

News story: Consumers put at the heart of financial services revolution

The government is bringing in a new regulatory regime for innovative FinTech firms which will transform the way people engage with their finances and make it possible to manage all of their finances at the touch of a button.

From January 2018, these FinTech firms will – at the request of the individual – be able to access data from all of their bank accounts.

This could lead to innovations like managing all bank accounts from one easy-to-use app, enabling people to budget more effectively, or helping consumers avoid unwanted overdrafts by making automatic payments between bank accounts when funds are running low.

New innovative apps could provide personalised product recommendations based on exactly how consumers spend their money, such as suggesting which savings product would suit best based on an individual's saving habits.

Economic Secretary to the Treasury, Stephen Barclay, said:

Thanks to the changes we're making, new FinTech firms can enter the market and offer innovative and transformative banking services that are tailored to meet people's needs.

New apps will empower people to take greater control over their finances. Whether that's through managing all of their bank accounts in one place or helping to avoid unauthorised overdrafts when they have money elsewhere.

These changes stem from the EU's second Payment Services Directive and will drive further innovation in FinTech in the UK.

Giving people the ability to know exactly which products are best for them at a touch of a button will also drive competition in the financial services market.

Consumers will switch to the best product for them, and this competition will compel firms to provide better products. More competition will drive further consumer choice, and better and cheaper services.

Chief Executive of UK Finance, Stephen Jones, said:

We are excited by the potential for these reforms to enhance competition and innovation in the financial services sector – and welcome the publication of these regulations which mark an important milestone on the journey towards implementing it.

The changes will allow customers to use details of their payments to help plan and manage their money better. What's more, this is just the start. There are a whole host of benefits for customers, many of which we are just beginning to see.