

Open Finance Coalition

Virtual coalition partner meeting minutes

16th November 2023

Agenda

1. **Welcome**
 - a) Introductions
 - b) Messages from the CFIT Chair.
2. **CFIT refresher**
3. **SME Use Case Update**
4. **Consumer Use Case Update**
5. **Open Discussion**
 - i. Policy Document Update
 - ii. Guest Speaker: Helene Oger- Zaher (FCA)
6. **AOB & Q&A**

Minutes

Item 1a – Introductions

Purpose: For information

Speaker: LI

- The Chair of the meeting, **Leon Ifayemi (LI)**, CFIT director of coalitions and research, 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 CFIT meetings and that, if any Coalition Partner should consider a topic of discussion not in line with the guiding principles outlined, they

	<p>should raise their concerns with the meeting Chair, who would suspend all discussions until a decision was made.</p> <ul style="list-style-type: none"> ▪ LI introduced the purpose of the session: to obtain progress updates from Use Case Leads, including progress on the proof of value deliverables, updates on the blueprint and to discuss CFIT’s off-ramp strategy. <ul style="list-style-type: none"> ○ Charlotte Crosswell OBE (CC), Chair of CFIT, will outline the role of CFIT is playing in the ecosystem and the impact of the coalition on the wider Open Finance agenda. ○ LI will present a CFIT refresher session for the benefit of the new partners on the call. ○ Melissa Patel (MP), Head of Research for CFIT, will give the update on the Interim progress and blueprint report. ○ Teresa Lam (TL), CFIT’s new head of programmes, who will introduce our Policy document. ○ LI will run through CFIT’s Off-Ramp advocacy groups. ○ Helene Oger- Zaher (HZ), Manager at the Financial Conduct Authority, will speak on the regulatory perspective of our off-ramp strategy, and how the FCA can support CFIT.
Comments:	<ul style="list-style-type: none"> ▪ None
Decision:	<ul style="list-style-type: none"> ▪ N/A – for information only
Actions:	<ul style="list-style-type: none"> ▪ None
<p>Item 1b – Update from the Chair</p> <p>Purpose: For information</p>	
Speaker: CC	<ul style="list-style-type: none"> ▪ CC thanked all partners for their support and contributions in time and resources to the Coalitions and their willingness to

	<p>drive forward the work. CC outlined the role of CFIT is to ensure we have relevant data and, through the work from Coalitions, provide credible solutions to take to government and industry on Open Finance.</p> <ul style="list-style-type: none"> ▪ Why send out an interim report? Some of the reasons are to show initial findings, powerful data and what is next. ▪ Ultimately, we do not want to only talk about outcomes and the positive impacts. This coalition has the ability to build great momentum, and sectoral change. ▪ Coalition 1 is a timebound proof of concept prototype, CC asked for input from Coalition Partners over the next few weeks, so when demo-day happens CFIT can show the industry ‘buy in’ from the people/organisations on this call that can make sure this work gets taken forward. ▪ Purpose of blueprint: Not a dusty report- set the stage to move open finance forward, like the Khalifa review. ▪ Very excited about the work that has happened: credit decisioning is just an example of what Open Finance can produce. ▪ CC thanked everyone for their involvement, in the acceleration to the path of open finance. Closed by asking the community on the call to make sure we have a strong pipeline of progress for 2024.
Comments:	<ul style="list-style-type: none"> ▪ None
Decision:	<ul style="list-style-type: none"> ▪ N/A – for information only
Actions:	<ul style="list-style-type: none"> ▪ None
<p>Item 2 – CFIT Refresher</p> <p>Purpose: For information</p>	

<p>Speaker: LI</p>	<ul style="list-style-type: none"> ▪ LI Ran through a refresher on what CFIT is for the benefit of the new partners on the call and as a reminder for existing partners. <p><u>What is CFIT?</u></p> <ul style="list-style-type: none"> ▪ The Centre for Finance, Innovation and Technology (CFIT) is a private non-profit, strategic convening point of at the intersection of financial services, fintech, government, regulators, regional fintech hubs, and academia. ▪ Emerged in response to the UK Government's Kalifa Review of the UK Fintech ecosystem. ▪ Our primary mission is to drive financial innovation in the UK, with a particular focus on overcoming obstacles in the fintech sector. ▪ Open Finance is the focal point for the first coalition. Building on the success of Open Banking, the initial is to showcase how increased data ownership and sharing can lead to more accurate and accessibility to credit. ▪ CFIT has sought to deliver a blueprint on open finance, this will help to outline the incremental pathway for unlocking datasets. ▪ LI thanked all participants for attending and partners who have offered their resources after previous meetings. ▪ Will Turner (WT), HSBC, asked for the meeting agenda to switch SME and Consumer updates around to allow Kenny Miller (KM), project manager at HSBC, to present later. ▪ LI Accepted the switch.
<p>Item 3 – Consumer Use Case Leads Update</p> <p>Purpose: For information</p>	

<p>Speaker: HS</p>	<ul style="list-style-type: none"> ▪ HS CFIT has been developing the POC with Citizens Advice, Experian, Direct ID, and lastly the FCA team who have been instrumental in providing their Sandbox. ▪ Handed over to MP to give an update on the consumer use-case.
<p>Speaker: MP/HS</p>	<p><u>Prioritisation of datasets and Sources</u></p> <ul style="list-style-type: none"> ▪ Melissa Patel (MP) Developed a phased approach to unlocking datasets under our open finance definition. ▪ 3 key pillars for the assessment: <ol style="list-style-type: none"> 1. Value- how useful is the data in relation to the agreed use-cases? 2. Effort- Complexity to access and format the data. 3. Trust- reliability of the data sources. ▪ These had multiple subsections, e.g., for effort the sub factors measured were: the number of gatekeepers, number of systems, consents required, standardization of data fields, sensitivity around the use of data and data protection concerns, and regulatory constraints. ▪ These pillars were scored out of 10, then ranked from highest to lowest, with the highest-ranking datasets prioritised. ▪ Briefly introduced the new modular clustering approach that has been developed since the last meeting. ▪ HS Moved the conversation forward to discuss the consumer 'Proof of Value'.
<p>Speaker: LI/ RH /JV</p>	<p><u>Citizens Advice POV</u></p> <ul style="list-style-type: none"> ▪ LI The primary consumer POV is populating the Standard Financial Statement (SFS), through leveraging underutilised datasets, such as: HMRC, Open Banking, Utilities Providers, Credit Bureaus, and other underutilised/ unavailable datasets.

- This will reduce the time taken in the financial advice process by 50%. Leading to 2 types of benefits:
 1. Operational benefits: Citizens Advice would be able to reach more financially distressed individuals (currently they answer ¼ of calls).
 2. Consumer benefits: Providing more accessible, faster, and tailored financial advice, bolstered by an increased number of data sets used.
- Consumers only need to provide consent for data usage, eliminating the need and time to manually fill 600 data fields.
- **Secondary POV:** Creating a 'Credit Booster' with Experian to increase credit scores.
- Incremental opening datasets on the FCA sandbox for credit evaluation improvement.
- Expanding Experian's dataset to include utility payments, rental history, pension data, etc. This will enhance the accuracy of credit evaluations and widening access to credit, especially to those with unconventional financial profiles.
- We have started the build phase, LI thanked key parties for their resources and time offered so far, then handed over to **Robert Haslingden (RH), Experian.**

Citizens Advice Dashboard

- RH Highted the fundamental problem: Helping to create a personalised debt repayment plan for consumers with disparate data sources is extremely time consuming, complex, and costly, for both the consumer and the advisor involved.
- From operational POV: leverage value of data and provide a personalised reflection of this data to someone's individual circumstances.

	<ul style="list-style-type: none"> ▪ The goal is to create a comprehensive and populated SFS, benchmark is 50–60%, but we are very optimistic we can achieve more. ▪ RH Ran through the dashboard illustration, through the use of a combination of existing and new data, the process to getting to an ‘end state’ is greatly simplified: allowing consumers to have a personalised debt payment plan, helping them to repay faster and manage their finances more appropriately. ▪ By next CPM we will be able to demonstrate how much of the SFS we will be able to populate. ▪ James Varga (JV), Direct ID: Interesting time– already in financially distressed situation if you go to CAB, takes a huge amount of time to go through SFS process: 45–60mins. ▪ Creation of a baseline for personalised repayment plans that are unattached and not–emotional, faster, and less painful for the consumer. ▪ JV urged that we (the coalition participants) should investigate the reduction in psychological and financial distress impact of opening these datasets. ▪ In terms of SFS, we are 80%+ complete, as we bring it together this will become an increasingly interesting use–case.
Comments:	<ul style="list-style-type: none"> ▪ None
Decision:	<ul style="list-style-type: none"> ▪ N/A – for information only
Actions:	<ul style="list-style-type: none"> ▪ None
<p>Item 4– SMEs Use Case Update</p>	

<p>Speaker: LI</p>	<ul style="list-style-type: none"> ▪ LI Handed over to Stephen Ashworth (SA), Aperidata, and Glen Keller (GK), CRIF, to present the update for the SME working groups.
<p>Speaker: SA</p>	<p><u>SME Data prioritisation</u></p> <ul style="list-style-type: none"> ▪ SA one of the first pieces we achieved, what datasets. ▪ Ranked in terms of use and value for the use-case of accessing finance and lending. ▪ Ran through the traffic light system, green datasets scored the highest and were prioritised and the red datasets we scored low- therefore would be not a focus of this work and the amber datasets were somewhere in between, they wouldn't be excluded, but they would not be prioritised. ▪ Great progress in the last sprints in two areas of the POV: <ol style="list-style-type: none"> 1. Technical, on the technical work stream we have commenced to build out a conceptual platform. How we will connect this data and use it and store it in potentially in real life 2. Keep us honest and making sure we are doing the right things. This is more of a desktop exercise to understand how an end user, HSBC, would extract value from these datasets and what that might mean to their lending decisions. Hence, ensuring we are building the right thing- so far this has been a resounding yes.
<p>Speaker: LI/WT /KM</p>	<p><u>HSBC POV and Value Statement</u></p> <ul style="list-style-type: none"> ▪ LI Currently traditional credit approach relies heavily on the financial health of the director. Leads to two-scenarios: <ol style="list-style-type: none"> 1. "Financially healthy" director, underperforming, likely to default business. 2. "Financially unhealthy" director, promising business.

- Situation 1 will get funding and situation 2 will, wrongly, not have access to the credit needed because of the lack of datasets around measuring the financial health of the SME.
- To improve the accuracy and fairness of lending we have been pioneering a standardized approach to harnessing and utilizing previously inaccessible, or underutilised data.
- Our method revolves around creating modular data cluster groups, which will be defined by the respective service providers (or data consumers).
- Working with **HSBC** to illustrate the art of the possible; understanding how their credit decisioning would be affected if they were to use our proposed datasets instead of their current ones.
- This would Augment the credit decisioning process at **HSBC** by refining the risk algorithms that underpin loan underwriting. Which in turn would illustrate how open finance could lead to an increase in the accessibility and fairness of credit for an SME.
- **Will Turner (WT)**, **HSBC** uses a channel called Kinetic, there's limited things **HSBC** can do deep in their 'black box' credit decisioning engine, this has complexities around model governance and testing and learning, so the ability here to do a form of desktop review with the synthetic data is where **HSBC** will be able to speak to the POV.
- Very excited for what this could do for access to finance for fast growing SMEs who currently can't always access credit from us (**HSBC**).
- **Kenny Miller (KM)** Over the last month collaboration has been fantastic.

	<ul style="list-style-type: none"> ▪ Focus now: set up the desktop review, aim to prove the POC, looking at the additional data CFIT requires that may change the outcome of finance applications. ▪ Agreed on 20–30 personas for POV testing. ▪ January deadline, next steps is how we will receive that data, we want to make sure it is manageable once we get it. ▪ LI & HS Thanked both WT & KM for their input. ▪ LI introduced the next topic of the new clustering approach.
Speakers: QF/LI	<p><u>Modular Clusters</u></p> <ul style="list-style-type: none"> ▪ Quentin Felice (QF) Datavillage: Ran through high level architecture on the slide, where roles, responsibilities and actors have been defined. ▪ Data providers on the left, and the data consumers on the right that are getting the outcomes of data gathering from different sources. Processing in the middle– we have a new entity that acts as a data intermediary, offering data intermediation services to the ecosystem, such as data collection, data aggregation, anonymization, pseudonymization, and consent management that is uniform. ▪ This is orchestrated using a cluster ring approach powered by Datavillage and hosted on IBM. ▪ 2 types of clusters: <ol style="list-style-type: none"> 1. Open Modular cluster: which incrementally enriches profiles based on relevant data sources used to produce specific outputs. This aims to improve accuracy of lending and improve operational processing for fintech lenders. 2. Closed cluster: research clusters exclusively used by CFIT. ▪ LI reasons we changed the clustering approach: ▪ Everyone in the industry has integration with some of those data sources. If you were already plugged into one of those

	<p>datasets- duplication issues which would compromise the wider cluster. It was a good stage for us to build on.</p> <p>New model:</p> <ul style="list-style-type: none"> ▪ Every company will be able to create a custom- cluster based on their own needs. You would thus only ask for data you need removing the duplication concern. ▪ For consumers this is an easier process, building up online profiles incrementally. ▪ Creates a more slick and seamless experience. ▪ CFIT has been working with a UX partner to design these.
<p>Speaker: RW</p>	<p><u>Infrastructure: IBM Workshops</u></p> <ul style="list-style-type: none"> ▪ Ralph Wensley (RW) Echoed sentiments of other use-cases, speed and collaboration has been excellent. ▪ Spoke on activities in the workshops: stripped down- from the bottom building up, started with framing and then solutioning workshop more recently. ▪ Now we are moving into the build phase. IBM cloud environments have stood up, looking forward to maintaining this cadence until demo-day. ▪ HS Thanked RW for his input.
<p>Speaker: GK</p>	<p><u>Overall Architecture and Data Flow</u></p> <ul style="list-style-type: none"> ▪ GK ran through the data inflow and outflow diagram. ▪ Left hand side: how data gets into data intermediary- different levels of consent. ▪ Once the data is in, then it's held and available via an API by the data intermediary. Role of data intermediary: enabling UK Fintech to blossom by utilizing these new data sources or these unlocked data sources to create different use cases so they could be there is broker portals of lending portal and it's at this stage where value added elements it could be risk decisioning.

	<p>Data intermediary main purpose is to kickstart ecosystem of innovation.</p> <ul style="list-style-type: none"> ▪ Data-out side would use clusters to share these datasets, for a specific purpose and period of time. In the same area is a data control hub, so every time data is shared, it's very transparent who it's going to and for what purpose, with the option to revoke consent.
Comments:	<ul style="list-style-type: none"> ▪ Ghela Boskovich (GB) I have several questions on the data intermediary model liability – for when the time is right to pose questions (on chat).
Decision:	<ul style="list-style-type: none"> ▪ N/A – for information only
Actions:	<ul style="list-style-type: none"> ▪ HS to follow up with GB offline.
<h2>Item 5 – Open Discussion</h2> <p>Purpose: For Information</p>	
Speaker: LI	<p><u>Policy document</u></p> <ul style="list-style-type: none"> ▪ LI: introduced Teresa to introduce the policy document: ▪ TL Need for having a legislative and fit for purpose regulatory framework for open finance, a clear data roadmap which is great for visibility and thus investments, and also for highlighting which datasets need to open up in each phase. ▪ Mentioned the consent flow for open finance, reflecting on open banking consent- ensuring the right amount of consumer protection, if anyone is interested to input here please reach out to TL. ▪ Happy to circulate this document after the call for input from everyone over the next 2 weeks. ▪ Handed over to Helene Oger-Zaher (HZ), FCA.

<p>Speaker: HZ</p>	<p><u>Guest Speaker</u></p> <ul style="list-style-type: none"> ▪ Helene Oger-Zaher (HZ), Manager Financial Conduct Authority (FCA). ▪ Mentioned that the FCA continues to support innovation and competition as a force for better consumer and market outcomes. Open finance is a great example of this. ▪ Policy works for open banking is being delivered by JROC, established last year- no update given. Important to understand what the role of FCA. ▪ How the FCA can support CFIT: from an innovation side, we will support CFIT in the practical work of this first coalition on open finance, we have publicly supported the work taking place. ▪ Our innovation department strongly supports the role of this, such as our sandboxes and other resources, the FCA have set up an area for CFIT within the digital sandbox where a user will be able to join and explore their (CFIT's) platform. ▪ 2 main project spaces under CFIT: ▪ Twin tracks on SME and consumer side, we are exploring bringing more datasets with CFIT and stakeholders. ▪ FCA is also exploring bringing further data sets within the sandbox for CFIT's coalition. ▪ In addition to digital sandbox, we could support CFIT with services we provide through the regulatory sandbox or innovation pathways for future sprints.
<p>Comments:</p>	<ul style="list-style-type: none"> ▪ None
<p>Decision:</p>	<ul style="list-style-type: none"> ▪ N/A – for discussion only
<p>Actions:</p>	<ul style="list-style-type: none"> ▪ None
<p>Item 6 – AOB, Q&A</p> <p>Purpose: For information</p>	

Speaker: LI	<ul style="list-style-type: none"> ▪ LI Introduced a discussion for off-ramp advocacy, and consent, happy to discuss offline. ▪ LI Thanked everyone for their attendance, Teresa will share the policy document later today, any thought or suggestions please let us know. ▪ Thanked everyone for participation, look forward to seeing everyone on December 14th for the next CPM.
Comments:	<ul style="list-style-type: none"> ▪ Jonathon Middleton (JMi) Really useful and interesting call. Thanked Leon and the whole CFIT team. Looking forward to being involved. ▪ Ben Ruffels (BR) On behalf of the Open Finance Association, thanks for the very helpful update. We look forward to meeting you next week.
Decision:	<ul style="list-style-type: none"> ▪ N/A – for discussion only
Actions:	<ul style="list-style-type: none"> ▪ LI To discuss Advocacy groups offline. ▪ CFIT to share slides with partners.

Actions log:

Number	Action	Assigned to
1	LI To discuss Advocacy groups offline	LI
2	TL To share policy document for input, and CPM presentation.	TL
3	HS To follow up with GB on several questions about the data intermediary model liability.	HS

Attendees:

Chair: Leon Ifayemi, CFIT Director of Coalitions and Research (LI), Houssein El Sayeed, CFIT Head of Coalition Delivery (HS)

Organisation
CFIT
CFIT
CFIT
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CFIT
CFIT
AperiData
Esynergy
Woodhurst
Lloyds Banking Group
ABI
CoLC
CRIF
UK Finance
Open Finance Association
Supertech WM
Fintech Tables
MBN Solutions
Experian
HSBC

FinTech West
Fintech Scotland
Experian
HSBC
KPMG
OBIE
Infact Systems
KPMG
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