

# Consumers and businesses to be given more control of data under new laws

- Greater legal powers to see companies facilitate new services that drive better deals and savings for consumers, by sharing customer data, at their request, with authorised third parties
- Smart Data is already widely used in banking, making it easier for consumers and SMEs to manage bank accounts, for example by viewing several bank accounts in a single app
- legislation will improve competition, giving more choice and lower prices to customers with potential to benefit consumers and small businesses by £18 billion a year

Consumers and small businesses will benefit from better deals and savings through innovative services, thanks to new Smart Data laws proposed by government.

Smart Data enables businesses to provide consumers with more intuitive, easy-to-use services such as better account and bill management, switching services for savings, and targeted support for vulnerable consumers, by allowing businesses to share customer data with authorised third-party providers in an easy and secure way. For example, Smart Data has facilitated services which could alert a vulnerable consumer's trusted contact (such as a family member or friend) if there is unusual activity on a bank account.

New laws will see more sectors, such as communications like broadband, taking advantage of Smart Data to drive competition and innovation, while providing more choices and lower prices for consumers. The powers would make it possible for government to mandate industry involvement in Smart Data initiatives across the economy where they are not participating already, subject to sector-specific assessment and consultation.

A Smart Data joint government-regulator working group will also be set up to accelerate existing Smart Data initiatives and coordinate action across government, it was announced today (Wednesday 9 September). This will involve representatives from Smart Data initiatives already in development, with individuals drawn from pioneering sectors including communications, energy, finance and pensions.

Minister for Small Businesses and Consumers Paul Scully said:

This government is committed to transforming our economy so pioneering businesses can thrive and consumers can save time and money.

Innovative businesses across the UK are already using Smart Data to find new solutions to age-old problems, revolutionising everything from invoicing through to automatic account switching.

It's vital we harness this technology across the whole of our economy. The roll out of Smart Data into new sectors such as communications will help support even more cutting-edge start-ups and could boost businesses and consumers by a staggering £18 billion a year.

Peter Tutton, Head of Policy, Research and Public Affairs at StepChange Debt Charity said:

As we have seen from other initiatives such as Open Banking, Smart Data can work to improve markets and help those who are financially vulnerable get better deals, taking some of the edges off their vulnerability.

We warmly welcome the BEIS announcement today. It's absolutely essential that the emerging infrastructure delivers a secure, regulated approach to data sharing that doesn't leave vulnerable consumers behind. In supporting those at risk of exclusion, this will bring a much needed joined-up approach across regulators and to Smart Data initiatives more generally.

Tris Dyson, Managing Director at Nesta Challenges, said:

We welcome today's announcement from the government. Smart Data in banking is already paying dividends for customers and creating whole new categories of innovation.

We believe that extending Smart Data initiatives to other sectors that are ripe for innovation, like telecommunications and energy, could take the opportunities for consumers, SMEs and innovators to a whole new level.

Jeni Tennison, Vice President and Chief Strategy Adviser at Open Data Institute, said:

Giving individuals and organisations access to data held about them by the services they use opens up possibilities for insight, innovation and empowerment.

Regulators can be great enablers for Smart Data, promoting access, interoperability and trustworthy data practices, so it is great to see the government take another step to equip them to take on that role.

The UK has led the way globally with Open Banking, the most advanced Smart Data initiative, which has helped more than a million users easily share their data with trusted third parties – in turn helping consumers and SMEs

better manage their expenses, reduce administration and save money.

Research ([1](#)) shows innovations by companies in the banking sector using Open Banking hold the potential to benefit consumers and SMEs by £18 billion every year for example by making it seamless to switch to the best deals and avoid fees.

In June 2019, the government launched the Smart Data Review to consult on expanding Smart Data beyond banking.

The response – [Next Steps for Smart Data](#) – published today, sets out our plans to introduce primary legislation to make it possible to mandate industry involvement in Smart Data initiatives across the economy.

This power could be used in the regulated sectors, such as communications, as set out in the Smart Data Review. It will also make it possible, when and if appropriate, to extend Smart Data to other sectors such as retail and transport.

Possible uses for Smart Data include:

- communications (such as telephone, broadband provision): improved product comparison, viewing all your bills in one place, or easier management across accounts, which could even be designed specifically for vulnerable consumers
- energy: similar initiatives, such as automatic switching services to ensure customers get the best suited deals with minimal effort required
- finance: Smart Data could extend the benefits we have seen in banking and help consumers better navigate and manage their savings, mortgages, consumer credit, investments, pensions, and insurance
- retail: enabling consumers to find better deals for large items of expenditure, such as the weekly grocery shop

The government will introduce primary legislation when parliamentary time allows.

These new laws form part of the government's National Data Strategy, which will boost the use of data to drive growth, boost innovation, create new jobs and improve public services.

## Notes to editors

- Firms are already mandated to participate in Smart Data equivalent schemes in banking (via the Payment Services Directive) and there are plans to mandate participation in pensions (via the Pensions Bill introduced in Spring 2020)
- we are now proposing to introduce legislation, when Parliamentary time allows, to improve government's ability to mandate participation in Smart Data initiatives in any sector
- the most likely first sector in which we expect the legislation to be used is communications
- the use of the powers in any specific sector will require further

consideration of the circumstances in the sector

- the [Smart Data working group](#) will be led by the Department for Business, Energy and Industrial Strategy, and involve representatives from the Department for Digital, Culture, Media & Sport, HM Treasury, the Department for Work and Pensions, the Office of Gas and Electricity Markets, The Office of Communications, the Financial Conduct Authority, the Competition and Markets Authority, the UK Regulators Network, and the Information Commissioner's Office
- a [Terms of Reference](#) for the working group has been published alongside the consultation response

## References

1. OBIE representatives, June 2019: ["Consumer Priorities for Open Banking"](#)