



## **The Consumer Council for Northern Ireland Response to the Competition and Market's Authority (CMA's) future oversight of Open Banking.**

### **The Consumer Council**

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

### **Consultation Response**

2. The Consumer Council welcomes the opportunity to respond to this consultation and we will focus more generally on the key issues we wish to raise.

2.1 The Consumer Council understands that the vehicle for delivering Open Banking (Open Banking Implementation Entity (OBIE)) was formed by the Competitions and Markets Authority (CMA) and was only ever meant to be a temporary entity deliver Open Banking. At this further stage of OBIE's development, UK Finance has recommended to the CMA that a new body be created to take over OBIE's functions. This new post transitional body should have broad-based funding and a clear governance model.

#### 2.2 Consumers at the heart of Open Banking

The Consumer Council uses a set of seven or eight principles to help assess where the consumer interest lies. The principles can be traced to a 1962 Congress speech by President Kennedy and are as follows<sup>1</sup>:

Access – can people get the goods and services they need or want?

Choice – is there any?

Safety – are the goods or services dangerous to health or welfare?

Information – is it available, accurate and useful?

Fairness – are some or all consumers unfairly discriminated against?

Representation – do consumers have a say in how goods or services are provided?

Redress – if things go wrong, is there a system for putting them right?

Education – are consumers aware of their rights and responsibilities?

The Consumer Council believes that transitional and final arrangements for Open Banking need to adhere to these core consumer principles.

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<sup>1</sup> <https://www.jfklibrary.org/asset-viewer/archives/JFKPOF/037/JFKPOF-037-028>

### 2.3 Safety

The Consumer Council believes that any new body created to oversee Open Banking should, first and foremost be safe. It must develop a robust secure processes for the benefit of consumers, particularly vulnerable consumers and small businesses. Regulation must ensure against any potential abuses. How will CMA ensure that data will not be used against consumers, so that industry can't 'cherry pick' consumers based on data they have gleaned? What we wish to avoid is a poverty premium whereby less well informed or financially excluded consumers end up paying more for the same services.

### 2.4 Accessibility to Broadband

Whilst Northern Ireland has reasonable broadband coverage overall<sup>2</sup>, 89% of premises<sup>3</sup> can access superfast coverage, 11% of residential premises can't. This compares to just 6% who are not connected in Scotland and Wales, and 4% in England. 19,000 premises in Northern Ireland cannot access a decent connection at all. The 'not spots' can pose a massive barrier to any form of IT driven behaviour change.

**Figure 5: Residential superfast coverage**

	Superfast	Urban	Rural
England	96%	98%	84%
Northern Ireland	89%	99%	66%
Scotland	94%	98%	72%
Wales	94%	98%	78%
UK	96%	98%	81%

*Source: Ofcom analysis of provider data.*

### 2.5 Accessibility/ Desire to engage in Open Banking

The Open Banking system must also empower consumers to understand and trust open data in order to realise the potential benefits. Central to this is the need for consumers to interact confidently with Open Banking dashboards and to trust that their rights will be clearly explained and protected should things go wrong.

Greater sharing of data is capable of netting many benefits but in some cases it could lead to consumer detriment<sup>4</sup> according to the Financial Conduct Authority (FCA) who have warned that customers who:

<sup>2</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0022/209443/connected-nations-2020-ni.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0022/209443/connected-nations-2020-ni.pdf)

<sup>3</sup> Includes business and residential premises

<sup>4</sup> <https://www.fca.org.uk/publication/call-for-input/call-for-input-open-finance.pdf>

- Have certain characteristics of vulnerability may be excluded from certain markets.
- Opt out of data sharing may be excluded.
- Are excluded may suffer less advantageous pricing (a so called 'privacy premium').

## 2.6 Representation

Any new system must have arrangements in place which ensure effective representation of consumer and Small to Medium Enterprise (SME) interests. This should include a detailed plan of how to inform and engage consumers. The plan should have 360 degree input and continuous oversight from independent consumer representatives.

## 2.7 Costs to Consumers

The proposed funding model does not anticipate significant funding from the third party provider (TPP) community in the short term. The Consumer Council questions if this is fair or reasonable. Retailers are likely to benefit from the open banking payment services. We therefore seek assurances from the CMA at this early stage that costs are not passed to the consumer.

## 3. **Conclusion**

The Consumer Council recognises the potential benefits to consumers of Open Banking. We are keen to remain engaged in the process of supporting consumers to realise the full benefit of their using their own data. However we are mindful that consumers should be represented and protected from harm including any potential costs to them of Open Banking. This is especially important for those who are less financially confident, resilient or vulnerable.

The Consumer Council consents to the reproduction of this response by the CMA. Should you require any further information please do not hesitate to contact me.

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