



info@collaborateresearch.co.uk | www.collaborateresearch.co.uk

Future personal current account prompts and alerts

Research report of qualitative research

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1. Executive summary

1.1 Introduction

The Financial Conduct Authority (FCA) is undertaking a programme of research to identify which prompts and alerts have most potential to:

- Increase customer awareness of the potential benefits of personal current accounts (PCA).
- Encourage them to think more about their account usage, including any costs they incur, and to consider shopping around for alternatives if appropriate.

The Competition and Markets Authority's (CMA) final report following its investigation into the retail banking market underlined concerns with low customer engagement and the level of switching in both personal and business current accounts. It suggested that if customers are more engaged with their current accounts this will drive firms to attract and keep customers by offering better products, service and performance.

The overall aim of this qualitative foundation research was to act as filter for a long list of prompt and alert ideas that had been developed for PCA customers so that this could be reduced and refined ahead of the subsequent stages of research and field trials.

The research comprised 24 one hour-long face-to-face interviews which were conducted with different types of PCA holders in a range of locations across England between 16 February and 20 March 2017. In total, the research tested 11 prompt ideas and 4 alert ideas plus some additional variants, all of which are contained in the appendix.

A second stage of the research was then undertaken as a way of exploring whether consumers experience any impediments to taking action once they have been motivated by a prompt to consider doing so. A total of 12 respondents were reconvened from the initial research to undertake a post-task and then participate in a follow-up interview. Half of these respondents explored external switching and half looked into making a change with their current PCA.

1.2 Headline findings

Overall, the alerts tested were found to be more intuitive and motivational than prompts.

Alerts were well understood and appreciated, particularly if they enabled remedial action to be taken to prevent or reduce overdraft-related charges. A number of

respondents were minded to look into setting up alerts as a result of participating in this research, and some who were already signed up to receiving alerts reported finding these helpful. The prospect of receiving additional alerts, e.g. for arranged as well as unarranged overdraft usage, was of interest particularly to those for who would not normally go into unarranged overdraft.

By comparison, reactions to the prompts tested were more ambivalent. One reason for this was that consumers tended to be reticent to consider switching externally as this was seen to have a number of potential risks and downsides without much corresponding benefit. The prompt ideas did not challenge this view in many cases, as the cost figures cited were not felt to be significant. There was also considerable initial confusion about why they would be receiving external switching prompts in communication from their current provider.

As a result, there was a strong preference for prompts which focused on making internal changes over external switching or that did not present external switching as the only option.

Overall, the case for external change made by the prompts was insufficient for a number of respondents, however some consumers believed that they might be motivated to check what else is out there as a result of cumulative exposure to such communications. In addition, respondents perceived that prompts may lead to positive outcomes apart from switching, including by motivating them to manage their account better or encouraging providers to offer more competitive products and better service.

On the other hand, respondent reactions show potential for some unintended consequences of receiving such prompts if their intention is not well understood by consumers. For example, some respondents interpreted the external switching prompts as meaning that their provider may no longer want them as a customer or that it may be in financial difficulty to be communicating in this way.

For those tasked with considering taking action following prompting there were a number of obstacles reported. The PCA comparison process was perceived by most to require a considerable investment of time and effort for potentially only a small gain. Some of those in most need of making changes did not know what they were looking for or how they could be helped by their current provider. There were some mentions of bank staff not appearing to be interested in dealing with such enquiries and of relevant information not being readily accessible on providers' websites.

1.3 Learnings for subsequent stages

1.3.1 Prompt design

Overall, the following features appeared to work best in the prompt ideas tested, suggesting that these should be retained in future iterations of the prompt designs:

- A significant change of service (e.g. increase in charges or branch closure) as a trigger for the prompt.
- The online banking interface or mobile app as channels for the communication.
- Prompts that focus on internal account review or provide both external switching and internal review options.
- Presentation of costs in a tailored/personalised way.
- Definite, action-oriented headlines.
- Supporting the call to action with reassurances about the external switching process.
- Directing consumers to their current provider, the Money Advice Service, and potentially also Money Saving Expert, for further information in order to take action.
- Visualising the prompts with appropriate use of colour, charts and symbols, as described in the detailed report that follows.

Conversely, there were certain aspects that did not work as well or were problematic, suggesting that these will require modification or dropping in future iterations of the development process:

- The specific prompt executions tested using text as a channel received negative reactions, but it may be that this channel has potential with a different approach.
- Generic cost information was less resonant than a personalised presentation.
- Foregone (lost) interest as currently expressed was unclear and not compelling.
- The messenger and reason for the external switch prompts was not sufficiently explained and also not sufficiently visually differentiated.

- The fact that heavy overdraft users have most to gain was also not well understood.
- The suggestion of loans as an alternative to overdrafts was rejected and most of the internal review options provided were not motivating.
- Respondents did not regard the direction of consumers to Google or the Current Account Switching Service (CASS) as helpful.
- Some of the design aspects were problematic, including use of visuals that were regarded as not in keeping with what they would expect from communication from financial services providers.

1.3.2 Enabling consumers to take action following prompting

In addition, a number of suggestions were made in the second stage of the research about how to make it easier for consumers to take action following prompting:

- Prompts which are very clear about the costs and benefits associated with individual consumers' existing PCAs and include links so it is easy for them to take the next step.
- Fully personalised comparisons, using customers' data, as long as this is via a trusted source (credit reference agencies were spontaneously suggested here).
- Price comparison services that compare the costs and benefits of different PCAs over the course of a year and enable filtered searches to be carried out based on personal requirements.
- If personalised searches and comparisons are not possible to provide, the minimum consumers expect would be tables that clearly set out typical annual costs and benefits.
- Including mobile app demos in PCA comparison sites.
- Including customer service ratings and reviews as a feature in PCA comparison sites.
- Including information on alerts offered by providers as a feature in comparison sites.
- Greater proactivity from providers in alerting their customers to potential improvements that could be made to their existing PCA.

- Greater prominence of potential PCA improvements for existing customers on providers' websites.
- Bette and more consistent identification and support by providers of vulnerable customers looking for help to make improvements.

1.3.3 Alert design

Many of the features of the alert ideas tested received a favourable response from consumers:

- Text or mobile app push notifications were seen appropriate channels for overdraft alerts.
- While alerts at the point when the consumer is at risk of entering unarranged overdraft were felt to be most helpful, earlier alerts were of interest to those for whom this would be unusual behaviour.
- £50 appeared to be an appropriate level at which to set pending overdraft alerts although some high earners or consumers with large arranged overdraft limits would prefer the threshold to be set higher.
- Overdraft alerts that pre-warned customers, and provided the opportunity to take remedial action and prevent (further) charges were particularly welcomed.
- Specifying actual charges or other consequences of overdraft use was felt to provide an additional impetus that could motivate consumers to take action.
- The idea of sweep functionality to allow funds to be easily moved into the account that is in overdraft was seen to have potential in cases where the consumer has multiple accounts and the extra funds available to facilitate this.

However, there were a few aspects that did not test as well and should be reconsidered or altered in future iterations of alerts:

- There was a widespread view that an ATM is too public a channel for providing an overdraft alert and respondents worried that such alerts could be visible to other customers, compromising their privacy.
- Consumers would be wary of clicking on a link in a text message unless they were certain that it genuinely came from their bank or building society.
- Providing ideas of ways for consumers to take remedial action was seen as unnecessary and could also be perceived to be patronising.

- The possibility of providing motivating messages or pictures, or positive feedback after taking action, was also rejected as it was felt to be inappropriate and condescending.

1.3.4 Further testing of prompts and alerts

There were also some aspects of both the prompts and alerts that produced ambiguous findings in this research and would benefit from further testing. These included:

For prompts

- Whether cost-focused or service-focused prompts are likely to be resonant for different types of customers and the potential for prompts to cover both aspects.
- What would be the optimal framing (loss or gain?) and tone (how negative or positive, hard or soft?) of the prompts in order to engage consumers and motivate them to take action.
- Whether a different approach to text prompts may be more effective (e.g. focused simply on succinctly alerting consumers to their charges and then directing them to other channels to find out more).
- What cost thresholds would be required by different consumer segments to motivate engagement.
- What would consumers' reactions be to the use of their own personalised data in prompts as well as to the prospect of drawing on their own financial data to help them make personalised comparisons.

For alerts

- The level of engagement with alerts that consumers are likely to have prior to entering unarranged overdraft.
- The ideal frequency of alerts to motivate consumers to take action.
- Comprehension of arranged/unarranged overdraft terminology.
- Reactions to being automatically signed up overdraft alerts compared to opting in.
- Take-up and impact of the idea related to calendar functionality (i.e. enabling consumers to set up a calendar reminders if they can't deal with the alert immediately).



- Whether enabling consumers to set up different types of alerts to suit them would be of interest and benefit.
- If adding further detail to alerts about how their provider could help would further encourage consumers to contact their provider.
- Whether there is potential for alerting customers to other unexpected charges or other aspects of their account activity.

2. Introduction

2.1 Background

In 2016 the Competitions and Markets Authority (CMA) concluded its market investigation into the supply of retail banking services to personal current account (PCA) customers and small and medium-sized enterprises (SMEs) in the United Kingdom¹. One of the areas of investigation was ‘whether there is weak customer response due to lack of engagement and/or barriers to searching and switching reducing the incentives on banks to compete on price and/or quality and/or to innovate’. In response to this question, the review found that:

- A substantial proportion of customers are paying above-average prices for below-average service, and could therefore benefit from switching. A significant proportion of these customers are not very satisfied with their account, which is again suggestive of potential benefits which could be gained from switching.²
- Many PCA customers could make substantial gains for switching (an average of £92 for standard accounts and almost £170 for packaged accounts). PCA overdraft users have potentially most to gain from switching (approximately £180 for customers in overdraft for 8 to 14 days a month and between £540 and £564 for customers who use unarranged overdrafts for 8 or more days a month and do not use any arranged overdrafts).³

However, despite the gains to be made from switching, market shares have remained broadly stable⁴ and levels of switching are low (the CMA’s survey found that over three-quarters had neither switched nor searched in the past year, only 3% had switched in the past year and 8% in the past 3 years, while over half had been with their main PCA provider for more than 10 years and one-third for more than twenty years⁵).

One of the reasons identified for the low levels of switching is that customers perceive there to be significant barriers, despite the introduction of the Current Account Switching Service (CASS).⁶

¹ <https://www.gov.uk/cma-cases/review-of-banking-for-small-and-medium-sized-businesses-smes-in-the-uk>

² CMA (2016) Retail banking market investigation final report, Pp. xi

³ Ibid

⁴ CMA (2016) Retail banking market investigation final report, Pp. xii

⁵ CMA (2016) Retail banking market investigation final report, Pp. xiii

⁶ CMA (2016) Retail banking market investigation final report, Pp. xv

Overdraft users have particularly low rates of switching, which may be related to limited engagement with their overdraft usage, difficulty in comparing overdraft charges across banks and uncertainty about overdraft approval with a new account.⁷

The CMA concluded that there is a lack of engagement among retail banking customers and they believe that this is in part caused by the evergreen nature of current accounts.⁸ They recommended that the Financial Conduct Authority (FCA) undertake a series of Random Control Trials (RCTs) to identify which prompts are likely to be most effective in changing customer behaviour.⁹ The FCA committed to undertake a programme of work in order to identify those communications that are most effective in engaging customers and prompting them to consider their banking arrangements.¹⁰

To address the particular issues identified for PCA overdraft users, the CMA is requiring PCA providers to enrol all their customers automatically to receive alerts about their unarranged overdraft usage and to provide grace periods. The CMA made a recommendation to the FCA to carry out further work to increase customers' engagement with their overdraft usage and charges. This includes testing the frequency of alerts, their timeliness, the grace periods operated by PCA providers, and the set of alerts that customers are automatically enrolled onto. The FCA, in their public response to the CMA, stated their commitment to undertake research and testing in order to design alerts that are effective in increasing personal banking customers' awareness of their overdraft usage and helping them manage it.¹¹

In its Order, the CMA required banks to cooperate with these FCA research programmes.

2.2 Research aims

Following a workshop held by the FCA in December 2016, which was facilitated by the Policy Lab and attended by Collaborate Research, a series of proposals for potential future prompt and alerts were developed.

⁷ CMA (2016) Retail banking market investigation final report, Pp. 215-216

⁸ CMA (2016) Retail banking market investigation final report, Pp. xxxix

⁹ CMA (2016) Retail banking market investigation final report, Pp. xxxix

¹⁰ FCA (2017) Our response to the CMA's final report on its investigation into competition in the retail banking market, pp. 23

¹¹ FCA (2017) Our response to the CMA's final report on its investigation into competition in the retail banking market, pp. 8

The FCA commissioned this qualitative research in order to help it reduce and refine these initial ideas before they are taken into an online quantitative experiment.

The FCA plans to pilot or run RCTs and other tests to test the ideas that are found to have most potential.

However, ahead of this, the overall aim of the qualitative research was to act as a filter of the long list of prompt and alert ideas so they could be reduced and refined ahead of the subsequent stages of research and field trials. In addition, insights from the qualitative research will be used to help explain the findings from the later research and trial stages.

The specific objectives of the qualitative research were to address the following questions:

- What are consumers' spontaneous reactions to the prompts and alerts?
- How might consumers respond if they received these?
- How could the prompts and alerts be improved from a consumer perspective?

2.3 Approach

2.3.1 Summary of approach

The key features of the research design were as follows:

- **Data collection method:** A series of one-to-one, in-home interviews were conducted to enable the best possible exploration of the prompt and alert ideas in a real-life decision-making context. This approach helped respondents to imagine how they might react and respond if they actually received such prompts or alerts. It also removed the risk of respondents being led by others in their reactions to the ideas, as might have been the case in a focus group environment. In total, **24 one hour-long, face-to-face interviews** were conducted with different types of PCA holders in a range of locations across England.
- **Sample:** As the alerts are to be trigger-based, it was important to represent consumers with experience of these triggers (e.g. heavy arranged and unarranged overdraft usage and consumers who have experienced changes in the banking services being provided to them). The sample also included a 'control group' comprised of PCA holders who are neither heavy overdraft users or have experienced banking-related changes as prompts may be more periodic and inclusive of all customers than event based. As the intention of these interventions is to increase consumer engagement,

the focus was entirely on consumers who had not switched providers recently.

- **Approach to stimulus:** The ideas were revealed to respondents early on in the interviews, with the minimum of priming, in order to provide the cleanest possible read on responses. Further exploration of respondents’ attitudes and behaviour (e.g. levels of engagement, account management and any previous switching) was undertaken at a later point in the interviews to help contextualise and explain reactions to the ideas. The order in which the ideas were revealed was strictly rotated and the number shown per interview was limited in order to maximise the quality of responses. In total, the research tested 11 prompt ideas and 4 alert ideas plus some additional variants, all of which are contained in the appendix. Each respondent was only shown a maximum of 5 core ideas plus associated variants and the stimulus rotation instructions are also included in the appendix.

2.3.2 Sample composition

The sample frame used in this research is summarised below:

| Requirements across whole sample | | |
|---|---|---|
| <ul style="list-style-type: none"> • All had a PCA (not a basic bank account) • All had <u>not</u> switched or considered switching banks for their main PCA in the past 12 months but were non-rejectors of switching in the future • All were decision-makers for household bills | | |
| Main quotas | | |
| <p>8 x heavy overdraft users:</p> <ul style="list-style-type: none"> • 4 x heavy users of arranged overdrafts: <ul style="list-style-type: none"> ○ Go into overdraft most months (9+) of the year ○ Often go over £500 into their overdraft ○ Pay at least £5 per month for their | <p>8 x major changes to banking services:</p> <ul style="list-style-type: none"> • Examples included: <ul style="list-style-type: none"> ○ Significantly increased fees for a packaged account ○ Significantly increased fee for using overdraft ○ Loss of free overdraft for | <p>8 x ‘control group’:</p> <ul style="list-style-type: none"> • All <u>not</u> heavy overdraft users • All had <u>not</u> had major changes in banking services • 4 x previous switchers of their main PCA in last 2-5 years and 4 x non-switchers of their main PCA in last 5 years |



| | | |
|---|--|--|
| <p>overdraft</p> <ul style="list-style-type: none"> • 4 x heavy users of unarranged overdrafts: <ul style="list-style-type: none"> ○ Regularly (3+ times in last year) have exceeded the amount allowed under an arranged overdraft ○ Or regularly (3+ times in last year) have gone into arrears on their PCA account without an arranged overdraft facility in place | <p>graduates still using a student account</p> <ul style="list-style-type: none"> ○ Significantly reduced interest rate ○ Significant reduction in/loss of cashback or other financial reward <ul style="list-style-type: none"> • All had experienced this change within the last 6 months or to have received notification that this change will be implemented within the next 3 months • All were/expected to be significantly impacted by this change | |
| <p>Additional quotas across the whole sample</p> | | |
| <p>Gender:</p> <ul style="list-style-type: none"> • Minimum 10 x men • Minimum 10 x women <p>Age:</p> <ul style="list-style-type: none"> • Minimum 5 x under 30 • Minimum 5 x 30-44 • Minimum 5 x 45-59 • Minimum 5 x 60+ <p>SEG:</p> <ul style="list-style-type: none"> • Minimum 10 x ABC1 • Minimum 10 x C2DE <p>Other:</p> <ul style="list-style-type: none"> • Minimum 5 x non-users of online/mobile for banking | | |

- Minimum 5 x from black or minority ethnic (BAME) backgrounds
- Minimum 5 x falling behind with at least some household bills
- Maximum of 4 with any single bank brand (aim for good mix of banks)
- Aimed for 4-5 with packaged accounts

2.3.3 Approach to recruitment and fieldwork

The respondents were purposively recruited for Collaborate Research by our recruitment partner, Criteria Research, a quality-assured specialist recruitment agency with a large network of local recruiters and strong track record in recruitment for financial services research. The screening questionnaire used to ensure respondents were selected to our required specification is included in the appendix.

All interviews were conducted by Collaborate Research founder, Monique Rotik, or one of her senior associates. The Collaborate Research team are all highly experienced facilitators, with extensive experience in conducting research on complex policy and regulatory issues including on financial services.

The fieldwork was conducted between 16 February and 20 March, 2017 in several locations across England including Greater London, Reading, Bristol, Exeter, Coventry and Manchester.

2.3.4 Discussion topics

The following broad discussion themes were covered in the interviews:

1. ***What are consumers' spontaneous reactions to the prompt and alert ideas?***

- What stands out to respondents?
- How does each idea make them feel?
- Do they understand the message and the call to action?
- Do they understand the motive behind this communication and how credible is this felt to be?

2. ***How might consumers respond if they received these?***

- How likely would respondents be to open/read each idea?
- How likely would they be to act if they saw this?
- What would they do next?
- What are the main motivations and barriers to engagement?

3. How could the prompt and alert ideas be improved?

- What changes would they suggest to each idea?
- Which of the ideas they have seen are relatively more/less resonant and motivating?
- What do they feel would work best overall in terms of triggers, language/tone of message, nature of call to action, channels, messengers etc.?

4. What are consumers' current behaviours and levels of engagement (to help contextualise and explain responses to the ideas)?

- How active are they in managing their main PCA account? What channels do they primarily use for account management?
- How do they use overdrafts and how satisfied are they with their current usage?
- How satisfied are they with their main PCA account provider and why? How long have they been with their main PCA account provider?
- Have they switched or considered switching their main PCA account previously and why/why not?
- How easy or difficult is it perceived to be to switch products/providers? What could motivate them to switch in the future and what could be a barrier to them switching?
- What if any other information would help them make decisions about switching?
- How do they feel about being provided comparative information on banking providers from third parties? Which organisations/brands would they trust to give them this information?
- How do they feel about receiving personalised comparisons based on their PCA usage (e.g. securely drawing on their own transactional data)?

The full discussion guide used in the interviews, along with the stimulus rotation instructions, is included in the appendix.

2.3.5 Second stage of the research

A second stage of the research was then undertaken as a way of addressing an additional area of interest for this research, that being *whether consumers anticipate any obstacles further down the journey of taking action once they have been motivated by the prompt to consider doing so.*

It was expected to be difficult for respondents participating in the first round interviews to think this far ahead (particularly if they have never considered taking action in this way before) and that any findings in this area may therefore not be reliable. For this reason, half of the original sample were reconvened to participate in a subsequent post-task and re-interview focused on the subsequent steps to take action once a consumer is minded to consider switching or making changes to their PCA.

For the post-task, the reconvened sample was split with one part (6 respondents) instructed to consider making changes with their current PCA provider and the other half (6 respondents) asked to explore external switching. Respondents were selected based on having expressed a desire in the first interview to improve their money management or shown some in-principle interest to consider switching providers.

Reconvened respondents were asked to record what they learnt from their task in a workbook that contained the following prompts:

- How easy or difficult did they find the task? Why?
- After consideration, how much better off, if at all, do they think they could be by either making changes to how they manage their account or switching PCA providers? Why?
- Did they face any particular obstacles or bottlenecks during the journey that discouraged them from continuing?
- What would have helped overcome these obstacles and bottlenecks and make the experience easier to continue with?

Once respondents had completed the post-task each was re-interviewed by telephone to discuss their experiences and enable them to expand upon the answers they recorded.

The overall intention of this stage of the research was to provide additional insight on what consumers learnt when moving through the consideration journey, with a specific focus on identifying impediments to taking action and exploring how these could be overcome. They were also asked to reconsider the initial prompt ideas they reviewed in the first round of the research, and provide thoughts on what, in hindsight, might have additionally benefited them for this communication to include.

The post-task workbook and discussion guide used in this stage of the research are contained in the appendix.

2.4 This report

This report presents the main analysis of findings from both stages of this qualitative research. The intention has been to interpret the meaning of responses received in order to provide constructive feedback to the FCA on:

- Which ideas or elements of ideas appeared to work best in terms of clarity, resonance and the potential to generate consumer engagement.
- Which aspects conversely worked less well or were problematic.
- Any areas where feedback was unclear or could benefit from additional exploration in the FCA's later stages of research and market testing.
- Considerations, drawing on this feedback, for the FCA's further development and testing of prompt and alert ideas.

The chapters that follow in this report have been structured as follows:

Section A – Prompts:

1. Reactions to prompt ideas
2. Considerations for the further development and testing of prompts
3. Enabling consumers to take action following prompting

Section B – Alerts:

4. Reactions to alert ideas
5. Considerations for the further development of alerts

As mentioned, there is also an appendix containing the stimulus and research materials used.

Section A: Prompts

3. Reactions to prompt ideas

3.1 The context

3.1.1 Attitudes to external switching

As found in previous FCA research¹², there was evidence of a lack of consumer engagement in their PCAs as evidenced by the fact that most were not aware of exactly how much they had earned in interest or been charged for using their account. In addition, only very few had previously considered switching providers.

There were a variety of non cost-related reasons reported for consumers having remained with their existing provider. For example, familiarity with the services offered and how to interact with their account were each of considerable value to consumers. In addition, the convenience of being nearby to a local branch remained important to some, although others reported only rarely using branches.

“I know the staff in my local (bank brand). I know where to park and silly things like which branch has the best toys. They know me and they recognise the children. When you’ve been there a long time it’s harder to change because of habit. You feel like the bank’s your friend because you’ve been with them so long.” (Control group)

“My husband has never changed banks. He knows his account number off by heart so he won’t move.” (Major changes)

Once prompted, there was seen to be little to gain from external switching. Cost was not a major consideration for many with respect to their PCA, especially if they remain in credit. In addition, there was a strong perception that all providers are likely to be similar in terms of the financial aspects of the accounts they offer, particularly in the current low interest environment. Some expected that, even if there were to be some immediate financial gains to be made by switching accounts, these benefits are likely to be short-term rather than sustained.

“I can’t be bothered (to switch providers). I don’t think anyone’s any better. They’re all much of a muchness.” (Major changes)

“It’s like with energy providers, when you get told you can save £300 or so if you switch but then all the companies have just put up their prices by 10%. Changing isn’t always a good thing.” (Heavy overdraft user)

¹² See for example: <https://www.fca.org.uk/publication/research/cass-qualitative-consumer-research.pdf>

Heavy overdraft users, who potentially have most to gain from switching, tended to be uncertain about whether there are any differences in charges between overdraft accounts offered by different providers. They were also unclear about whether they would be eligible to switch, whether other providers would want them as a customer and, if they were able to switch, whether they would qualify for the same overdraft facility as they have currently.

In addition, there were perceived to be issues and risks associated with switching. While the message that switching has become easier had been received by some, others were not aware of this or of the Current Account Switching Service (CASS). Even among those who had heard of CASS, a number were not fully convinced that the process of switching would be entirely hassle or risk free, including some who had previously incurred issues with switching or knew of others who had. In addition, there was perceived to a longer-term risk that a new provider may provide an inferior service to the incumbent.

“I wish it was as easy as 1,2,3 and you’ve switched. If you want to change something they want proof of where you live and bills. That puts me off.”
(Heavy overdraft user)

“You feel that you might be going out of the frying pan into the fire with some other dreadful company. Banks have such a bad reputation so you’re wary.” (Major changes)

Consumers who were more open to external switching tended to be those with previous relatively recent switching experience (e.g. in the last 2-5 years¹³) or who had incurred a significant problem with their current provider. A number felt they would require both push factor (e.g. an issue with their current provider) and pull factor (e.g. the offer of a financial incentive or promise of superior customer service) to consider switching providers.

3.1.2 Attitudes to making changes with their current provider

Most had also not considered reviewing their banking products with a view to optimising arrangements with their current provider. That said, many were highly engaged with managing their accounts and day-to-day finances. Therefore, consumers were receptive to hearing about ways of making their arrangements work better with their current provider. This was also felt to be the lower hassle and risk option compared to external switching.

¹³ The sample intentionally excluded anyone who had switched or considered switching in the past 12 months

Those most interested in the possibility of making changes to their arrangements with an existing provider tended to have experienced a significant change to their banking service or an external trigger to consider reviewing their financial arrangements. Specific examples of these included:

- Service changes such as increased packaged account fees, increased overdraft charges and branch closures.
- Life triggers such as embarking on cohabiting/getting a joint account, buying a first home/getting a mortgage, changing jobs or having children.

3.2 Summary of reactions

3.2.1 Understanding

To begin with, a number of respondents were confused to receive such prompt messages embedded in communication from their provider. There was a common initial misconception that, due to the prompts appearing to be from their provider, they solely related to making internal changes and were not to do with external switching.

Initially, most respondents either did not notice or understand that the prompts were being mandated by the FCA. They assumed that they had been initiated by their provider, either to help them arrange their accounts better or to market additional products to them.

“Are they suggesting that you change within the bank? Then why are they telling you that it’s easy to switch providers at the end. That’s very strange.”
(Major changes)

“It would feel very weird if my bank provided this. I’d expect them to be telling me about their strengths.” (Major changes)

3.2.2 Reactions

There tended to be a more favourable response to the internal review prompts shown as these ran more with the grain of consumer preferences, for the reasons described in the previous section.

There was more receptiveness to the external switching prompts once the context for this communication was understood. Most were open to the regulator encouraging consumers to think about the possibility of changing providers but they preferred it when this was not the only option provided.

“It’s good that this one isn’t just saying to change banks. It feels like they’re giving you advice and trying to help you.” (Heavy overdraft user)

3.2.3 Potential impacts

Some felt that they might be motivated to check ‘what else is out there’ as a result of being exposed to such prompts. They do not expect to do this immediately but anticipate that seeing such prompts over time could have a cumulative effect which would encourage them to review their arrangements at some point in the future.

“I’d be interested. It might not be the first thing I do but there will be a point where I’ll start researching, especially if I see deals.” (Heavy overdraft user)

Some also expected that receiving prompts may lead to them becoming more engaged in the details of their PCA and potentially to make some internal changes to optimise their products or account management.

In addition, it was expected that such communication might provide a benefit even to consumers who do not make any change to their arrangements, by encouraging providers to ‘lift their game’ and provide more competitive products and better service. It was perceived that this in turn could improve consumer perceptions of providers.

On the other hand, there were some who felt that this kind of communication could be overlooked as the amounts quoted did not make a sufficiently strong case for change, so would not be regarded by them to be relevant or engaging.

“These are very small amounts to warrant switching. You would have to be annoyed with them about something else so this was the straw that broke the camel’s back.” (Control group)

Consumers’ reactions also indicate that there may be some unintended consequences of receiving such prompts. For example, some interpreted them as meaning that their provider may no longer want them as a customer or that it may be in financial difficulty to be communicating in this way.

3.3 Responses in more detail

3.3.1 Triggers for the prompts

A number of different triggers for providing prompts were explored in this research. Some were event-based prompts which were included in letters advising the consumer of an upcoming significant change in their service. Others were

included in regular modes of communication, such as within monthly or annual statements, or as part of the online banking interface.

Event-based prompts

Overall, consumers were more receptive to prompts that were presented in the context of informing them of a major upcoming change to their service than they were in the case of prompts which were integrated into regular provider communication.

Consumers expected that they would notice event-based prompts more, as long as they regarded the event to be significant. For example, branch closures and significant increases in charges tended to be viewed as major changes whereas notifications of other alterations in terms and conditions could be ignored if they were not expected to make much difference to them as a customer.

Periodic prompts

It was felt that periodic prompts could also be spotted by consumers if they drew attention to charges where the amount shown was different from what the consumer expected to see.

For periodic prompts, an annual frequency of communication was felt to be have a benefit of enabling charges to be aggregated so they appear more significant. However, a more regular frequency was expected to be helpful in reinforcing the message over time and it was suggested that such communication could show rolling annual charges as well as the monthly charges in order to stand out more.

3.3.2 Channels of communication

A number of possible communication channels for prompts were explored in this research. These included paper-based (e.g. paper statements and letters), online (e.g. within the online banking interface) and mobile (e.g. text message).

Paper-based

It was felt that prompts as part of statements may not be read, or even seen, by an increasing number of consumers as there is a trend away from receiving paper statements. Most of those who now receive online statements tended not to refer to these routinely as they used more updated account information available elsewhere (e.g. via online banking or their mobile banking app).

Ad hoc letters (e.g. informing the consumer of service changes) were perceived to be slightly better but some admitted that they rarely read letters from their bank or building society.

Text

Some respondents anticipated that they might question the authenticity of such messages and have doubts about whether they were genuinely from their bank. As such, they expected that they would be reluctant to take any action and very unlikely to click into any link that may be included.

Another potential barrier is that consumers would not expect to receive such a communication via text message and they did not expect to be able to engage with it if they were on the move.

In addition, the calls to action in the text message ideas were perceived to be relatively weak. This was due to the length of the messages and lack of visual devices to help convey the intention of the prompt (unlike other channels where it was possible to include colours, charts and symbols).

That said, some consumers were familiar with receiving text messages from their mobile providers which alerted them to their bill being ready and summarised their monthly spend. This suggests that a simple text or mobile banking push-notification prompt which includes a bottom-line figure on monthly PCA charges could encourage consumers to take further action to find out more if the figure provided is different to what they anticipated.

Online banking

The prompt ideas which appeared within an online banking interface were well received in the research. Electronic channels (online banking, mobile app) were perceived to be effective for prompting consumers as it was felt that these would reach them at the right moment (when they were considering their PCA and money management) and in an interactive way (e.g. enabling them to click on a button for further information or to select specific options).

3.3.3 Better off switching rationale

Two possible reasons to consider switching were tested in the research. The first was cost-based (in other words, that the consumer could be better off financially if they considered switching or changing their current arrangements) and the other was service-based (i.e. that other providers may offer better service than the incumbent).

Cost-based

Cost was more motivating as a potential reason for changing for those currently paying charges on their PCAs or consumers who are currently struggling with their day-to-day finances and bill paying.

However, an issue with the presentation of costs was that the figures quoted were often seen to be small and not to justify taking action.

In addition, the research found that there was not one universally motivating cost message:

- Direct charge-related messages could be seen as relevant to those paying to use overdraft facilities but not to those with standard accounts who are in credit.
- Foregone (lost) interest-related messages could be regarded as relevant to those with large credit balances but not to those who do not and especially not to those regularly in overdraft.
- Packaged account holders had different considerations again, such as whether they are getting sufficient value from their package relative to its cost or if they would be better off opting for a standard account instead.

Service-based

Service-based prompts tended to be of more interest to those not paying for their account or who were not particularly cost-sensitive.

The possibility of other providers offering both lower costs and better service tended to be more motivating than cost differences alone and the combination of cost and service messages strengthened the case for considering change.

However, service differences can only be presented in a generic way and some consumers thought of themselves as exceptions (*'It might say they do less well on service but I've never had any problems'*).

3.3.4 Presentation of costs

Two different approaches to presenting costs were explored in this research. The first was a focus on the direct charges that are levied on some consumers, mainly related to their overdraft usage. The second was to convey the concept of foregone interest, or what consumers could have earned by using a different account.

A number of different variants of direct charge presentation were explored, including personalised vs. segmented or generic costs, different time periods across which to aggregate costs, and actual past costs vs. future projections.

The research also explored the minimum financial benefit different consumers would expect in order to consider external switching or making internal changes to their PCA.

Direct costs

Presenting personalised costs (e.g. '*you were charged x but the cheapest account charged its customers y*') was felt to be more resonant than a generic presentation (e.g. '*on average customers could save x*'). Including segmented information on charges (e.g. '*heavy overdraft users like you could save x*') was seen as a halfway house which is better than a generic presentation but not as good as showing fully tailored costs.

As mentioned previously, aggregating costs over the course of a year made the bottom line figure quoted feel more significant and this was more likely to motivate consumer engagement.

In addition, presenting past actual costs was believed to be more effective than making future projections (as these were less certain), except in cases where charges will be increasing.

Lost interest

References to lost interest were often missed by consumers when they were reviewing the prompt ideas. When respondents' attention was drawn to this aspect by the researchers, it was apparent that the term was not well understood and sometimes confused for an interest charge, e.g. for being in overdraft.

Even for those who understood the concept, the tendency was to think of foregone interest differently to direct costs; it was not perceived to be a *loss* but instead a *potential gain*. As such, the combination of charges and lost interest in some of the cost calculations was not easy for respondents to grasp, although this aggregation did have the effect of making the total cost figure higher.

There was not considered to be a significant opportunity to earn more interest elsewhere in a low interest environment. In addition, the term 'lost interest' was viewed narrowly and did not make consumers think of the rewards and other financial benefits that may be gained from switching. For these reasons, it was sometimes felt that the potential savings figures quoted within the prompt ideas were inflated and not realistic.

Minimum expected cost saving

The minimum cost saving or financial benefit that respondents reported they would require in order to consider switching varied between individuals, ranging from £60-£70 to several hundred pounds per annum. Most would expect to gain at least

£100-£120 per annum (circa £10 per month) to consider switching externally but for some the amount would need to be far higher. There were also some who would not consider switching solely for a financial reason and would need also to have other drivers such as the experience of poor service from their current provider.

The minimum financial gain that would motivate consumers to consider changing their arrangements with their current provider was lower as internal changes were perceived to have far less hassle and risk attached. However, a number were sceptical about whether any better options existed with their current provider.

3.3.5 Messenger and reason for information

The research also explored respondents' understanding of, and reactions to, the messenger of these prompts and reason this communication is being provided to consumers.

Messenger

As mentioned previously, because the prompts presented in this research were all embedded in provider communication there was a tendency to interpret them as being from the provider. The inclusion of text that the regulator '*wants you to know*' or '*requires us to tell you*' was often missed initially and did not sufficiently explain who the FCA is or why it is requiring this information to be provided.

Reason for information

As a result of these ambiguities about the messenger, a number of consumers misunderstood the intention of prompts to begin with, perceiving them to be entirely designed to encourage consumers to make internal changes rather than to consider switching providers.

This contributed to a range of reactions to seeing the external switching prompts:

- Confused: '*What are they telling me?*' '*Why are they saying this?*'
- Positive: '*It's good that they're saying this as it demonstrates transparency.*'
- Ambivalent to negative: '*The bank has been forced into this and doesn't genuinely want to help me.*' '*Perhaps the bank doesn't want me as a customer any more.*' '*Maybe the bank is in trouble financially so it's looking to get rid of customers.*'

Some of the less favourable consumer reactions suggest that the prompts have the potential to have negative unintended consequences of confusing or alarming consumers unless their messenger and intention are clarified.

3.3.6 Call to action

A number of call to action variants were tested in this research, including different combinations of headlines, prompts designed to encourage consideration of external switching and prompts designed to encourage changes to account usage or behaviour with their current provider. There were also some variants that specifically targeted overdraft users.

These alternative calls to action were supported by a range of directions regarding next steps and a number of different ways of explaining and providing reassurances about the process of switching.

Headlines

Overall, more definite, action-oriented headlines (e.g. *'Take 5 minutes to review if you're missing out...'* or *'How can I pay less?'*) appeared to be more resonant than more passive or generalised headlines (e.g. *'Switching to a new account may save you money'* or *'Now your account is changing it may not be the best fit...'*).

A related point is that consumers appeared to be favourably disposed to headlines that convey that the decision lies with them as a consumer (e.g. *'What I need to do?'* or *'How can I pay less?'*). They also particularly liked it where they were presented with a clear course of action in terms of next steps (e.g. *'Call us on'*, *'text us on'* etc.).

However, consumer reactions suggest that care needs to be taken with the tonality of the headlines to ensure that they are interpreted as being motivated by customer care and not marketing. For example, the supra heading *'Take action now'* was sometimes regarded to be too sales-orientated and pushy.

The research also found that too many headlines can dilute the message. For example, in some of the executions tested there were three levels of headlines and resulted in some consumers struggling to follow the narrative (e.g. *'Take action now'* followed by *'The UK financial regulator wants you to know'* followed by *'Switching to a new bank account may save you money'*).

While loss-aversion appeared to be a driver for considering action, it is not clear from this research whether a loss or gain-based framing (e.g. *'it's cost you x'* vs. *'you could save y'*) is likely to be more motivating.

In addition, the findings were ambiguous on what would be the most appropriate tonality for this communication. Some consumers appeared to be more engaged by a hard-edged tone while others preferred a more constructive tone.

“I shut down if I see anything too negative and seeing a ‘thumbs up’ sign makes all the difference.” (Major changes)

External switching vs. internal changes

As mentioned previously, calls to action that focused on internal account changes, or presented external switching as one of several options, sat better with consumers as these fitted with their preference to remain with their current provider if possible.

The ideas tested included some specific ways in which consumers could consider making changes to their arrangements while remaining with their current provider. These included:

- Moving funds from a PCA to a savings account in order potentially to earn more interest;
- Taking out a loan as an alternative to going into overdraft;
- Accessing money management advice or using a money manager app; and
- Receiving overdraft alerts.

Despite the in-principle receptiveness to making internal changes, most of the specific suggestions including in the prompt ideas lacked appeal:

- Savings accounts were seen as little better than PCAs in terms of interest paid and prompts of this nature could be regarded as being marketing rather than customer-care led.
- Loans were resoundingly rejected as an alternative to overdrafts as these were perceived to have the potential to entrench and exacerbate financial difficulties.
- The references to money management help and tools were regarded as too generic to be of much interest.
- Overall, there was most interest in the possibility of receiving overdraft alerts as these were perceived to have most potential to help consumers manage their finances and reduce the charges they incur. Some knew that alerts are already being offered and some were already using these for overdrafts and also to give them general balance updates.

Targeting overdraft users

The call to action variants tested that specifically targeted overdraft users were not sufficiently explicit about the potential benefits to them of switching accounts.

Heavy overdraft users tended not to have thought about alternative overdraft products. Some were uncertain about their eligibility to switch and others did not think there would be any benefit from switching as they did not remain in credit.

For these reasons, the message that overdraft users have most to gain from switching needs to be further emphasised and explained in the prompts as this was not intuitively understood.

“I didn’t know that overdraft users have most to gain. I’m not sure why as we’re in debit not credit. I didn’t know that banks charge different amounts for overdrafts.” (Heavy overdraft user)

Information on the process of switching

Information regarding the mechanics of switching helped to support the core call to action by providing reassurance that the process is not unduly onerous. Each point made in the core switching process message (i.e. that it is ‘Easy’, ‘Guaranteed’ and ‘Used’) was seen as useful to know. In addition, visual symbols such as the ‘Current Account Switch Guarantee’ and the switching process map were helpful in supporting the core message.

However, the story on an individual customer’s experience of switching was seen as too specific and not necessarily relevant. Some also would not believe a one-off example like this and would prefer to read their own customer reviews elsewhere.

Seeing this information on the switching process did not always entirely allay concerns about the hassle factor and risks associated with switching due to previous experience, word of mouth or simply fear of the unknown.

The message about ‘no loss of money during the switch’ was not always understood and may require further explanation. For example, it was interpreted by a couple of respondents as meaning that it was guaranteed that the customer would be not worse as a result of switching.

3.3.7 Where directed to

The research tested a number of possibilities of where consumers could be directed in order to take further action in response to a prompt. These included:

- Their own provider via a freephone number or by opting to be called back, emailed or reminded later.
- The Money Advice Service (which was explained as being ‘government approved’ and ‘providing free and impartial advice’) by freephone number or via their website.

- The Current Account Switching Service website (which was similarly described as '*providing free and impartial advice*').
- Martin Lewis' Money Saving Expert website.
- Searching Google for the '*best current account*'.

Consumers regarded being directed to their bank as appropriate and for many this would be their first port of call.

A number had not previously heard of the Money Advice Service but the explanation provided conveyed credibility. Those who were not familiar with the Money Advice Service expected that it would provide comparison site-style of information on PCAs. This contrasted with some of those with prior awareness of the Money Advice Service who associated it with consumers who are in debt or financial difficulty. This group did not expect the Money Advice Service website to provide PCA comparisons or regard it as being particularly relevant to them.

The Money Saving Expert website had a high profile and was perceived to by most to be a credible information source. A small minority regarded it as being commercially driven rather than independent but most perceived it as being impartial and expert in providing comparisons and related guidance.

By comparison, there was low awareness of the Current Account Switching Service. While the name felt official, it did not resonate as a body for consumers to approach for further information.

The response to being directed to search via Google was fairly negative. Most consumers felt that they did not need this kind of direction and some also felt that Google's rankings could be influenced so were not truly impartial.

In terms of their general contact preferences, consumers liked receiving a variety of channel options (e.g. websites, freephone numbers, the option to be called back etc.).

As mentioned, some would be reluctant to click on links, particularly on text messages, because of concerns about phishing. However, they may be less concerned about this if the link appeared in a secure environment such as on their online banking interface or mobile banking app.

3.3.8 Design elements

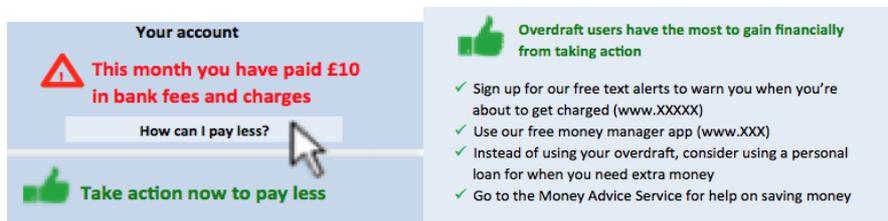
A variety of different possible design features for the prompts were included in the stimulus so that their effectiveness could be tested. These included the use of different:

- Colours;
- Charts;
- Symbols and graphics;
- Positionings of the prompts within the wider communication; and
- Sizes of font and quantities of text.

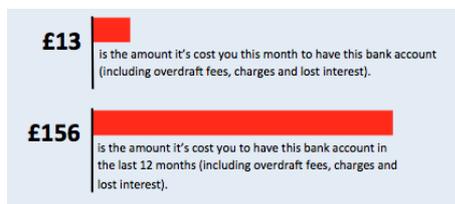
The research explored the extent to which these devices were successful in attracting consumers’ attention and supporting the intention of the prompt.

Design aspects that appeared to work well included:

- Inclusion of symbols including warning signs, thumbs up and ticks - these stood out to consumers and their intention was well understood.



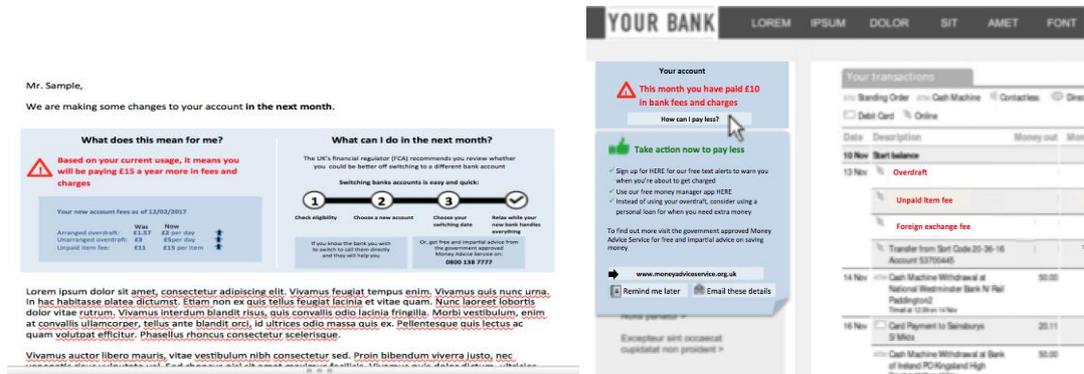
- Use of the colour red (which conveys importance and an alert to take note) and transitioning from red to green (which depicted the benefit of taking action).



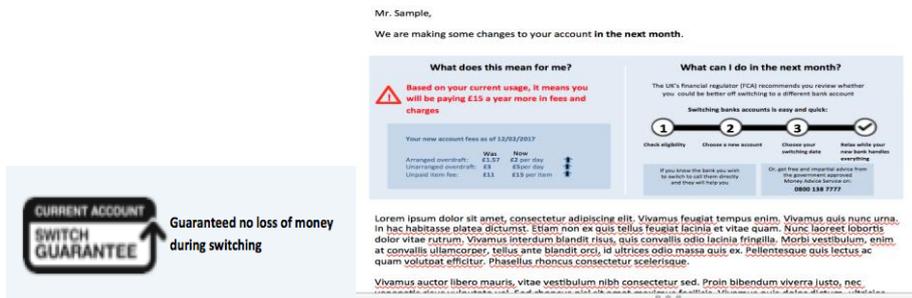
- Bar charts which show a comparison (e.g. ‘*your account cost £13, the average of the cheapest 5 accounts cost £5*’ or a league table of different providers’ customer service ratings – these helped consumers to visualise their current costs or service provision in a wider context and were more motivating. However, a range of financial literacy levels were represented in the research and some found it more difficult than others to interpret charts showing data and percentages.



- Positioning of the prompt either on the top or to the left-hand side of the communication - consumers were more likely to notice the prompts in these positions.

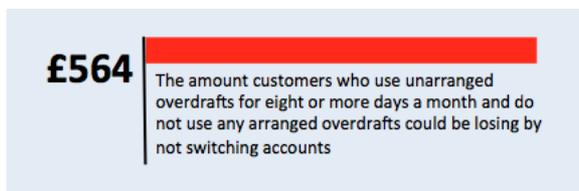


- Visuals that explain the process of switching (e.g. ‘Switch Guarantee’ and ‘Switch timeline’) – these helped reassure on the mechanics.



Conversely, the design aspects which appeared to be less successful included:

- Bar charts which did not show a comparison with other providers (e.g. single bars) – as these did not convey whether the customer could be better off elsewhere.



- Where there was a lot of text (e.g. in some of the text messages) or the font size was very small - as these were difficult for consumers to follow and engage with.

From YOUR BANK. Your CURRENT ACCOUNT MAX PLUS is changing in one month. The UK's financial regulator requires us to tell you that, based on your current usage, you will be paying £10 or more per year in fees and charges. Look out for the letter or email we are sending you today. To avoid paying more you might want to consider changing bank account. To compare bank charges and get free and impartial advice visit or call the government approved Money Advice Service today
www.moneyadvice.service.org.uk 0800 138 7777

- Where the prompts were positioned on the right-hand side of the communication – as this could be missed.

Mr. Sample,

We are making some changes to your account in the next month/ Your account type is changing in one month.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Vivamus feugiat tempus enim. Vivamus quis nunc urna. In hac habitasse platea dictumst. Etiam non ex quis tellus feugiat lacinia et vitae quam. Nunc laoreet lobortis dolor vitae rutrum. Vivamus interdum blandit risus, quis convallis odio lacinia fringilla.

Morbi vestibulum, enim at convallis ullamcorper, tellus ante blandit orci, id ultrices odio massa quis ex. Pellentesque quis lectus ac quam volutao efficitur. Phasellus rhoncus consectetur scelerisque.

Vivamus auctor libero mauris, vitae vestibulum nibh consectetur sed. Proin bibendum viverra justo, nec venenatis risus vuloutate vel.

Sed rhoncus nisi sit amet maximus facilisis. Vivamus quis dolor dictum, ultricies felis ut, finibus turpis. Ut efficitur quam tortor, non consequat eros viverra a. Nulla suscipit aliquet est ac facilisis. Mauris, quis sapien viverra, gravida est eleifend, pellentesque erat.

Regards,

⚠ Now your account is changing it may not be the best fit for you

So you can compare your account to others, we have listed our main account fees below.

| Your account fees as of 12/02/2017 | |
|------------------------------------|--------------|
| Arranged overdraft: | £2 per day |
| Unarranged overdraft: | £5 per day |
| Unpaid item fee: | £15 per item |

Switching to a new bank account is:

- ✓ **Easy:** Opening an account takes 30 minutes. Your new bank will handle the entire switching process for you
- ✓ **Guaranteed:** no loss of your money

- Visuals that were seen as too colloquial (e.g. sad face, people graphic) – as these were not seen to be in keeping with what would be expected from communication from a financial services provider.



☹ You could be missing out on a bank account that better suits your needs

- In addition, the use of red on statements to highlight charges in the customer's transactional history appeared to distract rather than reinforce the prompt. This was partly because in the ideas shown the cost figures in the transactional history and prompt did not always align which was felt to be confusing.

Your account

Mr Sample, we would like you to know that:

£13 [redacted]
is the amount it's cost you this month to have this bank account (including overdraft fees, charges and lost interest).

£5 [redacted]
is the average monthly cost of the cheapest five bank accounts for your usage

For your information

The UK's financial regulator (FCA) wants you to know:

 **Switching to a new bank account may save you money**

-  **Easy:** Opening an account takes 30 minutes. Your new bank will handle the entire switching process for you.
-  **Guaranteed:** no loss of your money during switching
-  **Used:** Over 1,000,000 people switched in 2016

If you know the bank you wish to switch to call them directly or go to their website and they will help you.

Or, get free and impartial advice from the government approved Money Advice Service on: **0800 138 7777**
www.moneyadvice.service.org.uk

Your transactions

Standing Order
 Cash Machine
 Contactless
 Direct Debit

Debit Card
 Online

| Date | Description | Money out | Money in | Balance |
|--------|---------------|-----------|----------|---------|
| 10 Nov | Start balance | | | 100 |
| 13 Nov | Overdraft | 50.00 | | -31.98 |
| | Transfer | | 04.00 | |

4. Considerations for further development and testing of prompts

4.1 Summary of findings

The following is a summary of what specific features of the prompt ideas tested appeared to work best overall and, conversely, which were less effective or problematic. For subsequent stages of the development we recommend that the FCA focuses on the successful aspects and considers dropping or modifying the problematic elements. In addition, there were some aspects where findings in this research were inconclusive and it is advised that these are considered for further testing by the FCA.

4.1.1 What worked best

Overall, the aspects of the prompts that appeared to work best in terms of clarity and encouraging consumer engagement were:

- A significant change of service as a trigger for the prompt.
- The online banking interface or mobile app as channels.
- Prompts that focus on internal account review or provide both external switching and internal review options.
- Presentation of costs in a tailored/personalised way.
- Definite, action-oriented headlines.
- Supporting the call to action with reassurances about the external switching process.
- Directing consumers to their current provider, the Money Advice Service and potentially also Money Saving Expert.
- Visualising the prompts with appropriate use of colour, charts and symbols, as described in the previous chapter.

4.1.2 What did not work as well

Conversely, there were certain options that did not work as well or were problematic in this research. These included:

- The specific executions tested using text as a channel for prompts received negative reactions but it may be that the channel has potential with a different approach.

- Generic cost information was less resonant than a personalised presentation.
- Foregone interest as currently expressed was unclear and not compelling.
- The messenger and reason for the external switch prompts was not sufficiently explained.
- The fact that heavy overdraft users have most to gain was also not well understood.
- The suggestion of loans as an alternative to overdrafts was rejected and most of the internal review options provided were not motivating.
- Directing consumers to Google was not seen as appropriate and CASS was not associated as a place for consumers to go for further information.
- Some of the design aspects were problematic, including use of visuals that were regarded as not in keeping from what they would expect from communication from financial services providers.

4.1.3 What was unclear or would benefit from further testing

In some areas, consumers' reactions were less clear-cut. For example, some consumers were more motivated by cost-focused prompts while others were more interested in prompts that concerned service. It could be that prompts which cover both aspects would appeal to the broadest audience but this was not specifically tested in the current research.

There was also some ambiguity around what would be the optimal framing (loss or gain) and tone (how negative or positive, hard or soft) of the prompts in order to engage consumers and motivate them to take action.

As mentioned previously, the reactions to the prompt executions using text as a channel were not particularly successful. However, it could be that a different approach to text prompts may be more effective (e.g. more succinct, focused simply on alerting consumers to their charges and then directing them to other channels to find out more). In addition, providing prompts via push notification from consumers' mobile banking apps may overcome some of the resistance expressed to receiving text messages of this nature.

This research indicates that different cost thresholds will be required by different consumer segments to motivate engagement but further research will be needed to quantify this.

In addition, this research was not able to test consumers' reactions to use of their own personalised data in prompts, although the concept of drawing on consumers' personal financial data was explored. There was in-principle support for their own provider using personal financial information to prompt them about making improvements to their current PCA arrangements. However, consumers had significant concerns about external parties having access to such data (because of data security and privacy concerns). That said, the subsequent post-task exercise showed that some consumers would be willing for other trusted parties to have access to such data if there was sufficient benefit to them from allowing such access (refer to Chapter 5 for more detail).

4.2 Additional considerations

4.2.1 Further development

Ideas taken forward to the next stages of development obviously will need to reflect what will be feasible to provide. For example, it will need to be clarified how tailored or segmented it will be possible to make prompts and whether the inclusion of personalised cost information will be realisable.

This research suggests that the following amendments could improve the prompts if these are achievable to be applied:

- More could be done visually to make the external switching prompts visually differentiated and clearly associated with being advice from the regulator rather than their provider. This could help increase consumer understanding of the messenger and reason for the communication.
- A better explanation of the FCA and reason for the external switching prompts is also suggested, perhaps making reference that these prompts are being '*required of all banks*'. Accompanying prompts with wider FCA communication may also help consumers to understand this initiative.
- There is an opportunity to make it clearer that heavy overdraft users have most to gain from switching and also to reassure that this cohort is eligible and entitled to switch.
- Branch closure was not included among the event-based prompt executions tested in this research but consumer reactions suggest that it could be another resonant trigger.
- A series of different prompts may be more successful than a single message in building engagement.

- Segmented prompts may be more motivating than generic (e.g. targeting heavy overdraft users, packaged account users, standard account users, high credit customers etc.) if it is not possible to provide fully tailored versions.
- Prompts should ideally include links to make the next steps as easy as possible for consumers.

4.2.2 Further testing

We suggest that the FCA's planned further testing of the prompts should focus on the following indicators:

- Comprehension - of the message, messenger and reason for communication.
- Attitudes - to being provided this information, including if/how it affects perceptions of providers and whether there are any unintended consequences such as creating confusion, alarm or a reduction in confidence.
- Engagement – what works best in achieving engagement with respect to type of message, framing/tone and design etc.
- Outcomes – extent to which exposure to the prompt is likely to lead to immediate action, future consideration or softer policy outcomes such as increased understanding of how their account works etc.

There is also a need to ascertain:

- The ability of consumers with a range of different levels of financial literacy to understand the data included in prompts.
- The general accessibility of the information provided, including to those with disabilities.
- Which types of consumers are likely to be most receptive to the prompts and how closely this correlates with those who stand to gain most.
- Whether consumers who strike obstacles in taking further action are minded to continue and if they are disappointed with what they find (this was the focus of stage 2 of this research, as is reported in the next chapter).

5. Enabling consumers to take action following prompting

A second stage of the research was undertaken as a way of addressing an additional area of interest for this research: *whether consumers anticipate any obstacles to taking action* once they have been motivated by the prompt to consider doing so.

Some respondents were tasked with considering making changes with their current PCA provider while others were asked to consider external switching. Each group recorded what they learnt from their task and then they were re-interviewed to discuss their experiences.

The overall intention of this stage of the research was to provide additional insight on what consumers learnt when moving through the consideration journey, with a specific focus on identifying obstacles and exploring how these could be overcome.

Respondents were also asked to reconsider the initial prompt ideas they reviewed in the first round of the research, and provide thoughts on what, in hindsight, might have additionally benefited them for this communication to include.

5.1 How consumers approached the task

5.1.1 External switching

Among those tasked with considering external switching, most searched online and focused on comparison websites. Money Saving Expert was most popular but Money Supermarket and uSwitch were also mentioned. These each were top ranked sites when searching Google using keywords such as '*best bank account*'. They were also perceived to be well-known brands and tended to be trusted.

"Money Saving Expert is my bible. It's very good and useful as a go to. I've got rewards and cashback from using it before." (Major changes)

One respondent also searched via Google but focused on an individual bank which advertised in its listing that it was offering a cash incentive to switch.

Some also visited local bank branches to collect marketing material and speak to staff. This approach tended to be used by those less comfortable with going online or who were worried that making online comparisons would lead them to receive unsolicited marketing.

“I would trust speaking to a person more than online. I’m not used to doing things online and I would want to make sure that it’s all correct.” (Control group)

Some people looked at more than one source in order to crosscheck the information they received (e.g. two comparison site or friends and family as well as online).

5.1.2 Internal changes

There were two main methods used by those looking into making changes while remaining with their current provider – these were to check their bank’s website and/or to look to discuss it with a staff member either by phone or in person at a branch.

Some felt that online was a quicker and easier option than other channels.

“It’s a lot easier to look at the website than to go into the branch where you have to make an appointment and it all wastes time.” (Major changes)

However, those who had problems managing their account tended to phone or visit their bank as they were looking for help and advice as well as information.

Where the PCA was a joint account, consumers also discussed the task with their partner. Some also checked with wider family or friends.

5.2 Experiences and issues incurred

General impediments experienced by both the external switching and internal change groups included:

- A lack of clarity about their current PCA costs (which may be reduced by receiving prompts); and
- An absence of a strong motivation to take and continue action, especially for those not paying for their accounts and who have not experienced any major changes in their service.

In addition, there were some specific obstacles reported by those undertaking each of the tasks.

5.2.1 External switching

One of the challenges reported was that there are a number of different variables to consider. On the benefits side, these included whether there was an incentive being offered to join, whether interest would be paid on credit balances and whether any other benefits or rewards were being provided. On the cost side,

there may be a fixed overdraft fee and/or an interest charge to use this facility and there may also be a fee associated with using a packaged account. In addition, some comparison sites also included customer service ratings for different providers.

It was felt by some that a lack of common language and approach to outlining fees and charges, especially for overdraft facilities, also contributed to the comparison exercise being confusing. For example, some providers used the terms 'arranged'/'unarranged' overdraft while others used 'planned'/'unplanned'. There were some that charged only interest for overdraft usage and others which charged both a fee and interest. There were also different levels of charges within both arranged and unarranged overdraft, and these were based on different extents and length of usage.

"It's always been a grey area. I don't fully understand how they calculate overdraft charges." (Heavy overdraft user)

There was additionally uncertainty about the longevity of any financial deals and a feeling that it was not worth considering change if the benefit is not likely to be sustained. Similarly, there was a question of whether a one-off joining sweetener was worth switching for.

"Everything's normally painted so pretty for new customers. The real story might be different." (Heavy overdraft user)

For these reasons, it was regarded to be challenging to work out the personal impacts and suitability of switching. To do so required them to consider their personal usage and then to attempt to calculate the likely costs vs. benefits to them over at least a year. Calculating the monetary value of interest rates was felt to be particularly difficult.

It was suggested that the ability to receive more tailored comparisons, like is possible for other financial products, could make the comparison task easier.

"It could have been more personalised, like an insurance quote where you put in information about you and find something that 100% suits your needs." (Major changes)

In addition, consumers were not always able to compare all aspects that they value. For example, the functionality of mobile banking apps, and whether or not usage alerts would be provided, were key issues for some consumers. In addition, some heavy overdraft users mentioned that they were not able to pre-check whether they would be eligible for an overdraft facility at the same level as they

currently receive, and what if any impact applying for a new account with overdraft would have on their credit rating.

After undertaking this exercise, most were underwhelmed by what else is on offer in the market. As such, the comparison process was perceived to require a considerable investment of time and effort for potentially only a small gain.

“I couldn’t see a situation where I would make a change and be loads better off. You think ‘is it even worth spending the time and effort working it out and that it’s probably better the devil you know’.” (Heavy overdraft user)

However, a couple of heavy overdraft users were able to identify PCAs that suited them better with another provider.

5.2.2 Internal changes

Like those considering external switching, many of those looking into making changes with their current provider were confused about their current charges. This was particularly the case for heavy overdraft users, for the reasons mentioned previously.

Those who were incurring most charges were least certain of if and how they could be helped by their current provider and what the alternative options could be. This suggests that they do not know what they are looking for and would require significant guidance from their provider rather than being able to self-serve.

There were several reports of bank staff not being interested in helping them or pushing unsuitable products.

“I spoke to them but they were useless. They said that there was nothing more they could do for me. You’ve got to know exactly what you’re looking for, otherwise they’re not willing to help.” (Heavy overdraft user)

“They were more interested in selling me something I wasn’t interested in than listening to me. They used words I haven’t heard of in my life. I felt very, very annoyed. I didn’t feel they wanted to help me in the slightest.” (Heavy overdraft user)

Some also felt that bank websites being difficult to navigate in order to find this type of information.

“The website was awful, it’s just designed for business.” (Heavy overdraft user)

Overall, respondents who embarked on the internal change task wanted banks to be more proactive in identifying improvements rather than placing the onus on customers to do so.

“You have to work it out for yourself (the best products for you). It would be nice if they were more forthcoming.” (Major changes)

“Banks need to be more proactive about alternative options that might suit the customer better.” (Control group)

As a result of this exercise, some found better accounts or tools with their existing provider (e.g. a new account with better overdraft terms, overdraft alerts) or realised how they could better manage their account (e.g. by retaining more of a buffer in their PCA rather than moving it into a savings account). However, some of those who most needed help did not find any remedies.

5.3 Results of the action

As highlighted above, persisting with the action of looking for alternatives led to positive outcomes for some consumers, which included:

- Finding a more suitable product with their current or another provider; and/or
- Being more conscious of their charges and modifying their usage to avoid or reduce these.

“I don’t know why I’m paying a fee and interest (to use my overdraft). I never really thought about this before but I’m going to ask my bank now.” (Heavy overdraft user)

“It’s a very helpful experience, it gets you thinking. You get comfortable with (losing) a couple of pounds here and there and are not too bothered, but it all adds up.” (Major changes)

“Charges are one of these things I’ve accepted but I probably shouldn’t have. When you see it monthly you don’t equate this to what it adds up to over a year.” (Heavy overdraft user)

The exercise of exploring possible changes with their current provider led some to consider external switching. This suggests that prompting consumers to consider internal changes may be the first step to encouraging wider behavioural change.

5.4 What could help consumers take action

A number of suggestions were made about what might help consumers take action, and persist with this, following a prompt. These included:

For external switching:

- Calculators of personalised costs/benefits of different PCAs over the course of a year or at least tables that set out of typical annual costs/benefits.
- Enabling more filtered searches to be carried out based on personal requirements.
- Facilitating fully personalised searches using customers' data, as long as this is via a trusted source (credit reference agencies were spontaneously suggested here).
- Including mobile app demos in PCA comparison sites.
- Including customer service ratings/reviews routinely in PCA comparison sites.
- Including information on alerts offered by providers routinely in comparison sites.

For internal changes:

- Greater proactivity from providers in telling their customers about potential improvements.
- Greater prominence of potential improvements on providers' websites.
- Better/more consistent identification and support of vulnerable customers who approach providers about making improvements.

In addition, the experiences of respondents in this stage of the research suggest that the prompts themselves need to clearly summarise the current costs and benefits associated with the existing PCA, highlight how this compares with alternatives and provide links so it is as easy as possible for consumers to take action.

Section B: Alerts

6. Reactions to alert ideas

6.1 The context – current usage and perceptions of overdrafts

Overdraft facilities, if used appropriately, were regarded to be a legitimate tool for accessing short-term credit and bridging any gap between outgoing and incoming payments. On the other hand, they were also seen to have the potential to be misused and to contribute to financial difficulty.

Some regular and heavy overdraft users did not believe there to be any issues with their overdraft usage while others reported having problems managing their overdrafts. The latter group tended to stay in arranged overdraft for longer and some also regularly fell into unarranged overdraft usage. A few in this category reported that their difficulties started when they first received a free overdraft with their student account.

Some overdraft users in this research were already receiving alerts from their provider. This feature was welcomed as a way of helping them stay on top of their usage and avoid additional charges. Others were unaware that this option exists and there was significant interest in finding out more.

6.2 Summary of reactions

There was a widespread favourable reaction to the concept of overdraft alerts. It was felt that these would be a useful tool for consumers in terms of:

- Notifying them of relevant information that they may not otherwise have been aware of and enabling them to take remedial action.
- Tackling a tendency of some consumers to be in denial and not to engage with trying to resolve their financial difficulty.
- Ultimately, to have the potential to help consumers manage their finances more effectively and prevent problems from escalating.

“I like the idea because we live in a busy world and sometimes you might not be aware.” (Control group)

“A lot of people bury their heads in the sand. It’s good to push that information on people even if they might not want to hear it.” (Major changes)

“It would make me think about my spend and make me want to tighten my belt.” (Heavy overdraft user)

Some of alert ideas tested in this research could apply at an earlier stage than existing alerts (i.e. when entering arranged rather than unarranged overdraft)

which most, though not all, regarded to be an improvement on what is currently being offered.

“It’s pretty similar to what I get now. But I don’t get alerted when I go into my arranged overdraft – maybe I should.” (Heavy overdraft user)

“I don’t want to be told when I’m about to go into arranged overdraft. I’m not against this but I wouldn’t find it helpful. Chances are I will know this and there’s probably not a lot I can do. That’s what the overdraft is there for, as a buffer.” (Heavy overdraft user)

Being exposed to the alert ideas had the potential to motivate action. Some respondents said that, as a result of being involved in this research, they would go away to look at what is currently available from their provider with the intention of setting up an alert.

The fact that banks offer alerts also had a positive impact on some consumers’ perceptions of financial providers.

“It goes against the reputation of banks just wanting to fine you.” (Major changes)

However, it was felt that some who are in greatest financial difficulty might not respond to alerts as they may ignore them or not have the means of remedying the situation.

6.3 What worked best

Text (or mobile app push notification) was seen as an appropriate channel for overdraft alerts as the consumer is likely to pick this up on the go, enabling them to take prompt action if it is possible financially for them to do so.

Overall, alerts at the point when the consumer is at risk of entering unarranged overdraft were felt to be most helpful as penalties are highest in this circumstance. However, earlier alerts (e.g. when entering or remaining in arranged overdraft) were of interest to those for whom this would be unusual behaviour for them, especially if it has occurred accidentally and without their knowledge.

£50 appeared to be an appropriate level at which to set pending overdraft alerts although some high earners or consumers with large arranged overdraft limits would prefer the threshold to be set higher.

Overdraft alerts that pre-warned customers and provided the opportunity to take remedial action and prevent (further) charges were particularly welcomed.

Specifying actual charges (e.g. daily charges and past charges) or other consequences of overdraft use (e.g. declined payments or risk of) was felt to provide an additional impetus that could motivate consumers to take action.

The idea of sweep functionality (to allow funds to be easily moved into the account that is in overdraft) was seen to have potential in cases where the consumer has multiple accounts and the extra funds available to facilitate this.

6.4 What didn't work as well

There was an error in the wording of the alert ideas as it referred to customers being in overdraft when their account hits zero (when it is actually not until the balance falls below zero).

The idea tested of an overdraft alert being provided via the ATM was generally perceived to be too public and respondents worried that such alerts may be visible to other customers in the ATM queue, compromising their privacy.

Consumers would be wary clicking about a link in a text message unless they were certain that it genuinely came from their bank.

The idea tested of providing some possible ways for consumers to take action (*'Reducing non-essential spending and delaying payments out of your account'*; *'Transferring money into your account'*; *'Extending your overdraft'*) was seen as unnecessary and could also be perceived to be patronising.

The ideas tested of providing motivating messages or pictures, or positive feedback after taking action, were also rejected as inappropriate and condescending.

6.5 What was unclear or requires further testing

The following aspects with respect to alerts were inconclusive in this research and would benefit from further testing:

- The level of engagement consumers are likely to have with earlier alerts, i.e. prior to entering or being at risk of entering unarranged overdraft.
- The ideal frequency of alerts to motivate consumers to take action.
- Comprehension of arranged/unarranged overdraft terminology.
- Reactions to being automatically signed up to overdraft alerts (opt out rather than opt in).



- Take-up and impact of the idea related to calendar functionality (i.e. enabling them to set up a calendar reminders if they can't deal with the alert immediately).



Appendix

Appendix 1 – Stimulus

A1.1 Prompt ideas

Prompt idea 1

Mrs Sample
1 Sample Street
Sampleton
5AM PL3

21 January 2017

YOUR BANK

- Sort Code 20-36-16
- Account no. 10534978
- SWIFTBIC BAROGB22
- IBAN GB28 BARC 2036 1610 5349 78

| At a glance | |
|--------------------|----------------|
| Start balance | £370.02 |
| Money in | £2,200.00 |
| Money out | £2,334.74 |
| End balance | £235.28 |

Your Current Account Statement

Current Account PLUS

Your account

Mr Sample, we would like you to know that:

£13 [redacted]
is the amount it's cost you this month to have this bank account
(including overdraft fees, charges and lost interest).

£5 [redacted]
is the average monthly cost of the cheapest five bank
accounts for your usage

For your information

The UK's financial regulator (FCA) wants you to know:

Switching to a new bank account may save you money

- Easy:** Opening an account takes 30 minutes. Your new bank will handle the entire switching process for you.
- Guaranteed:** no loss of your money during switching
- Used:** Over 1,000,000 people switched in 2016

if you know the bank you wish to switch to call them directly or go to their website and they will help you

Or, get free and impartial advice from the government approved Money Advice Service on:
0800 138 7777
www.moneyadvice.service.org.uk

Your transactions

STO Standing Order ATM Cash Machine Contactless Direct Debit

Debit Card Online

Prompt idea 2

Mrs Sample
1 Sample Street
Sampleton
5AM PL3

21 January 2017

YOUR BANK

- Sort Code 20-36-16
- Account no. 10534978
- SWIFT/BIC BARCGB22
- IBAN GB28 BARC 2036 1610 5349 78

| At a glance | |
|--------------------|----------------|
| Start balance | £370.02 |
| Money in | £2,200.00 |
| Money out | £2,334.74 |
| End balance | £235.28 |

Your account

The UK's financial regulator (FCA) requires us to tell you:

You could be missing out on a bank account that gives better customer service

5 in 10 of our customers would recommend us to their friends and family

9 in 10 of customers of the top rated bank would recommend them to their friends and family

For your information

The UK's financial regulator (FCA) recommends you:

Take 5 minutes to review whether you're missing out on a bank account that offers better value

You may be able to get:

- ✓ better customer service and account features
- ✓ regular rewards
- ✓ Higher interest rate and lower overdraft fees/ charges

Go to your bank's website to see the banking league tables: [www.xxxx](#)

Or, check Martin Lewis Money Saving Expert ([www.MSE.com](#))

Or, get free and impartial advice from the government approved Money Advice Service on:
0800 138 7777
[www.moneyadvice.service.org.uk](#)

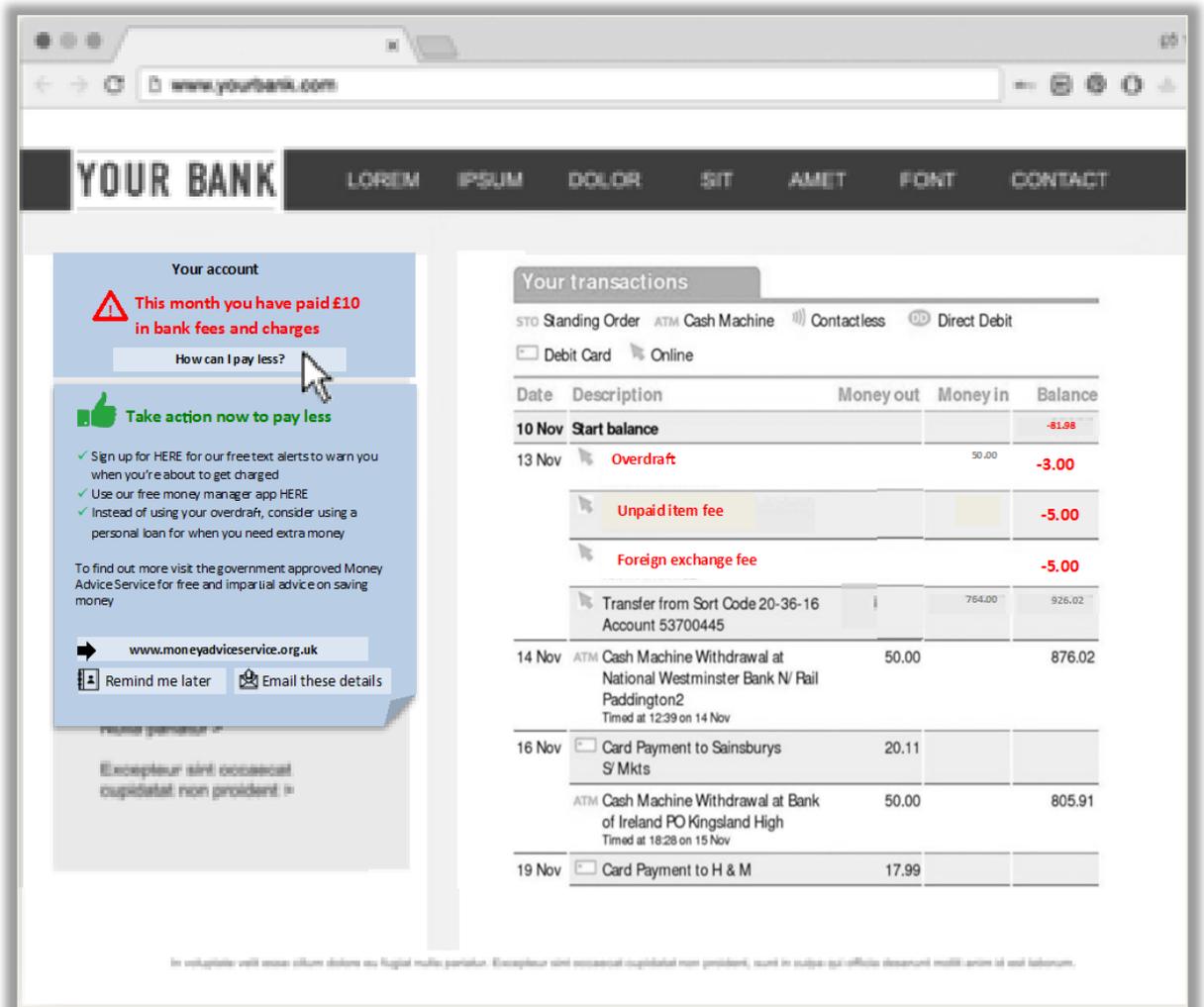
Your transactions

STO Standing Order ATM Cash Machine Contactless DD Direct Debit

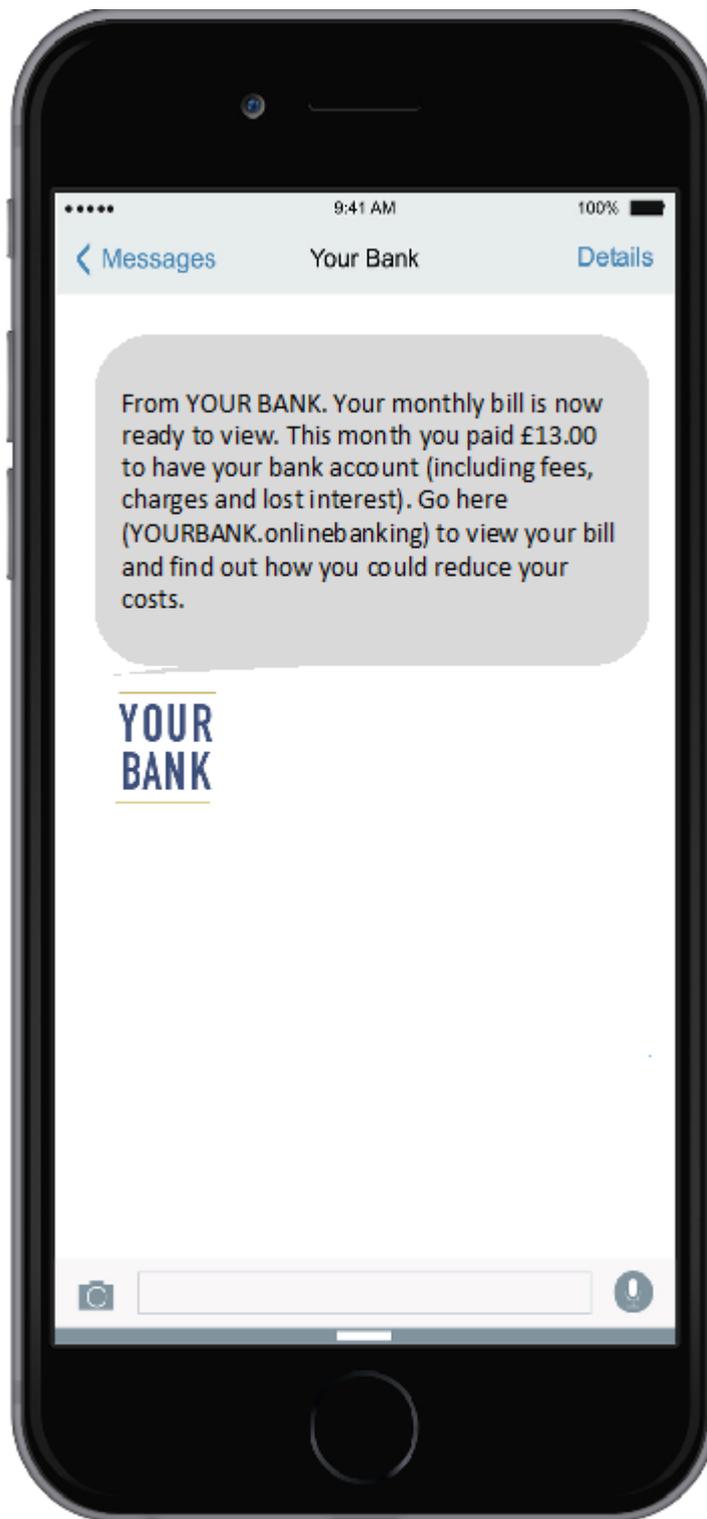
Debit Card Online

| Date | Description | Money out | Money in | Balance |
|--------|---------------|-----------|----------|---------|
| 10 Nov | Start balance | | | -81.98 |

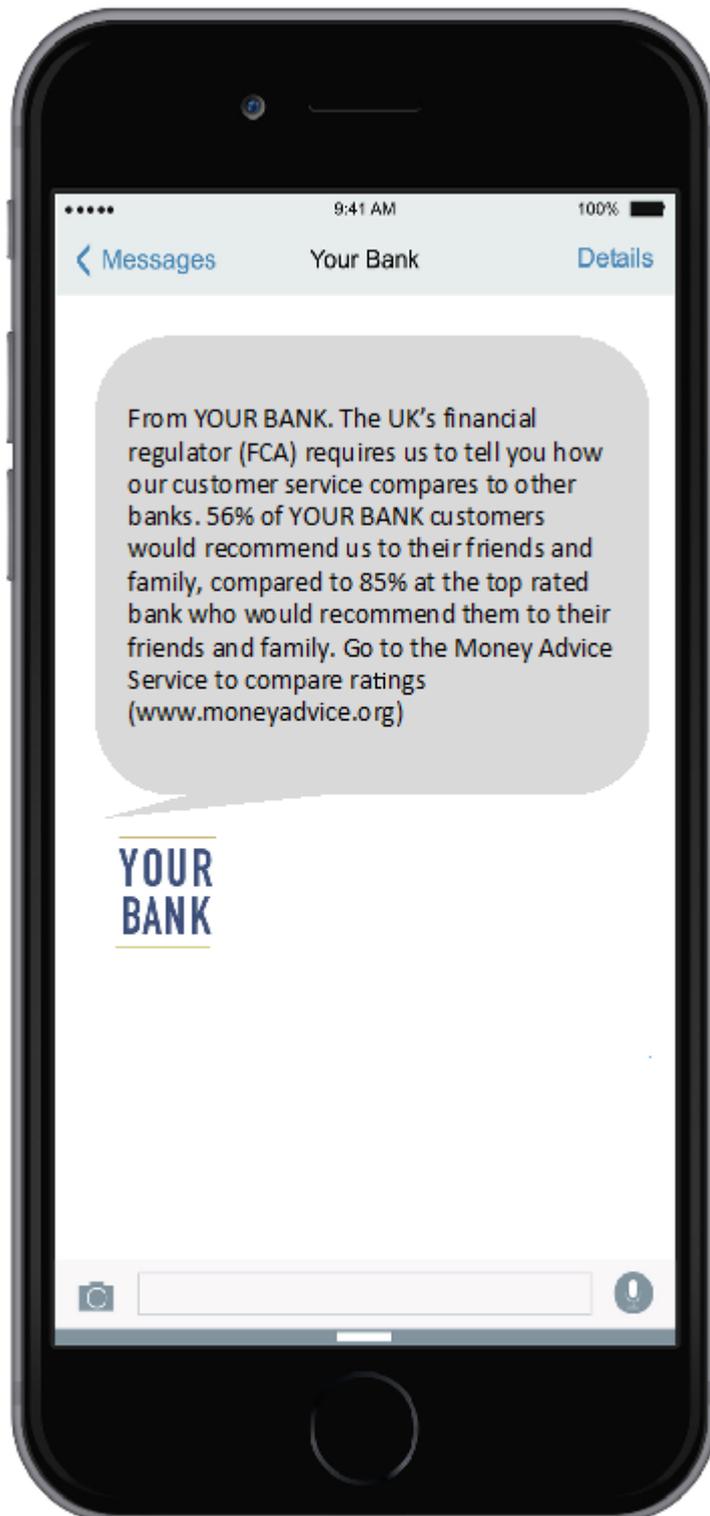
Prompt idea 3



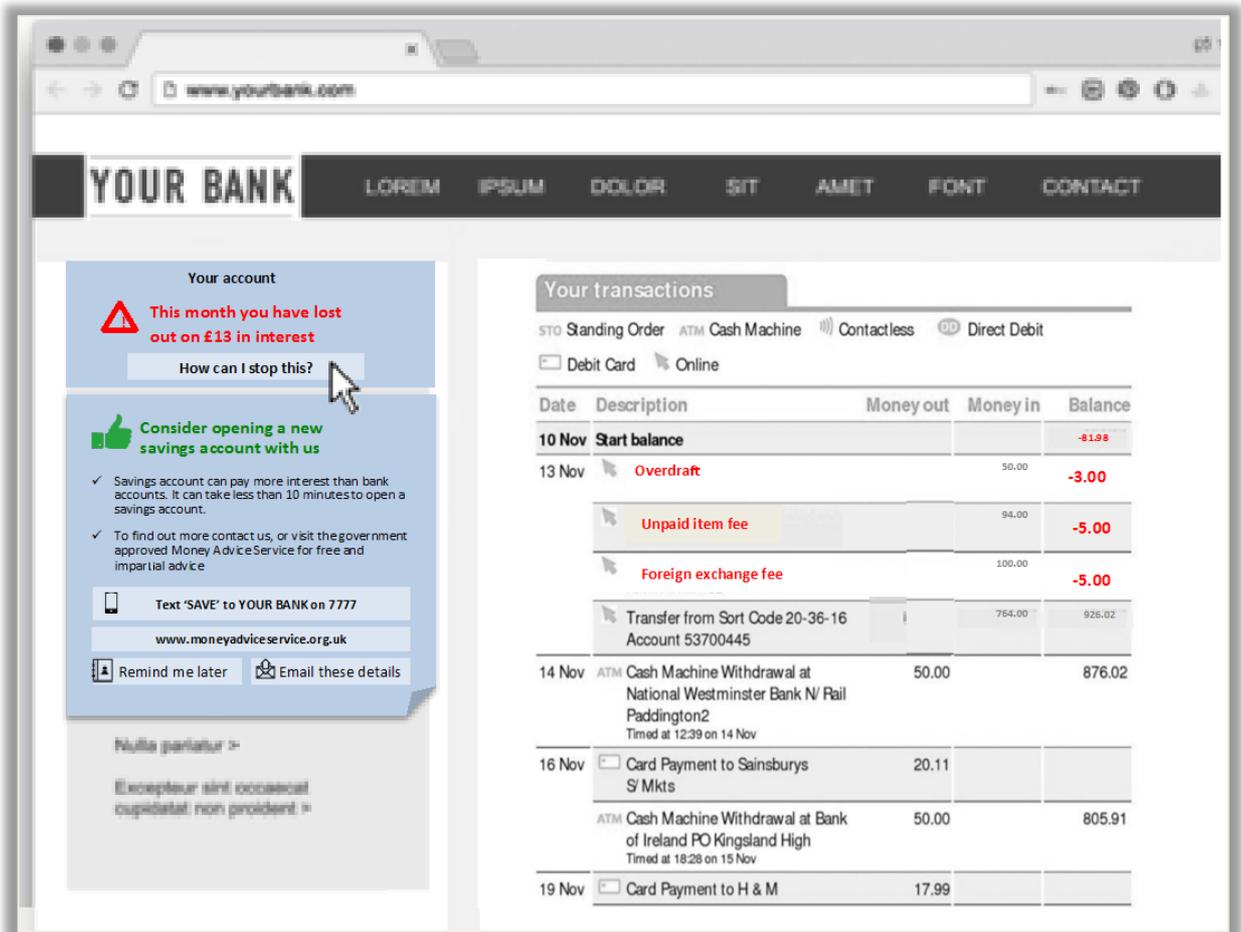
Prompt idea 4



Prompt idea 5



Prompt idea 6



Prompt idea 7

Mrs Sample
1 Sample Street
Sampleton
5AM PL3

21 January 2017

YOUR BANK

- Sort Code 20-36-16
- Account no. 10534978
- SWIFT/BIC BARCGB22
- IBAN GB28 2036 1610 5349 78

Mr. Sample,

Re. You could save at least £60 a year

We've noticed you could be better off by up to £60 a year by moving some of your bank account balance into a savings account, instead of keeping all of it in your bank account.

Savings accounts generally pay more interest than bank accounts. It can take as little as 10 minutes to open a savings account.

| | | |
|------------|------------|---|
| £2 | NOW | Interest you earned in the last year in your bank account |
| £42 | | Amount you could have earned if you transferred £X a month into our highest paying savings account |
| £62 | | Amount you could have earned if you transferred £X a month into a savings account with the highest interest |

What do I need to do?

You have 3 options:

1. Call us for free on 0700 555 555 to find out more about opening a savings account and setting up a regular transfer from your current account to your existing or new savings account
2. Text us 'SAVE MORE' and we'll call you back
3. Other banks/building societies could offer more for your money. To get free and impartial advice on finding the best savings account for you, visit the government approved Money Advice Service www.moneyadviceservice.org

Regards,



Your Bank

Prompt idea 8

Mrs Sample
1 Sample Street
Sampleton
5AM PL3

21 January 2017

YOUR BANK

- Sort Code 20-36-16
- Account no. 10534978
- SWIFT/BIC BARCGB22
- IBAN GB28 BARC 2036 1610 5349 78

Mr. Sample,

We are making some changes to your account **in the next month.**

What does this mean for me?

Based on your current usage, it means you will be paying £15 a year more in fees and charges

Your new account fees as of 12/02/2017

| | Was | Now | |
|----------------------|-------|--------------|---|
| Arrange overdraft: | £1.57 | £2 per day | ↑ |
| Unarrange overdraft: | £3 | £5 per day | ↑ |
| Unpaid item fee: | £11 | £15 per item | ↑ |

What can I do in the next month?

The UK's financial regulator (FCA) recommends you review whether you could be better off switching to a different bank account.

Switching bank accounts is easy and quick:

If you know the bank you wish to switch to call them directly and they will help you.

Or, get free and impartial advice from the government approved Money Advice Service on: **0800 138 7777**

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Vivamus feugiat tempus enim. Vivamus quis nunc urna. In hac habitasse platea dictumst. Etiam non ex quis tellus feugiat lacinia et vitae quam. Nunc laoreet lobortis dolor vitae rutrum. Vivamus interdum blandit risus, quis convallis odio lacinia fringilla. Morbi vestibulum, enim at convallis ullamcorper, tellus ante blandit orci, id ultrices odio massa quis ex. Pellentesque quis lectus ac quam volutpat efficitur. Phasellus rhoncus consectetur scelerisque.

Vivamus auctor libero mauris, vitae vestibulum nibh consectetur sed. Proin bibendum viverra justo, nec venenatis risus vulputate vel. Sed rhoncus nisl sit amet maximus facilisis. Vivamus quis dolor dictum, ultricies felisiut, finibus turpis. Ut efficitur quam tortor, non consequat eros viverra a. Nulla suscipit aliquet est ac facilisis. Mauris quis sapien viverra, gravida est eleifend, pellentesque erat.

Regards,

Your Bank

Prompt idea 9

Mrs Sample
1 Sample Street
Sampleton
5AM PL3

21 January 2017

YOUR BANK

- Sort Code 20-36-16
- Account no. 10534978
- SWIFT/BIC BARCGB22
- IBAN GB28 BARC 2036 1610 5349 78

Mr. Sample,

We are making some changes to your account in the next month/Your account type is changing in one month.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Vivamus feugiat tempus enim. Vivamus quis nunc urna. In hac habitasse platea dictumst. Etiam non ex quis tellus feugiat lacinia et vitae quam. Nunc laoreet lobortis dolor vitae rutrum. Vivamus interdum blandit risus, quis convallis odio lacinia fringilla.

Morbi vestibulum, enim at convallis ullamcorper, tellus ante blandit orci, id ultrices odio massa quis ex. Pellentesque quis lectus ac quam volutpat efficitur. Phasellus rhoncus consectetur scelerisque.

Vivamus auctor libero mauris, vitae vestibulum nibh consectetur sed. Proin bibendum viverra justo, nec venenatis risus vulputate vel.

Sed rhoncus nisl sit amet maximus facilisis. Vivamus quis dolor dictum, ultricies felisiut, finibus turpis. Ut efficitur quam tortor, non consequat eros viverra a. Nulla suscipit aliquet est ac facilisis. Mauris quis sapien viverra, gravida est eleifend, pellentesque erat.

Regards,



Your Bank

Now your account is changing it may not be the best fit for you

So you can compare your account to others, we have listed our main account fees below.

Your account fees as of 12/02/2017

| | |
|-----------------------|--------------|
| Arranged overdraft: | £2 per day |
| Unarranged overdraft: | £5 per day |
| Unpaid item fee: | £15 per item |

Switching to a new bank account is:

- Easy: Opening an account takes 30 minutes. Your new bank will handle the entire switching process for you
- Guaranteed: no loss of your money during switching
- Used: Over 1,000,000 people switched in 2016

To find out more visit the government approved Money Advice Service for free and impartial advice

www.moneyadviceservice.org.uk

0800 138 7777

Prompt idea 10

Mrs Sample
1 Sample Street
Sampleton
5AM PL3

21 January 2017

Mr. Sample,

We are making some changes to your account in the next month/Your account type is changing in one month.

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Vivamus feugiat tempus enim. Vivamus quis nunc urna. In hac habitasse platea dictumst. Etiam non ex quis tellus feugiat lacinia et vitae quam. Nunc laoreet lobortis dolor vitae rutrum. Vivamus interdum blandit risus, quis convallis odio lacinia fringilla.

Morbi vestibulum, enim at convallis ullamcorper, tellus ante blandit orci, id ultrices odio massa quis ex. Pellentesque quis lectus ac quam volutpat efficitur. Phasellus rhoncus consectetur scelerisque.

Vivamus auctor libero mauris, vitae vestibulum nibh consectetur sed. Proin bibendum viverra justo, nec venenatis risus vulputate vel.

Sed rhoncus nisl sit amet maximus facilisis. Vivamus quis dolor dictum, ultricies felisiut, finibus turpis. Ut efficitur quam tortor, non consequat eros viverra a. Nulla suscipit aliquet est ac facilisis. Mauris quis sapien viverra, gravida est eleifend, pellentesque erat.

Regards,



Your Bank

YOUR BANK

- Sort Code 20-36-16
- Account no. 10534978
- SWIFT/BIC BARCGB22
- IBAN GB28 BARC 2036 1610 5349 78

Now your account is changing, it may no longer be the best fit for you. You may be better off with another bank account, with us or someone else.

9 in 10 people are losing out financially by not switching to a cheaper account



£92 The average loss from not switching to one of the five cheapest products is around £92 per year

Switching to a new bank account is:

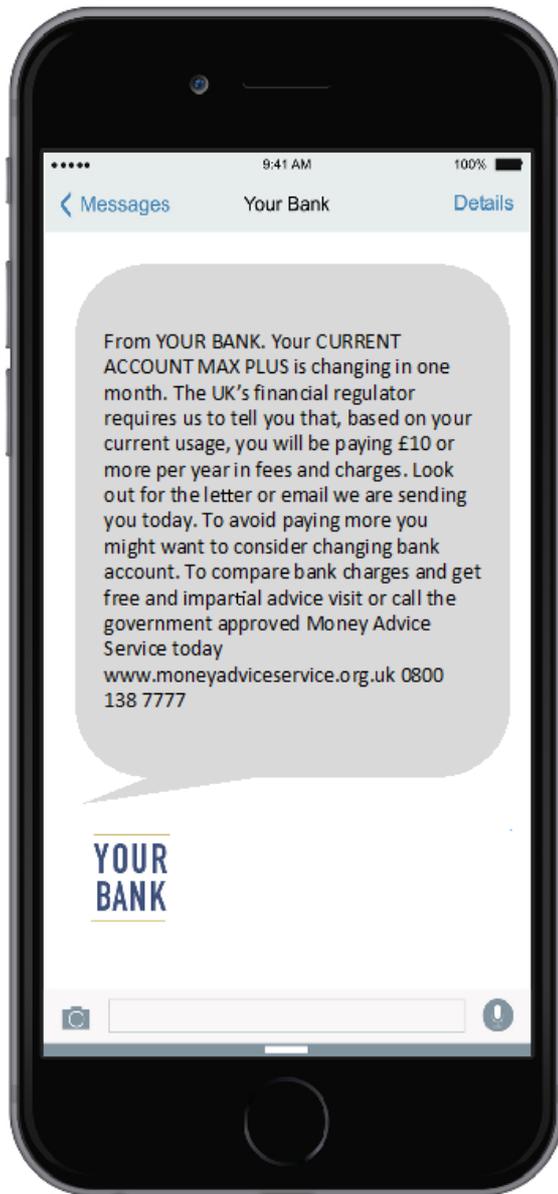
- Easy: Opening an account takes 30 minutes. Your new bank will handle the entire switching process for you
- Guaranteed: no loss of your money during switching
- Used: Over 1,000,000 people switched in 2016

To find out more visit the government approved Money Advice Service for free and impartial advice

www.moneyadviceservice.org.uk

0800 138 7777

Prompt idea 11



Prompt variant 1- different cost messages

Your account

You have been in your overdraft for 4 days out of the last 30

You have paid £2 in total fees and charges for your standard account this month

Your account

You could be missing out on a bank account that better suits your needs

You are in the 20% of heaviest overdraft users. Most people don't pay as much as you for their overdraft.

Your account

The UK's financial regulator (FCA) wants you to know:

£564 The amount customers who use unarranged overdrafts for eight or more days a month and do not use any arranged overdrafts could be losing by not switching accounts

Your account

You could be missing out on a better value packaged bank account

£10 You pay £10 a month for your packaged bank account but this may be available elsewhere for less

£120 You pay £120 a year for your packaged bank account but this may be available elsewhere for less

Your account

You could be missing out on a better value bank account

£13 is the amount it's cost you this month to have this bank account (including overdraft fees, charges and lost interest).

£156 is the amount it's cost you to have this bank account in the last 12 months (including overdraft fees, charges and lost interest).

Did you know?

9 in 10 people are losing out financially by not switching to a cheaper account

£92 The average loss from not switching to one of the five cheapest products is around £92 per year

Prompt variant 2 - different service message



Prompt variant 3 - different calls to action

For your information

Overdraft users have the most to gain financially from taking action

- ✓ Sign up for our free text alerts to warn you when you're about to get charged (www.XXXXX)
- ✓ Use our free money manager app (www.XXX)
- ✓ Instead of using your overdraft, consider using a personal loan for when you need extra money
- ✓ Go to the Money Advice Service for help on saving money

Call your bank for free on 07000 55555. Or text them with 'OPTIONS' and they'll call you back to discuss your options

Or get free and impartial advice from the government approved Money Advice Service on: 0800 138 7777 www.moneyadvice.org.uk

Take action now

The UK's financial regulator (FCA) wants you to know:

Switching to a new bank account may save you money

Guaranteed no loss of money during switching

If you know the bank you wish to switch to call them directly and they will help you

Or get free and impartial advice from the Current Account Switching Service on www.currentaccountswitch.co.uk

For your information

The UK's financial regulator (FCA) requires us to tell you:

Changing your bank account may save you money

"I realised that each month I was losing the same amount of money as my family weekly shop. It took me 10 minutes to choose a new bank, I phoned them, and I was switched over within 7 days. It was really easy and so worth it."

Linda, 45, Birmingham

Get free and impartial advice from the government approved Money Advice Service on: 0800 138 7777 www.moneyadvice.org.uk

Or, search Google for the 'best current account'

Or, if you know the bank you wish to switch to call them directly and they will help you

Take action now

The UK's financial regulator (FCA) wants you to know:

Switching to a new bank account may save you money

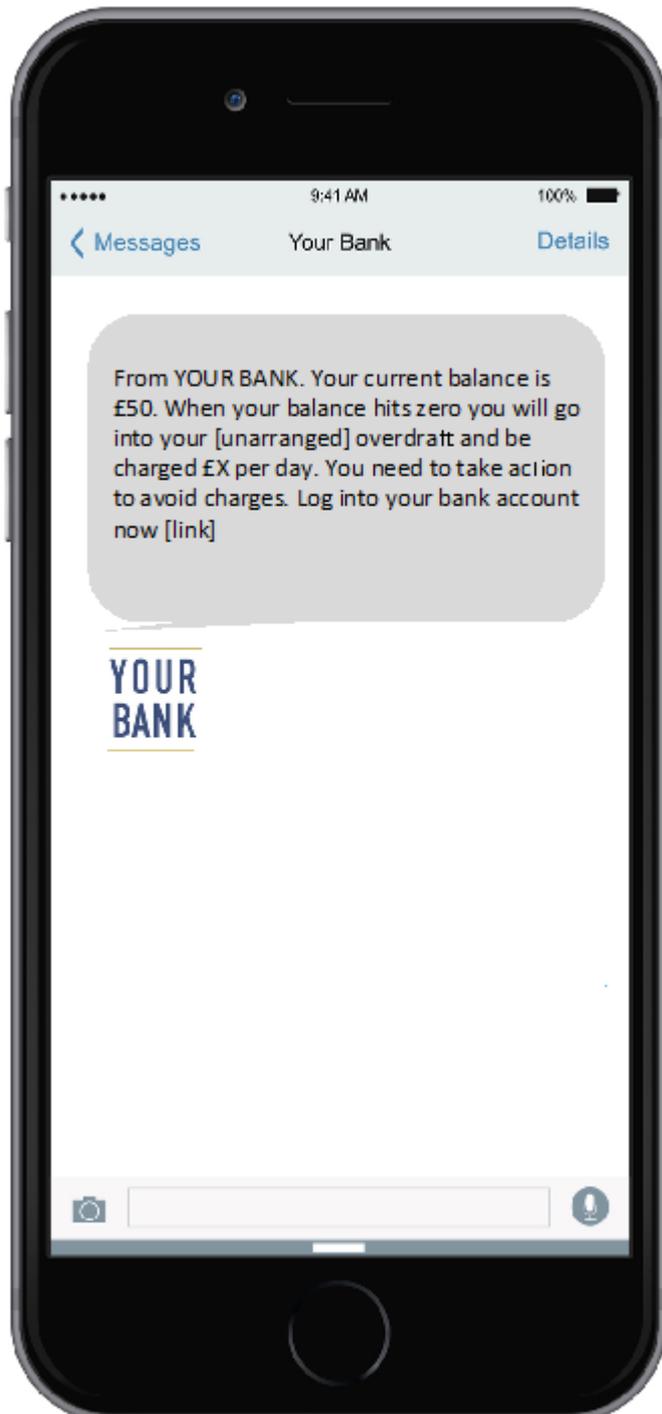
Switching bank accounts is easy and quick:

If you know the bank you wish to switch to call them directly and they will help you

Or, get free and impartial advice from the Current Account Switching Service on www.currentaccountswitch.co.uk

A1.2 Alert ideas

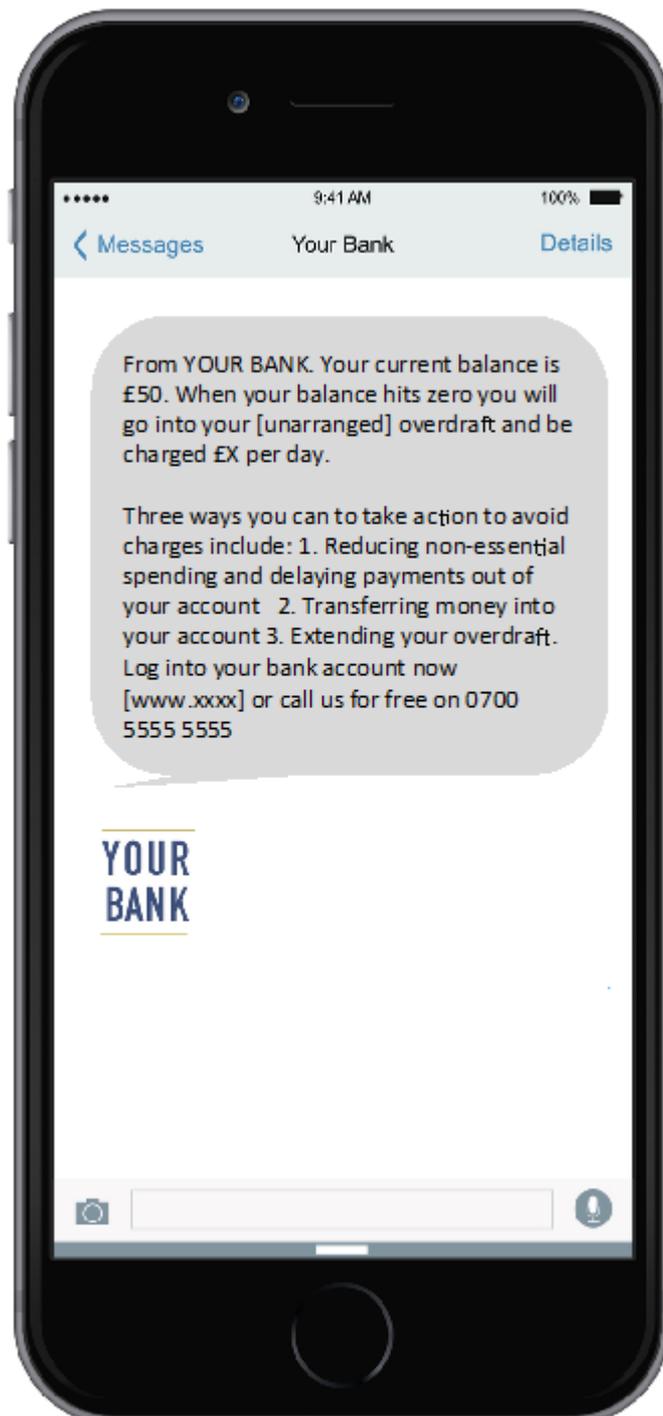
Alert idea 1



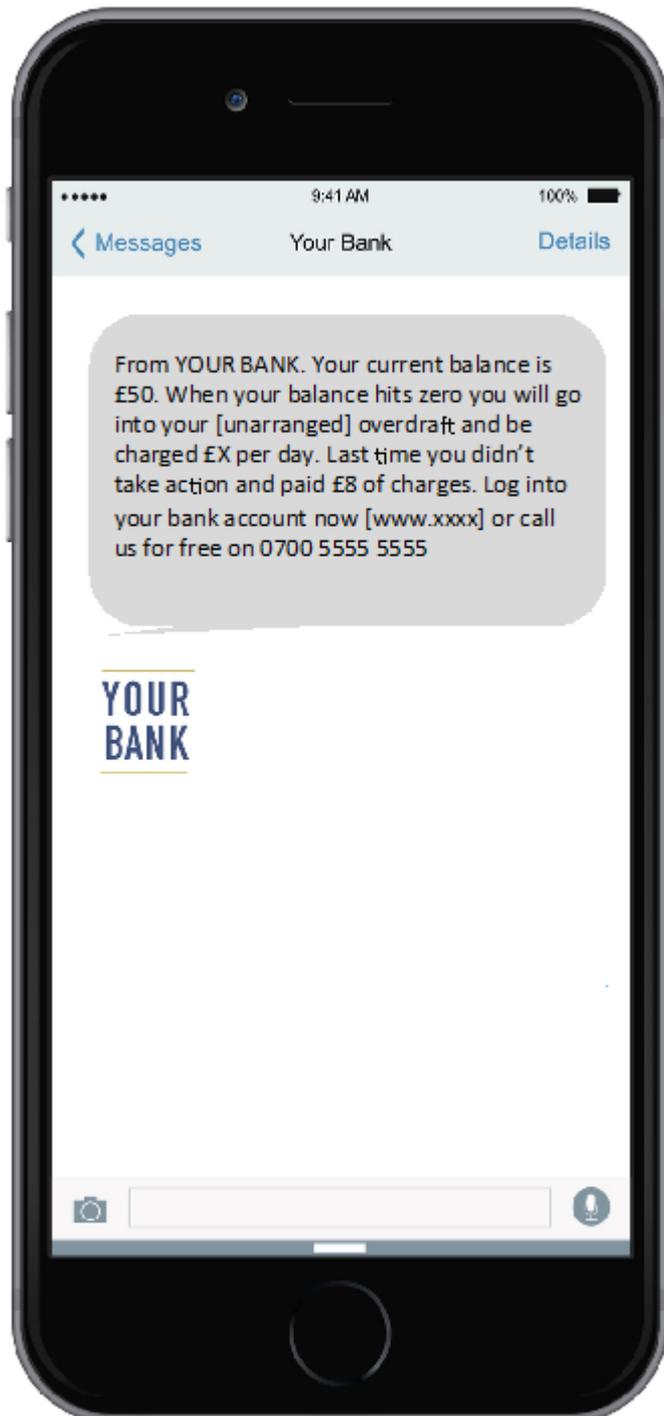
Alert idea 2



Alert idea 3



Alert idea 4



Alert variant 1 – different alert messages

From YourBank. Based on expected payments coming out of your account, you will go into your overdraft in 24 hours time. Take action in the next 24 hours to avoid charges.

From YourBank. Your current balance is £X. You are in your [unarranged] overdraft and being charged £X a day.

From YourBank. Your current balance is £-100. You are in your [unarranged] overdraft and being charged £2 a day. You have been in your UA/AOD for 8 days and have paid £30 since 01/02/17.

From YourBank. Your current balance is £X. You are in your [unarranged] overdraft and being charged £X a day. We have declined your [gas bill] payment and have charged you £5 for the cost of declining the payment.

Alert variant 2 – Additional functionalities

Personalisation of reminders and alerts – timings / text (to input more motivational messages / pictures etc.)

Feedback messages after taking action to avoid a charge ('Well done, you've saved yourself £5 by taking action') or looking at an alternative supplier (if feasible to tell this)

Functionality to accept calendar reminders if can't deal with the prompt or alert right now

Functionality to press one button which sweeps amount from a nominated savings account into your PCA if you are approaching a low balance



Appendix 2 – Screening questionnaire

INTRODUCTION

Good morning/afternoon/evening. My name is _____ and I am calling from Collaborate Research, an independent research organisation. We are currently conducting research about Personal Current Accounts. Everything you say in the interview will be entirely confidential. Should you take part in this research, to say thank you for your time and cover any expenses incurred we would like to offer you **£XX** in cash.

We would like to ask you some questions to see if you are eligible for the study. It will only take 5 minutes, are you interested in taking part?

| | | |
|-----|---|-----------------|
| Yes | 1 | CONTINUE |
| No | 2 | CLOSE |

MARKET RESEARCH SCREENING AND INDUSTRY EXCLUSIONS

ASK ALL:

Q1a First of all, have you ever attended a market research group discussion or interview?

| | | |
|-----|---|------------------|
| Yes | 1 | GO TO Q1b |
| No | 2 | GO TO Q2 |

ASK ALL:

Q1b When was the last time you participated in a market research discussion group or individual interview and what was it about?

| | |
|----------|---|
| DATE: | IF WITHIN LAST 6 MONTHS THANK & CLOSE |
| SUBJECT: | IF SUBJECT IS SIMILAR TO THIS RESEARCH THANK & CLOSE |

ASK ALL:

Q2 Do you, or any member of your immediate family or close friends, work in any of the following industries?



| | | |
|--|---|--------------------------|
| Advertising | 1 | THANK & CLOSE |
| Market research | 2 | THANK & CLOSE |
| Public Relations | 3 | THANK & CLOSE |
| Media (TV, radio, magazine or newspaper) | 4 | THANK & CLOSE |
| Marketing | 5 | THANK & CLOSE |
| Financial Services (retail bank etc.) | 6 | THANK & CLOSE |
| None of the above | 7 | CONTINUE |

HOUSEHOLD DECISION-MAKING SCREENING

ASK ALL:

Q3 Are you a decision-maker for any of the following household or personal bills?
RECORD ALL MENTIONS

| | | |
|-------------------------------------|---|--------------------------|
| Rent or mortgage | 1 | CONTINUE |
| Council tax | 2 | CONTINUE |
| Utilities (gas, electricity, water) | 3 | CONTINUE |
| Telecoms (landline, mobile) | 4 | CONTINUE |
| Pay TV | 5 | CONTINUE |
| None of the above (SINGLE CODE) | 6 | THANK & CLOSE |

PCA SCREENING AND QUOTAS

ASK ALL:

Q4 What kind of bank account do you use as the main account for your day-to-day financial transactions? RECORD ONE RESPONSE ONLY



| | | |
|--|---|--------------------------|
| Standard current account (where you don't pay charges if your account is in credit) | 1 | CONTINUE |
| Packaged current account (where you pay a monthly fee for additional benefits) | 2 | CONTINUE |
| Student or graduate account (where you don't pay charges if you stay within your arranged overdraft limit) | 3 | CONTINUE |
| Basic bank account (where you don't pay charges but it's not possible to set up an overdraft facility) | 3 | THANK & CLOSE |
| Post Office Card Account (where you don't pay charges but it's not possible to set up an overdraft facility) | 4 | THANK & CLOSE |
| Credit union current account (where it's not possible to set up an overdraft facility) | 5 | THANK & CLOSE |

ASK ALL:

Q5 Which bank or building society currently provides your main current account?
RECORD ONE RESPONSE ONLY

| | | |
|------------------------------|----|-----------------|
| Barclays | 1 | CONTINUE |
| Co-operative (Co-op) | 2 | CONTINUE |
| First Direct | 3 | |
| Halifax | 4 | CONTINUE |
| HSBC | 5 | CONTINUE |
| Lloyds | 6 | CONTINUE |
| Nationwide | 7 | CONTINUE |
| Natwest | 8 | CONTINUE |
| Royal Bank of Scotland (RBS) | 9 | CONTINUE |
| Santander | 10 | CONTINUE |
| TSB | 11 | CONTINUE |
| Other (specify: _____) | 12 | CONTINUE |

REFER TO QUOTAS

ASK ALL:

Q6 How long have you been with this current provider of your main current account?

| | | |
|--|---|--------------------------|
| Less than one year (switched within last year) | 1 | THANK & CLOSE |
| 2-5 years (switched in the last 2-5 years) | 2 | CONTINUE |
| 5-9 years | 3 | CONTINUE |
| 10-19 years | 4 | CONTINUE |
| 20 years or more | 5 | CONTINUE |

REFER TO QUOTAS

ASK ALL:

Q7 How satisfied or dissatisfied are you with the provider of your main current account?

| | | |
|------------------------------------|---|-----------------|
| Very satisfied | 1 | CONTINUE |
| Quite satisfied | 2 | CONTINUE |
| Neither satisfied nor dissatisfied | 3 | CONTINUE |
| Quite dissatisfied | 4 | CONTINUE |
| Very dissatisfied | 5 | CONTINUE |

NO QUOTAS – RECORD ONLY

ASK ALL:

Q8 Have you considered switching providers of your main current account in the last year? That would mean you have actively looked into how to switch and compared offers.

| | | |
|-----|---|--------------------------|
| Yes | 1 | THANK & CLOSE |
| No | 2 | CONTINUE |

ASK ALL:

Q9 How likely or unlikely would you be to consider switching providers of your main current account in the future, for example if you were unhappy with the service or became aware of a better offer?

| | | |
|-------------------|---|--------------------------|
| Very likely | 1 | CONTINUE |
| Quite likely | 2 | CONTINUE |
| Not very likely | 3 | CONTINUE |
| Not at all likely | 4 | THANK & CLOSE |

ASK ALL:

Q10 How often, if at all, in the last year have you gone into overdraft or arrears on your main current account?

| | | |
|---|---|-----------------|
| Most months of the year (9+ mths) – HEAVY USER | 1 | CONTINUE |
| At least half of the year (6-8 mths) – MODERATE USER | 2 | CONTINUE |
| Less than half of the year (<6 months) – LIGHT USER | 3 | CONTINUE |
| I haven't gone into overdraft/arrears (account has remained in credit) – NON-USER | 4 | CONTINUE |

REFER TO QUOTAS

ASK ALL:

Q11a Do you currently have an overdraft facility arranged with your main current account? This would require you to have pre-agreed with your provider a limit that you can borrow up to.

| | | |
|-----|---|-----------------|
| Yes | 1 | CONTINUE |
| No | 2 | CONTINUE |

ASK THOSE WITH ARRANGED OVERDRAFTS:

Q11b Do any of the following statements apply to you with respect to your arranged overdraft usage? RECORD ALL MENTIONS

| | | |
|--|---|-----------------|
| You regularly go more than £200 into your arranged overdraft | 1 | CONTINUE |
| You pay at least £5 a month to use your arranged overdraft | 2 | CONTINUE |
| Neither of the above (SINGLE CODE) | 3 | CONTINUE |

REFER TO QUOTAS – RESPONDENTS MUST CODE 1 IN Q10 AND CODE 1 &/OR 2 IN Q11b TO QUALIFY AS A 'HEAVY ARRANGED OVERDRAFT USER'

ASK THOSE WITH ARRANGED OVERDRAFTS:

Q11c Have you signed up to receive either of the following overdraft alerts from your current account provider? RECORD ALL MENTIONS

| | | |
|--|---|-----------------|
| Alert if you go into your arranged overdraft | 1 | CONTINUE |
| Alert if you go beyond your arranged overdraft limit | 2 | CONTINUE |
| Not signed up to any overdraft alert (SINGLE CODE) | 3 | CONTINUE |

NO QUOTAS – RECORD ONLY

ASK ALL:

Q12a How often, if at all, have you done the following in the last year:

- Exceeded the amount allowed under an arranged current account overdraft?
- Gone into arrears in your current account without an arranged overdraft in place?

| | (i) Exceeded amount of arranged overdraft | (ii) Arrears without arranged overdraft | |
|---------------------|--|--|-----------------|
| Never | 1 | 1 | CONTINUE |
| Once or twice | 2 | 2 | CONTINUE |
| Three or more times | 3 | 3 | CONTINUE |
| Not applicable | 4 | 4 | CONTINUE |

RESPONDENT NEEDS TO SELECT CODE 3 IN EITHER (i) or (ii) TO QUALIFY AS A 'HEAVY UNARRANGED OVERDRAFT USER'

ASK THOSE USING UNARRANGED OVERDRAFTS AT LEAST ONCE

Q12b Do you recall receiving an alert from your current account provider when you have gone into unarranged overdraft or arrears in your account?

| | | |
|-----|---|-----------------|
| Yes | 1 | CONTINUE |
| No | 2 | CONTINUE |

NO QUOTAS - RECORD ONLY

ASK ALL:

Q13a Have you been notified of any of the following changes to your main current account within the last 6 months? RECORD ALL MENTIONS



| | | |
|---|---|-----------------|
| Significant increase in fee for using an overdraft facility | 1 | CONTINUE |
| Significant increase in fee for your packaged account | 2 | CONTINUE |
| Loss of free overdraft facility (e.g. for student/graduate account) | 3 | CONTINUE |
| Significantly reduced interest rate | 4 | CONTINUE |
| Significant reduction in/loss of cashback or other financial reward | 5 | CONTINUE |
| Other significant change (Specify: _____) | 6 | CONTINUE |
| No significant changes (SINGLE CODE) | 7 | CONTINUE |

ASK THOSE WHO HAVE BEEN NOTIFIED OF SIGNIFICANT CHANGES:

Q13b How much, if any, impact have these changes had on you? IF CHANGE NOT YET IMPLEMENTED: How much, if any, impact do you expect these changes to have on you?

| | | |
|-----------------------|---|-----------------|
| A lot | 1 | CONTINUE |
| A moderate amount | 2 | CONTINUE |
| A little or no impact | 3 | CONTINUE |

RESPONDENT NEEDS TO SELECT CODES 1 OR 2 TO QUALIFY AS HAVING EXPERIENCED ‘MAJOR CHANGES TO THEIR BANKING SERVICES’

ASK ALL:

Q14 How often, if at all, do you use online or mobile banking to manage your main current account and make transactions?

| | (i) Online banking | (ii) Mobile banking | |
|-----------------|-------------------------------|--------------------------------|-----------------|
| Regularly | 1 | 1 | CONTINUE |
| Sometimes | 2 | 2 | CONTINUE |
| Rarely or never | 3 | 3 | CONTINUE |

REFER TO QUOTAS – RESPONDENT WOULD NEED TO CODE 3 IN BOTH (i) AND (ii) TO QUALIFY AS A ‘NON-USER OF ONLINE/MMOBILE BANKING’

ASK ALL:

Q14 Which other banking products, if any, do you have with:

- The current provider of your main current account?
- Other providers?

| | (i) Main current account provider | (ii) Other provider | |
|---|--|---------------------------|-----------------|
| Another personal current account (e.g. joint account) | 1 | 1 | CONTINUE |
| Savings account | 2 | 2 | CONTINUE |
| ISA | 3 | 3 | CONTINUE |
| Credit card | 4 | 4 | CONTINUE |
| Mortgage | 5 | 5 | CONTINUE |
| Personal loan | 6 | 6 | CONTINUE |
| Business current account | 7 | 7 | CONTINUE |
| Business loan | 8 | 8 | CONTINUE |

DEMOGRAPHICS

FOR ALL:

Q16 RECORD GENDER (do not ask unless necessary)

| | | |
|--------|---|-----------------|
| Male | 1 | CONTINUE |
| Female | 2 | CONTINUE |

REFER TO QUOTAS

ASK ALL:

Q17 How old are you?

| | | |
|----------|---|--------------------------|
| Under 18 | 1 | THANK & CLOSE |
| 18-29 | 2 | CONTINUE |
| 30-44 | 3 | CONTINUE |
| 45-59 | 4 | CONTINUE |
| 60+ | 5 | CONTINUE |
| Refused | 6 | THANK & CLOSE |

REFER TO QUOTAS



ASK ALL:

Q18 What is or was the occupation of the main income earner in your household?

WRITE IN:

Code socioeconomic group

| | | |
|----|---|----------|
| A | 1 | CONTINUE |
| B | 2 | CONTINUE |
| C1 | 3 | CONTINUE |
| C2 | 4 | CONTINUE |
| D | 5 | CONTINUE |
| E | 6 | CONTINUE |

REFER TO QUOTAS

ASK ALL:

Q19 Which of these statements best applies to your management of household bills?

| | | |
|--|---|----------|
| I am/we are keeping up with all household bills without any difficulties | 1 | CONTINUE |
| I am/we are keeping up with all household bills but it's a struggle | 2 | CONTINUE |
| I am/we are falling behind with household bills | 3 | CONTINUE |

REFER TO QUOTAS

ASK ALL:

Q20 How would you describe your ethnic origin?



| | | |
|------------------------|----------------------------|----|
| White | British | 1 |
| | Irish | 2 |
| | Any other white background | 3 |
| Asian or Asian British | Indian | 4 |
| | Pakistani | 5 |
| | Bangladeshi | 6 |
| | Any other Asian background | 7 |
| Black or Black British | Caribbean | 8 |
| | African | 9 |
| | Any other black background | 10 |
| Mixed | White & Black Caribbean | 11 |
| | White & Black African | 12 |
| | White & Asian | 13 |
| | Any other mixed background | 14 |
| Chinese | | 15 |
| Other ethnic group | Write in: _____ | 16 |
| Refused | | 17 |

REFER TO QUOTAS

Reconfirm Day/Date/Time/Location of interview with Respondent

RECRUITER DETAILS

| | |
|-------------|--|
| Name | |
|-------------|--|

RECRUITER DECLARATION

I declare that this interview has been conducted strictly in accordance with your specifications within the MRS Code of Conduct and with a person totally unknown to me.

Signed (**RECRUITER**): _____ Date _____



Interviewer checklist

- Remind respondent of research session time/date/length/location
- **Ensure all respondents are able to understand and speak English**
- Explain that they will be audio recorded for research purposes only
- Provide your telephone number for them to contact you
- Confirm incentive amount

Appendix 3 – Discussion guide and materials

A3.1 Stage 1 discussion guide

| | |
|--|--|
| <p>Introduction and warm-up (5 mins)</p> | <p>Explanation of research</p> <ul style="list-style-type: none"> • Independent research for the financial regulator, FCA • Not a test, just interested in your opinions • Topic is your views on some possible communication regarding your personal current account • Explain that we will be showing some rough mock-ups just to give them an idea of what the communication might be like but these are not the final designs • Explain that recording/note taking but all responses will be confidential/anonymised <p>Respondent background</p> <ul style="list-style-type: none"> • Name, age, family status and current/former occupation (and main income earner’s occupation if different) <p>Warm-up</p> <ul style="list-style-type: none"> • Who is the provider of your main personal current account? How long have you been with them for? • How do you tend to manage your account e.g. check your balance, make/receive payments (online, telephone banking, mobile app, branch visit, cash points, debit card, direct debits) • How active do you regard yourself in managing your current account? How do you tend to manage your account on a week-to-week basis (e.g. regular vs. sporadic, proactive vs. reactive etc.)? |
| <p>DISCUSSION OF PROMPTS</p> | |
| <p>Initial reactions (15 mins)</p> | <p>Show first proposition</p> <ul style="list-style-type: none"> • What stands out? |



| | |
|--|---|
| | <ul style="list-style-type: none"> • How does it make you feel? • What is it telling you? Is this new to you or did you know it already? • Why is it telling you this? How do you feel about being told this? • Who is telling you this? How do you feel about them saying this? • What do you like about it? What do you dislike about it? • Is anything unclear to you? • What, if anything, would you do if you received this? How likely or unlikely to open/read? How likely or unlikely to do something as a result? • What might encourage you to do something? What might stop you from doing something? <p>Repeat for the other prompt propositions</p> |
| <p>Prompted discussion (15 mins)</p> | <p>Compare all propositions</p> <ul style="list-style-type: none"> • Which ideas are most / least likely to make you engage/take action (sort into piles and aim to pick top 2)? Why? <p>Run through each proposition again</p> <ul style="list-style-type: none"> • What if any specific changes/improvements would you make to each? • Cover specific probes on each proposition as relevant (see attached moderator note) • Prompt for views on variants as relevant <p>General preferences</p> <ul style="list-style-type: none"> • Triggers for the communication e.g. costs; change in product; periodic (annual statement, monthly or quarterly) • The ‘better off switching’ rationale – e.g. different ways of presenting ‘paying too much’; cost-led vs. service quality-led vs. service quality and cost together? Others? • Different presentation of costs: <ul style="list-style-type: none"> ○ Generic vs. personalised (i.e. based on usage) ○ Preferred timeframe of costs (monthly vs. yearly; |

| | |
|--|--|
| | <p>past vs. projected future costs)</p> <ul style="list-style-type: none"> ○ Probe understanding of foregone interest as an ‘opportunity cost’, especially for high credit customers (e.g. no interest or rewards paid on account). How would you visualise this (ask respondents to draw this if appropriate)? ○ Cost saving required for engagement <ul style="list-style-type: none"> ● Explaining why this information is being provided – e.g. ‘the regulator requires us to tell you’; ‘the regulator wants you to know’; ‘the regulator recommends’, ‘now that your product is changing’ ● The core call to action – e.g. ‘switching is easy’; ‘guaranteed’; ‘over 1 million switched last year’ ● Alternative calls to action: <ul style="list-style-type: none"> ○ Lay story /anecdotal ○ Switching (or changing) providers vs. ‘consider your options’ (smaller step/softer review), modify usage (e.g. loan instead of OD, savings account in addition to PCA) ○ Procedural e.g. Switch Guarantee, switching check-list/timeline ● Different options in terms of where customers are directed (e.g. go to MAS, CASS, google ‘best current account’, contact your bank, single comparison site, MSE etc.). <ul style="list-style-type: none"> ○ What do people expect to find when they go to MAS / CASS? ● The channel of communication – e.g. mail, email, text, pop-up in online banking, push-notification etc. ● The messenger – bank, independent body (FCA, MAS, CAB) ● Also get views on value of visuals – preferences with/without/which ones best (e.g. symbols, charts, pictures, use of colour etc.?) <p>Overall views</p> <ul style="list-style-type: none"> ● Overall, how do you feel about current account providers giving customers these types of prompts to encourage them to consider switching to a better account? ● How much difference would you expect these to prompts |
|--|--|



| | |
|---|---|
| | to make? To whom? How relevant/motivating to you? |
| DISCUSSION OF ALERTS | |
| Reactions to propositions, views on alternatives and general discussion (15 mins) | <p><u>Brief reactions to proposition/s</u></p> <ul style="list-style-type: none"> • What stands out? How does it make you feel? • What is it telling you? Why is it telling you this? Who is telling you this? How do you feel about being told this/by them? • What do you like about it? What do you dislike about it? Is anything unclear to you? What would you improve about it? PROBE FULLY FOR SUGGESTED IMPROVEMENTS • What, if anything, would you do if you received this? How likely or unlikely to open/read? How likely or unlikely to do something as a result? What might encourage you to do something? What might stop you doing something? <p>Views on alternatives</p> <ul style="list-style-type: none"> • Alternative message (refer to options) • Alternative functionalities (refer to options) • Higher/lower balance or customer-set balance • Alerts for other things to OD e.g. foreign currency usage fees as <p>General discussion</p> <ul style="list-style-type: none"> • Have you been in overdraft in the past year? ASK OD USERS: <ul style="list-style-type: none"> ○ Do they understand difference between unauthorised (unarranged) and authorised (arranged) ODs? ○ Have you received overdraft alerts before from your provider? ○ IF RECEIVED ALERTS: What if any effect have these alerts had on you? How do these propositions compare with your provider’s current alerts? ○ IF NOT RECEIVED ALERTS: How do you know when you’re in overdraft now? ○ What do you do when you’re in overdraft? Do you transfer money, stop payments, reduce spend, |



| | |
|--|---|
| | <p>anything else? How easy or difficult is it to do these things?</p> <ul style="list-style-type: none"> ○ At which point would it be most useful to receive an alert (before AOD, during AOD, before UAOD, during UAOD)? ○ Preference for opt-in vs. opt out – for both AOD and UAOD? <ul style="list-style-type: none"> ● Overall, how do you feel about current account providers giving customers these types of overdraft alerts? ● How much difference would you expect these alerts to make? To whom? How relevant/motivating to you? |
| <p>FURTHER CONTEXTUAL DISCUSSION</p> | |
| <p>Consumers' current behaviour and engagement levels <i>(10 mins)</i></p> | <ul style="list-style-type: none"> ● How satisfied are you with your main current account provider and why? ● Have you switched or considered switching your main current account provider previously? Why/why not? ● Before this interview, how easy or difficult did you think it would be to switch current account providers? Why? How did you think the process worked? ● ASK HIGH ARRANGED OD USERS: <ul style="list-style-type: none"> ○ How easy or difficult do you think it would be for high users of arranged overdrafts to switch current account providers? Why? ○ Do you expect not to be eligible to switch? Or not to get the same overdraft if you switch? What would you like to know about your eligibility? ● ASK HIGH UNARRANGED OD USERS: <ul style="list-style-type: none"> ○ How easy or difficult do you think it would be for high users of unarranged overdrafts (or people who are regularly in arrears on the current accounts) to switch current account providers? Why? ○ Do you expect not to be eligible to switch? What would you like to know about your eligibility? ○ Have you ever considered applying for another product (e.g. a loan) as an alternative to going into |

| | |
|--|--|
| | <p style="text-align: center;">unarranged overdraft on your current account?</p> <ul style="list-style-type: none"> • Before this interview, how much difference did you think there would be between what different current account providers offered to customers (did you see it as being worth it to switch)? • Has being involved in this interview made any difference to these views? How? • How much do you think you would personally stand to gain from switching? From making differences to your account management? <ul style="list-style-type: none"> ○ Probe for awareness that high OD users (especially UAOD) have most to gain from switching and a/c m'ment ○ Probe for awareness/understanding of foregone interest/rewards • What could motivate you to consider switching in the future? What could be a barrier to you switching? • What if any other information would help you make decisions about switching? • Has being involved in this interview made any difference to how you view your bank if they were to provide this information? How? • How do you feel about being provided comparative information on banking providers from third parties? <ul style="list-style-type: none"> ○ Which organisations/brands would you trust to give you this information? ○ How do you feel about receiving personalised comparisons based on your current account usage (e.g. securely drawing on your own transactional data)? • THANK AND CLOSE (MENTION POSSIBLE SECOND STAGE) |
|--|--|

A3.2 Stage 1 stimulus rotation instructions

| Depth | Date | Location | First prompt | Other prompts | First alert | Other alert |
|-------|--------|----------------|--------------|---------------|-------------|-------------|
| 1 | 17 Feb | Greater London | 1 | 2, 3 | 1 | 2 |
| 2 | | | 2 | 4, 5 | 2 | 3 |
| 3 | | | 3 | 6, 7 | 3 | 4 |
| 4 | 20 Feb | Greater London | 4 | 8, 9 | 4 | 1 |
| 5 | | | 5 | 10, 11 | 1 | 2 |
| 6 | | | 6 | 1, 2 | 2 | 3 |
| 7 | 21 Feb | Greater London | 7 | 3, 4 | 3 | 4 |
| 8 | | | 8 | 5, 6 | 4 | 3 |
| 9 | | | 9 | 7, 8 | 1 | 2 |
| 10 | 22 Feb | Bristol | 2 | 9, 10 | 3 | 1 |
| 11 | | | 3 | 11, 1 | 4 | 1 |
| 12 | | | 4 | 2, 3 | 1 | 4 |
| 13 | 23 Feb | Reading | 10 | 4, 5 | 2 | 1 |
| 14 | | | 11 | 6, 7 | 3 | 2 |
| 15 | | | 1 | 8, 9 | 4 | 3 |
| 16 | 23 Feb | Manchester | 5 | 10, 11 | 1 | 4 |
| 17 | | | 6 | 1, 2 | 2 | 1 |
| 18 | | | 7 | 3, 4 | 3 | 2 |
| 19 | 27 Feb | Exeter | 8 | 5, 6 | 4 | 3 |
| 20 | | | 9 | 7, 8 | 1 | 4 |
| 21 | | | 10 | 9, 11 | 2 | 1 |
| 22 | 28 Feb | Coventry | 11 | 10, 1 | 3 | 2 |
| 23 | | | 1 | 2, 3 | 4 | 3 |
| 24 | | | 2 | 4, 5 | 1 | 4 |

A3.3 Stage 2 post-task workbook

Hello xxx,

Thanks very much for agreeing to take part in this second stage of this research.

We'd like you to look to see if there is an **alternative personal current account with a different provider that better suits your needs.**

Please record your experiences and views during this task in the workbook that follows. We will then discuss this when we interview you by telephone at an arranged time.

| | <i>Please write your answers below</i> |
|--|--|
| 1. Which bank or building society provides your main current account? | |
| 2. What kind of current account do you have (its name and main features)? | |
| 3. How much, if anything, have you paid in fees and charges on your current account? | |
| 4. How much, if anything, have you received in interest, cash back or benefits/rewards | |



| | | | | |
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| <p>from your current account?</p> | | | | |
| <p>5. Please list all the information sources you used to look for alternative current accounts from different providers? <i>Please be as specific and detailed as possible.</i></p> | | | | |
| <p>6. What were your main considerations when looking for alternative current accounts from different providers (e.g. interest, cash back, benefits/rewards, overdraft facilities, customer service ratings, known brands etc.)? <i>Please be as specific and detailed as possible.</i></p> | | | | |
| <p>7. How easy did you find it to compare current accounts and find the one</p> | <p>Very easy</p> | <p>Quite easy</p> | <p>Not very easy</p> | <p>Not at all easy</p> |



| | | | | |
|---|-----------------------|------------------------|---------------------------|-----------------------------|
| <p>best suited for you? <i>Please tick most relevant box.</i></p> | | | | |
| <p>8. Why do you feel that way about comparing current accounts? <i>Please give as much detail as possible.</i></p> | | | | |
| <p>9. How confident are you in the process of switching current account providers (i.e. that it would be quick, easy and reliable)? <i>Please tick most relevant box.</i></p> | <p>Very confident</p> | <p>Quite confident</p> | <p>Not very confident</p> | <p>Not at all confident</p> |
| <p>10. Why do you feel that way about the process of switching? <i>Please give as much detail as possible.</i></p> | | | | |



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|--|------------------------|----------------------------|----------------------|
| | | | |
| <p>11. How much better off, if at all, do you feel you would be with an alternative current account from a different provider? <i>Please tick most relevant box.</i></p> | <p>Much better off</p> | <p>A little better off</p> | <p>No better off</p> |
| <p>12. Why do you feel that way about being better off? <i>Please give as much detail as possible.</i></p> | | | |
| <p>13. Overall, did you experience any issues or problems during this task that discouraged you from continuing? <i>If so, please detail the nature of the issues/problems</i></p> | | | |
| <p>14. If you experienced issues or problems, what could have helped overcome these and made the experience easier for you? <i>Please give as much</i></p> | | | |



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| <i>detail as possible.</i> | |
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A3.4 Stage 2 re-interview discussion guide

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| <p>Introduction and warm-up (5 mins)</p> | <p>Explanation of research</p> <ul style="list-style-type: none"> • Focus of this stage is specifically to understand your experience of undertaking the post-task you were set <p>Warm-up</p> <p>Before you undertook the post-task....</p> <ul style="list-style-type: none"> • Have you ever switched previously? If so, probe when and why? If not probe why not/what stopped them? • How aware were you of the fees/charges your have paid and any interest/rewards/benefits you have received on your current account? • How much, if at all, did you think about: <ul style="list-style-type: none"> ○ Making changes to your arrangements with your existing provider or how you manage your money day-to-day? ○ Switching to another provider in order to save money or better serve your needs? ○ Contacting your provider to discuss your needs? ○ Probe why/why not these were considered • How easy or difficult did you think it would be to: <ul style="list-style-type: none"> ○ Make changes to your arrangements or how you manage your money while staying with their current provider? ○ Switch current providers? • How much better off, if at all, did you think you would be by: <ul style="list-style-type: none"> ○ Making changes to your arrangements or |
|---|---|



| | |
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| | <p>how you manage their money while staying with your current provider?</p> <ul style="list-style-type: none"> ○ Switching current providers? |
| <p>Switching post-task questions (30 mins)</p> | <ul style="list-style-type: none"> • If/how did you go about finding out what fees/charges you have paid and any interest/rewards/benefits you have received on your existing current account? How easy or difficult was it to find out these things? • How did you go about looking for alternative current accounts/providers? <ul style="list-style-type: none"> ○ Walk through the main steps that you took in this process ○ What were the main information sources you used and why? ○ How did you go about using them? Walk through process ○ How easy to understand/useful did you find each of your main sources? ○ How trustworthy did you find each of your main sources? Which did you think were independent/impartial and which were not? ○ Which was the best source overall and why? • What were the main factors you considered in comparing providers? <ul style="list-style-type: none"> ○ How important were cost-related factors such as interest cashback, rewards, overdraft facilities, charges and fees, package benefits? <ul style="list-style-type: none"> ▪ Did you think about minimum pay-ins to qualify for some benefits? Did you consider ongoing vs. one-off benefits? ○ How important were non-cost elements like customer service and brand? If brand was important, probe on why/how |

| | |
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| | <ul style="list-style-type: none"> • How easy or difficult was it to compare different current accounts and providers in the market? And how easy or difficult was it to compare these to your existing account and provider? <ul style="list-style-type: none"> ○ Why (probe if particular features were more difficult to compare)? ○ What was the impact of any problems you faced (did it cause you to stop looking/start looking elsewhere?). ○ What could make it easier to compare? • What did you learn about the process of switching? How confident do you now feel about this process (i.e. that it is quick, easy and reliable)? Why? What could make you feel more confident? • How much better off, if at all, do you now think you would be with a current account from a different provider? Why? Probe fully • Overall, given this experience, how likely or unlikely are you now to consider switching to another provider? Why? Probe fully |
| <p>Non-switching pre-task questions (30 mins)</p> | <ul style="list-style-type: none"> • If/how did you go about finding out what fees/charges you have paid and any interest/rewards/benefits you have received on your existing current account? How easy or difficult was it to find out these things? • How did you go about looking for ways you can save money while staying with the same current account provider? <ul style="list-style-type: none"> ○ Walk through the steps you took in this process ○ Probe fully on the process (e.g. did you look at the provider’s website, look on the provider’s online banking or mobile banking app, call or visit the provider to ask, look at other websites or services etc.)? ○ Probe fully on how easy or difficult it was to find the required information |



| | |
|---|---|
| | <ul style="list-style-type: none"> • Did you find any alternative products offered by your provider that would pay you more to use it? (e.g. a different current account that pays more interest or provides rewards, or savings account for higher credit balances?) Probe fully • Did you find any alternative products offered by your provider that would charge you less to use it (e.g. a different current account that has lower fees, a cheaper overdraft or loan instead of overdraft)? Probe fully • Did you find any tools or services offered by your provider that could help you manage the money going in and out of your current account (e.g. overdraft alerts or other money management tools)? Probe fully • Did you find any tools or services offered by your provider or any other organisation that could help you with your money management more generally? Probe fully including specifically on whether they considered using MAS and, if they looked at it, how they found it • How easy or difficult was it to look for ways of saving money while staying with your existing current account provider? Why? What could make it easier to look for ways of saving money with your existing provider? Probe fully • How much better off, if at all, do you now think you would be by making changes while staying with your existing current account provider? Why? Probe fully • Overall, given this experience, how likely or unlikely are you now to consider making changes while staying with your existing current account provider? Why? Probe fully |
| <p>Summing up/ learnings (10 mins)</p> | <ul style="list-style-type: none"> • Were there any particular obstacles during the task that would have discouraged you from continuing if you were doing this in real life? What? Probe fully • What could have helped to overcome these obstacles and make the experience easier to continue with? Probe fully |



| | |
|--|--|
| | <ul style="list-style-type: none">• What information would it have been helpful to know upfront, ahead of embarking on this task? Probe fully• Would additional information have been helpful at various points once you were undertaking the process? What and at what points?• THANK AND CLOSE |
|--|--|