

# WHAT'S NEXT FOR OPEN BANKING?

Communicating the benefits of innovation  
and competition in financial services



# INTRODUCTION

The future of Open Banking has been a hot topic in 2023, with the launch of the Joint Regulatory Oversight Committee's (JROC) report in April setting out a clear path forward for the use of open banking and open finance functionality in the UK.

At the heart of this vision is a UK wide ambition to be a leader in financial services, with Government, the Opposition, consumers and industry alike driving to embed greater use of data and innovation in the way industry works. Remaining competitive and growth-focused is key.

This shared ambition means that the regulatory and policy landscape will remain stable. The priorities and themes outlined in the JROC roadmap will continue to guide decision makers over the next two years.

However, with a general election looming there is work to be done to ensure momentum is maintained. With some consumers and policy makers still unclear on how Open Banking works and what it can deliver, industry needs to evidence why a data-driven and innovative financial system will maintain the UK's lead in this space.

The evolution to Open Finance, and the additional data portability, transparency and access it will require, poses an additional challenge for the sector – over half of MPs (51%) and consumers (54%) haven't even heard the phrase.

The next two years therefore present a critical window for influence – both in relation to regulatory and policy development and shaping long-term thinking on the future of open banking and open finance amongst the two main political parties.

This is an exciting time for the sector and getting the evidence base right will be key to securing long-term impact amongst those shaping the future operating environment.

**“BRITAIN LEADS THE PACK IN OPEN BANKING, WITH 7 MILLION USERS, BUT WE CAN'T SIT BACK AND PUT OUR FEET UP. [THIS ROADMAP] WILL DELIVER A NEW GENERATION OF PRODUCTS AND SERVICES, MAKING BANKING MORE ACCESSIBLE AND CONVENIENT FOR MILLIONS OF PEOPLE”**

**Andrew Griffith MP**  
City Minister



# A HISTORY OF OPEN BANKING AND OPEN FINANCE

## AUGUST 2016

CMA publishes roadmap for the delivery of open banking.

## MARCH 2017

**Stage 1 of Open Banking delivered:** platform for distributing bank product, brand & ATM data made available to developers.

## JANUARY 2018

**Open Banking Standard launched** to enable customers and SMEs to share their current account information securely with third party providers.

## AUGUST 2018

**OBIE published first set of Open Data Service Quality Indicators** to enable people to compare the service levels provided by banks.

## JANUARY 2019

**100 regulated providers reached** showing momentum and demand building as more businesses offer open banking products.

## MAY 2020

CMA publishes roadmap for final stages of open banking implementation.

## MARCH 2022

**The Joint Regulatory Oversight Committee (JROC)** made up of the FCA, HMT, CMA and PSR is announced to implement the next steps on open banking.

## JANUARY 2023

**OBIE announced completion of the initial phase of the CMA open banking implementation,** enabling customers and small businesses to leverage their current account information with third party providers.

## APRIL 2023

**The JROC published** their roadmap and recommendations for the next phase of Open Banking implementation.

## JUNE 2023

**The JROC launched two regulator led working groups** to develop the framework for the expansion of variable recurring payments (VRPs)- chaired by the PSR - and the design of the Future Open Banking Entity - chaired by the FCA.

## SEPTEMBER 2016

**Open Banking Implementation Entity is formed** with 9 of the UK's largest current account holders.

## JANUARY 2018

**Stage 2 of Open Banking delivered:** providing infrastructure and definitions for APIs and data standards to authorized third party providers.

## MAY 2018

**Open Banking Consumer Manifesto launched** to provide guidance to policy makers and product providers on the standards and priorities that are needed to make open banking work for consumers.

## DECEMBER 2019

**FCA launched consultation assessing open finance** to build on open banking and consider the potential benefits that could come from open finance.

## NOVEMBER 2021

**FCA changes 90-day reauthentication rule** reducing friction for the broader adoption of open banking and creating less burdens for customers.

## MARCH 2023

**Data Protection and Digital Information Bill introduced,** marking the first step in creating the regulatory reform needed to allow a data sharing market for open finance to become a reality.

## APRIL 2023

**Centre for Finance, Innovation and Technology (CFIT) launched and tasked** with assessing Open Finance and how unlocking financial data can benefit SMEs and consumers.



# JROC HAS ANNOUNCED ITS PLAN FOR THE FUTURE

The publication of the Joint Regulatory Oversight Committee's (JROC) report in April 2023 was a landmark step in the UK's Open Banking journey.

The proposal identifies the need for regulators to create a bold, pro-competition Open Banking market and with 29 actions over the next two years, this is a clear roadmap for the Joint Regulation Oversight Committee (JROC) to deliver against three main priorities:

- Building a sustainable and competitive ecosystem
- Unlocking the potential of Open Banking payments
- Developing a scalable data-sharing model

A detailed plan for the implementation of a new Open Banking Implementation Entity is expected in Q4 2023.

## FIVE THEMES OF THE OPEN BANKING ROADMAP

1. levelling up availability and performance,
2. mitigating the risks of financial crime,
3. consumer protection,
4. improved information flows to third party providers and end users, and
5. the promotion of additional services

**“OPEN BANKING CAN BE A UK SUCCESS STORY AND WE WANT TO HELP IT GROW AND DEVELOP SUSTAINABLY [...] ONLY THROUGH EFFECTIVE COLLABORATION CAN WE DELIVER ON OUR AMBITION AND DEVELOP OPEN BANKING IN A WAY THAT PROMOTES CONTINUED INNOVATION AND COMPETITION, FOR THE BENEFIT OF CONSUMERS, BUSINESSES, AND THE WIDER ECONOMY”**

Co-chairs of the committee, PSR's Managing Director, Chris Hemsley, and FCA's Executive Director, Consumers and Competition, Sheldon Mills  
April 2023



# WIDER LEGISLATIVE, REGULATORY AND INDUSTRY CHANGES ARE ALSO PROGRESSING

The successful expansion of Open Banking and the evolution to Open Finance functionality in the UK will require legislative and regulatory changes, with steps already underway to lay the ground for these changes.

## 1.

### FINANCIAL SERVICES AND MARKETS BILL

Due to complete its time in Parliament before the summer, the Financial Services and Markets Bill will deliver a reshuffle of regulatory powers which will allow for existing data sharing and payment initiation rules to be amended by the FCA.

This will ensure greater consistency across the market and align with the development of the smart data scheme, creating greater regulatory alignment and removing operational barriers.

## 2.

### DATA PROTECTION AND DIGITAL INFORMATION BILL

The re-introduction of the Data Protection and Digital Information Bill in early 2023 is an important milestone in the development of the digital economy. Expanding Open Data to other sectors could build a bridge between sectors through Digital Identity and therefore new opportunities for the UK financial services sector.

Under the new legislation, the FCA would be empowered to oversee data sharing requirements applying to firms within the scope of the smart data scheme.

## 3.

### THE CENTRE FOR FINANCE, INNOVATION AND TECHNOLOGY

Building on the 2021 Khalifa review of UK fintech, City Minister, Andrew Griffith MP launched the Centre for Finance, Innovation and Technology (CFIT) in April 2023.

The coalition will bring together industry experts, policy makers and academics to develop solutions to known and future barriers. It's first task is to look at Open Finance and how unlocking financial data can benefit SMEs and consumers.



# OUR RESEARCH AND INSIGHTS



# POLITICIANS WANT TO SEE PROGRESS BEING MADE

In the lead up to the 2024 General Election, innovation and economic growth are key battle grounds for Labour and Conservatives. Both parties want to see increased digitisation, innovation and use of data to ensure the UK financial services industry remains competitive.

## GOVERNMENT REMAINS COMMITTED TO CURRENT PLANS



As part of the Government's wider ambitions to drive economic growth and position the UK as a global fintech leader, the current administration has championed an industry-led, regulation light approach to Open Banking thus far.

But they remain committed to progress. Prime Minister Rishi Sunak spearheaded ambitious plans for the UK fintech sector back in 2021 whilst Chancellor and has heralded progress on open banking as a successful indicator of the UK's innovative approach to financial services.

Having established JROC and now overseeing the introduction of a new Open Banking body responsible for the transition to Open Finance and beyond, the Conservative Government will continue to push the current agenda and pace of development with City Minister Andrew Griffiths championing progress.

**“LET ME BE CLEAR AS I KNOW SOME FOLK HAVE BEEN WORRIED: THIS WILL BE THE YEAR OF DELIVERY ON THE NEXT GENERATION OF OPEN BANKING. OUR PLAN IS AMBITIOUS BUT ACHIEVABLE, AND I AM COMMITTED TO MAINTAINING OUR COUNTRY'S LEADERSHIP IN THIS FIELD.”**

**Andrew Griffith MP**  
Economic Secretary to the Treasury

## LABOUR WILL LOOK TO EXPAND THE CONSUMER BENEFITS



The Opposition have put innovation and digitisation at the heart of their offer to the industry and has already committed to a review of how Open Banking rules can be applied to a wider range of services – including consumer carbon footprint data and credit assessments – and we can expect to see more of this broad thinking.

However, consumer protection and outcomes is at the centre of their pitch to voters and continues to rule their policy decisions in relation to financial services. Innovation will, therefore, not be put ahead of consumer outcomes and the Party is likely to play a more active role in determining how Open Banking and the evolution to Open Finance evolves in the UK.

**“IF THE FULL POTENTIAL OF FINTECH AS A FORCE FOR GOOD IS TO BE REALISED, THE STATE WILL HAVE TO PLAY A PROACTIVE ROLE IN CHAMPIONING NEW AND EXCITING TECHNOLOGIES. A LABOUR GOVERNMENT WILL WORK HAND-IN-HAND WITH YOUR SECTOR TO TRANSFORM OUR ECONOMY, THIS WILL INCLUDE REVIEWING HOW OPEN BANKING RULES CAN BE APPLIED TO A WIDER RANGE OF SERVICES”**

**Tulip Siddiq MP**  
Shadow Economic Secretary

# MPS NEED EVIDENCE, DATA AND LIVE EXAMPLES

MP polling conducted for WA earlier this year showed that there continues to be a lack of understanding amongst policymakers, but that MPs are keen to develop a more detailed understanding of the technological barriers facing the sector and how removing these can benefit consumers. Industry needs to do more to explain Open Banking and the evolution to Open Finance in terms policy makers and politicians understand.

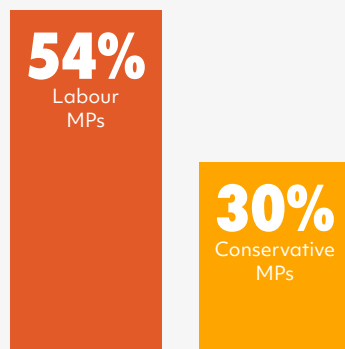
## MPs want to see evidence, data and consumer case studies to inform policy decisions

- Asked what information would help inform their policy decision making, 42% said evidence of consumer outcomes was the biggest factor and 44% wanted to see consumer data and insight.
- Evidence of barriers to investment in the UK (31%) and solutions to current barriers to innovation (38%) were the next front runners.
- Only 28% wanted to see recommendations on future regulations.

## The type of information MPs want to see from businesses differs between party lines

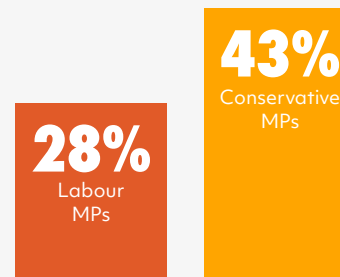
MPs who find it useful to see information on:

### CONSUMER OUTCOMES



**Labour MPs** are much more likely to find evidence of consumer outcomes most useful.

### BARRIERS TO INNOVATION AND INVESTMENT



**Conservative MPs** find solutions to current barriers to innovation and investment most useful.

## There is work to be done to build understanding of Open Finance

- Amongst MPs surveyed, 0% felt confident explaining how open finance worked in detail.
- 51% of had not heard of Open Finance, with similar levels across both parties - Conservative (46%) and Labour (49%).
- Of those who did know what it was, only 9% felt they could explain the concept and 5% felt confident they could provide some explanation of how it works.





# CONSUMERS THINK INNOVATION WILL IMPROVE THEIR OUTCOMES

Consumer polling conducted for WA earlier this year showed that without greater education and building of trust in regulation, consumers will remain skeptical about new products, services and the way their data is managed. With consumer outcomes at the heart of Government, Opposition and MP decision making in the run up to the general election, it is critical that businesses use their consumer channels to make the benefits of open banking and greater use of data clear to customers.



**63%**

A majority of the UK public agrees that technology and innovation are making financial services better - 63% in 2023, up from 55% in 2021

**54%**

They want to see greater use of data to support their financial decision making (54%)



**37% vs 38%**

But are split about giving their financial services providers permission to move their money automatically, with 37% agreeing and 38% disagreeing that this is something they would like.

**42%**

And understanding of Open Banking remains low – whilst 42% of respondents said they had heard of Open Banking, only 17% said they could explain what it is in detail



**32%**

With awareness of Open Finance at a similar level, with a third of respondents (32%) saying they had heard of the concept.



**OUR RESEARCH SHOWS THAT THE BENEFITS OF OPEN BANKING ARE NOT YET FULLY UNDERSTOOD BY POLITICIANS AND CONSUMERS.**

**BUSINESSES NEED TO BE MORE CLEARLY ARTICULATING THE CONCEPT, WHAT IT WILL DELIVER AND WHAT IT MEANS FOR THE UK FINANCIAL SERVICES SECTOR.**



# HOW YOU CAN SHAPE NEAR AND LONG-TERM THINKING

The next 12-18 months are key to shaping the near and long-term thinking on the future of banking, and there is a knowledge gap to be addressed to ensure the right decisions are taken.

The timeline set out by JROC in April provides significant opportunity for industry to shape regulatory and policy development at a technical level, with numerous consultations and data gathering exercises planned in the next two years.

Beyond that, it remains critical that political decision makers and influencers are bought in to the benefits of open banking and the real terms economic growth to be made through expedited innovation.

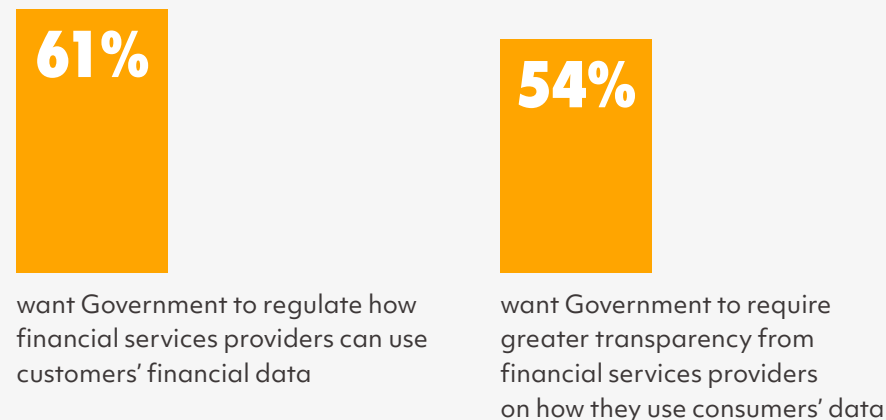
This means businesses need to:

1. Engage with Conservative and Labour party policy and manifesto teams now, to secure long term buy-in for open banking and open finance
2. Arm decision makers with consumer insights, case studies and economic data which helps make the case for an increasingly digitised future
3. Distil technical barriers and opportunities into real life benefits, in order to overcome the political and consumer knowledge gap
4. Demonstrate the growth potential of the sector, including how the UK can remain competitive with global markets



## POLITICIANS CARE WHAT VOTERS THINK, YOU SHOULD TOO:

The need for clear regulation to enable progress is recognised by voters:



And voters on both sides share the same priorities:

- Potential Conservative voters (62%) are just as likely as potential Labour voters (63%) to agree that how a financial services provider uses their data should be regulated
- Both Conservative voters (34%) and Labour voters (26%) want to see Government promptly introduce plans which would allow financial services providers to access data (with permission)

# KEY MOMENTS TO ENGAGE

## Q3 2023

VRP Working Group draft delivery plan and framework to enable a phased roll out of non-sweeping VRP launched

## Q3 2023

OBIE and Pay.UK to perform gap analysis of consistent and definitive payment statuses in Faster Payments and open banking

## Q4 2023

OBIE and Pay.UK to perform gap analysis of consistent and definitive payment statuses in Faster Payments and open banking

## Q4 2023

The FCA consultation on changes to error codes.

## Q4 2023

The JROC to publish a progress update and set out refined views on the design of the future entity.

## Q2 2024

The FCA and PSR consultation on changes requiring reporting additional data for API availability and performance.

## Q3 2023

The Variable Recurring Payments (Non-Sweeping) Working Group, established in June 2023 to report to JROC and develop blueprint for the implementation of non-sweeping VRP.

## Q3 2023

The Design of the Future Entity Working Group to report to JROC.

## Q4 2023

The PSR consultation on changes to Faster Payments to enable a phased roll out of non-sweeping VRP.

## Q4 2023

The FCA and PSR conduct consumer research to identify critical and future use cases and risks for vulnerable consumers.

## Q2 2024

FCA and PSR consultation on mandating data sharing, the use of financial crime prevention tools and/or additional tools or requirements for high value payments.

## Q2 2024

FCA and PSR consultation on additional dispute process or protection requirements in open banking.



# ABOUT US

**WA is a strategic communications consultancy helping organisations achieve policy and reputational outcomes.**

We're integrated in approach, bringing together public affairs, corporate communications, digital, research and creative services.

We're specialists in sectors where government action, media interest and public impact are often interlinked, including energy, education, financial services, healthcare and transport.

Our clients, whether global giants, leading charities or blue-chip brands come to us for help navigating the complex communications challenges of these multi-stakeholder environments.

We bring about change for clients and communicate their impact in society – from strengthening involvement of patients in their treatment, to helping to secure free school meals funding, to promoting net-zero public transport.



# WA FINANCIAL SERVICES

We have deep experience in financial services.

WA's specialist financial services team has a range of experience across the financial industry – from fintech and retail banking, to investment management and platforms.

## WE FOCUS ON THREE CORE AREAS:



### DIGITISATION

**Securing** the right policy, regulatory and media environment to support the digitisation of the financial landscape, whilst safeguarding access to services for those who need them.



### INNOVATION

**Creating** the best conditions for investment in new technologies at the forefront of reimagining financial products, from unlocking barriers to open finance, to democratising access to advice through AI.



### REGULATION

**Helping** organisations in the financial services sector understand, adapt to and inform the de-regulation agenda to future-proof their operating environment and shape future political decisions.



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