CFIT Open Finance Coalition

Virtual coalition partner meeting minutes

19ᵗʰ October 2023

Agenda

1. **Welcome**
   a.   Introductions
   b.   Messages from CFIT Chief Executive
2. **Consumer Use Cases Update**
3. **SME Use Case Update**
4. **Q&A**
5. **Open Discussion**
6.   **AOB & Q&A**

Minutes
Item 1a – Introductions
Purpose: For information

Speaker: EB	- The meeting Chair, **Ezechi Britton MBE (EB),** CEO of CFIT, welcomed all and set out the obligations of Coalition Partners and meeting attendees relating to competition law. This included a reminder to avoid discussing commercially sensitive information in Centre for Finance, Innovation and Technology (CFIT) meetings and that, if any Coalition Partner should consider a topic of discussion not in line with the guiding principles outlined, they should raise their concerns with the meeting Chair, who would suspend all discussions until a decision was made. **EB** introduced the purpose of the session: to obtain progress updates from Use Case Leads and outline the next phase of work,

	in particular our progress to demonstration of value and how coalition partners can get involved.
	o **Melissa Patel (MP),** the Head of Research and Data for CFIT, will outline research on the focus theme of credit and what our key blueprint reporting outcomes are.
	o **Leon Ifayemi (LI)** Will talk about our off-ramp strategy, including what will happen post coalition 1 in January.
	o The Use Case Leads for SME and Consumer Use Cases will update on their working groups' progress, however **Houssein. S (HS),** our new Head of Coalition Delivery, will speak in place of our consumer case lead **Glen Keller (GK)**.
	o **EB** emphasised the importance of these Coalition Partner meetings to touch base on overall progression, 50 organisations so far. Important for us to think about how we drive forward JROC and their activities, how do we support future entities? How do we support smart data council?
	o **EB** gave an update for the upcoming weeks including discussing our key outcomes as we consider potential inputs for the Autumn statement with Andrew Griffth.
Comments:	▪ None
Decision:	▪ N/A – for information only
Actions:	▪ None

Item 2 – Consumer Use Case Update

Purpose: For information

Speaker: LI	▪ **Leon Ifayemi (LI)** thanked all for their support to the working group and would like all to consider capabilities going into the next Sprint, thanked partners who have already offered support. ▪ In our next coalition partner meeting, there will be focus on the off-ramp strategy, however this will be introduced today. ▪ We will hear from our Consumer use case leads first and then we will move onto our SME use case updates. ▪ **LI** introduced **Joeseph Russ (JR)** from Amdaris, the project manager for the consumer design team. Co-lead of consumer group Scott Harrison was not available to provide updates, however he works closely with **JR.** ▪ Then **Jake Beaven (JB)** from Citizen's Advice will talk about our POC.

Speaker: JR	**Programme– Planned approach**
	▪ **JR** explored the 2 focus areas in the consumer workshops:
	   1. Fairer access to finance
	   2. Debt management and resolution.
	
	▪ **Output from workshops**: Tom created Strawman example on fairer access to finance. Current method and how access to open banking could enhance consumer experience.
	▪ **Focus areas**: Data sources that may drive decisions, how can they be accessed? Also focused on creating synthetic data to feed into the flows. Next stage involves looking at consent flows, especially how we can simplify this, while also getting this validated by legal and regulatory compliance.
	▪ **LI:** On the consent flow: we are taking lessons from open banking and existing flows. We are looking at clusters that support specific outcomes, which require consent at one part.

	▪ **LI** Invites **JB** from Citizen advice to talk on the applications of our envisioned open finance framework supporting their commercial processes. ▪ **JB:** Citizens Advice helps half a million people with debt, journey begins with standard financial statement. Process starts with 700 fields they currently they have to manually go through this. Taking up about 30% of their advisor time, if this could be reduced, we could benefit from an additional 50% more cliental. Good opportunity to orientate open banking, open finance and to help us to meet those requirements of the standard financial statement and get that kind of confidence level be over the threshold that government and creditors need. ▪ Consumers in crisis must sit on the phone for over an hour to clear this, there is a unique opportunity for open banking to help reduce this. ▪ **LI:** Goes through the implications of aggregating this data: going through the process as a distressed client could take days or weeks, which is highly strenuous. ○ If we could aggregate that data in a matter of minutes this can have implications for commercial service providers who often take weeks to onboard customers and businesses or go through their credit decisioning processes to offer more affordable and accurate loans and other credit products.
Comments:	No comments – comments made on both use case updates at the close of the SME use case leads update.
Decision:	N/A – for information only
Actions:	None

Item 3 – SME Use Case Leads Update

Purpose: For information

Speaker: RW/LI	**LI** Introduces **Ralph Wensley (RW)** from **IBM** to give SME use case update, particularly on IBM's involvement and contribution to the infrastructure workstream. **Dataset priority and next steps** **RW:** Datasets have been prioritised on different vectors, those in green (highest priority datasets) have been selected for the demonstration of value. **IBM** involvement has been to firm up and ratify architecture design, providing infrastructure components to help with the proof of value, and help put a scope on what the requirements and user journey components are for the POV– some of which is TBD. **SME Infrastructure Deliverable:** **RW** ran through the high–level architecture designs which show what the flows and steps look like, what the capabilities CFIT would like to provide as part of enrichment activity in order to coordinate the data in the data clusters. **LI** Further explains the high–level architecture; IBM was super critical in running due diligence on this. On the left are key datasets, in the middle is CFIT as the data intermediary and on the right data consumers– people who want this data. - For the datasets we will cluster these based on purpose of the data rather than type of data. For the demonstration of value, we will work with 1 cluster: Credit decisioning.

	High Level Architecture– CFIT as a Trusted Data Intermediary ▪ **LI** spoke on current CFIT activity viewing data from Merchant acquirers, banks and building societies, public sector data-companies house, HMRC and from credit bureaus. ▪ CFIT currently working on the consent element on both SME and Consumer side, how to provide consent for different combinations of datasets that comprise individual clusters, hence consenting usage rather than data type. ▪ On the right we have what HSBC, who we can prove to in principle what they would be able to achieve if those datasets were made available through our clusters. ▪ **RW:** Our next focus will be what's the next level of data below this, so we can accelerate proof of value, and making some recommendations on what would need to be true if this platform was going into production in future. 　　○ **LI** offered to email **Helen** regarding testing processes. ▪ **LI** Discussed coalition progression and our evolving needs and perspectives. We want the capability to plug data in FCA sandbox to allow the industry and CFIT change, innovate and test what that incremental dataset might look like and its impact on consumers.
Speaker: LI/HS	**Proposed data clusters** ▪ On SME we took a bottom-up approach, starting with datasets, the clusters, then built up to use cases. The consumer-side took the opposite approach. ▪ On SME-side we have our infrastructural design clarity– in the form of our proposed clusters: ▪ **1. SME financial Health**

      i.   Clustering datasets for financial stability and borrowing capacity assessment.

      ii.   Empowering lenders and credit bureaus with accurate scorecards

- **2. Real–time commercial Risk Management**
  - i.   Reducing rejection rates and improving SMEs' access to financial products
  - ii.   Addressing cash–flow challenges with real–time insights and forecasting

- **3. SME identification and Verification cluster**
  - i.   Combining e-invoicing and broader financial data for financial management
  - ii.   Enhancing onboarding and KYC processes for SMEs and financial service providers

- **4. Supply Chain Resilience**
  - i.   Providing data for assessing vendor financial resilience in supply chains
  - ii.   Promoting financial resilience and secure supply chains for SMEs and how this can impact their business to operate more efficiently.

<u>SME Design Deliverables</u>

- **HS: Glen** is our lead use case for our consumer group, but he is not here today, so **HS** filled in.

- 3 Main design outcomes:
  1. **Development of a Frontend Wireframe**

      i.   This is the consent flow to ensure a clean and consistent user experience.

      ii.   The aim here is to make it easier for SMEs and consumers to bring the data into one place.

2. **Designing an interactive Dashboard**

      i.   This is demoing value in the process: we have all this data (whether real or synthetic), and this is how we put it to life, brings to life for the use case and algorithms to life, with the opportunity to visualise that through an interactive dashboard.

3. **Creation of a Data Control Hub**

      i.   How do you control ownership and transparency of data for SMEs? Can provision of data be revoked, refreshed? And how will we ensure robust data management and user control?

- We have a new resource: Attila joining us as a UX/UI designer to bring this key deliverable to life in the next sprint.

Demonstration of Value Update

- **LI:** SME challenge– stems from how SME health is evaluated traditionally, relies on information from directors to assess company health.
- Our aim is to assess our metric of success for how this might work from the HSBC perspective, this can be used as an exemplary proof of concept (POC) powered by open finance data to help improve the accuracy and fairness of indicators and assessments of creditworthiness.

	- Connecting with HSBC and Iwoca on the SME side and Experian on the consumer-side, to see how we can capture the end benefits from a technical perspective. - **LI** invites comments from Iwoca (**Joost**)– no, summarised well.

Item 4 – Q&A

Purpose: For information

Speaker:
LI/JRo/RY/JR
	<u>**Questions:**</u>
	James Roe (JRo): Question on how to use the lawyers on this.
	- We will ask questions on SME workstream and then share this with consumer workstream, so CFIT can see what information we want from Consumer side before we ask.
	   o We want a POC not proof of everything, hence we need to identify particular aspects we want lawyers to work on. From us you need analysis of enough so you have concept and we can deliver the output of this. You also need to test methodology, which can come later, also ensuring you are testing it in a way that is compliant.
	   o Second aspect: once we go to market with output and suggest this is the way to do it, we need to know that this is viable, and there's analysis of that, ensuring there are no breaches.
	      o Key difference on the two, first one synthetic data and we are working based on the current laws when we are planning for a future project. It might not work today but can be a recommendation as to changes needed (maybe to laws) for this to work.

- o Last part we are looking at: Individual liability of the intermediaries. Making sure roles are understood, and CFIT complies with laws or regulations, and if these aspects aren't clear- seek guidance now.
- ▪ This is how we are approaching it, we need involvement, we will provide advice and efficiently contained so it remains manageable.

- ▪ **LI:** First- we are working within SME datasets, overarching framework is the same of SME and Consumer, work is transferable. Two- considerations are: on consumer datasets with higher levels of PII with link to personal sensitive data.
  - o For Proof of value, we have narrowed focus to credit, the implication this has on clustering is we only test on SME financial health cluster. Success with first cluster should inspire confidence with others as there are overlaps. You can use datasets in multiple clusters.
  - o Third piece: Understand if what we talk about is possible in the real world. To get over this we are going through technical due diligence at the moment IBM and data village. In principle we want to be able to be able to hand our blueprint to anyone tomorrow and they can take over seamlessly.
  - o Fourth: liability of intermediary, who takes over after CFIT? We still do not know and what the off-ramp strategies will be? We have given due consideration for regulatory and compliance aspects.
    - **LI** to continue offline with **JRo** and **MP**.

- **Rob Yuille (RY):** Question on legal point about consent flows: Interested in practicalities and verifications. Practicality of multiple parties to rely on a single source. If this can be achieved, it would a breakthrough.

- **LI:** We are working with smartercontracts to see how they currently work on consent in clusters. We want to find a happy CFIT medium between the existing legacy open banking consent flows and what they've devised, that we can champion to the rest of the world as the right model to take.
- One deliverable: full consent flow, we will come back to you to show you what this is.
    - **RY:** Happy to discuss offline.
    - **LI:** To follow up offline.

- **Joe Russ (JR):** How we can do a pairing up between SME and Consumer on the common areas– prioritized datasets is fantastic, other areas that we could pair up i.e., for consent flow, SME might be more simplistic, therefore Consumer can be built on top of this for the extra layer of personal data. Make sure we have people from both streams in touch with each other.
- **LI:** We will follow up with this, **MP** has been working on consumer data set list at the moment, we can share this with you to iterate. This will form our open finance definition for consumer, like what we have achieved in our SME group.
- **JR:** SME we can't discount sensitive info in SME so might be more closely aligned than thought.
- **LI:** If we take the consent flow that's been devised for consumer and extract rate that over to SME, we by extension cover most of those API considerations.

	Resource Requests - **LI:** Thank you for supporting us: Recently, Revolut brought in developer full time, HSBC project manager and credit decisioning team, Experian and Lloyds being supportive on priotisation works and validating outcomes we have devised. **Areas we need support:** 1. **Regulatory consent specialist** might put Rob in this category for now. 2. We have a designer, so anyone with **flows or designs** this would be great. 3. **Data analysts**– We need analysis on: are the clusters fit for purpose? Do they need iteration? is there a different way we can approach this? - Please follow up with **LI** and **MP.** - **Nilixa Devlukia (ND)**: Aside from consent any other regulatory expertise you are seeking? - **LI:** we want to produce separate document outside blueprint that has a list of our key policy recommendations and regulatory recommendations. To be shared at various roundtables with UK finance. - We would be grateful for you and your teams feedback on our policy recommendations. We can peer review if this has legs, we are already confident these recommendations are strong, by virtue of our coalitions model having so many voices. We want to put this in a shorter document to share with representative lobbying bodies.

Speaker: LI

	o We can share this list the coming weeks (first 2-3 weeks of November) and take your feedback then? o **ND:** Happy to do that.
Comments:	▪ N/A
Decision:	N/A – for information only
Actions:	• **LI** to email **Helen** on testing processes. • **LI** to continue offline with **JRo** and **MP** on regulatory and compliance aspects for Off-Ramp strategy. • **LI** to discuss offline with **RY** on CFIT happy medium consent flows. • **LI** and **MP** to follow up with **JRo** on pairing up between SME and Consumer on the common areas. • **ND** (Open Finance Association) To give regulatory feedback.

Item 5 – Open Discussion

Purpose: For Information

Speaker: EB	▪ **EB:** Fantastic updates, great to see work being done on both sides. ▪ Thanked **MP** and **LI**, **LI** passed to **MP** for Update on Blueprint outcomes and **LI** for Off-Ramp update.
Speaker: MP	**SME Blueprint Report key outcomes update:** ▪ We have solidified our primary outcomes for reporting: predominantly focused on more suitable and affordable credit for the SME side: to help rectify £22 billion funding gap for SMEs. We have 4 ancillary outcomes as facilitators of this primary outcome. Rectifying educational, behavioural, and other impediments. ▪ One mission focuses on utilizing data so SMEs can make informed decisions and eligibility to reduce decline rates.

	- Another mission: Make e-invoicing more accessible, bringing cash flow forecasting affordances, as well as give lenders insights to company liquidity and working capital, helping determine credit worthiness. - Lastly, empower SMEs to help understand why data is being shared and the benefits of this, by reducing educational and behavioural barriers. We can build more appropriate lending solutions and help SMEs identify opportunities. **Consumer Key Outcome updates** - Primary outcome: increase access to credit by helping consumers increase their credit scores and helping them avoid the debt trap. - Long term front: focus on savings and filling pension gap 15 million in UK do not have pension savings. Complementary to these missions: ease of accessing and ease for switching as a natural facilitator of both outcomes.
Speaker: LI	- **LI:** briefly touched on Off-ramp strategy, looking forward to providing details on the next call. - What happens after the coalition, how do we work these recommendations and outputs forward? And who will be responsible for them? o We have proposed advocacy groups for this, we will discuss these in our next call.
Comments:	- N/A
Decision:	- N/A – for discussion only
Actions:	None

Item 6 – AOB, Q&A

Purpose: For information	
Speaker: EB	**EB:** Normally a Q&A, but we have run out of time for that today. - Significant milestone in our coalition getting to this demonstration of value stage. - Thanked everyone for the support that has been offered: this coalition is about driving towards a fully realised digital economy, we want to drive global standards led by the UK and ensure our financial services and Fintech ecosystem is at the forefront of that global growth. **EB** expressed his belief that open finance is critical to this journey. These use-cases are there to tangibly demonstrate the value of open finance and opening datasets. **EB** Thanked attendees again for all the work they are doing and their incredible outputs. We value all feedback or any requests, please email us these. **EB** closing statement: Thank you it has been a pleasure, please get in touch in the meantime, we look forward to seeing you all on the 16th of November for our next meeting.
Comments:	N/A
Decision:	N/A – for discussion only
Actions:	None

Actions log:

Number	Action	Assigned to
1	**LI** to email **Helen** on testing processes for proof of value.	**LI**
2	**LI** to continue offline with **JRo** and **MP** on regulatory and compliance aspects for Off-Ramp strategy.	**LI & MP**

3	**LI** to discuss offline with **RY** on CFIT medium consent flows.	**LI**
4	**LI** and **MP** to follow up with **JRo** on pairing up between SME and Consumer on the common areas.	**LI & MP**
5	**ND** (Open Finance Association) To give regulatory feedback.	**LI & ND**

Attendees:

Chair: Ezechi Britton, CFIT CEO (EB)

Organisation
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Iwoca
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