

Response to CMA Consultation:

*Retail banking market investigation:
Provisional decision on remedies*



Introduction

This document provides a response from Callcredit Information Group (“CIG”) to the Competition and Markets Authority consultation document, *“Retail banking market investigation: Provisional decision on remedies”*

CIG comprises a number of companies including Callcredit, a UK consumer credit reference agency, which facilitates the sharing of data on how people manage their repayment commitments. We currently hold interim FCA permissions following the transfer of the Consumer Credit regulatory regime, and have recently applied for full authorisation.

Our comments on the Provisional Decision are provided below. Our observations all relate to different aspects of the proposed foundation measure on development and adoption of Open APIs.

1. Sharing sensitive information

The report suggests a possibility (3.36) that, as part of sharing reference data, lenders could share their credit scorecards with third parties such as price comparison sites.

While understanding, and supporting, the drive for greater understanding of eligibility, we are compelled to clarify the role of credit scorecards. It would be inappropriate for credit scorecard information to be shared with third parties in the manner suggested.

Credit scorecards are commercially sensitive information. Substantial investment and innovation is made in scorecard development. This maximises their ability to predict the level of repayment risk of different borrowers, and so allow users to gain competitive advantage from accurately pricing credit.

As a fundamental component in the decision to lend, scorecards also guard against fraud. [✂]

2. Security requirements

CIG welcomes the move to open up customer data via APIs and shares the desire to give customers more control over the use of their data.

Security - and consumer perceptions and fears of lack of security - are fundamental to the acceptance of such initiatives. Security failings could result in significant impacts on the long term success, and consequently the effectiveness, of this foundation measure.

While the OBWG position on security may ultimately be preferable, we would advocate a more cautious approach to security at the outset of this project, ensuring a settled period for consumer familiarity and confidence to build. This would reduce the possibility that an early security breach, before the use of API based services is securely embedded in consumer expectations, could impact on consumer confidence and so adversely affect longer term uptake.

3. Sharing of credentials

We share the concern discussed in the report, that requiring consumers to provide on-line banking credentials to facilitate screen scraping is a sub-optimal practice raising particular risks. We agree that a switch to an API-based approach should be mandated once the infrastructure is established.

4. Governance

We support the proposal that the implementation of Open API should take place through a new entity with a fully independent chair. This important development calls for strong and independent leadership that balances the interests of all parties. Key decisions should be subject to a formal consultation process to ensure all interested parties have the opportunity to present their views.

The new entity should also be responsible for the data protection and security accreditation of third parties to receive data, in order to ensure the integrity of the system and maintain consumer confidence.

5. Data Breach Risk

We agree that the redress provisions of PSD2 will provide protection to customers from the risk of loss through API-based payment initiation services. However, [✂] Suitable protective safeguards around the ability to receive this data must be set in place.

6. Consumer Education

The proposals will rightly give customers far more control over their data and what they do with it. [✂]

Customers should treat their on-line data in the same way as they would treat similar assets, such as bank statements and payslips, in physical form. A robust, focused consumer education program should help to guard against related fraud and scams.