

Your response

Question	Your response
<p>Question 1: Do you agree with our assessment of the challenges that people and SMEs face when engaging with the market, which Open Communications might help to address? Please explain and provide evidence.</p>	<p>Yes. Our experience from being at the forefront of developments in open banking is that open communications could stimulate innovation, improve consumers' journeys and increase consumers' access to appropriate products.</p> <p>For example, by using open banking Equifax introduced an electronic, real time credit affordability assessment. This improved consumer journeys and was the first live use case of open banking in a credit application.</p> <p>We introduced one of the first open banking assisted mortgages so most customers no longer needed to source and supply copies of bank statements to support their mortgage application.</p> <p>Using open banking, we were also able to introduce the first real time, open banking identity verification solution. This allowed users to confirm that account information belonged to the person applying for credit.</p> <p>We strongly support open communications, alongside open finance and Smart Data. We welcome the opportunity to work with Ofcom and our clients in the telecommunications sector and beyond to help implement it successfully.</p>
<p>Question 3: Do you agree with our view of the benefits for people and businesses that Open Communications could generate?</p>	<p>Yes. To realise those benefits though we would recommend Ofcom build on the success of the open banking model where possible in the following ways:</p> <p>A. The open communications model should replicate open banking's effective blend of incentives, obligations and standards to ensure outcomes are realised and deadlines met.</p> <p>B. Open communications standards should cover user experience, not just technical and operational issues. This focus on the end-user experience was key to the success of standards</p>

	<p>in open banking. For example, by enabling biometric data to be used in authentication.</p> <p>C. The ODI and Fingleton review summarises the sequencing that worked well for open banking:</p> <ul style="list-style-type: none"> ● Stage 1: develop standards ● Stage 2: implement standards. ● Stage 3: engage and connect with third party providers (TPPs). ● Stage 4: TPPs develop propositions. ● Stage 5: TPPs launch and refine propositions in the market. <p>D. Data users should be involved from stage 1 onwards in decisions about what data should be shared and in what format. For example, what product data should be available and how it should be standardised. Open banking offers a cautionary tale of what can happen when data users are not involved throughout. Initially, the name of account holders was not made available through open banking, which meant data could not be matched easily to the right individual, limiting the usefulness of the data and the pace of innovation. Data users can help to get the data specification right first time.</p>
<p>Question 4: Do you agree with our assessment of how Open Communications could enable services that benefit people in vulnerable circumstances? Are there other ways it could benefit people in vulnerable circumstances?</p>	<p>Yes. However, Ofcom could work with consumer groups, data users, and data suppliers to provide guidance on how to use data a consumer shares that may indicate vulnerability. The CMA and The Money and Mental Health Policy Institute both found public support for firms using data to offer better support to vulnerable consumers. However, in our experience firms are cautious about using this data and unsure how to do it in a way that consumers will trust and welcome. That can mean that data is not used and the potential benefits for consumers are not realised. Guidance could be developed across sectors through the UK Regulators Network.</p>
<p>Question 5: Are there any risks that we have not identified that could reduce the overall benefits of Open Communications? Please provide evidence, where possible.</p>	<p>Yes. There is a risk it could have an unintended negative impact on the credit information market.</p> <p>Currently, telecommunication providers and other creditors primarily access credit information securely through credit reference</p>

	<p>agencies (CRAs). For example, data on the value of contractual payments due and the value of payments made. CRAs are authorised and regulated by the Financial Conduct Authority (FCA).</p> <p>CRAs process this data on a legitimate interests basis rather than on a consent basis. Creditors tend not rely on ‘consented data’ alone to lend responsibly as there is a risk that borrowers will choose to share only data that supports their application for credit and not data that could hinder it (increasing the risk of adverse selection and moral hazard for lenders).</p> <p>Open communications could develop in a way where consented data unintentionally crowds out the verified telecommunications credit data CRAs provide on a legitimate interests basis. For example, if providers can use open communications to access payment history data for free then they may stop accessing data via CRAs, and stop providing it to CRAs. That would negatively affect CRAs’ core business.</p> <p>Furthermore, when less accurate data is used in, or is available for, creditworthiness assessments then those assessments tend to be less accurate, leading to an increase in overindebtedness. Similarly, many creditors rely on CRA data to treat those in debt fairly and to support vulnerable consumers.</p> <p>So Equifax recommends that when developing open communications Ofcom carefully considers the impact on the sustainability and competitiveness of the FCA-regulated credit information market, which supplies verified data on a legitimate interests basis to enable responsible lending and debt management.</p>
<p>Question 6: Do you agree with the core principles that we have identified for the design of Open Communications?</p>	<p>Yes, but we would also emphasise the importance of ensuring a positive user experience, as recognised by the open banking standards.</p>
<p>Question 8: Do you agree with our initial views on how to approach key issues for the design and operation of Open Communications? Do you have comments to make on other implementation issues?</p>	<p>Yes.</p> <p>Please see our response to questions 3 and 5.</p>
<p>Question 9: Do you agree with our view of the data that Open Communications should make available to third parties? Is there data about</p>	<p>Please see our response to question 5.</p>

accessibility needs or vulnerable circumstances that people would benefit from being able to share with third parties?

No response.

Question 14: If relevant, would your organisation consider using Open Communications data as a third party to offer new services or enhance existing ones?

Yes.