
OPEN BANKING

WHAT IT CAN DO AND WHY IT MATTERS

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FIRST A BIT OF HISTORY

Well a history of sorts - for many of you a quick whistle stop tour of how banks made us change the way in which we managed our money

In the beginning

MOVING TOWARDS A CASHLESS SOCIETY

- In the early 70s – about 60% paid in cash – one at a time
- The idea was first promoted in the 60s – in the US of course. Chequeless and cashless aspirations first promoted by Citibank
- Over a 10 year period approx. 30M adults moved to cashless pay
- No experience of bank accounts, cheque books, credit cards etc.
- Government worried by growth of Credit – hence the C.C.A. 1974



GROWTH OF THE FINANCIAL SERVICES MARKET

- 1966 – Barclaycard – UK first (Diners and Amex already here)
- 1972 – Access
- 1980s – Access starts to fade – Visa and MasterCard start to dominate
- 1987 – Barclays introduce first debit card
- 1990s - Cash back, Chip and Pin
- 1994 – 50%+ UK adults have a debit card
- 2001 – more than 50% of spending is done with plastic
- 2007 – first contactless technology made available

.....GROWTH OF THE FINANCIAL SERVICES MARKET

- Remember – 1987 £200M total borrowings (£557M adjusted)
- End of June 2018 - **£1,700 BILLION**
- The average total debt per indebted household - excluding mortgages - was £12,500
- Monthly spend on credit cards – 2018 – **£17.3BILLION**
- 92% of adults have a debit card
- Almost 120M contactless cards in the UK
- Of the 54M UK adults only 1.3M don't have a bank account.
- 45% of those 1.3 M people who don't have a bank account in the UK have a smartphone
- Only 350,000 of them are cash only users. Nearly all of the rest use a Post Office Current Account

WHO LEARNT THIS AT SCHOOL?

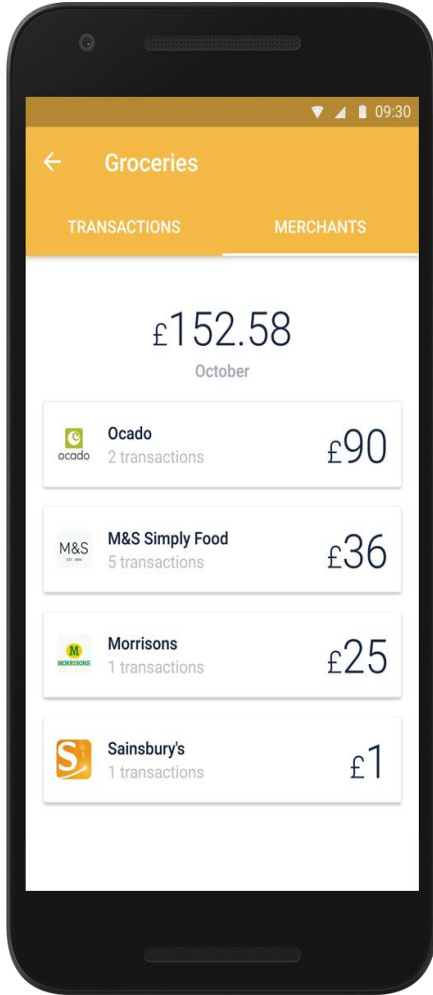
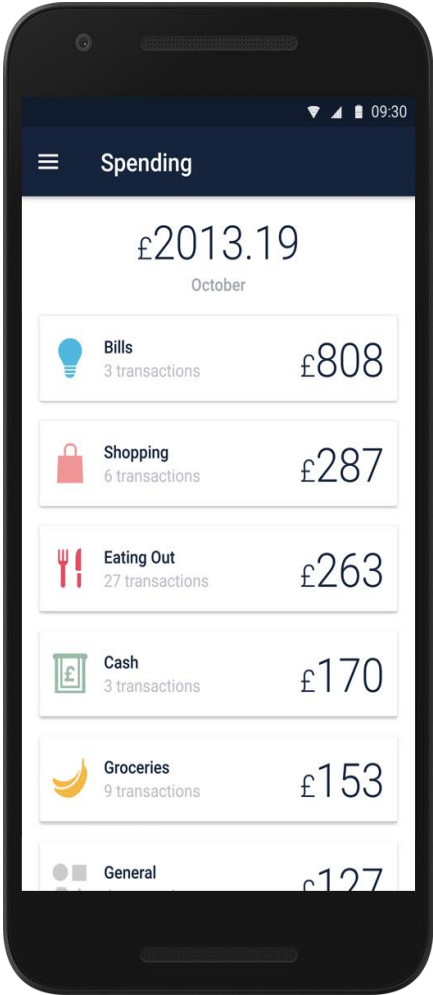
- Plan a budget
- Predict cash flow
- Calculate cost of borrowings – APRs
- Differentiate between a credit card, a charge card, a store card.
- Differentiate between secured and unsecured credit, HP and lease purchase



PEOPLE NEED ADVICE ABOUT MONEY

- How to save it
- How to use it
- How to spend it
- How to manage it
- How to make it work for them

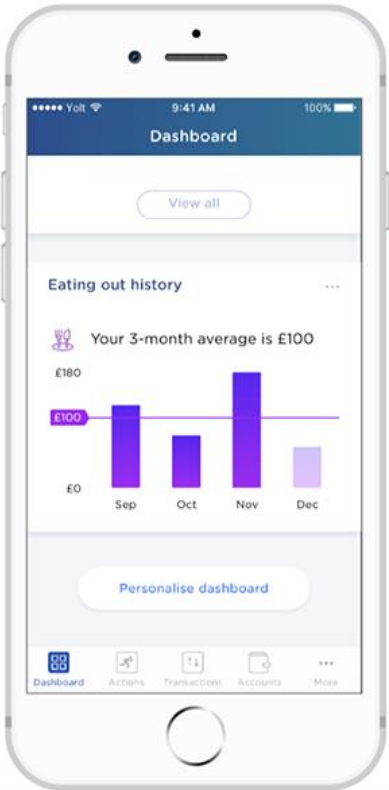
SPOT THE DIFFERENCE



HOW DOES IT WORK?

- Open Banking Ecosystem platform was created through the CMA order of 2016 with the purpose of opening up free and fair competition to the challenger banks
- It is mandatory for the top 9 UK banks to both pay for and participate in the Ecosystem
- Consumers who wish to use Open Banking will choose a third party provider (TPP) who will act on their behalf
- Consumers are in complete control of their data and can choose how much or how little to share
- The benefits to consumers are far reaching and go far beyond opening the market place to other banks
- With the right choice of suppliers consumers can:
 - Share all current bank account details with their TPP
 - Receive a break down of their spending daily, weekly, monthly, quarterly and annually
 - Be guided to the best market products
 - Arrange for direct payments to be made on their behalf

THE 3 MONTH AVERAGE



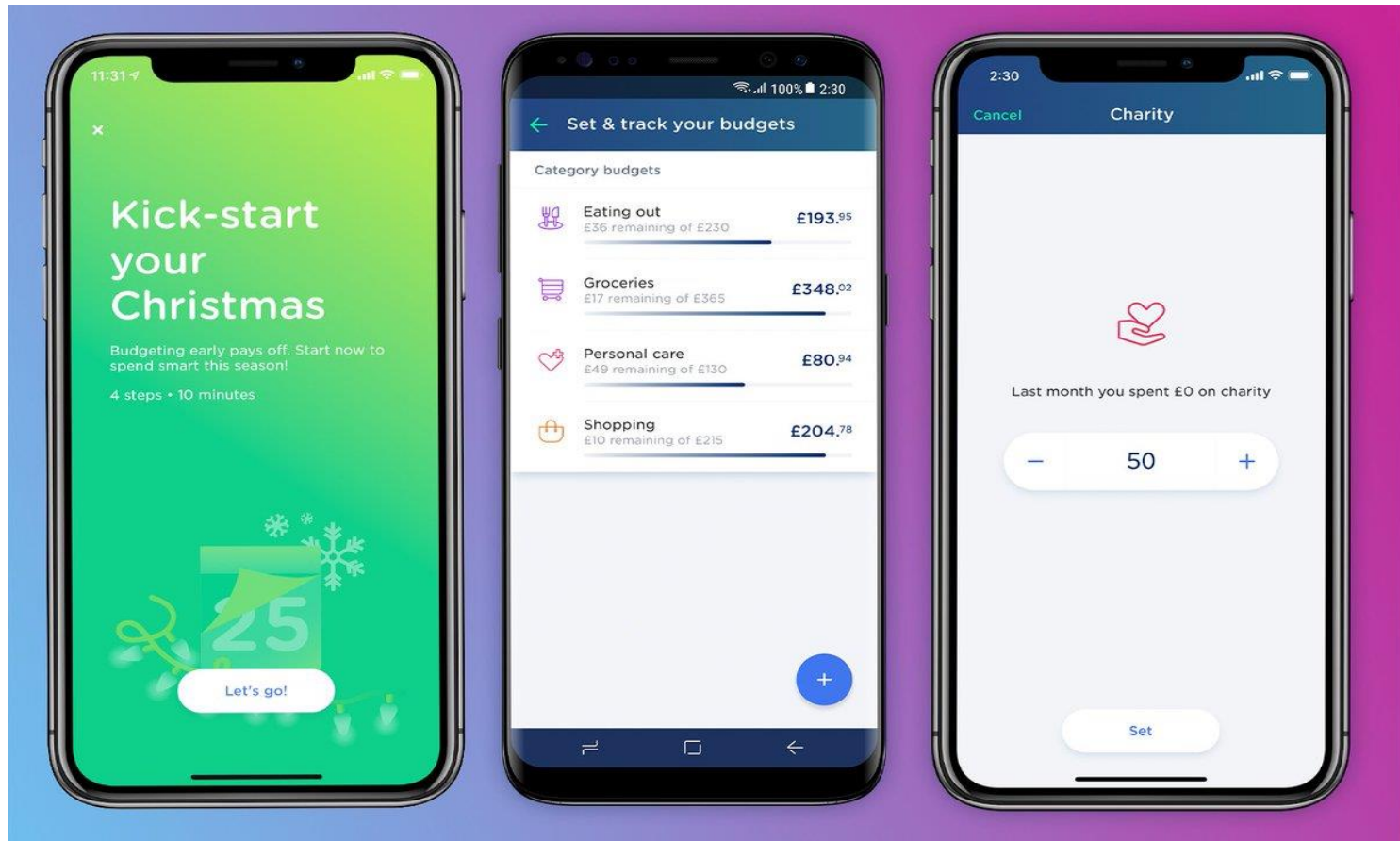
from eating out



to housing bills



TO MANAGING FUTURE BUDGETS



MAKING A DIFFERENCE TO PEOPLE

- Education
- Advice
- Intervention
- Prevention
- Control
- Personal planning
- Personal benefit
- Behaviour modification