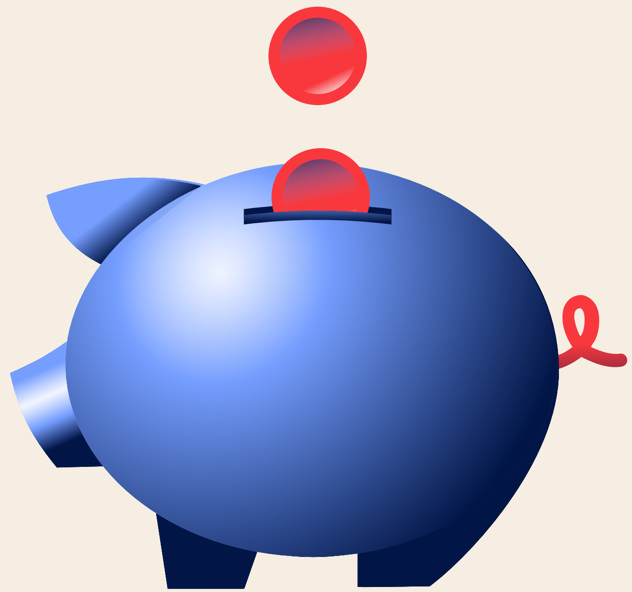
Public policy prospectus

A good way to bank.



Nationwide holds a unique position in UK financial services. As the largest building society, we can deliver the valuable banking products and services and mutual good to our customers that others cannot.

As a building society, we are owned by our members – our customers who have their current account, mortgage or savings with us. We do not have to pursue profit to pay shareholders dividends. Instead, we balance our need to retain sufficient profit to remain financially strong, with rewarding members and our commitment to share our success.

We aim to return additional value to our members as owners, through our Nationwide Fairer Share products and payments. We know the importance of face-to-face banking. So, if we have a branch in your town or city, we'll still be there until at least 2026 and we give 1% of our pre-tax profits to charities. Because we're guided by a social purpose and aim to make communities better places to live.

We deliver our valuable banking products and services to all of our customers by helping them with:

- Managing everyday finances – one in ten of the UK's current accounts are with us and one in five current account switchers came to us last year.
- Owning a home – we are the UK's second largest mortgage provider.
- Saving for the future – we look after almost £1 in every £10 saved in the UK.

To help deliver fairer banking, Nationwide would like to work with policymakers to:

1. Launch a first-time buyer review to produce workable ideas to increase housing supply and home ownership i.e., relaxing the rules on high loan to income lending.

Why this policy?

- Housing affordability is stretched particularly for young people and many people run the risk of missing out on the benefits of home ownership.
- Deposit requirements remain a major barrier, with a 10% deposit on a typical first-time buyer property equivalent to almost 60% of annual gross earnings.

What we are calling for

- A wide-ranging review, covering mortgages, housing supply, planning reforms, house building and the house-buying process.
- This could include measures to support mortgage lending including increasing the current 15% limit on lending at more than 4.5 times income.

How to enact the change

- The report could be commissioned by the Secretary of State for Levelling Up, Housing and Communities with an independent chair.

2. Reintroduce an updated Help to Buy ISA (HTB ISA) to provide a much-needed financial uplift for FTBs. Government should 'top up' balances at a rate of at least 25%.

Why this policy?

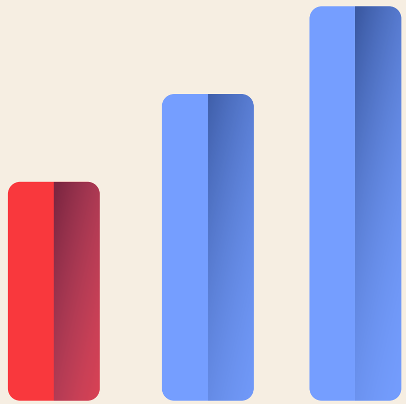
- The HTB ISA was a popular product that helped many first time buyers build a deposit.
- It was an important factor in encouraging younger people to save from an early age and helped put house buying at the forefront of peoples' minds.
- It helped provide fairer access to mortgages by providing some support to people unable to access family support for a mortgage deposit.

What we are calling for

- Monthly deposit threshold to be raised from £200 to £500.
- Proportionate increase in the redeemable bonus in line with increases in house prices.
- Clear and consistent messaging to circumvent confusion around when to close the account.

How to enact the change

- HM Treasury would be responsible for reintroducing the product with support from the Department of Levelling Up, Housing and Communities.



3. Support diversity of business models by committing to double the size of the cooperative and mutual economy; and seeing a strengthening of mutuals in the financial services sector.

Why this policy?

- Mutual organisations are owned and run for the benefit of their members, unlike PLCs.
- Mutuals have less scope for generating capital, making it harder for them to grow and in some cases leads to demutualisation.
- The current regulatory and legislative framework is agnostic towards mutuals and tends to lean towards the traditional stock company model, causing additional cost and leading to competitive disadvantage.
- Comparatively, the mutuals sector is thriving in other countries whereas the UK mutuals sector is in decline.

What we are calling for

- To create a better policy understanding of mutuals. Mutual organisations and the government should collaborate on the creation of comprehensive data that monitors the health of UK mutuality.
- Protect the longevity of building societies by updating the Building Societies Act 1986.
- Introduce mutual capital instruments to support the entry and growth of new mutuals.

How to enact the change

- Legislate for the amendments to the Building Societies Act 1986 as proposed by HM Treasury.
- Work with the sector to develop capital instruments that work for mutuals.
- Work with the sector to measure the value of mutuals and co-operatives and their impact on the economy and society.

4. Protect consumers from fraud and scams by requiring big tech to contribute to reimbursing victims and to sharing data to help prevent fraud.

Why this policy?

- Fraud is the most prevalent crime in the UK, costing victims £12.8 billion in 2021-22 (Social Market Foundation).
- The impact of fraud on victims is wider than purely economic, with 35% reporting detrimental impacts to their confidence, and 25% to their mental health.
- Around six in ten consumers believe that holding and receiving financial institutions should be liable for reimbursement.
- Social Market Foundation research shows that fraud victims were more likely to be in favour of prioritising data sharing (40%) over data privacy (34%) to help combat future fraud.

What we are calling for

- Share liability for the cost of reimbursement across all organisations in the 'fraud chain'.
- We would like to see big tech, social media and telecoms play their part to help block and prevent crimes from taking place. Fake adverts on social media, spoofed messages and scam calls can and must be cut off at the pass.
- But we want to go further. Nationwide is calling for the creation of a central 'hub' that brings together multiple industries – from big tech and social media to telecoms and financial services – alongside government and law enforcement to share data and collaborate to tackle fraud and scams.

How to enact the change

- We believe a new mechanism should be introduced so that all organisations in the fraud chain are made eligible for costs. This is likely to be a collaborative effort between HMT, Home Office and relevant regulatory bodies such as Ofcom.
- Subject to a change in legislation, use the money seized by banks and building societies to deliver a collaborative effort to tackle fraud and scams.

5. Increase the tax threshold for savings interest to help savers keep more of their money.

Why this policy?

- High interest costs coupled with the wider cost-of-living crisis continue to squeeze UK public finances.
- Interest rates are expected to remain high for some time, and millions now stand to pay tax on cash accounts.
- The personal savings allowance has not been updated since 2016, whilst many personal tax thresholds have also been frozen.
- Raising the tax threshold for savings interest would therefore provide a financial uplift for millions of households, encourage the public to save and reflect recent economic developments.

What we are calling for

- Increase in the tax threshold on savings income from £1,000 to £2,000 for basic rate taxpayers and from £500 to £1,000 for higher rate taxpayers.

How to enact change

- We believe this policy should be announced in the Chancellor's first Budget post-election.

For further information or if a follow up meeting is of interest, please contact the policy and public affairs team - policyandpublicaffairs@nationwide.co.uk nationwide