



The Competition and Markets Authority

By e mail: RemediesMonitoringTeam@cma.gov.uk

Tuesday, 11 May 2021

Dear Sir/Madam,

Re: 'The future oversight of the CMA's Open Banking remedies'

DIGIMASS Limited response to 'The future oversight of the CMA's Open Banking remedies'

By way of introduction - DIGIMASS Limited has been founded - *To create a consumer-centric all-embracing free digital money advice service(s) and solution(s) to every consumer-in-need in the UK whilst remaining cognisant of the critical role played by the Free Advice Sector*

- DIGIMASS is a not-for-profit third sector organisation (TSO) created to orchestrate the delivery of knowledge on holistic digital debt management suitable for both debt advisers and their clients.
- We support the free-to-client money advice sector in both expanding its understanding of Open Banking digital technology and how this can be further developed to support the financially challenged and vulnerable consumer population across the UK.
- We will act as intermediaries for those commercial, governmental, technical and consumer communities and organisations that are critical in bringing about a holistic solution

The DIGIMASS team have a unique combination of knowledge and skills which spans consumers, commercial entities and the free debt advice sector with the additional benefit of having worked with OBIE.

We are highly experienced in relation to the world of credit, debt, consumer protection, regulatory change, consumer rights, organisational transition (including associated behavioural change) and more recently, digital applications across Open Banking.

We have worked at Board Level across the Financial Services sector, worked with Government departments, interacted with industry regulators and supported numerous Free Advice initiatives.

Most important of all we have had years of direct interaction with consumers in financial difficulty including those deemed to be vulnerable. To this end we have enclosed a copy of our paper Creating an Ecosystem that delivers outcomes to those consumers who require a holistic solution to managing their finances.

We believe that the Open Banking platform should be the foundation that supports consumers across all aspects of their finances including utilities, DWP and insurance to name but a few.

We are also committed to the empowerment of consumers when it comes to the control, management and utilisation of their own data, specifically to their own advantage as opposed to those commercial organisations that collect and hold such data at source.

Response

We welcome the open consultation paper issued on 'The future oversight of the CMA's Open Banking remedies' and are pleased to be able to make a contribution.

Our interest centres on consumers and their representation at your board and executive level and, whilst we may have views on other elements of the consultation paper, we have every confidence that these areas will be well represented by other responders.

Consumers can always be segmented into cohorts. Our focus is on those consumers who are less fortunate in managing their finances. We work within debt advice and debt management and see the huge potential for Open Banking to support those consumers who fall into this category. Our experience to-date shows that companies, as well as some advice services, are starting to utilise Open Banking to automatically populate income and expenditure details, which is a start. However, this tends to benefit the company or advice givers in maximising efficiency rather than supporting the consumers on an on-going forward flow basis with their payment plans.

We have therefore taken the opportunity to focus our response on the section 'Representation of consumers and SME's'.

It is important to note that all of our comments represent consumer rather than SME perspectives, but that these comments are on behalf of the millions of UK citizens, both current and future, who could and should benefit from what Open Banking can deliver.

It is our view that the construct of the membership and weighting of the Executive Board should reflect the profile of the end-users particularly as:

'The Future Entity prioritises end-users' outcomes and promises to be at the heart of the Open Data and Payments market'.

We have one generic comment to make which relates to the name 'Open Banking'. In working with the debt advice and debt management sectors it is clear that the word 'open' can be an inhibitor. It implies to consumers that the system lacks robust security, and because of this, consumers are wary of signing up to using the platform despite the

significant benefits that Open Banking brings to them. Indeed, our experience is that intermediaries, both advisory and commercial, still have similar concerns. Much of our time is spent reassuring them of the security protocols. Open Banking is an excellent name for the commercial sector, but consideration should be given as to how to promote the brand to consumers. Added to this is the association with the banking sector which implies ownership and control of both the technology and all the related data and again raises concerns and issues of mistrust.

Of primary concern to us is the suggestion that Open Banking becomes a membership organisation which is funded by the membership making it effectively a 'closed shop' to those who are commercially profiting from the technology. The consultation paper implies the membership, and their financial contribution to ongoing funding, could be weighted based on an algorithm yet to be determined. That clearly follows the current model of the CMA9 being allocated charges based on their customer market share. The result of such a model is that the future of consumers is placed back in to the hands of the commercial operators. Whilst we appreciate that TPP's would have a place on the Board, they collectively have become multi-billion-pound enterprises with significant funding being pumped into the sector to develop commercial profit generating entities.

We have therefore considered the above in considering our responses to each of your 3 key questions.

a) *Will the proposed arrangements ensure effective representation of consumer and SME interests? Would any alternative arrangements be more suitable?*

We consider consumer and SME is under-represented in this proposal. Our recommendation is to create additional Board positions to provide balance against what appears to be a bias towards supplier and delivery rather than recipient and end-user needs.

Open Banking was initially developed for the benefit of consumers and SME's and the proposal shown seems to appoint only one Board member to represent tens of millions of consumers versus six other Board members likely to represent the groups who deliver services to those masses.

In our experience consumers and SME's in both their application and use of Open Banking should not be merged to one single role. Skill sets, goals and objectives differ considerably depending on what services are being used or promoted through the Open Banking platform

We consider that two roles should be created to represent consumer on an exclusive basis, with one focusing specifically on financial wellbeing spanning both debt advice and debt management. SME should have separate representation over and above these two appointees. There is already significant opportunity for commercial operators to use Open Banking as a conduit for product promotion and re-sale

without due consideration for how the technology and its FinTech capabilities can be used to safeguard against over-indebtedness or minimise consequential risk.

b) Can the interests of consumer and SMEs be adequately represented by the same board member, say with support from the advisory committee?

As stated above we firmly believe in the development of Open Banking for the benefit of consumers and SME. This Board proposal feels heavily focused towards groups who deliver services rather than the end users. Advisory committees, whilst providing excellent input to Boards, do not have the same level of influence and therefore we stand by our recommendation to increase consumer representation at Board level. In addition, we would add that in our experience, care should be taken to ensure that the construct of advisory committees should equally be fairly represented and that each Board member should have a minimum of one advisory committee to call upon.

c) What process and criteria should be used to select the consumer representatives on the Board and Advisory Committee? Should there, for example, be a specific reference to the needs of vulnerable or less well-off consumers?

Frequently these posts are 'given' to candidates rather than undertaking an independent search of the marketplace and, as a result, we see the same names appearing on Boards and Committees across the entire sector. Whilst this may result in experienced candidates insofar as their knowledge of the sector is concerned, it also narrows the knowledge source and risks the loss of novel approaches, lateral thinking and productive input from 'disruptors'.

As an example, if banks were to nominate their own teams to participate at both Board and advisory level, the resultant population of both would probably result in appointees who are already part of that infrastructure.

We recommend that all roles should be advertised either via the web site and/ or through search recruitment groups. This would enable both experienced and new and emerging leaders of the future to be considered for each of the roles.

For the specific role that would represent consumer wellbeing it would be preferable to have knowledge of Open Banking, the debt advice sector and consumer debt management across all market sectors.

Ideal candidates would have the following knowledge and business acumen.

An in-depth understanding of Open Banking and Digital Conduits that are consumer inter-active

An in-depth understanding of the credit and debt management marketplace

Experience of delivering customer facing debt management and debt resolution across a broad range of sectors

Board experience preferably at Executive and Non-Executive level with financial related capabilities

A broad understanding of the Debt Advice sector and consumer related issues

We would welcome the opportunity to engage further on this topic with you but in the meantime should you require any clarification we can be contacted via support@digimass.org

Yours Faithfully

Mr Jan Mosiewicz
Board Member and Chief Executive Officer
DIGIMASS Limited