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By email: [Retailbanking@cma.gsi.gov.uk](mailto:Retailbanking@cma.gsi.gov.uk)

17 September 2014

Dear Michael,

**TSB Consultation Response: Personal current accounts and banking services to small and medium-sized enterprises – Provisional Decision**

TSB is pleased to respond to the CMA's consultation on its provisional decision to refer the personal current account (PCA) and banking services for small and medium-sized enterprises (SME) markets for a full market investigation.

TSB agrees with the provisional decision to refer these markets for a full market investigation. Consecutive reviews by the CMA's predecessor bodies have made important incremental findings on the competitive dynamics of the sector. TSB believes that the main issues identified in the CMA's market study merit further scrutiny under the rigours of a full market investigation. As TSB suggested in its responses to the information requests for the PCA review update, concentration of market shares in the PCA market is the principal issue of concern which will need to be addressed by the CMA. A truly competitive sector is likely to emerge only if credible new entrants can compete on a level playing field with established incumbents. While there is significant policy and regulatory focus on what structural changes can be made to create a more level playing field, TSB believes that the CMA is uniquely placed to conduct a thorough, objective analysis and to facilitate a robust evidence-based dialogue between all market participants.

The role of technology has taken on a central role in recent debate on the future of the retail banking market, alongside the contention that the emergence of online-only providers may reduce the importance of bank branches. TSB agrees with the CMA's interim judgement that branches remain vitally important for the provision of effective competition. The proposition that branches

will decline in importance should be subjected to a thorough analysis by the CMA as part of the market investigation process.

TSB will be pleased to participate fully in a market investigation and to that end would be pleased to discuss its own emerging analysis of the competitive dynamics of the industry with the CMA team and ultimately with the panel members overseeing the investigation.

Yours Sincerely,

**Jatin Patel**  
**Director, Products**  
**TSB Bank plc**