

Press Release
23 June 2020

Banking Competition Remedies Ltd (BCR), the independent body established to implement the £775 million Royal Bank of Scotland (RBS) State Aid Alternative Remedies Package (ARP), today issues an update on ISS.

Achievements of ISS

ISS has already made a difference in doubling the SME switching rate of CASS: as at the end of May 2020, 34,537 customers had switched through ISS and a further 6,351 were “in-flight” i.e. had applied to do. £118m of the £225m trust set up for switching dowries has been utilised. A further 990 loans have also transferred, consuming £13m of the £50m trust set up for this purpose.

Inevitably, further delivery at this level has been impacted since mid-March by COVID-19, which has significantly curtailed business for many SMEs. The earlier run-up to Brexit and the associated economic and social uncertainties ahead are also factors. There has been a consequent decline in SMEs switching banks in recent weeks, and BCR has been in discussion with Royal Bank of Scotland (RBS) and participating bodies on appropriate ways to sustain the support available to SME switching within the terms of the RBS State Aid Alternative Remedies Package (ARP).

ISS extended to end February 2021 and additional 200,000 RBS SME customers become eligible

BCR, following agreement from RBS and HM Treasury, can confirm that:

- 200,000 further RBS SME customers with turnover of up to £1m will now have the opportunity to participate from 25 August 2020
- ISS will be extended for customer applications until the end of February 2021 and customers will have until the end of June 2021 to complete the switch.

The changes announced today will be effective from 25th August 2020 with the intervening time allowing all legal formalities to be completed and relevant information to be presented on the [Business Banking Switch website](#).

RBS will be contacting eligible customers soon and all customers wishing to qualify for the relevant dowry must apply to their new bank before the end of February 2021 and a four month window - until the end of June 2021 – will allow account transfers to complete.

BCR’s recent enhancements to the Scheme in March 2020 ([detailed here](#)) including introducing enhanced dowries for the lower four bands of the ISS, and an increase in dowries for loans will now be available for longer to assist those who are considering transferring their accounts in the months ahead.

These adjustments are based on consultation with the leading switching bodies under ISS. Their feedback has indicated the importance of ensuring there is no hiatus between now and the time when such changes could otherwise have been brought into effect, making a larger pool of customers eligible for the financial incentives, along with a time-limited focus to customers considering switching.

Nick Perkins, EC Solutions Programme Director, RBS said “*We welcome the announcement by BCR that provides clarity on the changes to the Incentivised Switching Scheme. A diverse cross section of 200,000 businesses with a turnover of up to £1m a year will be added to the scheme, and we will be*

writing to those customers in the next few weeks to let them know that they are eligible. This allows the scheme to build on the significant progress made so far and gives more customers access to market leading switching incentives.”

Extending participation in ISS

BCR acknowledges the strong support of ISS participant organisations since the start of the Scheme and looks forward to working with them into 2021. Extension of ISS is subject to the majority of participants continuing to be involved and their confirmation to this effect by 30th June 2020 is now being sought. In the light of the date extension, new applications to join ISS will be welcomed by BCR. Eligibility details and related Terms and Conditions can be found on the BCR website at https://bcr-ltd.com/wp-content/uploads/2018/09/Incentivised-Switching-Terms-and-Conditions_Final.pdf.

SMEs intending to switch encouraged to apply early

In light of today’s announcement, SMEs intending to switch, especially those with more complex banking arrangements, are encouraged to take early advantage.

It is important to note that:

- under the terms of the ARP no further extension to the end date of ISS is possible.
- ISS will end earlier than the dates set out here if the £225m fund is fully utilised or the BCA Switch target is met.

Brendan Peilow, BCR Lead Director on ISS commented: “ISS has already made a difference in achieving switching rates above historic levels. The chance now to extend the ISS timeline and give access to a larger number of customers, offers the best opportunity to sustain momentum towards the ambitious targets put in place at the outset of the Scheme in a very different economic environment. While switching is understandably not top of SMEs’ ‘must do’ list at the moment, BCR’s recent enhancement of the Scheme for those looking to switch is now available for longer to assist those who are considering transferring their accounts in the months ahead but have more pressing priorities right now.”

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