

# OPEN BANKING CONVENTION

## CONSUMER EXPECTATIONS AND FINTECH SOLUTIONS

Over 60 experts (see Appendix for full list) working across fintech, banking, consumer and civil society organisations, and policymaking and regulation, met at Level 39 on 1 May 2018 to participate in the Open Banking Convention on consumer expectations and fintech solutions. Co-hosted by [Finance Innovation Lab](#) and the [Open Banking Implementation Entity](#), the event was designed to enable attendees to exchange ideas about how to deliver better outcomes for consumers and citizens using the opportunities presented by Open Banking. This briefing summarises the discussions and key findings.

### Consumer Manifesto

The event saw the launch of the [Consumer Manifesto for Open Banking](#), presented by Faith Reynolds (Chair, Open Banking Consumer Forum). Developed in consultation with 18 consumer and civil society organisations, the Manifesto sets out five prerequisites for delivering the types of services people need and expect. Given that Open Banking currently presents both significant opportunities and risks for people<sup>1</sup>, consumer advocates felt it important to make clear to policymakers and product providers the standards and priorities that are needed to make Open Banking work for consumers.

#### The Consumer Manifesto for Open Banking

1. Open Banking should be a force for good which promotes financial inclusion and widens access to more useful, affordable and understandable financial services for everyone.
2. Services should meet people's positive expectations, be upfront about how they're paid for and how they use personal data. They should be sold and delivered in a way which respects people's identity, their data and their right to make the most of their money and live the lives they want to.
3. Open Banking should genuinely equip people with real power to control access to their account and use of their data. People should be able to stop sharing access to their account easily without facing penalties.
4. Open Banking should be reliable and as secure as it possibly can be. It should be clear to people with whom they are sharing their data and the legitimacy of those companies. Data breaches and fraud should be rare and exceptional, not the rule.
5. People, their identity and their money should be universally safe. People should not bear unfair risk. When things go wrong people should have simple, free, quick access to help and redress.

The Manifesto was warmly received by the Open Banking Implementation Entity's leadership who described it as an important statement of a collective desire to put the interests of consumers at the heart of Open Banking, as well as a guide to delivering genuine benefits for individuals and the wider economy. Imran Gulamhuseinwala (Implementation Trustee)

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<sup>1</sup> Finance Innovation Lab Briefing (March 2018): [Open Banking and Financial Health](#); Faith Reynolds (January 2017): [Open Banking: A Consumer Perspective](#)

acknowledged the challenge of prioritising the needs of consumers in the high pressure and commercial environments the Implementation Entity and financial businesses are working in (there are multiple considerations, such as regulatory compliance, market participant needs and technical considerations that compete for attention). This is despite the fact that he believes the way to achieve commercial goals is to make good on the potential benefits to consumers that Open Banking offers and gain consumers' trust. Miles Cheetham (Head of Customer Engagement) also spoke of the moral responsibility he and his colleagues have, as leaders of the creation of an Open Banking ecosystem, to ensure that new technology and infrastructure serves consumers and puts them in control.

The challenge that remains, and which attendees started to tackle over the course of the Convention, is to translate the principles of the Manifesto into practice.

### **Panel Discussion: How can Open Banking deliver better outcomes for consumers and citizens?**

The purpose of the Convention's first panel discussion was to further share, and explore in more practical terms, consumer and civil society organisation's hopes and aspirations for the Open Banking revolution.

Ruth Milligan (Head of Financial Services & Payments, TechUK) chaired the panel, with three leading consumer advocates: Martin Coppack (Stakeholder Engagement Strategy & Policy, Banking Standards Board) drew on his experience building a consumer outcomes framework in the context of banking, to share his views on what good outcomes for consumers from Open Banking would look like; Katie Evans (Head of Research & Policy, Money & Mental Health Policy Institute) discussed what control and meaningful consent look like in practice, on the basis of her work with people with mental health conditions; and Liz Barclay (Chair, Money Advice Liaison Group) spoke to the opportunity for fintechs to change and improve the culture of debt management.

Through the panellists' speeches and discussion with the audience, it emerged that:

- While the products and services Open Banking enables are new and still emerging, **the needs of consumers in the new 'open' era of banking need not be mysterious.** There are established, longstanding principles used across markets to check that consumers and businesses are on an equal footing, and which should be used and built upon to understand what good outcomes for ordinary people look like: 1) access; 2) safety; 3) choice; 4) clarity and transparency; 5) fairness; 6) redress and being listening to; 7) value for money. In the context of Open Banking, the principles raise the following **consumer needs attendees would like more assurance on: access for all; data, identity and money security; simple, understandable products; and redress** (which includes the ability to speak with a human).
- **All businesses have a responsibility to support the financial health of their customers.** This does not mean they must tailor their service for only the most vulnerable people, but they should consider how they deliver better outcomes for consumers overall. Since some people are likely to be "left behind",
- New businesses and services, enabled by Open Banking, could use technology to better support people with mental health issues to manage their money. Reminder messages, automated service switching, and granular controls, for example, could be helpful to people with depression who can experience poor memory, lack of attention and impulsive behaviour. Since mental health is not niche (1 in 4 of us experience

problems at any one time) and all consumers can be or become vulnerable in numerous other ways, which are often unanticipated (e.g. through physical illness, bereavement and unemployment), it was agreed that **designing products and services to support the financial health of vulnerable people would improve them for everyone.**

- **There is an opportunity to innovate the debt advice sector.** 3.2m people are currently struggling with severe debt problems in the UK. Access to the financial data of service users, enabled by Open Banking, could provide advisors with more comprehensive and accurate information upon which to tailor their support. It could also help identify financial capability issues and stresses early on, so that preventative action can be taken before crisis strikes (most people are in problem debt for 18 months before seeking advice). Innovation of the debt advice sector would require concerted effort between industry and consumer groups.
- Improving debt advice, and wider financial health support, cannot be solved through technology alone because there are significant emotional and psychological barriers (e.g. shame and anxiety) that stop people engaging with their money (e.g. 6 in 10 of people in problem debt have never sought help). Attendees suggested that any **new services must be trusted and make people feel protected if they are to create the circumstances that allow people to say they need help.**
- There are non-financial businesses accessing Open Banking APIs without FCA oversight (they do not qualify for authorisation) and others for whom it could be beneficial for people if they did (e.g. mental health services). To ensure consumer protections are comprehensive and the full potential of Open Banking (as well as other initiatives to open up and make portable citizen's data) is realised, **attendees called for a holistic government digital strategy and oversight review.**

## Participatory Session: How can fintechs help?

During a participatory session, representatives from seven of the fintechs present at the Convention (Aelm, Bud, Credit Kudos, ID Co, MoneyHub, WalletPA and Yolt) shared, at tables, their businesses and services. The purpose of this session, facilitated by Marloes Nicholls (Head of Programmes, Finance Innovation Lab), was to help raise awareness of and build understanding about fintech solutions amongst stakeholders, and for businesses to have the chance to receive expert support about how to achieve better outcomes for consumers.

### Fintech case study 1: Elifinity

Elifinty is a financial app that uses artificial intelligence (AI) to improve financial wellbeing and address the unacceptable fact that there are 25 million financially vulnerable people in the UK.

Building on the secure access to people's data that Open Banking enables, Elifinty uses the information to predict the financial challenges people will face. It then uses its advanced algorithm to identify an appropriate financial solution for them, which could be commercial or social/ charitable. As a web-app, it can be accessed by consumers using their preferred platform. It also uses advanced data analytics and behavioural management tools to support and encourage users to improve their finances.

Consider Mary, she is a single mother holding two jobs to cover her expenses for her two children. She's having challenges in paying off her high-cost credit and is overwhelmed by the complexity of managing payments. Despite being an avid mobile banking user on her

smartphone, she struggles to keep on top of her finances and sometimes finds it challenging to understand the technical terms her bank uses.

Elifinty is the perfect app for her – once she's connected her accounts, Eli (the onboard AI) automatically categorises and understands Mary's spending patterns. It identifies ways she could save money through peer group comparisons. It can also find local services that could help to reduce the cost of childcare. If Mary wants to, Eli connects her to the new services directly, saving her time looking for the best options and setting them up.

Elifinty has huge potential to improve the financial wellbeing of people like Mary and her family. It also helps charities and non-profit services to reach more people who could benefit from their programmes, and reduces the risk in bank's portfolios.

### **Fintech case study 2: Credit Kudos**

Credit scoring is archaic and confusing, and relies on businesses who collect and store data about us without us necessarily knowing. Very often, customers are charged exorbitant interest rates because lenders simply don't have enough accurate and up-to-date information with which to make a decision.

Credit Kudos is using Open Banking to allow borrowers to volunteer banking information in support of a credit application. Using Machine Learning, the Credit Kudos platform can use this information to measure creditworthiness with a higher degree of accuracy, not possible using traditional methods. Lenders using Credit Kudos can provide a higher level of customisation to their customers, including better risk pricing, reducing interest rates.

The Credit Kudos platform first launched in 2016 to a closed group of beta users. Since then, we have received regulatory approval from the FCA, becoming the first and only Credit Reference Agency to use Open Banking to measure risk. Our product is now live in a variety of lending markets, including credit cards, unsecured loans, car finance and mortgage brokerage.

Since Open Banking launched in January 2018, we've seen fantastic adoption rates from lenders across the industry looking to acquire new customers and better measure risk. Using our Connect library, lenders can quickly add Open Banking to their existing products. Atlas, our affordability and risk platform, enables businesses to quickly develop rules using our existing risk models, trained on past borrower performance.

### **Fintech case study 3: MoneyHub**

Moneyhub consolidates consumers' financial assets and liabilities and uses AI to surface personalised intelligent insight which they can choose to action as and when it suits. The platform enables advisers, employers, and organisations to help their employees, clients, or customers to better manage their money, make informed decisions, and have a healthier financial future as a result. This reduces stress while also increasing engagement. Moneyhub is on a never ending quest to provide frictionless finance.

The app connects to all manner of financial institutions and features the largest number of any consumer focused aggregation provider in the UK and the most comprehensive library of "Smart Nudges" on the market. It is the only platform that offers a full-service proposition,

targeting consumers, enterprises, and advisers, offering an unparalleled ability to deliver consumer insight, data aggregation, and transaction execution.

Using Moneyhub, consumers are given complete control over their data and their finances, helping them to identify areas for financial improvement, while guiding them through their data quick and painless. The 'smart nudges' offered by the platform can also significantly reduce financial admin, while making money work harder and last longer.

Moneyhub sits at the forefront of the Open Banking revolution and is AISP authorised, having recently announced integrations with Monzo, Starling Bank and Intelliflo for financial advisers.

It has been working closely with the Open Banking Implementation Entity to define the standard for UK Banking APIs. In addition, the Fintech provider was one of the few non-banking participants of the Open Banking technical workgroups, set up to deliver a framework for the design and development of the initiative. It also played a key role in the European Parliament's PSD2 workshops which focused on delivering innovative payment solutions for European citizens.

In a world where consumer debt is soaring and savings rates are low, Moneyhub has the potential to transform people's relationship with their money.

#### **Fintech case study 4: WalletPA**

WalletPA is an App based smart aggregator that makes it easier to manage household bills.

Managing domestic bills and contracts is time consuming and often confusing. Speaking to friends and consumers, we found many weren't sure when they renewed their car insurance, who their provider was or how much they were paying. So the idea was ignited - if we could bring that data together to help customers manage their bills there's a lot of value to be added. We want to help people understand if they are paying too much and make it easy for them to do something about it.

We do this by displaying current contracts and giving simple options to get a better deal. We use Open Banking to allow customers to keep track of their actual spend on contracts such as Energy and Car Insurance, we then enrich that data and provide a comparison based on the minimal amount of user requested data. The comparison acts to allow the consumer to know if they are overpaying and to switch to a better deal if they wish, all within the app.

#### **Fintech case study 5: Yolt App**

People can often feel out of control when it comes to their finances. That's why we designed Yolt, built with the principles of Open Banking, to make it easier than ever to spend smarter, budget better and do more with your money. Since launching our UK beta in June 2017, we now have over 250,000 users, and our ultimate aim is to be the only money app you need, where users can view their accounts together in one, smart place.

Encouraging people to think differently about their spending is both the major challenge and drive behind Yolt. We believe that staying on top of your money shouldn't be a hassle - we aim to take away the hard part, so you can go out and enjoy life. We want people to unthink money. We recognise that everyone has their own routines when it comes to

spending, and we aim to offer a frictionless, clear and comprehensive view of your money. Ease and customisation are at the very heart of our mission.

We think Yolt epitomises financial inclusion. Anyone from the age of eighteen upwards can download the app for free and benefit from its many smart thinking tools and insights, regardless of their income. With regards to making a social impact, our main aim is to change people's attitudes towards their money, empowering them to do more. We have a very vocal community, and we listen to them closely to deliver a product that they love. So far, the reaction has been overwhelmingly positive, and we regularly receive stories from our community about how Yolt has enabled them to get on with enjoying life more and worrying about money less.

The following insights emerged about how Open Banking technology and solutions could, in general, be used and bolstered to better meet the needs of consumers:

- **Fintechs and consumer groups see mutual benefit from ongoing structured engagement (e.g. sabbaticals)** to continue to develop understanding about how to put consumers at the heart of Open Banking. This could enable fintechs to gain greater understanding of the financial difficulties people face and consumer representatives to build their knowledge of technological developments and issues.
- **Fintechs face shared, systemic barriers to delivering better outcomes** for consumers, which include the need for:
  - **a public communications and education campaign to build awareness and understanding of Open Banking** (a July 2017 poll of over 2000 Brits conducted by YouGov revealed that 90% had not heard of the Open Banking Initiative).
  - **commitment from incumbent financial businesses, as well as other organisations consumers trust** (e.g. Citizen's Advice), to invest in and embrace Open Banking opportunities.
  - greater digital inclusion (1 in 4 do not have a smart phone), skills and confidence, supported by a **government-led digital inclusion strategy**.
- There was strong alignment amongst attendees around the **need for civil society organisations and government to collaborate and invest resources in exploring the opportunity to use Open Banking to support financial capability and innovate the debt advice sector**.
- There remains a **continued need for services dedicated to people who are financially and digitally excluded**, and who may not typically appear to be 'commercially viable'.

## Panel Discussion: Do we need a Code of Conduct?

Sameer Gulati (Head of Policy & Regulation, Innovate Finance) chaired the Convention's closing panel to ask whether a Code of Conduct that covers data privacy and security, as well as disputes, for organisations working with Open Banking is needed to deliver better outcomes for consumers and citizens.

Rob Haslingden (Head of Propositions & Product Marketing, Experian) shared his views on the challenges consumers face in managing and guarding the privacy of their data; Sian Williams (Director, Financial Health Exchange, Toynbee Hall) described how a Code of Conduct could be made most relevant and valuable to consumers; and Victoria de Ferry (Head of Business Implementation & Assurance, Open Banking) spoke to her work scoping new mechanisms for stakeholders to use when things go wrong.

Through the panellists' speeches and discussion with the audience, it emerged that:

- Most people, rightly, are concerned about how their personal financial data might be used: the opening up of data, combined with a plethora of new entrants in finance, creates new opportunities for fraud and malicious activity. **To overcome consumer worries, businesses (fintech and larger organisations) will need to be open, transparent, clear and fair in how they use data.** As part of this, businesses will need to invest in finding ways to make terms and conditions and consent meaningful and user-friendly for consumers. There are real concerns that the wrong-doing of one business could undermine consumer trust for all.
- At the same time, **Open Banking technologies could help people avoid fraud.** For example, there could potentially be a service that helps consumers keep an overview of the consents they have granted and who is accessing their data, which also enables them to edit payments and consents in a way that current payment methods (e.g. direct debits) do not afford, and which would afford people more control.
- **There is a clear need for a Code of Conduct** to ensure Open Banking leads to reliable, affordable and useful products that help people realise the lives they want to lead. This is because we **cannot rely on firms to do the best thing by customers;** in most cases their business models mean they will prioritise the pursuit of profit over consumer well-being. A Code is thought to be needed in addition to regulation because attendees **lack confidence in the effective oversight of new data protections.** Businesses also welcome a Code as a **way to help engender consumer trust.** Questions remain about how far a Code would extend and how it could be funded and administered (e.g. top down vs. peer effect).
- **Consumers must have clear and effective mechanisms for redress if something goes wrong** (e.g. they need to deal with a query, complaint or dispute). For fintechs, this may require a greater propensity to think through negative consumer experiences. The Implementation Entity is exploring the creation of a Dispute Resolution Mechanism, which would take the form of a voluntary code of good practice. It is hoped that this would enable issues to be resolved before resorting to litigation.

## Next Steps

The Convention generated respectful dialogue and important cross-sector insights about how to deliver better outcomes for consumers and citizens using the opportunities presented by Open Banking. The Implementation Entity has committed to reviewing the valuable findings of the event, to understand and act on the implications for the delivery and evaluation of their roadmap. We're delighted that action has been sparked by other stakeholders too. In particular, fintechs and consumer groups are exploring ways to support each other with ongoing engagement and insight-sharing, and the debate around how a Code of Conduct and Dispute Resolution Mechanism could be practically useful is being progressed.

If you would like to get involved, or follow the progress of this work, then please contact:

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## Appendix: Attendee list

David Baratta	RateSetter
Liz Barclay	Money Advice Liaison Group
Vips Batavia	HSBC
Chris Bennington	The ID Co
Diane Burridge	Moneyline
Jamie Campbell	Bud
Jennifer Carr	Lloyds Banking Group
Galina Carroll	SFE Consulting
Miles Cheetham	Open Banking Implementation Entity
David Clarke	Positive Money
Isabella Coin	Finance Innovation Lab
Martin Coppack	Banking Standards Board
Jon Cumberlege	Curve
Peter Cunnane	Innovate Finance
Simon Deane-Johns	Keystone Law
Maha El Dimachki	Financial Conduct Authority
Katie Evans	Money and Mental Health Policy Institute
Matt Firth	Token
Mark Falcon	Which?
Vicki de Ferry	Open Banking Implementation Entity
Tom Fisher	Privacy International
Ben George	WalletPA
Audrey Giroud	Chip In
Sameer Gulati	Innovate finance
Rob Haslingden	Experian
Jonathan Horsman	Open Banking Consumer Forum
Paul Hughes	Open Banking Implementation Entity
Keith Hutchison	BACS
Daniel Jenkinson	Open Banking Implementation Entity
Kunal Jhanji	Open Banking Implementation Entity
Sam Johnston	Manifesto Growth
Reuben Karuna-Nidhi	Clearscore
Heather Keates	Community Money Advice
Andrew Laidlaw	Financial Conduct Authority
Anne Macadam	HM Treasury
Lucy Malenczuk	Age UK
Pamela Meadows	Financial Services Consumer Panel
Ruth Milligan	TechUK
Phil Mind	UK Finance
Sophia Morrell	Labour Party
Marloes Nicholls	Finance Innovation Lab
Rhona Parry	Equifax
Reema Patel	Nuffield Foundation

Clare Payne	Barrow Cadbury Trust
David Piper	BACS
Maria Pombo	Greater London Mutual
Faith Reynolds	Independent Consumer Representative
Maysam Rizvi	Aelm
Bill Roberts	Competition and Markets Authority
Meg van Rooyen	Money Advice Trust
Luke Ryder	Barclays UK
Joyce Sarpong	Greater London Mutual
Matt Schofield	Credit Kudos
Samantha Seaton	Moneyhub
Jas Sidhu	Manifesto Growth
Kevin Smith	Financial Conduct Authority
Aidene Walsh	Fairbanking Foundation
Edgar Whitley	LSE
Sian Williams	Toynbee Hall
Lucy Woolfenden	Yolt