

## Written evidence submitted by Open Banking Limited to The Data (Use and Access) Bill (DUAB37)

### Executive Summary

1. Open Banking Limited (OBL) welcomes the opportunity to respond to the Public Bill Committee on the **Data (Use and Access) Bill** (“the Bill”). The Bill is a critical step toward unlocking the full potential of smart data across multiple sectors, building on the UK’s success in open banking to drive innovation, competition, and consumer empowerment
2. **The Bill is fundamental to realising a smart data economy** – it lays the groundwork for expanding secure, consumer-consented data sharing, unlocking economic and societal benefits across multiple sectors. With an estimated £10 billion<sup>1</sup> in economic benefits over the next decade, smart data schemes will unlock innovation and investment in UK plc, empower consumers with greater control over their data and promote economic growth and international competitiveness.
3. The Bill establishes the legal and regulatory framework for smart data, and is an essential dependency for subsequent regulatory steps required to bring smart data to life. The success of smart data depends on a strong regulatory framework, **and the Bill must be passed swiftly to maintain momentum.**
4. We support the Bill as prepared by the Government and urge the Committee to support its swift passage, **preserving the important provisions relating to the creation of smart data schemes and enabling digital verification services without substantive change.** This is a critical step towards modernising the UK’s data-sharing landscape and achieving the goal of a truly data-driven economy.
5. We provide further detail on our perspective below and remain available to support the Committee with any further insights or questions.

### About Open Banking Limited

6. Open Banking Limited is the entity responsible for overseeing and enabling the UK’s Open Banking Standard, ensuring secure, consumer-consented data sharing to drive competition and innovation in financial services. Our work has helped establish the UK as a global leader in open banking, with users benefiting from improved financial access, personalised services, and increased choice.
7. Open banking is the **UK’s first Smart Data Open Standard** and has laid a strong foundation in ensuring secure, consumer-consented data sharing. With **13 million active users** and

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<sup>1</sup> <https://www.gov.uk/government/publications/data-use-and-access-bill-factsheets/data-use-and-access-bill-factsheet-growing-the-economy>

over **25 million account-to-account payments**<sup>2</sup>, it has demonstrated how data sharing can lead to better financial management tools, personalised services, and increased competition among financial institutions. From an economic growth perspective, it is notable that the UK's pioneering use of open banking has also contributed **more than £4 billion to the economy**, attracted **inward investment**, and created nearly **5,000 highly skilled digital jobs** across the UK<sup>3</sup>.

8. We now have the opportunity to go further, and the Bill is a critical next step in building on this success. This submission reflects our expertise and first-hand experience, and outlines why this Bill is so vital to the creation of a truly data-driven economy.

Importance of the Data Bill: Smart Data and Digital Verification are critical elements of a data-driven economy

9. OBL is pleased with the progress the Bill is making through Parliament and the cross-party support it is receiving, and we strongly support the provisions to enable smart data schemes and digital verification.

Smart data will be a powerful tool to unlock innovation, consumer protection and economic growth

10. The UK is at the forefront of developing a smart data economy, leveraging secure, consent-driven data sharing to drive innovation and economic growth across multiple sectors. By providing the necessary scope and powers, this Bill will pave the way to expand open banking principles into smart data initiatives, opening up additional data sets in other financial services such as investments, mortgages, and pensions. It will also enable the creation of smart data schemes in many other economic sectors such as utilities and telecoms.
11. Smart data is a key enabler of **economic growth and innovation**, reinforcing the UK's leadership in fintech and data-driven services. As we have seen with open banking, at a macro level data sharing can lead to increased competition through the development of innovative industries and solutions. Expanding smart data interoperably to other industries will multiply the opportunities for cross-sector solutions and domestic and international investment. The solutions enabled by smart data also contribute to growth by reducing costs and removing pain points for businesses, particularly SMEs, enabling increased economic output for UK plc. Improved access to tailored products and services and price transparency also enables consumers to make better decisions, improving their overall financial wellbeing. In turn, this can lead to increased participation in the economy and reduced reliance on government support.
12. Smart data is underpinned by trust and consent. Open banking has demonstrated that consent-driven models work, and consumers must trust that their data is secure and that

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<sup>2</sup> <https://www.openbanking.org.uk/api-performance/>

<sup>3</sup> <https://coadec.com/news/the-4bn-open-banking-ecosystem/>

they have full control over how it is used. The approach to open banking provides a model that places **data security and privacy** at its heart.

- Secure data transmission, leveraging encryption and API-based data sharing, minimises risks of breaches or unauthorised access.
- Transparent consent management gives consumers control over their data, allowing them to track and manage their data-sharing permissions in real-time.
- All data-sharing entities need to be compliant with data protection laws.

13. With respect to a recent proposed amendment NC15 relating to a Smart Data Roadmap and Consumer Data Right, we believe this is consistent in principle with the Government's aims to develop a roadmap to implement smart data. The Bill already includes comprehensive provisions around the sharing of data, so we would therefore support the inclusion of an amendment which is reframed to simply specify the creation of a Smart Data Roadmap to help drive Smart Data forward.

Digital verification is essential to ensuring the UK remains a global leader in secure, data-driven services

14. A truly data-enabled economy requires smart data schemes running in parallel. The potential power of smart data would be multiplied when combined with digital verification. Incorporating consistent, trusted digital verification services into smart data journeys will support mass adoption of smart data schemes, ensuring seamless verification across sectors while maintaining consumer trust and consent at the core.

15. Digital verification, enabled by this Bill, is critical for **reducing fraud, improving efficiency, and fostering economic growth**. Digital verification will offer better security than current paper-based methods, such as sending personal documents via email or post. It can also reduce fraud in payments and financial transactions by ensuring individuals and businesses are who they claim to be. By simplifying processes and reducing administrative burdens, digital verification can make a huge range of interactions faster and easier; with the widespread use of digital verification estimated to generate £600m in annual economic benefits. Digital verification can also help to further financial inclusion, for example by enabling alternative credit scoring, which allows those with limited financial history to access services they would otherwise be excluded from.

16. Other countries have moved swiftly in implementing digital identity frameworks. For example, Sweden's 'BankID' has a 98% adoption rate, demonstrating the efficiency and security digital verification can provide. The UK must act now to remain competitive in the global digital economy.

Swift passage of the Bill is critical to realise the benefits of smart data

17. The Bill is an *enabling* Bill – it will lay the foundations for future smart data schemes across economic sectors, however it is only the first step in the process. There are

further legislative and regulatory processes that will set out the detail of how smart data will be operationalised, and it is for the Secretaries of State of each government department to bring these into fruition. The swift passage of the Bill is therefore critical, as it represents a key dependency for the actions needed to bring the benefits of smart data to life.

18. Should the Bill receive Royal Assent, HMT will then lay Secondary Legislation which will confer the necessary powers on the sectoral regulator, the Financial Conduct Authority (FCA), to establish the Long-Term Regulatory Framework (LTRF) for Open Banking. A key element of the LTRF will be a sustainable commercial model, which will be critical to generate continued investment and innovation. OBL is working closely with the FCA and HMT as they draft this Secondary Legislation in anticipation of the Data Bill's passage.
19. However, this will inevitably take time; each of the legislative and regulatory stages will involve consultation with the ecosystem, finally followed by an implementation period. Similar processes are likely to be required across other smart data sectors, which may be at an earlier stage of development, as implementation of smart data schemes also involves activity akin to that delivered by Open Banking Limited to create the underpinning governance and workplan, such as the creation of standards.
20. Regulatory mandates are necessary to achieve widespread adoption of smart data schemes, given the lack of incentives for data holders – in the case of open banking, the banking providers - to share their customers' data. Without a clear legal foundation for the way forward, we may see regulatory stasis as momentum is lost, and investment stasis the ecosystem awaits direction. The UK has been a leader in the development of open banking, but many other markets are also driving forward smart data initiatives.
21. We therefore urge the Bill Committee to support the swift passage of the Bill, paving the way for government departments to enact the detailed requirements for smart data at pace.

Conclusion: we support the enablement of smart data schemes and digital verification as envisaged by the Data Bill

22. The Data Bill as proposed by the Government represents a critical step toward realising a truly data-driven economy, building on the UK's leadership in open banking and expanding the benefits of smart data across multiple sectors. By enabling secure, consent-driven data sharing, the Bill will empower consumers and businesses, enhance competition, and foster innovation and growth in financial services, telecoms, utilities, and beyond. The Bill also provides the foundation for modernised digital verification services, increasing security and efficiency while maintaining robust consumer protections.

23. The Bill is an essential dependency for the subsequent regulatory and legislative steps that will ensure its success. Swift passage of the Bill is essential to maintain regulatory momentum, avoid investment uncertainty and ensure continued UK leadership in fintech and data-driven innovation.

**24. We therefore:**

- **Strongly support the enablement of smart data schemes and digital verification as set out in the Bill, which should be preserved through the committee stage.**
- **Urge the committee to support the swift passage of the Bill, so as not to hinder the establishment of a clear legal mandate that will drive participation, innovation and growth.**

25. Now is the time to act to secure a more trusted and inclusive digital future. With clear cross-party support and a well-established track record of success in open banking, the UK has an opportunity to unlock significant growth and set a global standard for smart data innovation.

Annex – examples of the benefits of open banking and smart data:

26. Open banking is already transforming the way consumers and SMEs **manage their energy and utility bills**, as well as streamlining payments collection and offering cost savings on card processing costs for firms. Smart data can go even further to offer transparency over pricing and improve the effectiveness and speed with which energy and utility services are provided to consumers and businesses. Giving customers greater control over their energy usage and costs enables them to make more informed choices, reducing costs and waste and promoting sustainability. Smart data will also make it easier for consumers and SMEs to switch providers and address the loyalty penalty—the disparity between what loyal and new consumers pay for the same service, which costs households around £1,114 annually on mobile, broadband bills, and mortgages<sup>4</sup>.
27. Open banking is also being utilised in the **public sector**. Taxpayers paid more than £12 billion to HMRC using Pay by Bank between 1st February 2024 and 20th January 2025. This is a significant 36% increase from the same period in the previous year<sup>5</sup>. As open banking payments require minimal manual data entry and are sent directly from a taxpayer’s bank account using pre-filled HMRC account details, the solution significantly improves payment reconciliation. This reduces the overall cost of transactions for HMRC, decreases payment errors, and provides taxpayers a simple way to pay. The Bill will also allow us to fulfil the Government’s aims outlined in the National Payments Vision<sup>6</sup> to provide greater competition in the payments space and ensure the UK remains competitive globally in payments.
28. The CFIT SME Finance Taskforce has identified smart data as a key enabler for improving **SME access to finance**. This would removing a critical barrier to SME growth, with SME lending declining in real terms over the past decade. Some ways smart data can address the current funding gap are by using data-driven insights to enhance credit assessments, streamline loan applications and expand lending options by connecting SMEs with a wider range of lenders.
29. The benefits of smart data extend far beyond banking, and can enhance efficiency, promote competition, and improve consumer outcomes across a range of industries:
  - **Telecoms:** Typical cost savings for broadband services through smart data apps are around £200, and at least £80 for mobile contracts<sup>7</sup>.
  - **Property:** Secure data sharing can streamline mortgage applications and digitise the checks associated with a purchase, helping buyers navigate the process more efficiently and reducing the risk of transactions failing.

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<sup>4</sup> <https://www.gov.uk/government/news/new-smart-data-council-to-drive-forward-savings-for-household-bills>

<sup>5</sup> <https://www.trustly.com/press/2025/02/taxpayers-pay-hmrc-over-gbp12bn-using-pay-by-bank>

<sup>6</sup> <https://www.gov.uk/government/publications/national-payments-vision>

<sup>7</sup> <https://www.openbanking.org.uk/insights/guide-to-open-banking-and-smart-data-in-the-telecoms-sector/#:~:text=Benefits%20of%20open%20banking%20for%20mobile%20and%20broadband%20providers&text=Offering%20open%20banking%20as%20a, minimise%20the%20risk%20of%20delays.>

- **Transport:** Smart data has already saved Transport for London an estimated £130 million annually<sup>8</sup>. Expanding smart data into transport can improve ticketing systems and pricing transparency.
- **Retail and Financial Services:** Open Banking's expansion into Open Finance will bring more inclusive access to tailored solutions, for example across investments, mortgages, and pensions – helping consumers get the best products for their needs.

*March 2025*

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<sup>8</sup> <https://tfl.gov.uk/info-for/media/press-releases/2017/october/tfl-s-free-open-data-boosts-london-s-economy>