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Engagement with current accounts and the switching process

RESEARCH REPORT

Commissioned by:

The Financial Conduct Authority

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Date:

March 2015

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Table of Contents

1 Glossary

Account number portability (ANP) – A switching service which involves the customer taking their existing account details with them when they move between providers.

Account opening – The processes involved in opening a new bank account, which may differ across banking providers.

Account researching – The processes involved in finding out information about current accounts and comparing what is available from different providers.

Account switching - The processes involved in switching bank accounts from one provider to another.

Businesses – This term is used when findings are common across both SME and micro business audiences.

Charities – Charities, associations, societies, clubs and parent-teacher associations, and which had a turnover of under £1 million.

Considerer – Consumers, businesses and charities who have 'actively' considered switching and either decided not to or who have not got around to it. To be considered 'active' they had to answer yes to at least one of the following criteria; I looked at various deals that I had seen different current account providers were offering, I actively researched various current accounts with other providers, I looked into what my own bank could offer in the way of alternative current accounts, I spoke to one or more potential new banks about the current account they could offer me, I found out what I would need to do to switch current accounts.

Consumer – Retail personal banking customers with a current account.

Current account Switch Service (CASS) – Launched in 2013 and standardised across banks and building societies, it allows customers to choose a switch date, transfers balance, standing orders, direct debits and balance automatically and redirects incoming payments for a period (to be extended to 36 months in March 2015).

Customer – Can apply to consumers, businesses and charities.

Inertia – A perceived lack of value in switching due to either satisfaction with existing provider's or a belief that they would be unable to get a better product or service elsewhere.

Micro business – Businesses who have less than ten employees and a turnover of less than £1.6 million.

Non-considerer – Consumers, businesses and charities who have neither switched nor considered switching their current account. All had to at least be open to switching in the future.

Payment redirection – The automatic transfer of payments made in error to an old bank account (which has been closed), into the customer's new bank account.

Single platform/ interface - Being able to view all of your accounts, from different providers, on one platform/ interface.

SME – Businesses who had 10 – 249 employees and a turnover of between £1.6 million and £50 million.

Switcher – Consumers, businesses and charities who have switched accounts within the last 12-18 months.

2 Executive Summary

2.1 Research Overview

In September 2014 the FCA (Financial Conduct Authority) launched a review of the effectiveness of the Current Account Switch Service (CASS). As part of this process, the FCA announced that they would also gather evidence on possible enhancements to the switching service. In order to inform both elements of the FCA's review there was a desire to obtain feedback from those who have used or could use this service, to understand their perceptions of current account switching. A holistic approach was required in order to take account of the whole switching journey, including exploring perceptions of current accounts per se, but focussing on the switching process in particular.

This report contains the findings of research conducted by Optimisa Research with consumers, small businesses and charities to explore these issues. Throughout the report, findings are common across all audiences unless otherwise stated.

In November – December 2014, a series of 16 focus groups and 22 face-to-face depth interviews were conducted across England, Scotland, Wales and Northern Ireland. The sample structure was defined by two key dimensions, and more details on this are provided on page 13.

- Audience type: consumer, micro-business, SME and charity/voluntary organisation
- Switching behaviour: non-considerers, considerers and switchers

Recruitment screening questions were used to ensure wide coverage in terms of demographics (e.g. age, gender and social grade), and types of business or charity organisation (e.g. sector, turnover, no. of employees/volunteers).

The research was required to develop understanding of existing customer perceptions and had two key overarching research objectives;

1. To explore and establish what inhibits customers from switching current accounts, and the extent to which this relates to the switching process in particular.
2. To uncover the extent to which the existing Current Account Switch Service and/or any alternative switching solutions, could address any remaining perceived or actual barriers to switching.

2.2 Key Findings

Inertia emerges as a major barrier to switching in the current account market

Opinions of current accounts are similar across all audiences, with the product primarily being seen as essential rather than exciting and customers typically having a transactional relationship with their existing provider/s. Those who have not switched typically have a long-term relationship with their existing provider and have grown comfortable with their existing service provision (whether offline or online). Current accounts are seen as a low maintenance product, which means there are relatively few 'moments of truth' when customers may stop and consider switching accounts. As such, switching in this market is often seen as a low priority, particularly as there are seen to be relatively few cost savings or other advantages related to such a move.

A strong trigger is required to overcome perceived switching barriers

At a high level, perceptions of switching current accounts are heavily weighted towards the perceived effort of switching against relatively minor perceived gains. As such the research showed that 'push factors', involving dissatisfaction with existing providers, tended to be the primary reasons for considering switching current accounts. Dissatisfaction tends to be caused by a failure of the existing provider to meet customers' key banking needs. Whilst accessibility and reliability are important to all customers, some differences emerge across the audiences. The research suggests that businesses and charities tend to expect a more bespoke service (that also responds to their changing needs) from their bank/building society and a failure to provide the necessary support can lead to a desire to switch accounts. Against this backdrop, 'pull factors', such as the incentives offered by other banks and building societies, seem to play more of a secondary role and are only really considered once the decision to switch has been made.

Perceived effort and risk involved in both opening an account and switching is high

Spontaneously mentioned barriers are often based on perception rather than reality, as those who have not considered switching are often unaware of exactly how the process works. Beyond inertia the most frequently mentioned barriers to switching were around the perceived hassle and risk of switching current accounts. It is important to note that the perceived hassle and risk involved relates to both account opening <u>and</u> account switching processes, as customers do not tend to differentiate between these two elements rather seeing it as one process.

Barriers greatest at initial engagement and ability/willingness to change account

When mapping barriers onto the customer journey as a whole, the research found that barriers are were weighted towards the start of the journey in terms of overcoming initial disengagement, and the end of the journey when customers are deciding whether they feel able and/or willing to change their account. Amongst those who have considered switching their account, there are various stages along the journey when the perceived effort of switching may start to outweigh the perceived value and engagement in switching therefore starts to wane. This is heightened at the point where customers have to 'act' to make a change, as this is arguably the point where the greatest effort is required on their part i.e. having to actually go through the application process. Uncertainty around how the switching process works, and potential risks of something going wrong (i.e. payments going missing) heighten the perceived barriers at this stage.

The existing Current account Switch Service addresses many perceived barriers

Any account switching service can only directly tackle the perceived barriers which relate to the account switching process. Whilst the research suggests that customers often have a general sense that it has become easier to switch current accounts, there remain many unknowns about the switching process. Lack of awareness over the specific features which make up the new service mean customers are not always certain which barriers it does address. However once understood, the Current Account Switch Service (CASS) is felt to provide some reassurance that minimal effort is involved once the switch has been agreed and it is also felt to reduce the perceived risk of mistakes being made. CASS is made up of multiple features which serve to provide these benefits including the transfer of outgoing payments, incoming payment redirection, a service guarantee, the ability to choose a switch date, a 7 working day process and a standardised service. It is quite challenging to convey all of these features in a low engagement market, and it can sound quite process driven. Research found that underlying low levels of trust in banks and building societies means that there remain some concerns around the potential for mistakes in this process.

A quicker than 7 day service isn't felt to be a significant service enhancement

The research suggests that the (minimum) seven working day switch currently provided by CASS is in line with customer expectations. Customers were also concerned about practical barriers to a much faster switch, such as the need to receive new debit and/or credit cards for the new account to be operational. In addition a seven day switch compares favourably with other comparable industries such as the energy market, particularly given the perceived complexity of banking arrangements. Whilst a marginally faster 3 – 5 day service is felt to offer some incremental advantages, in terms of efficiency and reducing time to worry about the process, it is not an area for improvement which customers spontaneously identified. The switch process would have to be instantaneous to have a notable impact on customers' likelihood to switch.

Unlimited redirection does offer 'real' benefits to some audiences

An unlimited incoming payment redirection service is seen as a welcome improvement and implies there is even less risk of payments going missing once the switch has been completed. In contrast, any capped redirection system raises questions as to how it works in practice and what happens once the redirection period has ended. The salience of this feature differs by audience, as it depends on the number of different people/organisations who pay into the account, how frequently they do so and the method with which they pay. As such it was felt to be more relevant for those businesses and charities whose customers or donors pay directly into their accounts electronically or through BACS. It was felt however that this system would not completely eradicate the need to inform payers of changing details.

At a high level Account Number Portability (ANP) is seen as a seamless switching process

Whilst the research suggests that customers do not have any particular emotional attachment to their account number or sort code, the consequence of these changing does emerge as a concern. The risk of payments going astray and the hassle of having to inform people and/or organisations of a change in details is a specific concern. As with unlimited redirection, this latter element is of greater concern to businesses and charities who have multiple customers or donors who pay directly into their accounts electronically or through BACS. Given these concerns, the concept of ANP is well received and is felt to offer some additional benefits to CASS. It is easy to explain and understand when compared to the mobile phone market and tends to be perceived as less risky, as in the customers' mind nothing changes, so the processes involved are hidden. Despite these benefits, it is important to note that ANP is unlikely to directly address switching barriers linked to inertia and the account opening process.

Questions emerge over how Account Number Portability would work in practice

The research shows that whilst ANP is well received as a concept, only a system which involves moving both account number and sort code would tackle the relevant switching barriers in the short-term. Concerns did emerge around whether this would be feasible given that sort codes currently signify the branch where the account was opened. Wider concerns around security also emerge, as some felt that this system may be more open to account fraud. In addition for businesses and charities who work internationally it is not clear how this would work alongside international banking numbers and services such as IBAN, BIC, SEPA etc.

3 Background

3.1 Current account Market Context and the launch of CASS

The Current Account Switch Service (CASS) was launched in September 2013 and designed to tackle the actual and perceived difficulties in switching current accounts. CASS launched with 36 current account brands covering virtually 100% of the competitive current account market and was designed to help increase competition, transparency and customer choice[1]. The overarching purpose of the service was to simplify the process of switching accounts for both personal and micro businesses (annual turnover not exceeding 2 million euros and under 10 employees).

Figures revealed on 15th October 2014 showed that since the new service came into effect there had been a 22% increase on number of switches during the same time period the year before [2]. However, overall switching behaviour remained relatively low with just 2.2% of current account holders used the system to change provider.

In its publication 'The Current account Switching Service – One Year On', the Payments Council also acknowledged that switching levels alone were not the truest indicator of whether the service was a success or not since low switching levels do not necessarily indicate the personal current account market is not in a healthy and competitive state. They also note that their remit and scope covers increasing awareness of and confidence in the new service whilst encouraging customers to switch is out of the Payment's Council scope and remains in the competitive space.

3.2 The FCA Review of CASS and consideration of Account Number Portability

The Financial Conduct Authority (FCA) came into existence in April 2013 as a successor to the Financial Services Authority (FSA). It is an independent non-governmental body that regulates the financial services industry in the UK. The key aim of the FCA is to ensure that financial markets work well and that consumers get a fair deal. The FCA has three statutory objectives:

- To protect consumers
- To enhance the integrity of the UK financial system
- To help maintain competitive markets and promote effective competition in the interests of consumers

1 http://www.paymentscouncil.org.uk/switch_service/who_is_participating/

2 http://www.paymentscouncil.org.uk/files/payments_council/accountswitching/cass_one_year_on_report_-_sept_14.pdf

In the March 2014 Budget it was announced that, as part of supporting access to finance and competition in banking, the FCA would launch a review of CASS in September 2014. If effective, the FCA would expect the new service to work well for customers by running smoothly from an operational perspective, as well has having a material effect on the numbers of customers switching.

Alongside reviewing the effectiveness of the new service, it was also announced the FCA's review would also gather evidence on other options, including a faster than 7 day switching service and account number portability (ANP), which potentially could make switching simpler and easier by allowing them to change provider without changing their bank account number and remove the need to change direct debit and standing order instructions.

3.3 Purpose of the report

This report details the findings from a qualitative research study amongst *consumers*, *micro-businesses*, *SMEs* and *charities & voluntary organisation's* which sought to explore and establish the barriers to switching current accounts and the extent to which the CASS and/or alternative switching solutions could address these.

4 Research Objectives

4.1 Objectives

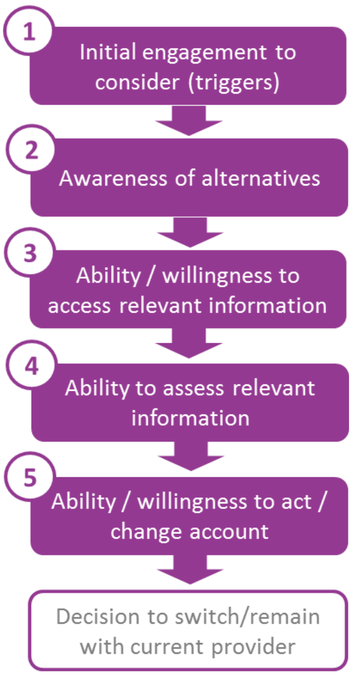
The research was required to develop understanding of existing customer perceptions and had two key overarching research objectives, underpinned by a series of more detailed objectives which are defined below;

1. To explore and establish what inhibits customers from switching current accounts, and the extent to which this relates to the switching process in particular by;
    a. Exploring current opinions of the current account market and general attitudes towards switching providers
    b. Exploring and identifying both perceived and real motivations and barriers to switch current account provider
    c. Establishing to what extent the switching process itself gets in the way of customers switching;
        i. Specifically to establish the perceived barriers at different stages of the switching journey from 'initial engagement' through to the decision to change providers
        ii. In particular to identify what causes those who have engaged in the process to drop out at later stages in the process

2. To uncover the extent to which the existing Current Account Switch Service and/or any alternative switching solutions, could address any remaining perceived or actual barriers to switching;
    a. Obtaining spontaneous views on what might address (perceived) barriers to switching both overall and at different stages of the switching journey
    b. Exploring and understanding awareness of and attitudes towards the Current Account Switch Service (CASS) and the extent to which it has addressed / is perceived to address the range of barriers associated with the switching process
    c. Exploring reactions to alternative measures and assess their impact on barriers to switching and thus increase engagement including :
        i. full Account Number Portability
        ii. a faster than 7 day switch service
        iii. unlimited incoming payment redirection
        iv. an extension of CASS for larger SMEs
        v. Being able to view your accounts from different providers on one platform / interface

In order to fully explore both perceived and actual barriers to current account switching it was necessary to understand better the end to end customer journey. These are the steps involved in the customer journey from the triggers that prompt engagement to the decision to switch. As part of this process it was necessary to identify the barriers (both real and perceived), which exist at each of the five stages of the current account switching journey identified below;

1. **Initial engagement to consider (triggers)** – Understanding what triggers switching behaviour currently and what makes it feel like too much effort to consider switching at all.
2. **Awareness of alternatives** – Understanding the extent that customers are aware of what else is available in the market and whether other providers are felt to offer anything different.
3. **Ability/willingness to <u>access</u> relevant information** – Understanding what information customers are looking to access and the challenges they face in attaining this information.
4. **Ability/willingness to <u>assess</u> relevant information** – Understanding what information customers are looking to assess and the challenges they face in assessing this information.
5. **Ability/willingness to act/change account** – Understanding what makes customers willing to act/change account and what are the barriers that prevent them getting past this stage.



5 Methodology[3]

5.1 Sample and recruitment criteria

5.1.1 Recruitment criteria

A key focus for recruitment was to ensure that there was an appropriate representation of the four key audiences at different stages of the switching journey, including; *consumers*, *micro-businesses*, *SMEs* and *charities/ voluntary associations*;

The *consumer* sample consisted of a mix of different ages and life stages, as well as a mix of social grade (ABC1 and C2DE).

Micro business participants were classified as having less than ten employees and a turnover of less than £1.6 million. A mix of types of business were included, such as; retail, environmental services and business service sectors.

The *SME* respondents included a mix of small and medium enterprises. 'Small' enterprises were defined as having between ten to forty-nine employees, and a turnover of between £1.6 million and £10 million, while 'medium' enterprises have between fifty and two-hundred-and-forty-nine employees with a turnover between £10 million and £50 million. A mix of sectors were also included within the SME audience.

The *charities and voluntary associations* groups included a mix of financial decision makers from charities, associations, societies, clubs and parent-teacher associations, and which had a turnover of under £1 million.

Across all audiences, respondents were recruited on the basis that they were current account holders and decision makers regarding switching their accounts. Sampling criteria was set to establish what stage individuals were at within the switching journey to ensure the influence of this could be explored in the research. The colours assigned

3 The full technical appendix is available

to each audience are used throughout this report to indicate the source of respondent verbatim.

Furthermore, a series of questions were asked to ensure a mix of current account providers, a mix of channels used for banking (online versus non-online) and a mix of different payment methods used (i.e. standing orders, direct debits, cheques, cash etc). Sampling criteria was also set to ensure there was a range of financial sophistication levels across the audiences we spoke to, so that the impact of this variable could be identified. In order to gain different perspectives, the research aimed for a spread of demographics (see Appendix for further detail).

5.1.2 Sample size and nature

The sample structure was developed to investigate differing attitudes and opinions across the four key audiences mentioned above, in a range of locations across the UK.

In line with the exploratory nature of the objectives, a qualitative approach was employed for this research, allowing researchers to explore participants' attitudes towards switching, as well as their behaviours and experiences in detail. This ensured the fullest understanding of:

- What inhibits customers from switching and to what degree this relates to the actual switching process
- How the Current Account Switch Service and ANP are received

In order to identify clearly the motivations, barriers, experiences and attitudes of each audience, the following audiences were investigated separately:

Switchers

Switchers were defined as those who have switched accounts within the last 12-18 months (to pick up a mix of those who have and have not experienced CASS)

Considerers

Considerers were defined as those who have 'actively' considered switching and either decided not to or who have not got around to it. To be considered 'active' they were required to have got some way down the customer journey e.g. researching accounts. This was to avoid recruiting customers who hadn't really thought about switching.

Non-considerers

Non-considerers were defined as those who have neither switched nor considered switching their current account. All had to at least be open to switching in the future.

A combination of extended maxi-groups (7-8 respondents), extended midi-groups (5-6 respondents) and face to face depths were carried out:

- One to one depth interviews were conducted with *switchers*, to explore in detail their individual motivations and barriers, experiences at different points on the path to engagement, as well as perceptions of the perceived impact of CASS (where relevant) on their experience.
- For the *considerer* audience, a combination of midi-focus groups and face to face depths were used to achieve both the breadth and depth of insight required.
- For the *non-considerer* audiences maxi-focus groups and midi-focus groups were used to provide a dynamic environment for discussion and debate around the range of views.
- Given the relative incidence rates of the target populations, midi-focus groups (5-6 respondents) were used for *consumer considerers* and maxi-focus groups (7-8 respondents) for *non-considerers* (for both *consumers* and *micro-businesses*).
- As larger *SMEs* were more challenging to recruit, a combination of midi-focus groups for the non-considerers and face to face depths were used for the switcher and considerer audiences.

The table below provides an overview of the fieldwork structure, in terms of the number of groups and depths conducted by audience type and likelihood to switch current account.

	Maxi Focus groups (7-8)	Midi-Focus groups (5-6)	Depths (1)
Non-considerers	4	-	-
Considerers	-	4	4
Switchers	-	-	6
Total Consumer	**4**	**4**	**10**
Non-considerers	2	-	
Considerers	-	2	3
Switchers	-	-	3
Total Micro-Business	**2**	**2**	**6**
Non-considerers	-	2	-
Considerers	-	-	3
Switchers	-	-	3
Total SME	**0**	**2**	**6**
Charities and Voluntary Associations	-	2	-
Total Charity and Voluntary Association	**0**	**2**	**0**
GRAND TOTAL	6	10	22

5.1.3 Fieldwork timings and locations

In total 16 groups and 22 depths were conducted across the four UK nations, between the 12th November and 9th December 2014.

Fieldwork was conducted in both urban and rural locations across London, The Midlands, Leeds, Oldham, South Wales, Glasgow and Belfast. The groups were two hours in length and the depth interviews were 75 minutes long.

5.2 Approach overview

It was necessary that audience specific discussion guides were developed, in order to elicit the nuances between consumers, charities, micro-businesses and SMEs, as well as between switchers, considerers and non–considerers.

The discussion flow was designed to unpick underlying perceptions of current accounts and switching, as well as explore the extent to which an improved switching process can address real and perceived barriers in the process.

During the midi- and maxi-groups, respondents completed individual exercises to capture their individual views and needs. This ensured full understanding of their rational and top of mind opinions, as well as the emotional and deep seated ones.

6 Main Findings

6.1 Attitudes to current accounts

6.1.1 Perceptions of current accounts

Previous research has shown that relatively few people consider switching their current account each year. Indeed the most recent quantitative report published by the Payments Council in July 2014[4] showed that 89% of consumers had neither switched nor considered switching over the previous 12 months. Therefore, before exploring the switching journey, it was important for this research to consider the status quo in terms of the way that customers currently perceive their current accounts on a day-to-day basis.

Whilst this research did identify differences in the way that consumers, businesses and charities interact with their current accounts, four common themes emerged which help to explain this relative lack of dynamism in the current account market. What is noticeable across the board is that customers tended to have a transactional relationship with their providers and saw their accounts as essential, but ultimately reliable and not exciting. The four themes that have been identified are as follows;

Low maintenance – A reliable current account service is often taken for granted, as generally there are relatively few examples of people having problems with their accounts. Whilst there may be a high volume of both incoming and outgoing activity on accounts, there is little 'servicing' required on the customers' part to keep things ticking over.

> *"I mostly deal with them online, that's where most interactions are and it does what it needs to do, so there's nothing to specifically grumble about but it's not terribly exciting either."*
> ***(Micro business, considerer, Oldham)***

Low priority – It is recognised that current accounts are an essential product, but they are generally not perceived to be a big cost burden on the customer. This is particularly true for consumers who may not pay anything at all for their current account service. In contrast to other products or services which are switched more regularly (e.g. insurance or energy), the lack of a clear price anchor means that switching current accounts doesn't offer an obvious way to make cost savings.

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[4] http://www.paymentscouncil.org.uk/files/payments_council/accountswitching/market_resesarch/cass_quantitative_market_research_2014.pdf

"At the end of the day it's a free service, so it's not top of mind to switch it."
(Consumer, Non-considerer, South Wales)

Long-term – Within the study it was noticeable that the majority of *non-considerers* had been with their existing bank for a number of years, with some having only ever had one banking provider. The research suggests that this can lead to entrenched behaviour as people stick to what they know. In addition some customers feel they may receive beneficial treatment for being a long-term customer, as their existing bank/building society would know their history, e.g. their ability to keep up with payments. This sentiment is particularly pronounced amongst *businesses*, who sometimes have long-standing relationships with Relationship Managers.

"If you've been with your people for 45 years, you're going to think twice about whether it's going to be a good move."
(Consumer, Non-considerer, Glasgow)

Convenience – Linked to the often long-standing relationships which customers had with their existing providers was the sense that they were comfortable with their existing banking services. Longevity means that people grow used to the way they manage their accounts through their existing banks services, whether their preferred channel is online, telephone or in branch. In the latter instance having a local branch can be hugely important, particularly for *businesses* or *charity organisations* that need to regularly pay cash or cheques into their accounts.

"I'm not in a desperate rush to switch at the moment because we've got the mortgage through Lloyds, so when I go into my online banking I can see everything in one place."
(Consumer, Switcher, South Wales)

6.1.2 Perceptions of existing current account relationships

Whilst consistency emerged in how the various audiences felt about current accounts in general, there were noticeable differences in terms of how they felt about their existing providers. Within the research customers were asked to note down words that describe the way they feel about their existing providers and the word clouds below demonstrate the differences which appeared. In these graphics the words are sized depending on the number of times they were mentioned.

At a high level *non-considerers* often reported feeling relatively satisfied with their existing provider, and this is in keeping with findings from previous research[5] which has shown satisfaction with existing provider to be the leading reason for *non-considerers* decision not to switch. Whilst their relationship with existing provider was sometimes described as 'distant', this wasn't necessarily perceived in a negative way, as long as the service is reliable. Likewise, when customers stated they were happy with their provider or that they felt they had a good service, this was often in the absence of reasons to be unhappy rather than due to a glowing review of the existing service.

[5] http://www.paymentscouncil.org.uk/files/payments_council/accountswitching/market_resesarch/cass_quantitative_market_research_2014.pdf

In contrast *considerers* tended to have more negative associations with their existing banking provider with words such as 'unhappy', 'impersonal' and 'difficult' getting a relatively high number of mentions. This suggests that those looking elsewhere often have a degree of dissatisfaction with their current provider. However, other non-service related reasons for considering also emerged, such as branch closures.

"I look for benefits that come with the product, but with current accounts the benefits just seem to be getting less and less."
(Consumer, Considerer, London)

Micro business Non-Considerers

Micro business non-considerers tended to be much more negative about their banking relationship than their consumer counterparts. This appears to be driven by a sense that banks aren't particularly interested in meeting the needs of smaller businesses. Reasons for this included a perceived lack on flexibility in supporting businesses with cashflow and lending solutions, as well as a sense that the relationship management which was formely offered, was being gradually eroded.

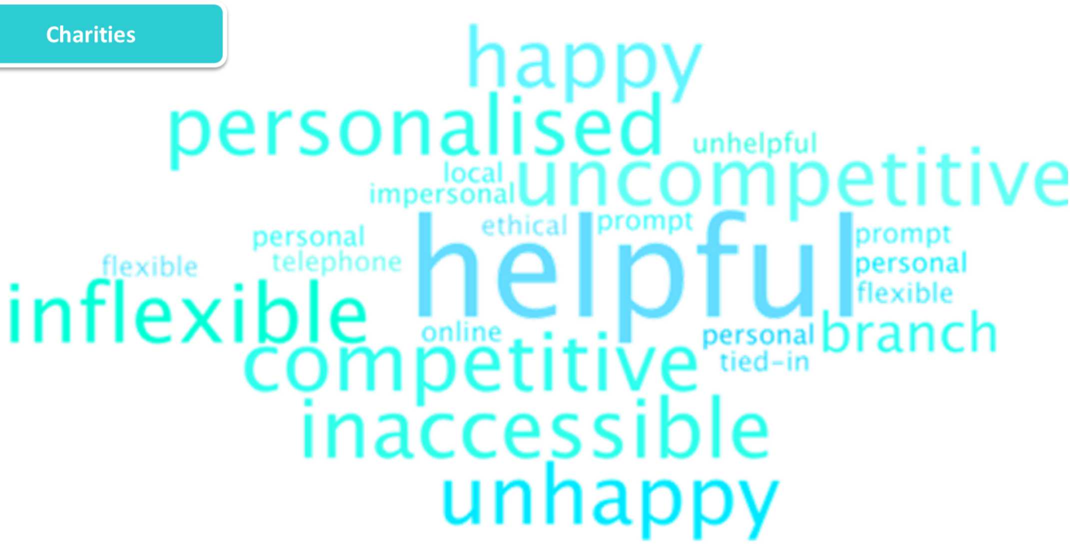
"I used to be able to ring the manager and talk about whatever, whereas now it's a call centre but that's the way things are going."
(Micro-business, non-considerer Northern Ireland)

SME Non-Considerers

SME non-considerers tended not to reference as many of the problems identified by smaller businesses. Whilst distance of their relationship with their bank was referenced, as with consumers this was not always seen in negative terms. In part this was because generally SMEs tended to feel a little more in control of this dynamic and were more likely to feel they were receiving the necessary financial support.

"It's great, an excellent service and responsive business relationship."
(SME Non-considerer, Glasgow)

Charities

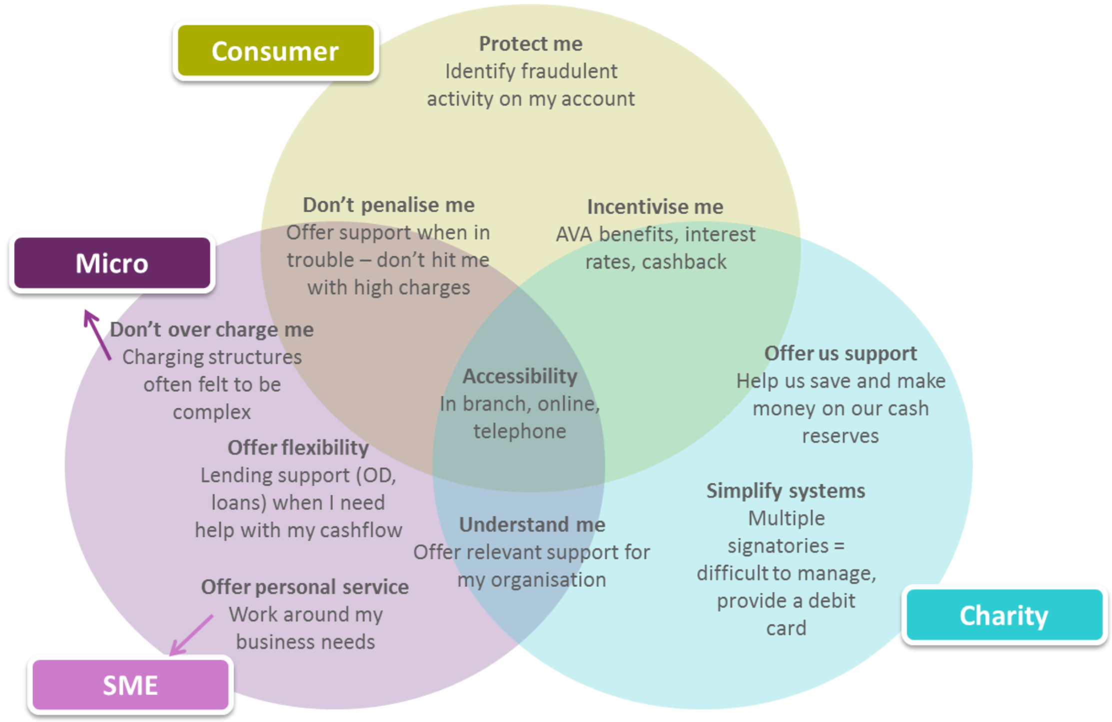


The research showed that charities' and voluntary organisations had relatively mixed views on their banks, with some frustrations evident that were thought to be common across the banking system as a whole (i.e. rather than linked to any one provider). This included the sense that bank forms often aren't developed with organisations of their type in mind, and that the need for multiple signatories (whilst understood from a fraud perspective) means that there are internal challenges with managing finances.

"It's hard to speak to someone direct which is important because we're a charity and you want that personal service and see what the banks can give us."
(Charities, Birmingham)

6.1.3 Key banking needs

As well as exploring existing perceptions of current accounts and current account providers, the research also sought to understand what customers were looking for from their bank and building society. Again this identified a number of differences in terms of the banking needs of the different audiences, as shown below;



Accessibility emerged as a key banking needed across all audiences, as all want to know that their provider is available to them through their preferred channel as and when they need them.

"I'm quite happy just dealing with the bank itself…there's one in Carrick, which is local to us … I don't do any online banking at all, everything's face-to-face, I find it quite handy."
(Micro-business non-considerer, Northern Ireland)

Consumers tended to consider a good service to involve proactively protecting them from account fraud and were more likely to want to receive some kind of incentive for having an account e.g. interest, cashback or packaged account benefits. *Businesses* and *charities* were more likely to desire a more bespoke service from their provider, identifying the need for their bank to understand their organisation in order to provide relevant support. This need was heightened amongst *SMEs* who tended to have slightly more complex banking arrangements e.g. international banking or lending requirements.

"I've got 'not very happy' with my bank, I only find them helpful when the balance is great but when the balance is down it seems like hard work – when the money's there you get the VIP bank manager instead of an understudy and it tends to go like that."
(SME considerer, Bridgend)

Micro-businesses tended to be more concerned about bank charges than *SMEs*, as any changes which occur were felt to have more of an impact. *Charities* identified the need for banks and building societies to recognise the internal challenges they face in managing their accounts, in terms of having multiple signatories and potentially having voluntary treasurers. As such they identified the need for support in terms of ensuring they make the most out of their cash reserves and in making it as easy as possible for them to manage their accounts.

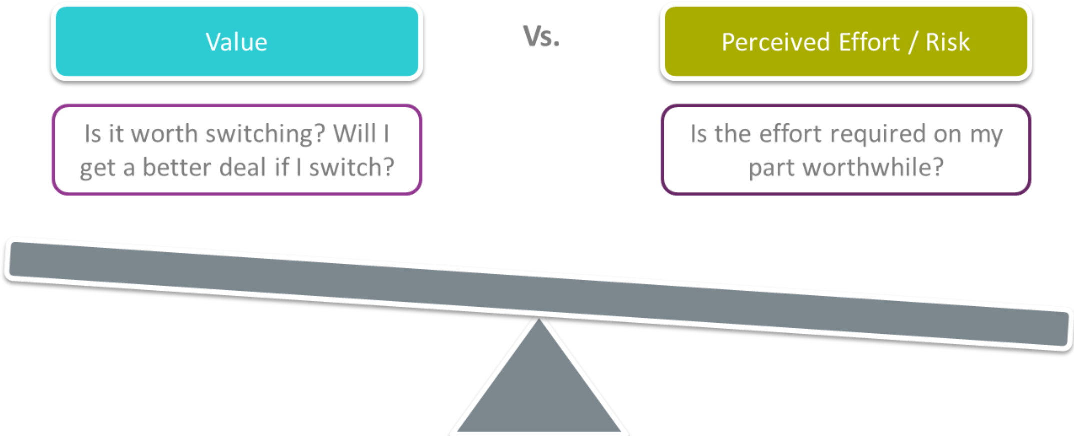
"It's all the signatory side of it. It's impossible to get them all together to do the ID and everything else."
(Charities, Birmingham)

Whilst meeting or failing to meet these needs was felt to drive satisfaction or dissatisfaction with current account providers, the research found that there are relatively few moments of truth where customers truly consider whether some or all of these needs are being met. Again this is in contrast to services which customers reported switching more regularly, such as car insurance, which have a finite end date.

6.2 Perceptions of current account switching

6.2.1 Perceived value and effort of switching

Given the perceptions of current accounts which have been identified above, it is perhaps not surprising that this study found that customers believe the benefits of switching to be low. Indeed when the concept is first introduced amongst those who haven't been through the switching process the perceived value of switching tends to be outweighed by the perceived or assumed effort required and potential risks involved.



6.2.2 Switching triggers

The research found that given the question marks which emerged over the value of switching provider, a strong trigger is generally required to provide a reason to believe in the benefits of moving accounts (whether product or service related) and this was evident amongst those who have switched. These reasons could be either;

- Push factors – where a customer is 'repelled' by some part of their existing banking provider's product or service and therefore feels compelled to shop around.
- Pull factors – where a customer is 'attracted' by the product or service offer of another banking provider.

"If I was thinking of leaving then it would be an emotional reason but if I was looking at the new providers it would be all about the economic benefit for the business."
(SME non-considerer, Glasgow)

Within this study the reasons to switch cited by switchers and considerers tended to be dominated by 'push' factors and these included:

- Banking errors e.g. failure to spot fraud on an account and quickly deal with it when identified.
- Branch closures, which can be particularly impactful for *businesses* and charities that tend to receive regular cash and/or cheque payments.
- End of free banking period or increases to account charges, which acted as a trigger to move for some *micro-businesses*.
- Lack of lending/ cashflow support offered was identified as a reason to move by both *SMEs* and *micro-businesses*.

"I've been thinking of switching because they've cut back massively on lending."
(Micro-business considerer, Oldham)

Pull factors tended to play more of a secondary role, and customers often suggested that there is little differentiation across providers and/or relatively limited incentives on offer. However, *switchers* often felt that incentives in the market help to encourage people to go through with the switch. They tended to believe that they would to some extent at least receive a better product or service than they had received from their previous provider. More tangible pull factors which this research identified included;

- Incentives offered by other providers e.g. cashback or free banking period
- Better interest / lending rates
- Better international banking rates
- A more ethical lending policy, which emerged as a deciding factor for some charities and voluntary organisations when choosing their new banking provider.

"If they bribe you with cash back incentives or instant gratification."
(Consumer consider, London)

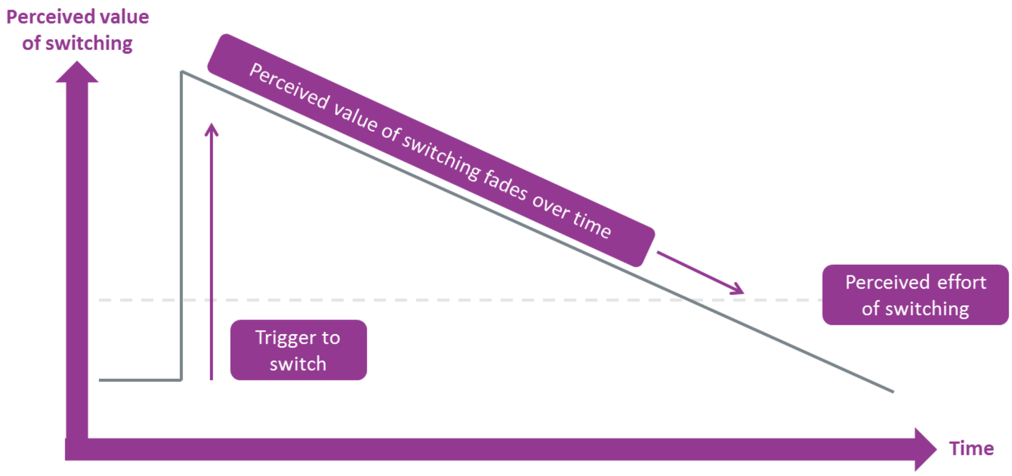
The research also found that these initial triggers are often further underpinned by underlying motivations such as dissatisfaction with product and service levels. These in part may be explained by the fact that once customers have thought about switching they may more critically evaluate the service they get at the moment. This in part could explain the reasons for *considerers* being more negative about their current bank, as identified earlier.

- Reasons for underlying dissatisfaction with product identified included;
  - a sense that banks don't offer anything back for being a customer
  - that they don't go out of their way to make sure you're on the right deal
  - that they don't acknowledge loyal behaviours
  - Bank charges for 'bouncing' payments or using overdraft facilities (authorised and/or unauthorised)
- Reasons for dissatisfaction with service included;
  - Staff aren't that friendly (or accessible)
  - Inconvenient branch opening hours
  - Lack of clarity around lending decisions
  - Dissatisfaction at banks being responsible for the financial crisis leading to mistrust in financial services
  - Gradual erosion of relationship management
  - Amongst businesses, failure to acknowledge and understand their (changing needs)

"There are no local branches and if you want to talk to somebody, you have to talk to someone in a call centre. I used to be able to speak to the manager and talk about whatever…but that's the way things are going now."
(Micro-business, non-considerer Northern Ireland)

6.2.3 Motivations to switch can fade over time

The switching *considerers* within this study included a mix of those who still intended on moving accounts and those who had decided not to go through with a current account switch. The research found that amongst this audience the initial trigger to switch is enough to overcome perceived effort/risk in the short-term. However within the latter group, if no action is taken relatively swiftly then there appeared to be a tendency for this perceived value to wane over time and eventually to be overtaken by perceptions of effort/risk which remain constant. This suggested that the longer the process of opening and switching accounts takes, (either perceived or real), the greater the potential for people to drop out of the process. The chart below illustrates how the research suggested this dynamic could play out with the *considerer* audience (it is an illustrative representation only and not based on any underlying data).



6.2.4 Switching barriers

The research found that all groups were able to spontaneously identify a number of potential barriers to switching. The most frequently spontaneously referenced barriers to switching were common across all audiences and these were;

- Comfort/content with existing banking service
- A lack of clarity over whether switching would make them better off, with some concerns that they could be worse off
- Hassle within the account opening and switching process
- The perceived time required to organise the switch

> *"I think it takes too long to research providers and there are not massive differences. When you look at the hassle it causes to do it, you'd have to be moving for a really big incentive."*
> ***(SME non-considerer, Glasgow)***

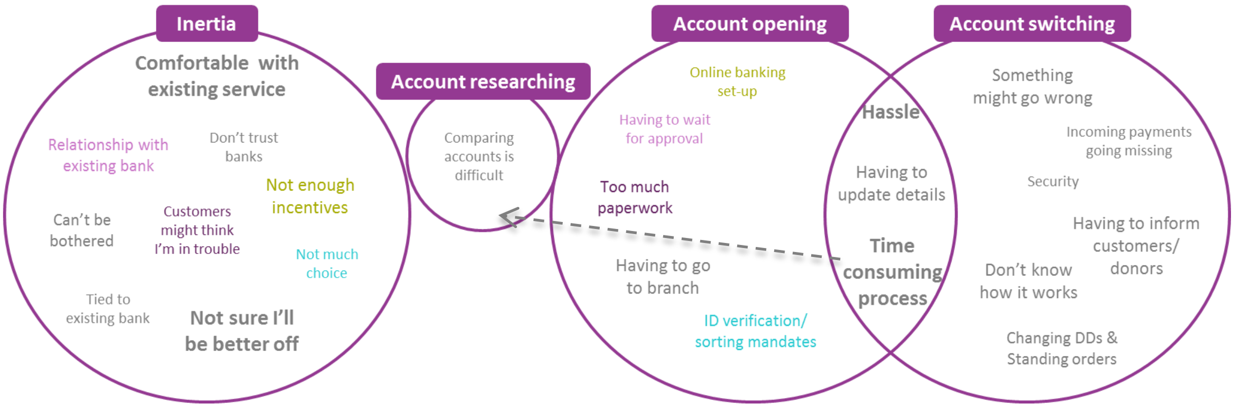
Perhaps unsurprisingly this research found that those who have not considered switching tended to identify more potential barriers. For this audience many of the barriers identified such as the hassle involved and amount of time required in the process were more 'assumed' rather than 'real' barriers as they were often unaware of exactly how the process works.

The barriers which customers spontaneously identified in this research can be grouped into four key areas:

- **Inertia** – a perceived lack of value in switching due to either satisfaction with existing provider's or a belief that they would be unable to get a better product or service elsewhere.
- **Account researching** - concerns about the effort required to research and choose a new account.
- **Account opening** – concerns about the effort involved in applying for a new account.
- **Account switching** – concerns about the risk of something going wrong in the actual switching process and the effort required to organise the switch e.g. inform people of changing details.

"The hassle's a big thing…it would take a long time to sort out if something does go wrong during the switching process e.g. payments get missed due to the timing of bills."
(Consumer considerer, London)

The research also highlighted that customers did not tend to differentiate between account opening and switching, as the hassle and time involved in the whole process were seen as interlinked. Concerns around the time involved in switching were also found to be relevant to the account researching stage:



The spontaneous barriers identified also reflected the different banking needs of the audiences.

Consumers were more likely to reference a perceived lack of incentive in the market, as tended to be more focussed on tangible offers (e.g. introductory bonuses), than other audiences. Comfort with existing services (whether branch or online) also emerged as a key spontaneous barrier for this group. *Micro-businesses* tended to focus on the time taken out of the running of their business e.g. the amount of paperwork involved. This audience was also more likely to be concerned that changing accounts could impact on customers and suppliers perceptions of the business.

"I'm concerned that it could make my business look like it's in trouble …it would make me nervous."
(Micro-business considerer, Oldham)

SMEs were the most likely to have a closer relationship with their bank and this was sometimes cited as a key barrier to change, as was felt to be no way of gauging the quality of a new relationship manager ahead of switching. In addition those with relatively complex lending arrangements in place sometimes had concerns that the time taken to approve a new account may slow the process down. Indeed this had proven to be a real barrier for some considerers leading them to drop out of the process.

Similarly to *micro-businesses, charities and voluntary organisations* had some concerns about the amount of time changing accounts would take out of the running of the organisation, particularly given they often relied on the limited time available from volunteers. For some organisations this concern was amplified given experiences trying to change mandates at banks previously, and it was also recognised that with multiple signatories making any changes could be a time consuming process internally.

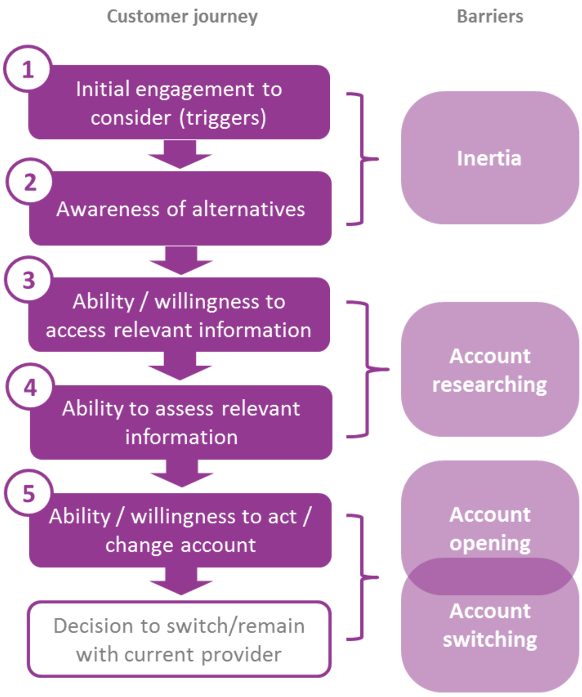
"I think it's a time issue… We're a fairly small charity in terms of the number of employees we've got and the rest of the work's done on a voluntary basis, so it's actually finding the time."
(Charities, Birmingham)

Charities and voluntary organisations were also more likely to say that they had a low awareness of banks offering anything special for voluntary organisations to make it worthwhile to switch.

6.3 Barriers to switching on the customer journey

6.3.1 Mapping spontaneous[6] barriers on to the customer journey

One objective of this research was to understand the 'customer journey' and identify the stage where barriers were most prevalent and therefore cause customers to become unengaged and fall out of the process. Through analysis, the four overarching barriers which customers spontaneously identified have been mapped back to the five stages on the customer journey.



Barriers which relate to **inertia** are evident at the 'initial engagement to consider' and 'awareness of alternative' stages. The research found that it is at these stages that non-considerers fall out of the customer journey, due to satisfaction with their existing provider and a belief that other providers are unlikely to be any different.

Account researching barriers relate to the time and effort required to research and choose a provider, as represented by 'ability/willingness to access relevant information' and 'ability to assess relevant information' stages.

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6 The spontaneous barriers referenced here are the unprompted reactions to the term 'barriers to switching', which were identified in the research.

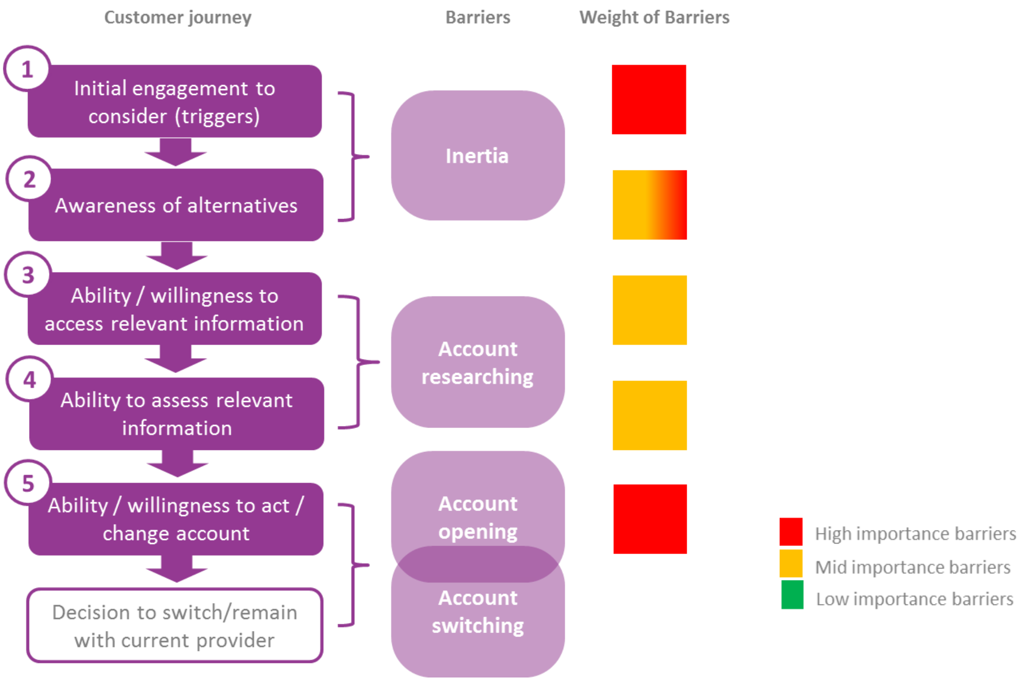
Account opening barriers are made up of the time and effort required to go through the application process, as represented by 'ability/willingness to act/change account'

Account switching barriers are often the last consideration on the customer journey and are also evident at the 'ability/willingness to act/change account' stage.

6.3.2 Weight of barriers on the customer journey

Within the groups and interviews, customers were prompted with various barriers (including those spontaneously suggested) and asked to identify whether these were of high, mid or low importance. These barriers each occur at different stages along the customer journey.

Whilst reactions to specific barriers were found to vary across the four different customer audiences, the research showed a broad consistency in terms of the weighting in terms of importance of barriers across the five stages. Critically barriers were found to be at their height at the **'initial engagement to consider'** and **'ability/willingness to act/change account stages'**:



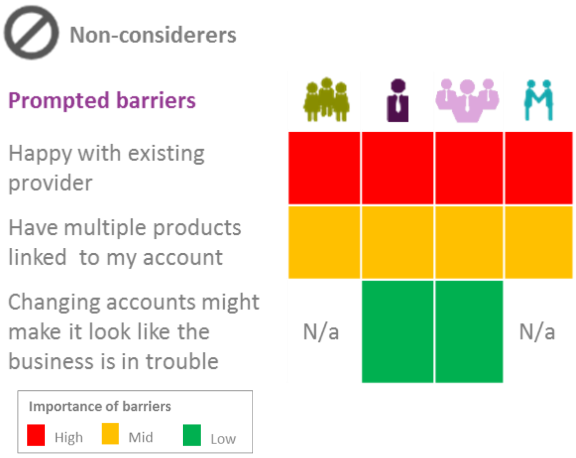
At the '**initial engagement to consider'** stage barriers were found to be high due to the lack of perceived triggers to consider moving and relative satisfaction with existing providers. The inertia which this creates is reinforced by the lack of perceived value in switching, so barriers remain of relatively high importance at the **'awareness of alternatives'** stage.

Barriers were also high at the **'ability/ willingness to act/ change account stage'** as *considerers* tended to report dropping out here due to the perceived effort and risk involved in both account opening and account switching.

In contrast, whilst it was recognised that there are also difficulties in researching and choosing current account providers, these did not appear to be as important in terms of being readily identified as reasons for customers to drop out of the overall journey.

In order to better understand the differences in perceptions across *consumer*, *business* and *charity* audiences the research showed it is necessary to examine the specific barriers at each of the five stages on the customer journey in detail.

6.3.3 Initial engagement to consider (triggers)



At this stage in the customer journey the research found that relative satisfaction with existing provider was the greatest barrier to engagement and that this was common across *non-considerers* from all audiences. In contrast *considerers* were much less likely to identify this as a barrier to switch.

Happy with existing provider - In the majority of cases this perceived 'happiness', could perhaps be more accurately be described as a passive level of satisfaction. When prompted, *non-considerers* typically specified two key factors, which correlated with the reasons for inertia identified earlier in this report:

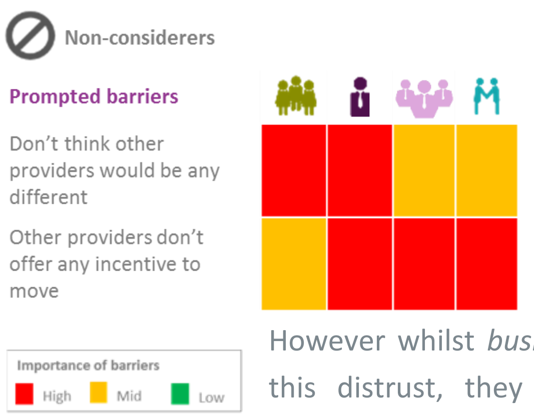
- They saw their provider as reliable as they had never had any problems with them, so their account was low maintenance. In addition they tended to be have grown used to their provider's services (whether branch or online), as they often had a long-term 'relationship' with them
- As referenced earlier in the report there was found to be relatively few 'moments of truth' where a provider can drive a more active level of satisfaction. These tended to differ by audience, but involved instances of a provider 'being there when needed', such as:
    - Proactively identifying fraud on an account for *consumers*
    - Offering lending to support *business* cash flow

- Helping a *charity* to change the signatories on their account.

Having multiple products linked to the account - This only tended to be a cited as a potential barrier amongst those who had more complex banking arrangements, although some *consumers* did prefer to have all their financial products with the same provider. Amongst *businesses* this was occasionally referenced by those who had overdrafts and/or lending linked to their account or international banking arrangements.

Changing accounts might make it look like I'm in trouble - Whilst *businesses* sometimes expressed an initial concern that 'changing accounts might make it look like they were in trouble', this tended to be dismissed when given greater consideration, as ultimately it was felt that any impact on client or supplier relationships would be within their control.

6.3.4 Awareness of alternatives



At this stage in the customer journey the research found the barriers were slightly different across the audiences. *Consumers* tended to be able to recall advertising from banks, which offered some incentive to switch, but questioned whether switching would be worthwhile in the long-term. However whilst *businesses* and *charities*, to some extent shared this distrust, they also tended to have little awareness of incentives available to *businesses* and *charities* for moving.

Don't think other providers would be any different - This barrier was often identified as part of a wider distrust in the banking industry and was more evident amongst *consumers* and *micro-businesses* who felt they were 'just a number' to the big banks.

> *"They're all more or less offering the same current account deals. I'm looking for added value and incentives but nothing's jumping out in the market at the moment"*
>
> ***(Consumer, considerer, London)***

Other providers do not offer any incentive to move - To some extent there was a recognition that people do not become aware of alternatives until they are in the market to move. *Consumers* tended to be far more aware of above the line marketing activity aimed at persuading them to move, but the benefits offered in these campaigns were often felt to be short-term. There was little awareness of similar activity targeted at *businesses* and *charities*. Although it should be noted that these audiences were also move likely to be interested in more intangible service related benefits.

6.3.5 Ability/willingness to access relevant information

The barriers at this stage of the customer journey tended to be identified as a little lower in importance, as it was accepted that a degree of effort would be required to research providers and generally consumers in particular were confident they would be able to find information if required.

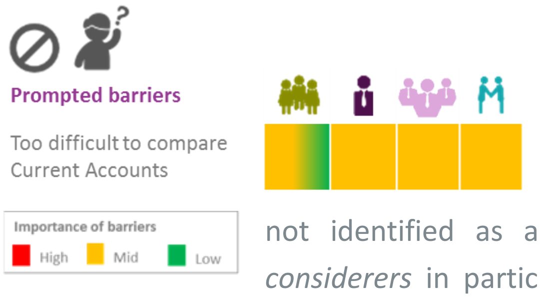
That said, *businesses* and *charities* were less clear about how and where to research providers**.** Interestingly *switchers* did not always feel that they had spent a long time researching providers, and sometimes the need for local access was felt to some extent limit the choice available.

Time commitment involved to research providers - Clear differences emerged between the various audiences in terms of perceptions of this part of the process:

- For *consumers* confident online it was generally assumed to be relatively straightforward to use consumer expert websites and price comparison sites to access the relevant information.
- For *businesses, charities* and offline *consumers* this was generally presumed to be an arduous process, as would require them to visit branches. However, this was also sometimes perceived an important part of the decision making process anyway in enabling these groups to gauge more intangible service factors.
- For *charities* the ability to access information was felt to be a little more problematic, as their finances are often run by volunteers so time taken to research was felt to impair their own ability to work for the organisation.

Do not know how the switching process works – Whilst the research showed that there is often a lack of clarity around how the switching process works, this was not felt to be a particularly high importance barrier in and of itself. The priority at this stage was felt to be researching new accounts rather than finding out more information about the switching process.

6.3.6 Ability/willingness to assess relevant information



The barriers at this stage of the journey tended to be identified as mid importance. Whilst the perceived standardised nature of current accounts was felt to make meaningful comparisons difficult, this was not identified as a primary reason not to switch. Amongst *considerers* in particular, this was a more significant barrier for *businesses* and *charities* because of the number of stakeholders involved and the fact that intangible service related factors were felt to be particularly key.

Too difficult to compare current accounts - One of the main challenges when comparing accounts, was the absence of obvious reference points and tools for assessing a good vs. bad deal (e.g. for insurance, price is an anchor);

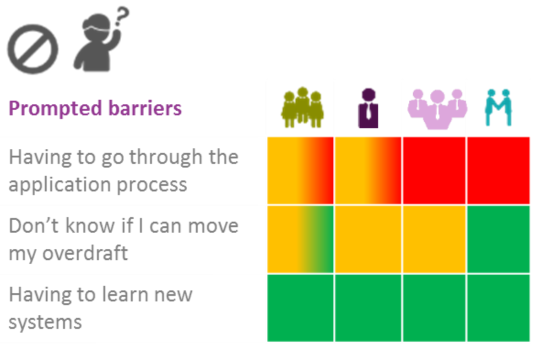
- For *consumers* incentives offered on accounts (interest, cashback etc.) were expected to be the key consideration, and these tended to be features which they expected to be easily comparable online.
- For *charities*, interest rates on reserve accounts, where relevant, were felt to offer a similar function.
- For *micro-businesses* it was recognised that charging structures could be compared but these were felt to be relatively complex, and also often felt to be without guarantees that they would stay consistent.

> *"Charges are difficult to compare because they do introductory offers, and then after 12 months the prices go up."*
> ***(Micro-business considerer, London)***

However direct comparisons were felt to become more difficult for businesses (particularly at the *SME* end) and charities whose primary concerns were intangible factors around service (relationship) and/or the level of flexibility which a new provider may offer.

Charities (and to some extent *SMEs*) also cited having multiple stakeholders involved in the decision, making the process of comparing accounts time consuming internally.

6.3.7 Ability/willingness to act/change account: Account opening barriers



The effort involved in opening a new account was identified as a major barrier for *considerers* across all audiences. It was recognised that there would be some hassle involved in organising a change-over of accounts, and finding the time to do this was felt to be challenging.

This was particularly true for *SMEs* and *charity organisations* that may have more complex banking arrangements or multiple stakeholders involved.

Having to go through the application process – Whilst the application process itself was not necessarily expected to be particularly complex, there was a perceived need to visit a branch in order to open an account. Finding the time to do this was felt to be difficult for some, particularly as branch opening hours could be restrictive. *Consumers* and smaller *micro-businesses* tended to expect to be able to organise a new account fairly simply in one visit, but this was not the case across all audiences;

- For some *SMEs* the desire to build a relationship with the new bank meant it was expected multiple visits might be required to 'get to know' the new bank and allow them to 'get to know' the business.
- The experiences of some *business considerers* also suggested this could be a difficult process. Where lending was involved, some reported feeling like they were pitching for the new bank's business (rather than the other way around) and had found that the process was sometimes held up as they awaited approval. In a couple of instances this had led to *considerers* dropping out of the process.

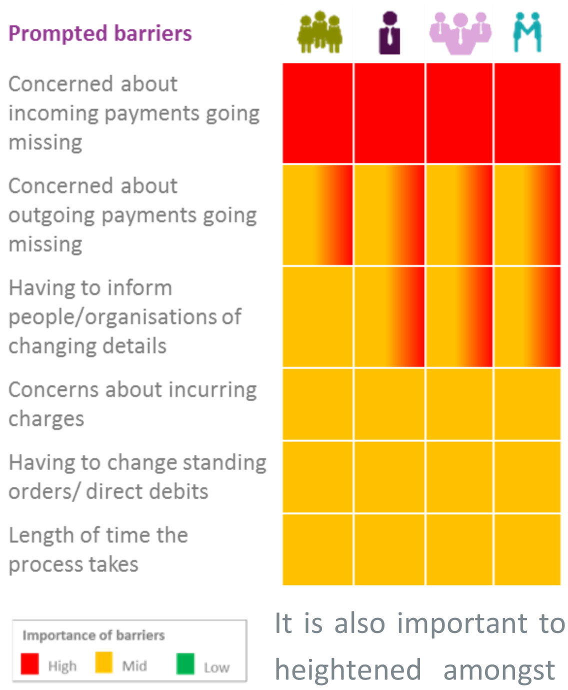
"I felt like I was pitching for business rather than the bank actually trying to win me over."
(SME considerer, London)

- For *charities* (and to a lesser extent *SMEs*) account opening barriers were also felt to be heightened given the need to organise multiple signatories / stakeholders, as well as having to get them to agree and action the change. The need to set-up new mandates, whilst recognised as necessary, was felt to make this a labour intensive process.

Don't know if I can move my overdraft – Whilst the research suggested there is definitely a lack of clarity around whether it would be possible to move accounts when in your overdraft, this didn't emerge as a primary concern. *SMEs* in particular felt that should they want to move this would be something they could negotiate with their new provider.

Having to learn new systems – This emerged as a low importance barrier, as it wasn't expected that a new providers systems would be particularly complex to learn.

6.3.8 Ability/willingness to act/change account: Account switching barriers



Whilst the account switching process may only be a secondary consideration at the outset of the switching journey, when prompted, customers identified a number of potential barriers at this stage of the journey. A lot of these barriers are interlinked and highlight a relatively high degree of uncertainty about the process and how it works, as not all were aware of the features involved in the *Current Account Switch Service*. In addition these were partly driven by a lack of trust in banking providers not to make mistakes. It is also important to note that risks and effort were felt to be heightened amongst *business* and *charity* audiences, where mistakes were felt to potentially have an even greater impact, and the changeover was felt to involve more administration.

Concerned about incoming payments going missing – The greatest perceived risk in the switching process was the chance that incoming payments could go missing and this was a concern across all audiences. It was recognised that this could have a knock-on effect on short-term cash flow and ability to pay bills, and was also expected to potentially be quite time consuming to sort out. These issues were felt to be heightened amongst *businesses* and *charities* depending on the nature and volumes of payments they received i.e. it was not really a concern for those who received payment by cash or cheque.

"You've got to change all your direct debits and they could end up going missing."
(Micro-business non-considerer, Northern Ireland)

For *businesses* it was recognised that any problems here might result in a failure to deliver products or services to customers, which could also have an impact on future sales. For *charities*, any missed donations might be untraceable so this could result in funds not reaching the organisation.

Concerned about outgoing payments going missing – Concerns about outgoing payments going missing were slightly lower, as whilst still a hassle to sort out customers recognised these would be more readily identified and would not impact on their ability to meet other payment obligations. For *businesses* again there were greater concerns around the impact of any missed payments on supplier relationships.

Having to inform people/ organisations of changing details – Again the relative importance of this barrier tended to depend on the nature of payments received i.e. not all *businesses* and *charities* give out their account details to customers or donors:.

- For those who would need to inform their customers and donors this was felt to add a lot of hassle to the process.
- In addition some *charities* raised concerns that by changing details there would be a potential to lose donors.
- This was less of a barrier for consumers who typically had relatively few people or organisations paying into their accounts.

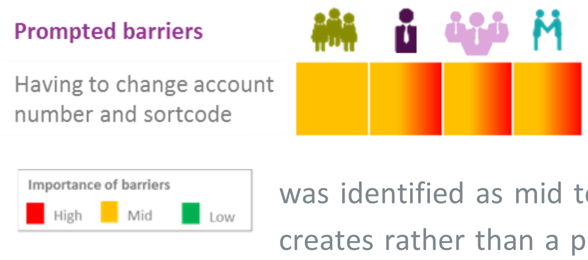
Concerns about incurring charges – There was generally an expectation that should a customer wrongly incur charges due to a mistake in the process, that the banking provider would eventually reimburse this. However, it was recognised to be a potential hassle to sort in the short-term.

"If you were to incur charges due to the switch-over, they should cover that."
(Charities, Birmingham)

Having to change standing orders/direct debits – There was often an expectation that this might be something which the banks could switch automatically but lack of knowledge about the process meant it remained a concern for some.

Length of time the process takes – The actual time the switch takes emerged as a secondary concern for the majority, it was felt to be more important to get it right.

6.3.9 Having to change account number and sort code



Customers were also prompted to consider whether having to change account number and sort code was a barrier to account switching. Typically it was identified as mid to high importance because of the risks it creates rather than a particular desire to retain existing account details. These risks were linked to more front of mind concerns about the switching process which had already been identified, such as;

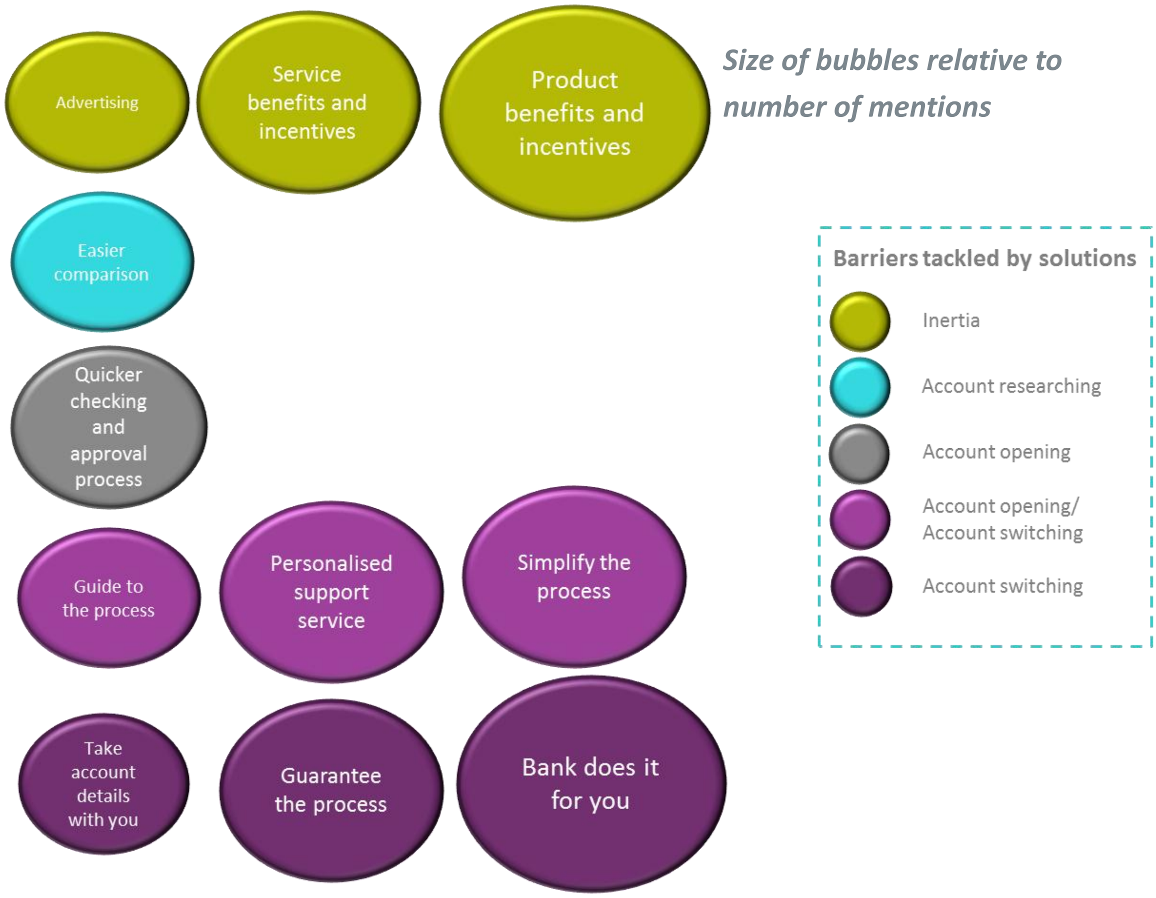
- Having to inform people and organisations of changing details.
- Increased the perceived risk of incoming payments in particular going missing.

As such it was potentially difficult to assess this barrier in isolation to other barriers and there was found to be little in the way of emotional attachment to account number and sort code.

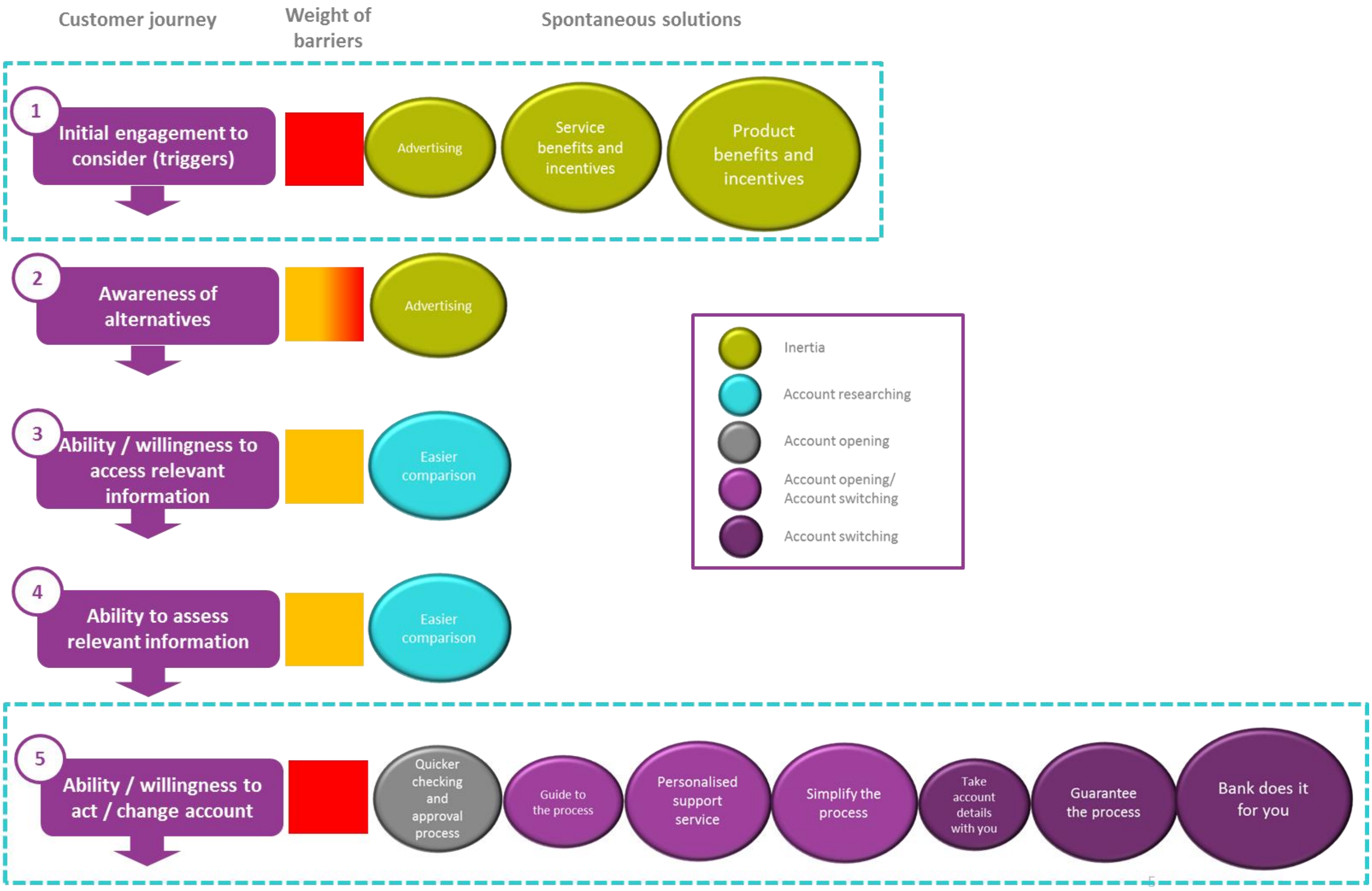
6.4 Spontaneous Ideas for Overcoming the Barriers to Switching

When asked to come up with solutions to barriers already identified, there was a tendency to focus on tackling inertia, as well as barrier associated with account opening and account switching. Through analysis these have been categorised into five areas, namely those that address issues associated with:

- **inertia** in terms of providing a (positive) trigger to move
- **account researching** in terms of making it easier to compare and choose accounts
- the **account opening** part of the process
- the **account switching** part of the process
- the **account opening and the account switching** parts of the process, where these elements are not differentiated.



Spontaneous solutions identified tended to be weighted towards the first and last stages of the 'customer journey in terms of providing an initial (positive) trigger to engage with the process of considering switching a current account and the final stage in terms of ability and willingness to change account. These were also the stages where the barriers are most significant:



6.4.1 Solutions that addressed inertia in terms of providing a (positive) trigger to move

Given the role inertia had in terms of a barrier to switch, there was a tendency to focus on solutions that will provide an initial trigger.

In this respect, all audiences were looking for **differentiated** products and **tangible** reasons to believe. *Consumers* in particular were seeking tangible and distinctive product benefits (more favourable interest, saving and overdraft rates, high cash incentives, etc.). There was also some indication that differentiated current accounts offering more distinct advantages had recently made some cut through and prompted interest in switching accounts. *Micro-businesses and SMEs* in particular were also interested in longer term benefits rather than short-term, introductory offers. Where relevant, they were also likely to be motivated by the idea of improved lending rates and/or reduced transactional charges.

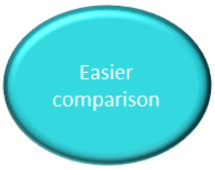
"They offer the free banking but I'd rather them do a longer term, if you like, 2 years at a lower rate.
(Micro-businesses Considerers, Bridgend)

Charities and *voluntary associations* were specifically interested in accounts that offered better interest rates and more support for their organisations.

As well as differentiated products, *consumers and micro-businesses* in particular were looking for **better and more flexible customer service** (well informed agents, UK call centres, branch access, etc.) although most concurred these features were hard to evaluate prior to switching. *Micro-businesses* in particular were also looking for banks to demonstrate a better understanding of their needs and a willingness to flex to accommodate these as and when they shifted.

Beyond seeking service and product benefits, there was also a general lack of awareness of alternative products or targeted advertising approaches, particularly amongst *micro-business* customers. As such they were also requests for more targeted advertising and campaigns to raise awareness of what is currently available.

6.4.2 Solutions that addressed barriers associated with account researching



Making it easier to compare potential accounts did emerge as a potential solution for some, with *micro-businesses* in particular seeking easier ways to both access and assess different providers' current account offerings. In this respect they are looking for comparison websites geared towards businesses but also easier access to more tailored needs such as lending rates, etc. Their main focus was the day to day running of their business and as such they were generally time-poor. The perceived time and effort it might take to contact a range of providers to discuss their needs could therefore, be quite off-putting.

"I looked online, I wasn't sure about swapping over, then I got busy and bored, so I did nothing, simple as that. I thought about it, the more I had to go into it, I didn't have the time or the inclination in the end, so at the moment I've just left it as it is."
(Micro-businesses Considerers, Bridgend)

6.4.3 Solutions that addressed barriers associated with account opening

Amongst both *consumers* and *businesses*, hassle factors (time, paperwork, ID verifications, and the approval process) associated with **opening a new account** presented major barriers, particularly for businesses and charities and as such, many solutions focused on streamlining this process:

- Faster ID and credit checks
- Online forms / checks
- Faster approval of new account (and specific requirements)
- Getting a 'decision in principle' first.

I was getting a bit bored, you set off at a great pace but then because of the red tape, it slows it down and it's amazing when they keep saying '48 hours' or, 'We'll get back to you'.
(Micro-businesses Considerers, Oldham)

6.4.4 Solutions that addressed barriers associated with account opening and account switching

Solutions suggested to address barriers associated with both account opening and switching tended to be more relevant at the latter stages of the customer journey.

Specifically, *consumers* and *micro-businesses* were seeking reassurance that the process will work. They suggested that 'step by step' information guides and an indication of how long the process would take would be helpful. This in part reflected their lack of awareness of CASS and how it works.

Larger business and *charities* also referenced how simplification of the process (simplified forms, online applications / checks, etc.) would also help overcome some of the perceived hassle in terms of time and effort they currently associated with the process.

Beyond this, all audiences believed that more tailored support and guidance throughout the process would help encourage them to switch, and the idea of a single, dedicated switching point of contact came up frequently. Given how time-poor they perceived themselves to be, *micro-businesses* would also appreciate banks coming to visit them at their premises to walk through both the account opening and switching processes

6.4.5 Solutions that addressed barriers associated with account switching

Solutions that address the 'risk' associated with switching current accounts mainly impact at the final stage of the 'path to engagement'. There was a fairly high degree of consensus that a guaranteed process would help to increase their willingness to act and change accounts. Across all audiences, the idea of a guarantee emerges spontaneously. In particular they are looking for compensation for missing payments, charges erroneously incurred and any negative impact on their credit rating.

There was also a general appetite for the banks to take charge of the process. *Businesses* and *charities* in particular, were looking for solutions that minimised the risk of any incoming payments going missing. For businesses with regular, online incoming payments, a seamless solution in terms of informing customers of a change of details was appealing and overcame the perceived hassle of this process as well as risk of lost payments. For other businesses with limited incoming, online payments this was less of a concern. The idea of taking account details with them emerged spontaneously was seen as a potentially seamless solution to some of the barriers associated with *switching* accounts (lost payments, having to inform customers, etc.)

6.5 Reactions to the Current Account Switch Service

6.5.1 Current Account Switch Service overview

There was a general sense that over recent years it has become easier to switch bank accounts than it once was. The perception is that banks now take more ownership of the actions required within the switching process, and that it is a faster process than it used to be. Those who had switched banks and those who were actively considering switching had the greatest awareness and understanding of CASS. *Switchers* tended to know more about what the process entailed (having experienced it), whilst active considers had a more basic comprehension of CASS (having learned about it via research and investigations into switching).

Overall, however, there was still a lot of information about CASS that most did not know, such as; the name of the service, origin, parties involved, features, and process. As a result, this meant there was also limited understanding and appreciation of the benefits of the service.

"Who's behind it? Is that an external thing to a bank or is it something all banks offer?"
(SME non-considerer, Glasgow)

"Does that count for business accounts as well?"
(Micro-business non-considerer, Larne)

The research suggested that CASS had been more visible to *consumers* than *businesses* and *charities;* there was recall of advertising for CASS that appeared to predominantly target consumers, and recollection of the CASS logo appearing in advertising for high street banks. In addition to this, some financial news sources were seen to have helped to create noise about CASS in the consumer world (e.g. sites such as moneysaving expert).

"I'm sure that's the advert, it's a cartoony advert trying to get you to switch your account, it's an owl."
(Consumer considerer, Glasgow)

"I heard something about it on some breakfast news; I think it was a proposed thing… they didn't think it was easy to switch, and they had some changes that they wanted to implement to make it an easier process but that's all I remember."
(Consumer switcher, Tonypandy)

These findings highlight the lack of awareness of CASS, particularly amongst *businesses* and *charities*. Challenges to driving engagement with CASS amongst non-considerers that need to be overcome are:

- inertia which is the biggest barrier to switching
- multiple key messages that need to be successfully communicated in order for CASS to be fully explained.

Once introduced to service however, there was general acknowledgement that it more or less addressed many of the barriers they had discussed, specifically:

- **Eliminates the hassle** of having to transfer payments manually
- **Reduces the risk** associated with payments going missing
- **Reassures** that the bank will resolve any problems and compensate for any charges of losses
- Offers the account holder more **control** over the timing of the switch
- Overall, **creates greater trust** in the process.

The benefits of the service were also recognised by *SMEs* even though the service doesn't currently cater for them. Similarly to other audiences they welcomed any attempts to make the service simpler, however given they sometimes have more complex banking arrangements involving lending or international banking, it may be necessary to provide additional reassurance about how CASS would work for them.

The graphic below shows how the features tested within the research qualitatively score against these specific barriers.

5 Ability / willingness to act / change account	Transfer of Payments	Incoming payment redirection	Guarantee	Choose switch date / 7 day switch	Same everywhere	Old account closes
Having to change standing orders / direct debits	✓✓					
Concerned about incoming payments going missing (banks mistakes)		✓✓		✓	✓	
Concerned about outgoing payments going missing (banks making mistakes)	✓✓	✓		✓	✓	
Having to inform people / organisations about changing details	✓	✓				
Length of time the process takes				✓		
Concerns about incurring charges			✓✓✓			

KEY
✓✓✓ = **completely** tackles barrier
✓✓ = **largely** tackles barrier
✓ = **partly** tackles barrier

However, it was also noted that CASS did not:

- **Fully overcome** all of the concerns associated with changing account details
- **Fully reassure** about the length of time the switching process takes (although in itself it cannot tackle the time taken to open an account)
- **Provide complete clarity** – a lot of the features are not self-explanatory, and so their role and benefits are not always clear at a glance

6.5.2 Transfer of payments including balance, direct debits and standing orders

This feature validated what most, with the exception of non-considerers, already assumed; that automatic transfer of outgoing payments is a standard feature of the switching process nowadays.

Automatic transfer of payments was seen to offer several benefits; it removes the hassle of the account holder having to transfer payments (e.g. the time and effort perceived to move multiple payments), it offers a quicker and more seamless process than a manual transfer (e.g. believed to be completed upon the touch of a button), and it reduces the risks associated with the account holder having ownership of this action (e.g. the bank is responsible if anything goes wrong).

"I think the transfer is really important, that's the one that matters and the overlap – the transfer takes all the leg-work out of having to go through every single direct debit and standing order and transfer them to a new bank"

(Consumer Non-Considerer, Glasgow)

The feature was not felt to completely eliminate the risks that were associated with the automatic transfer of payments; there was still concern that errors may occur because the process of transferring payments is not visible to consumers, and therefore was not understood. In turn, this led to the belief that there was still a need to check that transactions are running smoothly, rather than just relying on the feature to work as was promised. Confusion around which payments are and aren't transferred was also occasionally identifiable amongst *switchers*, as perceived problems with payments not being transferred may be due to the fact they are recurring debit card payments which would not be covered by this feature, but which *consumers* do not necessarily distinguish from direct debit payments.

Businesses and *charities* tended to be more apprehensive about this feature than consumers. They felt that any failings of this feature would be more detrimental to them than to consumers, for example; the negative impact missing payments could have on their cash flow, and the damage missing payments could do to their reputation. These concerns were more pertinent amongst micro businesses.

6.5.3 For 13 months any payments accidently made to your old bank account will be automatically redirected to your new account. Also the sender will be contacted with your new details.

This feature was well received, primarily because it was seen to provide a safety net for the transfer of payments; it prevents payments that may be sent to the old account from going missing as they are automatically redirected to the new account. Additionally, it alleviated the concerns about notifications; that there is a solution if creditors do not act upon notifications (e.g. they will be notified by the bank about the change in account details), and that it is not critical for the account holder to notify creditors about their change in account details (e.g. the bank will do this as soon as a payment was made to the old account). From a *consumer* perspective, 13 months was felt to be a sufficient time period for this feature as it serves to catch annual payments.

Businesses and *charities* found this feature to be relatively more relevant and appealing to their needs than *consumers*, because they typically had more incoming payments and therefore had greater concerns about these payments going missing.

The main short-coming of this feature was that it was perceived to be a more reactive solution than a preventative measure; it does not promise to stop the problem of payments being sent to the old account. The relevance of the 13 month cap was not fully understood by all because it was felt to be an unfamiliar time period in this context. Instead, a two year limit was considered to be more intuitive.

Charities were concerned that a 13 month limit would not cover the donations that were made to them less frequently than on annual basis, and that it would lead to a loss of funds as it would be difficult to chase up these payments.

"We do have contracts that come through every two years and it's the hassle of having to mess around – 13 months isn't long enough."
(Micro-business considerer, Oldham)

6.5.4 If anything goes wrong with the switch, as soon as we are told, we will refund any interest (paid or lost) and charges made on either your old or new current. Also, the sender will be contacted with your new details.

This feature was well liked because it was regarded to be a guarantee for the process. It was seen to be reassuring; that if something was to go wrong during the switching process that there is a procedure to resolve the problem, and an explicit promise to refund any charges or losses that may be incurred. It was seen to give the process greater credibility; due to the perception that a guarantee could only be offered if the process was reliable enough to warrant it. On the whole, *consumers* felt that this guarantee would be sufficient for their needs.

> *"I would expect that – if you change your bank then the bank has a moral and a legal obligation to make sure that your account is not affected by the switch"*
> ***(SME considerer, Bridgend)***

However, it was not considered to be self-explanatory, which meant that it raised a lot of questions about how it worked, particularly around who offers the guarantee (e.g. the new banking provider, or the old banking provider). It also prompted concerns about the reliability and efficiency of this guarantee; that it might involve a lengthy process to reach a resolution (which would be undesirable), and that it might require the account holder to drive the process rather than the bank taking the lead (which would be inconvenient). It was also seen to be limited because it did not offer to compensate for any indirect impact problems which the switching process may cause; any time and effort lost due to errors with the process, the negative impact errors with the process could have on relationships with payees and creditors. For *businesses* and *charities* this was a big issue with this feature; that it did not go far enough to remedy the likely fall out they would experience from any problems with the switching process.

> *"Even if that happens, you've still got to deal with the hassle and it takes a long time to sort it out."*
> ***(Micro-business non-considerer, Larne)***

6.5.5 To make the whole process even easier you can choose your own switch date. Please allow a minimum of seven working days from the day you start your switch with your chosen provider.

The ability to choose a switch date was liked because it creates a sense of empowerment and control; the freedom and ability to choose a switch date that fits in with the account holder's needs (e.g. to avoid a period when transactions occur). The power to choose a date was also perceived to make it feel like a more controlled process, which in turn is considered to help remove some of the perceived risks associated with switching. It was felt to provide some clarity around how long the switching process takes and this was perceived to be quicker than was originally expected, for what is considered to be a complex change. Overall, seven working days was considered to be a reasonable amount of time for this process.

"I can see it would make the switching process easier. The idea of choosing your own switching date would ensure that your upcoming bills didn't get missed."
(Consumer considerer, London)

Whilst this feature was seen to be useful, it was not seen to be highly important because it is not felt to resolve any of the more pressing concerns about switching, such as the length of time and amount of effort it takes to research and select a provider to switch to. What also detracted from the appeal of this feature was the perception that there is already the freedom to self-select the switch date to a certain extent; switchers claimed that they committed to switch banks at the point at which they were ready for this action to occur.

Charities in particular referenced the fact that there was a greater need for efficiency than for speed. Due to the nature of their organisations this feature was less relevant as they are unlikely to be able to quickly get all of the trustees to agree on a change of account holder.

6.5.6 The new Current Account Switch service is supported by UK banks and building societies, ensuring the process is the same wherever you're switching.

The promise of a standardised process supported by UK banks and building societies was seen to enhance the credibility of CASS and reduce some of the perceived risks; a process that is widely endorsed and adhered to cues that it is bona fide. It was also felt to help build the familiarity of CASS; it means that there is only one process that account holders have to become accustomed to, which results in more consistent expectations across banking providers. This statement was seen to help clarify that CASS is an industry wide standard, as consumers sometimes misattributed CASS to belonging to the banking providers that featured the CASS logo in their adverts. An additional knock effect was perceived to be that it could help to create to a more level playing field across the industry; it would mean that banks have to compete on the basis of their offering, not on the merits of the switching process, which in turn could prompt them to work harder to attract and satisfy customers.

"You'd think about if it was consistently advertised as part of the switching process across all banks, across the board, it becomes something you can recognise"
(Consumer considerer, Glasgow)

The main concern about this statement was that it could potentially be misleading; it could be interpreted that the account opening stage is also standardised amongst those who do not distinguish between this stage and account switching.

6.5.7 Old account closes automatically (optional)

The automatic closure of the old account was seen to offer little benefit beyond convenience; saves the account holder the time and effort of having to arrange for the old account to close themselves. It was also liked that this feature is optional, which provided the reassurance that the account holder has the control over whether the old account closed or not.

"That's one less thing for you to do isn't it?"
(Consumer switcher, Tonypandy)

The appeal for this feature was limited because most did not understand the reason why the old account has to be closed and this feature did make this clear; in order for the redirection service to be effective. As a result it did not quash some of the desires that lead them to want to keep the old account open; keeping the old account open ensures that there is somewhere for payments to go if the old account details remain in use, keeping the old account open means that all ties are not severed with the bank, and therefore there is freedom to re-establish the relationship if needed.

"I'd like to leave the old account open to test that 13 month thing, just to see a couple of pounds go through and say 'That's working now, I can close now."
(Charities, Birmingham)

6.6 Reactions to Current Account Switch Service enhancements

6.6.1 Overview of reactions

The enhanced features tested were perceived to go further than the current CASS feature to overcome the barriers to switching. The graphic below shows how the features tested within the research qualitatively score against these specific barriers.

5 Ability / willingness to act / change account	CASS	CASS + Quicker than 7 days	CASS + Unlimited redirection	Taking account details with you	Single platform / interface
Having to change standing orders / direct debits	✓✓	✓✓	✓✓	✓✓✓	
Concerned about incoming payments going missing (banks mistakes)	✓✓	✓✓	✓✓✓	✓✓✓	
Concerned about outgoing payments going missing (banks making mistakes)	✓✓	✓✓	✓✓	✓✓✓	
Having to inform people / organisations about changing details	✓	✓	✓✓	✓✓✓	
Length of time the process takes	✓	✓	✓	✓	
Concerns about incurring charges	✓✓✓	✓✓✓	✓✓✓	✓✓✓	

✓✓✓ = **completely** tackles barrier
✓✓ = **largely** tackles barrier
✓ = **partly** tackles barrier

= indicates incremental benefit

6.6.2 Quicker than 7 days

The prospect of speeding up the switching process was only felt to offer minor benefits; a quicker process equates to less disruption to the account activity, it infers a more streamlined process, and therefore less risk of errors. A five day turnaround was perceived to be more suited to a working week, whereas a process that could be completed within three days was perceived to be as quick as could be expected given the need to receive new cards and pin numbers. There was some concern however, that too short a timescale would not allow enough time for these processes to happen which increases fears around customers being without access to banking facilities.

"If it was an automatic thing then I don't see why they couldn't do it quicker than 7 days...I think the 7 days is just their cushion to put their checks in place."
(Charities considerer, Birmingham)

Consumers were more receptive to this proposed improvement than *businesses* and *charities;* their banking activity was considered to be less complex than the other audiences, therefore they felt it was more realistic that a quick switch could be achieved. Additionally, for some this enhancement was seen to be more aligned to their existing preconceptions; that the switch was fairly instantaneous anyway due to features such as automatic transfer of payments.

The limitations that held this improvement back in terms of appeal were; that it still does not address the concerns with account opening, which for *businesses* and *charities* were a bigger issue than speed of switch. It also raised some anxiety around the implications on accuracy; that an accelerated process could suffer from a higher risk of errors (made under the pressure of the turnaround time).

It was felt that a switch would really need to be instant for significant benefits to be felt from the increased speed. A truly instant switch was, however, generally not seen to be feasible at present.

Overall, for the majority speed of switch was not an improvement that was mentioned spontaneously. What was felt to be more imperative was providing greater clarity on how it works, which in turn could drive greater appreciation for the speed of the service.

6.6.3 Unlimited redirection service

Unlimited redirection was seen to be a significant improvement on the original redirection feature, which was capped at 13 months. It was interpreted, by definition, as having two meanings; unlimited time period and unlimited volume of payments. Overall, it was considered to be a much bigger promise which drove greater confidence in the process. It appealed across all audiences, but was seen to have greatest relevance to *businesses* and *charities*, as they typically accept multiple payments through the BACs system.

"If it was unlimited redirection that'd be important to me…because they're not going to say there's too many or you can't do it anymore"
(Consumer considerer, Glasgow)

There were still some criticisms towards this proposal; that it does not eradicate all the reasons for needing to notify payees (which for some businesses and charities was felt to be out of courtesy as much as it was an instruction), and that it could potentially be problematic if multiple redirections were required to take place simultaneously.

6.6.4 Being able to view your accounts from different providers on one platform / interface

In its own right the concept of a single platform, from which to access accounts from different bank providers, held appeal for reasons of convenience; the ease of access of having everything in one place, and the ease of only having to learn one system.

"It saves you having to open 4 different browsers at once."
(Micro-business Considerer, Oldham)

The idea was seen to raise several concerns; how this could work when accounts are held with banks that are separate organisations (are not owned by the same parent brand), whether a single platform would lead to increased security risks (the danger of account fraud). It was only seen to be beneficial to accounts holders who had multiple accounts across different banking providers, which was not typically the case for most consumers, micro-businesses, and smaller charities. Its relevance to CASS, however, was not understood; it is not seen to tackle any of the barriers to switching, other than potentially offering more visibility of the account switching.

"I dismissed it because I thought that would be such an opportunity for hackers and fraudsters to have all your stuff."
(Consumer Switcher, Tonypandy)

6.6.5 Taking your account details with you

At a high level account number portability was regarded to be more seamless and less risky than the existing means to switch accounts. At face value, it was also an easier concept for people to grasp as there are fewer elements to take on board when compared to CASS.

ANP was seen to address the barriers that were commonly associated with changing account details; the hassle of changing account details (e.g. the need for notifications, the need for admin updates such as changes to stationery etc.) and the risks of changing account details (if something changes it creates room for error). Some felt that this enhancement could potentially revolutionise the dynamics within the banking industry; greater freedom of movement for account holders, which in turn force providers to be more competitive. Others, who recognised this service had already been adopted in telecoms industry, felt this was therefore a natural progression for the banking industry.

"I'd happily take my account details with me because I know it off by heart, and it would stop the need to contact people. It would reduce the hassle."
(Consumer Considerer, London)

"If you were to have a portable number then it may help you to switch more easily, then the current account market becomes more competitive in the future."

(Consumer Considerer, London)

Businesses and *charities,* who felt that they are likely to experience greater inconvenience from changing account details than consumers would, found ANP to be more motivating because it removes the need to:

- notify customers of change in details
- make changes to stationery and invoicing documentation

It is also perceived to completely address concerns related to the transfer of payments, and the impact changing banks could have on their reputation (that it signifies the organisation has run in to financial difficulty).

6.6.6 Questions raised about account number portability

As account number portability is a relatively new concept for most, it does provoke a lot of questions around how it could work in practicality. Most assumed that it would involve retaining their existing account details, which caused confusion as they are perceived to be non-transferable; there is likely to be duplication in account numbers across banking providers, and sort codes are a unique to each bank. The prospect of it involving a portable number provoked further questions on how this number would be obtained, and two scenarios were envisaged. The first thought was that the banks would take the initiative to simultaneously roll out portable numbers to all account holders, regardless of whether they were seeking to switch accounts or not. This was seen to offer the benefit of convenience, but did raise concern that this mass migration could cause major chaos UK wide. The second scenario envisaged was that the account holder would only be moved to a portable account number at the point of switching, which was seen to cause less disruption than the first option. Both eventualities were disliked because they were felt to reintroduce, in the short term, all of the concerns associated with changing account details.

"What happens with the sort code? It is the sort code that identifies the bank that you're with, so to me that's not very clear. I am not sure what I am taking with me."
(SME Non-considerer, Belfast)

The account number portability concern also lead to concerns about security; that it could increase the dangers of fraud if account details were unique and it was so easy to switch banks. For some, there were occasions when changing account details is actually desirable (in the event of account fraud, or as a perceived fresh start from a bad credit history). Therefore there are concerns around how these needs would be catered for if a move to account number portability was initiated.

> *"Say I had a poor record with the bank, my credit was poor and I was in heavy overdraft but I'd got myself out of that and I wanted a fresh start, do I carry all that history along with me?"*
>
> ***(Micro-businesses Considerers, Bridgend)***

Consumers in Northern Ireland had more reservations about this concept due to their common need to have a banking relationship with the Republic of Ireland. The idea also came under more scrutiny from *businesses* and *charities* due to the greater complexity of their banking needs and activities. For example, it raised questions on how it would relate to international banking numbers and services such as IBAN, BIC, SEPA.

7 Conclusions

7.1 Key Findings

Through this research several real and perceived barriers emerged, which help to explain the relative lack of switching which occurs in the Current Account market.

Amongst *non-considerers* there are similarities in perceptions of Current Accounts across all audiences. The product is typically seen as low maintenance, relationships with providers are often long-term, existing banking services are convenient and when compared to other products/service switching is a low priority. Against this backdrop it is not surprising that at a high level the value of switching is outweighed by the assumed effort involved. Indeed amongst *non-considerers* the greatest challenge is encouraging 'initial engagement' due to their relative satisfaction with existing banking providers and the perceived lack of incentive in the market.

This means a strong trigger is generally required to shift customers from their default state of contentment. Amongst *switchers* and *considerers* this trigger was often found to be a 'push factor', involving dissatisfaction with existing providers for reasons such as; banking errors, branch closures, account charges and/or a failure to provide lending or cashflow support to *micro businesses* or *SME*s. 'Pull factors', in terms of the incentives offered by other providers, tended to play more of a secondary role, helping to reinforce customers decision to switch.

The effort involved in switching is largely made up of barriers linked to both account opening and account switching processes and customers don't tend to differentiate between these two elements. Both of these barriers converge at the point in the customer journey where customers are deciding whether to act/change account. *Considerers* tended to drop out at this stage, with some doing initial research, but not continuing on to the application stage and others reaching this point of having discussions with potential new providers but not proceeding. The research found that within the *considerer* audience the desire to switch can fade over time. This is because the perceived effort in switching may start to outweigh the perceived value in doing so.

Account opening was seen as a potentially time consuming process, particularly given the assumption that you would need to apply in branch. Account opening barriers were also found to be greater for certain audiences, as *businesses* may need to await approval for their accounts and *charities* have to organise multiple signatories. This meant that account opening involved having multiple meetings, which was sometimes seen as taking time away from working on the organisations key functions.

It is also at this point in the switching journey when customers may typically consider the account switching process in more detail. There remains a lack of clarity around how this process works and this can lead to concerns around the risk of the process, particularly in terms of payments going missing, and the hassle involved, in terms of informing people and organisations of changing details. It is important to note that any account switching service can only directly tackle the barriers that are linked to account switching.

Whilst *considerers* reported that there are some challenges in researching accounts and knowing how and where to access and assess information, the associated barriers here were given less weight relative to other stages in the process. Spontaneously barriers linked to this stage in the process attracted relatively few mentions, but it was felt to be more difficult for *businesses* and *SMEs* than *consumers*. The reasons for this were twofold; firstly that there are no obvious places where these kinds of account can be compared in one place, and secondly because these audiences tended to be more interested in intangible service related benefits (e.g. relationship offered by providers), which are not easily compared.

The existing Current Account Switch Service (CASS) goes some way to addressing the account switching barriers identified. However, the lack of clarity around the switching process showed that awareness of CASS features was not universal, and indeed not all businesses and charities were aware that it is not just a consumer service. As a result of this lack of knowledge of the service, current opinions were maintained about CASS. This is also evidenced by the fact that when customers were asked to spontaneously identify ways to overcome switching barriers, features of CASS such as the guarantee and banks taking responsibility for payment transfers, received a relatively high number of mentions. The research also suggested there may be some challenges in increasing awareness and understanding, due to the multiple features involved in providing these benefits i.e. transfer of outgoing payments, incoming payment redirection, the service guarantee, ability to choose a switch date, 7 day service and standardised service. This is particularly true given the lack of engagement with switching, which has been identified.

The research explored a number of possible enhancements to the existing switching service and this suggested that;

- Extending the service to cover larger *SMEs* was generally well received, with nothing to suggest that any of the features involved in the service wouldn't be relevant to this audience. However, some reassurance would be required that complex banking arrangements can be transferred in the 7 days. In particular clarity was sometimes requested about the impact on international banking arrangements, lending facilities and/or linked accounts.

- An unlimited incoming payment redirection service was felt to further reduce the risk of payments going missing once the switch has been completed. This was most relevant to those who received multiple payments from people or organisations paying directly into their account, most often *businesses* and *charities*. However the certainty that a non-capped service provides was felt to offer greater reassurance about the service as a whole by simplifying the incoming payment redirection feature.

- A faster than 7 day service was only felt to offer a small benefit, as for the majority the focus was on the switch being risk-free. The research found that the speed of the existing service was generally in line with expectations, and that speed of the switching process itself was not amongst the most important barriers. There were greater concerns around the length of time it would take to open an account, as this was felt to be a more arduous process for the customer. As such, a 3 – 5 day switching service wasn't seen to offer significant benefits, and a much quicker service was seen as unrealistic given the need to receive new debit and/or credit cards in order to use the new account. In addition the research identified some concerns that a much quicker service may increase the likelihood of banking errors.

The research showed that a switch service which involved account number portability (ANP) could potentially be attractive to some, although as with CASS it could only directly address account switching barriers. It was felt to be relatively straightforward to understand, when compared to switching mobile phone provider, and was felt to reduce the risk of payments going missing. It was also felt to go above and beyond an unlimited payment redirection system by removing the need inform people and organisations of changing account details. These features were felt to be more beneficial by *charities* and *businesses* that have multiple customers or donors who pay directly into their accounts. The research didn't suggest there was any emotional attachment to account number and sort code, so the reasons this appealed were more around the impact of this change, as outlined above.

Within the study customers also identified many potential challenges with an ANP service. Only a system which involved moving both account number and sort code was felt to eliminate the barriers around needing to inform people and organisations of changing details and eradicate the risk of incoming payments going missing. Questions were raised over whether a switch service which involved retaining these existing account details would be possible given that it is generally recognised that in the current banking system that the sort code refers to the specific branch where the account was opened. Concerns around the security of ANP were also raised as some felt portable account numbers may be more at risk of fraud. In addition larger organisations (typically *SMEs*), were unsure how this would translate for international banking arrangements.

If transferring account numbers and sort codes wasn't possible and ANP involved moving to a new portable account number, this was seen as not offering the same benefits in the short-term. Whilst it was recognised that a portable number would enable customers to switch multiple times in the future, this was not something which was readily considered and as such this system was not felt to make switching more attractive at this time. Further to this most of the *switchers* who had been through CASS were open to switching again in the future should they feel this was required.