



*The Money Charity
Supplementary Response -
OBiE Open Banking Revised
Roadmap Consultation
(December 2019)*

The Money Charity is a financial capability charity whose vision is to empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives.¹ As such, we have a strong interest in developments in payments and banking from the point of view of consumer value and contribution to developing financial capability. We support financial regulation that creates product standards and choice architectures that promote financial capability.

We welcome the opportunity to respond to the Open Banking Implementation Entity's consultation on the Revised Roadmap to achieve the goals of the Competition and Markets Authority's Order on open banking. This response is supplementary to the response submitted by the Open Banking Consumer Network, which we have joined, as indicated in the covering statement attached to that response. The purpose of this

¹ See box on back page.

supplementary response is to underline two points of special concern to The Money Charity relating to Open Banking standards (A2) and TPP Side Customer Protection (A12).

General Remarks

The Money Charity is a supporter of Open Banking, which we see as offering consumer amenity and a means of potentially raising the UK's financial capability. We have participated in the Nationwide Building Society Open Banking for Good project and raised awareness of successful open banking applications in our consumer workshops. We hope there will be many more such applications in the future, the features of which we can integrate into our work on personal financial management.

We support the response to this consultation submitted by the Open Banking Consumer Network, which highlights many detailed ways in which the delivery of open banking can be improved so that it can achieve the ambitious goals set out by the CMA Order and other open banking advocates.

In this supplementary response, and without repeating all the points made in the collective consumer response, we underline two issues of special concern to us.

Section A2(d): Evolving Open Banking Standards

This section of the consultation document refers (among other things) to “taking account of the requirements of the Contingent Reimbursement Model (CRM) code”² and Confirmation of Payee (CoP).

We support the CRM code and CoP but have been disturbed to hear in some recent open banking forums that the introduction of CoP may lead to a shift in liability under the CRM code from bank to customer, the idea being that if a customer goes ahead with a money transfer after receiving a “payee not matched” message from the CoP system, they will lose cover under the CRM code.

This might be justifiable under a 100% reliable CoP system, but it is very unlikely that the system – certainly initially – will achieve that level of reliability. Many firms have company names and/or bank account names that do not match their trading or location names and there is also the possibility of near misses due to variations in spelling and punctuation. To be sure of getting a match, the payee will need to provide the precise name of the bank account, correctly spelt and punctuated, and the payer will need to enter this correctly. We do not know yet how the CoP system will deal with near misses and how it

² The code under which a customer will be reimbursed by their bank in the case of a scam, providing the customer has not been negligent in making the transfer. This code gives partial protection to many consumers who have innocently lost large amounts of money as a result of the sophistication of financial fraudsters.

will feed information back to the payer, enabling them to determine if they have the right match or not, and if not what to do about it.

There is a risk that consumers will receive false negatives (payee not matched even though the bank account is correct) and begin to allow for false negatives by continuing with transfers. If consumers become habituated to ignoring false negatives, the efficacy of CoP as an anti-scam system will be undermined. The negative CoP report on a scam account may be camouflaged by the false negatives arising from other attempted payments.

Once the CoP system is up and running and its reliability demonstrated, it will be possible to assess whether it provides the hoped-for protection against scams. Until then, there should be no move to change liability under the CRM code.

Open Banking standards should not be written in such a way that they assume a shift in CRM liability. The important thing for the OB standards is that they should enable CoP to work properly across OB platforms. The goal we need to aim for is that every consumer can see clearly and accurately the destination of their payment before they confirm it.

Section A12: TPP³ Side Customer Protection

This section of the consultation document refers (among other things) to “TPP standards that address all aspects of consent and in particular the codification of consent purpose.”

A critical aspect of Open Banking, in our view, is the way that data consents are handled, in order that the consumer remains fully in charge of their own data. This is about consumer rights and about public confidence in the system.

A person’s banking information is extremely valuable, containing many items personal and potentially confidential to the individual. The more that consumers use electronic payments, the more complete a picture of their financial lives emerges from their transaction data. From a person’s financial life, much can be inferred about a person’s whole life, including where they eat, sleep, drink, holiday and shop and, potentially, who else they are doing these things with. The temptation to further process or on-sell personal transaction information will be intense, particularly if the TPP is associated with a firm that is already doing this (such as social media companies).

Consumer protection starts with the consumer’s bank, moves on to the TPP activating the open banking data exchange then continues to potential fourth, fifth, sixth or more parties depending on who else receives the data. It is vital that this process of data sharing is controlled and limited to the extent the consumer gives conscious permission. Open banking standards need to have clear and effective permission controls, including

³ Third Party Provider

whether or not the data can be on-shared or on-sold (default = no), the right of the consumer to withdraw consents already given and an effective means of reversing consent down the data chain. We urge OBIE to look not just at the rules, but at how these rules can be effectively enforced and whether there are gaps in law, regulation or enforcement that need to be filled.

From the point of view of The Money Charity, we would not want to advise people to use open banking apps if we knew there was a possibility of their data “escaping” and becoming somehow generally available for sale in the international marketplace.

We need to be able to advise consumers that they are in charge of their data, that they can control the extent of the permissions they give and effectively reverse these permissions should they decide to do so.

The Money Charity is the UK's financial capability charity providing education, information, advice and guidance to all.

We believe that everyone achieves financial wellbeing by managing money well. We empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.

We do this by developing and delivering products and services which provide education, information and advice on money matters for those in the workplace, in our communities, and in education, as well as through influencing and supporting others to promote financial capability and financial wellbeing through consultancy, policy, research and media work.

We have a 'can-do' attitude, finding solutions to meet the needs of our clients, partners, funders and stakeholders.

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