

Press release on behalf of BCR

23 March 2021

**Following the closure of the Incentivised Switching Scheme (“ISS”) to new customer applications on 28<sup>th</sup> February 2021, Banking Competition Remedies Ltd is providing interim results on the scheme performance**

**Key points:**

- In the two-year period to the end of February 2021, BCR has overseen the switching of 57,496 Business Current Accounts (“BCAs”) which represents in excess of 50% of the SMEs that switched through CASS during that period.
- A further 19,409 are in the process of transferring and have until 30<sup>th</sup> June 2021 to complete their switch if they wish to receive the dowry.
- Not all customers will complete their transfer for a variety of technical and commercial reasons and this decision sits very much with participating banks and the SMEs themselves.
- Total dowry of £206.7m has been paid out to date (BCA £189.5m and Loans £17.2m) and, if all customers do switch by the end of June, £269m of the available £275m pool (BCA £225m and Loans £50m) will be required.
- ISS was designed to conclude when either 120,000 Business Current Accounts switched or when the BCA Dowry of £225m was spent. It is anticipated that this second aim will be reached by the time the scheme closes.
- To facilitate the maximum number of SMEs being able to transfer their current accounts under ISS, BCR has secured agreement to make the Loan Dowry available to them as required.
- At this stage, a small surplus of £6m is forecast although this is likely to increase as some customers’ intentions become clear. This was always envisaged in the design of the Alternative Remedies Package and were this to be the case then the surplus would be distributed between the top three participating banks with the highest number of switched customers.

**Brendan Peilow, Executive Director at BCR with responsibility for ISS, said:** “While there are still three months to go before ISS finally ends, the anticipated almost full utilisation of the dowries demonstrates the positive impact this innovative scheme has had on the UK SME sector. CASS has played an important role in making the transfer process seamless and on behalf of BCR I would like to express my appreciation. The fact that the aspiration to switch 120,000 Business Current Account customers has not been achieved even though the dowries will be almost fully distributed reflects the spread of customers switching across all turnover bands which in itself is encouraging. Full details of the number of switchers and which banks they transferred to as well as a breakdown by turnover bands and dowry paid will be provided once final figures are available after ISS closes at the end of June.”

**-Ends-**

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## About BCR

Banking Competition Remedies Ltd (BCR) is the independent body established in 2018 to implement the £775 million Royal Bank of Scotland (RBS) State Aid Alternative Remedies Package. BCR is independent from RBS and the UK Government. It is governed by an independent board of directors.

The Alternative Remedies Package was negotiated and agreed between HM Government and the European Commission and comprises two RBS funded measures amounting to £775m:

- The **Incentivised Switching Scheme** – to which up to £275m is allocated to assist SME customers within the Williams & Glynn business to move to ‘challenger banks.’ A further maximum sum of £75m has been set aside within RBS to cover customers’ switching costs.
- The **Capability and Innovation Fund** – to which £425 million has been allocated to support the development of wider capabilities and competition in the SME banking market essentially through grants to eligible challenger institutions across five pools. BCR will run a further funding round, Pool F, later in the year. BCR holds awardees to account by closely monitoring their progress against business plans. How BCR monitors awardees can be found [here](#).

The Capability and Innovation Fund is designed to promote capabilities and competition in the market for banking services to SMEs in the United Kingdom. Further details on the Capability and Innovation Fund including information on Pool F will be available on the BCR website from mid-April.