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By email to: retailbanking@cma.gsi.gov.uk

7th June 2016

Retail Banking Market Investigation - Open Banking API Standard

Dear Alasdair,

The Open Banking Standard group was formed by a group of like-minded individuals from the financial and financial technology sectors, in order to progress the work required to develop a technical specification for an Open Banking API Standard, as recommended in the Open Banking Working Group (OBWG) report. More information may be found at <https://github.com/OpenBankingStandard/framework>

We welcome the CMA's proposals to stimulate competition and innovation in the banking sector. In our view, sustained lack of competition is detrimental to innovation. While other sectors have seen great strides forward in both the efficiency and quality of the goods and services they offer to their customers, the banking sector has lagged behind in this respect.

Having served on the OBWG, we strongly believe that the development of an Open Banking API Standard will help create a more competitive and innovative banking sector, and we support the CMA's proposal to require that the largest retail banks develop and adopt such a Standard.

However, given their track record of innovation, We have concerns about the ability of these companies to develop a suitable Standard that will support the CMA's objectives. The worst possible outcome would be if a Standard were developed and adopted but turned out to be ill-suited for adoption and use by emerging challenger banks and fintech startups. We believe that the best possible outcome is more likely to be achieved if the broader "fintech" community is given the opportunity to be involved in developing the Standard.

While we welcome the proposal that the Implementation Entity be chaired by a suitably qualified, independent trustee, we urge the CMA to explicitly require that the Standard be developed in an open, inclusive and transparent manner.

- **Open and inclusive**, in the sense that any interested party who wishes to, may take part in the process. In our view, it is essential that other stakeholders are involved, in order to ensure that the Standard is suitable for adoption and use as widely as possible. In particular, we suggest that careful consideration be given to any role played by industry associations or schemes. While such organisations may claim to represent an entire

industry sector, the reality is that they represent their members' vested interests. We believe that it is important that such organisations' involvement in - and influence over - the development of the Standard should be scrutinised in order to ensure that their members' interests do not override other stakeholders.

- **Transparent**, in the sense that the discussion and debate surrounding the drafting of the Standard take place in public, and the minutes of any closed meetings, and all decisions (as well as the rationale for those decisions) are published. Such transparency will support wider review and discussion of proposals.

Many of the internet protocols that have become de facto standards (e.g. Email, HTTP, Transport Layer Security) were developed openly, by organisations such as the Internet Engineering Task Force (IETF) and the World Wide Web Consortium (W3C), both of which have well-proven frameworks for creating open standards. We recommend that the CMA mandate that the Open Banking API Standard is created using one of these (or a similar) frameworks.

Yours sincerely,

Jack Gavigan

Mark Stanhope