



**Experian: Comments relating to the provision remedies to the Retail Banking Investigation
by the CMA**

7 June 2016

Introduction

Experian is a leading global information services company, providing data and analytical tools to clients in more than 80 countries. The company helps businesses to manage credit risk, prevent fraud, and automate decision making. Experian also helps individuals to check their credit report and credit score, and protect against identity theft.

1. Overview of approach

1.1. Experian welcomes the opportunity to be able to share feedback with the Competition and Markets Authority relating to the provisional remedies for the retail banking market investigation. We agree with the overall approach of the CMA, and particularly with the CMA having identified enhanced data sharing as fundamental to the overall package. We believe that very significant consumer benefits can flow from the choice and engagement that products and solutions based on effective sharing of transactional data can bring about.

1.2. However, it is important that the remedies are effectively designed and implemented in order for the full benefits to be realised, with the full participation of all relevant stakeholders, and we set out below some thoughts and concerns relating to individual aspects of the remedies.

2. Areas of concern

2.1. In relation to the terminology, we note that the Open API standard is sometimes referred to (at least conversationally) as Midata2. This may cause confusion. We agree with the CMA that the Midata work was not successful and as such it will be important to distance the proposed remedy from Midata, assuming this is the intention. An important point here is the non-inclusive nature of Midata, in its favouring of customers who have on-line bank accounts over those who do not (with some 8m customers in the UK falling into this latter category). It is also essential that data sharing under the proposed remedies moves as quickly as possible from the sharing of information about product characteristics, bank

location and account terms and conditions (important though this is) to full transactional data, in order to maximise the potential for positive consumer outcomes when comparing products.

2.2. We believe strongly that many consumers will regard transactional data as having a high degree of sensitivity. We agree with the CMA's conclusion that confidence in any arrangements relating to security is likely to be as important as their technical efficacy. If there is no confidence then there is a serious risk that the potential benefits of data sharing will be lost. It is also important to realise that some service providers using transactional data are likely to build up significant databases of sensitive information. We would therefore recommend that the CMA investigates further whether there needs to be a certification arrangement or a supervisory body overseeing data sharing through the API to give a greater degree of public confidence. Whilst we acknowledge that some protection is afforded by general data protection law, we feel the sharing mechanism requires a more focussed level of supervision. This role could be discharged by a range of bodies, from a regulator such as the FCA to a certification body or company.

2.3. As the CMA have set out an approach to mandate the use of the new Open API by the designated banking community in the proposed Order, we feel there should be more clarity that the proposed remedy does not preclude the establishment of a variety of orchestration/distribution hubs operating outside the established banking community, and drawing data from the APIs. The technology for this is already in existence. Hub providers could equally be large corporate organisations, such as ourselves, or new FinTechs. Both could potentially permit solutions to be delivered in a timely and cost-effective manner, and a range of providers (subject to the certification/supervision point raised above) will help ensure maintenance of a competitive approach in the market place.

2.4. From our experience, for such a data sharing platform to operate in a manner which is orientated towards the consumer's best interest there should also be consideration as to the practical implementation approach and whether all solution providers are able to deliver this. An example may be the provision of complaint, remediation and redress for consumers/SMEs when the sharing process does not go to plan. Any infrastructure or solution provider should have the capability to deliver full customer support, including

effective contact routes, trained staff and incident management processes, should data errors or matching queries occur.

3. Role of CRAs/Experian

3.1. We would like to highlight that the UK credit reference agencies have extensive (and arguably unique) expertise in the large-scale sharing and distribution of sensitive data in a safe, secure and trusted manner, and in the development of innovative solutions.

3.2. We would also like to highlight that Experian already has a technology solution available for the distribution and use of transactional data in this area. It addresses some of the security concerns through machine-to-machine exchange of data. In conjunction with a number of current account providers, Experian has developed a governance model (in the form of a Code of Conduct and Operating Principles) for this technology. We have also addressed privacy issues with the ICO, and engaged in positive discussions with challenger banks.

3.3. We therefore believe that credit reference agencies in general, and Experian in particular, are well placed to make an important contribution to the outcomes envisaged by the CMA's proposals, and should be fully involved in the process (both the design of the Open Data API infrastructure and the Open Banking Working Group activity) . We would suggest that if participation in the Open API initiative is too narrowly focussed, there is a danger it may encounter some of the problems experienced by Midata.

4. SME proposals

4.1. We recognise the gap in the provision for SMEs to shop around for loan products, and have highlighted in our submissions to the CMA the various reasons why we felt a market based solution hadn't occurred to date. We have seen a significant shift in the regulatory landscape for SME data sharing in the past months, which has included the changes proposed under the Small Business, Enterprise and Employment Act 2015 which will see designated banks being required to share data with designated credit reference agencies.

4.2. This new data sharing mechanism will help create an environment that will stimulate a number of initiatives. We would highlight that any measures which are created to allow SMEs to shop around for loan products must embed high standards of security and authentication of users in accessing and processing data to minimise risk and ensure engagement.

4.3. Whilst focussing attention on a NESTA prize winner to develop such an outcome for the proposed remedy, we would like to ensure that there is a pre requirement of any firm meeting a security standard. In addition to the NESTA prize winner we would strongly encourage an open market approach, allowing designated third parties also to compete for a solution which fits within the aims of the CMA. By using this joint approach the CMA can ensure a competitive solution to the identified issue, whilst protecting the security of data and ensuring trust in the system.