benchmark is significant- a cost-benefit balance which, in our view, favours retention.

4. Competition In Banking Still Needs The CMA's Full Support

We recognise the CMA's and the government's wider push to reduce the cumulative regulatory burden on business and to support growth. We support that objective in principle, and elsewhere in this strategic review we have identified remedies that genuinely appear to have been superseded by other regulations or events.

However, the current economic environment is precisely the context in which effective competition in retail and SME banking matters most. Inertia is still heavily seen in the SME market. A 2024/5 survey by one of our members of the BCA market focused on SMEs with 10+ employees showed the five major banks holding 89% of BCA share, other traditional banks at 5% and digital banks at 6%. Pay.UK data shows only around 20,000–25,000 Current Account Switch Service (CASS) switches per annum for businesses and charities, which is under 1% of SMEs that could realistically be switching. On the personal side, customer inertia of the kind the CMA identified in 2016 has not disappeared, but is improving. According to CASS, 608,528 switches were completed between January and June 2026, up from 439,324 in the first half of 2025.[2]

Consumer group Which? conducted a survey in August 2026, which provides a detailed look at why consumers switch accounts:[3]

- 36% move accounts for better mobile or online banking
- 33% switched for better interest earned
- **29% moved banks for improved customer service**

It is worth highlighting that final datapoint- more than 1 in 4 users of CASS said better customer service was the reason they switched. This demonstrates that in a concentrated market, publicly

[1] UK Government, *The Modern Industrial Strategy: Financial Services Growth and Competitiveness Strategy*, July 2025
[2] Current Account Switch Service, *Current Account Switch Service reports 39% year-on-year rise in H1 switching*, July 2026
[3] Which?, *The most popular bank to switch to – and what to know before moving*, August 2026

available, comparable quality signals are not a “nice to have”. They are one of the few levers available to smaller providers to compete for switchable customers at all.

Removing one of the few remedies that is a contributing factor to consumers engaging with their finances and overcoming the inertia to make a switch, at a time when cost-of-living and cost-of-doing-business pressures make getting a good deal on banking more important than ever, sends the wrong signal.

We are also mindful that this proposal does not sit in isolation. It follows a broader pattern across recent reviews – including the CMA's review of the SME Banking Undertakings 2002 and its proposal to remove the Limitation on Bundling Provisions – of individual remedies being reassessed one at a time, often on the basis of the burden they place on designated firms, without full regard to how they interact cumulatively to sustain competition. We would urge the CMA to consider the SQI remedy, and the retail banking remedies package more broadly, in that cumulative context rather than in isolation.

5. Challenging the Reasoning for Removal

Changes to the regulatory landscape, including the introduction of the Consumer Duty, are being relied upon in the provisional decision as a basis for finding that CMA remedies in financial services have been superseded. The Consumer Duty requires firms to put their customers' needs first. It is a firm-level, principles-based obligation supervised by the FCA. It does not require firms to publish standardised, comparable, cross-provider data in one place, and it does not produce a public league table. Part 3 does precisely that.

Consumers rely on SQI data, which is published in a consistent and independent format, not on Consumer Duty compliance data (which is not published in a comparable form). If Part 3 is removed, that public comparability disappears even though the Consumer Duty remains in place, because the two remedies operate at different levels and serve different functions. This is a key difference between a firm being required not to treat its customers badly, and a market-wide dataset that lets a customer see, before they buy, which providers treat customers best.

We would therefore ask the CMA, if it considers the Consumer Duty to be a relevant change of circumstances for Part 3, to explain specifically how that development replicates the comparable, published, provider-level data that Part 3 currently delivers, rather than relying on a general finding that consumer protection in financial services has strengthened since 2017.

Against the backdrop, we do not believe the case has been made for a relevant change of circumstances to justify removing Part 3. The market dynamics that justified the remedy in 2016/17, particularly the inherent advantage for longer-established, multi-product incumbents persist today.

5. Conclusion

In summary, we consider that removing Part 3 of the Retail Banking Market Investigation Order 2017 would disproportionately disadvantage challenger banks, remove a low-cost but high-value tool for consumers and SMEs, and weaken competition in retail and SME banking at a time when the CMA should be reinforcing, not withdrawing, the tools that support it.

We recommend that the CMA retain Part 3 of the Order in full. If the CMA is minded to proceed with removal, we would request that it first publish the evidence underpinning its assessment that a relevant change of circumstances exists, and that it consult further and specifically on the impact on challenger and digital-only providers.

[ENDS]