



# Consultation response form

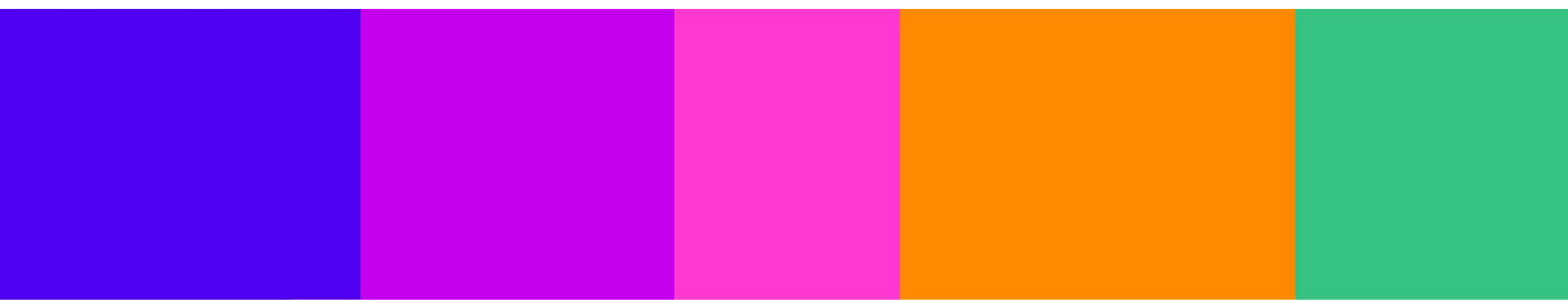
Please complete this form in full and return to [futurepostaluso@ofcom.org.uk](mailto:futurepostaluso@ofcom.org.uk).

<b>Consultation title</b>	Call for input: Review of postal regulation – pricing and affordability
<b>Full name</b>	[REDACTED]
<b>Contact phone number</b>	[REDACTED]
<b>Representing (delete as appropriate)</b>	Organisation
<b>Organisation name</b>	HSBC
<b>Email address</b>	[REDACTED]

## Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how Ofcom handles your personal information and your corresponding rights, see [Ofcom’s General Privacy Statement](#).

<b>Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential? Delete as appropriate.</b>	Organisation name
<b>Your response: Please indicate how much of your response you want to keep confidential. Delete as appropriate.</b>	None / Whole response / Part of the response (you will need to indicate below which question responses are confidential)
<b>For confidential responses, can Ofcom publish a reference to the contents of your response?</b>	Yes



## Your response

Please tell us how you came across about this consultation.

- Email from Ofcom
- Saw it on social media
- Found it on Ofcom's website
- Found it on another website
- Heard about it on TV or radio
- Read about it in a newspaper or magazine
- Heard about it at an event
- Somebody told me or shared it with me
- Other (please specify)

Question	Your response
<p><b>Question 2.1:</b> Do you agree with our proposed objectives for this review? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – Y / N</p>
<p><b>Question 2.2:</b> Do you agree with our planned approach to this review? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – Y / N</p>
<p><b>Question 3.1:</b> Do you agree that our approach to assessing the affordability of universal postal services should be similar to the approach we have taken previously? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – Y / N</p>
<p><b>Question 3.2:</b> Do you agree with our initial observations from our preliminary analysis of the latest ONS data and market research? Please state your reasons and provide evidence to support your view.</p>	<p>Confidential? – Y / N</p>
<p><b>Question 4.1:</b> Do you have any comments on whether a targeted discount scheme could be used to address affordability concerns in post?</p>	<p>Confidential? – Y / N</p>

Question	Your response
<p><b>Question 4.2:</b> Do you have any specific comments or evidence relating to the key elements and principles of a potential scheme set out in this section?</p>	<p>Confidential? – Y / N</p>
<p><b>Question 5.1:</b> Do you have any comments on our initial views set out in paragraphs 5.2-5.16 in Section 5 on whether there is a case for Ofcom to move away from its existing approach to price regulation of Royal Mail’s letter services based on considerations other than affordability?</p>	<p>Confidential? – Y - please do not directly attribute these comments to HSBC</p> <p>HSBC would be supportive of the following new controls on prices but with the following comments:</p> <ol style="list-style-type: none"> <li>1. <b>Outcome Incentives – Royal Mail price increases are directly linked to their performance against Quality of Service targets</b></li> </ol> <p>Over the past few years, the Quality of Service provided by Royal Mail has declined whilst prices have continued to rise. HSBC has held a digital strategy for several years as this is the quickest and easiest way for our customers to receive their correspondence, however, the decline in service, increased delivery timescales and ever-increasing costs has accelerated the speed at which that strategy has been applied. We are actively seeking ways to reduce our reliance on Royal Mail\ the postal service e.g.</p> <ul style="list-style-type: none"> <li>• We run regular Auto Switch campaigns to ensure that every customer eligible for digital correspondence is switched to that channel as soon as possible</li> <li>• All mailings, including large volume mailings such as Base Rate changes, Notice of Variations etc. are reviewed to ensure that paper correspondence is only sent to those customers where there is no possible alternative e.g. email, SMS, Secure Messages etc.</li> </ul>

Question	Your response
	<ul style="list-style-type: none"> <li>• Lines of Business adopt a 'digital first' approach with paper channels being a last resort for any customer correspondence</li> </ul> <p>In 2020 HSBC despatched just over 143m items of Downstream Access mail, by the end of 2025 that figure will be approx. 77.5m items. Despite such a significant reduction in volumes we are on track to spend approx. £1million more on Royal Mail postage costs in 2025 than we did in 2020.</p> <p>Planning annual budgets (which are set many months in advance) has become increasingly difficult as the size, frequency and timings of Royal Mail's price increase is now much harder to predict. Whilst HSBC acknowledges that Ofcom have issued fines to Royal Mail, there seems to be no consequence to them for failing as these have not resulted in any improvement in Quality of Service or seen prices hold steady.</p> <p>On that basis HSBC would welcome a mechanism which would only allow Royal Mail to increase their prices if the agreed Quality of Service targets are being met or even exceeded.</p> <p><b>2. Pre Authorisation Regime</b></p> <p>HSBC is supportive of this approach for the reasons outlined above but would like to understand more as to what criteria the Regulator or Government would consider when approving or rejecting a proposed price increase. As above it is important that Royal Mail are held to account for failing to meet expected levels of service</p>

Question	Your response
<b>Question 5.2:</b> Do you have any comments on Ofcom's plans to examine aspects of the margin squeeze rule for access prices?	Confidential? – Y / N

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