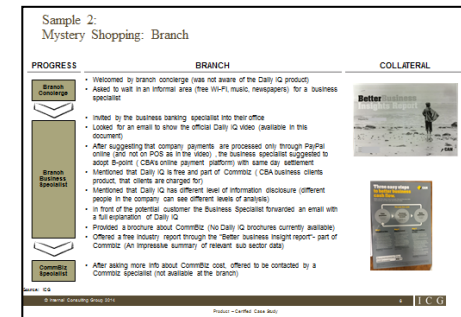
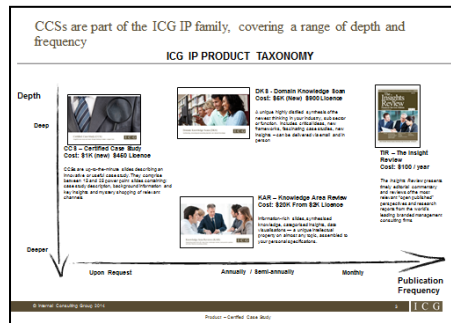
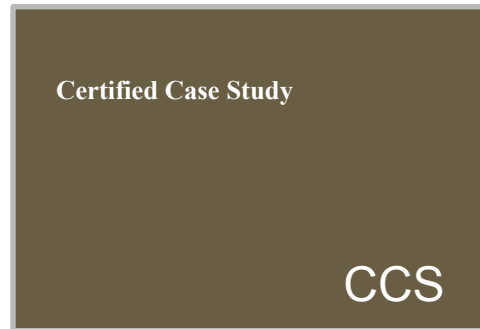


Certified Case Study (CCS) 006 – Santander 1|2|3 Current Account




Certified Case Study

The CCS 006 (Certified Case Study) on Santander 1|2|3 Current Account is a document containing information rich slides which comprehensively describe Santander 1|2|3 Current Account case study and is certified by ICG to be based on publicly and externally sourced information only – CCS's are a unique intellectual property for clients wanting to be across the latest developments in their industry. It comprises 45 pages of PowerPoint slides that contain:

- Santander 1|2|3 Current Account overview: one of the UK leading current account
- Case study description, including background information and key insights
- Several frameworks describing the context and regulation
- Relevant media extracts, including some quotes from the press
- Certification by ICG that all information is verified as accurate at time of publication and no information was obtained as part of any engagement ICG may or may not have with Santander
- CCS 006 is a companion resource to our monthly global periodical *The Insights Review (TIR)*, deeper full dives on a specific topic – our Knowledge Area Reviews (KAR) and DKS - unique highly distilled synthesis of the newest thinking in an industry, sub sector or function

Agenda



Section	Component	Description
1	Overview	<ul style="list-style-type: none">• Santander 1 2 3 - What is it?• Why Santander 1 2 3 is an ICG Certified Case Study
2	Context	<ul style="list-style-type: none">• Santander 1 2 3 business model• Relevant regulation• Global market (peers and substitutes)
3	Detailed Description	<ul style="list-style-type: none">• Santander 1 2 3 value proposition
4	Relevant Media	<ul style="list-style-type: none">• Media coverage and relevant quotes• Case studies and detailed interviews
5	Marketing Collateral and Brochure ware	<ul style="list-style-type: none">• Marketing Campaign• Collaterals• Videos• Social Media
6	Appendix	<ul style="list-style-type: none">• Other ICG source of insights

Sample 1: Santander 1|2|3 Current Account: What is it?

WHAT IS IT

- The current account that **pays the customer cashback on the household bills and interest on the balance**, for a £2 monthly account fee. From 11 January 2016 this will change to £5 per month for both existing and new customers
- **Launched on March 5 2012, 1|2|3 has been taken up by 3,6 million customers** (out of 9 million current accounts, 5th largest in the UK)
- Since September 2013 (Current Account Switch Scheme launch), **one-in-four customers who switched current account provider in the UK moved to Santander 1|2|3**, gaining more than any other UK bank.

KEY FEATURES

- Monthly cashback on selected household bills.
- Monthly interest of 3% AER (variable) payable on the entire balance up to £20,000, when the customer has at least £3,000 in the account.
- Access to 1|2|3 World offers, including preferential rates and special deals on other Santander products.
- To get cashback on the household bills and interest on the balance, the customer has to:
 - Fund the account with £500 a month (excludes internal transfers). A minimum balance of £1,000 is needed to receive interest.
 - Have at least 2 active Direct Debits. The monthly cashback on selected household bills is given when they are paid by Direct Debit

Source: Santander Website, Santander 2014 Annual Report, ICG

Sample 2: Regulation has forced banks to increase easiness to switch...

RETAIL BANKING REVIEWS (2000-2013)

The UK banking industry has been subject to many reviews that raised **concerns regarding competition** in retail banking.

- Sir Donald Cruickshank's review of retail banking (2000)
- Office of Fair Trading and Competition Commission (2002 and 2007 reviews)
- The Independent Commission on Banking (ICB) chaired by Sir John Vickers (2011) which made wide-ranging recommendations including the **introduction of a switching service (the seven-day Current Account Switch Service (CASS) was launched in 2013)**
- The Parliamentary Commission on Banking Standards (2013) recommended a **review of account number portability** and a **voluntary code to provide free basic bank accounts (BBAs) and free use of automated teller machine (ATMs).**

CURRENT ACCOUNT SWITCH SERVICE (CASS)

- Launched in September 2013, CASS is a free-to-use service for consumers, small charities, small businesses and small trusts that makes switching current accounts simple, reliable and hassle-free.
- Only just over 2 million customers switched their current accounts since 2013

MIDATA (2011) AND GOCOMPARE (2015)

- Launched in 2011, the **Midata** initiative provides a means for consumers to gain this information by downloading their usage history in a file from their bank's website.
- Its current application is not fully effective and its usage remains very low.
- **Gocompare.com** has been launched in March 2015 to compare checking accounts

Source: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470032/Banking_summary_of_PFs.pdf;
<http://www.bacs.co.uk/bacs/corporate/resources/pages/factsandfigures.aspx>; <http://www.gocompare.com/money/midata/#current-accounts>

Sample 3:

1|2|3 has been so successful that similar concepts have emerged since its launch

IMITATORS



- On April 202015, Barclays launched the **Barclays Blue Rewards** program. For a fee of £3 per month, customers will receive fixed cash rewards, regardless of how big their credit balance or monthly income is.
 - Customers can earn up to £15 cash rewards each month (£180 per year) and receive even more with cashback through SmartSpend partners such as Expedia and Boots.
 - With Barclays Blue Rewards, customers collect their cash rewards into a separate digital Rewards Wallet.



- On 4 September 2015, TSB launched **555**, a new offer giving its Classic Plus current account holders cashback on contactless debit card payments and a high rate of in-credit interest.
 - Five per cent interest on the Classic Plus account on balances up to £2,000 and unlike other banks TSB won't whip the five per cent interest away after the first year.
 - Five per cent cash back on the first £100 of contactless debit card payments made from a Classic Plus account each month.
 - Five per cent interest on the TSB Monthly Saver account



- Halifax offers up to £160 in the 1st year of switching to the **Reward Current Account** made up of:
 - £100 for switching and,
 - 12 monthly rewards of £5 as long as each month the customer pays in a minimum of £750, pay out at least 2 different direct debits and stay in credit. Plus up to £60 each subsequent year.



- On October 12 215, NatWest/RBS launched the **Reward account**, which carries a fee of £3 a month, will offer customers 3% cashback on seven types of household bill – council tax, gas, electricity, water, phones, TV and broadband – with no limit to the amount that can be earned.

Source: secondary data, ICG analysis.

KEY FEATURES

Sample 4: Relevant media

AT THE LAUNCH (MARCH 2012)

Kevin Mountford of **MoneySupermarket.com** said the account aims to provide a consistent deal with no introductory incentives, and this innovation in the market is a very good thing. What's the catch? Account holders pay a £2 monthly fee. Customers must also have at least two direct debits paid from their account and credit a minimum of £500 a month. - *Financial Times, Elanie Moore, 3 March 2012*

The bank has launched a new set of rewards for existing customers who recommend friends to open a Santander 123 Current Account, or 123 Credit Card. If the referral is converted into a new current account, the bank will pay the referrer a GBP20 Amazon voucher. Customers can recommend up to five friends to receive up to a total of GBP100 in Amazon vouchers. - *Global Banking News, 9 November 2012*

AT THE ANNOUNCEMENT OF FEE INCREASES (SEPTEMBER 2015)

The 123 account, which was launched three years ago, has been the most popular deal for people moving their current account, attracting hundreds of thousands of customers through the industry switching service. Rival bank Lloyds estimates **that Santander now has 20% of the current account market by value.** – *The Guardian, Hilary Osborne, 14 September 2015*

Nicolas Frankcom at uSwitch.com says: “An almost threefold increase in fees is a huge kick in the teeth for Santander 123 customers. Many will feel cheated by the bank moving the goalposts, and those drawn in by tempting cashback offers will have to spend more on household bills to break even.” – *London Evening Standard, 22 September 2015*



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