

Open Finance Coalition

Virtual coalition partner meeting minutes

14th December 2023

Agenda

1. **Welcome**
 - a) Introductions
 - b) Message from the CFIT Chief Executive Officer
2. **5-Point Plan**
 - a) Introduction and Overview
 - b) Key Stakeholder roles within the 5-Point Plan.
3. **Open Discussion**
 - a) 5-Point Plan Feedback and Suggestions
 - b) Focus: Commercial Model
4. **Use Case Updates**
 - a) Modular Consent Flow
 - b) SME POV update
 - c) Consumer POV update
5. **Demo Day and AOB**

Minutes

Item 1 – Introductions

Purpose: For information

Speaker: EB

- **Ezechi Britton (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 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.

	<ul style="list-style-type: none"> ▪ Structure of the meeting is similar to prior ones, however today CFIT is excited to announce our initial 5-Point Plan for the accelerated adoption of Open Finance. We (CFIT) pride ourselves on the diverse expertise and knowledge we can draw upon from our Coalition Partners, which is why we have set aside ample time for an open discussion, so we can take any suggestions or answer any questions you may have. ▪ EB briefly spoke to the coalitions journey so far: This is the first-time Treasury, London, and the whole financial services ecosystem have all come together to show we can solve this problem. ▪ Thanked everyone that has supported CFIT over this period, thanked the entirety of the team. ▪ Reiterated that CFIT is here to send a message to industry, governments, and regulators, that Open Finance is important: unlocking data creates better, more appropriate financial solutions and outcomes for SMEs and Consumers. ▪ But how do we make sure we don't just make the case? How do we show a way to do this? The coalition has built multiple POCs as examples.
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 2a – 5-Point Plan</p> <p>Purpose: For information</p>	

<p>Speaker: LI</p>	<ul style="list-style-type: none">▪ Leon Ifayemi (LI), Director of Coalitions and Research CFIT, Thanked those who attended our in-person working group retrospective.▪ Mentioned we have a final Coalition Partner Monthly meeting on January 18th to discuss our Demo Day.▪ We want to hear from all those on the call today to further review this 5-Point Plan. This plan aims to ensure something tangible arises once the coalition has ended. <p><u>5-Point Plan</u></p> <ol style="list-style-type: none">1. We must define the scope and optimal approach to achieving open finance. The journey towards Open Finance in the UK demands a unified front, a concerted effort to guide the sector into a harmonious and interoperable future. At the core of this is the necessity to define Open Finance clearly and cooperatively, moving away from isolated innovations that traverse separate paths. Achieving clarity is not just a strategic move; it's a commitment to demystify the landscape for consumers, SMEs, and the fintech ecosystem that services them.2. Our next point aims to tackle the complex issue of consent management, which sits at the heart of permissioned data sharing. Our Coalition has introduced a novel solution – the modular consent user journey, Houssein will present the prototype for this later on today. The approach streamlines an array of diverse 1-1 consents into a singular, user-friendly interface. What sets this apart is its adaptability, aligning precisely with the customisable and nuanced requirements of the fintech provider sought by the consumer or SME. We envision a future ecosystem where industry driven ventures propel modular consent products forward, taking inspiration from CFIT's designs. This is more than a technological leap; it's a
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simple design enabling the future of Open Finance, and user-centric data control.

3. Devising a **commercial model** for Open Finance. There is an imminent need to foster the development of voluntary commercial arrangements that empower industry stakeholders to recoup costs from the deployment of Open Banking (and in turn, Open Finance) while integrating commercial considerations into the fabric of the regulatory framework. To achieve this, both industry action and regulatory direction would be required to ensure fair and proportionate pricing and alignment of incentives across different parties. We will discuss this point in greater detail during the second part of our open discussion.
4. Creating an **enabling legislative framework** for Open Finance is crucial for an accelerated adoption, we must ensure that we strike the right balance and equilibrium between consumer protection and fostering innovation. Learning from the UK's implementation of open banking, we believe open finance would greatly benefit from a hybrid approach that accounts for: a statutory data right, regulatory framework and safeguards, standardization driven by a centralized body, and commercial arrangements such as multilateral agreements. By setting out clear regulatory baselines, expectations, and rules of engagement, it will promote more seamless operations within the open finance ecosystem. As several coalition partners pointed out, including **Experian** and **Aperidata**, thoughtful development of incentives aligned with policy goals is also essential.
5. Our fifth and final point covers the need to **drive synergy** across smart data schemes/delivering value in a smart data ecosystem. We see this as essential in driving alignment,

	<p>achieving sector-wide consensus and coordination on smart data as well as promoting cross-sector interoperability. We envision a smart data roadmap for the UK and a clear guide on ways to achieve interoperability and learnings across different sectoral schemes.</p>
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 2b- Roles within the 5-Point Plan</p> <p>Purpose: For information</p>	
Speaker: LI & TL	<ul style="list-style-type: none"> ▪ LI explained that CFIT has broken down the 5-Point Plan amongst various stakeholders: CFIT, Industry, and Policy makers/regulators. <p><u>CFIT's Role</u></p> <ul style="list-style-type: none"> ▪ <u>Point 1:</u> CFIT wants to build on initial Open Finance definition, we have created 2 separate definitions, one for SMEs and one for Consumers. We need a sectoral consensus that these are what the definitions are, having a clear understanding is essential for making sure regulators can assert certain standards. ▪ <u>Point 2:</u> Examining protections and safeguards: CFIT is currently focused on designing a consent hub, which is one of our deliverables. We want to encourage new businesses to build their own custom modular consent clusters, referencing the designs we have made or exploring alternative consent models. ▪ LI gave an analogy of different types of cars- they all get you from A to B. We have designed one, there are other models we might want to explore.

- **Point 3:** discussed the need for industry consensus and collective efforts to drive a set of principles that drive commercial models forward, currently have 5-core principles devised by our working group members in our **EY** workshop.
- We want to layout viable models in our blueprint, ultimately up to industry to decide. Clear list of pros and cons of all approaches.
- **Point 4:** CFIT has been working closely with the **FCA**, considering ways in which the **FCA** may be able to support CFIT through its innovation services.
- **Point 5:** Aligning this with smart data schemes, given there is a financial element in most of these– great opportunity to leverage some of the work we have done.

Industry, Trade Bodies, and other Stakeholder's Role

- Infinite number of outcomes we can achieve with our definition of Open Finance and the datasets that comprise of this definition, for demonstrating the value we have decided to focus on credit outcomes.
- Moving forward potentially a role within the industry for CFIT consultation, to support the ecosystem where we would love to explore the application of what we've built to other areas. Please follow up with us after this coalition if you'd like to take a step towards open finance.
- Working with trade bodies, commitments from **UK Finance** and **Tech UK** to disseminate the definition of Open Finance.
- Various trade bodies have agreed to run these exercises with us over the next couple of months, including testing products on the **FCA** Sandbox.
- **LI** handed over to **Teresa Lam (TL), CFIT's Coalition Programme Manager**, to go through regulatory perspective.

	<p><u>Policy Makers and Regulator’s Role</u></p> <ul style="list-style-type: none"> ▪ Teresa Lam (TL) <u>On point 1:</u> defining an Open Finance definition we are wanting to ensure the roadmap we have with industry aligns with government vision. Working with Companies House and HMRC to explore ways to open datasets we have prioritised. ▪ <u>On point 2:</u> empowering consumers, core action is to support testing of modular consent modelling in regulatory environment. ▪ Is there any impact of allowing consumers to decide their consent timeframes, is there any risks? Best way to understand these questions is to test in a live environment. ▪ <u>On point 3:</u> Need for the government to pass the DPD bill and the development of long-term regulatory framework. Subsequent step is to use the DPD powers to establish an Open Finance interface body.
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Item 3 – Open Discussion

Purpose: For information

<p>Speaker: EB</p>	<p><u>Discussion 1: 5-Point Plan</u></p> <ul style="list-style-type: none"> ▪ EB Fantastic, heard from the team a distillation of what’s come out of the coalition in the last 6 months, emphasised that CFIT is not claiming this is the only route, there are other solutions, but this is one of the solutions we would like to see get taken forward. ▪ Brilliant to hear everyone’s thoughts, feedback, suggestions etc. ▪ James Guy (JG), Lloyds Banking Group: <ol style="list-style-type: none"> 1. Benefits being crucial in the context of the first point, it needs to be the cost-benefit analysis (CBA) overall, one key learning from Open Banking is doing a full independent CBA before
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setting off on particular journeys or use-cases. This is the right thing to prioritise items on a roadmap.

2. On point 3: no Regulatory role on commercial model-commercial VR app, and comments from the Garner report- there could be role for regulators- to provide certainties on commerciality and pricing aspects. Without this legal certainty/ 'blessing' there could be challenges down the line.
- **EB** Excellent, invited **Louise Beaumont (LB), Mastercard**, to comment.
 - **Louise Beaumont (LB)**, One key point (From Garner report)- Open Banking has been overly regulator lead, lot of nuances behind this, recognised in the Garner review that this has had a lot of negative impact. CFIT being the industry coming together and giving everyone a seat at the table, one role the industry needs to step up and prove that we can drive this forward and understand the perils of being over regulator lead.
 - In the email CFIT sent out- I felt the smart data council's role wasn't appropriately described, acknowledging their role in both Open Finance and Smart Data under the DPDI role, but this has been cleared up in this presentation. Important to understand the role of policy makers, not just the regulators.
 - **EB** Thanked **LB**, CFIT must be careful on how we present policy, we are not allowed to be a lobbyist. There has been a conversation with treasury about this, we cannot present a 5-point plan without talking about policy.
 - We can show international comparisons to illustrate the options that we believe are open to the government and regulators, and

identify the spaces where they could enable change, along with key recommendations on how we think they could do that.

- Our message has been refined, which is ultimately the purpose of this coalition, developing information early and often and getting feedback.

- **Rob Yuille (RY), ABI**, not obvious in the 5-Point Plan about public sector sharing its own data. Slides bring this out more clearly. Added onto **LB's** point, industry lead vs. policymaker/regulator lead. Depends on use-case, if there is no commercial model, it would need to be funded by the taxpayer.
- Solutions for credit might be different to pensions, insurance, etc... When it comes to public polices, industry and consumers are kept at arms-length, if it's clear the government want industry and consumers involved- this is a good start in balancing involvement.
- All entities need to be included across all 5 points; public sector has a strong interest in the commercial model.

- **EB** The Commercial Model was a direct ask from Treasury- they want to see that there is a commercial model for OF going forward, but they are not able to drive that. We (CFIT) are getting clear steers from the policymakers where they want support from industry and for industry to take lead.

- **Adam Jackson (AJ), Innovate Finance**, congratulated everyone on the brilliant work so far.
 1. Role of regulation in the commercial model, it's essential we have a model that is commercially viable with incentives. Reciprocity is extremely challenging; seen with credit rating agencies and information markets, competition and competitive

markets may need regulatory intervention. Regulators need to design commercially viable models.

2. Trade bodies have a main drink on legislative framework, got perspective on whole UK financial services and wider tech framework- please do involve us in that- very keen to get involved under point 4.
3. Deploying open finance "outside of credit decisioning"- need clarity on what was meant by this.
 - **EB** that's a nod to that our coalition is focused on credit decisioning, but open finance goes far beyond this, other aspects are out of our current scope.
 - **LB:** Balance between, CFIT, regulators, and industry: Think about a RACI, who's responsible, accountable, who's the consultant, who do you inform- just to get the 5 points done. Otherwise, everyone tries to do everything.
 - Is the open finance interface body the same thing as the future entity? If so, useful language to smooth.
 - Devising a commercial model for open finance, one element is worrying, one part said encourage development- great! Then another part said with the ability to recoup cost, the idea that you can have a voluntary arrangement- won't drive the investment to the sector/industry- need profit for investment, need investment for a future.
 - **JG** Agreed with **LB**. There is a lot of read across from the future entity working group activity.
 - **EB** we have been careful to not call for specific bodies, reading between the lines- yes, we are not asking for a new entity to be created.

	<ul style="list-style-type: none"> ▪ JG lot of detail for funding options in the future entity report, for such an entity. Ghela was very close to this work, as was LB and JG, which would super charge item 4. ▪ EB We are not here to reinvent the wheel, we are here to drive and accelerate adoption while creating excitement. ▪ Ghela Boskovich (GB), FDATA, there are aspects of open banking that don't have mass adoption or great use- corporate APIs. Looking at voluntary commercial plan, if it's not profitable, there's no investment, no reason, no demand, no profit. ▪ Start with high demand use-cases, which is driven by industry demand, in a way that provides incentive so that the technology is functional and maintains high functionality. ▪ Look at the future entity working group report, may leapfrog your report writing. ▪ EB If there are any resources, any reports that you (the partners) feel we need to be looking at or referencing as part of this work and within the 5-Point Plan, please let us know. ▪ LI When it comes to interface body- most likely overlap with the future entity, nothing confirmed yet, which is why CFIT has not made a directive claim. ▪ Recouping cost statement (in the commercial model) was made in respect to the investment that has already been put into open banking, about how we can do this to recoup investment into open banking. ▪ EB closed discussion and introduced discussion 2.
	<p><u>Discussion 2: Devising a Commercial Model</u></p>

- **EB** Reiterated his background: technologist in banks for 10 years, fintech founder for 5 years, VC for 5 years– all about commercial models.
- Asked what key activities can we (the partners and CFIT) do to help identify what the right commercial model looks like?
- Invited everyone to make comments, every idea is valid.

- **GB** Two strata for Open Finance:
 1. What is the raw consumer data, which is their directive choice to share?
 2. Vs. what has the institution done to provide insights on this data?
- Interesting part is how do you commercialise the enhanced attribute/insight on the data, this is where the commercial space sits. Such as KYC on a customer, not just using the biometrics, passport, DOB, address, etc... its all the additional due diligence around this, like abnormal behaviours, which is where the insights that are interesting to third-parties who are looking to build a product using a shared KYC insight. I want to know if I'm building the infrastructure to ensure data exchange, commercial API that I stand up must have the amortised cost accounting, I must recoup that build cost.
- 2 pricing mechanisms:
 1. Infrastructure use
 2. The value of data
- There's a standard of performance that has been delivered on the tech side that becomes the standard SLA. Now this becomes the pricing mechanism– interesting space to play.
- How do you incentivise data donors to quickly stand up those APIs that allow for traffic at the enhanced attribute data?

- **Nick Levy (NL), IBM**, trying to have a standardisation around liability would be hugely beneficial. Value created around data sharing, how do the data owners and incumbents get a share of this, how do we ensure this is a shared opportunity to encourage others to come in, innovate and invest in the space. Other initiatives have struggled with creating a shared incentive model around value creation.

- **EB** We need to be thinking big, what's the direction of travel for this? Open Finance is the next frontier for FinTech, the next big step and transition in terms of innovation in this space.

- **Glen Keller (GK), CRIF**, iTunes model- data consumption model, incentivise data owners here's my data, sets price for this.
- Big believer in standardisation, more standardisation, more chance we can use them, on the FinTech side and data consumption side. Anyone who consumes the data pays the price set by the data owner.
- Contract side and onboarding of data is all managed by the platform. This would speed up adoption, equal playing field, competitive market drive and incentivise people to open that data.

- **EB** Multiple routes about laying out what those principle are.

- **Neil Taylor (NT), Mastercard**, lots of work has been done on open data pricing by government, different range of pricing models that are being used, e.g., companies house prices based on customer, ordinance bases on use case, land registry on value basis. Pricing strategies are designed to recognise, lower value use-cases should not be penalised based on overall cost

	<p>of providing the service, and different companies have different cost bases and ways of approaching the market.</p> <ul style="list-style-type: none"> ▪ We should be: <ol style="list-style-type: none"> 1. Not looking for solutions that penalise the SME space, 2. Trying to ensure consumers who will be faced with this, have a consistent experience across the market, otherwise a reduction in take-up will happen. ▪ Happy to share more details on this. ▪ EB Thanked NT- we will follow up on getting these details. Introduced the last comment/question of the discussion. ▪ Jonathon Turner (JT), Fair4allfinance, added to NT's point, one of the intended outcomes is financial inclusion, organisations serving people here. ▪ Shame and a missed opportunity if we build a commercial model that makes it unaffordable for those serving people in financially vulnerable circumstances. ▪ EB The blueprint will not include the commercial model. This coalition is about catching these key points, how do we take these considerations forward into phase 2, how do we establish a commercial model, thanked everyone for their input and asked for those who haven't to please give us feedback. ▪ LI There's a great opportunity surrounding a commercial model that facilitates referrals from applications that have be declined by traditional funding models, LI will follow up with JT offline.
<p>Comments (on chat):</p>	<ul style="list-style-type: none"> ▪ Adam Jackson (AJ), Innovate Finance, can you remind us of what your definition of open finance is?

	<ul style="list-style-type: none"> ▪ LI Happy to follow up with you on the definition (i.e. list of datasets) offline. ▪ LI Fantastic points. We will reach out Neil! ▪ LI- On the topic of what happens next, good discussion to be had on referrals of declines to CDFI's, and appropriate funding models around this. We will follow up with JT.
Decision:	<ul style="list-style-type: none"> ▪ N/A – for information only
Actions:	<ul style="list-style-type: none"> ▪ LI To share OF definition with AJ. ▪ LI to reach out to NT on open data pricing models. ▪ LI To follow up with JT.
Item 4- Use Case Updates	
Speaker: LI	<ul style="list-style-type: none"> ▪ LI a lot of work over the past couple of months, thanked all participants joining the call, and those partners who have proactively offered resources to the coalition so far. ▪ Handed over to Glen Keller (GK), CRIF, and Stephen Ashworth (SA), Aperidata to present the update for the SME working groups.
Speaker: GK	<p><u>Modular Consent Flow</u></p> <ul style="list-style-type: none"> ▪ GK Worked on a modular consent flow: 3 key areas: <ol style="list-style-type: none"> 1. How to get data in in a way that was modular and expandable, 2. How to manage consent afterwards, including revoking of consent and extensions. 3. Creating a dashboard to demonstrate the value, so our partners can tangibly feel the data. ▪ GK Shared his screen running through the consent prototype. ▪ LI introduced SA to run through POV update.
Speaker: SA	<p><u>SME Use- Case Update: HSBC POV and Value Statement</u></p> <ul style="list-style-type: none"> ▪ SA 2 main items:

	<ol style="list-style-type: none"> 1. Desktop exercise with HSBC to understand, if we had a low friction way to get access to the priority datasets and present them to an end consumer of the data, would this enable greater access to finance? Would this allow HSBC to improve, time to yes, underwriting review, and gain value from that data? We have a directional indication this will be of value. 2. Technical build with help from IBM and Datavillage, synthetic versions of the datasets, making this available to the end data consumer. <ul style="list-style-type: none"> ▪ POC supported by evidence from HSBC- we have achieved our objective. ▪ LI Thanked SA, handed over to Rajesh Sinha (RS), Esynergy.
Speakers: RS	<p><u>Consumer Use-Case update: Citizens Advice POV and Value statement</u></p> <ul style="list-style-type: none"> ▪ Rajesh Sinha (RS) We wanted to double down what could OF deliver to consumers. We have built on work from SME consent flow, adding in aspects to help consumers to understand why their data is needed and what would happen if they didn't share this data. ▪ When people call CA, they have to fill in the SFS consisting of 600 data points, taking up 30% of advisor time, we looked at how OF could help with this scenario, by automating and pre-populating this process. We have had great support from Experian and Direct ID, what income can we understand, how do we work out what the outgoing are.
Speaker: RS	<p><u>Citizens Advice Dashboard</u></p> <ul style="list-style-type: none"> ▪ RS Mock up of the dashboard, being populated now. ▪ Enables CA staff to be much more helpful in a much shorter amount of time, 150,000 more clients per year.

	<ul style="list-style-type: none"> ▪ TL spoke to the dashboard: we populate dashboard based on SFS; open banking can show historical trend to show which point needs attention. Can we increase efficient by tagging different datasets? For example, highlighting in red certain datasets that require additional attention. ▪ Jake Beaven (JB), Citizens Advice, looking good, getting to an interesting place with our debt advisory, one of the first times we will have a dashboard focused on vulnerable clients- good to see.
<p>Comments (on chat):</p>	<ul style="list-style-type: none"> ▪ Nick Levy (NL), It's going to be super important for people to have a single place where they can track all of their permissions – otherwise I fear they won't trust it – and this is also the place where people can remove permissions – I suspect this is more at the implementation level. ▪ Glen Keller (GK) Hi Nick – Yes, the second design pillar is that exact thing. A consent management hub. We already have the first designs ready which are looking great. Here they can: Manage data connections and manage consents with ability to view, revoke, extend or delete data from each. ▪ Louise Beaumont (LB) I'd appreciate some time on the consent model. ▪ Adam Jackson (AJ) The Citizens Advice project is such a powerful and impactful use case. Very much hope it can be rolled out. ▪ Rob Yuille (RY) The consumer use case is brilliant – perfect example of use of Open Finance. But it relates back to my question about where the commercial model isn't obvious. Who would pay here? Would it effectively be covered by the levies / grants that fund Citizens Advice?

	<ul style="list-style-type: none"> ▪ Helene Oger Zaher (HZ), FCA, (replying to RY) From an FCA innovation perspective very happy to discuss and consider whether there is something we might be able to support. ▪ Jake Beaven (JB) Yes, I think when something is helping people at scale it delivers value back to that investment into support
Decision:	<ul style="list-style-type: none"> ▪ N/A – for information only
Actions:	<ul style="list-style-type: none"> ▪ None
<h2>Item 5 – Demo Day and AOB</h2> <p>Purpose: For Information</p>	
Speaker: SH	<p><u>Demo Day</u></p> <ul style="list-style-type: none"> ▪ Simon Hanson (SH), Head of Communications CFIT, Demo Day will be week commencing 26th February, likely to be Thursday 29th February, in London. <p><u>2 parts:</u></p> <ol style="list-style-type: none"> 1. Key strategic messaging about what our report entails. 2. Breakouts and activities, how the use cases can be brought into other areas, led by the partners.
Speaker: EB	<p><u>Closing Remarks</u></p> <ul style="list-style-type: none"> ▪ EB What a session! ▪ Thank you for all the comments, main point is our next session will be on the 18th of January and will focus on Demo Day! ▪ Thanked everyone in the coalition, big reminder we are here to prove the case of Open Finance, show what is possible when financial services industry gets together. ▪ Happy Christmas and New Year– see you all on January 18th.
Comments:	<ul style="list-style-type: none"> ▪ None
Decision:	<ul style="list-style-type: none"> ▪ N/A – for discussion only

AperiData
Esynergy
Lloyds Banking Group
ABI
CoLC
CRIF
Mastercard
Mastercard
UK Finance
IBM
IBM
Supertechwm
FCA
Experian
Capital One
Credicar
Leeds City Council
HSBC
KPMG
KPMG
Innovate Finance
Infact Systems
Allen & Overy
Fair4allfinance

Fair4allfinance
Barclays
Whitecap Consulting
Fintech West
UK Finance
NatWest
Santander
Santander
Equifax
TSB
Tisa
Tisa
FDATA
NayaOne
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Latham & Watkins