



News Release

35/10

13 October 2010

NORTHERN IRELAND BANKING ORDER AMENDED

The Competition Commission has provisionally decided to amend the 2008 Northern Ireland Personal Current Account Banking Order, which brought in a number of measures to improve competition for personal current account (PCA) banking customers in Northern Ireland. This is in order to comply with European directives.

Although the Order itself is being amended, the original measures themselves will in effect largely be continued through a combination of the amended Order, the EU directives and other existing regulations and voluntary arrangements brought in since the Order was made.

The main reason for the changes is that since the Order was made, the UK has implemented two European directives—the Payment Services Directive (PSD) and Consumer Credit Directive (CCD)—which include requirements relating to PCAs. Member states in the EU cannot maintain or introduce regulations that go beyond those laid down in directives. After carrying out a review following advice from the Office of Fair Trading (OFT), the CC has provisionally decided to revoke those parts of the Order that duplicate or go beyond the requirements of the European directives.

There have also been a number of other changes to the financial regulatory framework since the Order was made. These include the introduction of the Lending Code and the Banking Conduct of Business Sourcebook and UK-wide voluntary arrangements between the OFT and the banks. Many of these new regulations and codes of practice helpfully incorporate elements of the Order.

Peter Freeman, CC Chairman and Chairman of the NI Banks Review Group, said:

We recognize the development of EU directives that improve transparency for all PCA banking customers in the UK. As the EU directives are not tailored to address all of the specific competition problems identified in Northern Ireland we still see a need for some requirements in Northern Ireland.

There should be limited practical effect for PCA banking customers in Northern Ireland. The measures and requirements which we brought in, and from which customers have been benefiting, will still largely be in place—it will just now be through a combination of our amended Order, the European directives and other measures within the existing financial regulatory framework.

Following these changes, monitoring of the transparency measures will be spread across the Financial Services Authority, the OFT and the Lending Standards Board and we trust they will work together effectively.

The CC's provisional decision on varying the Order and details of the variations themselves are available at: www.competition-commission.org.uk. The consultation period runs until 29 October 2010.

The Order was published in February 2008 and followed a two-year [investigation](#) into the market for PCA services in Northern Ireland. The CC found that competition was limited by banks' unduly complex charging structures and practices, their failure adequately to explain them and customers' reluctance to switch to another bank. As a result, the CC brought in measures requiring banks in Northern Ireland to make major improvements to their PCA services. These included providing better and clearer information to customers to help them understand banks' PCA services, charges and interest rates; giving customers at least 14 days' notice before deducting charges and interest from their accounts; and introducing improvements to the switching process to ensure that customers who switch banks do not incur costs in doing so.

Once the CC has made an enforcement order, the OFT has a duty to consider whether at any point a change of circumstances requires the order to be varied or revoked. The OFT then advises the CC, which is required to make a decision. The OFT's advice has also been published today.

Notes for editors

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. Full details on the review can be found [here](#) whereas details on the CC's original investigation into Northern Ireland Personal Banking can be found [here](#).
3. Members of the NI Banking Order Review are Peter Freeman (replacing Christopher Clarke whose term as a CC member ended in early September), Katherine Holmes, Ian Jones and Barbara Donoghue.
4. Enquiries should be directed to [Rory Taylor](#) or [Siobhan Allen](#) on 020 7271 0242.