



APPG on Challenger Banks and Building Societies Proposed programme of work 2018-19

Overview

At its meeting of the 18th July 2018, the APPG approved the following programme of work for its inquiry into the future of banking in the UK.

Following an informal launch event in September, the APPG would commence taking evidence in October and November 2018 with four evidence sessions planned focussed on the issues raised by APPG members. This programme may be subject to addition and change. It is envisaged that the informal launch event of the inquiry in September, as well as communication with challenger banks and building societies, will allow the APPG to gather further views, opinions and lines of inquiry.

Session 1 – Barriers to entry

While there had been some new market entrants, the barriers to entry into the retail banking market remained high. The first session would seek to:

- Identify barriers to entry;
- Clarify their scope and scale;
- Look at the extent to which new entrants were addressing the needs of the public;
- Look at potential solutions and examples from other jurisdictions.

Possible witnesses might include:

- Credit unions;
- Challenger banks who have had difficulty getting to market;
- Alternative banking institutions;
- Regulators.

Session 2 - Regulation

Members were interested in looking at the regulatory landscape in more depth with questions relating to:

- The way that the prevailing regulatory structure adversely affected challenger banks, building societies and their customers and the UK market;
- How the regulatory landscape would/could change after Brexit.

Possible witnesses might include:

- Regulators and regulatory bodies;
- Trade associations;
- Building Societies;
- Challenger banks.



Session 3 - Access

APPG members raised particular concerns around access with regard to:

- Branch closures taking place in communities across the country restricting access to financial services;
- The Post Office being left as the only financial institution in many communities, noting that it was unable to fulfil every function of the departing banks;
- Many older and rural constituents were being impacted hard by the withdrawal of bank services;

Possible witnesses might include:

- Banks embarking on closure programmes;
- Institutions maintaining and growing their branch networks;
- Alternative providers of banking services and alternative means of providing banking services.

Session 4 - Diversity

Members are concerned that there is a lack of diversity in the UK banking sector both in terms of institutions and services offered. Issues include:

- Regulation of smaller institutions and whether this was appropriate and proportionate to foster growth;
- Effective competition and whether this was both bringing in new market entrants and ensuring that under-banked communities had access to financial services;
- Why there were so few retail banks in the UK compared to the hundreds operating in other jurisdictions such as the United States.

Possible witnesses might include:

- Alternative banking providers;
- Challenger banking institutions;
- Building Societies.

Final evidence gathering and write up

This will take place in late 2018 and early 2019.

Publication of the APPG's report

Formal publication of report will take place at the end of the first quarter of 2019.