

# RBS switch scheme to be reformed

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RBS is supposed to be offloading 120,000 small business customers to challenger banks by August to improve competition in the sector



Small businesses are to be offered greater incentives to switch accounts away from Royal Bank of Scotland amid concerns that attempts to improve competition in the banking industry are floundering.

RBS is supposed to be offloading 120,000 small business customers by August, but by the end of December only 30,000 had done so and the [pace slowed](#) towards the end of the year.

The organisers of an official switching scheme admitted that a performance review had found that “more needs to be done” to tempt small companies to [move accounts](#).

RBS has provided £350 million that rivals can use to tempt small companies to their services. Eleven small banks including Metro, Starling, Santander, Co-operative and TSB have signed up and Monzo is expected to join soon. They receive “dowries” for each customer that switches from RBS, which they typically pass on, along with a small top-up, to the small business.

Yet the offer of sweeteners has been met by apathy by many as they see the bureaucracy involved in changing bank as outweighing the financial incentives. The enhanced incentives mean that a company with sales between £500,000 and £1 million would to get a £4,000 dowry, an increase of £1,000.

There has been criticism of the body that runs the scheme, Banking Competition Remedies, for not doing more to encourage switching. The Federation of Small Businesses has said that the scheme “got off to a very slow start” and that “proper scrutiny” of BCR was vital.