



The Money Charity response to ‘What do good banking outcomes look like to consumers?’

The Money Charity is the UK’s leading financial capability charity.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

We believe financially capable people are on top of and make the most of their money in five key areas:

- Planning (including budgeting)
- Saving
- Debt
- Financial services products
- Everyday money (including wages, cash, bank accounts)

Introduction

1. The Money Charity welcomes the framework and outcome-based approach set out in the Banking Standards Board 'What do good banking outcomes look like to consumers?' It is great to see a framework and idea which is dedicated to getting the best banking outcomes for consumers.
2. Similar focuses on outcomes by the likes of the Financial Conduct Authority (FCA) and the Lending Standards Board (LSB) have reaped positive benefits for consumers.
3. Taking such an approach, along with a number of helpful real-life examples, is a great way to engage consumers with what they should expect from banks and building societies. It can offer a way for consumers to understand what they should expect from their banks and building societies through the real-life experiences provided. It can also give bank/building society's a list of ways to guide them towards good practices.
4. There are several adjustments we would make to the real-life experiences, and consumer outcomes and principles. Our main recommendations are that:
 - In the consumer outcome called 'Redress and being listened to', we believe that it is important to change this to 'Remedies' or 'solutions' rather than 'redress'.
 - The consumer outcome called 'Value for money' may be slightly misplaced, in that most of the examples given could fit into other consumer principle categories.
 - We would like to see even more real-life examples of what good consumer outcomes look like in each consumer principle.
 - A few of the real-life examples could be made more realistic or at least could be expanded upon in order to be clearer.
5. Without addressing these issues, the outcome framework may fail to have as wide reaching a benefit as it could do.
6. The following provides a detailed response of The Money Charity's views and opinions to the Banking Standards Board's 'What do good banking outcomes look like to consumers?'

Q1. Do you agree with the consumer principles listed in the framework (These are, access, choice, clarity and transparency, safety and security, redress and being listened to, value for money, fairness.)

We support the principles outlined by the paper, however we have several amendments to both 'value for money' and 'redress and being listened to'. Firstly, redress is a term which is often associated with financial compensation, but that is not the only solution to any banking complaint/issue a consumer may have. Furthermore, it is quite a technical word which may confuse or alienate some consumers. Therefore we believe it to be more appropriate to use a word like 'remedy' or 'solution' rather than 'redress'.

Secondly, the principle 'value for money' contains a number of real-life examples that could fit into other categories, perhaps making the principle slightly redundant. For example, 'I want to understand how I am charged', 'I want to understand why my overdraft charges are what they are', 'I need a simple product that I can also use to judge others against' and 'I need to know whether all the extras I am offered are worth the money' could all fit into clarity and transparency. It is also one of the more subjective principles, so is much more open to interpretation than others.

Q2. Do you think that focusing on consumer outcomes is a good approach to raising standards in the banking sector? If not, what are your concerns and possible alternatives?

We believe focusing on consumer outcomes is a good approach, and it has worked well previously with the FCA's focus on outcomes. It allows institutions freedom in how they deliver products and services so long as the outcome is fair and the customer does not lose out. It also helps banks and building societies focus on what works best for consumers.

Q3. Would you add or remove any principles? Do you think that there are any that are particularly important?

As stated in Q1, the principle of 'value for money' may be redundant considering most of its real-life examples are better fitted into other principles. Clarity and transparency is one of the most important principles listed. Without ensuring clarity and transparency from a bank or building society, it is hard to envisage a consumer being able to have full access or understand what value for money is. If products and services are not communicated in a clear and transparent manner, other consumer principles fall by the wayside with it.

Q4. Is an outcomes-based approach likely to be effective for this work?

We believe an outcome-based approach is likely to be effective for the reasons given in Q2.

Q5. Do you agree with the high-level outcomes listed?

We agree with most of the high-level outcomes listed. As previously stated, the outcomes examples listed with the 'value for money' principle may be out of place and better suited to principles such as 'clarity and transparency' or 'access'.

Q6. Do you think a different approach should be taken?

The outcomes-based approach is sufficient and effective in finding the best services for consumers and fits with current practices by the FCA, LSB and Finance and Leasing Association (FLA).

Q7. We have included some 'real life' examples of what the outcomes might mean to consumers, provided by consumer and civil society organisations and drawn from

existing consumer research. Do you think these are helpful in illustrating the outcomes identified in the Consumer Framework?

We believe the real-life examples to be a great way to engage consumers with the kind of service they should be receiving from their bank/building society's to help themselves ensure that they have good and proper practices in place. The list can also be used as a guide by bank/building society's to ensure their practices meet proper industry standards. However, there are several recommendations we would make to the real-life examples, which are explained in the question below.

Q8. Would you add, amend or remove anything to reflect more accurately the needs of consumers?

- In the 'access' principle, it states that "I need to be able to do my banking without travelling far to a branch or going online." Whilst we agree it is important that consumers have local branches to visit, using online banking should not be discouraged. If the example were rephrased to "I need to be able to do my banking without travelling far to a branch, and without online banking being my only option", we believe this better reflects what consumers would see as a good outcome.
- In the 'access' principle, we are concerned that the "I want to be able to sort out issues even when they arise out of hours" may be hard for bank/building society's to achieve. If a complex and non-urgent issue arises out of the bank/building society's operating hours, we don't believe the onus is on them to be available until their regular open hours, which should be during most hours of the day.
- In the 'choice' principle, it states "I need a simple product that I can also use to judge others against (for example, personal loans savings, insurance and mortgages)." Some products cannot be made into simple products. The emphasis should instead be on the way the product is communicated, so it is in language the consumer can understand.
- In the 'clarity and transparency' principle, we would like to see a real-life example added. It would be helpful to consumers and bank/building society's to see an example along the lines of "I want to be able to understand products without needing a high level of numeracy skills".
- We would also like to add an example to the 'safety and security' principle. We would like to see an example that makes it clear that the consumer can expect advice and guidance from their bank/building society about how to keep their accounts secure and safe when banking with them. This could be something along the lines of "I want my bank/building society to offer advice on safety and security when banking with them".
- An example along the lines of "I want my bank/building society to offer advice on safety and security when banking with them".
- The 'redress and being listened to' principle could also include an extra example. When talking to their bank/building society, it is important that the consumer feel that

their individual issue is being heard and dealt with. Therefore, an example of “I want to speak to someone who understands my individual issue” would be beneficial.

- As previously stated, most of the real-life examples in the ‘value for money’ principle are better fitted to principles such as ‘choice’ and ‘clarity and transparency’.
- Finally, we would amend an example in the ‘fairness’ principle. We believe the statement “I want to be treated as an individual and with respect if I have a problem, issue or request. I don’t want to be told it is the system’s fault” needs clarifying. There are cases where the reality is consumers are let down by a system error, but what is important to them is that there is a solution befitting to their needs regardless of the error. Therefore, rephrasing it along the lines of “I don’t want to be told it is the systems fault, with no resolution offered” would be much more representative of what the consumer needs.

Q9. Are there any indicators that you think might be helpful for measuring consumer outcomes, and that we should consider in subsequent stages of this work?

These measures will be best measured through consumer feedback, complaints and focus groups both during and after product development. For example, after speaking online or over the phone to staff, a consumer could be offered the chance to complete a customer feedback survey. However, many of the outcomes and real-life examples are subjective, so it may be difficult to create industry level metrics. However, some, such as safety and security, can be measured through security incident and data protection breach measurements. Industry guidance on these metrics would be welcome.

Q10. Do you think the framework is useful for articulating and understanding what matters to micro-businesses when it comes to banking?

The framework is also suitable for micro-businesses in helping them to articulate and understand what matters when it comes to banking. Personal consumers and micro-businesses often share a common set of values and needs, and the latter is not necessarily anymore financially capable than the former. Therefore, the outcomes and examples listed should be adequate.

Q11. Would you add or remove anything to reflect more accurately the needs of micro-businesses?

We do not believe anything more needs to be included to reflect the needs of micro-businesses.

Q12. Do you think the framework could be useful in the development of good practice guidelines and a common language?

The framework is a good way for consumers to understand what to expect from their bank/building society and stand up for themselves if these examples and outcomes are not

being met. It would be especially useful if it can be aligned to the existing outcomes based regulation and assessments from the FCA and LSB.

Q13. Does the framework provide a way for consumer and civil society organisations to more readily engage with our work at the BSB (for example, advising on the development of good practice), and potentially align some of their own future work when working with the banking sector?

The real-life examples are a great way for consumer and civil society organisations to engage with the work of the BSB, and we are delighted to have been given an opportunity to give our expertise and opinions on the outcomes-based framework.

Q14. Do you have any other comments you wish to add?

The above comments and recommendations adequately reflect the views and expertise of The Money Charity on this paper.