



OPEN FINANCE

ASSOCIATION

Open Finance Association representation to Autumn Statement 2023
13 October 2023

The Open Finance Association (OFA) represents leading fintech companies focused on empowering consumers and businesses to access account data and make safe and secure payments through open APIs (application programming interfaces). We represent open finance providers and users of open finance. OFA members are responsible for the majority of all payment and data API calls initiated in the UK open banking ecosystem. We have brought multiple billions of pounds of investment to the UK and employ thousands of highly skilled staff.



Open Banking Sector

Open banking was introduced six years ago as a means of establishing competition in retail banking. By opening up access to bank account data, FCA-authorized fintechs are able to provide innovative services to consumers and businesses with their permission, such as personalised financial management tools, better credit risk assessments and faster, cheaper and safer bank payments.

The Payment Systems Regulator (PSR) describes the latter as a “*secure and cost-effective alternative to using card networks, which could introduce more competition in the long term – which should help ensure fair prices and innovative services*”. This is supported by the fact that over [11m payments](#) a month are now being made by open banking firms.

The open banking sector is increasingly valuable to the UK economy, too, with The Startup Coalition [conservatively valuing it](#) at c. £4.1bn, employing c. 5,000 people in highly skilled jobs.

However, the UK’s open banking framework is still a work in progress, and has been slow to develop into a broader ‘open finance’ framework. With other jurisdictions powering ahead with

their own open banking initiatives (e.g. the EU's [Financial Data Access and Payments Package](#) and US [Personal Financial Data Rights Rule](#)), there is a danger that the UK could fall behind.

Open Finance Delivery Body

The OFA believes that the Government can take action that will give the sector renewed momentum, notably the delivery of a long-term regulatory framework which provides certainty for firms to invest and on which build great customer products. Key to achieving this is the establishment of a successor to [Open Banking Limited](#) - an 'Open Finance Delivery Body'.

We see such a body, in the first instance, as a necessary new home for open banking governance, where a shared framework for existing and future open banking capabilities are developed and maintained. Over time and as a second step, its remit could be extended to data access beyond banking, positioning the body at the heart of a future open finance ecosystem.

As this body requires legislation, the OFA asks that, in this Autumn Statement, the Government prioritise securing the passage of the [Data Protection and Digital Information \(No. 2\) Bill](#) (which includes the necessary 'smart data' provisions) and committing HM Treasury to use smart data scheme powers to secure an Open Finance Delivery Body before the next Budget.

This would be a statement of intent from the Government and its commitment to cheaper payments for small businesses, safer payments for consumers, better financial wellbeing and more UK fintech sector jobs. It would also be supportive of the objectives of HMT's Future of Payments Review, in terms of supporting the successful delivery of world-leading retail payments and further boosting UK fintech competitiveness.

The OFA would be very happy to discuss further.

Nilixa Devlukia

Chair

Open Finance Association