Introduction
Mastercard supports the objectives of the Data (Use & Access) Bill and welcomes specific measures to develop the markets in smart data and digital identity. Moreover, we view the Bill as important enabling legislation in relation to smart data that needs to strike the balance between innovation, competition and trust, in a way that retains adequacy with the EU.

Digital identity
The Bill is important in the development of the UK's emerging digital identity ecosystem. Mastercard is certified as an orchestration provider against the UK Digital Identity Trust Framework (UKDIATF) Beta with regards to its *Identity Check* service. Our vision for digital identity is for users and third parties to be able to interact easily, confidently, and with trust. That is why we welcome the steps taken in the Bill to create a framework for digital identity and note with interest the provisions on digital verification services and an information gateway for public services.

We also note that the UKDIATF mentions 'Holder Service providers', which facilitate wallets including the recently announced government wallet. This also leaves the door open to company identity, as well as personal identity, which should support the growth of SMEs. We view this as a positive development.

Smart data provisions
Mastercard sees three fundamental principles with regards to the Bill's intention to develop the smart data ecosystem: data responsibility, interoperability, and compensation. Whilst the Bill might establish some fundamental principles with regards to smart data, these issues can be explored in greater detail at secondary legislation.

- *Data responsibility*: Part 1 of the Bill contains measures that enable consumers and businesses to securely share their data with authorised third parties, with the aim of giving them better control over their data and delivering better customer outcomes. This will foster the development of innovative products and services, improve competition, and provide significant benefits across sectors.

- Smart data schemes should take a privacy-by-design approach when processing personal data, ensuring customer trust and transparency is core. Importantly, the smart data provisions should rely on the existing provisions under UK GDPR and should not attempt to supplement or restrict data sharing beyond what is already established in the regulation.

- *Interoperability*: Mastercard supports the need for smart data schemes and, whilst we acknowledge that these might start at individual sector level, we envisage individual schemes expanding in scope in a commercially viable manner to span multiple sectors. Ultimately, the schemes may cover the entire data space, with scheme operators competing to provide the best service, driving both competition and innovation.

- There is also a need to separate the scheme layer and the industry (technical) standards layer. We believe standardisation should be comprised of two different elements: scheme standards (focused on ecosystem governance, roles, obligations, liabilities, problem management, performance, reporting etc.) and technical industry standards (focused on technical data, API and security standards and supplementary guidelines such as for UX). Technical industry standards should be formed through collaboration in a non-competitive manner, striving for cross-financial sector technical interoperability. Scheme standards

should be formed in the commercial competitive space to encourage a fair balance of value-exchange, innovation and ecosystem protection

- *Compensation*: We see the need for sustainable commercial models to secure investment and innovation in smart data. This should incorporate value-based pricing strategies, which recognise the fact that lower value use cases should not be penalised based on the overall cost of providing the service, as cost-based pricing does:

  - Each potential smart data holder will have a different cost base, driven by the historical architecture that their service is built on. This can lead to very different prices for the same data from different smart data holders; this causes complication and confusion for service providers trying to offer a uniform service to customers.
  - Moreover, regulating for a cost-based approach does not incentivise cost-reduction by data holders, whereas enabling a use-based or value-based price applies pressure on data holders to reduce costs more quickly.

- A cost-based approach can be discriminatory towards small providers that do not have the same volume as large service providers. The economic model of a cost-based approach favours providers that build the largest market share and can therefore absorb input costs to a higher degree than smaller service providers. UK government examples of value-based pricing for data include the Ordnance Survey, Land Registry, and Companies House.

Mastercard asks that members of the Public Bill Committee consider the principles set out above when undertaking scrutiny of Part 1 of the Bill.

About Mastercard
- Mastercard's network connects consumers, businesses, charities, and governments and allows them to conduct card payments securely either in person or online, across the UK.
- Mastercard handles 112 billion transactions quickly, safely, and securely each year. Our Data and Tech Responsibility Principles guide the firm's approach to the protection and use of data for innovation and the benefit of the individual.
- Through Vocalink we are also responsible for building and running the UK's Faster Payments and Bacs Account to Account payment systems on behalf of the scheme, Pay.UK
- We also play a central role in facilitating access to cash in the UK. Whilst we do not make decisions on how many ATMs, where they are based etc, it is our infrastructure that underpins the LINK network of over 52,000 ATMs.
- Further, Mastercard enables consumers and small businesses to take more control over their data and payments by providing solutions that make it easier to access the Open Banking capabilities offered by thousands of banks across UK & Europe.
- Mastercard has previously developed a smart data proof of concept entitled *Get Clever* as part of the recent Smart Data Discovery Challenge. *Get Clever* is posited a first-of-its-kind data hub for small and micro businesses providing rich insights enabling those local, high street businesses to better compete with bigger retailers and chains.