

FCA CREDIT CARD MARKET STUDY
INDUSTRY STATEMENT FROM THE UK CARDS ASSOCIATION

1. The industry and the FCA have worked collaboratively to find solutions that will deliver positive customer outcomes;
2. There has been good progress in developing a comprehensive package of remedies, including components where agreement has now been reached.

What has been happening:

- The FCA's Interim Report concluded that competition is generally working well for the UK's credit card customers, including evidence of a healthy level of switching activity and promotional offers;
- However, the report also highlighted that some customers exhibit behavioural biases which can lead to over-borrowing, or under-payment, and that the FCA had some concerns around customer inertia. The FCA set the industry a challenge to develop potential solutions which addressed these areas;
- Working through The UK Cards Association, the industry continues to engage in a positive and constructive dialogue with the FCA's market study team;
- The industry has undertaken an in-depth review of the findings from the Interim Report and has developed **a package of measures, focused around a series of escalating interventions**, to improve customers' awareness of their current borrowing, repayment patterns and associated costs; and
- Both the FCA and the industry are committed to ensuring that the introduction of any new measures does not create unintended poor consumer outcomes, or have an adverse impact on competition.

Package elements where alignment has already been reached:

- **Promotion Expiry:** A notification to be sent to customers as a promotional deal is about to end, so they better understand what the change means to them and they can consider their options, including 'shopping around';
- **Borrowing Prompt:** A digital notification to inform customers that their balance is getting close to their credit limit (high utilisation), allowing them to consider their spending and avoid over-limit charges; and
- **Payment Date Changes:** Informing customers that they can change the date that their payment is due in the event that the current date might be causing them problems, helping them to manage their personal finances.

Discussions are also ongoing in respect of **Unsolicited Credit Limit Increases and Persistent Debt**, where there is a real industry commitment to come up with proportionate and practical solutions which address the FCA's concerns.

The industry is also positively engaging with the FCA team around:

- Providing relevant **evidence** as to how the market is working and some of the implications that might arise. All regulatory change should be underpinned by robust evidence that it will be effective and will drive good consumer outcomes;
- Developing '**behavioural trials**' for *Disclosures / Pre-set Payment Options*;
- Options for the **governance model** for implementing / monitoring remedies.