



Current Account Switch Service Annual Report 2020



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Foreword

2020 has been a remarkable and challenging year.

The sudden onset of a devastating pandemic and its consequences are both shocking and sobering. The global impact of COVID-19 has put the lives we lead into sharp perspective – especially when we consider the tragic losses communities have suffered this year.

In this most trying of years, the Current Account Switch Service (CASS) community (the CASS team, participants who offer banking services and the consumers who use them) pays tribute to those who care for us and for those whom we have lost.

The upheaval due to the pandemic causes us all to reflect on what's important in our lives. Who we bank with may not be the priority and we have seen an impact on market activity in 2020. For example, consumers have begun to use more digital access to banking services and to explore new payment methods. We have observed the pace of this change building as restrictions on normal life continued, and as attitudes changed across the country throughout the year.

These changes have impacted on the volume of switching in 2020 – yet we did see a small glimpse of a recovery later in the year.

“The global impact of COVID-19 has put the lives we lead into sharp perspective – especially when we consider the tragic losses communities have suffered this year.”

To understand these changes, CASS responded by working with participants, consumer representatives and our regulators, using our strategy days to improve our understanding of how people were switching and how CASS can support them. Our marketing and engagement have helped us to be recognised by organisations working with the financially vulnerable – enabling us to work more closely with them in the future.

We have also worked closely with our participants and consumer representatives, adapting our strategy to meet the demands of customers in a world which is constantly changing – bringing significant opportunities but also great uncertainty. Throughout this most trying of years we have achieved our key performance indicators and met our regulatory requirements.

I am proud of the achievements that CASS and the CASS team have delivered in 2020. As a community we must recognise the impacts of the pandemic will continue to be felt into the future and we must be prepared for this. Our activity in 2021 will help to ensure we remain mindful of how we deliver our collaborative role as the UK's switching service for current accounts.

In the end, it is less important how many people actually use CASS; what matters is that anyone who might benefit from a switch knows that they can do so with confidence in the ease of the service and the protection it will give them.



Jo Kenrick
*Chair, Pay.UK Switching Services
Participant Committee*

Introduction

Pay.UK is responsible for the UK's retail payment systems and related services.



Matthew Hunt

*Interim Chief Executive Officer
Pay.UK*

CASS is part of Pay.UK and in 2020 has demonstrated how a successful service can continue to deliver through unprecedented times.

To be successful, CASS is required to collaborate across an extensive ecosystem which includes government, regulators and banking participants. But most importantly, CASS serves the needs of consumers. As we have seen in the last year these needs can change dramatically.

CASS succeeds by ensuring it maintains strong engagement with UK current account providers and their customers. Importantly, it also makes sure it stays relevant to these customers as the delivery of banking and the expectations of customers change.

The discussions and alignment that CASS has as a service remain important, as is the strategic alignment with Pay.UK strategic objectives.

Obviously the impact of the pandemic has meant that account switching has not been at the forefront of people's minds. But we have worked hard to keep our critical infrastructure functioning and CASS has ensured that it has met its primary function: to help those who want to switch their bank accounts without difficulty. It is a valuable model to the financial services industry that shows how the power of collaboration can support customers' needs in a changing world.

“CASS serves the needs of consumers. As we have seen in the last year these needs can change dramatically.”



**CURRENT ACCOUNT
SWITCH
GUARANTEE**



CASS 2020 performance



CASS regulatory performance

In 2020 CASS continued to meet its regulatory objectives, enabling the service to achieve designation by the Payment System Regulator (PSR) for the fourth consecutive year.¹

In addition, CASS continued to successfully deliver the undertakings it accepted from the Competition Market Authority (CMA) in 2016 as part of the Retail Banking Review.



Satisfaction and awareness

CASS has achieved both its high customer satisfaction levels and met its Key Performance Indicators (KPIs) in 2020.

Overall customer satisfaction with CASS in 2020 was 92%, with overall customer awareness of the service for the year reported at 79%. These outcomes are both higher than CASS' KPIs of 90% and 75% respectively.

Over the year CASS 7-day switch completion rate was 99.5% against a target of 99%.



Pandemic impact on performance in 2020

The COVID-19 pandemic has had a clear impact on some aspects of CASS' performance.

For example, looking at in-year awareness of the service, there is a notable difference in performance between H1 and H2, with awareness in the first half of the year averaging 80%, dropping to 77% in the second half of the year.

It is important to note that despite the pandemic, CASS achieved its overall 75% awareness target for 2020. CASS learned that its visibility in the market plays a critical role in the achievement of this target.

In the second half of 2020, CASS adapted its approach to focus specifically on groups that could potentially benefit most from switching in light of the pandemic – specifically the financially vulnerable, 18-24 year olds and SMEs. Through targeted marketing, it was able to focus on these key groups without sacrificing overall awareness.

Throughout 2020 CASS met all of its operational service level agreements (SLAs), ensuring that even while participants changed their engagement with customers, CASS remained consistently available for those that wished to switch.

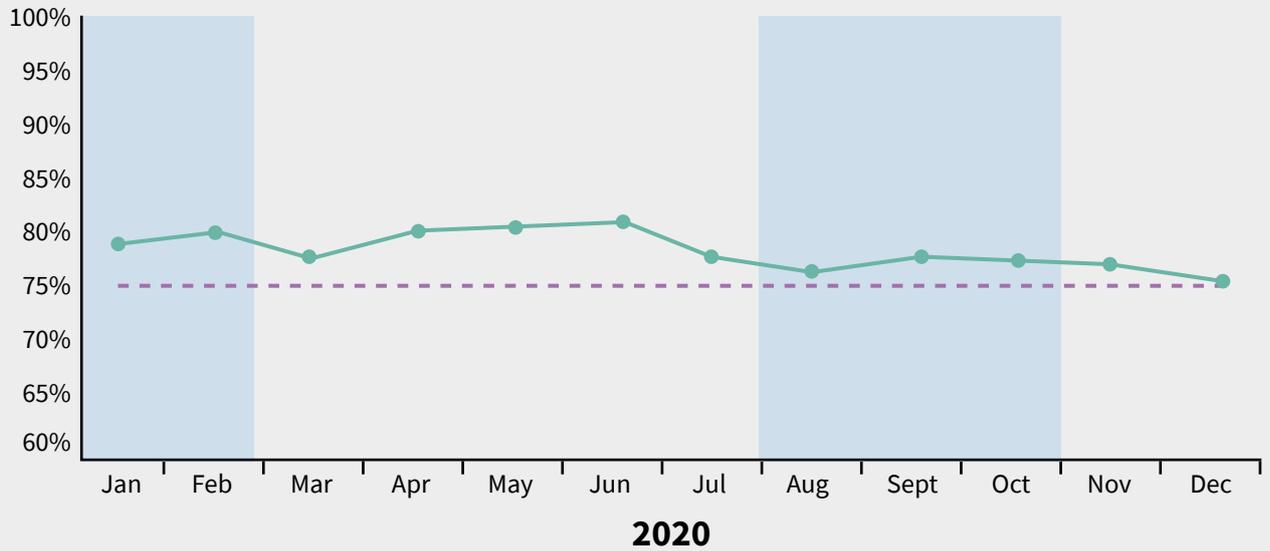
2020 at a glance:



¹ Payment Account Regulations, 2015

Awareness of CASS throughout 2020

From CMA undertakings report



Total switching in 2020

The impact of the pandemic is further evidenced by the lower numbers of people switching current accounts in 2020.

The total number of current accounts switched in 2020 was 704,560, taking the total number of CASS switches since the launch of the service in 2013 to above 7 million. By comparison, in 2019 CASS enabled over 1 million switches. The dip in total switching represents a change in consumer behaviour attributable to the pandemic.

Switch volumes in 2020 suggest a close correlation with the growth of the pandemic and both participant and consumer responses to the situation. In the early weeks of the pandemic, data suggests that consumers were more reluctant to switch.

Some participants also took a cautious approach, focussing on services for their existing customers rather than marketing to potential new ones. This led to some switch incentives being temporarily removed from the market, consequently reducing the numbers of switchers.

As the year progressed and understanding of the effects of the pandemic improved, the market saw increased switch activity from consumers and the gradual reintroduction of switching incentives into the market. Subsequently, switching volumes began to recover.

In the 4th quarter of 2020 nearly 190,000 switches were completed via CASS, a third more than in the 3rd quarter of the year. In November 2020 alone 80,980 switches occurred, the highest monthly total since March 2020.

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Governance

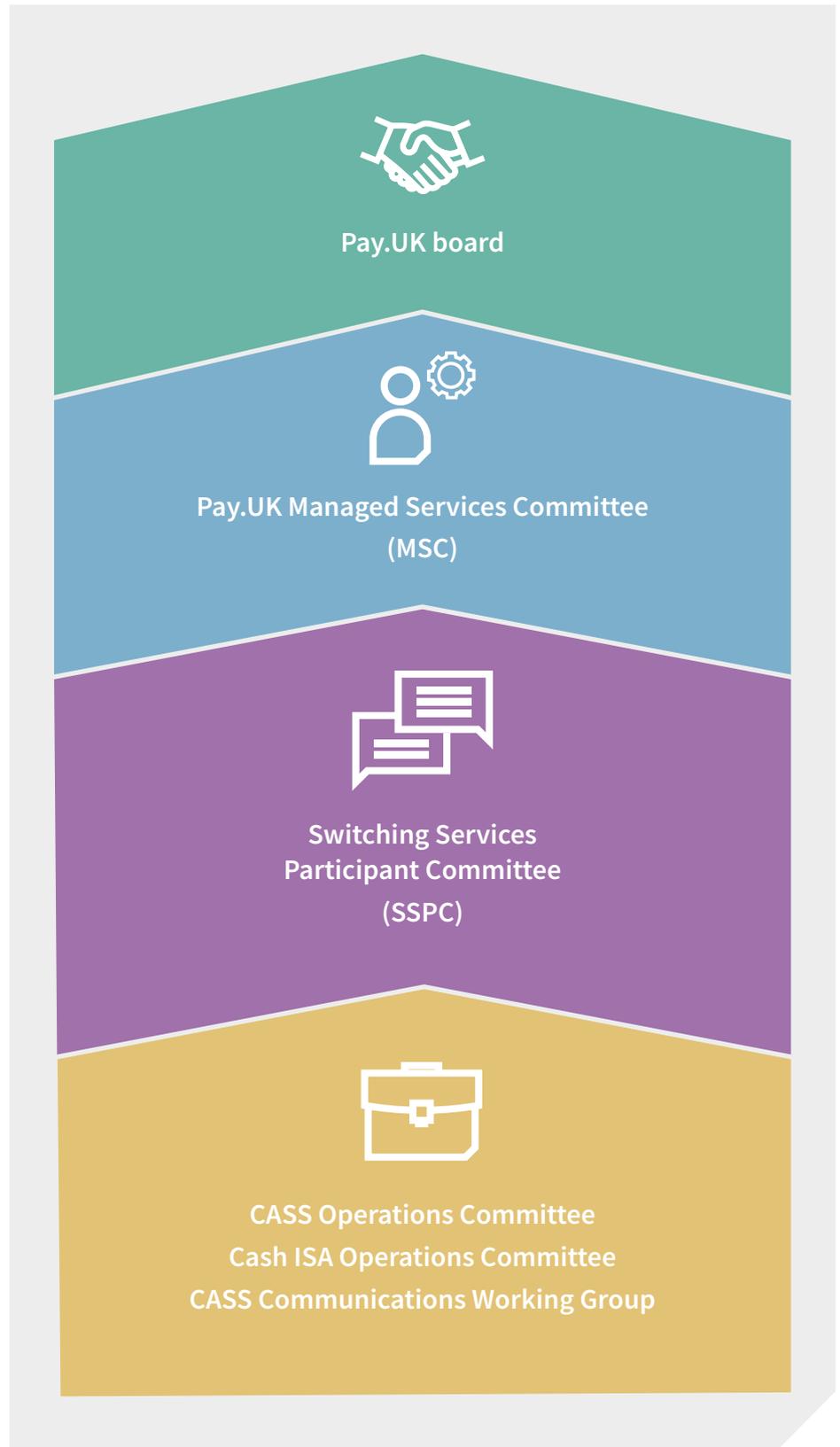
In 2020, CASS retained the governance structure it adopted following revision in 2019.

The number of members of the Switching Services Participants Committee (SSPC) remains at 14.

Decisions continue to be taken by consensus with all participants of the service who represent the 49 participating brands.

Three working committees report into SSPC: the CASS Operations Committee, CASS Communications Working Group and the Cash ISA Operations Committee.

SSPC reports into the Pay.UK Managed Services Committee (MSC) which continues to be responsible for oversight of CASS, approval of the CASS strategy and budget and ensuring CASS is aligned to the Pay.UK strategic objectives.



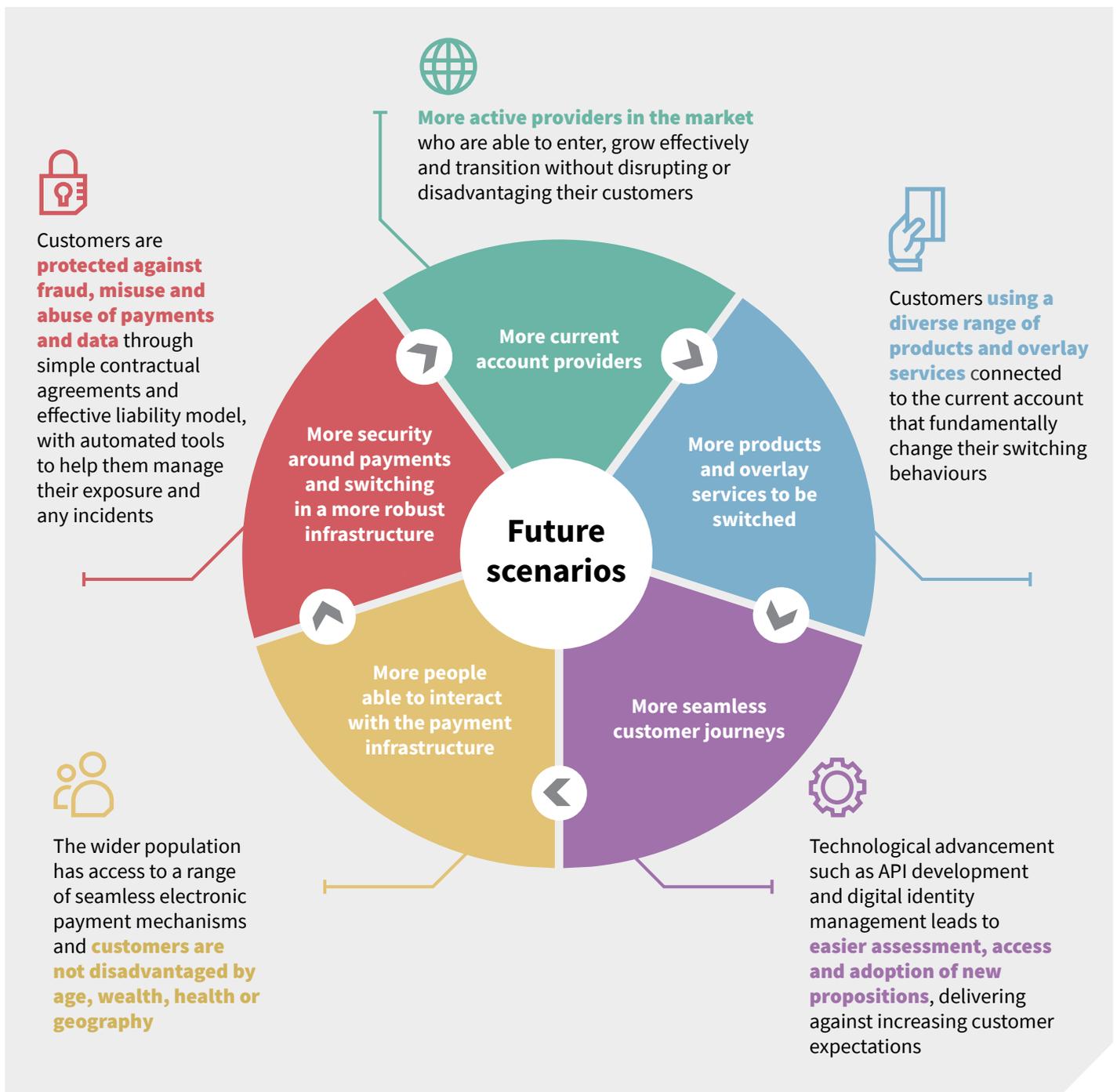


Strategy renewal

In 2019, to ensure CASS remained relevant in the market 5 key future scenarios were identified.

CASS has continued to track these scenarios throughout 2020. To ensure alignment with Pay.UK, they have been mapped on to key technological themes identified by Pay.UK as part of its overall strategy.

As the pandemic impacted the market CASS continued to monitor and assess its impact on the development of these five scenarios, and will continue this activity into 2021.



Annual strategy days

As part of the CMA Retail banking review undertakings, as well as ensuring CASS is representative of the marketplace and consumer markets, CASS has led an annual strategy day each year since 2016.

CASS' Strategy Day is a chance to speak to a wide group of industry stakeholders and consumer representatives to gain perspective and input on the future of the service.

Due to the pandemic and the need for social distancing, this approach was adapted to undertake the strategy discussions virtually rather than delivering the usual full day face to face event.

In 2020, CASS created two half day events, structured to build interactive breakout sessions into each event, giving all delegates an opportunity to provide their input and raise any questions for the discussion led by CASS.

The first event was held in October 2020, sharing highlights from the past 12-18 months, and summarising the impact COVID-19 has had on CASS and CASS' participants, the wider market and most importantly its customers.

CASS used the event to obtain input on three key questions:

1

What do you see as the important changes in 2020?

2

What do you foresee as the greatest risks to the service in the next 6 months, and how should CASS respond?

3

What have been the greatest learnings from this period, and how can they be utilised in the next 6 months?

Annual strategy days continued

The second strategy day, held in November 2020, included presentations of the new CASS Vision and Strategy approach, along with background on how evidence and input from the switch ecosystem had been used.

Breakout sessions were used to consider CASS delivery pillars (Perform, Progress, Promote or Participate) and asked the following questions to improve understanding of the longer-term strategic focus for CASS.

CASS was very grateful for the activity and input to both strategy days which enabled strong insights to be gathered. Both strategy days had great engagement from attendees and many common themes were shared on each key area of focus for further consideration.

The next steps are to take the outcomes from both strategy days and distil them into a revised strategic approach. To enable this, the CASS team will undertake focused discussions with CASS Participants, Independent Non-Executive Directors and external stakeholders.

This will help to identify the short, medium and longer-term strategic focus for the service, ensuring CASS remains aligned to the wider Pay.UK strategy supporting better end user outcomes whilst remaining robust and resilient.

The following questions were used to improve understanding of the longer-term strategic focus for CASS:

1

What would success in 3 years' time look like for this Delivery Pillar?

2

What activities must CASS undertake in the near term to achieve that success?

3

What will be the biggest challenges to delivery, and how can we overcome them?

Both strategy days had great engagement from attendees and many common themes were shared on each key area of focus for further consideration.

CASS Strategy and vision

Our vision is to make banking more competitive for customers

Our mission is to provide a continually valuable service that makes switching between banking providers simple, secure and stress-free

Perform



Running an operationally excellent, robust and secure core switch service

Progress



Evolving the service in order to ensure continued market and end user experience

Promote



Delivering on our regulatory remit to increase awareness of switching

Participate



Engaging key stakeholders to drive the best outcomes for end users

End user focused

Working well together

Clear on value

Four key areas of focus from Event 1 were:



Supporting new customer journeys



Facing uncertainty in switching volumes



Maintaining CASS awareness



Staying agile in a changing environment

Event 2 led to the identification of three challenges for the service:



Identifying opportunities to enhance the CASS offering



Maintaining our position in the market



Understanding and targeting our audiences in the most appropriate way

Ecosystem engagement

CASS has continued to develop its engagement across the switching ecosystem to help meet its objectives in 2020.

Research and stakeholder engagement

In early 2020 CASS published the summary report from the ‘Millennials and Money’ research work (concluded in late 2019) which aimed to understand how millennials engage with and make decisions on the financial services they use.

This study was also the subject of a panel discussion in September 2020, led by Common Vision, CASS’s research partner, titled “Millennials and Money: Building financial resilience for a better recovery”, where the findings of the research were discussed against the backdrop of the pandemic. The panel brought together various players of the ecosystem including academics, policy makers and representatives from organisations including Young Money, Starling Bank and Wollit.

In February 2020, CASS commissioned YouGov to undertake research to improve understanding of SME banking and switching behaviour in UK (Figure 1). SMEs are a key audience segment for CASS and understanding their banking behaviours, and the factors in deciding whether to switch, are instrumental in ensuring that CASS remains relevant in a changing market. A follow up to the February 2020 research was undertaken in August 2020 in order to assess the impact that the pandemic has had on SMEs, resulting in changes to their banking and switching behaviour.



Figure 1
The impact of COVID-19 on SME business banking
Published in November 2020

CASS – YouGov SME Research: Key findings

38% 
Of SMEs are **more satisfied** with their COVID-19 banking support than **dissatisfied (13%)**

47% 
Low or no charges for business banking remains the most important factor (**47%**) in selecting a new account


Fewer SMEs believe **nearby branches** are important when choosing a bank or building society

15% 
Of SMEs use **mobile** or **online banking** more often than before the COVID-19 pandemic



Decline in SMEs using personal current accounts for business banking as more seek access to the Government-backed lending scheme

In November 2020, CASS additionally commissioned Frontier Economics to undertake a research project aimed at another of our key audience segments – financially vulnerable consumers (Figure 2). The study was conducted with the aim of improving understanding of how the pandemic was impacting attitudes to switching. This was one of the first major studies into attitudes to bank accounts since the pandemic began and revealed new insights.

The research used Implicit Association Testing (IAT) to help determine the attitudes of financially vulnerable consumers, with a wider focus on other key CASS priority groups such as 18-24s and SMEs, and how their attitudes to switching may have changed during the COVID-19 pandemic, as well as examining the factors which would prevent them from deciding to switch.

An online panel discussion held in December 2020 discussed the findings of the research, in addition to the wider impact that the pandemic has had on various consumer segments and how this affects their attitudes towards finances, banking and account switching.

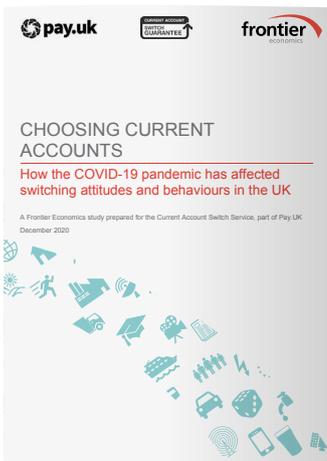


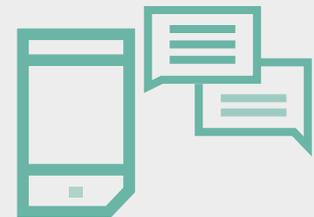
Figure 2
How the COVID-19 pandemic has affected switching attitudes and behaviours in the UK?
Published in November 2020

Social media engagement

Following a review of CASS use of social media in 2019, the approach for 2020 focussed on a more targeted audience-led plan, designed to build and use assets from the wider CASS marketing programme.

CASS adopted a user focussed channel strategy to ensure that it was delivering the most relevant and engaging content to different audiences.

In 2020 CASS used LinkedIn and Twitter to engage primarily with its industry and business stakeholders, with the channels acting as a digital forum for CASS industry news and narrative.



CASS used Facebook and YouTube to engage further with consumers, amplifying its paid advertising on these channels with customer testimonials, myth-busting sound bites about the service and longer form ‘How To’ videos to explain the switching process and frequently asked questions in more detail. CASS also launched a new Instagram channel, currently in its test phase, primarily aimed at growing engagement with 18-24 year olds.

CASS – Frontier Economics Research: Key findings

76%

Of consumers would be motivated to switch for a **reward**



70%

Would be motivated by a **cashback offer**



People who are financially vulnerable are **7%** more likely to fear that they could be rejected by a bank and **5%** are more likely to worry about getting the same overdraft facility than other customers

43%

Of those considered financially vulnerable associated the word **‘stressful’** with switching current accounts

56%

Associated switching with the words **‘time consuming’**

52%

Associated switching with the words **‘hard work’**

Customer engagement and marketing

Although 2020 saw unprecedented challenges, CASS was able to reassure consumers that the service was available for those that needed to switch – and remained free, easy and guaranteed.

In 2020 CASS delivered three targeted campaigns to engage with its priority groups of consumers: the financially vulnerable, SMEs and 18-24 year-olds.

The requirement for CASS' 2020 communications was to ensure that 90% of all adults in the UK had the opportunity to see its advertising at least once during the year, in order to maintain awareness levels of the service at an average 75% in the same period.

The plan for 2020 encompassed two main periods of advertising, the first running from January to April and the second in the Autumn. The approach was to target a mass audience in the first quarter of the year, with a more focussed campaign aimed at the financially vulnerable and 18-24s in the second half of the year.

At the beginning of 2020, the campaign used the 'sign to switch creative', focusing on a message which promoted both the tangible benefits (i.e. rewards and benefits from a new current account) and also the emotional benefit from switching: "that just switched feeling".

The strategic approach continued to promote consideration of switching: increasing motivation (demonstrating the relevance and benefits – tangible and emotional) and reducing and removing barriers (the ease of the CASS process). The campaign was launched on TV, digital, outdoor, radio and social channels on 1st January, running for 15 weeks, with the final weeks taking place during lockdown.

It was seen by 96.8% of all UK adults, exceeding the 90% target, and was well received amongst all audiences including the 18-24s, with research showing the TV ads were clear and easy to understand.

As the COVID-19 pandemic continued, CASS revisited its marketing strategy to ensure it was still appropriate and relevant given the changing wider context. CASS identified some pandemic-related market changes which required monitoring. For example, on the supplier side the reduced number of incentives being offered by participants at the beginning of the period, as they refocused activity to supporting existing customers. Relatedly, on the demand side, there was lower engagement from potential switchers, as they took steps to protect themselves from the growing pandemic.

CASS analysis identified that the impact of the pandemic could lead to a change in the financially vulnerable population, which consequently could represent a more diverse group of individuals, including SMEs, 18-24s and others who found themselves in a more difficult financial position.

It was clear from research, analysis, and consultations with consumer representatives, that CASS retains a responsibility to reassure consumers that it is available should they want to switch.

CASS therefore concluded that it may not be appropriate to cease all marketing activity because this would reduce all support for some people who could benefit from considering switching to a current account which better suited their needs.

CASS determined that the range of people who could be experiencing the need to find a better current account could be growing and some of these might not be familiar with CASS. These people who may now have a need to switch for other reasons could benefit from being more aware of the simplicity and ease of using the service.

Therefore, for the Q4 marketing approach CASS took the strategic decision to target financially vulnerable consumers, raise awareness and increase understanding that switching is guaranteed, simple and stress-free.

CASS took an approach that incorporated both audio and visual to connect with an audience typically disengaged with financial services, utilising TV, digital, radio, press and social channels. The messaging aimed to re-emphasise the benefits of switching, and reassure customers they remain free to switch if they want to.



Switch stories

In addition, CASS launched a new campaign entitled 'Switch Stories.' This approach helped show how having the right bank account is important, and that every consumer has their own reason to switch.

Through showing a range of people at different life stages, CASS brought these reasons to life.

In combination, this approach helped CASS to engage with 91% of the identified financially vulnerable audience, and maintain CASS' overall awareness target throughout 2020.

The requirement for CASS' 2020 communications was to ensure that 90% of all adults in the UK had the opportunity to see its advertising at least once during the year.

Conclusion

Operationally and strategically 2020 has been a successful year for CASS.

CASS has once again met its regulatory undertakings, KPIs and achieved designation from its regulator in a challenging year.

CASS monitored the impact of a pandemic on consumer behaviour and worked with the retail banking industry to ensure choice in banking remained available to consumers.

Research projects have been completed and published on SMEs and financially vulnerable behaviour, with the findings used to develop a new strategic direction for CASS that aligns with the strategic objectives of Pay.UK.

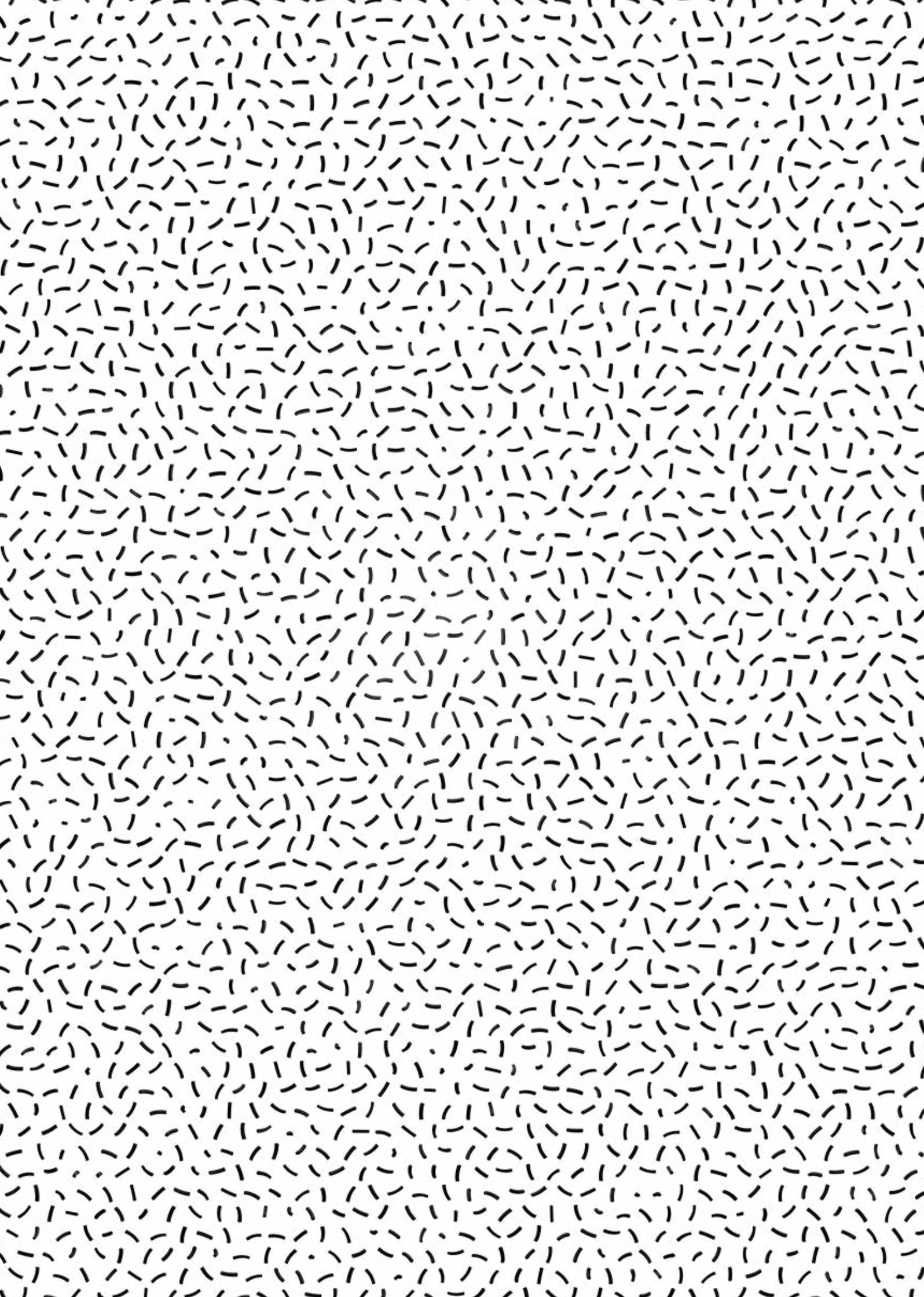
This has been supplemented by continued marketing campaigns to ensure consumers know CASS is there if they need it.

CASS could not have delivered this agenda without engaging widely and working in collaboration with the switch ecosystem and we thank our participants, regulators, partners and supporters for their help in 2020. In continuing this work, CASS welcomes comments and engagement with those who have interest in and want to engage with its work.

CASS is already looking forward to 2021 with a revised strategic approach, encompassing learnings from monitoring the five strategic themes, taking into account the impact of the COVID-19 pandemic.

This revised strategic approach will have a long-term impact on the way banking services are delivered and consumers' future needs. CASS encourages anyone with an interest in these issues to get in touch to help us in this work.

CASS met its regulatory undertakings, KPIs and achieved designation from its regulator despite a challenging year.



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