

Press release: Open Banking revolution moves closer

Personal account customers will find it easier to manage their money, find the best deal for their needs and avoid overdraft charges, and small businesses will benefit from greater competition and better access to finance.

The Competition and Markets Authority's (CMA) shake-up of the banking industry will offer overdraft users the opportunity to save an average of £180 a year, while other current account holders can save an average of £92.

In its [final report](#) on the retail banking market published last year, the CMA announced a package of reforms to make banks work harder for their customers, and help people take control of their banking using innovative new services.

Today's [final order](#) formally implements these reforms and sets out the strict timetable for introducing key advances such as open banking, the monthly maximum unarranged overdraft charge, standardised business current account opening procedures, and banks having to publish service quality statistics.

Alasdair Smith, Chairman of the retail banking investigation, said:

Open Banking will make a transformational change to banking for personal customers and small businesses. For the first time innovative and secure apps will provide personalised services and information to cover all financial needs in one place, and make it easy for people to find out what bank account is best for them.

We're also making banks send alerts to people about to slip into overdraft to help them try and avoid unnecessary charges. Banks receive £1.2 billion a year from unarranged overdraft charges. A new alert system, combined with our order to require them to publically announce their maximum monthly charges, should mean significant savings in future for their hard-pressed customers.

Today's announcement represents an important milestone in a co-ordinated set of actions taking forward the CMA's banking reforms.

The CMA has already accepted [undertakings](#) from Bacs to make 'ditching and switching' easier. It has committed to improve the Current Account Switch Service within a year by extending the time the automatic redirect service is available when they switch banks, actively provide information to those people who would benefit most from changing bank and introduce independence into governance of the switching system.

Small businesses will also benefit from the Open Up Challenge run by innovation charity Nesta, which will enable the development and delivery of

comparison and advice services, and the CMA implementing measures that will increase the transparency of cost and eligibility of SME lending.

The Financial Conduct Authority will take action in response to the CMA recommendations which will include supporting the work on open banking, testing prompts designed to increase consumer engagement and alerts that increase customers' awareness of their overdraft usage, publishing service quality information and reviewing the effectiveness of banks' introduction of a monthly maximum charge for unarranged overdrafts.

Key dates in the implementation of the banking revolution include the launch of the Open Up Challenge run by Nesta later this month, the first stage of the Open Banking data release in March and a maximum monthly charge on unarranged overdrafts coming into force in August. There is a full list [here](#) of the remedies within the order and the timetable for implementation.

Notes for editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. From 1 April 2014 it took over the functions of the Competition Commission and the competition and certain consumer functions of the Office of Fair Trading, as amended by the Enterprise and Regulatory Reform Act 2013. For more information see the CMA's [homepage](#) on GOV.UK.
2. The members of the Retail Banking Market Investigation Group were [Alasdair Smith](#), [Tom Hoehn](#), [Philip Marsden](#), [Jill May](#) and [Ed Smith](#).
3. See the retail banking investigation [case page](#) for more information and our [short overview](#), [infographics](#) illustrating some of our proposals and [visuals](#).
4. For more on Nesta, go to openup.challenges.org/
5. For CMA updates, follow us on Twitter [@CMAgovuk](#), [Flickr](#), [LinkedIn](#) and [Facebook](#).
6. Media enquiries should be directed to Simon Belgard (simon.belgard@cma.gsi.gov.uk, on 020 3738 6472).