

Pay.UK response to the CMA's strategic review of market remedies provisional decision – CASS Undertakings 2017

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1 Executive summary

Pay.UK welcomes the opportunity to provide further views on the Competition and Markets Authority's (CMA's) Provisional Decision to retain the Current Account Switch Service Undertakings. The Current Account Switch Service plays an important role in supporting competition and consumer choice by giving personal current account (PCA) and business current account (BCA) customers a reliable mechanism to switch between providers. Since launch, the Current Account Switch Service has facilitated over 13 million switches and consistently maintained high levels of customer awareness and confidence.

We strongly agree that the outcomes supported by the Undertakings remain important, and we are committed to maintaining and improving upon those outcomes. However, we do not consider that the Provisional Decision demonstrates that the Undertakings remain necessary, proportionate or appropriately targeted to secure those outcomes, particularly given the maturity of the Current Account Switch Service and the wider governance and oversight arrangements now in place within Pay.UK.

The case for requiring the Undertakings has materially weakened since they were introduced. The Current Account Switch Service is a mature and embedded service, supported by established operational procedures, consistently strong performance, and governance arrangements that are materially different from the context in which the Undertakings were originally imposed. In parallel, the Payment Account Regulations 2015 (PARs) framework, the Payment System Regulator's (PSR's) designation and oversight role, and ongoing regulatory engagement provide existing mechanisms through which the effectiveness and consumer outcomes of the Current Account Switch Service (or any other switching service) can continue to be assessed and maintained.

The CMA explains that it bases its Provisional Decision on low switching rates, issues accessing BCAs, and a current lack of like-for-like Financial Conduct Authority (FCA) rules to replace the Undertakings. In our view, low switching rates and wider issues relating to Small and Medium Enterprise (SME) access to BCAs do not, of themselves, indicate a deficiency in the operation of the Current Account Switch Service or establish that the Undertakings remain necessary. Nor does the absence of clause-for-clause equivalent FCA rules mean that appropriate oversight would fall away if the Undertakings were revoked, given the flexible oversight mechanism provided by the PARs. Indeed, we would not expect the FCA to have duplicated the Undertakings on a like-for-like basis by imposing separate rules to secure the same specific outcomes, as this would have compounded regulatory complexity and overlap.

We also consider that revocation of the Undertakings would create an opportunity to simplify the regulatory landscape while maintaining appropriate oversight of the Current Account Switch Service. Retaining the Undertakings alongside the existing regulatory and governance framework risks continuing complexity and prescription without specific evidence that this delivers additional benefits for consumers or businesses. An outcomes-focused and flexible approach, through the PSR's role and discretion under the PARs, would better support the continued evolution of the Current Account Switch Service while preserving the safeguards needed to ensure the service remains effective.

The remainder of this response is structured in three parts. First, it addresses the CMA's reasons for provisionally retaining the Undertakings, including low switching rates, SME access to BCAs, and the absence of equivalent FCA rules. Second, it sets out wider considerations relevant to the assessment of

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necessity and proportionality, including the Current Account Switch Service's maturity, changes in governance and the opportunity for regulatory simplification and futureproofing. Third, the annex provides a more detailed undertaking-by-undertaking assessment, identifying provisions that are duplicative, no longer clearly justified or capable of being addressed through the existing regulatory framework.

We continue to judge that the Current Account Switch Service Undertakings should be revoked. **If the CMA is not minded to revoke the Undertakings in full, we consider there is a strong case for removing or amending those provisions that are no longer clearly linked to the risks they were originally designed to address and that restrict Pay.UK's ability to deliver the outcomes in flexible, future-proof and potentially more effective ways.** These are described in the annex. We ask that the CMA reflects on these points and responds to them as part of its final decision-making.

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2 Assessment of the CMA's reasons for retaining the Undertakings

2.1 Low switching rates for PCAs and BCAs

The CMA identifies continued low switching rates for PCAs and BCAs as one factor supporting its Provisional Decision to retain the Undertakings. Pay.UK recognises the CMA's concern that switching rates remain lower than it would like. **However, low switching rates do not, of themselves, demonstrate a deficiency in the Current Account Switch Service or establish that the Undertakings remain necessary.**

The Current Account Switch Service is an enabling service. It provides consumers and businesses with a secure, reliable and trusted mechanism to switch accounts where they choose to do so. In doing so, it reduces friction in the switching process and strengthens the competitive constraint on account providers by making switching credible and accessible. However, the Current Account Switch Service does not determine the commercial attractiveness of competing account propositions, provider incentives, or wider behavioural factors that influence whether customers decide to switch.[1]

This distinction is important. The Current Account Switch Service has consistently met, and frequently exceeded, its consumer awareness, confidence and satisfaction key performance indicators (KPIs) since 2017. In that context, the CMA has not demonstrated how retaining the Undertakings would address the underlying reasons why customers may choose not to switch, or that low switching rates are attributable to the operation of the Current Account Switch Service. In light of the Current Account Switch Service's high levels of consumer awareness, confidence and satisfaction, our view is that broader market, commercial and behavioural factors are impacting switching. Even if the CMA considers that the Undertakings are a tool to increase switching, the fact that switching rates are low suggests that the Undertakings are not effectively addressing the concerns identified.

2.2 SME access to Business Current Accounts

The Provisional Decision also refers to feedback that some SMEs continue to experience difficulty accessing BCAs. We note the CMA's December 2025 review of the SME Banking (Behavioural) Undertakings 2002[2] concluded that *"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 and deposit accounts",* particularly over the past decade. Pay.UK recognises the importance of SME access to appropriate banking services, but it is not clear why retaining the Current Account Switch Service Undertakings would address these concerns, including in the context of the market developments outlined in the CMA's 2025 review of the SME Banking Undertakings.

In any case, the Undertakings relate to the operation, governance, transparency and promotion of the switching service; they do not determine account-opening criteria, provider risk appetite or the

[1] Following the conclusion of the Independent Commission on Banking (Vickers Report) in 2011, the recommendation was that "a current account switching service should be established, to smooth the process of switching current accounts for individuals and small businesses". A requirement to increase the volume of current account switches was not included within the outcomes of the report.

[2] Review of the SME Banking (Behavioural) Undertakings 2002 – Final Decision

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availability of BCA products. Wider challenges in accessing BCAs therefore do not, by themselves, demonstrate that the Undertakings remain necessary.

If the CMA considers the Undertakings are an appropriate remedy for SME access concerns, it should explain the link between those concerns and the operation of the Current Account Switch Service.

2.3 The absence of equivalent FCA rules

The Provisional Decision suggests that removing the Undertakings could undermine the effectiveness of the Current Account Switch Service because there are no equivalent FCA rules in place. Pay.UK does not consider that this conclusion follows. We would not expect the FCA to have introduced equivalent rules to achieve the same outcomes as this could have exacerbated regulatory complexity and overlap. **Furthermore, the absence of clause-for-clause equivalent FCA rules does not mean that regulatory oversight would fall away, or that the outcomes supported by the Undertakings would no longer be protected.**

The Current Account Switch Service remains subject to the PARs framework and the PSR's annual designation process. Under that framework, the Current Account Switch Service must continue to satisfy the requirements for designation, including that it operates clearly in the interests of consumers. The PSR's designation guidance also requires evidence relating to consumer confidence, awareness and satisfaction.[3] In practical terms, this requires Pay.UK to demonstrate that the Current Account Switch Service continues to be operated and governed in a way that delivers good outcomes for end users. We previously explained our view that this includes appropriate independence in the management committee of the Current Account Switch Service. The PSR also retains discretion in how it applies the PARs framework (including its powers under Schedule 4 of the PARs to request information, give directions, and impose penalties) and designation process to protect and promote those outcomes.

In this context, the CMA has not demonstrated that clause-for-clause equivalent FCA rules are necessary to maintain the effectiveness of the Current Account Switch Service. What matters is whether the underlying outcomes are protected and promoted through an effective regulatory framework, not whether each Undertaking is replicated elsewhere in identical form. In Pay.UK's view, the PARs and designation process provide that framework in a flexible and simplified manner which, unlike the Undertakings, can be evolved over time to best meet the needs of the market and customers. As an example, Undertaking 5.3 specifies the customer groups at which promotional activity should be targeted. However, the appropriateness of those customer groups may change over time as market conditions, customer needs and evidence about switching behaviour evolve.[4] This presents an opportunity for the authorities to move the Current Account Switch Service oversight onto a more durable and outcomes-focused footing, by replacing prescriptive requirements that may become outdated with a framework which is more easily adaptable as customer needs, market conditions and evidence about switching behaviour evolve.

[3] Guidance on the PSR's approach as a competent authority for designation of alternative switching schemes under the Payment Account Regulations 2015

[4] For example, Pay.UK-commissioned research from Q1 2025 shows that customers with high credit balances were more aware of CASS and more likely to be actively considering switching compared to average.

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3 Other relevant considerations

3.1 Maturity and sustained performance of the Current Account Switch Service

The Current Account Switch Service's sustained performance and maturity are directly relevant to whether the Undertakings remain necessary and proportionate. The Current Account Switch Service is now a mature and well-established service, supported by embedded operational processes and a long track record of strong consumer outcomes. Since 2017, satisfaction with the Current Account Switch Service has remained above 90% in almost every quarter, while confidence has remained consistently around 80%. This evidence demonstrates that the outcomes the Undertakings were intended to support are being delivered on a stable and sustained basis.

The Provisional Decision acknowledges improvements in competition but does not sufficiently explain why the original level of prescriptive oversight remains necessary in light of the Current Account Switch Service's maturity and sustained performance. In our view, this track record is highly relevant to the assessment of whether retaining the Undertakings remains proportionate, particularly where the service is now embedded, trusted by users and subject to wider governance and regulatory oversight.

3.2 Changes in governance of the Current Account Switch Service operator

The governance environment for Current Account Switch Service has changed materially since the Undertakings were introduced. Those Undertakings were imposed in the context of Bacs Payment Schemes Limited, where bank ownership and control gave rise to concerns that the Current Account Switch Service decision making could be influenced by participants with limited incentives to promote switching. The governance requirements were therefore intended to strengthen independence and ensure that the operation and development of the Current Account Switch Service reflected a broad range of stakeholder interests.

That context no longer applies in the same way. The Current Account Switch Service now operates within Pay.UK's governance framework, which is materially more independent than the Bacs ownership model that originally gave rise to the Undertakings. Pay.UK recognises the continuing importance of independent input, consistent with the Payments Vision Delivery Committee's view that appropriate independence should be maintained in the future. **The Provisional Decision does not demonstrate why the same prescriptive governance Undertakings remain necessary, given the changes to Pay.UK's ownership and governance arrangements and the wider oversight framework now in place.**

3.3 Opportunity for regulatory simplification

As noted in our original response, the Current Account Switch Service is now subject to oversight through multiple mechanisms, including the Undertakings, the PARs framework and the PSR's designation criteria, as explained above, and broader engagement across the CMA, His Majesty's Treasury (HMT), the PSR and the FCA. Retaining the Undertakings alongside these arrangements creates additional complexity and regulatory touchpoints without clear reasoning as to how it delivers better outcomes for end users.

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Revocation would not remove regulatory oversight of the Current Account Switch Service. Instead, it would allow oversight to operate through a more streamlined framework while continuing to ensure that the service delivers good outcomes for consumers and businesses. This would also align with the broader direction of travel towards regulatory simplification and reducing duplication across the regulatory landscape.

This is particularly relevant where the Undertakings prescribe detailed processes for matters such as KPI changes, strategic planning and communications activity. Pay.UK recognises the importance of, and is committed to, continued regulatory engagement on these issues. However, where the same outcomes can be monitored through the PARs framework, the PSR's designation process and ongoing regulatory engagement, the CMA has not demonstrated why separate Undertaking-based approval or consultation processes remain necessary or proportionate.

In our view, the Provisional Decision does not fully consider the opportunity to simplify the regulatory landscape while maintaining appropriate oversight of the Current Account Switch Service.

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4 Annex: Analysis of individual Undertakings

	Undertaking (summarised)	**Relevant considerations**
3.1-3.5	Governance requirements for the Current Account Switch Service Management Committee (SSCC), including an **independent** chair, independent/non-bank members and appropriate skills and experience.	The governance Undertakings were introduced to address concerns that the Current Account Switch Service decision-making was biased towards participants who may have had a conflict of interest against promoting switching given bank ownership and control of Bacs Payment Schemes Limited. The governance environment has since changed materially, with the Current Account Switch Service now operating within the Pay.UK governance framework. Mitigating conflicts of interest remains important, but **these Undertakings are no longer linked to the risks they were originally intended to address given Pay.UK's changed governance.** The current requirements create additional costs and may also unnecessarily restrict the pool of suitable candidates (for chair and other independent positions on SSCC), including individuals with relevant Pay.UK and the Current Account Switch Service experience.
3.6	Requirements to **publish** Management Committee minutes, KPI reports and annual reporting.	Pay.UK considers transparency regarding the operation and performance of the Current Account Switch Service to be valuable and will continue to provide information regarding the service irrespective of whether the Undertaking is revoked. However, revoking this Undertaking would provide flexibility to allow transparency reporting to evolve alongside stakeholder and regulatory needs.
3.7–3.8	Requirement to **provide the information set out in 3.6 to the PSR** when required to support the review of and/or reporting on the Current Account Switch Service's performance and strategy.	This requirement is duplicative of the PARs framework. Paragraphs 6 and 7 of Schedule 4 to the PARs give the PSR information-gathering powers for monitoring whether a designated alternative arrangement continues to meet the relevant requirements, and for information connected with its functions under that Schedule. Additionally, Pay.UK submits this information annually as part of the designation process. **The removal of these Undertakings would reduce duplication, without undermining information sharing with the PSR.**
3.9	Agreement that the **PSR may report to HMT and the CMA** and share information with the FCA.	The ability of public authorities to share information and coordinate activity remains important. However, this Undertaking is directed at interactions between public authorities rather than the conduct of the operator. Consideration should therefore be given to whether it remains necessary as a specific Undertaking on Pay.UK.
3.10	Requirement **to consult the PSR on proposed KPI changes** and on annual strategic plans.	Pay.UK recognises the importance of continued regulatory engagement on KPI development and strategic planning. However, these matters are already relevant to the PSR's assessment of whether the Current Account Switch Service continues to meet the PARs designation criteria, including whether it operates in the interests of consumers. The CMA has not demonstrated what additional protection is provided by retaining a separate Undertaking-based

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		consultation requirement, particularly given the Current Account Switch Service's maturity, sustained performance and the PSR's ongoing designation role.
3.11	Implementation **timelines** for the above Undertakings.	This Undertaking exists solely to support the associated paragraph 3 Undertakings and should be reconsidered if the underlying requirements are amended or revoked.
4.1-4.4	Requirements to **maintain the Current Account Switch Service's redirection period** and related redirection arrangements.	The redirection period is now embedded as a core, business-as-usual feature of the Current Account Switch Service which provides important payment protection for users. Given the fact that changing the rules would be costly, operationally sensitive and unlikely to offer a positive return on investment, there is no commercial or operational incentive for Pay.UK or participants to weaken it. This has been validated through previous stakeholder engagement (e.g. at our strategy event). Pay.UK will continue to maintain the redirection period irrespective of whether these Undertakings are revoked.
5.1–5.4	Requirements relating to **long-term promotional activity, awareness and confidence, and targeting specific customer groups**.	Pay.UK continues to see this as important and has been engaging with the regulators on its activity to target specific customer groups where the benefits will be greatest. Marketing activity should be capable of shifting towards more targeted and effective interventions over time, including if those target users now sit outside of the prescribed customer groups. **The Undertakings are prescriptive and have the potential to constrain Pay.UK's ability to evolve its Current Account Switch Service promotion strategy in the long term**. **The removal of these Undertakings would provide Pay.UK with greater flexibility to support end users and competition. In any case, we would expect this to be an area of continued discussion with the PSR.**
5.5	Requirement to **establish and review awareness and confidence metrics**.	This is duplicative of the PARs framework. The PSR's guidance states that as part of the designation application the operator should provide (amongst other information): *"The average consumer confidence scores over the last year (including customer awareness and satisfaction). The operator should be able to provide us with the process it has in place to measure consumer satisfaction".* Therefore, we consider that the desired outcome of this Undertaking is capable of being achieved without the specific provision being in place. **Removing the provision would not reduce visibility of these metrics or weaken oversight but would support flexibility in identifying the best metrics and how they are measured over time.**
5.6	Implementation **timing** for paragraph 5 Undertakings.	This Undertaking exists solely to support the associated paragraph 5 Undertakings and should be reconsidered if the underlying requirements are revoked.
6.1	Requirement to **work with Current Account Switch Service**	The mechanisms to support this outcome are embedded with the operation of the Current Account Switch Service through the established brand guidelines and participant assurance processes. Compliance with these guidelines is

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	participants so PCA providers give a firm decision on arranged overdrafts before switching.	monitored through annual participant audit processes. Where participants do not comply, actions are set and tracked through to completion. This demonstrates that measures to support this outcome are already integrated into the service's operational framework. Pay.UK will continue to apply these measures irrespective of whether this Undertaking is revoked.
6.2–6.3	Requirements to **review the switching process for overdraft users, undertake research and ensure clear messaging** about the process and decision steps.	Pay.UK considers that the outcomes sought by these Undertakings are embedded within the operation of the Current Account Switch Service through established processes, brand guidelines, advertising and customer communications arrangements, as well as ongoing research into user needs, including overdraft customers. The continued suitability of the service for overdraft users is also supported by the broader PARs framework and its consumer interest requirements. Pay.UK will continue these activities irrespective of whether these Undertakings are revoked.
6.4	Implementation **timing** for paragraph 6 Undertakings.	This Undertaking exists solely to support the associated paragraph 6 Undertakings and should be reconsidered if the underlying requirements are amended or revoked.
7.1-7.5	Requirements on **CMA monitoring and compliance reporting.**	Much of the information covered by this Undertaking is already provided to the PSR under the PARs designation framework. The CMA has not demonstrated why this remains necessary or what additional protection it provides. Retaining this Undertaking creates regulatory overlap and requires the same information to be provided through multiple channels with no clear benefit. **The removal of this would not reduce regulatory visibility of the Current Account Switch Service but would enable oversight to be delivered through the PARs framework in a more proportionate and flexible way.**

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