

# Consultation Response

Open Banking : Revised Roadmap Consultation

Open Banking Implementation Entity

December 2019

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## **About this consultation**

This consultation seeks comments on the Open Banking Implementation Entity's revised roadmap that sets out what work needs to be done to deliver a functioning open banking system.

## **Key points and recommendations**

- We welcome the development of open banking products and services, and believe that they have the potential to deliver benefits to the experiences of older people.
- Trust, risk management and governance issues all need to be addressed before large numbers of older people start to use open banking.
- Many older people will be nervous of using open banking products and services, so providers must ensure that any problems that occur are resolved rapidly.
- Protocols need to be developed for dealing with the data of consumers who become disengaged with open banking.

## **Introduction**

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

We welcome the development of open banking products and services. Older people report that they often encounter difficulties accessing conventional banking services, and find that firms use customer inertia to raise insurance premiums and lower interest rates. Open banking offers potential remedies to these – and other - problems that older people may experience.

However, while many older people embrace digital technology, most prefer to transact conventional, branch based banking. Open banking providers face a significant challenge in winning the support of such customers, and so must ensure not only that products and services generate high levels of trust and confidence, but also that they are tested on older people, including those aged over 85 and with cognitive decline and other health conditions to ensure that they can be easily used by older people.

## Consultation Questions

### **Question One: Are you of the view that the objectives of the CMA Order have been met?**

We welcome the development of open banking products and services, and believe that they have the potential to deliver benefits to the experiences of older people.

However, despite the work that is being carried out to deliver a working open banking ecosystem, open banking will only take off for older people when it is really trusted by them. While many will be keen to utilise open banking, few older people are likely to be early adapters. Trust, risk management and governance issues all need to be addressed before large numbers start to use open banking.

We have contributed to the development of – and support - the Consumer Forum's response to the consultation, and so have not answered every question in the consultation.

### **Question Three : Do you agree with the scope of work activity for item A2 in the Proposed Revised Roadmap in delivering against the requirements of the CMA Order? Please explain your reasons.**

#### *A2 (a)(i) Two way notification of revocation*

We agree that customers must be able to easily revoke their consent for participation. This is not just a systems issue, but information must be provided so that customers understand how their information and data will be used, why it is being used in that way and the implications of both participation and non-participation.

#### *A2(a)(iii) – Reverse Payments*

It is vital that PISPs can quickly and easily reverse any payments should the customer require a refund.

The Open Banking initiative represents a major challenge for firms to win the confidence of consumers. Many older people will be instinctively cautious of using open banking products, and will approach any new services and products with a degree of caution. To overcome this, and to give them confidence in other open banking products, it is critical that when problems occur, they are resolved rapidly.

#### *A2(c)(iii) Customer Evaluation Framework*

The Customer Evaluation Framework represents a significant opportunity to ensure that open banking systems work from a customer perspective, and so should be resourced accordingly. It is also important that consumer groups have the opportunity to participate, and there should be engagement with such groups before the draft Report is published to ensure that it reflects customer opinion.

**Question Five: Do you agree with the scope of work activity for items A3 – A5 in the Proposed Revised Roadmap in delivering against the requirements of the CMA Order? Please explain your reasons.**

*A4 Performance Improvement Plans*

High levels of performance by APIs are critical if providers are to build trust and confidence amongst customers. Challenging performance targets should be set for system reliability and resilience to ensure that customers can be confident that open banking services are available when they wish to utilise them. These targets should be set and monitored by the FCA, and should increase as performance improves.

The FCA should take enforcement activity against organisations that fail to meet performance targets.

*A5 Improvement of API Performance (including benchmarks)*

We agree that customers require simple and easy to use customer journeys and authentication systems. The simpler – and easier to use - they are, the greater the take up that can be expected.

**Question Seven: Do you agree with the scope of work activity for items A6 in the Proposed Revised Roadmap in delivering against the requirements of the CMA Order? Please explain your reasons.**

Before any communication activity takes place, risk management and governance procedures should be established to ensure that customers can have confidence in the open banking system. Suitable products must also be available.

The OBIE should also regularly review the structure of the open banking market, and the customer groups who are being targeted by providers. A key objective should be to ensure that there is a wide diversity of different types of open banking products and services. We recognise that the development of open banking products and services can deliver many benefits to older people, but are concerned that groups such as older people may be ignored by developers and thus miss out on the benefits that open banking can deliver.

We believe that the principle of inclusive design should lie behind the development of open banking

**Question Nine: Do you agree with the scope of work activity for items A7 – A13 in the Proposed Revised Roadmap in delivering against the requirements of the CMA Order? Please explain your reasons.**

*A8 Renewal Rates (90 day re-authentication)*

We will be shortly be publishing research showing that while large numbers of older people do use digital products and services, they often stop doing so. Protocols need to be developed for such customers who become disengaged. Their data needs to be protected to ensure that it is no longer passed to third parties and ultimately - if the customer cannot be re-engaged – disposed of.

*A11(b) Trustmark*

We support the development of a trustmark for open banking systems. While this will be an important tool in giving customers confidence in open banking products, it is important

that, as well as demonstrating that minimum standards have been attained, any trustmark also reflects high standards of customer experience and care.