

momentum

financial technology

Response to the Competition & Markets Authority's Retail banking market investigation: Provisional decision on remedies

About MFT

Momentum Financial Technology was founded by CEO Toby Hughes, who believed there was an unserved need in the market to help people manage their money, plan ahead for the future and find the right financial products, advice or services to suit their personal situation. He looked at how technology could support a wider population while at the same time complementing traditional advice forms.

We operate three key brands – Moneyhub, YourWealth.co.uk and Blue Speck Media – from our main operational and R&D facility in central Bristol. Our Moneyhub technology has won several awards, including Best of Show at FinovateEurope.

We are a customer-centric business and are passionately driven to create simple solutions that solve genuine pain points for our consumers. Innovation is at the heart of everything we do and we believe technology can be the ultimate catalyst for change in the Financial Services industry.

Our Response

We strongly support the core principles of the PDR - in particular the remedy relating to open banking APIs:

“Open APIs are central to our package of remedies, so we propose to use our powers to require the largest banks to work together to deliver open APIs”

We fully agree with your statement that:

“open standard’ APIs can be particularly powerful (with necessary safeguards for security and privacy) in opening up new customer information and advice services.”

and that:

“the timely development and implementation of an open API banking standard has the greatest potential to transform competition in retail banking markets”

We have seen from our own business how customers are willing to switch banks based on the ease of integration into aggregation products such as Moneyhub.

We believe that banking APIs can also have the welcome effect of further motivating large banks to focus on the end consumer and the solutions they need today and onward into the future. In addition, product solutions such as Moneyhub would make it easier for customers to manage current accounts, saving accounts, mortgages, loans, investment accounts and “peer to peer” accounts from multiple providers - all in one place. Customers would be able to choose the most suitable product, rather than end up with many products with the same provider.

API’s would increase competition by:

- Enabling transparent pricing & service comparison (in combination with the proposed remedy on Service Quality Information)
- Improving the ease of opening an account with a new provider
- Improving the ease of switching providers
- Reducing the complexity in managing accounts across multiple providers

While being broadly in favour of your proposed remedies, we do have a few concerns in regards to the implementation of these APIs to ensure the consumer gains the full benefit from the initiative:

- The scope of the data included
- The initial launch of APIs with the “redacted” Mldata data-set
- The membership and operational approach of the implementation committee

Scope of Data:

There is some ambiguity over which types of accounts are to be included in this open API.

- PSD2 includes all “payment accounts”
- The OBWG recommended PCA, BCA, savings accounts and credit cards
- The PDR refers in paragraphs 3.80 and 3.84 to only PCA & BCA data

We believe that at a minimum the scope should include the account types recommended by the OBWG.

However we believe that competition can be increased AND that innovation in the sector can be accelerated by extending the scope of the API to include all major financial products:

- Loans
- Mortgages
- Savings & Investment Accounts
- Pensions

Many consumers still go to their primary bank for all financial products - and are able to view data feeds from these products in their banking app. Not including these data feeds as part of the Open API will reduce transparency and add make it harder for consumers to switch.

We note that HMT & the FCA are working with the industry on a “Pensions Dashboard”. We believe that including products such as **Lifetime ISAs** and **SIPPs** in the scope of the open API will accelerate the creation of a pension dashboard.

Redaction of Data:

In paragraph 3.18 you note that the poor user experience of the Mldata initiative has reduced its effectiveness. Another reason for the low uptake of Mldata is the fact that the data it makes available is redacted.

This makes it unusable in products wishing to provide consumers with an aggregated view of their finances. This will continue to be the case even if the data is available via an API as proposed in the PDR.

Redaction will stifle innovation in fintech and necessitate the continued use of screen-scraping. Consumers are making a conscious choice to view their data through aggregation services - they should be able to see their data in the same fidelity as they do in their online banking interface.

Furthermore from a technical point of view - the cost of implementing a secure API for redacted data is similar to the cost of implementing one for unredacted data. In fact, the overall cost of implementing an API for redacted data - and then changing it to support unredacted data would be far greater than the cost of simply supporting unredacted data from the start.

For this reason we recommend that the CMA mandates that banks provide full unredacted data through a secure open API - within the same timescales.

Implementation Committee:

We welcome the creation of an implementation committee for open banking APIs and that Fintech should be “well represented” on it (3.91) .

We encourage the CMA to clarify the balance of representation on the committee - we are concerned that if the major banks are over-represented then the CMA may not see the improvements to competition and increase in innovation that are desired.

We would also encourage the CMA and the chair of the implementation committee to consider taking different approaches to the different work streams involved in the creation of the APIs. In a recent meeting hosted by Payments UK and the ODi it was identified that the approach to creating technical and authentication standards would be differ from the approach to create regulatory & legal standards.

To this end members of the community have already started a:

- Mailing list: <https://groups.google.com/forum/#!forum/openbanking>
- Github org: <https://github.com/OpenBankingStandard>

These are primarily to progress with technical standards, while we await the creation of the official implementation committee. It is hoped that whatever technical work takes place could be used by the implementation committee.

While we agree with your assertion in paragraph 3.93 that “ The entity may also require specialist technical support”. We advise the CMA against contracting the creation of the technical standards to a commercial consultancy. In order for there to be widespread adoption (and the associated increase in innovation) it is important that the Open Banking API uses open standards and is developed in an open way.

Momentum Financial Technology will continue to engage in this process - both through our involvement with FData and through our contribution to the proposed technical standards.

Dave Tonge
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