

## Smart Data: Putting Consumers in Control of their Data and Enabling Innovation

### Submission by Barclays

Barclays is a transatlantic consumer and wholesale bank with global reach, offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US. With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 85,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

Barclays welcomes the opportunity to engage with BEIS's Smart Data consultation paper. We hope you find our views useful and we would of course be happy to discuss them further.

### Barclays Perspective

The future of the UK economy is increasingly defined by digitalisation and data; in turn these are fundamentally changing the way in which businesses operate and consumers manage their lives. Specifically within financial services, firms are looking to offer data-led propositions and tailored services, and consumers are increasingly accessing their services digitally, generating a data profile with their provider that develops over time, and contributes to the vast and rapidly-increasing ocean of data across the economy.

The data portability capabilities introduced under the General Data Protection Regulation (GDPR) enabled consumers to obtain their personal data from their service providers, to share with third parties or alternative providers if they choose to. However, this process can take time, and the data received may not be in a format that allows it to be easily transferred and reused by a third party. Barclays therefore believes that the Government's proposal to introduce a Smart Data framework allowing consumers to instantly and easily access their data across a variety of markets and securely transfer it to a third party is a positive step forward.

Indeed, as set out in the consultation document, the proposed Smart Data framework has the potential to create significant opportunities and benefits for the customers who share their data, and the firms to which they entrust it. While enabling consumers to share their data can provide benefits within a specific sector (e.g. energy data could allow for more accurate assessments of the right tariff), it would also create further benefit by enabling customers to share their data from multiple sectors (e.g. the combination of their current account data with their phone tariff and energy data) with a third party, who could provide holistic and personalised insights. This cross-sectoral combination of data provides perhaps the most significant opportunity of the Government's proposals, and demonstrates the clear advantage of a cross-sectoral approach, over individual sectors undertaking taking their own inconsistent initiatives.

The financial services sector has led the way in developing the first manifestation of a ‘Smart Data’ framework in the UK; Open Banking. Under the Open Banking framework, customers of the nine largest banks in the UK can access and securely share their personal banking data with third parties in real time through purpose-built Application Programming Interface (API) channels. The framework provides a great example of how, with the right Government, regulatory and industry collaboration, a Smart Data initiative can drive real benefit for consumers. Industry is already seeing the benefits of the framework, with new providers entering the market, launching customer-driven propositions, and encouraging further innovation across the industry. We agree that now is the right time to develop a new, cross-sectoral body, such as the Smart Data Function, to realise these benefits in other sectors, and would encourage the Government to consider the lessons learned from Open Banking.

Beyond financial services, Barclays believes that secure, consent-based data sharing also has the potential to create meaningful benefit to consumers when introduced in other sectors. Barclays therefore supports the Government’s proposal to introduce Smart Data initiatives in regulated markets across the economy. Furthermore, Barclays strongly believes that the Government should extend the Smart Data framework to include online digital markets. With access to the significant volumes of personal data held by online digital platforms, customers could entrust third party providers to provide entirely new innovative services for their benefit. For example, an assessment of their ‘basket level’ transactions, to provide truly personalised guidance on how and where to shop to get the best products for the best price. Introducing such a framework could also boost competition by opening up markets previously characterised by a handful of organisations operating closed platforms.

However, as new Smart Data initiatives are introduced, and the prevalence of data sharing in society increases, increasing consumers’ knowledge and understanding should be a priority for Government. Our experience in Open Banking has shown that whilst consumers are willing to engage with new data-enabled services, they are – rightly – initially sceptical, and need to be reassured of the safety and security of the framework. Therefore, to help develop public awareness and trust in new data-sharing initiatives, we recommend that Government undertake a major educational campaign to help consumers understand not just the benefits of new services, but also how to share their data safely and securely. This would also play an important role in helping to protect customers from potential scams.

Furthermore, to instill trust in any new frameworks and ensure that the broader ‘data sharing economy’ has the best chance to grow and flourish, new data sharing initiatives should ensure the consumer is always the focus, and is firmly in control of their data. As an example, customers should be able to simply and transparently view all of their data sharing permissions in an easy to access location with the data-holder (i.e. the firm), and should be able to revoke any consents easily. Indeed, Barclays’ research has even suggested that, in these early stages of a data sharing economy, a small cohort of customers would like the ability to ‘opt-out’ of data sharing frameworks altogether. Providing consumers with transparent controls should help alleviate such fears, and give them the confidence to try new data-led services, and help make Smart Data a reality across all sectors.

It is imperative that any data sharing is based on a secure and stable transmission mechanism. As such, Barclays supports the Government's proposal that any Smart Data framework would be based upon the use of APIs. We strongly believe that APIs are the only safe and secure mechanism on which to build a data-led economy. An API led approach also enable firms to send a clear message to their customers that they should never be placed in a position where they have to share their logon credentials with a third party (so called 'screen scraping'), which will help in the ongoing battle against fraud and scams.

Finally, it is important that firms understand the immense importance of the data that customers entrust to them in a Smart Data economy. Just as banks build strong walls in their vaults to protect their customers' deposits, so must all firms in a Smart Data world ensure that every step has been taken to protect customers' data. This is particularly important in scenarios where data may be shared onwards; not only must the customer be aware of every onwards transmission, but Government and Regulators must ensure that appropriate steps have been taken by each recipient of the data to protect it. In the event that a breach occurs – wherever in the data chain – customers must have the right of redress against and compensation from any firm which allows its security to be breached. Without this, customers will surely lose confidence in any data sharing and the opportunity will be lost.

Looking to the future, the opportunity of a truly cross-sectoral data enabled economy is huge. With the right public policy interventions, alongside providing firms with the opportunity to innovate for their customers within this framework, there exists an enormous opportunity to develop a meaningful competitive advantage for the UK, and to position the UK as prominent global leader in the data economy. Barclays stands ready to support the Government in this important endeavor.

#### Summary of Barclays' Recommendations

1. Government should look to learn the lessons from the Open Banking Smart Data framework.
2. Government should look to introduce Smart Data initiatives in sectors where there is clearly evidenced consumer demand, based on use-case led consumer research.
3. Government should seek to introduce the Pensions Dashboard as soon as possible, using legislation where necessary.
4. Government should press forward with plans to consult on the introduction of a Smart Data initiative in digital markets.
5. Government should lead the way in placing consumers in charge of their data, by opening up their own data sets – e.g. HMPO, DVLA, HMRC.
6. Government should undertake a major public education campaign to develop consumer understanding of Smart Data and develop trust in data sharing.
7. Government should clarify the roles and responsibilities of all bodies working on data-sharing initiatives.
8. Government should consider whether the Smart Data function could provide a long-term home for functions of the OBIE that need to continue going forward.
9. Government should require larger market participants within a specific sector to fund any Smart Data initiative within that sector.

10. Government should also consider how it can utilise existing assets, frameworks and technical standards that have been created by the Open Banking initiative.
11. Government should allow for commercial opportunity to develop out of Smart Data initiatives.
12. Government should invest further in increasing digital skills at scale and invest in digital infrastructure to ensure all consumers can access Smart Data and other opportunities.
13. Government should be cautious in proposing that regulators use non-anonymised financial data to intervene and support vulnerable customers.
14. Government should ensure that the principles of transparency and customer control remain priorities when developing Smart Data initiatives.
15. Government should review the UK sector-based regulatory regime, to reflect the increased role that TPP service providers may play going forward. Government should ensure that similar products and services are regulated in the same manner, regardless of whether they are provided by an established regulated firm, or a TPP that may operate in a lighter regulatory environment.
16. Government should review the liability framework for data breaches to ensure that firms which allow data losses bear the full costs of those losses, including any costs of other parties that can be accurately associated to their data loss.
17. Government should ensure a process exists for firms facilitating the data-sharing to report any suspicious actors within the ecosystem.
18. Government should consider a two-level accreditation approach, whereby TPPs can become accredited to receive access to the majority of Smart Data initiatives, but would have to 'step up' to meet a higher standard of accreditation to access more sensitive Smart Data initiatives.
19. Government should consider whether the development of a voluntary Trustmark for responsible organisations could help build trust in Smart Data initiatives.

## Consultation Questions

**1. Do you agree with the proposed objectives and expected benefits of Open Communications?  
Are there any other benefits or risks that we should consider?**

Barclays has not responded to this question.

**2. What is the most effective approach to implementation to ensure the success of Open Communications in enabling innovation and delivering the best consumer outcomes?**

The development of Open Banking has provided a number of lessons which should be considered when developing similar data sharing frameworks or extending open data principles into other sectors.

Critical to data sharing frameworks is how the data is transferred between entities, i.e., the mechanisms used to share the data. Open Banking was designed to have customer security at its heart, and uses industry approved API technology to share customer data safely and securely with third parties. Importantly, this negates the need for consumers to provide their login credentials to third parties (known as screen scraping). Barclays strongly believes that API-based solutions provide the safest and most secure way of allowing consumers to share their data, and any future data sharing initiatives should be designed on this basis.

It is also vital to ensure a common standard is accepted and adopted by all participants. Such a standard ensures that providers of new services have reasonable and consistent expectations over the data they will receive and the mechanisms by which this will be translated, preventing the need to build individual and bespoke interfaces to each data provider (for example, avoiding the iOS vs. Android dual app creation issue). Careful consideration should be given to ensure that these are standardised, where possible, across different initiatives and sectors, to allow for interoperability.

We would also recommend mirroring the consultative governance structure that has helped to shape the delivery of Open Banking. Established institutions, Third Party Providers (TPPs), and consumer and SME representatives have worked with technology experts and a central organising entity to develop the standards, guidance and frameworks that have facilitated the implementation of the initiative. Working Groups were established with specific focus areas, such as technical standards development, legal, data security and fraud, to bring together experts in these fields to rapidly problem-solve as new challenges were identified. Customer research has been undertaken at key stages, to ensure that priorities such as consent, transparency and control have been delivered to customers' expectations. This approach has encouraged all players within the ecosystem, both current and new, to be involved in the development and delivery of the standards and best practices, which in turn has led to better customer outcomes. By focusing on the needs of all sections of the market, a realistic, balanced and customer-outcome driven approach has been made possible.

### **3. Are there any further actions we should take to enable consumers to benefit from Smart Data in regulated markets?**

As highlighted by the consultation document, the Financial Conduct Authorisation (FCA) is planning to launch a call for input in 2019 to consider the development of further Open Finance initiatives and the feasibility of extending Open Banking to the savings market. Barclays supports the extension of Open Banking principles into other sub-sectors of financial services, where there is clearly evidenced consumer demand and use cases, for example pensions. We therefore support this agenda and welcome the Government's ongoing support for the FCA in undertaking this work. We would however note that providing the Open Banking framework with a period of time to 'bed-in', could allow the FCA and the proposed Smart Data Function to learn from customers' and the market's response to this first Smart Data use-case, in order to provide a foundational framework for future opportunities.

Barclays also notes the Governments' focus on creating the 'Pensions Dashboard'. We strongly support this initiative which we believe will encourage more consumers to engage with their pensions and retirement planning. We therefore support the Government's commitment to introduce legislation requiring pension schemes to participate in the Pensions Dashboard, which we would encourage Government to do as soon as possible.

When considering other markets in which Government should seek to introduce Smart Data initiatives, Barclays would encourage Government to undertake use-case led consumer research, to properly understand where there is evidence of customer need or demand for services that could benefit from Smart Data. This would help to determine where best to focus efforts, and would lead to higher levels of customer adoption and therefore greater customer benefit.

The consultation notes that one potential use for Smart Data would be to enable better informed switching services. In this context, Barclays believes Government should consider facilitating the sharing of additional data over and above tariff/pricing and usage data in any Smart Data initiatives. It should be recognised that customers are not solely price sensitive when making decisions, but will consider other factors such as service quality, brand values, and previous experience with an organisation. When introducing comparison tools and switching services, it is important to consider these other factors, to ensure that customers continue to receive the high quality service that they expect, rather than just the lowest price. Other factors that may be relevant include: rewards (e.g. ongoing discounts or benefits from partnering organisations), environmental or green factors (particularly relevant for the energy sector, when considering renewable energy use), or customer protections (e.g. what protections the customer has when using this service). When considering a Smart Data initiative in new sectors, Government should consider which relevant factors and what types of data should be considered for sharing. Customer research could be undertaken at an early stage to understand the factors that customers value, and what would drive them to switch, or remain with a service provider.

### **4. In which other markets, outside of the regulated and digital markets, would there be the greatest benefits from Smart Data initiatives? Please explain your reasoning.**

As mentioned in our response to Q3, Barclays would recommend Government undertake customer research to determine where there is customer need or demand for services that may benefit from Smart Data initiatives. This will help to ensure that the customer need is at the centre of any initiative. Whilst consumers may not recognise a need to share their data, in Barclays research consumers have responded positively to a range of use cases and outcomes that would involve them sharing their data. Careful consideration should therefore be given to which use cases to propose in any research and as potential initiatives.

While recognising that the question asks which markets outside of regulated and digital markets would benefit from Smart Data initiatives, Barclays notes its strong support for introducing a Smart Data framework into digital markets, specifically for online digital platforms. As noted in the consultation document, these markets are often characterised by a handful of organisations operating closed platforms that hold significant volumes of consumer data. There is potential for significant value to be created for consumers if they were enabled to access and share their data with TPPs of their choosing who may be able to provide innovative services. Barclays therefore welcomes the conclusion of the Digital Competition Expert Panel and the Government that introducing Smart Data for digital markets, potentially in combination with wider requirements to ensure interoperability and data openness, could improve the consumer experience and increase competition. Barclays also welcomes the Government's commitment to consult on proposals to introduce an initiative in digital markets later this year. Barclays looks forward to engaging with this consultation and sharing our perspectives.

Barclays would also encourage Government to consider which of its own datasets could be opened up to Smart Data initiatives to support good customer outcomes. For example, Her Majesty's Passport Office (HMPO) and Driver and Vehicle Licensing Agency (DVLA) data could support customers in proving their personal details in digital channels, in a similar way to how they may use their passport or driving license in a face-to-face environment to prove their age, or identity. Of course, Government would need to properly consider accreditation standards for TPPs accessing such sensitive data, given the potential risk of data breach. Government has already developed the document checking service, and could consider piloting this for use by regulated or accredited institutions, for approved purposes, such as KYC ('Know Your Customer'). Additionally, HMRC data could also prove beneficial for individuals that may need to prove their income, for example to access credit, or rent a home. Once again, the sharing of this sensitive data should be limited to firms that are regulated or accredited, given its sensitive nature.

Government could also consider whether there are any specific challenges that individuals in society face today, that may be supported through Smart Data Initiatives and cross-industry collaboration. One such example could be to support individuals upon the death of a loved one, spouse, or dependent. This is a hugely difficult time for people, not just emotionally, but also when considering the requirements to notify a range of different service providers and organisations following a death. Bereavement processes vary across and within industries, and individuals face a significant amount of paperwork, at an already very stressful and emotional time. In addition to this, bereavement can put people in a position of temporary vulnerability, leaving them more susceptible to fraud and scams. A coordinated approach with Government and industry, using Smart Data Initiatives, could help to improve this process for all. Government has already introduced a 'Tell Us Once' service, to

help streamline the process between government departments. This could be further extended, to give individuals the opportunity for certain data to be shared with organisations such as banks, communications providers, utility companies etc., to notify them of the death of the individual, and to help make this difficult process more manageable.

**5. What other roles might industry find it useful for Government to perform in addition to it acting as a facilitator for Smart Data?**

Beyond establishing the frameworks and structures for Smart Data to develop and prosper, Barclays believes education of the public is a key role for Government to perform. When launching new initiatives like Smart Data, education is critical to improving consumer understanding and developing broader public trust. There has been an increased focus on industry data breaches and data misuse in recent years, meaning consumers may be understandably cautious towards the prospect of sharing their data with third parties. While TPPs therefore have a key role to play in explaining to customers the benefits and use cases they can receive if they share their data, we would also encourage Government to deliver a large scale educational programme to help consumers understand the new frameworks and the protections in place that enable consumers to share their data safely. This could start at an early age, with educational programmes in schools teaching children about the importance of data, and keeping personal information safe. Smart Data initiatives will need to enjoy high levels of consumers understanding and trust, if they are to have high levels of adoption and realise the potential benefits on offer.

We would encourage Government to work with the various other industry bodies and departments that are all working on similar data-sharing initiatives to clarify clear roles and responsibilities, in order to avoid duplication of effort, and to ensure that all parties are maximising the use of their resources on clear deliverables. At present, we are aware of a number of organisations involved in related projects, including: BEIS, DCMS, Centre for Data Ethics and Innovation, CMA, FCA, as well as the proposal to launch a Digital Markets Unit in future. Further clarification on the remit and responsibilities of these organisations would be beneficial for all involved.

**6. Do you agree that we should establish a cross-sector Smart Data Function with the proposed responsibilities set out above?**

Barclays supports the Government's proposal to establish a cross-sector Smart Data Function, and agrees with the proposed set of responsibilities. This will provide a long-term strategic function to oversee the delivery and ongoing provision of Smart Data Initiatives.

As mentioned in our response to Q5, Government should work with all other bodies actively engaging on data-sharing initiatives to clarify the remit and responsibilities of each. It is vital that all entities understand their role and are not seeking to achieve competing objectives. We note the Government's intention that the role and functions of the forthcoming Digital Markets Unit will align to the proposed Smart Data function. We look forward to understanding more around the proposed alignment between these bodies and how the Government foresees this functioning.



Within the financial services industry, the CMA are currently reviewing options for the future governance of the Open Banking ecosystem. The Smart Data function could provide a long term, strategic home for a number of the elements that are currently housed within the Open Banking Implementation Entity, the body set up to establish Open Banking framework, but not intended to exist as an ongoing entity. Assets such as the Open Banking Directory and the technical standards will require migration to a permanent home, and therefore the Smart Data Function could be considered as one of the options.

We also note and support the Government's intention that the FCA should continue to lead the development of Open Finance. Given the sensitivity of consumers' financial data, it is right that the FCA continue to oversee any data sharing initiatives in this area, working closely with the Smart Data function.

**7. What would be the best form for the Smart Data Function to take? Should it be, for example, a new body, part of an existing body or some other form?**

Regardless of whether the new regulator is established as a new public body, or within an existing public body, Barclays believes it important that the Smart Data function be equipped with the necessary expertise in all relevant areas required to fulfil its responsibilities.

As per our responses to Q5 and Q6, it is important the new body, however it is established, works closely with all entities active in this space, to ensure all stay aligned and are not driving towards competing objectives.

**8. How can we ensure that the costs of Smart Data initiatives are shared fairly between the participating businesses?**

When establishing Smart Data initiatives in new sectors, it is right that Government considers how funding responsibilities can be fairly distributed for that initiative. However, Barclays believes attempting to extend funding requirements to TPPs would involve a number of difficulties. Firstly, identifying which TPPs should be required to fund an initiative could prove challenging, as they could simply be an alternative service provider within the sector, or they could be a firm operating in completely different sector which has identified a new use case for the data. It is also not clear whether funding requirements would be intended to cover set-up costs or ongoing costs. Both options would see difficulties. If funding requirements are intended only to cover costs of establishing a framework with a sector, TPPs may be incentivised to wait until it is established and simply join at a later date. However, if funding requirements are intended to cover ongoing operational costs, these could constitute a barrier to entry for many TPPs, which could be sufficient enough to prevent many innovative firms from entering the market. This would have obvious negative consequences for innovation within the sector, and risks undermining the development of Smart Data initiatives across the economy.

Barclays therefore believes that larger market participants within a specific sector should be responsible for the funding of any Smart Data initiative within that sector. Indeed, there is precedent

for such an approach in financial services, i.e. the nine largest banks in the UK, the 'CMA 9', were required to fund the establishment of the Open Banking Smart Data framework. We would note that any funding requirements should be determined following a clearly defined scoping exercise setting out what the initiative should deliver.

Barclays believes Government should also consider how it can best utilise existing assets, frameworks and technical standards that have been created through Open Banking, to help reduce duplication of effort, and keep implementation costs down.

Furthermore, to support a thriving data-driven economy, Government should also allow for commercial opportunity to develop out of the core Smart Data Initiatives. While this would likely stimulate innovation, there could also be an opportunity for firms to charge for certain services or APIs that fall outside of the core proposed frameworks.

**9. What other actions could the Government or regulators take to support the use of data and innovative services to improve outcomes for vulnerable consumers?**

Barclays agrees that Smart Data enabled services, such as financial management tools or improved third party support mechanisms, have the potential to improve outcomes for vulnerable consumers. Indeed, Barclays supports the launch of a Vulnerable Customer Challenge as a way to stimulate the development of innovative data-driven services to support vulnerable customers. However, there is a risk that increased data sharing contributes to vulnerable circumstances for those customers who are digitally excluded or non-digital, and/or consumers who chose not to share data. While the latter is a personal choice, some consumers may nevertheless experience worse services or higher costs because they chose not to engage with sharing solutions.

Government should therefore invest further in increasing digital skills at scale and invest in digital infrastructure to ensure all consumers can access digital opportunities.

As mentioned in our response to Q5, Barclays believes Government has a key role to play in educating the public, and particularly vulnerable customers, on the benefits of new Smart Data initiatives and how they can engage with them safely. It is important industry, government and regulators take any necessary action to ensure that consumers are empowered to make informed decisions when sharing their data.

**10. Should we strengthen the powers of sector regulators to enable them to use consumer data to improve their understanding of the challenges faced by vulnerable consumers and to intervene to improve outcomes?**

While Barclays recognises that there may be a role for the regulators to use data with the intention of supporting vulnerable customers, Government should be cautious in proposing that regulators take an 'identify and help' approach to vulnerable customers using non-anonymised financial data.

Barclays has recently published research showing that consumers had nuanced views on banks using data to identify and engage vulnerable customers. Our Data and Vulnerability report, commissioned from GfK, found that consumers were more supportive of banks using data to identify and proactively engage vulnerable customers in scenarios of actual financial detriment (e.g. missed payments) than they were in scenarios where no detriment had taken place (e.g. financial stress but no missed payments). Consumers who identified as ‘vulnerable’ were often the most nervous about their data being used to target interventions, with reasons being fear of exclusion from products and services in the future to more general stigmatisation. Other Barclays research, by Ipsos MORI, on the psychology of sharing personal financial data found that consumers placed a special value on financial data (over other types of data) – as it was felt that assessment of spending habits and payments could reveal a lot about their circumstances, behaviour and personality.

### **11. How can we ensure that the Smart Data Function improves outcomes for vulnerable consumers? Do we need to consider any further actions?**

Barclays supports the Government’s approach that vulnerable customers should be central to the Smart Data Function, as by designing for those with the greatest need, this helps maximise the potential benefits of any intervention for all consumers.

Barclays would urge the Government to ensure that the principle of universal design is reflected in the principles for Smart Data initiatives. This would be beneficial as many consumers who would likely benefit from specialist products and services may not identify themselves or be classified as ‘vulnerable’. For example, through Barclays debit card control hub, customers can control ATM limits, turn off ATM use, turn off remote purchases (e.g. online purchases) and temporarily block their card. While these controls may provide the greatest benefit to those with low levels of financial resilience or who may struggle with impulsive spending, they also have the potential to benefit any customer who uses them to help manage their money.

Government should also ensure that the principles of transparency and customer control remain priorities when developing Smart Data initiatives. It is important that all customers, not just vulnerable customers, are fully aware of what data they are sharing, with whom, for how long, and what will be done with their data. They need to have control over the consents they have provided for the sharing of their data, including its onwards transmission, and they need to maintain the ability to revoke their consent to data sharing easily. For example, under Open Banking, financial services providers have established ‘Access Dashboards’, which enable consumers to revoke any consents provided to TPPs at the data source. This helps to ensure that it remains as easy for a consumer to stop sharing their data, as it was for them to begin doing so, therefore keeping the customer in control. Barclays believes highly customer-focused controls such as these benefit all customers, and we would encourage the Smart Data Function to consider similar controls in any future Smart Data initiatives.

As per our response to Q5, these proposals must be taken forward alongside plans to improve digital inclusion more broadly to ensure that all consumers are able to benefit from such interventions.

**12. Do you agree these protections for when TPPs use Smart Data are needed? Are there others we should consider?**

Barclays believes customer protection is of paramount importance when introducing data sharing initiatives. We therefore support the Government's proposed approach and the protections it proposes, i.e. primarily that data shared under a Smart Data initiative be required to be transferred via secure APIs, and only with consumer consent.

Barclays agrees that the UK sector-based regulatory regime should be reviewed, to reflect the increased role that TPP service providers may play going forward. Whilst we welcome the positive outcomes being driven by this increased competition, it is important that TPPs are not able to own the direct customer relationship, while avoiding regulatory scrutiny and requirements intended to protect consumers. To ensure customers receive consistent and appropriate customer protections, Government should ensure that similar products and services are regulated in the same manner, regardless of whether they are provided by an established regulated firm, or a TPP that may operate in a lighter regulatory environment.

As per our response to Q11, Government should also ensure that the principles of transparency and customer control remain priorities when developing Smart Data initiatives. It is important that customers fully understand the data they are sharing, with whom, for how long, and what will be done with their data. They need to have control over the consents they have provided for the sharing of their data, including its onwards transmission, and they need to maintain the ability to revoke their consent to data sharing easily. For example, under Open Banking, financial services providers have established 'Access Dashboards', which enable consumers to revoke any consents provided to TPPs at the data source. This helps to ensure that it remains as easy for a consumer to stop sharing their data, as it was for them to begin doing so, therefore keeping the customer in control. Barclays believes highly customer-focused controls such as these benefit all customers, and we would encourage the Smart Data Function to consider similar controls in any future Smart Data initiatives.

Barclays also believes Government should consider whether the liability regime for data breaches remains fit for purpose in a world where third parties have access to data traditionally held only by a primary service provider. With data likely to be distributed across a greater number of providers, there is a risk that certain providers may have lower data security standards than others. To avoid the risk that primary data holders are liable for breaches at third parties, the Government should review the liability framework for data breaches to ensure that firms which allow data losses bear the full costs of those losses, including any costs of other parties that can be accurately associated to their data loss. Otherwise, the parties that suffer the data breach will never have a full incentive to prevent them in the first place. A formal review of the liability framework would also provide much needed clarity to consumers; it is important that they know who is responsible and who to approach in the event of a data breach or if their data has been misused. Barclays believes Government could also consider imposing non-financial penalties, for example restrictions on access to Smart Data Initiatives, if a firm has been proven to misuse data, or has been involved in a significant data breach. This will encourage best practice across firms of all sizes, who may consider the threat of

restricted access to data more significant than a financial penalty, and therefore be more likely to ensure they are utilising data ethically, with the appropriate permissions, and are taking care to secure the data properly.

**13. How should our proposed approach to accreditation operate in practice if it is to effectively ensure that consumers' data are protected and minimise burdens for TPPs?**

Barclays supports the Government's intention to establish a cross-sectoral accreditation process for Smart Data Initiatives.

Whilst we agree with the intention to 'minimise the burden for TPPs' to get accredited, Barclays believes that ensuring customer data is kept safe and not misused should be a top priority. We would therefore encourage Government to ensure that customer protection is not compromised in the desire to provide accreditation to TPPs. This will help to keep customer data safe, whilst also establishing greater trust in data-sharing initiatives.

We would also highlight that while TPPs would be required to meet the requirements of their accreditation, it is important that they continue to be required to meet their other regulatory and legal responsibilities, including GDPR and Data Privacy requirements.

In order for Smart Data Initiatives to flourish, it is important that consumers trust that their data will be kept secure, and will not be misused by any parties within the ecosystem. Barclays therefore believes Government should ensure a process exists for firms facilitating the data-sharing to report any suspicious actors within the ecosystem. Organisations sharing data need to have the autonomy and capability to temporarily freeze data sharing with firms that they deem are acting maliciously, or impose greater controls whilst investigation is under way, to limit the potential damage to customers. There should be an escalation procedure to enable firms to report suspicious activity to the accreditation provider, to allow for the accreditation provider to undertake investigations of their own, and take action to revoke accreditation if it is deemed necessary.

**14. What are the advantages and risks of introducing a cross-sectoral general authorisation regime for TPPs?**

There are a number of advantages to introducing a cross-sectoral general authorisation regime for TPPs, including limiting the administrative burden for TPPs, as they will only need to seek accreditation once in order to access the APIs for a range of sectors. This will also enable firms to focus on one set of criteria that they need to meet in order to become accredited, rather than needing to adhere to a set of accreditation criteria for each sector. Furthermore, centralising this entity should enable the benefits of economies of scale, preventing duplication, and reducing the overall cost to implement and oversee Smart Data Initiatives. This approach may also facilitate greater innovation, by enabling TPPs to consider use cases that could be supported through accessing data from the broader range of Smart Data Initiatives, rather than focusing on sector-specific use cases.

However, a drawback to this approach is that it doesn't take into account sector-specific needs. Depending on the sectors establishing Smart Data Initiatives, some data may be deemed more sensitive. Barclays would therefore recommend that Government consider a two-level 'step-up' accreditation approach, whereby TPPs can become accredited to receive access to the majority of Smart Data initiatives, but would have to 'step up' to meet a higher standard of accreditation to access more sensitive Smart Data initiatives. Sectors with specific requirements or sensitive data could work together with the Smart Data Function to determine the higher accreditation criteria. This would maintain the benefits of having accreditation through one single entity, whilst also allowing sector-specific requirements to be recognised.

A further potential drawback to a cross-sectoral accreditation approach is that the centralised body could be hampered and the process slowed, if it needs to develop accreditation standards that meet the needs of all initiatives. By taking Barclays' proposed 'step-up' approach, specific Smart Data initiatives that may have challenging needs or requirements could be temporarily put on hold, whilst accreditation requirements for the majority of other initiatives are determined.

#### **15. What other options should we consider to ensure that consumers are protected when using TPPs?**

As previously mentioned, we would encourage Government to consider the delivery of an educational programme to help individuals understand what measures will be put in place to help protect individuals, and how they can undertake data sharing safely. This could also include advice on how to keep their data safe, for example by providing advice as to how to check whether a firm has been accredited.

A further way Government could encourage trust in data sharing initiatives is through a voluntary Trustmark or Code of Conduct. This would allow responsible organisations to demonstrate to their customers that they are acting transparently and ethically with customers' data, storing it securely, and following industry-best practice. Whilst the OBIE is currently at the very early stages of developing a framework for a Trustmark, progress has been limited given the significant amount of work underway across the industry to deliver the regulatory mandate. This could therefore provide an opportunity to consider whether a cross-industry Trustmark, led by the Smart Data Function, could be a better, more strategic solution. Themes such as data ethics, data storage and security principles will be relevant irrespective of industry, and therefore a cross-sectoral approach could bring together the principles and best practices from across the various industries, to develop a single Trustmark. This would also be beneficial for customers, as the alternative may be that Trustmarks develop in each industry, meaning that customers could be expected to recognise and interpret multiple Trustmarks, depending on which data they are sharing. By simplifying and centrally coordinating the approach, customers would only need to recognise one Trustmark when deciding whether to share their data. Likewise, for firms looking to utilise multiple data sources in their solution, they would only need to adhere to the requirements of one Trustmark, presenting that single brand to their customers, rather than a potentially confusing selection of multiple, industry specific Trustmarks. We therefore would encourage Government to consider whether the development of a Trustmark should also fall under the remit of the Smart Data Function.