

Press release on behalf of BCR

INCENTIVISED SWITCHING SCHEME CLOSES HAVING DISTRIBUTED £251M OF THE DOWRY FUND AVAILABLE TO SMEs WHICH SWITCH FROM NATWEST

- BCR has overseen the switching of 69,135, Business Current Accounts
- Further awards representing the £24m remaining of the dowry fund have been made to the top three ISS participants in terms of the number of switchers

Following the closure of the Incentivised Switching Scheme (“ISS”) on 30th June 2021, Banking Competition Remedies Ltd is providing final results on the scheme performance and information on awards granted. An update on the Capability and Innovation Fund (“CIF”) Pool F is also included.

ISS

Key points:

- In the twenty eight month life of ISS which ended on 30th June 2021, BCR has overseen the switching of 69,135 Business Current Accounts (“BCAs”) which represent in excess of 50% of the SMEs that switched through the Current Account Switching Service (“CASS”) during that period and just over 64% of the 108,000 SMEs that consented to be contacted by one or more of the participating banks. This innovative scheme which is part of the Alternative Remedies Package has proved a success, especially given the challenging external environment.
- Since the Scheme closed to new customers at the end of February 2021, 11,349 completed their switching journey.
- Total dowry of £251.54m has been paid out to date (BCA £231.13m and Loans £20.41m) which has directly benefited UK SMEs. [A total of £548k has been returned to the ISS trust during the life of the scheme where IS participants were unable to pass the dowry on to the SME].
- Full details of individual IS participant performance can be found below.

Participant	Consents*	Switched	Net BCA Dowry Paid**	Net Loan Dowry Paid**	Award made**
Starling	34,834	16,528	£37.03m	£16k	£9.2m
Virgin Money	54,494	15,946	£54.11m	£10.08m	£8.9m
TSB	32,773	10,731	£29.47m	£154k	£6.0m
Co-op	43,275	10,371	£33.53m	£959k	
Santander	24,261	9,137	£45.52m	£6.49m	
Metro	24,184	5,988	£23.94m	£312k	
Handelsbanken	1,281	350	£6.26m	£1.05m	
Arbuthnot	753	54	£585k	£1.14m	
Habib	321	21	£89k	£182k	
Hampden	330	9	£63k	0	
Total	216,506	69,135	£230.6m	£20.38m	

* This is the gross number of consents. Customers were able to consent and apply to more than one bank.

** All figures quoted to nearest appropriate round number

- ISS was designed to conclude when either 120,000 Business Current Accounts switched or when the BCA Dowry of £225m was spent. As can be seen, this latter target has been met. There was an additional loan dowry of £50m which, given the changes in the lending market driven by the Covid 19 crisis and the resultant intervention by the government in CBILS and BBLs for SMEs, has seen an underspend of £29.6m.
- As commented on in the March 2021 Press Release, the surplus which exists due to the underspend was always envisaged in the design of the Alternative Remedies Package although, to facilitate the largest number of SMEs being able to transfer their BCA, agreement was secured by BCR earlier this year to utilise the capacity within the Loan Dowry trust for this purpose.
- In respect of the underspend and in line with the design of the Alternative Remedies Package, based on the number of switching customers received, further awards have been made to Starling, Virgin Money and TSB for the amounts of £9.2m, £8.9m and £6m respectively. [Figures rounded to nearest £100k]. These will be released upon completion of legal documentation and the monies distributed must be fully utilised by the end of December 2021 to encourage further switching in line with the business cases agreed. Any unspent funds must be returned to the Alternative Remedies Package Trust via BCR.
- The public commitments made by the awardees will be published on the BCR website before the end of August. Performance against them will be updated in October 2021 and January 2022.

Brendan Peilow, Executive Director at BCR with responsibility for ISS, said “I am very pleased to record the success of the Incentivised Switching Scheme as evidenced by the full utilisation of the BCA Dowry and the fact that that over 50% of all SMEs switching through CASS during the life of ISS have done so through this scheme. The size of SMEs switching and the increased dowry on offer meant that the scheme has distributed the full BCA dowry fund available. Over £250m has gone directly to SMEs as a result of the dowries paid and the sector will further benefit from the awards that have been announced today.”

CIF

As a result of the impact of Covid on the economic environment and the changing SME lending landscape, Ebury have changed their product and origination strategy. As a result, they reduced the scope of their Business Plan to focus on investing in scalability and an improved online user experience for UK SMEs and returned £7.5m to BCR for the Capability and Innovation Fund in June 2021. Combined with the £5m returned by Onfido earlier this year BCR is now able to confirm the funds available for distribution in Pool F as £12.5m and is now consulting on the optimal grant sizes within this amount before finalising decisions and opening Pool F on 25 August.

The Pool F consultation letter can be found [here](#). The letter includes clarification on the aspects of Pool F that are pre-determined by the ARP and, therefore, cannot be changed including the eligibility to apply and assessment criteria.

For media enquiries, please contact:

Tony Langham: TonyL@lansons.com; 07979692287

Maddy Morgan Williams: MaddyMW@lansons.com; 07947364578

Megan Sunderland: MeganS@lansons.com; 07866040940

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. Owing to the return of £12.5m earlier this year, BCR will run a further funding round, Pool F in Q3. 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 are available on the BCR website.