



# Premier Deposit Account (PDA)

## Fair Value Assessment

April 2023

**Product name:** Premier Deposit Account (PDA)

**Value Assessment Date:** April 2023

**Date of next assessment to be completed:** Within 12 months.

### **Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product.**

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This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). –

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under ‘The Consumer Duty’.

This information is intended for intermediary and internal use only and should not be provided to customers.

### **1. Summary of our assessment**

We have assessed that:

- Our Premier Deposit Account continues to meet the needs, characteristics, outcomes, and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).
- All evidenced

### **2. Product characteristics & benefits**

The product is designed to meet the needs of the target group, most notably to provide customers access to a simple fixed term savings account with no hidden costs. The product features and criteria are designed to support these needs, including:

- Competitive rate of return for specified fixed term.
- Fixed rate of return for fixed term
- Fee free account
- Sharia’a compliant account
- FSCS financial protection
- Low risk/safe

Full eligibility criteria can be accessed on our intermediary website:

<https://www.blme.com/products-and-services/savings/premier-deposit-account/>

### **3. Target market assessment and distribution strategy**

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable you to tailor the services you provide when you distribute the Product.

Product description	Who these products are designed for:
<p>Savings account offering a fixed rate of return for a fixed term in GBP.</p> <p>Minimum deposit size: GBP 1,000</p> <p>Maximum deposit size: GBP 1,000,000 or at our discretion</p> <p>Fixed terms from 3 months to 7 years with annual profit payment (or at maturity if less than 1 year)</p> <p>Competitive profit rates</p> <p>No early access to funds before maturity</p> <p>FSCS protection</p> <p>Sharia'a compliant account</p>	<ul style="list-style-type: none"> <li>• UK residents</li> <li>• Mass-affluent savers aged 18 years and over.</li> <li>• Savers with minimum GBP 1,000 surplus savings to deposit</li> <li>• Savers wanting to lock away a fixed amount of money on deposit.</li> <li>• Depositors looking for a more efficient fixed rate of return.</li> <li>• Depositors with a specific savings goal where they can lock funds away in a fixed term of 3 months to 7 years, during which period they do not require access to those funds.</li> <li>• Savers looking for a product which has no fees associated with it*</li> <li>• Savers looking for Sharia'a compliant bank account.</li> <li>• Savers looking for FSCS protection.</li> </ul>
Distribution strategy	Who these products are not designed for:
<p>This product is distributed via BLME.com. Visitors to the site can access information about the product including T&amp;Cs and to make an application.</p> <p>The PDA is regularly cited in the <i>moneyfacts</i>, <i>moneysavingexpert</i>, <i>Which?</i> and other respected industry comparison tables. These tables are in most cases updated daily. From those tables there is link to blme.com.</p> <p>The product is also distributed via Deposit Aggregators to access mass affluent savers who utilise the platforms to distribute their savings and stay within the FSCS protection limit without having the hassle of making individual applications.</p> <p><i>*Some Deposit Aggregators may charge a fee for their services.</i></p>	<ul style="list-style-type: none"> <li>• Non-UK residents</li> <li>• Depositors without a UK bank account</li> <li>• Depositors under 18 years old</li> <li>• Savers who operate in multiple high-risk jurisdictions or hold sensitive positions (PEP's)</li> <li>• Depositors with less than GBP 1,000 surplus savings</li> <li>• Savers looking to add regular funds to their deposit.</li> <li>• Depositors looking for monthly or quarterly income.</li> <li>• Savers wishing to have access to their savings prior to the end of the fixed term.</li> <li>• Savers needing on-line access to view their deposits.</li> </ul>
Customer Outcomes	Harm or Limitations
<ul style="list-style-type: none"> <li>• Access to a simple and transparent fixed term savings account which is supported by personal customer service and accessible by phone and email.</li> <li>• Helps customers save for a specific goal of for a future date (e.g., sinking fund, holiday, or retirement) whilst earning a competitive profit rate.</li> </ul>	<ul style="list-style-type: none"> <li>• BLME must ensure no harm is caused to customers by ensuring they fully understand the product and it is priced fairly.</li> <li>• Customers must be clear that the money is tied up for the duration of the fixed term.</li> <li>• There is no on-line access to view balances on account. Customers receive an annual statement</li> </ul>

<ul style="list-style-type: none"> <li>• Deposits are FSCS protected and are automatically repaid unless customer elects to redeposit at prevailing rates for another term.</li> <li>• No fees associated with the running of the account.</li> <li>• Account is Sharia'a compliant</li> </ul>	<p>and can contact customer service at any time for any update or help required.</p>
<b>Benchmarking</b>	
<b>Competitor Analysis</b>	<b>Pricing Principle</b>
<p>The Premier Deposit Account is benchmarked against our direct competition, which are mainly the Challenger banks. We use Moneyfacts and other comparison websites to independently check our pricing on regular basis - at least weekly.</p>	<p>Pricing is dependent on several factors:</p> <ul style="list-style-type: none"> <li>• Where our competitors are pricing</li> <li>• The volume (£) of deposits we are looking for (to fund the asset pipeline and deposits maturity schedule)</li> <li>• We will always have products available across the range of terms.</li> </ul>

#### 4. Customers with characteristics of vulnerability

The product caters for people who are not overly tech-savvy. Although they must apply on-line, there is no on-line access (with ID and passwords) to manage their deposits.

It allows those who have an impairment, disability, or vulnerability to apply for an account e.g., those who have an Attorney (especially the elderly or those with impairment), or have funds under an Order of Protection, Compensation award or a Trust. There is also facility for people with disability such as partial sight or blindness to have statements sent in braille.

In the event of vulnerability or potential vulnerability, there is mechanism for customers to access their funds prior to the maturity of the deposit or request early termination which will be considered on a case-by-case basis.

#### 5. Product Development Process

<b>Product Development Process</b>
<p>When launching new products or making significant changes to existing products, we follow a robust internal governance process that ensures that the following areas are assessed and approved:</p> <ul style="list-style-type: none"> <li>• Identification of the target market and non-target market for each product.</li> <li>• Ensure that the distribution methods align with the needs of the target market.</li> <li>• Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.</li> <li>• Ensure that our customer and communications are clear, easy to understand and timely.</li> </ul>

Annually we review the Fair Value Assessment performance of our product, additionally including:

- ✓ Product performance
- ✓ Characteristics of the product that meet the needs of the target market.

- ✓ Service delivery
- ✓ Distribution
- ✓ Assurance Activity
- ✓ How the Product development process has been working

## 6. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Product Committee allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment is based on our fair value equation and does consider the following reflectively:

<b>Customer Benefits</b>	Financial	<ul style="list-style-type: none"> <li>• Generally, more efficient rate of return versus current accounts or easy access accounts</li> <li>• Competitive rate of return for specified fixed term.</li> <li>• Fixed rate of return for the fixed term</li> <li>• Profit paid annually (or at maturity if less than 1 year).</li> <li>• Account is fee free.</li> <li>• Financial Service Compensation Scheme (FSCS) provides financial protection in the event of Bank failure.</li> </ul>
	Non-Financial	<ul style="list-style-type: none"> <li>• Access to a simple fixed term savings account with no hidden costs</li> <li>• Helps customers save for a specific purpose for a future date from 3 months to 7 years (e.g., retirement, holiday, house purchase)</li> <li>• Can open more than one deposit for the same or different deposit term subject to £1,000 minimum deposit.</li> <li>• Annual profit payment (versus lump sum at maturity) helps to keep below annual tax threshold if large deposit size for a long(er) term.</li> <li>• Low risk (safe)</li> <li>• Annual Statement</li> <li>• Annual Tax certificate</li> <li>• Sharia'a compliant</li> </ul>
<b>Customer Efforts</b>	Time Required	<ul style="list-style-type: none"> <li>• To gather information prior to completing an application (e.g., NI or tax number, UK nominated bank account details, existing BLME account number)</li> <li>• To complete application form and submit ~10 minutes</li> <li>• To transfer deposit funds from external bank account once account has been opened.</li> <li>• Direct contact points (via phone, email) as required</li> </ul>
	Other Efforts	<ul style="list-style-type: none"> <li>• Customer can rollover maturing deposits using the blme.com website at prevailing rates if desired ~2 minutes (with account details)</li> </ul>

<b>Customer Costs</b>		Customers are not charged to operate the Premier Deposit Account or the associated transfer account. However, they will be charged by their nominated bank to transfer money into their BLME transfer account if they chose to use CHAPs (instead of Faster Payment).
<b>Limitations</b>		No fixed term products less than 3 months or exceeding 7 years. Only GBP denominated account is available. No online access to the account.
<b>Bank Benefits</b>	Non-Financial	<ul style="list-style-type: none"> <li>• Increased customer volumes due to more broad products being offered.</li> <li>• Ability to cross-sell other products.</li> <li>• Increased visibility of the BLME brand</li> </ul>
<b>Bank Efforts</b>	Time Required (Attributable fixed costs)	<ul style="list-style-type: none"> <li>• Rate checking and benchmarking to industry.</li> <li>• Treasury ALM and core banking</li> <li>• Early redemption request management</li> <li>• Customer service and ad hoc query response</li> <li>• Ongoing product refinement including adherence to legal and Regulatory updates.</li> <li>• Management of customer communications</li> </ul>
	Technology cost per customer (Directly attributable)	<ul style="list-style-type: none"> <li>• eKYC systems to check Identity and Address</li> <li>• API for Confirmation of Payee checks</li> <li>• CRM system for onboarding staging</li> <li>• Website staging</li> </ul>
<b>Bank Costs</b>	Recurring costs incurred (Directly attributable)	<ul style="list-style-type: none"> <li>• Customer Service</li> <li>• Management of customer communications</li> </ul>
<b>Price</b>		Account is fee free.

### Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.