



APPG on Challenger Banks and Building Societies

Call for Evidence

All Party Parliamentary Group on Challenger Banks and Building Societies Inquiry into regulation in banking services

Introduction

The overarching issues that the APPG is seeking to understand are as follows:

- The way that the prevailing regulatory structure affects challenger banks, building societies and their customers and the UK market;
- Regulation of smaller institutions and whether this is appropriate and proportionate to foster growth and effective competition; and,
- How the regulatory landscape would or could change after Brexit.

However, the APPG is keen to take evidence on the underlying causes of these headline topics. Therefore, we will be seeking evidence in the following areas:

How does the prevailing regulatory structure affect challenger banks and building societies?

- What are the main rules and regulations affecting institutions?
- What is the effect of the current regulatory regime on institutions in the retail banking sector and is regulation shaping the development and growth of institutions?
- How does the UK compare to other countries with large institutions, is there disproportionate consolidation?
- Are the big institutions exercising too much influence on Government and regulators?
- Do the larger institutions operate as an effective oligopoly as some have suggested? If so, how should this oligopoly be addressed? And,
- Is it the role of the regulators to challenge the way the UK banking market has developed?

Is regulation proportionate?

The APPG is interested if regulation is proportionate and whether rules such as capital requirements are acting as a barrier to competition:

- Are Government and regulators sufficiently responsive to the needs of smaller players and new market entrants?
- Do smaller institutions face higher costs and is there a justification for this?
- Should capital be a central determiner of the viability of an organisation?
- Are regulators doing enough to ensure regulation is not a barrier to competition? And;
- Do other regulators do things better, are there any lessons the UK could learn from other jurisdictions?



Is there effective competition or does the current regulatory regime stifle change?

- Is competition working in UK retail banking?
- Is there adequate competition between institutions?
- Is there adequate competition between different types of banking product?
- Consumers are notoriously reluctant to change their bank account, is there evidence of this changing with faster, easier switching?
- What would help drive greater competition?
- Is competition a good thing, could it lead to adverse outcomes? And,
- Should government do more to encourage greater competition and if so, what?

Does Brexit offer opportunities to rethink banking regulation?

- Can Brexit make any difference to banking regulation?
- What could a new regime look like?
- What are there opportunities from Brexit from regulatory changes? and,
- Are there overseas examples of nations outside the EU that take a different approach?

Timelines

We will aim to publish our preliminary findings on access in the provision of financial services within a month of the hearing in early to mid-May. However considering the depth and complexity of the issues and the anticipated quantity of written evidence the substantive report is scheduled for June 2019

Other timelines are as follows:

Time and venue of first oral evidence session

10:00 – 11:30 Wednesday, 3rd April, Meeting Room O, Portcullis House, Palace of Westminster

Written evidence timelines

To be considered written evidence will need to be received by Secretariat by **5pm on the 26th April 2019.**

Format of submissions

The APPG welcomes written submissions. These should ideally be in word format and less than 2MB in size. Otherwise, they should be in accordance with the guidelines issued by select committees which can be viewed here: <https://www.parliament.uk/get-involved/have-your-say/take-part-in-committee-inquiries/commons-witness-guide/>

**APPG Secretariat
13th March 2019**