Turning Switching to Your Advantage
Survey methodology and objectives

Accenture conducted online interviews with more than 4,000 current account customers in the UK and Ireland in late 2012, probing the perceptions and behaviours governing their banking relationships, switching and complaints activity, levels of satisfaction with service experiences, and the factors that influence provider selection.
Executive summary: why switching should be on the Board's radar

At a time when banks are under intense pressure to maximise the value of their customer relationships, changes in the marketplace are posing a significant threat to banks' revenue plans, warranting urgent attention.

Our annual survey of banking customers in the UK and Ireland confirms that the modest revival in customer satisfaction seen in 2011 ran out of steam in 2012, with measures of relationship quality hitting a plateau and trust-related metrics resuming a downward trajectory. Despite banks' ongoing efforts to enhance customer engagement, their satisfaction scores remained unchanged, while the willingness of customers to recommend their bank declined.

In contrast, switching rates are poised to rise, with a conjunction of factors – including regulatory intervention, new entrants joining the market, a new switching service, and evidence from other industries that those who switch will do so again more readily – presaging potentially significant changes for banks, both in terms of the way they manage their customers, and their costs of acquisition and churn in the years ahead.

Pent-up demand for switching...

Events since our research was conducted further support this view. Just as banks were stepping up their efforts to rebuild confidence and trust, they were hit at the tail end of 2012 by renewed waves of scandal from allegations of LIBOR fixing, and a number of IT failures that impacted customers.

Against this sombre backdrop, our 2012 survey revealed that around 6% to 7% of customers switched provider for their personal current account (PCA) during the year, with nearly 8% claiming they would switch their current account provider in the year ahead. This switching rate is roughly in line with that seen throughout the past decade, largely reflecting customers staying with their existing provider through inertia. However, our study also shows that switching of other products rose sharply from 5% to 8% – while a further 12% of apparently “loyal” customers actually wanted to switch their current account, but stayed put either because of an absence of a compelling alternative or a lack of confidence in the switching process.

In 2011, the Independent Commission on Banking (ICB) found that levels of switching in the UK market were “low”, a situation the UK Office of Fair Trading (OFT) had cited as a barrier to entry in a 2010 market review. However, our survey findings point to significant pent-up demand for switching, which regulators hope to unleash through the launch of seven-day account switching in September 2013. If this fails to have the desired effect, then further measures such as full account portability will be considered.
There are also further reasons why higher levels of switching are much more likely by 2016 – including intensifying competition from new entrants and mid-tier providers, customers’ growing familiarity with the switching process, and ongoing commoditisation of basic banking products.

...brings significant revenue and cost implications
In combination, these changes in the market present a valuable opportunity to grow revenues, but also threaten to drive up the cost of churn as volumes rise. Our analysis suggests that a 3% increase in the level of current account switching across the industry would see nearly £300m of revenue shift between banks, accompanied by increased processing costs of approximately £90m for those banks shedding customers.

Given the scale of these potential financial impacts – both positive and negative – it is critical that banks are positioned and equipped to turn rising switching to their advantage. To help them do so, this Point of View examines the key drivers of change, and outlines the steps banks can take to succeed in a world of higher current account switching.

While some key metrics remained stable in 2012...

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied with their bank</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>Recommended their bank</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Would consider bank for next purchase</td>
<td>52%</td>
<td>52%</td>
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...positive behaviours fell back

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased a product</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Would consider recommending in next 12m</td>
<td>46%</td>
<td>43%</td>
</tr>
</tbody>
</table>

...willingness to switch and complain increased

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switched (one or more products)</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Complained to their bank</td>
<td>14%</td>
<td>18%</td>
</tr>
</tbody>
</table>

...and customer sentiment deteriorated further.

<table>
<thead>
<tr>
<th>Sentiment</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;My bank is fair &amp; transparent&quot;</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>&quot;My bank is trustworthy&quot;</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td>&quot;My bank is ethical&quot;</td>
<td>29%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Figure 1: Key barometric measures indicate a worsening situation for banks

Source: Accenture UKI Current Account Survey, 2012
Switching 2013: a flat historical trend is set to change

The level of UK PCA switching has been stable for some years. Our latest survey data shows PCA switching increased by one-tenth in 2012, rising from 6.1% of customers to 6.7%. As Figure 2 illustrates, this figure is consistent with the long-term trend. But despite the relatively flat headline trend, a deeper analysis of the findings confirms that the market is changing.

Switching is reshaping the PCA market...

By netting out the movements of the “switchers” in our survey between the five key clusters in the marketplace – the “Big 5”, mutuals, internet banks, challengers (e.g. Metro Bank) and Irish banks – we revealed the pattern illustrated in Figure 3. The major trends within this industry-wide switching pattern include:

- Nearly half – 48% – of the customers who switched in 2012 swapped one Big 5 brand for another. Given the sustained dominance of the UK’s main banking groups, who between them control upwards of 85% of the PCA market, this pattern of migration between the major players appears to be a longstanding trend.

- For the second year running, the UK’s Big 5 banks saw a double-digit net outflow to other clusters. Our 2011 survey showed a 14% outflow, moderating slightly to 12% in 2012. Extrapolating this movement across the total PCA customer base would equate to around £100m of PCA revenues shifting from the Big 5 to other banks.

- On a market share basis, the biggest “winners” in 2012 were the mutuals with a net inflow of 20%, mainly from the Big 5 banks.

Figure 2: Current Account Switching Evolution, 2002–12

Source: European Union (2002–05); National Consumer Council (2006); OFT (2008); Accenture UKI Customer Surveys (2011–12)

Note: The symbol ø is used to denote the average rate over the period.
Current account switching in the UK & Ireland

**Big 5 Banks**
- 48% of switchers swapped one Big 5 brand for another...
- ...there was a 12% net outflow from the Big 5 Banks segment

**Challengers**
- 0% of switchers swapped one challenger for another...
- ...there was a 2% net outflow from the challenger segment

**Mutuals**
- 2% of switchers swapped one mutual brand for another...
- ...there was a 20% net inflow into the mutual segment

**Internet Banks**
- 1% of switchers swapped one Internet bank for another...
- ...there was 0% net flow in the Internet bank segment

**Irish Banks**
- 2% of switchers swapped one Irish bank for another...
- ...there was a 5% net outflow from the Irish bank segment

**Figure 3: Movement of Switching Survey Population, 2012**
(2012 n=250)

Source: Accenture UKI Current Account Survey, 2012

Note: Percentages are rounded to the nearest whole number, and may not add up to 100%. Also, the terms “net inflow” and “net outflow” are used to describe the balance of switchers into and out of these different segments.
...while switching in non-PCA products is surging

The switching trends in products other than PCAs suggest a wider reshaping is under way. While PCA switching rose slightly, switching of other financial products such as cards, savings and mortgages jumped from 5.1% in 2011 to 8.1% in 2012 (see Figure 4). These products are largely commoditised and easily compared by customers, who in tough economic times have been empowered to change provider in search of better deals. The surge in switching activity in other financial products could prefigure the scale of increase that might occur in current accounts, if they became similarly commoditised.

More valuable customer groups are more likely to switch...

So, if switching does rise in the way we expect it will, which customers are most likely to move? Interesting trends emerged when comparing the propensity of different groups of bank customers to change their providers. Those most likely to switch were younger or more affluent than average, and were also more likely to be in full-time employment. In short, the groups most likely to switch were also amongst the most valuable customers a bank can have. The information panel on the next page provides further detail.

This means that, while the overall headline trend – at least in PCAs – remains relatively static, customers with high potential long-term value are more likely to be the ones deciding to change providers. This underlines the need for banks to take action to address these proportionately higher-switching groups. By reflecting these customers’ needs in their offerings, banks can drive a more focused acquisition strategy that is likely to generate higher returns in the long run.

...but all customers may switch when their banks let them down

More generally, banks seeking to prevent customer defections, and to position themselves as the natural choice for switchers when they mobilise, must address the root causes of switching. Looking across the population of customers who switched, our survey points to three key factors as being most likely to trigger a current account switch – value, relevance and service (see Figure 5).

Figure 4: Have you switched your main current account or any other financial product to a new provider in 2012?

Source: Accenture UKI Current Account Survey, 2012
Top five reasons for switching current account provider in 2012

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor value for money</td>
<td>34%</td>
</tr>
<tr>
<td>Change in personal circumstances</td>
<td>26%</td>
</tr>
<tr>
<td>Speed and efficiency of service</td>
<td>24%</td>
</tr>
<tr>
<td>Unable to manage account in a way that suits me</td>
<td>23%</td>
</tr>
<tr>
<td>Lack of staff politeness and/or knowledge</td>
<td>20%</td>
</tr>
</tbody>
</table>

Figure 5: Three key themes drive UK PCA switching in 2012

Source: Accenture UKI Current Account Survey, 2012

Younger, higher-income customers on the move

Our study shows that 25-to-34 year olds were around 50% more likely to have changed providers in 2012 than the average, suggesting that products and services they acquired earlier in life may no longer be suitable. In contrast, a significantly lower proportion of over-55s switched. This could reflect generational factors, or a lack of differentiated account products aimed at this “near-or-in retirement” customer group.

Customers on annual incomes of over £40,000 were proportionally twice as likely to switch providers in 2012. This may indicate a high degree of dissatisfaction amongst “mass-affluent” customers who are below the threshold for private banking, but want more than existing mass-market products tend to provide.
Each of these themes has its own specific dynamics and key implications.

1. Value
Customers have become increasingly sensitive to fees and charges since the onset of the financial crisis, which has encouraged them to compare providers on cost rather than service, increasing the risk of commoditisation for banks. This issue is compounded by low levels of awareness of the real costs of operating a PCA. The OFT\textsuperscript{11} found that 71\% of customers did not know how much they were charged for using an arranged overdraft, while 78\% said the same about unarranged overdrafts.

Implication: Pricing transparency has become a crucial aspect of account design that all banks must take into account if they are to convince new and existing customers that they represent good value for money.

2. Relevance
Customers’ needs change continually – and often rapidly – as their careers and family lives unfold. Life events such as the birth of a child, house purchase, inheritance or change of career will impact an individual customer’s financial requirements. Providers are struggling to stay relevant and ensure their products continue to meet their customers’ changing needs.

Implication: Switchers want providers who can offer personalised, tailored solutions that grow with them. Only banks with the right level of customer information and customer analytics capabilities will be able to deliver the insightful, data-led treatments and personalised services that customers want.

3. Service
Banks need to get the service basics right – first time, every time – or risk losing the customer.

Implication: Banks must establish a track record and credentials in the marketplace for execution excellence, with flexible, tailored products, published low levels of errors, and clear, simple and efficient complaints, redress and switching processes for when things do go wrong.

"Customers' needs change continually as their careers and family lives unfold. Switchers want providers who can offer personalised, tailored solutions that grow with them."
Current account switching in the UK & Ireland
Switching 2016: three factors will drive growing momentum

Over the next three years, as change gains momentum and the new seven-day switch service beds in, we expect switching to build towards uncomfortable levels for banks. In our view, the rising proportion of "loyal" customers expressing a desire to switch in 2012 – as shown in Figure 6 – is a bellwether for rising switching levels in the UK.

Our research and industry insights point to three key drivers that – in combination – will propel the switching rate upwards in the years ahead.

1. The speed of the switching process will increase:

Since 2008, significant progress has been made in improving the switching process for UK consumers (see Figure 7). The latest innovation is guaranteed seven-day account switching, which will be heavily promoted by smaller banks and challengers intent on acquiring market share, boosting awareness among customers that switching is simple, efficient and easy to initiate.

The mobile phone market provides a useful example of how new processes can drive increased switching levels. According to research by Ofcom, nearly one-third (29%) of UK consumers who have been through the faster MAC/PAC switching process, which enables one-day service portability, said they were more likely to switch again in the future, versus only one-in-five (19%) who had been through the slower C&R process.

2. Customer awareness of the opportunity to switch will increase:

Our 2012 survey found that, in the last three years, 15% of customers had switched their provider. Of these, 24% had switched more than once (see Figure 8). Experience shows that customers who have switched before will be more likely to switch again, creating a growing group of "multi-switchers". Echoing the trend in other industries, as more customers go through the process and spread the word, growing numbers will be encouraged to switch for the first time.

3. Wider industry trends:

Several current account propositions from new players will be launched into the marketplace in the next two years: Tesco and Virgin Money plan to have PCA propositions in place by the end of 2013, and are set to take market share by cross-selling to existing customers. Mid-tier players are also formulating plans to drive growth in the mature UK/Ireland market, with mutuals continuing to target potential switchers while non-banking players such as Marks & Spencer continue to expand their presence. Elsewhere, the forced switch of an estimated 7.5% of UK current account customers resulting from the branch divestments of Lloyds Banking Group and RBS will disrupt the market and drive a further increase in switching awareness.

At the same time, PCAs and savings products may become increasingly commoditised, with aggregators and comparison sites coming into the market, as happened in general insurance. Their entry will contribute to higher switching as customers assess and compare offerings on the basis of cost. Ironically, banks’ innovation around PCA products – such as splitting them out into a menu of optional components, each with an explicit fee attached – may make it easier for the aggregators to interpose themselves between banks and their customers by directly comparing features and prices.
Did you want to switch your current account provider?

![Bar chart showing percentage of customers who wanted to switch and those who didn't from 2011 to 2012.]

**Figure 6: Rising number of customers who want to switch**

Source: Accenture UKI Current Account Survey, 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2011</th>
<th>2012</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanted to switch, but didn’t</td>
<td>89.6%</td>
<td>88.0%</td>
<td>88.0%</td>
<td>OFT cites 28% of switchers reporting problems with the switch process, with most regarding it as risky and complex.</td>
</tr>
<tr>
<td>No, I had no desire to switch</td>
<td>10.4%</td>
<td>12.0%</td>
<td>12.0%</td>
<td>UK Payments Council (UKPC) announces new switching service for 2013 - free to use, seven days to complete, with fully automatic transfers of closing balances to new accounts.</td>
</tr>
</tbody>
</table>

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**Improving the switch process**

- **2008**: OFT cites 28% of switchers reporting problems with the switch process, with most regarding it as risky and complex.
- **2011**: UK Payments Council (UKPC) announces new switching service for 2013 - free to use, seven days to complete, with fully automatic transfers of closing balances to new accounts.
- **2012**: OFT reports fewer misplaced DDs being rerouted via BACS to new accounts. Fewer customers describe switching as problematic, difficult and slow.
- **Future**: Parliamentary Commission on Banking Standards calls for seven-day switching to be evaluated by Financial Conduct Authority (FCA) at end-2014. If it fails to deliver acceptable higher switching rates, full account portability may be demanded by Government and regulators.

**Improving customer perception**

- **2008**: OFT describes low customer awareness of switching. 47% of customers had not considered switching, while 45% were not very or not at all confident about the switching process.
- **2011**: BACS launches measures to make switching easier, including a new customer website to provide advice about switching.
- **2012**: OFT reports more consumers using automated switch process, pointing to greater awareness. Overall knowledge about switching also improved, as did the public perception of switching - fewer now think it will be problematic or slow. BUT fewer know who to switch to or believe switching will be worth it pointing to a lack of differentiation in the market.
- **Future**: Customers will have a wider range of providers to choose from, addressing the undifferentiated nature of the market. Meanwhile, full account number portability could be transformational if implemented, driving much higher rates of switching in the future.

**Figure 7: Evolution of Current Account Switching**


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- **It's getting faster to switch**
  - **2008**: 18 days
  - **2013**: 7 days
  - **2018**: 24 hours
Figure 8: Our survey revealed significant numbers of multi-switchers, who had swapped their current account provider more than once in the past three years.

Source: Accenture UKI Current Account Survey, 2012
Current account switching in the UK & Ireland
Actions to realise the opportunities in a higher-switching world

Three steps to turn switching to your bank’s advantage

As we highlighted earlier, our research shows that customers tend to switch banks in response to failings against three main requirements: value for money, relevance, and fast and efficient service. Significantly, these three factors are also the top criteria that switchers apply when looking for a new provider, making them as critical to loyalty as they are to acquisition. So if banks can differentiate themselves successfully in each of these areas, they will be positioned both to boost inflows and staunch outflows.

In our view, there are three critical steps that banks can take to achieve these goals.

**Step 1: Deliver value for money by creating competitive, compelling, value-adding products**

Customers are attracted by transparent, easily-understandable products whose benefits and value are explicit and clearly linked to the price paid. For banks, this means simplifying the benefits associated with services and products, as well as providing a clearly-articulated and fairly-formulated set of fees and charges to ensure that customers understand the true cost of running them.

Going to war on cash benefits, such as offering a cash reward for opening an account, is unlikely to be sustainable and will limit profitability. “Winning plays” in this area are likely to include designing products that offer signature benefits that drive differentiation and value by enhancing customers’ lifestyles, rather than competing on price or cash rewards alone. One approach is to offer product features that go beyond banking: examples to date include cash-back schemes linked to purchase activity, such as NatWest’s CashbackPlus and Santander’s 1|2|3 Account, and competitions for tickets to events, such as those run by Barclays Premier Banking aimed at affluent customers.

Offering customers value for money can deliver further benefits to the bottom line through lower customer acquisition costs, by enabling use of referral campaigns and word-of-mouth to attract customers through the existing customer base. In an era when trust in banks has declined, using existing customers to talk about and effectively “promote” the service to non-customers is one of the most effective and lowest-cost ways to drive inflows. In pursuing this opportunity, it may be useful to apply analytics to cross-reference offers with profitable customers, on the basis that profitable customers are more likely to attract other profitable customers.

**Step 2: Deliver relevant products that suit customers today and evolve with their changing needs over time**

A “one-size-fits-all” approach to product design is a losing play. Customers are looking for relevant product and service propositions delivered through an experience that reflects their individual lifestyles, tastes and preferences. Winning plays to achieve this include providing compelling and personalised digital experience in customers’ channel of choice, through which they can be offered a portfolio of adaptable, flexible products made up of configurable features that enhance personalisation.
By selecting from the same basic pool of product features, banks can keep costs low and avoid over-expanding or over-complicating the product portfolio, while also gaining loyalty by supplying a highly relevant product to the customer, saving them the trouble of having to construct it themselves.

Again, a number of banks are already making strides in this direction. A flexible product such as Barclays’ “Features Store” could be configured in a number of ways and sold on to customers as a tailored product. For example, the basic account can be combined with features such as family travel cover and roadside recovery to create a “family pack”, or with gadget insurance and a railcard for a “student pack”.

To support and sustain relevance to customers, banks can pursue a number of additional initiatives. To drive retention, they might profile and segment existing profitable customers on their key characteristics. This could include using data gleaned directly from customers and via social media to support targeted marketing efforts and make the right interventions at points where customers’ lives and needs are changing. And, to boost acquisition, banks can apply needs-based marketing, using segmentation analytics to define and target customers in specific demographics or physical locations and stimulate new account openings.

To help ensure that the bank maintains positive net inflows of the desired type of customers, a clear and well-executed loyalty strategy is essential. As our recent paper “Holding on to profitable customers in a high-switching world” highlighted, the programme should focus on two key factors: relevance and segmentation (see information panel).

**Step 3: Deliver fast and efficient service by getting the basics right on core customer processes**

As a fundamental prerequisite for competing effectively in a higher-switching world, all banks will need to get the service basics right – which means fixing the “hygiene factors” where even minor mistakes and inefficiencies can destroy customer loyalty. An undifferentiated approach, based on selling a fast but standardised service in the same way to all customers, is not sufficient. Instead, banks must invest in integrated and efficient customer processes across channels, while pursuing differentiated and defensible digital investments that help to make the services relevant, easy-to-use and accessible to clients at all life stages.

The bank’s resulting strong base of service efficiency should be exploited and highlighted as part of the development of its brand in the marketplace. And, internally, the aim should be to drive changes to process, policy and performance management that will instil and embed a culture of customer focus and efficiency throughout the organisation, ultimately feeding into a transformed customer experience and perceptions.

A key focus area for service efficiency is around customer switching and account opening processes. Banks need a switching process that handles seven-day guaranteed account switching as well as – or preferably better than – anyone else. Since the new process will only be as fast as its slowest component, banks must ensure that they are not shown up as the weakest or least efficient link in the chain.

Furthermore, a smooth and pain-free customer “exit” can translate into a re-introduction, if the customer’s service needs are not met by the new provider and he or she remembers a simple, swift and efficient leaving process. So there is an opportunity to benefit from a best-in-class account switching experience – both in and out – by optimising the end-to-end process.

For switchers out, this could involve ensuring a speedy exit by optimising the journey from initial contact with the customer to the bank’s Industry Account Switching (IAS) team. For switchers in, banks can optimise the account opening process to enable the end-to-end process to be delivered as quickly as possible.
Loyalty programmes: two focus areas to prevent customer outflows

To be effective, a bank's loyalty programme should concentrate on two major success drivers:

**Relevance:** Loyalty leaders remain relevant to customers throughout the successive phases of their lives, using smart analytics to drive data-led treatments that keep pace with their customers' changing needs. New analytical tools can help banks gain a better understanding of customers' behaviour, provide them with personally-tailored messaging and offers, and create clear, simple-to-use products that reward customers for keeping and concentrating their business with the bank.

**Segmentation:** Through effective use of these analytical tools, banks can move their most profitable customers up the loyalty scale from inertia to satisfaction, and on potentially to advocacy. Most importantly, this means these customers will stay, and continue to buy. And they'll stay not because they think all banks are the same and there is no point moving, but because they see their own bank as the trustworthy, competent and relevant provider of the financial products and services they need throughout their lives.
Conclusion: the hallmarks of a “winning” response

The advent of a new and sustained era of higher switching represents a radical shift in the industry landscape. The successful players in this changed environment will be characterised by a steady net inflow of customers year-on-year, and a lower cost of acquisition than their competitors.

In summary, to ensure they join the winners in this new world, we recommend that banks take the following actions:

• **Implement simplified processes** to enable simpler, clearer, quicker customer interactions and communications while keeping costs and pricing low.

• **Simplify the benefits of different products and services** and provide clearly-articulated and fairly-formulated sets of fees and charges that ensure customers understand the true cost of using them.

• **Create targeted, relevant and compelling customer propositions** to build loyalty among existing customers and capture the attention of new ones.

• **Leverage the value of analytics to help limit outflows**, including focusing on customers at risk of switching – such as those with dormant accounts or lodging complaints – and conducting personalised engagement with each customer.

• **Drive a customer-focused cultural transformation** within and across the organisation that will genuinely redefine customers’ experience of the bank. The pillars of this transformation are changes to process, policy and performance management underpinned by a clearly articulated set of explicit, well-communicated values.

Like it or not, higher switching is coming to the banking industry in the UK and Ireland, bringing opportunities as well as risks. Banks that make the right preparations now will be well-placed to ensure it works in their favour.
Sources and supplementary information

1 "Accenture UKI Current Account Survey, 2012", Copyright © 2013 Accenture
2 "ICB Interim Report", Independent Commission on Banking, 11 Apr 2011
3 "Review of Barriers to Entry, Expansion and Exit in Retail Banking", Office of Fair Trading (OFT), Nov 2010
4 Currently, an average retail customer switching their current account to a new provider would cost a bank around £50. With nearly 98m current accounts in operation, every 1% increase in switching would generate an additional £23m of processing cost for the banks. Switch cost referred to in evidence from Gary Hocking, acting CEO of the UK Payments Council, to the Parliamentary Committee on Banking Standards, 30 Jan 2013. Mintel reported 57.5m retail current accounts in operation in 2010. (Source: "Packaged & Current Accounts UK", Mintel, June 2011)
5 The term “Big 5” refers to the five largest UK retail banking groups by market share: Barclays; HSBC; Lloyds Banking Group; Royal Bank of Scotland; and Santander UK.
6 The term “Mutuals” refers to banking service providers run on a so-called mutualised basis. They have no shareholders and are run for the benefit of their “members” (i.e. customers). The largest mutuals in the UK are Nationwide and Co-operative Bank, though there are a number of smaller mutuals in the UK, such as the network of independent building societies, which offer retail financial services on this basis.
7 The term “Challengers” refers to the group of non-mutual UK current account providers that sit below the Big 5 in terms of their market share.
8 See s5.16, "Review of the personal current account market", Office of Fair Trading (OFT), 29 Jan 2013
9 OFT estimates providers earned £8.8bn in revenues from PCAs in 2011, equivalent to £139 per active account. A 12% shift away from the Big 5 would equate to £105.6m of shifting revenue. See s3.1, "Review of the personal current account market", Office of Fair Trading (OFT), 29 Jan 2013
10 Chart based on following sources: 2002-2005, "Sector Inquiry on Retail Banking", European Commission Retail Banking Survey – Interim Report II: Current Accounts and Related Services, Jul 2006; 2006, "Switching Survey", FDS Research for the National Consumer Council, 2006; 2008, “Annexe D of Personal current accounts in the UK, 2008”, OFT Market Study, Jul 2008; 2011–2012, “Accenture UKI Current Account Surveys, 2011 & 2012”, Copyright © 2012/13 Accenture. Note: there is contention over the level of UK current account switching, with reports varying by source. In its final report, the Independent Commission on Banking (ICB) acknowledged a range of conflicting data points from various sources. For example, consumer research undertaken by BACS in 2010 found that 8% of people had switched or attempted to switch current accounts in the last 5 years, while only 3% had switched or attempted to switch in the last 12 months; the European Commission (EC) found that the PCA switching rate in the UK was 9% cumulatively over two years to July 2008; the OFT found, in its market study published in 2008, that the annual rate of switching PCAs was 6%; Ofcom found that the annual switching rate for bank accounts in 2008 and 2009 was 5%; Consumer Focus found that 7% of consumers had switched over a two-year period to 2010; switching rates amongst Which? members average 6% per year (measured over a five year period); and the National Consumer Council found that in 2000, 6% of people switched, while in 2005, 7% switched. See: “ICB Final Report”, Independent Commission on Banking, Sep 2011 for further details.
11 "Review of the personal current account market", Office of Fair Trading (OFT), 29 Jan 2013
12 “Strategic review of consumer switching”, S4.108, OFCOM, Sep 2010
About Accenture

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