Digital comparison tools market study

Final report

Paper D: Making comparison easier and more effective

26 September 2017
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Making comparison easier and more effective

1. In our market study we have identified the importance of DCTs having access to a range of inputs to deliver high quality comparison services. In this paper we discuss the factors regulators or government might want to consider when looking at whether to help DCTs do more for consumers.¹

2. In this paper we discuss:

(a) When should regulators intervene?

(b) Why is intervention not always appropriate?

(c) Where can data be used to make comparison better?

(d) General approaches regulators and government can take

(e) Previous interventions to improve DCT access to inputs

When regulators intervene?

3. Regulators do not make interventions lightly, and take careful consideration of how markets are working. In this study we have focused on how DCTs can help consumers shop around. We have identified the need for DCTs to have access to a range of inputs to allow them to offer good quality comparison services. However, intervention may not always be effective or proportionate.

4. In this paper we refer to interventions which could include remedies arising from market studies and market investigations, as well as any act as part of a regulator’s ongoing supervision and interaction with a market.

5. As part of this we have identified relevant factors that regulators may need to take into account when assessing the need to intervene to improve DCT access to data.

(a) First, regulators need to consider a range of characteristics of the supplier market which includes:

(i) Levels of engagement and switching.

(ii) Consumer outcomes.

(iii) Regulatory frameworks.

¹ A supporting Glossary is available on our case page.
(b) Second, regulators need to consider DCTs’ current position in terms of:

(i) Bargaining power.

(ii) Ability to access information, including from third parties.

(c) Third, before taking action, regulators of course need to assess the effectiveness and proportionality of any intervention.

6. We discuss these in turn.

**Characteristics of the supplier market**

7. In assessing the need and appropriate approach in intervention, regulators need to consider the particular circumstances in a market. This assessment might take into account a number of factors:

- Consumer engagement – this might include an assessment of levels of shopping around, DCT use and switching rates.

- Consumer outcomes – whether there is evidence of detriment. This might arise in a number of ways but could include:
  - how consumers engage – do consumers struggle to navigate product information and drop out of the journey before making a switch?
  - supplier or DCT behaviour in how products are sold, bundled and presented – are products presented in ways that make them hard to compare, with many different components of price or product characteristics?
  - DCTs that experience difficulty in entering markets or providing comprehensive or innovative comparison services – is there evidence that DCTs have struggled to either enter markets as a result of supplier reluctance to engage or to provide innovative services due to coordination issues with suppliers?

Without demonstrable significant detriment or harm intervention may be either be unnecessary, disproportionate or be unjustified on prioritisation grounds.

- Regulatory frameworks – each sector regulator has defined statutory powers and objectives which may constrain their ability to enact change. This constraint might be a regulator’s specific duties and obligations, which might render certain policy aims and actions ultra vires. Importantly, whether the activities of DCTs are within scope of the regulatory
framework will affect the ability of regulators to effect change by DCTs. Where regulators are unable to act due to their framework, there may be a case for government to either act to address a problem or to review a regulator's powers.

- Because many DCTs, and particularly the largest DCTs, operate across different sectors, regulators may need to work together in delivering initiatives such as common technological or data infrastructure that can be easily rolled out across sectors. For example, regulators could work to create or facilitate a common format and approach to providing consumers with access to their data so it can be easily analysed by DCTs.

**DCTs’ current position**

8. The actions that a regulator decides to take will depend on the characteristics of the market and the relative strength of the DCTs and suppliers in that market.

9. In some cases a regulator might choose to require suppliers or DCTs to take action, or where there are issues of coordination and cooperation the regulator may seek to bring market participants together to develop a common standard or approach in addressing an issue to ensure consistency in the market. Where DCTs are a significant sales channel, regulators may find it relatively easy to align the incentives of consumers, DCTs and suppliers to improve access to supplier data.

10. In some of the sectors where we have identified a lack of access to data there are third parties that can bridge those gaps. While there may be a cost to access this data this might not be onerous. Indeed it may be more efficient to use a third party, particularly where unstructured data from a large number of suppliers needs to be analysed and presented in a comparable way. In general insurance, the large DCTs augment data provided by insurers with detailed information on cover from a third party.

11. In some cases, such as in insurance, third parties are capturing a range of information that is not otherwise provided to aggregators, whilst in others, such as energy, third parties may simplify access to data by reducing the number of parties that a DCT needs to engage with. In a similar way, suppliers use affiliate networks to reduce the number of DCTs and other publishers they need to maintain direct relationships with.

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2 An example of this is the FCA's work with DCTs and the insurance industry to develop add-on indicators. See FCA, *General insurance add-ons market study*, July 2014.
Box 1: Using third parties to augment comparison platforms with data and interfaces.

We spoke to one technology company which had developed its own comparison platform and wished to expand and offer comparison services in the energy market.

A key aspect of its strategy was to focus its development efforts on its existing cross-sector comparison platform and engine. Rather than spending time in developing interfaces and negotiating with individual energy suppliers the company was instead able to enter into a revenue sharing arrangement with a white label provider to gain access to data and existing APIs.

12. However, there may be a range of situations where data remains inaccessible if not actively made available to DCTs or others. For example, property-specific broadband speeds and credit card eligibility indicators require suppliers to make data available.

13. Although third parties can make a large range of data more readily available, they may either lack the ability to address a shortfall in the general availability of information (as outlined generally in paragraph 12) or might not have sufficient commercial incentive to offer specific information either at all or in a format that DCTs or others would find more useful.\(^3\) This may be particularly the case where the third party is providing services on behalf of a supplier to a large number of partners, where DCTs are but one distribution channel.

14. An example of this might be affiliate networks which are used by suppliers in a range of sectors to provide product information through a feed, portal or data file. Suppliers use affiliate networks as a way of essentially outsourcing their commercial relationships and may not wish to offer additional tailored information to a small subset of commercial partners.

\(^3\) For example, the same information could be provided either by providing a list of features in text, or as a series of fields, with a field for each feature and indicating whether it is included. Whilst both approaches would offer the same information in total, the latter approach would potentially be more useful to a DCT as it more readily allows the information to be analysed and filtered according to consumer needs.
Box 2: Reliance on third parties acting as a potential constraint to innovation

We spoke to two DCTs, which provide comparison services in telecoms including broadband and mobile telephone service plans and handsets. We also spoke to another DCT offering more standard listing services.

The first two DCTs wanted to develop comparison services that assessed consumers’ use of data, voice calls and SMS and matched consumers to the most suitable tariff or bundle. In both cases the service they wished to offer was affected by the telecoms networks’ decision to use affiliate networks to manage their third-party relationships.

The third DCT told us it struggled to compete with larger DCTs because it was unable to negotiate with the telecoms companies directly, unlike larger DCTs. It was unable to match the offers of the larger DCTs even if it was prepared to lower commission and saw the use of affiliate networks as a barrier to entry.

The feeds provided by telecoms companies via affiliate networks include only headline rates and high-level summaries of bundled inclusive minutes and SMS. Telecoms companies legitimately choose to use affiliate networks as an efficient way of doing business with multiple distribution channels and as a result do not engage with third parties, including DCTs, unless the third party is a significant generator of leads and sales.

Effectiveness and proportionality

15. Any intervention by regulators has to be subject to an assessment of effectiveness and proportionality. This assessment will depend on each regulator’s specific duties and powers. Testing of interventions can help as part of any assessment of effectiveness, whether through focus groups or randomised controlled trials conducted in laboratories or in the field.

Why is intervention not always appropriate?

16. All regulatory intervention needs to be justified and designed to avoid unintended consequences and further distorting the market.

17. The CMA and its predecessors have made some significant interventions to mandate publication of product and price information on Price Comparison Websites (PCWs) and promoting their use as well as introducing enhanced minimum standards for PCWs. However, during this study we have not
considered such approaches to be necessary in the sectors we have looked at.\textsuperscript{4}

**Box 3: Using regulatory powers to improve DCT and supplier engagement**

In the payday lending market investigation we found that borrowers did not shop around and because of the uncertainty of accessing credit at short notice were heavily focused on the availability of credit regardless of the cost of credit. We found that borrowers were overpaying by £48-85 million and possibly in excess of £100 million per year.

Around 40% of loans taken out online were as a result of consumers applying via a ‘lead generator’. We found that lead generators were engaged in practices which could mislead borrowers and result in a borrower taking out a more expensive loan than necessary.\textsuperscript{5}

Few borrowers accessed loans through price comparison websites (PCWs). Some large PCWs had been present in the market but had left for a number of reasons relating to the reputation of the sector. We identified a number of PCWs which were active but whose websites had limited functionality for example some did not list loans in ascending price order and users could not re-rank the list. In some cases lead generators were listed alongside lenders and presented as lenders, including prices for a loan which were achievable in practice.

The market was heavily concentrated and we found that new entrants used lead generators extensively as a way of winning business. We considered that encouraging the use of PCWs adhering to minimum standards would help borrowers shop around and provide new entrants with the opportunity to gain business by competing through the PCW. We considered that businesses operating lead generation platforms could easily use their platforms to provide consumers with a list of lenders who would be willing to lend.\textsuperscript{6}

Because of the high levels of repeat borrowing from the same lender, we not only required lenders to appear on at least one PCW but also to advertise that PCW prominently on their websites. Following a recommendation to the FCA, rules were made that included the requirement for PCWs to list High Cost Short-term Credit (HCSTC) loans in ascending price order by default and for the presentation of HCSTC loans to be unaffected by commission levels.

\textsuperscript{4} Which would have necessitated making a market investigation reference.
\textsuperscript{5} These practices included presenting themselves in a way which would lead to a borrower assuming the lead generator was a lender and operating an auction process to sell leads to the highest bidder rather than identifying the most suitable loan. We considered that this incentivised lenders to charge higher prices rather than competing on price.
\textsuperscript{6} The lead generation auction presented lenders with the characteristics of a borrower which the lender could then use to decide whether to participate in the auction.
18. We identified flights as a sector where there have been claims that there is a risk that DCTs may struggle to access comprehensive flight and amenity data. Should this risk materialise on a large scale, there may be a negative impact on consumer outcomes. We note that at present:

- Consumer engagement is relatively high due to the nature of the product and the way that it is purchased.
- We have not seen evidence of the detriment or harm that consumers are experiencing as a result.
- Relatively few airlines do not engage with the DCT channel at all, though a greater number appear to be doing business with more restrictive terms.
- Any CMA intervention would only affect airlines based in the UK or flying from UK airports and would therefore not be an effective remedy, even if competition was found not to be working well.  

19. If the identified risk does materialise there may be cause to intervene, but any intervention might be best conducted through an international forum given the international nature of both airlines and online travel agent (OTA) and metasearch engine (MSE) operators. We note that the European Commission is currently considering restrictions on the ability of DCTs to access flight data, together with a number of other issues relating to the distribution of airline tickets. Furthermore, there are currently a range of developments in the nature and functionality of DCTs (such as the introduction of direct, or facilitated, booking on MSEs and the presence of widgets included within search results) and it is not clear that access issues cannot be addressed through standard commercial negotiations.

20. A parallel example of where significant suppliers chose not to engage with DCTs is in general insurance (and indeed some brands such as Direct Line and Aviva actively advertise that they do not). This has an almost exclusively

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7 This worsening access to inputs may be either as a result of suppliers choosing not to sell through the DCT channel or seeking to control how supplier data is used.
8 In a market investigation, for example, action would require the CMA to identify features in a market giving rise to an adverse effect on competition. In deciding whether to make a market investigation reference, the CMA considers the availability of effective remedies. See, for example, OFT 511 – Market Investigation References, which notes that the [CMA] might decide not to make a reference when it believes that no appropriate remedies by means of direct action by the [CMA] are likely to be available such as where a particular market is global in scope, and that any remedy for the UK would have no discernible impact on the way the market operated even in the UK.
UK impact and both insurers and DCTs are regulated by the FCA. We similarly do not see the need to take action though for different reasons:⁹

- The large insurance brands that are not listed on DCTs are owned by groups which do sell through DCTs using other brands.

- The active advertising of not appearing on DCTs while incurring significant brand and advertising expenditure provides a signal to consumers to shop around.

- Whilst the brands are relatively significant, they do not command individually or collectively a substantial market share and there are a large number of other brands available through the DCT channel. Across the market as a whole, insurers have adopted a range of sales and brand strategies with many brands being DCT focused.

⁹ The CMA’s powers under this study would be limited to making a recommendation to government or regulators. The following points are provided as an outline of relevant factors and are not based on a detailed review of general insurance markets.
Where can data be used to make comparison better?

21. During this study we have identified a range of data and inputs to which DCTs do not currently have consistent or reliable access.

Box 4: Where could data be freed to make comparison better?

**Consumer usage and existing product** – broadband, mobile, credit cards, energy and general insurance

**Tariff data** – mobile telephones and energy

**Product eligibility** – credit cards

**Product or supplier performance** – conveyancing, broadband, mobile

**Product data** – flights

22. Table 1 summarises the areas where there may be opportunity to improve access to data that we have identified during the course of the study, and the potential impact these may have on consumers’ ability to conduct effective comparisons.

Table 1: Opportunities to improve access to data

<table>
<thead>
<tr>
<th>Sector</th>
<th>Data</th>
<th>Impact and details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Telecommunications (Ofcom)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband (and fixed telecoms)</td>
<td><strong>Usage</strong></td>
<td>Lack of access restricts ability to identify most suitable tariff and inclusive allowance, requiring consumers to either find information or estimate.</td>
</tr>
<tr>
<td></td>
<td><strong>Property specific speed data</strong></td>
<td>Consumers provided with information on 'up to' speeds by postcode and unable to conduct comparison of real-life speeds of different types of internet connection.</td>
</tr>
<tr>
<td></td>
<td><strong>Availability</strong></td>
<td>Inconsistent availability information can lead to wasted effort in comparing and choosing packages that are not available and disjointed consumer journeys.</td>
</tr>
<tr>
<td></td>
<td><strong>ISP performance</strong></td>
<td>Comparisons unable to consider relative performance of ISP such as on up-time and reliability. Ofcom has made some data available but this has not been used by DCTs.</td>
</tr>
<tr>
<td>Mobile telecoms</td>
<td><strong>Network coverage and availability</strong></td>
<td>Comparisons unable to consider relative performance of network.</td>
</tr>
<tr>
<td></td>
<td><strong>Usage</strong></td>
<td>Lack of access restricts ability to identify most suitable tariff and bundled inclusive allowances.</td>
</tr>
<tr>
<td></td>
<td><strong>Tariff</strong></td>
<td>Incomplete tariff information prevents detailed analysis and identification of most appropriate bundle or tariff.</td>
</tr>
<tr>
<td>Sector</td>
<td>Data</td>
<td>Impact and details</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Energy (Ofgem)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mains electricity and gas</td>
<td>Consumer usage</td>
<td>Lack of access restricts ability to identify most suitable tariff.</td>
</tr>
<tr>
<td></td>
<td>Tariff data</td>
<td>Access to tariff data often requires web-scraping and comparisons may be inaccurate.</td>
</tr>
<tr>
<td></td>
<td>Switch initiation</td>
<td>Lack of common approach complicates completion of switching.</td>
</tr>
<tr>
<td><strong>Air travel (CAA)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flights</td>
<td>Timetable data</td>
<td>Comparisons incomplete or potentially inaccurate.</td>
</tr>
<tr>
<td></td>
<td>Amenity data and fees</td>
<td>Consumers unable to filter results for relevance and preference.</td>
</tr>
<tr>
<td><strong>Financial Services (FCA)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit cards</td>
<td>Eligibility</td>
<td>Eligibility tools are being used by some DCTs but not all card issuers choose to use them. The likely cost of credit is not always known in advance of application.</td>
</tr>
<tr>
<td></td>
<td>Consumer usage</td>
<td>DCTs currently require consumers to identify relevant cards based on self-identifying what their needs are.</td>
</tr>
<tr>
<td><strong>Home insurance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home insurance</td>
<td>Existing cover details</td>
<td>Consumers unable to easily receive quotes on a like-for-like basis with their existing policy.</td>
</tr>
<tr>
<td><strong>Motor insurance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motor insurance</td>
<td>Claims histories</td>
<td>Consumers required to provide information which they may not have full or ready access to.</td>
</tr>
<tr>
<td></td>
<td>No claims discount data</td>
<td>Consumers required to provide information which they may not have full or ready access to.</td>
</tr>
<tr>
<td></td>
<td>Driving licence and endorsements</td>
<td>Available through MyLicence programme but very low take-up.</td>
</tr>
<tr>
<td></td>
<td>Existing cover details</td>
<td>Consumers unable to easily receive quotes on a like-for-like basis with their existing policy.</td>
</tr>
<tr>
<td><strong>Government held data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conveyancing</td>
<td>Property transaction and conveyancing data</td>
<td>The Land Registry and HMRC capture data on property sales which include the identity of the professional conducting the conveyancing and the timeliness and accuracy of the filing of returns. Currently only available to DCTs by submitting periodic FOI requests.</td>
</tr>
<tr>
<td>General</td>
<td>Identity verification</td>
<td>Consumers may have to verify identity or enter personal data multiple times when accessing different services.</td>
</tr>
</tbody>
</table>

Source: CMA analysis.

**What would be the potential impact of addressing these issues?**

23. The issues we have identified are those that stakeholders have told us are affecting consumer outcomes. Addressing these data access issues may impose additional costs for regulators, suppliers and DCTs, with further ongoing costs to suppliers and DCTs in implementing new data structures and infrastructure.

24. Any regulatory or industry action to address these issues would need to balance the costs and benefits of any intervention and the likelihood and ability of DCTs to use and incorporate this enhanced access to inputs.
However, if action were to be taken and DCTs were willing and able to incorporate these inputs, what might the consumer experience be?\textsuperscript{10}

(a) In broadband, we would expect that consumers might have a similar presentation of information but with more accurate metrics on speed and new indicators of service reliability. At present consumers are unable to compare products on a fundamental aspect of service quality and are focused to compare on price. Consumers can also experience journeys that are fruitless or lead to dead-ends as a result of incomplete information on service availability. Consumer engagement is likely to decrease if consumers repeatedly find difficulties in shopping around, but can be used to offer improved functionality. Access to property-specific availability and customer data usage might allow DCTs to dim or filter offers that are not relevant or do not match a consumer’s needs.

(b) In credit cards, cards for which consumers are not eligible could be filtered or dimmed and rates quoted would more accurately reflect those that consumers would receive.

(c) In energy, consumers would need to enter less data and DCTs would be able to provide more accurate tariff data. DCTs could use accurate usage patterns to better identify the best tariff and prompt consumers to switch when prices or behaviours change. DCTs which are funded by consumer subscriptions could provide whole of market coverage without having to negotiate with a large number of suppliers to gain access to their API documentation to facilitate switching.

(d) In flights, comparisons could be more comprehensive through the inclusion of richer data on a wider range of consumer preferences and allow consumers to factor in considerations other than headline price or flight time.

(e) In general insurance, consumers could be presented with quotes for policies which offer similar levels of cover. Products with lower levels of cover could be presented at an inclusive price to include relevant add-ons.

(i) In motor insurance, consumers would need to enter fewer pieces of information and insurers would be more confident of the accuracy of drivers’ claims history and driver behaviour. Accidental or deliberate

\textsuperscript{10} Whilst the consumer experience might change with a greater variety or quality of information, it is not possible to state how consumers would engage with that information.
insurance fraud at the point of application would be reduced and premiums potentially decreased.

(f) In mobile telecoms, consumers could reliably be advised of which tariffs are most suited to their use and which networks provide the best service in places and areas that matter.

(g) In conveyancing, consumers would be able to see metrics of specialism, quality and performance of conveyancers in addition to price.

25. By addressing a lack of access to inputs the quality of comparisons and the consumer journey could be improved, leading to enhanced consumer outcomes.

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11 For example the relative experience of a conveyancer in handling leasehold sales.
General approaches regulators and government can take

26. In this section we outline general approaches to improve DCTs’ access to data as a way of improving consumer outcomes by either improving the consumer experience of DCTs or the quality of comparisons. The applicability of these approaches will vary by sector and would be subject to a regulator’s assessment of competition and market conditions, within the context of their statutory powers and ability to enforce, facilitate or encourage change.

27. In different circumstances regulators may wish to either use their statutory powers to mandate action or act to facilitate approaches to coordinate industry cooperation. However, where mandating certain approaches is not possible, or not proportionate, regulators could consider how to incentivise suppliers and DCTs to engage with new initiatives.

28. Regulators have sought to increase consumer engagement and improve consumer outcomes in a variety of ways. We have identified five general approaches which regulators, government and industry bodies have taken and set them out in the box below.

Box 5: General approaches

We recommend that regulators and government should incorporate the following five approaches when designing interventions to address poor consumer outcomes.

- **Acting as a catalyst for innovation** – taking action to encourage the market to innovate by proactively encouraging and incentivising the market to address consumer detriment. This includes challenge funds and prizes and non-financial support to encourage the development of services with desired functionality.

- **Developing infrastructure and interfaces** – putting in place the structures to develop industry-wide approaches to data interchange and access to supplier, regulatory and DCT data. This includes developing open APIs and standardised metadata.

- **Improving DCT access to comparable product information** – taking action to make supplier data available and particularly in common formats and structure. This might range from working with industry to identify standard products and add-ons or in certain cases compelling the sharing of product information with DCTs and other third parties.

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12 We note the importance of ensuring that any such industry cooperation should not risk impeding innovation.
Improving DCT access to consumer information – taking a range of possible actions to help consumers by improving their ability to access and share data held about them. This might include taking steps to give the consumers the right to grant DCTs permission to access personal data held by incumbent suppliers, DCTs and government to deliver more accurate and relevant comparisons.

Facilitating comparison with open data – taking action to improve the availability of information on suppliers to DCTs and others. Relevant data held by regulators and government on suppliers and products should be published in a machine-readable format under a suitable open data licence with appropriate frequency.

29. We set these out in greater detail below and illustrate with real world examples of how regulators and others have sought to improve how DCTs can support consumers as well as the challenges they have faced.

30. These approaches are in part sequential – first, establishing the mechanisms to effect change, second developing the underlying infrastructure to allow data exchanges and third improving the availability of data. However, in different circumstances different approaches will be possible or necessary and every situation will need a carefully tailored approach.

Acting as a catalyst for innovation

31. Where regulators identify issues, either in relation to market outcomes or specific barriers to innovation, they are typically in a good position to either bring a sector together to address those issues or to effect direct change.

32. We identified two approaches (and outlined below) that might be adopted by regulators to drive innovation. They might be implemented in their own right or sit alongside a regulatory requirement imposed on participants to deliver a specific outcome. For example, an Order arising from a market investigation requiring a certain outcome might be delivered by either of the approaches below.

Sponsoring development of shared technology

33. In markets where there are a large number of participants and particularly where third parties play a significant role, regulators can act as a sponsor to innovation. Sponsoring innovation could offer potentially significant benefits to a market by overcoming misaligned incentives and coordination issues. By acting as a sponsor, regulators would be in a much better position to ensure that the scope of any development addresses the concerns of as wide a range of stakeholders as possible (most notably the needs of consumers).
34. This sponsorship could extend to a wide range of approaches, from simply ‘getting the ball rolling’ by convening a cross-industry event to setting the parameters of development and ensuring open access to any resulting technology. In markets where there are strong trade associations or industry bodies, regulators might however choose to reflect on which body would be the most effective sponsor of innovation and indeed might only need to offer a strategic steer or offer periodic regulatory comfort.

35. Regulators need to be clear on the outcome that they wish to achieve while ensuring that their actions do not distort a market, particularly where subsequent new entrants are unable to share in the rewards of sponsored innovation.

**Financing innovation**

36. Where a market has failed to address the needs of consumers and there is evidence of detriment, regulators could alternatively consider how to encourage individual businesses to address any shortcoming.

37. The use of challenge funds and prizes is one way of actively encouraging innovation and development.\(^{13}\) Where a regulator does not have financial resource to finance such an approach, there might be scope to engage suppliers, DCTs or other potential financial backers to identify willingness to contribute to the prize. The willingness of third parties to contribute financially will however depend on the perceived benefit that will accrue to them. For example, DCTs might be more willing to fund a prize to develop an interface that allowed them greater access to supplier data.

\(^{13}\) Such prizes are not however a new development and date back to at least the 18\(^{th}\) Century, such as the Longitude Act 1714 which created the Board of Longitude to make rewards to innovation in aiding measuring longitude.
Box 6: Banking – challenge fund

The CMA’s market investigation into retail banking found that small businesses lack tools providing comprehensive information about bank charges, service quality and credit availability.

To promote innovation and the development of a comparison tool to take advantage of the open banking standards that were part of the CMA’s remedies, the CMA also made a recommendation to Nesta to establish a challenge fund, which was supported by the CMA requiring banks to provide Nesta with financial backing and technical support.

The “Open Up Challenge” is a £5 million fund, allocated through development awards and prizes over two stages. The challenge has a broad scope that includes generating recommendations on bank accounts, loans and financing and providing tax services. Participants have access to anonymised transaction data, APIs aligned to the Open-Banking initiative and technical advice.

Developing infrastructure and interfaces

38. Separate to the specific mechanics of how to drive and deliver innovation as discussed above, is the ability of DCTs to interface with suppliers and third parties. While individual suppliers and third parties may have developed their own well-functioning interfaces and other aspects of infrastructure, there are benefits to developing common approaches.

39. Application Programming Interfaces (APIs) allow two systems to communicate through structured commands and data flows. Open APIs offer a common standard for an industry and can be used by any party.14

40. Open APIs have significant potential to help DCTs access the inputs they need and could be developed across sectors to facilitate access to range of data which might, for example, include:

(a) A consumer’s current and historic usage.

(b) Comprehensive tariff and pricing information.

(c) Current product specification.

(d) Consumer data held by DCTs.

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14 However, access to systems can be controlled through user usage agreements.
(e) Product performance.

41. The benefits of developing and implementing standard APIs, and open APIs in particular, across an industry are broad and are driven by increased simplicity for DCTs and suppliers. Without an industry standard approach suppliers may need to develop their own API to provide an interface with third parties such as DCTs, which in turn would require DCTs to manage multiple interface architectures. Regulators can play a useful role in bringing together multiple parties to agree a common approach.

42. In addition to the simplification from a DCT’s perspective there is also benefit to suppliers and particularly new entrants. Without common standards, a DCT would need to incur potentially significant costs for each additional supplier included on its panel. Instead the use of a common API reduces much of the cost to both suppliers and DCTs. Furthermore, where the market develops and an interface needs further development, only one set of development and implementation actions are required by both suppliers and DCTs.

43. APIs can also play a role in providing access to data other than that held by suppliers. For example, at present most DCTs that access consumer usage from an incumbent supplier require the consumer to provide their log-in details. Where consumers provide log-in details they may be liable for any subsequent fraud and DCTs may not wish to hold such sensitive information.

44. Developing an API that facilitates secure delegated access could reduce a significant amount of friction in the consumer journey. By encouraging suppliers to adopt secure delegated access, DCTs can be authorised by consumers to access relevant information in their user accounts without compromising their log-in details. Access can be controlled or revoked by consumers and can be provided on an ad-hoc or ongoing basis.

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15 This is of greatest issue in financial services or where a consumer uses a common password across websites.
16 Which is needed for digital concierge services and consumer prompts.
Box 7: Open Banking – developing open APIs

The CMA’s market investigation into retail banking found that competition between banks was not working as well as it could. To address this, issue the CMA proposed a range of measures, which at its heart had a requirement for banks to develop a standard open API for banking data.

Open Banking will enable personal customers and small businesses to share their data securely with other banks and with third parties. This will enable them to manage their accounts with multiple providers through, for example, a single digital ‘app’. In turn this will help consumers and businesses to take more control of their funds (for example to avoid overdraft charges and manage cashflow) and to compare products on the basis of their own requirements.

The development of open banking APIs has been aligned to the requirements of the Second Payment Services Directive (PSD2).

Improving DCT access to comparable product information

45. Suppliers hold data which could be relevant to providing comparisons, but this may be stored, extracted and presented in a range of formats. In some markets a range of issues may mean that the DCT channel is underdeveloped either in respect of supplier engagement or the information provided.

46. For products where it is difficult to judge quality or compare features, regulators might seek to develop or coordinate a sector-wide set of quality indicators or metrics to help consumers compare products on more than price.
Box 8: Value measures in general insurance

The FCA found that consumers buying insurance find it difficult to assess value due to the lack of a commonly available and accepted measure. In addition to its work on add-on indicators the FCA is also conducting a pilot of publishing ‘value measures data’ for home insurance and three products commonly sold as add-ons to either home or motor insurance. The data includes:

- Claims frequency\(^{17}\)
- Claims acceptance rate\(^{18}\)
- Average claim pay-out value

This information is not primarily intended to be used directly by consumers but could be used by various parties such as consumer groups or journalists to provide insights to consumers. However, in this and other sectors DCTs could use similar data to provide indicators of product performance.

47. In markets where products are commonly sold with a core element and a number of add-ons, consumers may struggle to make like-for-like comparisons. Regulators might seek to work with industry to develop a common set of indicators of what is or is not included. However, caution is required to ensure that consumers’ attention is not focused on an arbitrary set of product features which do not drive good consumer outcomes.\(^{19}\) Where such an approach is adopted, periodic review of the scope of the indicators may be useful to ensure their relevance.

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\(^{17}\) How often consumers are claiming on their insurance policies – calculated as the number of claims registered, divided by the average number of policies in force.

\(^{18}\) How likely claims are to be accepted – calculated as the number of claims registered less the number of claims rejected, divided by the number of claims that have been registered.

\(^{19}\) The inclusion of information in a comparison is likely to draw attention (or affect behaviour) – deciding what information is presented is therefore important in anticipating consumer behaviour.
Box 9: Add-on indicators in general insurance

The FCA found that whilst PCWs provided choice in the number of providers and products available, they had not always taken reasonable steps to ensure consumers had the appropriate information to allow them to make informed choices.

The FCA found PCWs were using ‘green ticks’ and ‘red crosses’ to indicate whether a feature or cover was included or not included but that this was found not to be consistently presented and in some cases this merely reflected whether an add-on was available rather than whether included by default.

The FCA issued ‘non-handbook guidance’ to PCWs with changes to be implemented by April 1 2016 which required PCWs to present information earlier in the consumer journey, so that it was available before engaging with the ‘buy now’ button.

Some insurers have not been able to provide DCTs with the necessary data feed to support the inclusion of indications. As a result, DCTs have been trying to rely on third party data to present this information.

Example presentation

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<tr>
<th></th>
<th>Add-on A</th>
<th>Add-on B</th>
<th>Add-on C</th>
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<tr>
<td>Insurer 1</td>
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<tr>
<td>Insurer 2</td>
<td>Add for £20</td>
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48. In some circumstances, it may be necessary to require suppliers to engage with DCTs. For example, where there are poor consumer outcomes regulators could consider whether requiring suppliers to list on DCTs would be an effective or proportionate approach. Such approaches need to adopted with caution to ensure that competition between sales channels is not distorted.
Box 10: Evolving approaches to addressing competition issues through comparison

The CMA and its predecessor bodies have used price comparison websites as part of remedies packages to address problems in a range of markets. Over time our approach to the use of PCWs has developed to reflect both circumstance and experience. In studies on extended warranties and home credit industry participants have been required to establish PCWs. However, since our market investigation into payday lending we have focused on putting in place the conditions needed for commercial operators to have access to the inputs they need.

In 2006, as a result of the CC’s market investigation into Home Credit, the largest lenders were required to fund an independent PCW. In 2013 the CC reviewed its effectiveness and found the site was only used by 2 per cent of the market each month and usage was falling and its effectiveness was limited by a lack of ‘click-through’ functionality, both to and from lenders’ websites. In subsequent remedies design we have reflected on the need to ensure appropriate incentives to both DCT operators and suppliers to promote DCTs to drive use.

In 2012, following its review of extended warranties, the OFT accepted undertakings from two retailers to establish and promote an independent PCW. The effectiveness of the PCW has been affected by the limited range of extended warranties listed, of which the majority can only be purchased from the retailer that sold the product and includes minimal information on warranties available from third parties.20

In payday lending, we found that most lending was carried out online, with a substantial volume coming through intermediaries including several commercial PCWs. Our remedies required lenders to list their products on at least one FCA-authorised PCW and to include a prominent link on their home pages to at least one PCW. There was a presumption that lenders would be required to commission a PCW only as a last resort in the event that no third-party PCW was operating.

The evolution of the CMA’s approach to the use of comparison tools can be seen to continue in our banking remedies in relation to providing access to consumer data through open APIs (as discussed above) and the use of regulatory data in legal services (discussed below).

49. Short of mandating that suppliers use DCTs as a sales channel (or are simply required to make their product information available) regulators can also use different approaches where there is a wariness from suppliers about engaging with DCTs. This might include the production of guidance where there are regulatory concerns about selling or generating leads through a DCT.

20 Professor Amelia Fletcher included home credit and extended warranties remedies in her assessment of demand side Remedies for Which? and noted a number of reasons why they had not had significant impact. Amelia Fletcher, The role of demand-side remedies in driving effective competition, 7 November 2016.
In our market study on legal services we found that consumers struggled to access information on price, service and quality.

In addition to improving the quality on information provided by legal services providers we also recommended that legal services regulators should publish their respective relevant data in a cross-profession machine-readable format.

We were told that some legal services providers might be deterred from engaging with DCTs that included ratings and reviews. To address this, we also recommended that regulators should provide guidance on how to engage with online customer feedback without risking legal professional privilege and client confidentiality.

Regulators have published action plans in June 2017 on how they will take forward our recommendations.

**Improving DCT access to consumer information**

50. In thinking about how regulators can make shopping around easier, we were very conscious of the effort required by consumers to generate comparisons. Much of this effort arises from the volume and accessibility of data needed to be input into the DCT upfront.

51. In some sectors DCT need only a small volume of consumer information, but this information might not be readily at hand when a comparison is conducted, or a consumer might not understand where to find and interpret information. Where DCTs can make this easier for a consumer, such as by automatically accessing information held by suppliers or others, consumers are more likely to complete a comparison.

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21 For example, Money Advice Service research found that depending on format 10-25% of people were unable to identify the balance on a bank statement. Money Advice Service, *Barriers and Building Blocks*, October 2015.
There is an ongoing rollout of smart meters for energy in the UK. Smart meters should collect accurate daily usage information which energy companies can use to ensure accurate billing and eliminate the need to issue estimated bills.

Giving DCTs access to smart meter data on an ad hoc basis would potentially make the consumer journey shorter, or the results more accurate.

Allowing access on a continuous basis (subject to consumer authorisation) would allow further innovation and development of concierge services, which could allow DCTs to suggest alternative tariffs in response to changes in usage patterns.

We are aware however that privacy concerns have led to modifications to the rollout of smart meters in some countries and unless consumers trust DCTs to use and store data responsibly, relatively few consumers may use any enhanced functionality.

However, this is contingent on consumers trusting a DCT to have access to their information. As discussed above, facilitating secure DCT access is a crucial step to increasing trust, but the reliability and accuracy of a comparison is likely to be reduced where a supplier does not actively facilitate access via an API.

One DCT we spoke to which wanted to provide tailored comparisons in fixed and mobile telephony told us that it struggled to access consumer data.

Its approach to comparison meant that it did not need to store any consumer data, and did not want the associated risk of holding personal data. However, because suppliers do not facilitate access to consumer usage the only way it could access information was by asking consumers to enter username and password for their incumbent provider.

Usage data was then accessed through automated scraping but this was unreliable and was affected by any changes to a supplier’s website.

Consumer outcomes are therefore likely to be improved if regulators can encourage or require suppliers to improve access. The implementation of the General Data Protection Regulation (GDPR) will mean that consumers have a right to access data held on them. Given this regulation applies to the...
economy as a whole, there are significant opportunities for regulators to work with stakeholders to encourage a common approach.

54. However, consumer data is not only held by suppliers – it is potentially held by government, third parties such as credit reference agencies and by DCTs. There are important policy implications about whether regulators should improve DCT access to consumers’ data held by other DCTs, as well as legal considerations, such as in relation to data protection. The information held by DCTs as part of offering a user account function reduces consumer effort when renewing their insurance or shopping around in a range of sectors.

55. Facilitating greater access to rival DCTs’ data holdings may be one way of addressing concerns over the level of single-homing on DCTs but might distort DCT incentives to develop certain functionality. Under GDPR, consumers will have greater rights to access this information, but a more effective approach might be to promote and facilitate DCT access to supplier-held information.

56. GDPR may offer specific opportunities in individual sectors. In general insurance (namely home and motor) consumers are required to answer large numbers of questions to generate quotes to a far greater extent than other sectors.22 The FCA could for example work with DCTs and insurers to help consumers to port or transfer answers and inputs provided to one DCT to others. However, supporting consumers being able not only to access, but use their data is something that might best be addressed by regulators collectively.

57. Government, regulators and public bodies also collectively hold large amounts of data on consumers and businesses in a range of databases. This information may be relevant to DCTs and others, and there may be scope for the state to facilitate consumers providing access to this information to DCTs and suppliers. One example is the ability to use a vehicle registration number to identify a specific make, model and specification of car. As a result, consumers need to enter fewer pieces of information, reducing friction in the journey, and insurers can take greater confidence in the accuracy of information submitted.

58. However, even if DCTs have access to data there may be further barriers to it leading to improved consumer outcomes. For example, through the MyLicence scheme, DCTs and insurers can access DVLA-held information on an individual’s driving licence – including the exact length a driver has held

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22 Whether that is using a DCT or directly with an insurer.
their licence, the vehicles an individual is legally allowed to drive and any motoring penalties or convictions. If insurers selling through DCTs implemented the MyLicence scheme, this could further reduce the number of fields in the consumer journey. However, due to low uptake by insurers less than 1% of all quotes take advantage of this service.

Box 14: Accessing government and supplier held consumer-related data: MyLicence

MyLicence, which launched in 2014, allows businesses (including DCTs) involved in the sale of car insurance to access DVLA held data on individuals’ driving licences as well as evidence of no claims discounts (NCDs) held by individual insurers. It was developed at the request of the insurance industry by the Motor Insurance Bureau and the Association of British Insurers in collaboration with the DVLA.

It is estimated that automating validation of driving licence data by insurers could reduce insurance premiums by £15 per policy.

At present, DCTs include Driving Licence Number (DLN) as a voluntary field on the quote journey. However, because only a small number insurers have incorporated My Licence, DCTs also require users to enter information that My Licence would otherwise provide.

The proportion of users supplying this varies across DCTs with between 20 and 45% of users providing a DLN. Despite this, less than 1% of the 14 billion motor insurance quotes generated each year are automatically validated using DVLA data.

Future proposals would include the ability to access a policy holder’s claims history, which would further reduce the number of questions consumers would need to answer.

If fully implemented by insurers, entering a driving licence number could eliminate a series of questions on how long a licence has been held, whether they have any endorsements on the licence and remove the need to post a certificate of NCDs. In turn this would reduce error and fraud, and ensure appropriate insurance cover or consumers. It has been estimated that the scheme would provide cash benefits to insurers of £140 billion if widely adopted.

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23 At present only driving licences issued in Great Britain (that is excluding Northern Ireland and the Isle of Man).
24 We understand that the main barrier to greater use is the need to develop interfaces with the relevant databases and incorporate into the systems used to generate quotes. Likewise, there is no incentive for DCTs to request, receive and distribute the data unless insurers are willing and able to receive it.
Low levels of uptake appear to relate to the prioritisation and the cost of making changes to insurers systems. Our discussions with stakeholders suggested there is appetite for wider adoption of MyLicence but despite significant financial and non-financial benefits there is a lack of coordination both across the insurance industry and between DCTs and insurers. The Motor Insurance Fraud Taskforce has recommended that more insurers should engage with tools such as MyLicence.

59. A key challenge of increasing accessibility of data is ensuring that personal data is kept securely and that only authorised persons can access it. In some cases this may simply ensuring that appropriate security is built into APIs and authorisation of third party access (as discussed above). However, in some circumstances, data holders may wish to gain greater comfort as to a user’s identity when allowing online access and releasing data.

60. This need to verify identities online is likely to also be of relevance to government and acquiring suppliers. Regulators may therefore wish to encourage the adoption of identity verification schemes to make switching and accessing customer information much smoother.

**Box 15: Online identity verification**

As part of the study we are aware of two significant initiatives to improve consumers’ ability to prove who they are online, and to give assurance to government or businesses that they can be confident in knowing the identity of their customers.

- In the public sector the Government Digital Service has launched [GOV.UK Verify](https://www.gov.uk/verify), with a number of commercial partners, as a way for citizens to verify their identity to access government services.

- In the private sector the [Open Identity Exchange](https://www.openidentityexchange.org/) is working to promote open standards for digital identity services.

Both these initiatives seek to allow individuals to validate and verify their identity once and use that verification to ease access to services, whether it be making a benefit claim or opening a bank account.

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25 There are two possible approaches to implementation: one is for the DCT to pull the data from DVLA and distribute it to insurers in place of the current questionnaire fields and the other (as is currently implemented with a small number of insurers) is for DCTs to capture the DLN and share this with insurers which then pull data from the DVLA. The Motor Insurance Fraud Task Force found that the key barrier to take up is regulatory changes to systems taking priority.
Facilitating comparison with open data

61. Regulators and government often hold a wide range of information on businesses. Where this information is systematically collected and subject to some form of quality assurance, there may be scope for using it to support DCTs and other intermediaries.26

62. This data could be included in comparisons by adding relevant, directly comparable information, or providing further information to add context to a supplier’s offering. Examples of data that might be held and published might include:

- Product performance including standard scorecards.
- Regulatory complaints and conduct for suppliers.

63. Even making available relatively basic data from regulatory registers could assist new DCTs in first identifying suppliers to contact and second providing a core dataset with basic but accurate data. Such approaches may be particularly effective in fragmented markets.

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26 There may, however, be statutory restrictions on the use of the data, either prohibiting publication or requiring consent from relevant parties. For example, the Legal Services Act 2007 restricts the ability of the Legal Ombudsman to make available certain elements of complaints data.
Box 16: Making regulatory data available: Legal Services

In our market study on legal services we identified that there were relatively few sophisticated comparison tools. Operators of comparison tools told us that they struggled to engage legal services providers to either join their panel or provide up to date, accurate information.

As part of our assessment we also set out the range of information that was potentially available to be included in a single aggregated regulatory database (see below). We recommended to the eight front-line regulators to collaborate to publish their respective regulatory data in a consistent machine-readable format.

The front-line regulators are working to implement our recommendation by agreeing a common set of data that they will each separately publish, with the potential for that data to then be hosted on a new platform being developed by the Solicitors Regulation Authority.

64. Government departments publish data on a range of subjects, some of which is on an open data licence that allows for its reuse. However, care is needed to ensure that the licence that regulators publish data under is appropriate with minimal, proportionate restrictions where necessary.

65. An example of how open data can be made available but ineffective would be where a regulator or government places a strict liability on a data user for any subsequent use or republication (even where a third party could readily access that data direct). Such a liability would deter legitimate use and stifle innovation.
66. Regulators and government should therefore make sure that any publication of data is subject to appropriate consultation where restrictions are placed on its use.

67. It is important to also recognise that relevant data might be held by a wide range of regulatory and public sector bodies and that data owners may not always be the best placed to identify the potential use of data held by the state. Where data is published by the state it should also be supported with appropriate metadata to allow it to be readily discoverable and usable.

Box 17: Supplier data held across government: conveyancing

As part of our work on legal services we spoke to the operator of a company providing a range of data for use in conveyancing and was considering launching a consumer-facing DCT.

The company currently uses freedom of information requests to government to access information on the performance of conveyancers (such as time taken to file Stamp Duty Land Tax returns) and the balance of their workloads (for example between freehold and leasehold) to flag to other conveyancers the experience of the other party’s conveyancer.

Providing this data as part of the government’s standard catalogue of open data would increase the usability of the data and provide improved timeliness.
Previous interventions to improve DCT access to inputs

68. In the table below, we set out a summary of key previous interventions made by the CMA, its predecessor organisations, the Office of Fair Trading (OFT) and the Competition Commission (CC), and other bodies to improve DCT access to inputs, or to use DCTs.

Table 2: Previous interventions

<table>
<thead>
<tr>
<th>Sector</th>
<th>Issue and DCT related interventions</th>
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<tbody>
<tr>
<td><strong>Home credit (CC 2006)</strong></td>
<td><strong>Home Credit Market Investigation</strong></td>
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<td>The CC found that a lack of competition in the home credit market from other credit products, new entrants, or among the home credit providers themselves, meant that customers paid higher prices for their loans than would be expected in a competitive market.</td>
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<td>The CC required lenders to publish prices on a website where customers could compare the prices of loans on offer.</td>
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<td>In 2013 the CC found that the PCW that had been put in place (LendersCompared.org) had some positive impact, but was only used by 2 per cent of the market each month and usage was falling.</td>
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<td><strong>Extended warranties (OFT 2012)</strong></td>
<td><strong>Market Review of Domestic Electrical Goods</strong></td>
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<td></td>
<td>The OFT found that there was limited shopping around by consumers and a persisting retailer point of sale advantage which restricted competition in the sale of extended warranties.</td>
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<td></td>
<td>Three large retailers offered undertakings in lieu (UILs) of a reference to the CC. The UILs included maintain and publicise an independently operated extended warranties price comparison website, to make shopping around easier.</td>
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<td></td>
<td>A website <a href="http://www.compareextendedwarranties.co.uk">www.compareextendedwarranties.co.uk</a> was launched in July 2013. Professor Amelia Fletcher found in 2016 that only four suppliers were included on the site, three of which were retailers. All three retailers only supplied extended warranties if sold alongside the domestic electrical good. There was only one insurer on the site selling stand-alone extended warranty cover.</td>
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<tr>
<td><strong>Private Healthcare (CC/CMA 2014)</strong></td>
<td><strong>Private Healthcare Market Investigation</strong></td>
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<td>The CMA found that there was a lack of publicly available information on healthcare performance and fees and that this adversely affected competition in the market.</td>
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<td>Sector</td>
<td>Issue and DCT related interventions</td>
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<td>The CMA required the establishment of an Information Organisation that hospitals must provide data to. The Private Healthcare Information Network (PHIN) was appointed as the Information Organisation. The information that will be made available through PHIN includes mortality rates, infection rates, the number of patients readmitted to hospital following surgery, the number of patients transferred to an NHS hospital from a private hospital, as well as measures of patient satisfaction and measures of improvement in healthcare outcomes following treatment.</td>
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<td>Payday lending (CC/CMA 2015)</td>
<td><strong>Payday Lending Market Investigation</strong>&lt;br&gt;<strong>Borrowers were not shopping around</strong> and took out loans on the basis of availability of credit rather than price. PCWs that were present were not presenting information in a way that would be useful to borrowers. All payday lenders were required to list on at least one independent, FCA authorised PCW of their choice and include a link on both their home page and on a summary of the cost of borrowing presented to consumers on payment of the loan. The FCA introduced additional standards for payday lending PCWs that set out requirements on default ranking, presentation of cost information and preventing commercial incentives affecting presentation.</td>
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| Energy (CMA 2016) | **Energy Market Investigation**<br>**Low levels of consumer engagement** meant that consumers were not taking advantage of the benefits of switching. Recommendation to DECC (now BEIS) to:  
- Require all suppliers to be required to participate in Midata  
- Improvements to the range of data captured by Midata  
- Giving PCWs the ability to access Midata on a periodic, ongoing basis. BEIS has conducted a consultation on data access, the results of which have not yet been published. The Electricity Central Online Enquiry Service (ECOES) database includes certain data to assist electricity suppliers in the transfer of customers, while the Single Centralised On-Line Gas Enquiry Service (SCOGES) database comprises similar data for gas. |
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<th>Sector</th>
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<tr>
<td>Banking (CMA 2016)</td>
<td><strong>Retail Banking Market Investigation</strong>&lt;br&gt;The CMA found <strong>low levels of customer engagement</strong> and weak response to new entrants and innovation which had led to stable market shares for the largest and oldest banks.&lt;br&gt;Pricing of overdrafts was complex and confusing and there was wider problem that even for these in credit, it was <strong>difficult for customers to work out whether their current account provider was offering them the best value</strong>&lt;br&gt;The CMA mandated the introduction of Open Banking – a single set of standard openly available APIs, with a requirement on banks to allow third parties to access consumer and SME bank account details.&lt;br&gt;Banks must collate and publish statistics to provide measures of performance and customer satisfaction.&lt;br&gt;Banks were required to finance a challenge fund and provide example transaction data to encourage third party developers to design tools to allow businesses to find the most suitable financial products for them.</td>
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<td>General insurance (FCA 2015)</td>
<td><strong>General Insurance Add-ons Market Study</strong>&lt;br&gt;The FCA found that consumers are more likely to buy inappropriate or unsuitable products, or <strong>receive poor value for money when buying products as add-ons</strong>. Consumers were able to identify the cheapest primary insurance product but less able to identify the cheapest bundle of primary policy and add-ons.27&lt;br&gt;The FCA issued non-Handbook guidance on the sale of add-ons which includes providing information on at least the three most commonly-purchased add-ons in advance of the consumer proceeding into the transaction stage.&lt;br&gt;PCWs acting as intermediaries were expected to have these arrangements in place by 30 September 2016.</td>
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<tr>
<td>Credit cards (FCA 2016)</td>
<td><strong>Credit Card Market Study</strong>&lt;br&gt;The FCA found that some <strong>consumers with higher credit risk are dissuaded from shopping around</strong> due to worries about how multiple application searches impact their credit score.&lt;br&gt;The FCA also found that <strong>consumers valued PCWs but there were issues that may limit their effectiveness</strong> in helping consumers navigate product complexity.</td>
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<td>In its final findings report, the FCA announced a piece of cross-sector work over the next year by the British Bankers’ Association, the Finance &amp; Leasing Association and the UK Cards Association which will: assess the extent to which recent innovative market developments facilitate the ability for consumers to shop around. It will also identify areas where further enhancements may be helpful for customers. For example, opportunities to develop some industry standards for using quotation search tools. The FCA also said that opening up access to data as part of the wider work being undertaken by the Open Banking Working Group should – in time – enable consumers to search with greater accuracy for products and deals that match their individual usage patterns and needs. The FCA stated that issues related to PCWs more widely would be further explored as part of work for the UK Regulators Network and as part of the CMA’s market study of DCTs.</td>
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| Legal Services (CMA 2016) | **Legal Services Market Study**  
The CMA found that consumers struggled to access sufficient information on *price, service and quality* and there were low levels of shopping around.  
Due to the nature of many legal services, consumers found it particularly *difficult to assess quality in advance* when choosing a provider. DCTs which had entered the sector had found that providers were unwilling to engage with their platforms. The CMA made a number of recommendations to legal services regulators to help consumers access information on providers including increasing the impact of DCTs by:  
- Promoting the use of quality signals by providers and issuing guidance for providers on engaging with online reviews  
- Identifying and publishing relevant information on entities and professionals which can be made available to customers, DCTs and other third party intermediaries under an ‘open data’ licence.  
- Publishing relevant regulatory data in a standard format across all regulators and with consistent frequency.  
- Assessing the feasibility a single digital register across authorised professionals combining relevant regulatory and customer focused information.  
Regulators have published their action plans in response and will be consulting in Autumn 2017 on their proposed changes. |