Retail Banking Team

Competition and Markets Authority

Victoria House

Southampton Row

London

WC1B 4AD

Via email: retailbanking@cma.gsi.gov.uk

21 July 2017

Dear Retail Banking Team

**Updated proposal on the collection of service quality information**

On 28th April 2017 the BBA, together with the Personal Current Account Working Group (PCA WG) and GfK submitted a proposal to the Competition and Markets Authority (CMA) on the collection of service quality information to the for their approval.

Following feedback from the CMA on 4th May 2017, and the testing of the questionnaire via a pilot, the BBA, PCA WG and GfK would like to submit the following clarifications for CMAs approval. The points below have also been addressed in the amended proposal.

**Sampling techniques**

In order to achieve 1000 respondents per brand for Great Britain and 500 per brand for Northern Ireland, and assessment of incidence rates (both modelled, and following the pilot study), and to reflect the sample limitations of the smaller customer bases, we have amended the sample size required in our updated proposal. For GB, this equates to 60,000 customer records being provided to GFK by each brand, via two 30,000 batches in H1 and H2, of which GfK will randomly select a sub sample on a monthly basis. For brands in Northern Ireland, the sample size provided to GFK will be 30,000, in a batch of 15,000 in each of H1 and H2, of which GfK will randomly select a monthly sub sample.

The reduced number of customer details required to be provided to GFK by brands, is modelled to allow some contingency in the sample base size within each 6 month period, but avoiding oversupply. This is intended to reduce risk and minimise over supply, and thereby minimise impacts on smaller brands’ ongoing market research activities. GFK will continue to monitor response rates and highlight to providers any risk of falling below the levels required for the publication of the survey.

**Data collection method**

The recall period for the PCA survey is proposed to be 3 months, with the exception of the overdraft question, which will commence with a 12 month recall period. We do not intend to change this at present, and this is consistent with the evidence provided by the pilot.

**Preamble for the survey**

The CMA highlighted the differences in the preambles for both surveys. To bring this into alignment the PCA WG has agreed to add the additional line to explain more context of the survey. Therefore, the new introduction to the PCA survey will include the following explanatory statement:

*All the scores from customers of each bank and building society will be added together and used to make an overall bank rating for each service area. These combined scores will then be displayed in bank branches and on bank websites so that customers can see how their bank ranks against others*.

**Exclusions**

The CMA noted the list of proposed exclusions in Appendix B in the BCA survey differs from the PCA survey in relation to NI, ROI and overseas customers. However, we believe that there is sufficient alignment, while reflecting the different structure of the PCA and BCA market and customer base.

**Next steps**

We would welcome your further review and any comments or questions you would like to raise, and thereafter to finalise the proposal.

Yours sincerely



**Ewan Willars**

Director, Retail

UK Finance

5th Floor, One Angel Court

30 Throgmorton Street

London, EC2R 7HJ

Tel: 02072168850

Mobile: 07738349042

Email: ewan.willars@ukfinance.org.uk

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21 July 2017

Dear Retail Banking Team

**Proposal on the collection of service quality information**

The BBA, together with the Personal Current Account Working Group (PCA WG) and GfK, submit the following proposal on the collection of service quality information to the Competition and Markets Authority (CMA) for their approval.

**Background**

In February 2017, the CMA published their final Order requiring brands over a threshold to publish service quality indicators showing the willingness of their customers holding a personal current account (PCA) who have used the account or a relevant service in a defined period prior to the survey taking place:

* to recommend the Brand to friends and family;
* to recommend the Brand’s online and mobile banking services to friends and family;
* to recommend the Brand’s branch services to friends and family; and
* to recommend the Brand’s overdraft services to friends and family

**Personal Current Account Working Group**

In October 2016 the BBA formed the PCA WG, which includes representatives from the 21 Brands captured by the remedy. A full list of brands can be found in appendix B. The PCA WG has the responsibility and deliverables as follows:

* To develop and deliver a procurement process which delivers an effective and efficient solution to satisfy the PCA related service quality metrics remedy
* Discuss and agree the intended outcome, methodology and operation of a service quality metrics regime for PCAs, and to ensure a fair and open procurement process
* To ensure the delivery of the PCA remedy is co-ordinated with the delivery of the Business Current Account service quality metrics remedy, by maintaining links with the relevant BBA Working Party
* Agreeing delivery process and timescales with CMA, and to ensure CMA remains informed throughout the process

**Process of selecting a survey agency**

In January 2017, the PCA WG undertook a rigorous procurement exercise to select an agency to deliver the project;

* In total 8 submissions were received by leading agencies
* The top three agencies were invited to present to the PCA WG.  At this stage the PCA WG decided to extend the process and request further information from the top two agencies
* GfK were selected on 3rd April 2017 with CMAs approval

**Questionnaire testing**

The questionnaire was tested in the first half of June. The details of the testing are included in appendix C.

Some minor changes have been made to the survey following the pilot testing, however the results, in terms of customer understandability, and both response and incidence rates, were positive and in line with expectations. Therefore no significant changes were deemed necessary to the questionnaire as a result.

**Proposal Details**

**Sampling techniques**

The survey will be based on a random probability sample of each brand’s customers. Based on experience of the CMA personal banking survey, GfK estimates a response rate of 5%, and will thus need 20,000 leads to achieve 1,000 interviews, and 10,000 leads to achieve 500 interviews. To add an additional level of randomisation to the sampling process GfK will request a total of 60,000 or more customer records from each brand in GB, via two 30,000 batches in H1 and H2, each including the records of all customers sharing one or more birthdays (minus agreed exemptions). From this GfK will randomly select a sub sample sufficient to deliver a representative respondent base, on a monthly basis. For brands in Northern Ireland, the sample size provided to GFK will be 30,000 per brand, in a batch of 15,000 in each of H1 and H2, of which GfK will again randomly select a monthly sub sample.

Brands will supply GfK with their total qualifying customer data for each selected birthday. For each brand GfK will calculate the proportion of the total customer database that will be needed to provide the required number of records. The number of birthdays specified will thus vary widely from brand to brand.

Brands will provide the customer details in a common format, for which GfK has agreed a data provision template. Brands will also supply a breakdown of their qualifying customer base by age band, region and gender.

The following cases are intended to be excluded from the sample provided by brands:

* Those who have requested not to be contacted for research purposes
* Customers aged under 16
* In the case of GB brands, customers resident outside of England, Scotland or Wales
* In the case of NI brands, customers resident outside NI or the Republic of Ireland
* Customers associated with an account or accounts that are under third party control or Power of Attorney. Only the person whose accounts are being managed is intended to be excluded. The person with PoA over the account would be included in relation to their own accounts (in a few cases where firms are unable to exclude such customers from the data supplied to GFK, GFK will identify and exclude such respondents during the course of the fieldwork).
* Accounts with no customer-initiated or automated transactions (excluding notification of interest or fees/charges) in the last 12 months
* No telephone number (mobile or landline)
* Deceased
* Accounts with a sort coded related to an offshore branch
* Stopped accounts; covering scenarios such as; formal demand for repayment of a debt or where legal/formal dispute proceedings are underway.

Once the sample is received, GfK will check that the birthdays match the specification and that the age gender and region spread matches the qualifying universe, and will then draw the required number of customers to issue for interviewing. This sample will then also be checked against the total age gender and region profile for each brand.

**Data collection method**

Data collection will be by means of single methodology of computer assisted telephone interviewing (CATI). To maximise response, where the customer record contains more than one telephone number both/all numbers will be attempted.

This method can easily be explained to both consumers as well as the industry and media observers.

Those who say that they no longer have an account with the brand from which they were sampled will be excluded from the survey. Those who say they have accounts with other brands as well will be included. In the case of joint accounts only the sampled person can be interviewed.

Every six months, brands will provide GfK with the data sample and once a month brands will update GfK with any deceased customers or those that have switched brand or closed the account. Updates will be provided in both directions concerning any new records of customers requesting not to be contacted for market research.

If the sample it not used for the month it was selected for it will not be rolled into the next month as GFK will create monthly sample files that are representative of the brands customer base for that month. Unused samples will be returned to firms at the end of the first six months, however this is intended as a short term contingency, future return of unused sample data is intended to be on a more frequent basis following that.

For each channel, GfK will use 3 months’ recency of use, except for overdraft where a 12 month recency of use will be applied to ensure sufficient number of responses. This reflects modelled and tested incidence rates.

The annual survey will achieve 1000 respondents per brand for Great Britain and 500 per brand for Northern Ireland.

Quota controls will be set, based on the sample, to ensure that for each brand the achieved sample is representative by age gender and region.

The question on quality of branch services will be asked of all who have either used a branch of their brand, or who had carried out branch banking activities at a Post Office, only applicable where Brands have an arrangement with the Post Office, in the last 3 months

The question on quality of online/mobile banking will be asked of all who have used online or mobile banking in the last 3 months.

The question on overdrafts will be asked of all those who have been overdrawn (authorised or unauthorised) in the past 12 months. GfK FRS data shows that 15% of consumers have used an overdraft in the last 3 months, and 27% have used this ever. FRS does not collect 6 or 12 month usage data so we would estimate the usage figures to be approximately 18% for use in the last 6 months and 22% for use in the last 12 months. The expected sample sizes below are based on use in the last 12 months.

Based on these sample sizes, and on GfK data on frequency of usage of branches, online/mobile banking, and overdrafts, we would expect to achieve, on average, the following sub-sample sizes:

Great Britain

* Branch usage – c 560
* Online and mobile banking – c 410
* Overdrafts – c 220

Northern Ireland

* Branch usage – c 280
* Online and mobile banking – c 205
* Overdraft - c 110

As the sub-sample sizes are all based on estimates rather than known numbers the achieved sub-sample sizes will be reviewed after 3 months.

It should also be noted that these figures are industry-wide estimates and there may be considerable variations between brands, and some brands may have lower numbers than the overall ones.

**The questionnaire**

The questionnaire is intended to take 5 minutes on average to complete. GfK will only survey the named contact as per data protection rules; if the named contact is unavailable then the call will be closed.

The core part of the questionnaire will be the questions stipulated by the CMA in the order.

The order also requires the survey to capture the following demographics:

(i) age;

(ii) gender;

(iii) working status and/or income band;

(iv) use of overdraft; and

(v) location (first two letters of postcode in GB and first two letters and number in NI).

Using the data template provided by GfK, brands will already be supplying age, gender and region, therefore the questionnaire only includes working status and income band.

There is also an option for the questionnaire to include questions to help brands understand the drivers of the various recommendation scores, following the successful implementation of the survey..

A copy of the intended questionnaire is appended.

The questionnaire was piloted on 100 respondents, sampled by free-find methods and with target interview numbers for GB and NI (65 GB, 35 NI).

The results from the pilot interviews, along with recommendations for any changes to the questionnaire are included in the pilot report (Appendix C).

**The results**

GfK will be responsible for the analysis of the data, with each question being analysed by standard crossbreaks (to be agreed). Full results of the survey from their own customers will be supplied to each brand. Tables showing the results of the four recommendation questions, cross-analysed by brand, will also be supplied to each brand on the frequency set out in the order.

For the recommendation questions results will be published in the form of the percentage saying that they were “extremely likely” or “very likely” to recommend the brand. Percentages will be calculated by excluding those who answered “don’t know”, and also excluding those who had not used a branch, online/mobile banking/or an overdraft in the required time period.

Where brands score equally in terms of the percentages based on whole numbers these will be shown as scoring equally, but in order to create a rank order they will be ranked according to their percentage to one or more decimal points.

**Timing**

The PCA WG is aiming to commence the survey in September 2017,. Both are subject to all contracts being signed. The latest the survey can commence, to meet CMA reporting requirements, is October 2017.

 The delay from the previously intended start date of July 2017 has been due to complications in agreeing security protocols across so many brands in parallel, and due to a change in the call centre location proposed by GfK to ensure continuity throughout the contract of the survey. This has required some contractual changes and additional provision of security information and assurance by GFK, with some unavoidable delay to allow time for additional due diligence to take place by brands.

If fieldwork is able to commence in September 2017 GfK will aim to conduct around 100 interviews each month per brand in Great Britain and around 50 interviews each month per brand in Northern Ireland.

If fieldwork is unable to commence until October 2017 GfK will aim to conduct around 110 interviews each month per brand in Great Britain and around 55 interviews each month per brand in Northern Ireland for the following nine months. After the first survey year, the target numbers per month will be 85 and 40 respectively.

**APPENDIX A: FINAL DRAFT QUESTIONNAIRE**

**Questionnaire**

Where text appears inside {} – eg {bank} – this indicates that the relevant text will be included, based on the sample, by the CATI script.

**I INTRODUCTION**

Good morning / afternoon / evening. Please could I speak to {NAMED CONTACT?}

IF SOMEONE ELSE ANSWERS AND ASKS WHY WE WANT TO TALK TO NAMED CONTACT, SAY:

I am calling because we are conducting a survey of customers of all of the major banks and building societies in the UK.

My name is ……. from GfK, an independent market research company. We are conducting a survey on behalf of {bank} as part of a survey of customers of all the main banks and building societies, and I have been given your contact details by {bank}. The survey is about what people think about their {bank/building society}.

All the scores from customers of each bank and building society will be added together and used to make an overall rating for each service area. These combined scores will then be displayed in branches and on websites so that customers can see how their bank or building society ranks against others.

The interview will only take 5 minutes to complete. Would you be willing to help?

1. Yes [PROCEED]
2. Yes, but not now [MAKE APPOINTMENT]
3. No [THANK AND CLOSE]
4. Opt out of market research

**IF WORRIED ABOUT CONFIDENTIALITY**

- Your survey responses will be treated in the strictest confidence.

- All your data is anonymous, and will not be linked with your contact details in any way that can identify you.

**RECORDING**

This call may be recorded for training and quality purposes and will be in accordance with our industry Codes of Practice and Guidelines.

1. Continue

2. Respondent objects to being recorded

**IF OBJECTS TO RECORDING**

In that case I can assure you the recording will be completely deleted following this call.

**I. SCREENER**

Base: All respondents

S01 [S]

Can I just check – do you have a personal {current account/payment account}, either sole or joint, with {bank}?

INTERVIEWER NOTE – DO NOT INCLUDE ANY BUSINESS ACCOUNTS.

1. Yes ASK Q1

2. No THANK AND CLOSE

I**II. MAIN QUESTIONNAIRE**

Q1 [S]

Thinking about your {current account/payment account}, taking everything into account, are you likely or unlikely to recommend {bank} to friends and family for current account banking, if asked by them? Are you extremely likely, very likely, fairly likely or unlikely?

1. Extremely likely

2. Very likely

3. Fairly likely

4. Unlikely

5. Don’t know (DO NOT READ OUT)

6. Do not recommend (DO NOT READ OUT)

Base: All Respondents

Q2 [S]

I’d like to ask next about the branch services that {bank} offers – by that I mean the staff and facilities including any machines inside the branch. If you have used a Post Office to carry out banking activities on your {bank} account please include this. Based on your experience over the last three months are you likely or unlikely to recommend {bank}’s branch services to friends and family, if asked by them?

Are you extremely likely, very likely, fairly likely or unlikely?

If you have not used a branch in the last three months please say so.

1. Extremely likely

2. Very likely

3. Fairly likely

4. Unlikely

5. Don’t know (DO NOT READ OUT)

6. Have not used a branch in the last 3 months.

7. Do not recommend (DO NOT READ OUT)

Base: All Respondents

Q3 [S]

And again based on your experience over the last three months are you likely or unlikely to recommend {bank}’s online and mobile banking services to friends and family, if asked by them?

Are you extremely likely, very likely, fairly likely or unlikely?

If you have not used online or mobile banking in the last three months please say so.

1. Extremely likely

2. Very likely

3. Fairly likely

4. Unlikely

5. Don’t know (DO NOT READ OUT)

6. Have not used online or mobile banking in the last 3 months.

7. Do not recommend (DO NOT READ OUT)

Base: All Respondents AGED 18+

Q4 [S]

Based on your experience over the last twelve months are you likely or unlikely to recommend {bank}’s overdraft services to friends and family, if asked by them?

Are you extremely likely, very likely, fairly likely or unlikely?

If you have not been overdrawn on your account in the last twelve months please say so.

1. Extremely likely

2. Very likely

3. Fairly likely

4. Unlikely

5. Don’t know (DO NOT READ OUT)

6. Have not been overdrawn in the last 12 months

7. Do not recommend (DO NOT READ OUT)

**DEMOGRAPHICS**

Finally I would like to ask some questions to help us analyse the results.

Base: All respondents

WORKING STATUS

D01

Are you currently:

**READ OUT**

1. An employee working full-time

2. An employee working part-time

3. Self-employed and working full-time

4. Self-employed and working part-time

5. Unemployed and looking for work

6. Retired from paid work

7. Looking after the home or family

8. A full-time student

9. Or something else

10. Refused

Base: All respondents

INCOME

D02

Thinking of your total personal annual income, from all sources but before tax, would you say it is:

1. Less than £12,000 a year

2. Between £12,000 and £25,000

3. Between £25,001 and £40,000

4. Or more than £40,000 a year

5. Refused

**VI. END TEXT**

*THANK & CLOSE*

*That is the end of the survey. On behalf of {bank] and GfK I would like to thank you for your time today.*

**END OF QUESTIONNAIRE**

**APPENDIX B BRANDS IN SCOPE**

Please find below the Brands required to undertake this survey.

**GB PCA** – over 150,000 active PCAs:

* Barclays
* Clydesdale
* Co-Op
* HSBC
* Coventry Building Society
* First Direct
* Bank of Scotland
* Halifax
* Lloyds
* Metrobank
* Nationwide
* NatWest
* RBS
* Santander
* TSB
* Yorkshire Bank
* Williams and Glyn[[1]](#footnote-1) (TBC)

**NI PCA** – over 20,000 active PCAs:

* Bank of Ireland
* Barclays
* Danske
* First Trust
* HSBC
* Halifax
* Nationwide
* Santander
* Ulsterbank

**APPENDIX C: PILOT TESTING FEEDBACK**

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**PCA Quality Metrics – Pilot Survey**

**Review – 16th June 2017**

**Pilot details**

Fieldwork dates: 12-14 June 2017

Number of interviews: 100 (GB = 65, NI = 35)

|  |  |  |  |
| --- | --- | --- | --- |
| **GB Brands** | **Interviews** | **NI Brand** | **Interviews** |
| Barclays | 13 | Bank of Ireland | 4 |
| Clydesdale | 1 | Barclays | 0 |
| Co-Op | 1 | Danske Bank | 7 |
| HSBC | 7 | First Trust | 3 |
| Coventry Building Society | 1 | HSBC | 1 |
| First Direc | 2 | Halifax | 4 |
| Bank of Scotland  | 1 | Nationwide | 7 |
| Halifax | 5 | Santander | 6 |
| Lloyds | 11 | Ulsterbank | 3 |
| Metrobank | 0 |  |  |
| Nationwide | 4 |  |  |
| NatWest | 6 |  |  |
| RBS | 2 |  |  |
| Santander | 7 |  |  |
| TSB | 3 |  |  |
| Yorkshire Bank | 1 |  |  |
| Williams and Glyn | 0 |  |  |

**Questionnaire**

**I INTRODUCTION**

Good morning / afternoon / evening.

My name is ……. from GfK, an independent market research company. We are conducting a survey on behalf of all the main banks and building societies The survey is about what people think about their bank or building society.

All the scores from customers of each bank *and building society* will be added together and used to make an overall ~~bank~~ rating for each service area. These combined scores will then be displayed in ~~bank~~ branches and on ~~bank~~ websites so that customers can see how their bank ranks against others.

The interview will only take 5 minutes to complete. Would you be willing to help?

1. Yes [PROCEED]
2. Yes, but not now [MAKE APPOINTMENT]
3. No [THANK AND CLOSE]

**IF WORRIED ABOUT CONFIDENTIALITY**

- Your survey responses will be treated in the strictest confidence.

- All your data is anonymous, and will not be linked with your contact details in any way that can identify you.

**II. SCREENER**

Base: All respondents

S01 [S]

Can I just check – do you have a personal current account or payment account, either sole or joint, with a bank or building society?

INTERVIEWER NOTE – DO NOT INCLUDE ANY BUSINESS ACCOUNTS.

1. Yes ASK S02

2. No THANK AND CLOSE

I**II. MAIN QUESTIONNAIRE**

Q1 [S]

Thinking about your {current account/payment account}, Taking everything into account, are you likely or unlikely to recommend {bank} to friends and family for current account banking, if asked by them? Are you extremely likely, very likely, fairly likely or unlikely?

~~INTERVIEWER:~~

~~If ‘likely’ ask ‘Is that extremely, very or fairly likely?’~~

1. Extremely likely **27%**

2. Very likely **20%**

3. Fairly likely **43%**

4. Unlikely **8%**

5. Don’t know (DO NOT READ OUT) **2%**

6. Do not recommend (DO NOT READ OUT)

Base: All Respondents

Q2 [S]

I’d like to ask next about the branch services that {bank} offers – by that I mean the staff and facilities including any machines inside the branch. If you have used a Post Office to carry out banking activities on your {bank} account please include this. Based on your experience over the last three months are you likely or unlikely to recommend {bank}’s branch services to friends and family, if asked by them? Are you extremely likely, very likely, fairly likely or unlikely?

If you have not used a branch in the last three months please say so.

~~INTERVIEWER:~~

~~If ‘likely’ ask ‘Is that extremely, very or fairly likely?’~~

1. Extremely likely **24%**

2. Very likely **25%**

3. Fairly likely **23%**

4. Unlikely **5%**

5. Don’t know (DO NOT READ OUT) **0%**

6. Have not used a branch in the last 3 months **23%**

6. Do not recommend (DO NOT READ OUT)

**77% HAVE USED A BRANCH**

**0 RESPONDENTS SAID ‘DO NOT RECOMMEND’**

Base: All Respondents

Q3 [S]

And again based on your experience over the last three months are you likely or unlikely to recommend {bank}’s online and mobile banking services to friends and family, if asked by them? Are you extremely likely, very likely, fairly likely or unlikely?

If you have not used online or mobile banking in the last three months please say so.

~~INTERVIEWER:~~

~~If ‘likely’ ask ‘Is that extremely, very or fairly likely?’~~

1. Extremely likely **20%**

2. Very likely **31%**

3. Fairly likely **17%**

4. Unlikely **2%**

5. Don’t know (DO NOT READ OUT) **0%**

6. Have not used online or mobile banking in the last 3 months. **30%**

**70% HAVE USED ONLINE / MOBILE BANKING**

**0 RESPONDENTS SAID ‘DO NOT RECOMMEND’**

Base: All Respondents

Q4 [S]

Based on your experience over the last twelve months are you likely or unlikely to recommend {bank}’s overdraft services to friends and family, if asked by them? Are you extremely likely, very likely, fairly likely or unlikely?

If you have not been overdrawn on your account in the last twelve months please say so.

~~INTERVIEWER:~~

~~If ‘likely’ ask ‘Is that extremely, very or fairly likely?’~~

1. Extremely likely **4%**

2. Very likely **10%**

3. Fairly likely **7%**

4. Unlikely **10%**

5. Don’t know (DO NOT READ OUT) **1%**

6. Have not been overdrawn in the last 12 months **68%**

**32% HAVE USED OVERDRAFT**

**1 RESPONDENT SAID ‘DO NOT RECOMMEND’ AND THEN OPTED FOR UNLIKELY**

**EMOGRAPHICS**

Finally I would like to ask some questions to help us analyse the results.

Base: All respondents

WORKING STATUS

D01

Are you currently:

**READ OUT**

1. An employee working full-time **33%**

2. An employee working part-time **10%**

3. Self-employed and working full-time **6%**

4. Self-employed and working part-time **1%**

5. Unemployed and looking for work **4%**

6. Retired from paid work **39%**

7. Looking after the home or family **3%**

8. A full-time student **1%**

9. Or something else **3%**

10. Refused

Base: All respondents

INCOME

D02

Thinking of your total personal annual income, from all sources but before tax, would you say it is:

1. Less than £12,000 a year **27%**

2. Between £12,000 and £25,000 **32%**

3. Between £25,001 and £40,000 **20%**

4. Or more than £40,000 a year **14%**

5. Refused **7%**

**VI. END TEXT**

*THANK & CLOSE*

*That is the end of the survey. On behalf of GfK I would like to thank you for your time today.*

**END OF QUESTIONNAIRE**

1. Following the announcement by RBS on the 17th Feb 2017 regarding alternative options to meet their State Aid divestment commitments (which are still subject to approval by the EU Commission) it is not currently known whether the Williams and Glyn brand will launch as previously planned. RBS will work with the BBA and CMA to agree a way forward. [↑](#footnote-ref-1)