

Next steps on future oversight of Open Banking announced

The Competition and Markets Authority (CMA) has today published its recommendations for the future oversight and governance of Open Banking. The CMA's recommendations will be taken into consideration in the design of a future entity to succeed the Open Banking Implementation Entity (OBIE). The future entity would build on the significant progress made to date by the OBIE to encourage innovation and support competition in retail banking.

The CMA, HM Treasury, the Financial Conduct Authority (FCA) and Payment Systems Regulator (PSR) have today also published a [joint statement outlining their plans for oversight of the future entity](#), building on the CMA's recommendations, including the establishment of a Joint Regulatory Oversight Committee.

The UK has been a global leader in this area and, as of January 2022, there were over 5 million users of services powered by Open Banking technology. It has been estimated that by September 2023, 60% of the UK population will be using Open Banking payments.

The CMA launched a [public consultation on the future oversight of Open Banking](#) in March 2021. The consultation sought views on what arrangements should be put in place to ensure effective oversight and governance following the implementation of the remaining measures in the Roadmap required under the CMA's Order for Open Banking; and how the CMA should manage the transition process towards this new governance model. The CMA has carefully considered the responses to the consultation ahead of publishing its response.

The CMA's recommendations are that the future entity should:

- have effective regulatory oversight, with a new Joint Regulatory Oversight Committee to agree and implement the next steps led jointly by the FCA and PSR;
- have independent and accountable leadership, with a majority of independent directors on its Board;
- have a clear purpose articulated by the Board;
- be adequately resourced to carry out its functions through a more broadly-based and sustainable funding model;
- effectively serve the interests of consumers and small and medium sized businesses, including consideration for how these groups will be represented in the governance of the entity;
- be sustainable and adaptable to the future needs of the sector;
- have a system to effectively support the monitoring and enforcement of the Retail Banking Market Investigation Order 2017.

The joint statement published today outlines that the Joint Regulatory Oversight Committee will draw up proposals for the design of the future

entity by the end of 2022.

Andrea Coscelli, Chief Executive of the CMA, said:

Open Banking has been a major success in the UK, bringing innovative new services to retail banking and benefiting consumers, businesses and the UK economy.

The CMA has carefully considered the appropriate future arrangements to boost Open Banking so that its significant benefits can be realised even more widely. We have today outlined the core principles that will ensure the new entity successfully picks up the reins.

In 2017, Open Banking was launched in the UK as part of a package of remedies following the CMA's market investigation into retail banking. The CMA ordered the 9 largest retail banks in Great Britain and Northern Ireland to pay for and set up an independent Open Banking Implementation Entity.

Open Banking enables consumers and businesses to share their bank and credit card transaction data securely with trusted third parties who are then able to provide them with applications and services which save them time and money. In a market where larger, established banks have accounted for over 80% of the current account market for many years, Open Banking encourages account switching and drives down costs for small and medium businesses, boosting competition and innovation.

1. The CMA's response to the consultation on the future oversight of Open Banking, published today, also takes into account the findings of the report by Alison White into a number of allegations relating to OBIE; to the then Implementation Trustee; and to certain current and former senior staff members of OBIE. The investigation concluded that [OBIE had not been properly managed](#) and a lack of appropriate corporate governance was a direct contributor.
2. As part of the CMA response to Alison White's review, on 23 November 2021, the CMA appointed Kirstin Baker, an independent non-executive Director of the CMA, to lead a [review to identify the lessons for the CMA in its approach to designing, implementing and monitoring remedies in its market investigations](#). The review is expected to be completed within six months of launch and its findings reported to the CMA Board and published. The CMA will consider the implications of the findings of the review for the future governance of Open Banking once the findings are published later this year.
3. In [TrueLayer's 2021 report](#), "The Future of ecommerce payments", it was estimated that on its current growth trajectory, 60% of the UK population will be open banking users by September 2023.
4. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.