

# Commercial Credit Data Sharing **Consultation and Call for Evidence**

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September 2025



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# Chapter 1

## Introduction

### **The subject of this consultation and call for evidence**

The purpose of this consultation and call for evidence is to invite views on a range of issues and proposals aimed at enhancing the UK's Commercial Credit Data Sharing (CCDS) scheme.

Commercial Credit Data Sharing is an initiative dating back to 2013. It requires major lenders (banks designated by the Treasury) to share credit information on their small and medium-sized business customers (SMEs) with credit reference agencies (CRAs) designated by the Treasury, in order to improve access to finance. CCDS operates under the Small and Medium Sized Business (Credit Information) Regulations 2015 ("the CCDS regulations"), made under powers in the Small Business, Enterprise and Employment Act 2015.

At the heart of the government's work on small business policy and financing is the recognition that SMEs are a critical engine of UK economic growth, employment, and innovation. SMEs constitute the vast majority of businesses in the UK, providing a significant proportion of private sector jobs and contributing substantially to GDP. Access to appropriate and affordable finance enables SMEs to invest, expand, and increase productivity, but market failures – such as information asymmetries between different lenders – can restrict their access to funding. By prioritising SME finance, the government seeks to address these barriers, support regional economic balance, foster competition, and ensure that the benefits of economic growth are widely distributed across society.

While the act of lending to a small business is a commercial decision, the government is interested in understanding what levers are available to support the lending market and improve its functioning, and identify where there is a role for government specifically. This targeted consultation and call for evidence, focusing exclusively on the UK's Commercial Credit Data Sharing scheme, builds on the government's recent Call for Evidence on SME Finance and the Small Business Strategy, and explores if CCDS could be enhanced to better support SME access to finance.

The Treasury will evaluate the responses received and, dependent on the findings, may consider the necessity of amendments to the current statutory framework.

### **Structure of this document**

The following consultation and call for evidence:

- Sets out the background to the statutory framework for the UK's Commercial Credit Data Sharing scheme.



- Provides an analysis of areas where action may be warranted, and invites feedback.

## Who should read this?

This consultation should be read by those with an interest in SMEs and their access to finance: this includes SMEs and their representative trade bodies, Credit Reference Agencies, providers of credit, trade bodies, and any other interested parties.

## How to respond

The Treasury invites responses on the specific questions raised. The questions can be found throughout the document and listed in full in Annex A.

This consultation will run from 25<sup>th</sup> September 2025 to 20<sup>th</sup> November 2025.

Where possible, we would prefer to receive responses by email. These can be sent to:

E-mail address: [SMElending@hmtreasury.gov.uk](mailto:SMElending@hmtreasury.gov.uk)

Please send written responses to:

SME Lending Credit Data Consultation Team  
Banking & Credit Team  
1/Red  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

**As part of your response, please include, if applicable, an indication of:**

- **Whether you directly access the data shared through the CCDS regulations (and if so through what channels)**
- **The purposes for which you utilise this data.**

## Confidentiality

Information provided in response to this consultation and call for evidence, including personal information, may be published, or disclosed in accordance with the Freedom of Information Act 2000 (FOIA).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, among other things, with obligations of confidentiality. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding.

## **Processing of personal data**

This section sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

### **Data subjects**

The personal data we will collect relates to individuals responding to this consultation. These responses will come from a wide group of stakeholders with knowledge of a particular issue.

### **The personal data we collect**

The personal data will be collected through email submissions and are likely to include respondents' names, email addresses, their job titles and opinions.

## **How we will use the personal data**

This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest.

Processing of this personal data is necessary to help us understand who has responded to this consultation and, in some cases, contact respondents to discuss their response.

HM Treasury will not include any personal data when publishing its response to this consultation.

## **Lawful basis for processing the personal data**

Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is consulting on the development of departmental policies or proposals to help us to develop effective government policies.

## **Who will have access to the personal data**

The personal data will only be made available to those with a legitimate business need to see it as part of consultation process.

We sometimes conduct consultations in partnership with other agencies and government departments and, when we do this, it will be apparent from the consultation itself. For these joint consultations, personal data received in responses will be shared with these partner organisations in order for them to also understand who responded to the consultation.

As the personal data is stored on our IT infrastructure, it will be accessible to our IT service providers. They will only process this personal data for our purposes and in fulfilment with the contractual obligations they have with us.

### **How long we hold the personal data for**

We will retain the personal data until work on the consultation is complete and no longer needed.

## **Your data protection rights**

Relevant rights, in relation to this activity are to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

## **How to submit a data subject access request (DSAR)**

To request access to your personal data that HM Treasury holds, please email: [dsar@hmtreasury.gov.uk](mailto:dsar@hmtreasury.gov.uk)

## **Complaints**

If you have concerns about Treasury's use of your personal data, please contact our Data Protection Officer (DPO) in the first instance at: [privacy@hmtreasury.gov.uk](mailto:privacy@hmtreasury.gov.uk)

If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at [casework@ico.org.uk](mailto:casework@ico.org.uk) or via this website: <https://ico.org.uk/make-a-complaint>.

# Chapter 2

## Background

### Access to finance

The government is committed to building a strong, diverse, and competitive financial services sector. This helps ensure UK businesses have access to high-quality financial products and services at fair prices.

Our main priority is to promote economic growth. We are dedicated to helping the UK's 5.5 million small businesses succeed, providing them with the necessary support and resources to start, grow, and thrive.

External finance is especially important for small businesses. It enables them to:

- Manage daily operations (i.e. access 'working capital')
- Invest in their business to achieve sustainable growth
- Set up new enterprises

Key legislation, such as the Companies Act (2006), the Enterprise Act (2002), and the Small Business, Enterprise and Employment Act (2015), have aimed to make it easier for small businesses to operate. The 2015 Act, in particular, improved access to finance, increased transparency in company ownership, reduced administrative burdens, and strengthened employment rights and payment practices. It included two main policies to boost competition among finance providers:

- **The Bank Referral Scheme:** the Small and Medium Sized Business (Finance Platforms) Regulations 2015 broadly require banks designated by the Treasury to refer SMEs they reject for finance, with the SME's permission, to finance platforms designated by the Treasury that can match SMEs with alternative finance providers. This enables businesses that are viable, but do not fit the risk appetite to qualify for a loan from a particular lender, to access the finance that they need to grow and expand from alternative lenders. The government intends to consult on this scheme in the coming weeks and will provide further detail on this policy.
- **Commercial Credit Data Sharing (CCDS):** The Small and Medium Sized Business (Credit Information) Regulations 2015 (CCDS Regulations) broadly require banks designated by the Treasury to share information on their SME customers, with the SME's permission, with other finance providers through Credit Reference Agencies designated by the Treasury. This policy is the subject of this consultation and call for evidence and further detail will be provided below.

## The inception of CCDS

The original policy objective of CCDS was two-fold: firstly, to increase competition by lowering the barriers to entry in the SME credit market. Secondly, in doing so, it was designed to support SME finance as it was anticipated that CCDS would provide a wider choice for SMEs beyond their existing credit provider, leading to an increased availability of credit for SMEs.

Prior to the CCDS regulations, access to shared data operated on a reciprocity principle managed by the Steering Committee of Reciprocity (SCOR). In practice, newer lenders with more limited data could often access only limited “warning flags” rather than full underlying account data, creating an uneven playing field.

As a result of CCDS information being collected and shared, newer lenders were able to better assess and distinguish between different SME borrowers, reducing barriers for new credit providers to enter the market. Easier access to SME credit also supports better credit scoring for SMEs. As a result, SMEs – especially smaller and newer businesses with little or no credit history – benefited from additional options to access credit, potentially at better rates.

At the time the CCDS regulations were introduced, the designated banks, of which there are currently nine<sup>1</sup>, accounted for the vast majority of SME lending and business banking. This meant they held a significant amount of the data that needed to be shared. The CCDS legislation required the designated banks to share relevant data on their SME customers with four designated CRAs where the CRAs requested it and the customer agreed. It also required designated CRAs to provide the relevant information to finance providers where providers requested it, the SME customer agreed, and provided certain other conditions were met<sup>2</sup>. The government at the time considered that the cost of having to establish relationships with multiple CRAs would disproportionately affect smaller finance providers and could therefore act as a barrier to entry in the SME lending market.

While evidence<sup>3</sup> suggests that the CCDS regulations have significantly enhanced competition in the SME credit market, both the SME credit market and finance technology have evolved substantially over the past decade. In particular, UK businesses have been increasingly turning to challenger and specialist banks, facilitated in part by the effectiveness of CCDS. British Business Bank data shows that challenger and specialist banks had a record 60% market share of gross new SME bank lending in 2024, up from an estimated c.30% in 2013. With these changes in the composition of the market, it is appropriate to reassess the current CCDS regime to ensure that it keeps pace with the market and continues to facilitate access to finance.

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<sup>1</sup> Allied Irish Banking Group (trading as First Trust Bank); Bank of Ireland (UK); Barclays; Clydesdale Bank (trading as Virgin Money); Northern Bank (trading as Danske Bank); HSBC; Lloyds Banking Group; Royal Bank of Scotland Group; and Santander UK.

<sup>2</sup> Experian; Equifax; and Creditsafe. Dun & Bradstreet was then designated in 2019.

<sup>3</sup> Analysis from Tania Babina, Saleem Bahaj, Greg Buchak, Filippo De Marco, Angus Foulis, Will Gornall, Francesco Mazzola and Tong Yu - [Bank of England Staff Working Paper No. 1,059](#)

## The CCDS regulations

Under the CCDS regulations, the Treasury may designate banks which are then required to share, with the SME's permission, credit information they hold on their SME customers. This credit information must be shared with CRAs designated by the Treasury. They are then required to share that information with any finance provider that requests it as long as (among other things) the finance provider is also willing to share data within the scheme and the SME agrees.

Section 7(1) of the Small Business, Enterprise and Employment Act 2015 says for the purposes of the sections that relate to the CCDS, a business is a small or medium sized business if:

- (a) it has an annual turnover of less than £25 million,
- (b) it carries out commercial activities,
- (c) it does not carry out regulated activities as its principal activity, and
- (d) it is not owned or controlled by a public authority.

A certain category of those small or medium sized businesses defined above are the subject of the CCDS regulations. Regulation 2(1) of the CCDS regulations provides "Small or medium sized business" means a business of the type described in section 7(1) of the Small Business, Enterprise, and Employment Act 2015, which also—

- has an address in the United Kingdom,
- carries out commercial activities as its principal activity,
- is not part of a group which as a whole has an annual turnover which is equal to or greater than £25 million.

The type of credit information about an in-scope SME that must be shared is set out in a Schedule to the CCDS regulations, and can be broadly categorised as:

- Loan information
- Credit card information
- Current account information
- Information to identify the business.

Designated banks are required to share this credit information with designated CRAs within 30 days of receiving a request (provided the SME has agreed to its information being shared). Designated banks are also obliged to update the information in each subsequent month unless the designated CRA has informed the bank in writing that such an update is not required. An update does not need to include information relating to a business which is no longer a customer of the bank, or no longer falls within the definition of an SME under the CCDS regulations (although the bank must tell the CRA where it has declined to provide information based on those grounds, identifying the customer and the ground in question).

Designated CRAs are required to share this credit information with finance providers for the purpose of assisting the finance provider to decide whether to offer finance. They may only do so where certain conditions are met, namely: the

finance provider has made a request; the SME consents to its information being shared and the finance provider has confirmed such agreement; the finance provider agrees to and meets the CRA's standard terms; and any finance provider which is not a designated bank agrees to provide reciprocal information on its SME customers within a year of receiving the information from the CRA. As a result, while only nine banks are designated under CCDS, once an alternative (non-designated) finance provider is benefiting from accessing the scheme, it is obliged in turn to share its data. This means that the CCDS regulations cast the net wider than the designated banks, creating a valuable and mutually beneficial pool of credit data across the UK's business lending landscape.

The CCDS regulations then make various additional provisions, including: a requirement that CRAs provide information received under the CCDS regulations to the Bank of England, if requested; the process and criteria that the Treasury must have regard to when considering the designation of banks and CRAs; access to and correction of information for individuals and small firms; extending the remit of the Financial Ombudsman Service (FOS) with regard to complaints about designated CRAs; and conferring functions on the Financial Conduct Authority (FCA) regarding monitoring of compliance and enforcement relevant to these Regulations to ensure that they are upheld correctly.

## The designation process

In accordance with the provisions set out in the CCDS regulations, the Treasury may consult the Bank of England regarding the designation (or revocation) of banks, and the British Business Bank (BBB) (or its subsidiary), for the designation of CRAs. For both types of designations, it may also consult any other person it considers appropriate.

The following firms were designated by the Treasury on 1 April 2016:

**Banks:** Allied Irish Banking Group (formerly known as First Trust Bank); Bank of Ireland (UK); Barclays; Clydesdale Bank; Northern Bank (trading as Danske Bank); HSBC; Lloyds Banking Group; Royal Bank of Scotland Group; and Santander UK.

**CRAs:** Experian; Equifax; Creditsafe Business Solutions.

In 2019, Dun & Bradstreet was also designated.

## Implementation of the CCDS regulations

The original impact assessment<sup>4</sup> for the CCDS regulations underlined the need for government intervention to achieve improved and more equitable sharing of SME credit data to enhance competition, reduce barriers to entry, and promote a more efficient allocation of credit within the economy.

The central estimate of costs – calculated in 2013/14 – was set at £14 million, linked to changes to IT systems that designated banks and designated CRAs were required to make. This estimate included a £10.5 million one-off cost for designated banks, and a £3.5 million one-off cost for designated CRAs. Moreover,

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<sup>4</sup> [https://assets.publishing.service.gov.uk/media/5a7e170ded915d74e33effd1/FSTs\\_Office\\_Credit\\_Data\\_IA\\_Clean\\_Version\\_E-sig.pdf](https://assets.publishing.service.gov.uk/media/5a7e170ded915d74e33effd1/FSTs_Office_Credit_Data_IA_Clean_Version_E-sig.pdf)

the impact assessment estimated a net cost to the financial sector of £1.63 million. This was founded on a 10-year time period with an assumed discounted rate of 3.5%. Monetised benefits were not possible to quantify.

In January 2016, the Treasury established an Implementation Group to facilitate the effective implementation of the CCDS regulations. Chaired by the Treasury, the Group included representatives from the designated CRAs and the then British Bankers' Association, representing the designated banks. This Group has now developed into the CCDS Governance Group, which is still chaired by the Treasury, and includes representatives from the CRAs, UK Finance (representing the designated banks) and an independent consultant who works closely with the CRAs. The Group meets once a month and aims to report any issues within CCDS and seeks to address them if they do not lie within the legislation.

## **The rationale for consultation**

The review clause contained in regulation 47 of the CCDS regulations requires post-implementation reviews to be conducted at intervals not exceeding five years. As the first post-implementation review was conducted on 14 October 2020, the Treasury was due to publish the subsequent report no later than by 14 October 2025. Following a recommendation from the Centre for Finance, Innovation and Technology (CFIT)<sup>5</sup> to 'review and improve' CCDS, the Treasury brought forward the review and published this on 30 October 2024<sup>6</sup>.

The post-implementation review determined that CCDS continues to successfully achieve its objectives, significantly enhancing competition in the business lending market. This has resulted in reduced barriers to entry for finance providers and improved access to finance for Small and Medium Enterprises (SMEs). Evidence collected for the post-implementation review indicates that the CCDS regulations have notably increased competition within the SME credit market. According to research (Babina et al. 2024)<sup>7</sup>, CCDS has effectively raised the likelihood of SMEs forming new lending relationships, especially with non-bank lenders, while also decreasing interest expenses for these businesses. Analysis suggests that the policy has increased the probability of SMEs establishing new borrowing relationships by 25%.

Initiatives such as CCDS are recognised for facilitating easier access to financial data, which fintech companies can use to offer tailored financial products and services to SMEs, potentially resulting in increased loan availability and more favourable terms. Similarly, a report by CFIT's SME Taskforce highlights that CCDS has made, and continues to make, a positive contribution to the SME finance sector, providing a highly valuable source of data to lenders.

However, as challenger and specialist lenders gain market share, the value of CCDS is likely to diminish over time unless more lenders are designated. Currently, only designated banks must share data across all four designated CRAs; other finance providers accessing CCDS data only need to share data with the

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<sup>5</sup> [CFIT-SME-Finance-Taskforce-Smart-Data-Unlock-SME-Lending-Aug-2024.pdf](#)

<sup>6</sup> [CCDS\\_Post-Implementation\\_Review\\_2024.pdf](#)

<sup>7</sup> [Bank of England Staff Working Paper No. 1,059](#)



designated CRA(s) from which they have accessed data. This can create gaps in the data pool and potential competition issues among CRAs.

After nearly ten years of CCDS, and given technological and market changes, a comprehensive review is needed. Additionally, developments such as Open Finance are likely to create new opportunities to support SME access to finance. For example, a report by CFIT's SME Taskforce<sup>8</sup> has identified ways to enhance CCDS and help ensure that it will continue to function in a way that is complementary to 'Open Finance' developments such as by designating new specialist and fintech finance providers and incorporating a wider range of business lending products. Open Finance represents the next phase of Open Banking which will allow the secure sharing of a wider range of financial data—including savings, pensions, investments, insurance, and mortgages—with trusted third parties. This would enable individuals and businesses to access and manage all their financial information in one place, providing a more comprehensive view of their financial position.

### **Open Finance**

Open finance is a concept within the financial sector that allows individuals and businesses to securely access and share a broad range of their financial data – such as details about their bank accounts, savings, loans, investments, and insurance – with other trusted organisations, if they so choose. Crucially, open finance operates under strict data protection and consent rules, ensuring users' information remains secure and under their control at all times. The purpose of open finance is to better harness financial data to make it easier for people to use new financial services that could help them better manage their money, find better deals, or get advice that is more suited to their situation. Open Finance is still at a nascent stage of development but could potentially be applied to increasing credit provision for SMEs.

There have also been updates in consumer credit data sharing, including the FCA's Credit Information Market Study and the planned creation of a Credit Information Governance Body (CIGB) to replace SCOR for consumer data. While the FCA's work is focused on consumer credit, many issues overlap with business lending, especially for sole traders and small partnerships where personal and commercial finances are intertwined. **We are interested in how to create synergy between the FCA's work on consumer credit and CCDS, while recognising that the schemes and their representatives are different.**

The government is therefore launching this consultation and call for evidence to assess potential enhancements to the CCDS regime. Subject to feedback, we will consider if the existing legislation needs to be amended or if adequate policy objectives can be achieved by an alternative means, such as via more designations and the issuance of guidance.

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<sup>8</sup> [CFIT-SME-Finance-Taskforce-Smart-Data-Unlock-SME-Lending-Aug-2024.pdf](#)

# Chapter 3

## Policy proposals and issues

### Overview of the proposals

**1.1** Although there is evidence demonstrating that the CCDS scheme has effectively achieved its main objectives and continues to support the financing of SMEs, there remain opportunities to further enhance the CCDS to better reflect the current SME financing landscape and technological changes, and ensure it is working optimally.

**1.2** Enhancing the CCDS framework could help support lending to SMEs, mainly by improving data quality to create a more accurate, transparent and wide-ranging credit footprint for UK SMEs, which in turn helps support fair and efficient pricing. Secondary benefits are also possible for designated CRAs and providers of loan finance from, for example, greater standardisation of processes to improve data accuracy and support credit decision-making. Additionally, enhanced data sharing within the CCDS has the potential to support better fraud detection, providing an added layer of security for all parties involved, as well as potentially for third parties accessing the data for legitimate public policy purposes such as the prevention and detection of fraud.

**1.3** Depending on the feedback to this consultation and call for evidence, we will consider if the existing CCDS legislative framework needs to be amended or if adequate policy objectives can be achieved by an alternative means, such as via more designations and the issuance of guidance. Some of those amendments may be capable of being achieved through secondary legislation, others may require primary legislation. As indicated in the text below some of the questions asked are more evidence gathering in nature, whereas others are more purposive. **For convenience and additional clarity, an annex to this document summarises the questions posed and briefly explains the government's proposals or where evidence-gathering is sought.** The proposals set out below have been developed in dialogue with the CCDS Governance Group and wider stakeholders, and in response to changes in the SME credit market.

### Improving data quality

#### Standardising data

**1.4** Currently, the nine designated banks are obliged to share certain 'credit information' with designated CRAs upon request, provided customer consent is obtained. In turn, designated CRAs must supply this data to other finance providers under agreed conditions. CCDS also permits finance providers (who are not designated) to access credit data from designated CRAs, contingent on (among other things) their agreement to share their own SME data within 12 months, subject to SME customer consent.

**1.5** Data from designated banks is currently transferred to designated CRAs using a standard format outlined in a specification document. This document is managed by a data quality working group, a sub-group of the CCDS Governance group, comprising an independent consultant and representatives from designated CRAs. The data quality working group is currently developing the latest version of the specification document.

**1.6** Multiple versions of the specification are currently in use, leading to inconsistencies in data sharing. This fragmentation complicates the amendment process, requiring lenders to input data in various formats multiple times, potentially resulting in inaccurate or outdated data for SMEs. By contrast, a unified standard data format across all finance providers and CRAs – both those mandated under the scheme and under the voluntary scheme – would alleviate these issues. This would improve data quality, streamline data sharing and the amendment processes.

**1.7** Currently, the informal CCDS Governance group is in the process of updating the standard data format, for use across both the mandatory and voluntary schemes. This aims to create an industry standard template for finance providers to share data with CRAs, covering a range of information. **Building on this work, the Treasury considers there ought to be a single standard in use in the future and previous versions phased out to ensure consistent data quality.**

**1.8** The improvement of the data format to a single standard would allow for data submission improvements where, for example, we understand there are some discrepancies in relation to if reporting of credit and debit turnover in current accounts applies on a net or gross basis. Moving everyone on to one data format, and sunseting older versions, would allow for consistency of data amongst CRAs, potentially reducing data errors.

**1.9** The Treasury would welcome views on how that single standard should be delivered effectively. In particular, we would like to understand if this will occur consistently on the basis of industry efforts already in train, or if there should be a role for the public authorities or the legislation to help ensure a single standard is achieved and maintained, e.g. through sunseting older versions over an agreed timeline.

**Question 1: What are the costs and benefits of standardising data within CCDS? In particular:**

- **Do you agree that there should be a standard data format used by all participants within CCDS?**
- **What would it involve and what costs would be incurred to come into compliance with a single standard, and what are the likely benefits? Would this reduce cost and burden over time? What sort of timeline would be appropriate to sunset prior versions?**

### Amending data

**1.10** Challenges have arisen in amending data shared within the CCDS scheme, as lenders report that they sometimes struggle to correct or update information provided to CRAs in a timely manner. This can negatively impact SMEs by

allowing incorrect data to persist on their credit files, affecting their credit scores and access to credit.

**1.11** Once data is sent from a lender to a CRA, it is converted into the CRA's proprietary format. Lenders must individually contact each designated CRA to amend data. In discussion with external stakeholders ahead of this consultation and call for evidence, the question has been raised if the process should be streamlined to reduce the burden on lenders.

**1.12** Standardising the data format, as set out above, ought to partially resolve this, ensuring consistency across all CRAs. Additionally, proposals have been made to the Treasury by participating lenders to introduce an online portal for the amendment process, similar to those used by each CRA in consumer credit data sharing. Some CRAs already provide their own portals for consumer credit information, allowing lenders and CRAs to access, update, or modify data in a user-friendly format. This method is more efficient than manual data amendments, reducing time and error.

**1.13** Implementing an amendment portal for CCDS would enable lenders to easily amend data via each of the CRA's portals, reducing errors in SMEs' credit files and ensuring accurate creditworthiness assessments. While there would be costs for CRAs associated with implementing such a system for CCDS, the existing consumer data amendment processes in some CRAs offers a model that could potentially be adapted for commercial credit data.

**1.14** Conversely, it may be sufficient to focus principally on having a consistent template for data submission, and then look at **ways to improve the quality of data amendments under CCDS**. At present, the regulations only focus on addressing inaccuracies in the data under Part 4, in relation to an SME seeking to rectify, block, erase or destroy information. Save for the requirement on the designated bank to update information on its SME customers, there are no explicit requirements or guidance for either lenders or CRAs to amend data in a timely fashion if they become aware of information that requires amendment.

**1.15 The Treasury would be interested in understanding better how the data amendment process works today for both CRAs and lenders, and understand if there are legislative or non-legislative improvements that ought to be considered in this area.** Any eventual changes in this area may also benefit from being subject to appropriate input from the FCA and CIGB. This could help deliver better outcomes consistent with the aims of the CCDS Regulations to enhance credit provision, including any potential synergies with related processes for the submission and amendment of consumer data.

**Question 2: What do you consider to be the challenges relating to amending data, and should the government take steps to try and improve CCDS in this area? In particular:**

- **How does the data amendment process work today and are improvements needed? Are particular requirements needed in relation to amending data that should apply to CRAs and/or lenders, and what should these include?**

- **Do you believe there should be online amendment portals from each CRA or other mechanism for amending CCDS data and, if so, how should this operate and be overseen?**
- **What would the cost and labour be for CRAs of setting up such a portal or mechanism? In your opinion, would it be worth it to ensure consistent data quality? Once implemented, would it reduce cost and burden for the lenders in a meaningful way?**

### Timely data submission

**1.16** Regulation 3(3) and (4) of the CCDS regulations respectively require banks to provide information within 30 days of a request from CRAs and to provide an update to the information sent to the CRAs monthly. However, feedback from stakeholders to the Treasury in advance of this consultation has flagged that the timing of data receipt is problematic. Banks are currently submitting data to CRAs at different times within the 30-day window, leading to inconsistent submission and data cut-off times.

**1.17** Additionally, finance providers that are not designated banks must share data about their SME customers with designated CRAs if they wish to receive CCDS data from CRAs, but they are only obliged to provide such information to the CRA in question within 12 months from initial receipt of CCDS data from that CRA, and at other such times as it agrees with that CRA under regulation 6(1)(e).

**1.18** Divergent approaches to data submission cause data discrepancies, as prompt submissions offer a more accurate picture of SMEs. Late submissions result in outdated information, creating information asymmetry that could affect lending decisions.

**1.19 HM Treasury is considering the benefits of tightening and clarifying deadlines for submission and cut-off dates for designated banks, and ongoing submission from non-designated finance providers, to ensure greater consistency and accuracy in SMEs' credit files.** This could involve tightening the timelines for the monthly submission of data across lenders so that the data is cut off at the end of the month and then sent to the designated CRAs within, for example, 14 days of month-end, rather than the current 30 days that lenders have to send this. We would like to understand what would be a reasonable expectation.

**Question 3: What are the challenges with timely data submission under CCDS? In particular, please could you give views on the following:**

- **Do you think the timeframe for designated banks to submit data to a designated CRA should be shortened to enhance timeliness and improve data accuracy? If so, what timing do you think would be appropriate to both cut off data and send data to a CRA without causing undue burden, whilst also ensuring the data is up to date?**
- **What do you anticipate the costs would be in requiring more timely submission of data? In your view, are these outweighed by the benefits of having more timely and up to date information in the scheme?**

- **Do you consider the timeframe for non-designated providers to cut off and submit data should also be made more uniform; if so, what requirement do you think would balance the cost and benefit appropriately?** We would welcome evidence here of when, typically, within the 12-month period of initial receipt of CCDS data non-designated finance providers submit their data and at what interval thereafter to CRAs.

## Transition and applicability of CCDS

**1.20** The legislative framework for CCDS defines a business as an SME in both primary and secondary legislation. Amongst other things, the definition of an SME includes that it must have an annual turnover of less than £25 million (section 7(1)(a) of the Small Business, Enterprise and Employment Act 2015) and must not be 'part of **a group** which as a whole has an **annual turnover which is equal to or greater than £25 million**' (regulation 2(1) of the CCDS Regulations).

**1.21** We understand that this £25 million limit in relation to an SME's annual turnover and in relation to any group the SME is part of acts as a cliff-edge and can create some difficulties, due to gaps in the data if SMEs hover above and below the £25 million threshold in different years. Chiefly, this may affect the visibility of the company concerned including, potentially, its ease in accessing finance. The turnover thresholds can also have wider, second-order consequences for lenders too. For example, if a company goes insolvent when turnover is only slightly above the £25m threshold and has taken on significant levels of debt, their data would not be visible to lenders through CCDS. Lenders may have advanced additional funds to them without knowledge of existing debt. In one such case, investigations revealed that a company had obtained multiple loans from a very large number of different lenders prior to its collapse, secured against physical assets that were later found not to exist. If these loans had remained in scope of the CCDS scheme, designated CRAs would have had this data, and data on the multiple loans. Potentially, this may have improved the chances of the issue being identified earlier, or resulted in fewer lenders providing credit.

**1.22** Furthermore, if finance providers have facilities data on businesses above the £25 million turnover threshold, additional work is required each month to remove these businesses from their data cut, before supplying the information to CRAs. This work has no obvious benefit, and can lead to some entities that are close to this threshold being excluded from CCDS as soon as they tip over, even if this may not be consistent month on month, meaning they drop in and out of scope throughout a year.

**1.23** There are also risks of inconsistency between finance providers dependent on how they opt to measure annual turnover. There is no one set guidance to data suppliers on how to measure annual turnover. Some may be using their own knowledge of turnover, whilst others may be relying on filed accounts at Companies House. As a consequence, the same business could be deemed within scope by one supplier and out of scope by others at a given point in time.

**1.24** Another issue that the definition of SME in the CCDS regulations is causing is that the £25m turnover threshold applies at the level of the group as a whole, not just to the individual SME concerned if it is part of a wider parent undertaking. This constraint means that an SME is excluded from the scheme even if it is under



the £25m turnover threshold but the group it is part of as a whole has turnover equal to or exceeding that threshold. In turn, this means some SMEs do not benefit from the data sharing of CCDS and so find it more difficult to access finance, even if that SME operates in a largely standalone way within a larger group and does not have access to funding by its parent.

**1.25 We are therefore considering whether it is now appropriate to address, in particular, the issue of SMEs transitioning in and out of CCDS over different years. An option would be if an SME has fallen within scope of the CCDS regulations and then grows above the £25 million threshold the SME would only be taken out of scope if it reached a defined higher figure of annual turnover and sustained its annual growth for a number of years consecutively (e.g. it grew to £40m turnover sustained over a period of 36 months).** This would reduce the number of data gaps, ensuring that business data is captured for firms that fluctuate in and out of the turnover threshold, but data providers are not expected to retain customers in scope of their data submissions forever. We would also like to understand if the measurement of turnover requires greater standardisation.

**1.26** The Treasury would also like to **understand the merits and implications of adjusting the application of CCDS so that SMEs with a turnover of less than £25 million are not prevented from qualifying for the scheme because of their being part of a wider group** where the group as a whole has an annual turnover equal to or in excess of the £25m threshold.

**1.27** Lastly, it has been flagged to the Treasury in advance of this consultation that we should consider whether **not-for-profit organisations** should be brought within the scope of CCDS reporting. Currently, they are out of scope as the definition of an SME extends only to those entities undertaking “commercial” activities as its principal activity. While charities are less likely to depend on loan finance than commercial entities, they are often small in size and are likely to face similar access to finance barriers as commercial entities, such as a lack of collateral. We would like to understand better the extent to which accessing loan finance is an obstacle for the not-for-profit sector and what the cost would be relative to the benefit of including them in CCDS reporting.

**Question 4: What are your views on the effect of SMEs transitioning in and out of CCDS, and on the scope of SMEs to which CCDS applies? In particular:**

- **Do you think the CCDS regulations should be adjusted to better manage SMEs moving out of scope and, if so, do you have views on how this should be done? Specifically, do you think the proposal above to retain an SME in scope until its turnover has consistently grown to a higher threshold for a sustained period would be proportionate and effective?**
- **Do you think that the Group rule for companies should be removed or revised, so that an SME subsidiary with a turnover of less than £25m but part of a group (which as a whole has turnover equal to or in excess of £25m) falls within scope of CCDS? What would the relative costs and benefits be of making such a change?**

- **Is there a gap in the scheme, in your view, regarding the scheme not applying to the not-for-profit sector? What would the costs and benefits be of including this group in scope?**

## **Designations and scope of CCDS**

**1.28** As explained above, there are currently nine designated banks and four designated CRAs under the CCDS regime.

**1.29** Given the changes in market structure explained above and that the majority of new business lending is now undertaken by non-traditional (and therefore non-designated) lenders, the government is considering how best to update the CCDS regime. This includes:

**1.29.1 Whether to expand the definition of designated bank, thereby enabling the designation of other kinds of finance provider, to better reflect today's SME lending market;**

**1.29.2 Considering if non-designated finance providers in receipt of CCDS information from a designated CRA should be required to share their SME data with all designated CRAs,** rather than just the CRA who initially sent them data.

**1.30** Expanded designations would ensure that the CCDS regime continues to capture the key market actors in relation to SME finance. While many finance providers that are not designated banks do in practice choose to participate in the scheme (i.e. share their data in order to be permitted to access CCDS data themselves), this is not guaranteed, and could lead to gaps in market coverage and, consequently, gaps in the credit history of some SMEs. This risk could worsen over time if the trend for new lending continues to be absorbed by non-traditional lenders.

**1.31** For both newly designated providers and those choosing to participate in CCDS in order to receive data, the government considers there could be merit in requiring them to share their data with all designated CRAs (as opposed to their single preferred CRA which has provided them with CCDS data to date). This would help avoid the risk of the CCDS regulations inadvertently concentrating market dominance in a single CRA. Moreover, it would ensure that all designated CRAs (and in turn, the lenders utilising their data) have the most comprehensive data set available, improving the overall quality of information available through the CCDS scheme and, in turn, better supporting SMEs' access to finance. Importantly, we also envisage (as proposals explain above, in paragraphs 1.4-1.9) that there would be **greater standardisation of the template for submitting data to designated CRAs, meaning that the burden would be managed** if non-designated providers receiving data under the CCDS scheme were required to share their information with all designated CRAs.

**1.32** Although we are not actively considering additional CRA designations, we will keep this under review and would welcome any evidence to the contrary.



## Adjusting the scope of designations

**1.33** The designation of additional finance providers has been called for by multiple stakeholders involved in CCDS ahead of this consultation being launched. However, the current statutory framework refers specifically to 'banks', and regulation 10(1) of the CCDS Regulations provides that HMT may only designate a bank if it is an institution that is a bank for the purposes of Part 1 of the Banking Act 2009 or a finance provider that is a member of a banking group as defined in section 1164 of the Companies Act 2006. This excludes certain lenders from designation and therefore the requirement to provide SME information to designated CRAs, such as building societies or major lending platforms, or other non-bank lenders which may also be, or become in future, important providers of SME credit.

**1.34** Under regulation 10(3) of the CCDS regulations, when deciding whether or not to designate a bank, the Treasury must have regard to in particular:

- the value of current lending by the bank to SMEs;
- the value as a proportion of the total value of current lending to SMEs;
- the importance to the economy in Northern Ireland of the bank's current lending to small and medium sized businesses.

**1.35** This reflects the fact that banks undertook the majority of SME lending when the CCDS regulations were originally conceived and that the primary purpose of the legislation was to support competition in lending by opening up the market for SME credit data. Now, 10 years on, many of the benefits of market diversification have been experienced. While enabling market entry continues to remain an important aim of the legislation, a significant driver for the measure is to support SMEs to access finance easily.

**1.36** To better reflect current market structure and 'future proof' the scheme to accommodate significant non-bank credit providers emerging in the future, we are therefore **considering adjusting the key terms underpinning a CCDS designation**. As opposed to the current design of the scheme turning on the designation of 'banks' to enable access to data by other 'finance providers', one option would be to craft the legislation more broadly and neutrally. Designation could apply to a designated provider of finance<sup>9</sup>, in relation to credit being accessed by (another) finance provider. As explained in more detail below, the aim would be to designate those providing significant lending services to SMEs or business current account provision. **Only significant firms with scale would be formally designated under CCDS**, albeit that a wider pool of lenders would be likely to choose to submit data of their own volition in order to access CCDS data themselves.

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<sup>9</sup> Notably, the term 'finance provider' is defined in section 7(2) of the Small Business, Enterprise and Employment Act 2015 as follows:

"finance provider" means a body corporate that—

- a. lends money or provides credit in the course of a business,
- b. arranges or facilitates the provision of debt or equity finance in the course of a business, or
- c. provides, arranges or facilitates invoice discounting or factoring in the course of a business [...]

## Cost and process for designating lenders

**1.37** Under the original impact assessment for the CCDS scheme, the principal cost identified was a £10.5 million one-off cost relating to designated banks making the IT changes needed to comply with the regime. The Treasury assumed a central estimate of £1.5m per bank to do so and, at the time, assumed that seven lenders would eventually be designated (as opposed to the nine that were later designated).

**1.38** However, unlike in 2014 when the original impact assessment was put together, the UK no longer has a concentrated lending market. As such, it is harder to establish upfront which firms ought to be covered if a new set of designations was made by the Treasury. Given the changes in market structure and that **challenger and specialist banks** now account for the majority of new lending in the UK, we think it likely that the more significant firms in this area might be considered for designation, and certain **major non-bank providers of credit**, if the scope of the CCDS framework was updated. **The principle behind CCDS designation would remain the same in any updates to the framework: namely that the Treasury would designate the most significant firms and leave smaller players to decide for themselves if they wish to participate in the scheme on a voluntary basis in order to access CCDS data.**

**1.39** We would welcome evidence of **the likely cost of designation, as well as a better understanding of which firms already participate in the CCDS scheme of their own choosing**. Our assumptions are that the costs of designation are likely to be considerably lower if a given firm is already participating in the scheme of their own volition.

**1.40** Turning to the process and criteria for designation, we would like to understand how well the current regime is operating and if changes need to be made in this area. The current criteria in regulation 10 of the regulations sets out that:

- 1) *The Treasury may designate a bank only if it is—*
  - a. *an institution that is a bank for the purposes of Part 1 of the Banking Act 2009, or*
  - b. *a finance provider that is a member of a banking group as defined in section 1164 of the Companies Act 2006*
- 2) *The Treasury must revoke the designation of a bank that no longer falls within paragraph (1)(a) or (b).*
- 3) *In considering whether to designate a bank or revoke the designation of a bank, the Treasury must have regard to—*
  - a. *the value of current lending by the bank to small and medium sized businesses;*
  - b. *such value as a proportion of the total value of current lending to small and medium sized businesses*
  - c. *the importance to the economy in Northern Ireland of the bank's current lending to small and medium sized businesses*
- 4) *In considering whether to designate a bank or to revoke the designation of a bank, the Treasury may also have regard to such other matters as they consider appropriate.*

We consider that a Treasury-led designation process is optimal as it is more flexible and proportionate than requiring all banks or providers to have to participate in CCDS, and has precedent elsewhere in financial services legislation, namely in payments regulation.

**1.41** Our provisional view on modifying the designation criteria is that:

**1.41.1 The criteria for designation should be broadened to enable a broader array of finance providers** to be designated (rather than just banks);

**1.41.2 The criteria for designation may need to be broadened to have regard to not just the value and market share of business lending (as is the case today), but also the level of wider business banking services offered by a provider (i.e. business current account provision).** This recognises that the provision of these activities has partly decoupled in the market since 2015 as new entrants have emerged, and different services are provided by different actors, but both loan and business account information are useful data sources.

**1.42** We would like to understand if respondents to this consultation and call for evidence think these or any other changes are required in relation to the designation or revocation of a designation, for either a bank or CRA.

**Question 5: Please share views on the designation and scope of application of CCDS, in particular:**

- **Do you consider that the Treasury should continue with a designation regime with respect to the CCDS scheme, or should there be a different mechanism to bring firms into scope?**
- **Should there be additional designations to better reflect current market structure, and to which actors should these apply? How should this be defined?**
- **Should the criteria for designation be broadened as described in paragraph 1.42.2 above?**
- **What in your view is the most relevant information to make an informed designation, and where does that information reside?**
- **Can you explain what would be involved and the likely cost of becoming designated? Do you agree that the costs are likely to be lower now that CCDS is in operation, and many firms are already choosing to take part without being mandated to do so?**
- **Does your Financial Services business currently access CCDS data (requiring you to share data in return)?**
- **Do you consider that non-designated finance providers choosing to submit their data under CCDS should do so with all four CRAs? Do you consider any other mitigants are needed, in terms of improving data quality, to support any such requirement being introduced?**

## Data access

### SME access to credit file

**1.43** Under the principles of the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 (DPA), data subjects are granted **the right to access information held about them**. Section 13 of the DPA modifies certain obligations of the UK GDPR in respect of credit reference agencies within the meaning of section 145(8) of the Consumer Credit Act 1974. In addition to this, there are CRA data correction provisions applicable in the Consumer Credit Act (1974) in sections 159 and 160, which broadly apply to credit reference agencies authorised under the Financial Services and Markets Act 2000.

**1.44** Regulation 15 of the CCDS regulations ensures those access and correction protections apply for SMEs in relation to all designated CRAs (whether a credit reference agency within the meaning of s.145(8) of the Consumer Credit Act 1974 or authorised under the Financial Services and Markets Act 2000). Regulation 16 provides SMEs with the right to apply to a court for an order to rectify, block, erase, or destroy the data held about them by a designated CRA.

**1.45** SMEs have already, therefore, been given, among other things, the *right* to request their credit file through the legislation referenced above including under the CCDS statutory framework. In practice, however, we understand from our engagement with external stakeholders that there are some difficulties in this area. An SME may not know which CRA holds their file. This file will also be in each CRA's proprietary format and the information can often be hard to understand, which is a key barrier for SMEs if they want to identify how they can be more creditworthy to access finance.

**1.46** We would like to understand the extent to which SMEs accessing and understanding their credit file is a problem, and look to consider ways in which this can be made easier.

**Question 6: Do you think steps are needed to improve SMEs' access to their credit file and its understandability under CCDS? In particular:**

- **What is the experience and/or confidence of SMEs in accessing their credit file and understanding the information contained within?**
- **What, if any, measures could be helpful for SMEs to understand their credit file and how this is used?**

### Basis for giving consent

**1.47** A separate area that has the ability to affect the contributions of SME data to CCDS – and therefore the reach and usefulness of the CCDS scheme – relates to SME consent.

**1.48** When the CCDS regulations were implemented, they did not require designated banks or finance providers to proactively obtain consent from existing SME customers to share their data under CCDS. Consequently, the CCDS scheme primarily includes newer accounts opened after 2017. Agreements concluded after the CCDS regulations came into force are subject to regulation 5(2), which requires designated banks to include in their standard terms a term indicating

the customer's agreement to the provision of information relating to that service, for the purposes of CCDS. This has resulted in a significant gap, with many older SMEs that opened accounts before 2017 still excluded. Given the utility of CCDS data to credit provision, this may act as a constraint on an SME's ability to access credit or demonstrate their creditworthiness. It was expected that natural attrition would lead to the closure of older, unconsented accounts more rapidly than has occurred. Therefore, an alternative approach could be considered to address this gap.

**1.49** To avoid the administrative burden for lenders having to seek consent from every SME currently not included within the CCDS scheme all at once, **we are considering an option of designated banks and finance providers asking SMEs at the next relevant point of contact – for example in the next update of relevant terms and conditions (T&Cs) – for consent to have their data shared within CCDS.** That could be undertaken within, for example, 12 months, in order to absorb the cost of contacting a customer within the broader regulatory and commercial cycle for updating T&Cs.<sup>10</sup>

**1.50** Another issue that the government would like to explore in relation to SME consent is how best SME consent ought to be given and how this occurs today. We have become aware in preparing this consultation and call for evidence that SMEs are not always aware of the CCDS scheme and its benefits, and we understand there may be some frictions relating to them being included in the scheme.

**1.51** In 2014, as part of the Treasury's consultations ahead of the CCDS regulations being introduced, stakeholders were asked if SME consent ought to be sought before their data was shared with a CRA (as is currently required). At the time, the majority of respondents agreed with the principle that data should only be shared when an SME had given its permission, and noted that this was most likely to occur via the T&Cs of a particular product.

**1.52** The government continues to recognise the importance of such data transfers occurring only with an SME's agreement. **However, we would like to understand the basis and mechanism for an SME giving their consent under CCDS to understand if there are frictions here.** Notably, external research has indicated the significant benefits to SMEs of allowing their data to be shared from the perspective of obtaining SME finance.<sup>11</sup>

**1.53** There are three consent regimes in the regulations:

**The first – as described above – is that a designated bank can only provide credit information on an SME to a designated CRA if the SME agrees** (see regulation 3(2)). Agreement may be indicated via a specific appropriate term in the contract for services between the bank and its SME customer (regulation 5(1)). Regulation 5(2) provides that for credit information services provided after the date the CCDS regulations came into force, the designated bank must include in its standard terms and conditions a term indicating the customer's agreement to the provision of

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<sup>10</sup> We note that the primary legislation envisaged that the Treasury may make regulations which could include imposing an obligation on a designated bank to include an appropriate term in its standard terms and conditions.

<sup>11</sup> <https://www.bankofengland.co.uk/-/media/boe/files/fintech/open-data-for-sme-finance.pdf>

CCDS information. **We would like to understand whether such a term is included in designated banks' standard terms and conditions and whether this information is highlighted to the customer proactively and their consent is deemed given unless they consciously elect for their information not to be shared (i.e. opt out).**

**1.53.1** The second, requires a finance provider participating in the scheme to seek agreement from the relevant SME and confirm such agreement to the designated CRA before the CRA shares information about that SME with the finance provider (see regulation 6(1)(a)). As SME consent is given as part of a potential commercial transaction at this stage, our assumption is that there is unlikely to be friction in obtaining consent in this area.

**1.53.2** Thirdly, finance providers that are not designated banks are also required to reciprocally share certain SME credit information they hold within a 12-month period starting with the day on which the CRA first provided the information. That SME credit information is to relate to that 12-month period, and further in-scope data is to be provided at such other times agreed with the CRA (see regulation 6(1)(e)). That information need not be provided if the SME in question has not agreed (regulation 6(2)(a)). In order to access the data held by designated CRAs, the finance provider must confirm that in respect of credit information services (i.e. those in the schedule to the CCDS regulations) offered to SME customers in future, the standard terms of its agreements with SME customers provide for agreement by the SME customer that the finance provider may provide credit information to CRAs.

**1.54** We would like to understand more about this sending of reciprocal SME credit information by the finance provider to the designated CRA, in terms of how consent is obtained and given. **Specifically, we want to understand the basis on which finance providers (which are not designated under the regulations) obtain consent from SMEs and the level of proactivity involved, or if it is incumbent on the SME to spot a standard term and consciously elect for their information to be shared under the CCDS scheme.**

**Question 7: Do you have views on:**

- **SMEs who have not yet been asked for consent by their finance provider (i.e. older customers before the CCDS regulations were first introduced) being asked to do so at the next meaningful point of contact, and within a specified time period? How should this be done?**
- **Encouraging consent from SMEs to share their data under CCDS to be undertaken on a more proactive basis bringing to the SME's attention the merits of the scheme, and for SMEs to indicate their agreement for their information to be shared unless they consciously elect not to take part.**
- **How well customer consent is operating today across the three consent regimes indicated above, and if legislative changes would be useful to support more seamless consent being given and obtained?**



## Expansion of CCDS

### Additional credit facilities and the removal of outdated facilities

**1.55** There currently are a limited selection of facility types included in the credit information passed by designated banks to designated CRAs and finance providers. These are listed in the schedule to the CCDS regulations titled 'Credit Information', which sets out the type of information that can be shared about a business. These are categorised in terms of loan information, current account information, credit card account information and identifying information of the business.

**1.56** Since the creation of the CCDS regulations, this list has remained unchanged, resulting in the exclusion of newer types of lending facilities as well as other account types from the scheme, such as savings account data. Consequently, there may be data gaps in specific areas of SME lending.

**1.57** There are also certain facility types included that are now outdated and are potentially adding administrative burden to lenders and CRAs for limited benefit, by having to include them in their data shared through CCDS. For example, stocking loans, a specialist asset-based loan facility used to finance wholesale inventories, have become such a small representation of SME lending that the cost of extracting this data is arguably not worth it. **We are keen to understand if there ought to be a 'modification schedule' (or equivalent) to the CCDS regulations which would allow the Treasury to explicitly remove/exempt certain financial products from the scope of CCDS reporting** where these do not provide sufficient value, and where doing so would not have a detrimental impact on competition in SME finance. We would also like to understand if there are other examples beyond stocking loans.

**1.58** For stocking loans particularly, our understanding is that:

**1.58.1** Alternative stocking loan providers will be unlikely to rely on the data shared under the CCDS regulations, but are likely to collect their own specialised data to perform credit assessments. As such, excluding stocking loans ought not harm the ability of these alternative lenders to compete with designated banks.

**1.58.2** The burden of providing the data to CRAs on such a small dataset may well discourage designated banks from offering stocking loans if they do not do so already.

**1.58.3** Stocking loans are a tiny proportion of the market, as outlined above.

**1.59** Separately, **there are various datasets that might build up a richer picture of the SME and their creditworthiness, such as foreign currency facilities, savings (deposit) accounts, utilities, buy now pay later loans, and personal credit cards (used by sole traders).** The value of potentially expanding CCDS data sources has also been flagged to the Treasury in the context of initiatives such as Open Finance. However, any expansion of datasets would need to consider the costs and benefits and increased regulatory burden of including a broader set of data to be submitted, and work out on what basis this would be proportionate.

**1.60** As Open Finance continues to evolve and the future landscape remains uncertain, we are **keen to gather views on how CCDS could operate within an Open Finance framework.**

**Question 8: What is your view on the dataset underpinning CCDS and its sufficiency? In particular:**

- **Do you consider there are other product types that are particularly beneficial to the lending process which ought to be captured under CCDS and are not currently – what are these?**
- **Is there any financial information that is not required to be reported upon by designated banks which you think ought to be?**
- **To what extent would requirements to include more financial data in CCDS be absorbed by other IT upgrades likely to be made by the financial sector to meet other government initiatives, such as reporting requirements being introduced as part of efforts to close the tax gap?**
- **What would the respective costs and benefits be of introducing reporting on a wider range of product types?**
- **Are there particular facilities, such as stocking loans (or any others), which you think should no longer have to be reported within CCDS?**
- **How do you see CCDS supporting Open Finance? Do you think any changes, other than those already proposed within this consultation and call for evidence, are needed for CCDS to better support Open Finance?**



# Chapter 4

## Questions summary

### Summary of Questions

No.	Question	Policy proposal (if applicable)
1	<b>What are the costs and benefits of standardising data within CCDS?</b>	<p>PROPOSAL: Under this section, we are proposing to implement a standard data format that is used by all participants consistently across industry.</p> <p>We recognise that such a standard is in train already with industry, but want to know if there should be a role for HMT or the FCA, for example via legislation or potentially guidance, to ensure a single standard for data submission is established and in use, and the use of previous versions is sunsetted.</p>
1.1	- Do you agree that there should be a standard data format used by all participants within CCDS?	
1.2	- What would it involve and what costs would be incurred to come into compliance with a single standard, and what are the likely benefits? Would this reduce cost and burden over time? What sort of timeline would be appropriate to sunset prior versions?	
2	<b>What do you consider to be the challenges relating to amending data, and should the government take steps to try and improve CCDS in this area?</b>	<p>EVIDENCE GATHERING: Under this section we are seeking views on if CRAs should set up online data amendment portals, similar to those they have under the consumer credit data sharing scheme, to allow for ease of data amendment, and the costs and benefits of them doing so.</p> <p>We also consider whether changes are needed to the CCDS regime to improve the timely amendment of data by CRAs and/or lenders. That could potentially be achieved or supported through legislative changes or via guidance.</p> <p>We seek further evidence of the <i>status quo</i> for amending data and what</p>
2.1	- How does the data amendment process work today and are improvements needed? Are particular requirements needed in relation to amending data that should apply to CRAs and/or lenders, and what should these include?	
2.2	- Do you believe there should be online amendment portals from each CRA or other mechanism for amending CCDS data and, if so, how	

	should this operate and be overseen?	challenges arise to help formulate a position on this issue.
2.3	- What would the cost and labour be for CRAs of setting up such a portal or mechanism? In your opinion, would it be worth it to ensure consistent data quality? Once implemented, would it reduce cost and burden for the lenders in a meaningful way?	
3	<b>What are the challenges with timely data submission under CCDS?</b>	
3.1	- Do you think the timeframe for designated banks to submit data to a designated CRA should be shortened to enhance timeliness and improve data accuracy? If so, what timing do you think would be appropriate to both cut off data and send data to a CRA without causing undue burden, whilst also ensuring the data is up to date?	PROPOSAL: We are considering whether the legislation should be amended to require data to be provided at a specific point in time, rather than within time windows.
3.2	- What do you anticipate the costs would be in requiring more timely submission of data? In your view, are these outweighed by the benefits of having more timely and up to date information in the scheme?	We would also welcome evidence here of when, typically, within the 12-month period of initial receipt of CCDS data non-designated finance providers submit their data and at what interval thereafter to CRAs.
3.3	- Do you consider the timeframe for non-designated finance providers to cut off and submit data should also be made more uniform; if so, what requirement do you think would balance the cost and benefit appropriately?	
4	<b>What are your views on the effect of SMEs transitioning in and out of CCDS, and on the scope of SMEs to which CCDS applies?</b>	PROPOSAL: Here, we are proposing in the consultation to potentially amend the legislation to account for issues arising from the definition of an SME, which can – among other things – cause the data footprint of an SME to
4.1	- Do you think the CCDS regulations should be adjusted to better manage SMEs moving out of scope	

	and, if so, do you have views on how this should be done? Specifically, do you think the proposal to retain an SME in scope until its turnover has consistently grown to a higher threshold for a sustained period would be both proportionate and effective?	fall in and out of scope of the regulations.  The first proposal is to amend the CCDS regulations to build in a mechanism for setting and assessing turnover over a defined period of time once they outgrow the £25m threshold to qualify as an SME, so that SMEs dipping above and below the threshold at any one time are not taken in and out of the regime.
4.2	- Do you think that the Group rule for companies should be removed or revised, so that an SME subsidiary with a turnover of less than £25m but part of a group (which as a whole has turnover equal to or in excess of £25m) falls within scope of CCDS? What would the relative costs and benefits be of making such a change?	The second proposal is to potentially amend the definition of SME so that a firm can fall within scope of CCDS even if it is part of a group with a combined annual turnover of £25m or more. We would welcome more evidence on the cost and benefit of departing course, having included this constraint when originally enacting the regulations.
4.3	- Is there a gap in the scheme, in your view, regarding the scheme not applying to the not-for-profit sector? What would the costs and benefits be of including this group in scope?	EVIDENCE GATHERING: We test the extent to which the regulations are correct to exclude the not-for-profit sector from its scope, and the costs and benefits of instead including this group.
5	<b>Please share views on the designation and scope of application of CCDS:</b>	
5.1	- Do you consider that the Treasury should continue with a designation regime with respect to the CCDS scheme, or should there be a different mechanism to bring firms into scope?	PROPOSAL: We propose adjusting the application of the CCDS regime which currently imposes a duty on designated 'banks' to be able to <u>designate</u> a wider set of designated providers of finance, given that the marketplace for lending has diversified considerably since when the original regulations were enacted. Future designations would focus only on the principal actors offering lending or business current account services, preserving the existing principle that only the largest and most important actors should be designated.
5.2	- Should there be additional designations to better reflect current market structure, and to which actors should these apply? How should this be defined?	We propose in tandem to amend the designation <u>criteria</u> that currently applies to banks, for the Treasury to have regard to in making a designation: to include both the amount of lending
5.3	- Should the criteria for designation be broadened as described in paragraph 1.42.2?	

5.4	- What in your view is the most relevant information to make an informed designation, and where does that information reside?	<p>services and business current account provision provided to SMEs. This is to account for the fact that the market has decoupled since 2016 for the provision of banking and lending services, and both datasets are relevant and included in the CCDS reporting regime.</p> <p>We propose requiring finance providers participating in the scheme to provide their data to all designated CRAs (and just not the CRA from which they obtain their data), noting a standardised template for submission is simultaneously being proposed to alleviate the burden of submission.</p> <p>EVIDENCE GATHERING: We seek more information from those consulted, including on the costs and benefits of an entity becoming designated; the role of the Treasury in designating entities; and the relevant information to inform designations and where this information may reside.</p>
5.5	- Can you explain what would be involved and the likely cost of becoming designated? Do you agree that the costs are likely to be lower now that CCDS is in operation, and many firms are already choosing to take part without being mandated to do so?	
5.6	- Does your Financial Services business currently access CCDS data (requiring you to share data in return)?	
5.7	- Do you consider that non-designated finance providers choosing to submit their data under CCDS should do so with all four CRAs? Do you consider any other mitigants are needed, in terms of improving data quality, to support any such requirement being introduced?	
6	<b>Do you think steps are needed to improve SMEs' access to their credit file and its understandability under CCDS?</b>	<p>EVIDENCE GATHERING: We seek views to understand if potential changes are needed to improve the quality/understandability of information an SME receives on its credit file, and the accessibility of the file.</p>
6.1	- What is the experience and/or confidence of SMEs in accessing their credit file and understanding the information contained within?	
6.2	- What, if any, measures could be helpful for SMEs to understand their credit file and how this is used?	
7	<b>Do you have views on:</b>	<p>PROPOSAL: We propose that designated banks obtain consent from legacy SME customers – i.e. those whose accounts predate the original legislation – to include them within the scope of CCDS reporting. To avoid</p>
7.1	- SMEs who have not yet been asked for consent by their finance provider (i.e. older customers before the CCDS regulations were first introduced) being asked to do so at	

	the next meaningful point of contact, and within a specified time period? How should this be done?	creating undue costs and burdens, we explore this requirement applying to the commercial rhythm of updating T&Cs, potentially within 12 months.
7.2	- Encouraging consent from SMEs to share their data under CCDS to be undertaken on a more proactive basis bringing to the SME's attention the merits of the scheme, and for SMEs to indicate their agreement for their information to be shared unless they consciously elect not to take part?	EVIDENCE GATHERING: We take further evidence on the extent to which there are frictions and impediments around SME consent being obtained under various different consent provisions under the regulations.
7.2	- How well customer consent is operating today across the three consent regimes, and if legislative changes would be useful to support more seamless consent being given and obtained?	
8	<b>What is your view on the dataset underpinning CCDS and its sufficiency?</b>	EVIDENCE GATHERING: Here, we are seeking to understand if we should amend the CCDS regulations to update the scope of credit information in the schedule to include additional types of information, such as deposit/savings accounts. We seek views on what information would be valuable and the relative costs and benefits.
8.1	- Do you consider there are other product types that are particularly beneficial to the lending process which ought to be captured under CCDS and are not currently – what are these?	PROPOSAL: We also propose changes to the legislation to exclude certain products if they are not considered to be valuable to enhancing access to credit for SMEs. For example, this might entail amending the schedule to the CCDS regulations to explicitly exclude Stocking Loans (as this is a type of loan information that must currently be reported under the regulations). This facility type is not common, and the reporting is cumbersome and time intensive.  EVIDENCE GATHERING: We seek views to gather evidence on how CCDS could interact with Open Finance.
8.2	- Is there any financial information that is not required to be reported upon by designated banks which you think ought to be?	
8.3	- To what extent would requirements to include more financial data in CCDS be absorbed by other IT upgrades likely to be made by the financial sector to meet other government initiatives, such as reporting requirements being introduced as part of efforts to close the tax gap?	
8.4	- What would the respective costs and benefits be of introducing	

	reporting on a wider range of product types?	
8.5	- Are there particular facilities, such as stocking loans (or any others), which you think should no longer have to be reported within CCDS?	
8.6	- How do you see CCDS supporting Open Finance? Do you think any changes, other than those already proposed within this consultation and call for evidence, are needed for CCDS to better support Open Finance?	

## **HM Treasury contacts**

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

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