

Please see below full answers to the questions in the Open Finance section that were not in the final version:

1. If you see other benefits of implementing an open finance policy in the EU, please specify and explain:

More Innovative and convenient services

- *Open Finance will allow us to expand our existing Workplace and Personal Investment distribution platforms into full-service and joined-up Financial Wellness Platforms (FWPs) targeting both direct and workplace savers and investors.*
- *We have created a 10-minute video outlining the potential elements that might go into a FWP*

Cheaper traditional services

- *We believe that properly designed Financial Wellness Platforms (FWPs) will drive competition into the existing advice market, challenging face-to-face advisers to offer better value-for-money to advice customers*
- *We believe that FWPs designed to bring customers along a journey from debt through cash saving to on-risk investment will also provide a new customer stream for face-to-face advisers, with a knock-on price-point effect for all recipients of advice.*
- *Our platforms already help customers towards efficiencies of scale and operation (e.g. by nudging them towards un-used ISA allowance or helping them pay platforms fees in a cost-effective manner).*

Efficiencies

- *Alternatively / in parallel FWPs might bring efficiencies of time and scale to traditional face-to-face advice (e.g. via robo-suitability; hybrid advice)*

New opportunities

- *All of the above throws up numerous opportunities for collaboration between existing FS platform providers and non-FS and innovative firms (e.g. in our prototype customers might add on online tax-planning; or house and other real asset valuation to their asset mix).*
- *We would also observe that Open Finance will open up new and innovative channels for financial planning. Workplace FWPs, for example, allowing DC scheme members to build a more complete picture of their asset ownership out from their workplace pension. (Or, indeed, workplace-sponsored face-to-face advice powered by robo-suitability).*
- *Likewise, FWPs can be deployed to where customers are - rather than relying on customers finding and locating them (e.g. embedded in the end of year online tax-return process where they might help draw the self-employed, gig workers or other non-workplace taxpayers into the planning habit).*

Enhanced access to European capital markets

- *The planning journey from debt to cash savings to on-risk investment is ultimately the same journey towards 'retail participation' in the EU capital markets - and away from low-IR cash deposits - that CMU envisages. Alongside the PEPP, we think it could be a key tool in drawing EU citizens into better investment habits - alongside cash savings habits.*
- *Indeed, PEPPs could also be planned into more effectively via FWPs (perhaps addressing the thorny issue of the 1% fee cap). As could other equity-focused tax incentivised wrappers (ISAs, PIR)*

Other

- *Finally, we think that FWPs might respond to post-COVID 'customer resilience' concerns in two key respects. Firstly, by helping customers re-assess the resilience of their asset mix (including, unfortunately, understanding where COVID has impacted savings and*

investments). Secondly, by allowing them to respond to areas of fragility with reinvestment / re-allocation undertaken in the 'new normal' online environment.

2. If you see other risks of implementing an open finance policy in the EU, please specify and explain:

Privacy / Cyber Issues

- We think privacy issues are already well-catered for by GDPR*
- Similarly, we think that cyber risks are well addressed in current EU policymaking*
- This is not to say that the risk of data-loss or cyber-threats won't increase as more of the EU citizenry's financial life moves online ('probability'). Just that the existing policy controls are the correct ones ('impact').*
- Supervision around both elements will need to be enhanced.*

Financial Exclusion

- We think that FWP's will actually drive not exacerbate financial inclusion. Firstly because of the way they are designed to bring customers along on a journey from debt-repayment to capital market 'retail participation'. And secondly because of the high educational content and operational design of FWP's.*
- Indeed, a number of our own planning tools sit outside our platform firewall in order to encourage non-customers to play and plan in a non-transactional environment. Similarly, tools could be unbranded for more targeted public use (e.g. in helping anxious or neophyte investors (perhaps bereaved) a gentle introduction into the world of personal balance-sheet management.*
- For this reason - as well as their online mounting - FWP's are particularly well-suited to helping younger people strike out on the right path in their financial life, and a number of tools are targeted at school-leavers and first-jobbers. Some have even been designed by them (e.g. an app that helps younger people understand which personal debt they should address first)*
- We think Digital Financial Inclusion could be further enhanced by digital ID initiatives as well as by developments in more general 'digital citizenship' policy (broadband / 5G; digital security / facility) - esp. in a post-COVID era.*

Poor customer outcomes / Misuse of financial data

- We certainly share some policymakers' concerns that customer data might be used against the best interest of customers (e.g. perceived price inelasticity in utilities management (visible in a deposit account) might encourage a provider to propose a higher-margin product to a non-choosy customer).*
- We think this is unscrupulous behaviour and would suggest it needs to be countered with strong new policy around a 'digital fiduciary' or 'digital duty of care' backed up by audit.*

3. Please specify what other element(s) should be considered to implement an open finance policy:

In addition to the above, we would support:

- The adoption of API as the mandatory data-sharing protocol. In our experience APIs work extremely well (e.g. in the UK) while their alternatives do not. To take the most extreme example, the practice of web-scraping (with customer consent) in the US is particularly unstable systemically, and a clear barrier to innovation and efficiencies of scale in terms of customer outcomes.*

- *A centralised EU Open Finance implementation authority. We feel that the UK's Open Banking Implementation Entity (OBIE) has worked well.*
- *Open Finance data-sharing to be made mandatory for all FS sectors (as advocated above) but also all FS firms within all sectors. In order for Open Finance to work it has to be thought of as 'all-in-or-none-in'*
- *A sensible sequencing of Open Finance roll-out. Notwithstanding the 'all-in' nature of Open Finance, it clearly makes sense to link data-sets together in a sensible order. This order should be based on customer need - so perhaps, bank accounts, consumer credit and pension holdings as a first initial cluster. Mortgage credit (because of its longer-term nature) and investments (because they are not universally owned) as a second cluster. Other assets, liabilities and services as a third cluster. This is important to help prove the concept to customers in a sensible and approachable way.*
- *A review of the policy and regulation governing the activities of FWP's to be run in parallel to Open Finance policymaking. We conceive Open Finance data very much as the fuel that will power new, more engaging and more effective forms of guidance, investment advice (including hybrid- and robo-) and discretionary portfolio management going forward. And yet under MiFID, UCITS, AIFMD and PRIIPS there are still clear barriers to digital interaction and transaction (from paper disclosure documents, through confusing disclosure metrics, to ink signatures and the stubborn assumption that advice is still delivered face-to-face).*
- *The creation of an EU digital ID (ideally, with its basis in existing state-sanctioned ID scheme such as National Insurance identifiers). Failing that, we would support the creation of a pan-EU agency that could consume APIs from across the FS sector on behalf of individual citizens: effectively aggregating for them the same view that participating FS firms have of their data that they can scrutinise, contest and cleanse (if necessary) but otherwise keep as their own digital FS portmanteau - perhaps to be taken to FS providers outside the EU's Open Finance nexus should customers wish.*