

Pay.UK Limited Minutes of a meeting of the Switching Services Participant Committee held on 18 June 2020

ATTENDEES:

Jo Kenrick

ORGANISATION:

INED (*Chair*)
Pay.UK (*Secretariat*)
Pay.UK
Pay.UK
Pay.UK
Pay.UK (*AI 06/20.03 only*)
Pay.UK (*AI 06/20.02 & AI06/20.03*)
Pay.UK (*AI 06/20.01 only*)
Bank of Ireland
Barclays Bank PLC
Clydesdale
HSBC
INED
INED
Nationwide Building Society
Santander

APOLOGIES:

RBS
Handelsbanken
Lloyds Banking Group

06/20.01 Switching Services Risks

Action

Pay.UK walked the Committee through the high-level risk landscape at present, noting that the current remote working practices will continue for the foreseeable future. The Chair noted the need to consider how to hold a strategy day session given the current remote working setup. The CASS INED suggested that should it be decided to continue with a strategy day this year, advice is sought with regards to the best way to undertake this so as to be able to engage with larger audiences. Pay.UK confirmed that the Pay.UK Communications Team is looking at how to hold such sessions via Zoom and other platforms. **[Redacted – commercially sensitive]**

Referring to the security issues surrounding Zoom, Clydesdale noted that M Hunt has provided details of the security measures Pay.UK have implemented for employees and Participants while using Zoom. Pay.UK noted that if any other Participants require a copy of this then to please contact them.

[Redacted – commercially sensitive]

It was queried who is considered to be responsible and accountable for the CASS risks; if it is this committee, the CASS specific risks should be presented at the forefront of the Risk

Register when brought to this committee for discussion. Pay.UK advised that on the basis this committee is a Participant committee, it is accountable to Managed Services Committee and ultimately Pay.UK Board. Pay.UK Board own the risks and are accountable for them. It was suggested that, on that basis, this committee should review a CASS specific risk register and make recommendations to the Board. It was agreed for an offline session to be arranged for those who wish to be involved, to discuss the risks register and the appropriate governance. Pay.UK agreed to organise this meeting.

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25/06/2020

06/20.02 Switching Services COVID-19 Review

CASS Marketing & Advertising H2 and beyond

Referring to the CASS H2 Update, Pay.UK walked the Committee through the supporting presentation which looks at how to evaluate the H2 Communications plans for CASS in light of Covid-19. The supporting presentation provides three scenarios for H2 Marketing, with a recommendation for Scenario Two which has been reviewed and supported by the CASS Communications Working Group. **[Redacted – commercially sensitive]**

The CASS INED requested that she be included on the Communications Working Group going forward. Pay.UK agreed and will amend the invite to include the CASS INED.

The CASS INED queried whether it is possible to include any activity targeted at SMEs as this group are becoming increasingly more vulnerable due to the Covid-19 climate. Pay.UK confirmed that the scenario can be reviewed to look at how to include SMEs; it was deemed that the FV audience is the most important to target in light of the current situation. It was agreed to request a breakdown of the audience segments the advertising will target from the advertising agency. Pay.UK agreed to speak to Engine to provide a breakdown of the audience segments.

The CASS INED queried how the ‘financially vulnerable’ are being defined given that this audience will have likely increased in light of COVID-19; Pay.UK confirmed it is working to the definition as provided by the CMA.

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CMA definition of Financially Vulnerability:

- Receives Government benefits
- Be working full / part time / unemployed (excluding students and retirees)
- Would agree with any of the following statements:
 - I do not have a regular source of income
 - I am in debt and I am struggling to pay it off
 - I sometimes find it difficult to pay household bills on time
 - I have little to no savings which I can rely on in emergencies

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- I have taken out a high-interest payday loan (e.g. Quick Quid, Wonga)
- Younger (18 -24) audiences to have a max household income of £14k
- 25-54's to have a max household income of £21k and be renting from council / housing association.

It was noted that it will be critical to reach this audience in the current situation, however, it is not the duty of CASS to advertise to people *how* they can save money; CASS' purpose is to provide a quick, safe and efficient mechanism by which they can switch their current account should they wish to.

[Redacted – commercially sensitive]

Market Dynamics Model Covid-19 CASS Scenarios

Pay.UK walked the Committee through the paper detailing the COVID-19 scenarios. Four scenarios were considered:

- Scenario 1 – Brand promotion stops (Participants stop advertising spending and CASS continues spending)
- Scenario 2 – CASS promotion stops (Participants continue to spend and CASS stops spending)
- Scenario 3 – Both brand promotion and CASS promotion stops
- Scenario 4 – Product innovations/incentivised switching stops completely

In summary, Pay.UK noted that consumers are being impacted in a multitude of ways as a result of COVID-19, and as a result consumer behaviour is diverse. The outcome from the four scenarios highlighted the importance of participant spend in the market and how this will drive consumers' consideration of switching. In the absence of incentivised switching and/ or participant advertising, the model predicts that customers are more likely to look towards better product value propositions.

It was noted that it is very likely that switching is not at the forefront of consumers' minds at present; the modelling has not accounted for the current situation and lockdown lasting for different periods of time. It was confirmed that scenario four was considered on the basis that advertising both centrally and by participants continues, but in the absence of incentives. It was noted that the supporting scenario graphs provide a level of reassurance that if communications slow down then volumes do not disappear completely. Pay.UK advised the Committee that the MDM is being enhanced will allow for more scenarios to be modelled, this will be available from late 2020. A Participant noted that the removal of incentives would encourage Participants to provide a better service to their Customers and provide CASS with richer volume data.

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03/07/2020

06/20.03 CASS & CISA Budget Update and COVID-19 ScenariosYTD Budget Summary for CASS & CISA

[Redacted – commercially sensitive] The CASS INED noted that the current climate may present an opportunity for CASS to move away from the traditional forms of communication set out in the original communication plan. It was advised that the number of customers in debt will be increasing and could present an opportunity to help customers make an informed decision in relation to switching.

[Redacted – commercially sensitive] The CASS INED noted that there challenges around a number of KPI's that are not flexible and concerned they are not doing what CASS would like them to do effectively.

A Participant noted the KPI's, drivers and the requirement to spend from a marketing perspective were set at the start of CASS, the service was new so awareness had to be raised amongst the consumer, it was noted that CASS has progressed within the mind of the consumer to a point where they understand that they have the ability to switch easily. This has not been adapted to the current environment, awareness and visibility is there but CASS is still driving awareness and marketing spend due to the targets set by the regulator. CASS needs to start to look at what the service is here to do, there is a danger in telling consumers that they can save money, is that the purpose of the switching service or is that the purpose of other tools, is the switching service there to purely provide quick and efficient rails to allow a consumer to switch accounts if they choose or to highlight money saving. These are two different reasons to spend money and thought needs to be given to both.

[Redacted – commercially sensitive] The Committee note the CISA Performance update paper; this will be refreshed for the August meeting.

06/20.04 SSPC Representatives Length of Service

It was proposed to the Committee that the length of service be increased by a further three years to six years which would better align with other Committees. This increase would allow sufficient time to find Committee members replacements. The increase by three years does not mean that each member has to stay on for the full three years. The Chair noted they will speak to the individual Committee members to gage their appetite of how long they wish to stay on the Committee, this will allow for a rolling succession plan to be drafted. This was supported by the Committee.

06/20.05 Participant Dashboard

The Committee noted the SSPC Dashboard.

[Redacted – commercially sensitive]

06/20.06 Minutes of the Previous Meeting

The minutes of the previous meeting held 27 April 2020 were signed off without comment.

06/20.07 Action Log

[Redacted – commercially sensitive]

02/20.05 Pay.UK to create a summary of the current Committee members, their current length of service and the formal process to be undertaken when this comes to an end

C/F

This action was covered under AI 06/20.04. It was agreed to close the action.

[Redacted – commercially sensitive]

04/20.019(a) Pay.UK to provide the Committee with a shape of the strategic review and modelling being conducted for the CASS Budget as a result of Covid-19.

This action was covered under AI 06/20.02. It was agreed to close the action.

[Redacted – commercially sensitive] [Redacted – commercially sensitive] [Redacted – commercially sensitive] [Redacted – commercially sensitive]

04/20.02 Pay.UK will undertake some modelling activity (utilising MDM and agency Partners) to understand the Covid-19 impact

This action as covered under AI 06/20.02. It was agreed to close the action.

06/20.08 AOB

CASS Future Scenarios Q1 2020 summary

The Committee noted the supporting paper. Pay.UK advised that this activity now sits with the internal Pay.UK Research team, the format was due to change in time for the Strategy day. This has been postponed yet will hopefully be introduced later in 20202.

[Redacted – commercially sensitive]

Date of next meeting: 26 August 2020