



**Consumer  
Focus**  
Campaigning for a fair deal

# **Consumer Focus response to Independent Banking Commission: Call for evidence**

**November 2010**

## Call for Evidence

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland. We operate across the whole of the economy. In financial services our role is to make sure that the interests of consumers, especially those on low incomes or at a disadvantage in the financial services market, are understood and placed at the heart of decision-making by industry and regulators.

Consumer Focus welcomes this call for evidence. The Independent Banking Commission's paper acknowledges the concentration of the sector around a handful of larger providers and the resulting implications for competition. Banks have been taking customers for granted for too long, safe in the knowledge that people are unlikely to 'vote with their feet' because switching is difficult and choice is limited.

The universal commercial model has not worked for consumers. It has provided a 'one size fits all model' which does not serve all sectors of the market and their particular needs. Consumer Focus wants to see the Independent Banking Commission look at how a healthy, competitive marketplace in banking can be encouraged. This would see small players, co-ops, post office banking, mutuals, building societies, credit unions, microfinance, and micropayment schemes providing a wide choice of products, services and risk.

The current crisis has presented us with an opportunity to examine the way services are currently being delivered and promote different models. There is no reason why smaller institutions, who could be more responsive to the needs of the various segments of their market and better able to utilise technology and adapt it to different situations, should not become viable and valuable market players if current barriers are removed.

Bank accounts, access to affordable credit and saving products are essential products, necessary in order to fully participate in society. We believe that greater diversity in both institutions and products would help people on low incomes, or those currently without a bank account, get the benefits having these products brings.

Consumer Focus wants to see the creation of a market based on trust and confidence. Such a market would display the following elements:

- A customer service orientation
- Fairness, including fair charging structures and selling practices
- Provision of essential services, services which meet the needs of vulnerable and disadvantaged consumers
- Genuine competition and a diversity of offerings
- Low barriers to market entry and exit
- Transparency and comparability
- Appropriate regulation and a strong and empowered regulator with consumer protection at its core

We are delighted to be hosting a public event on 13 December 2010 on behalf of the Commission which will have a retail banking focus, concentrating on consumers' experience of the sector.

The discussion will explore the issues of competition, choice and financial inclusion with industry, consumer representatives and members of the public. We trust this event will assist the Commission in forming its own vision of a consumer-focused financial services market.

Following the event we will produce a report to be submitted as evidence to the Commission.



Sarah Brooks, Head of Financial Services

[www.consumerfocus.org.uk](http://www.consumerfocus.org.uk)

Copyright: Consumer Focus

Published: November 2010

If you require this publication in Braille, large print or on audio CD please contact us.

For the deaf, hard of hearing or speech impaired, contact Consumer Focus via  
Text Relay:

From a textphone, call 18001 020 7799 7900

From a telephone, call 18002 020 7799 7900

## Consumer Focus

4th Floor  
Artillery House  
Artillery Row  
London SW1P 1RT

Tel: 020 7799 7900

Fax: 020 7799 7901

Media Team: 020 7799 8004 / 8005 / 8006