THE OPEN BANKING IMPACT REPORT

October 2023

In our fifth Impact Report, we examine the continued expansion and availability of open banking products and services in the UK.

This latest report, using data up to 30 June 2023, shows record use of open banking payments, increased adoption by the UK's consumers and small businesses, as well as the expansion of services in key areas such as borrowing, payment choice, and financial decision-making.

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This report is intended to provide regular insights into the development of open banking in the UK, focusing on outcomes for end users. It is built using a methodology developed by the Personal Finance Research Centre at the University of Bristol. The insights are based on several data sources and research studies which are detailed in the methodology sections. Because of the fast pace of change and difficulty in definitively establishing end-user outcomes, findings are indicative and should be used for information purposes only.

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EXECUTIVE SUMMARY

Open Banking Limited (OBL) produces the Open Banking Impact Report[1] every six months to support greater understanding of how open banking is evolving and the extent to which it may be helping the UK's consumers and small businesses.

Our approach to the report is underpinned by a comprehensive Theory of Change. This is based on the premise that the ultimate success of open banking depends on:

- the availability of different types of open banking-enabled services
- whether these are adopted
- the extent to which users have a positive experience of them
- if and how consumers and small businesses are actually benefiting from open banking-enabled services.

Our four previous Impact Reports each provided incremental insights into different aspects of this Theory of Change. The key insights in this Impact Report are:

Availability of open banking services

- Availability of services continues to expand, however, growth is increasingly coming from participants which are not regulated as TPPs, such as agents.
- We have a significant number of services in three outcome areas:
  - financial decision-making
  - payments
  - borrowing.

These account for 75% of all propositions offered by TPPs and their agents.

Adoption of open banking services

- Adoption has continued to grow, with **10 – 11%** of digitally-enabled consumers now estimated to be active users of at least one open banking service. This is up from **7 – 8%** in December 2021.

"Adoption has continued to grow, with 10% – 11% of digitally-enabled consumers now estimated to be active users of at least one open banking service. This is up from 7% – 8% in December 2021."

[1]The Revised Roadmap refers to the delivery of a Consumer Evaluation Framework (or CEF). For publication purposes we refer to this as the Open Banking Impact Report

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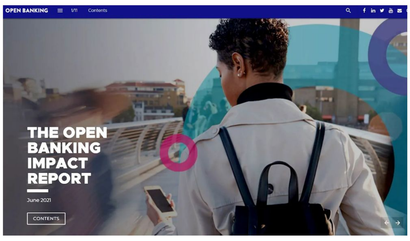
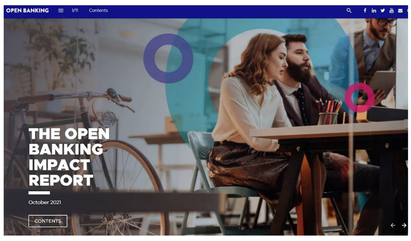
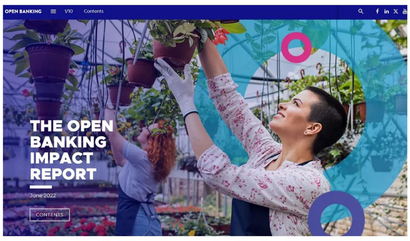
INTRODUCTION AND APPROACH

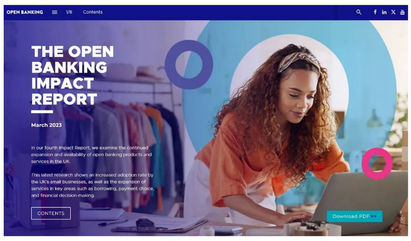
We are committed to periodically publishing a report examining progress towards meeting the policy objectives of open banking, and the extent to which it is delivering the intended outcomes for the UK's consumers and small businesses. These reports are published in a six-monthly cycle.

This is the fifth Open Banking Impact Report. It is based on data up to 30 June 2023 (except where otherwise indicated).









Open banking is a complex policy initiative with a range of impacts and external factors influencing its success. For that reason, we developed a framework for measuring consumer outcomes from open banking in 2020. This framework and its components are summarised in Appendix 5 and continue to underpin our approach to this evaluation.

It is complex to measure most of the components and the data presented is directional in some places. We have had to rely on several underlying assumptions, which are transparently stated in the report.

The focus of the initial Open Banking Impact Reports was on:

1. **Outputs**
   the availability of open banking-enabled propositions.
2. **Intermediate outcomes**
   levels of customer adoption and other metrics related to adoption.
3. **Intermediate outcomes**
   an indicative view on the value of such services to end-users.

This fifth report focuses exclusively on availability and adoption.

Figure 1: Evolution of analytical components

FRAME WORK AREA	FIRST REPORT (APR 2021)	SECOND REPORT (NOV 2021)	THIRD REPORT (MAY 2022)	FOURTH REPORT (MAR 2023)	FIFTH REPORT (JUNE 2023)
Availability	Established Ecosystem Audit to analyse TPP propositions by outcome area.	Updated with current data	Updated with current data and enhanced with data on agents of TPPs.	Updated with current data including analysis of agents of TPPs.	Updated with current data including analysis of agents of TPPs.
Awareness	Not included.	Not included.	Not included.	Not included.	Not included.[2]
Adoption	Analysis from OBL management information (MI), but with some caveats. Initial data of adoption by outcome area.	Same methodology employed, but with improved data.	Same methodology. Now includes split between consumers and small businesses, and data and payments.	Updated and enhanced. Now includes an initial open banking usage classification.	Updated and enhanced. Now includes **Pay.UK payment volume and value data.**
Experience	Analysis of online review sites and ratings.	Replaced with findings from new Consumer Experience Research for a subset of outcome areas.	Replaced with findings from new Small Business Experience Research for a subset of outcome areas.	Not included	Not included
Outcomes	Not included.	Included for the first time, using new Consumer Experience Research for a subset of outcome areas.	Included, using new Small Business Experience Research for a subset of outcome areas.	Not included	Not included

[2]Based on feedback from the Expert Group we convened to feed back on the Framework, it was agreed that awareness was complex to track and not necessarily helpful given that many users of open banking may not be aware that the service they have signed up to uses open banking. We will review whether to include in future reports.

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OUTPUTS (AVAILABILITY)

Headlines

- As of June 2021, there were **131** fully regulated firms with live-to-market open banking-enabled products and services.
- This figure has declined by eight since December 2022 due to market withdrawal or acquisition.
- The fully regulated market remains dominated by propositions addressing improved financial decision-making **(43)**, expanded payments choice **(43)** and better borrowing **(36)**.
- The availability of products and services offered by agents of regulated TPPs has increased by **36** since the end of March 2022. There were **208** such firms with live-to-market services at the end of 2022.
- Most agent propositions are clustered around improved financial decision-making **(36)**, expanded payments choice **(30)** and better borrowing **(35)**. However, this market sector is highly innovative with unique propositions to meet specific market needs.
- Overall, our six outcome areas continue to cover most propositions in the market. We now have 22 participants that fall outside these categories and will continue to monitor this carefully.

Availability analysis – regulated TPPs in the Open Banking Directory

Our ongoing tracking of live-to-market TPPs has identified a small contraction in the numbers with active open banking-enabled propositions. As of June 2023, there were 131 live-to-market TPPs, a net reduction of eight on the number in December 2022. There has only been one TPP new-to-market in this period and one have left. Of these new exits, there are a range of reasons why, including companies withdrawing from the market or merger.

We continue to track the mix of propositions provided by TPPs and see a steady reduction in companies offering services aimed at helping customers improve their financial decision-making. In December 2022, there were 49 active services in this space, by June 2023 this was reduced to 45 and press reports indicate further contraction in this space is likely.

In contrast, companies providing payment services and borrowing have seen only minor contraction. There is no reduction in the number of firms providing payment services and just one less firm supporting borrowing in June 2023 compared with December 2022.

We should be careful about drawing too many conclusions from the raw market exits, but it is interesting to note that the exit of the borrowing firm related to supervisory concerns about its lending model. This firm is now in administration. This concern appears very specific to the business model employed by this firm and anecdotal feedback suggests that the use of open banking data to support lending decisioning for consumer and small businesses continues to expand, without any replication of the concerns raised by this firm.

In the area of improved financial decision making, we have looked at underlying reasons behind the contraction in this space and it is hard to draw firm conclusions. However, we do note that a large personal finance management service in the market has very recently[1] announced that it is closing its service, suggesting that there may be challenges in finding a sustainable business model for these types of service. However, we also note that a global payments firm is now offering a budgeting application and transaction history to its wallet, which suggests we may be seeing a shift in the way such services are delivered to consumers.

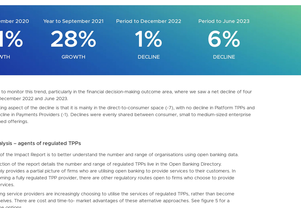
We continue to see limited numbers of firms providing savings services, either for others (PIsP) or switching-based services (Pmrs).

We have segmented these TPPs by the type of service they offer, using the six outcome areas identified in the Customer Evaluation Framework (figures 2 and 3). We provide full descriptions of the agreed outcome areas, including examples of propositions allocated to each category, in Appendix 2.

Figure 2: Live-to-market open banking-enabled services, by principal outcome area

Principal outcome area	Mar-19	Sep-19	Mar-20	Sep-20	Mar-21	Sep-21	Mar-22	Dec-22	Jun-23	% of Total
Improved financial decision-making	8	16	29	39	40	47	51	49	45	34%
Expanded payments choice	1	9	16	23	36	42	43	45	45	34%
Better borrowing	8	15	21	23	25	24	27	27	26	17%
Increased access to advice and guidance	0	1	2	4	4	4	4	5	5	3%
Increased saving and investments	0	2	4	5	7	7	7	8	7	5%
Increased switching	1	1	4	4	4	4	4	3	3	2%
Mixed	3	8	10	11	14	14	15	15	13	9%
Other	0	0	4	6	6	6	6	7	7	5%
Total	21	52	91	115	145	153	161	159	151	

**October 2023; therefore, not yet reflected in the numbers above*



Source: OB, analysis. *Includes live-to-market entities regulated as TPPs only. See explanatory note after Figure 4*

Figure 3: Live-to-market open banking-enabled products and services, over time by type of customer

	Mar-19	Sep-19	Mar-20	Sep-20	Mar-21	Sep-21	Mar-22	Dec-22	Jun-23
Consumer	13	27	39	50	61	65	69	65	61
Small business	6	11	18	25	29	31	34	35	32
Both	7	20	37	38	55	57	58	59	58
Total	21	52	91	113	145	153	161	159	151

Figure 4: Live-to-market open banking-enabled products and services, over time by route to market

	Mar-19	Sep-19	Mar-20	Sep-20	Mar-21	Sep-21	Mar-22	Dec-22	Jun-23
ASPSP another TPP Aggregator, AISP or PISP	9	11	15	21	24	24	24	24	21
ASP direct to customer	12	29	49	66	74	76	83	82	75
Agent of payment providers	1	9	16	21	29	32	32	33	31
Total	21	52	91	113	145	153	161	159	151

Source: OB, analysis. *Includes live-to-market entities regulated as TPPs only. See explanatory note after Figure 4.*

[1] *Notes: this analysis differentiates between ASPs which are offering services direct to customer, versus those which are primarily enablers of other propositions. These are effectively 'platform ASPs'. The distinction isn't helpful in payments propositions as a PISP will in many cases be enabling a merchant to accept open banking payments, so we have included all payment initiation services in our analysis. We therefore report payments separately.*

Methodology notes for availability analysis

Firms included: this analysis is based on data collected by OB, on the number of TPPs which are regulated, active in the Sandbox or Production and which have a live-to-market service. Any disable statements have been stripped out.

Allocation to outcome area: *The 151 entities were analysed using publicly available information (including participant websites and press articles). The analysis identified which of the six outcome areas the primary proposition fell into. Consumer and SME propositions were included.*

Mixed and other: *As well as the six outcome areas defined in the Framework Methodology, we used two additional tags. 'Mixed' was used where an enabling firm was supporting multiple outcomes. 'Other' was used for participants who did not fit any of the categories. This was very slight participation. As the Impact Report progresses, we may need to create new categories for these participants.*

We are starting to see some reduction in the number of live-to-market TPPs

In the early roll-out phase we saw strong growth in services; but after plateauing this has now started to decline.

Year to September 2020	Year to September 2021	Period to December 2022	Period to June 2023
131%	28%	1%	6%
GROWTH	GROWTH	DECLINE	DECLINE

We will continue to monitor this trend, particularly in the financial decision-making outcome area, where we saw a net decline of four TPPs between December 2022 and June 2023.

Another interesting aspect of the decline is that it is mainly in the direct-to-consumer space (-7), with no decline in Platform TPPs and only a limited decline in Payments Providers (-1). Declines were evenly shared between consumer, small to medium-sized enterprise (SME) or combined offerings.

Availability analysis – agents of regulated TPPs

A key objective of the Impact Report is to better understand the number and range of organisations using open banking data.

The previous section of the report details the number and range of regulated TPPs live in the Open Banking Directory. However, this only provides a partial picture of firms who are utilising open banking to provide services to their customers. In addition to becoming a fully regulated TPP provider, there are other regulatory routes open to firms who choose to provide open banking services.

New open banking service providers are increasingly choosing to utilise the services of regulated TPPs, rather than become regulated themselves. There are cost and time-to-market advantages of these alternative approaches. See figure 5 for a summary of these options.

> "New open banking service providers are increasingly choosing to utilise the services of regulated TPPs, rather than become regulated themselves. There are cost and time-to-market advantages of these alternative approaches."

Figure 5: Three high-level options for launching a service using open banking data

Model	Description
Regulated AISP	An entity becomes regulated by the FCA for the provision of Account Information Services under the PRIN 2021. All ASPs are listed on the FCA Register.
Agent of AISP	An entity becomes an agent of a regulated AISP and, as part of its proposition to customers, can offer the AIS service of the regulated AISP. The AISP lists all its agents on the FCA Register.
Other parties	An entity enters a commercial agreement with a regulated AISP, so that, with the customer's agreement, the AISP accesses account data to the other party. There is no agreed language to describe these parties; sometimes referred to as a 'Third party not providing AIS' or TPNA. In this report, they are referred to as 'other parties'. There is also no agreed language to describe ASPs which operate this model. In this report, we refer to them as 'platform AISPs'. There is no official reporting or tracking of these entities.

In this report we include data on the second of these categories – agents of regulated TPPs. We are not yet able to provide insights or analysis of other parties.[1]

Figure 6: Agents of regulated TPPs offering open banking-enabled products and services split by outcome area

Principal outcome area	Mar-22	Dec-22	Jun-23	%	Change
Improved financial decision-making	53	67	90	43%	+23
Increased access to advice and guidance	13	15	22	11%	+7
Better borrowing	25	32	35	17%	+3
Increased saving and investments	11	14	14	7%	+0
Expanded payments choice	26	29	30	14%	+1
Increased switching	2	2	2	1%	0
Other	9	13	15	7%	+2
TOTAL	141	172	208		+36

Figure 7: Agents of regulated TPPs offering open banking-enabled products and services split by primary end-user type

Customer type	Mar-22	Dec-22	Jun-23
Consumer	64	85	99 49%
Small businesses	50	56	75 33%
Both	12	11	14 6%
N/A	15	20	26 12%
TOTAL	141	172	208

Source: OB, analysis of live-to-market propositions regulated as TPPs only. *Includes open banking-enabled products and services.*

[1] *No agreements between platform AISPs and other parties are commercially sensitive and routinely shared. Data on these models is not mature and the number of types of services in market using open banking data under this model, in contrast, both TPPs and agents of ASPs are recorded in the FCA Register. We have gathered some data from selected platform ASPs, which gives us anecdotal insights into the number and types of other parties with services in market using open banking data.*

However, we are not yet in a position where we can publish insights into the number or type of such services. We hope to work with the platform ASPs in the market to improve our data collection and insights. We also note that the Open Banking Implementation Entity is developing a directory of ASPs, letting agents, gatekeeping companies and even data service providers are likely to be operating in other parties' roles and therefore excluded from our analysis.

This part of the market is highly dynamic, with new firms bringing innovative and differentiated services to market and assessing the commercial viability of their new propositions. This results in churn. Overall, the number of firms acting as agents increased by 36 in the first half of 2023. A breakdown of entries and exits is shown in Figure 8.

Figure 8: Changes in agents of regulated TPPs offering open banking-enabled products between March and December 2022

Category	Change
Agent @ June 23 now live-to-market	+1
New agent since June 23 live-to-market	+38
Agent @ June 23 ceased to be agent	-8
Net Change	+36

Propositions offered by agents

Our analysis identified 208 agents of ASPs with live-to-market propositions. As with the propositions offered by directly regulated TPPs, the three most common outcome areas are:

1. Improved financial decision-making **43%**
2. Expanded payments choice **14%**
3. Better borrowing **17%**

Propositions supporting the improved financial decision-making outcome area have always been predominant. The share of these particular propositions has increased from 39% in March 2022. However, there is also a significant growth in number of propositions in the 'increased access to advice and guidance' outcome area (22), including propositions that aim to produce insights on the environmental impact of financial behaviour, or to help users budget, optimise their tax planning or offering personalised financial planning support. In most cases these propositions combine open banking current account data to enrich other data and insights offered to customers.

Unique propositions

This market is a highly innovative part of the ecosystem, with many firms developing unique propositions for specific market needs that do not fit precisely into our current defined outcome areas. Interesting examples of new propositions of this nature that have come to market since December 2022 include:

ALLEGIANT FINANCIAL SERVICES

A claims management company specialising in unaffordable lending claims, and fraud and investment scams. Uses open banking data to assess affordability claims and analyse account data evidence of financial circumstances at the time of lending to determine if the borrowing was unaffordable from the outset. The firm is able to access customers' banking transactions to determine if there were any warning flags that should have been considered in the lender's affordability assessment.

BARMAR FINANCE

Offers SME's flexible finance funding options via a revenue share model that means repayments are directly linked to sales, so that if revenues slow or stop, so do repayments. Uses open banking to access bank account information to validate the monthly revenues generated to determine the repayment.

OPEN BRIX

Uses open banking to allow prospective tenants to share their financial information in order to build a trusted, verified and validated pre-qualification profile that can be presented to landlords as evidence of their ability to pay. This improves applicants' chances of securing a rental property in a highly competitive market.

PIE MONEY

An app that enables real-time automated tax calculation for individuals submitting self-assessment returns to HMRC. Open banking is used to import income and outgoings across multiple bank accounts, calculate the tax due and file the return with HMRC via the app.

WAGESTREAM

Provides access to employees' financial insights through their employer. Employees can access their pay profile to forecast, plan ahead for emergency, and manage their budgeting, build savings, chat to a personal money coach, and get fairer deals on financial products. Access to earned wages allows employees with varying income to ensure cashflow problems do not impact their financial health. This is particularly helpful for hourly-paid staff with fluctuating earnings.

Availability – conclusions

Our analysis shows that the availability of services by regulated TPPs has again slightly reduced at 151 (vs 159 in December 2022). It appears, however, that the agent market continues to expand, with 208 (compared with 172 in December 2022) live-to-market agent services.

As the structure of the market continues to evolve, we can see a growing trend towards a smaller number of platform AISPs supporting other parties to provide services to end-users as agents.

Evolution of the ecosystem

These alternative regulatory routes to market are providing a vehicle for firms to offer innovative and differentiated services. This is a dynamic market with companies launching services to test the commercial viability of embryonic propositions. For example, 38 new propositions came to market in the first half of 2023.

The other area of activity and development is in the "other providers" market. There is still no accepted data on the number of "other providers" using open banking data, although we continue to estimate that 1,000 firms fall into this category.

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INTERMEDIATE OUTCOMES (ADOPTION)

Headlines

- We estimate that **11 - 12% of** digitally-enabled consumers and small businesses used open banking during June 2022.
- This figure has increased from **9 - 11%** in December 2022.
- **Consumer growth is slightly higher than business**, but business penetration remains significantly higher at 17% (or 1 in 6.), compared to 11% (or 1 in 9) for consumers.
- For consumers, payments have become the growth driver in adoption, with data penetration actually declining slightly in the period.
- **Open banking payments continues to grow strongly**: the first six months of 2023 saw double the volume seen in the first six months of 2022.
- New data from PayLOK shows that the average transaction value of open banking payments is around **£450**, meaning the total monthly value of open banking payments is around **£4.5bn**.

Open banking penetration

Using data submitted to OBL by the CMA9[1], we have estimated the penetration of open banking in the total base of digitally-enabled consumers and small businesses. This analysis should be considered directional only. Please see figure 9.

Figure 8: Estimated penetration of open banking into the broader digitally-enabled population

	MAR 2020	SEP 2020	MAR 2021	SEP 2021	MAR 2022	DEC 2022	JUN 2023
Estimated penetration	2.5 – 3.5%	3.5 – 4.5%	5.5 – 6.5%	7.0 – 8.0%	9.0 – 10.0%	10.0 – 11.0%	11.0 – 12.0%
1 in n	1 in 32	1 in 27	1 in 16	1 in 14	1 in 11	1 in 9	1 in 9

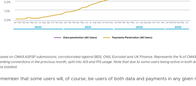
Source: OBL estimates based on CMA9 A/PSP submissions, corroborated against BEIS, ONS, Eurostat and UK Finance.

Note: This data is based on submissions of active user numbers (active defined as active in the last month) against digitally-active end users by the CMA9. It therefore only represents penetration within the CMA9 digital customer bases, although this is a significant share of the UK population. This data has been corroborated against data on the total adults and small businesses currently using internet banking, derived from ONS, Eurostat and UK Finance.

Recognising the limitations of the underlying data, we estimate that one in nine digitally-enabled end-users were using at least one open banking-enabled product or service in December 2022. The overall penetration figure has increased by 0.6% since December 2022, even though the '1 in n' calculation hasn't changed.

When we increased penetration in the last Impact Report, we suggested that there could be a plateauing in penetration at around 10.5%. It now seems clear that the upward progression of increased penetration has returned.

Figure 10: Estimated open banking end-user adoption[2]



[1] Source: OBL estimates based on CMA9 A/PSP submissions, corroborated against BEIS, ONS, Eurostat and UK Finance. Represents the % of CMA9 digitally-enabled end users with active open banking connections in the previous month.

Note: This data is based on submissions of active user numbers and digitally-active end users by the CMA9. 'Active' is defined as having been active within the past month. It therefore only represents penetration within the CMA9 digital customer bases, although this is a significant share of the UK population. This data has been corroborated against data on the total adults and small businesses currently using internet banking, derived from ONS, Eurostat and UK Finance.

> "When we reviewed penetration in the last Impact Report, we suggested there could be a plateauing in penetration at around 10.5%. It now seems clear that the upward progression of increased penetration has returned."

Gap between business and retail penetration has widened

When we break this penetration down by account type, we continue to see that, proportionally speaking, more small businesses (17%) are active users of open banking than consumers (11%). However, we can see that the growth rates are slightly higher for consumers.

Since we published the last report using data up to December 2022, there has been 10% growth in retail users and 5% growth in business users. Looking at growth year-on-year (June 2023 vs. June 2022), the growth is 21% for consumers and 11% for businesses.

Figure 11: Estimated open banking end-user adoption (retail versus business)

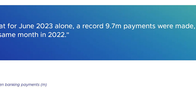
Source: OBL estimates based on CMA9 A/PSP submissions, corroborated against BEIS, ONS, Eurostat and UK Finance. Represents the % of CMA9 digitally-enabled end users with active open banking connections in the previous month.

Usage for data versus payments

Using data supplied to us by the CMA9 banks, we can also estimate the use of open banking for data against the use of open banking to make a payment. This shows very clearly the importance of growth in payments to the rapidly growing overall usage of open banking. Penetration of open banking for data peaked at 6.9% in September 2022 and has since fallen back slightly to 6.3%.

Payments, on the other hand, continue to grow strongly, with June 2023 representing the highest penetration ever at 5.9%. It is expected that payment penetration will overtake data penetration based on existing trends.

Figure 12: Estimated open banking end-user adoption (data versus payments)



Source: OBL estimates based on CMA9 A/PSP submissions, corroborated against BEIS, ONS, Eurostat and UK Finance. Represents the % of CMA9 digitally-enabled end users with active open banking connections in the previous month, split into AIS and PIS usage. Note that due to some users being active in both data and payments, individual totals cannot be totaled.

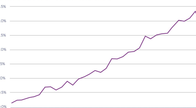
It is important to remember that some users will, of course, be users of both data and payments in any given month.

However, there is an interesting difference between how consumers and businesses use open banking for data and for payments.

When we look at consumers, we see the slight contraction in the proportion of people using open banking for data which has dropped back to 5.7% in June 2023. We can also see that around 1% of consumers are active in both data and payments.

However, the key trend is the significant growth in those using open banking to make payments. In June 2023, 6.0% of consumers made an open banking payment vs 5.7% who had a data connection. The intersection between these two groups (indicated in orange) is 1%.

Figure 13: Estimated open banking end-user adoption (consumers by type of usage)



Business users on the other hand, see a marked skew towards data connections with more limited take-up of open banking payments. In June 2023, 15.1% were using open banking for data sharing, vs 5.2% to make a payment. The intersection is just over 1%.

Source: OBL estimates based on CMA9 A/PSP submissions, corroborated against BEIS, ONS, Eurostat and UK Finance. Represents the % of CMA9 digitally-enabled consumers with active open banking connections in the previous month, split by type.

Figure 14: Estimated open banking end-user adoption (businesses by type of usage)

These changes can be summarised in the open banking market map, showing how users split between consumer and business, and between the different types of open banking usage. This shows that business use continues to be dominated by data, with **76% of users being AIS only**, a reduction of only **3%** on December 2022. In contrast, the proportion of consumers using open banking just for AIS has fallen from **52%** to **44%**.

Figure 15: Market Map of open banking usage (June 2023)

Source: OBL analysis based on CMA9 A/PSP submissions.

Successful open banking payments

Open banking payments are becoming important for retail customers as large companies and major institutions continue to roll out 'Pay by bank account' or 'Pay by link' options. These include HMRC (which now collects more than 43 types of tax in this way), charity donations, the settlement of credit card bills and the funding of digital wallets and other account top-ups. This year has also seen the government-owned National Savings & Investments (NS&I) accept payments via open banking for the first time.

A total of 54.9m open banking payments were reported to OBL between January 2023 and June 2023 (see figure 16).

Figure 16: Number of successful payments

Six months to	No. of payments (million). From CMA9 only	Year-on-year growth
Jun 2021	9.0	-
Dec 2021	16.2	-
Jun 2022	27.0	200%
Dec 2022	41.2	154%
Jun 2023	54.5	102%

Source: OBL analysis of CMA9 data submissions.

Note: Successful payments initiated by third party providers using open banking API, based on data submitted by account providers (ASPSPs) to open banking. There is no data prior to July 2020. Includes data from nine providers and 18 brands.

> "We note that for June 2023 alone, a record 9.7m payments were made, an increase of 88% on the same month in 2022."

Figure 17: Monthly open banking payments (m)

Source: OBL analysis of CMA9 data submissions.

Interestingly, we note that there were 3.8m consumers and businesses making an open banking payment in June 2023, suggesting that the average user made 2.6 payments that month.

The majority of open banking payments are made over the Faster Payments System (FPS), so it is relevant to understand what proportion of Faster Payment Single Immediate Payments (SIPs) are open banking payments. In June 2023 this reached 3.1%.

Figure 18: Open banking payments as a % of all FPS Single Immediate Payments

Source: OBL analysis of CMA9 A/PSP submissions and PayLOK statistics.

We can also give an indication of the value of open banking payments, using data from **PayLOK**, which has been shared for the first time. This shows that in June 2023, the average open banking payment was £448, compared to an FPS average of £829. This indicates that in June 2023, open banking payments represented £4.5bn.

The impact of tax payments in January each year is clear in the increased average transaction value (ATV) for open banking payments.

Figure 19: Open banking payments ATV vs FPS SIP ATV (£)

Source: OBL analysis of PayLOK statistics.

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APPENDIX

Appendix 1 - Scope of Ecosystem Audit

The Ecosystem Audit is a core part of the analysis driving the immediate outcomes and is summarised in Section 3. This appendix provides additional detail on the scope.

It is clear the open banking ecosystem is becoming more complex, and several models are used to bring products and services to market. Our analysis focuses on one part of this market. Other parts of the market which are not included are:

- **Agents:** there are several agents of AISPs registered with the FCA (although not all of these may be live-to-market). Operating as an agent of an AISP provides an alternative route to market for some participants.
- **Third Parties Not Providing AIS (TPNPA):** Several TPNPAs have been provisionally identified. These firms receive data from regulated AISPs, but do not act as regulated AISPs themselves.
- **Technical Service Providers (TSPs):** TSPs do not offer a service to the end-user, so are not included in this analysis. It is, however, clearly a powerful enabler of market development that these firms support regulated parties bringing products and services to market.

We do not include agents, as they are not on the Open Banking Directory. TPNPAs are not included in this analysis as there is no available data source which would allow us to quantify their role or the number of products and services which they provide. Any arrangement between an AISP and a TPNPA to onward share data is confidential.

TSPs are excluded as they do not provide a product or service to the end-user, but they are nonetheless important enablers of ecosystem growth.

In future iterations, the Impact Report could be expanded to include agents and TPNPAs. However, we would need to overcome some practical constraints to do this. This limitation should be considered in reviewing the results in Section 3.

Appendix 2 - Outcome areas

OUTCOME AREA	CUSTOMER FOCUSED ULTIMATE OUTCOME	DIRECTLY RELATED PROPOSITIONS
Improved financial decision-making	Individuals and small businesses are actively engaged with their finances and routinely use open banking-enabled account services to review and control their finances seamlessly.	Personal finance manager Income and expenditure analysis Small business financial management
Increased access to advice and guidance	Individuals and small businesses conveniently access timely debt advice, financial advice or help with tax or welfare.	Legal Aid and welfare support services Income maximisation IFA services Roboadvice Tax advice Referrals to Money Helper Cashflow management
Better borrowing	Individuals and small businesses benefit from using open banking-enabled cost-effective credit when they need it and can manage the burden of any debts they have.	Consumer lending Invoice financing Asset financing Alternative small business finance Debt advice Automatic overdraft lending Affordability analysis Account sweeping Affordable credit
Increased saving and investments	Individuals and small businesses are actively engaged in using open banking to help them with saving and asset-building. They put money aside, maximise their balances and/or returns by accessing the most appropriate savings and investment products and tools.	Micro savings Non-advised savings/investment Account sweeping
Expanded payments choice	Individuals and small businesses are using the best open banking-enabled payment solutions meeting their needs for low cost, speed, convenience, control, visibility and security.	E-Commerce payments and refunds P2P payments International payments Card top-ups Request to pay Bill payment Fraud detection Rewards and loyalty management
Increased switching	Individuals and small businesses are getting better deals by confidently comparing financial services and household bills and subscriptions. They receive reminders and nudges to shop around, as a result of easier and more convenient personalised propositions	Subscription management Financial product comparison services Bill comparison and switch services Other product comparison services

Appendix 3 - Theory of Change model

The Impact Report is based on a Theory of Change – consistent with methodological approaches used to evaluate the intended impacts of policy interventions. It helpfully illustrates the progressive intermediate steps required to achieve the ultimate desired goals. The Theory of Change established three key components that it is important to measure:

1

Outputs and immediate outcomes (availability and awareness)

a necessary first step to achieving ultimate outcomes is availability, awareness and positive perceptions of open banking-enabled products and services. However, there is consensus that customer awareness of open banking technology is less important than awareness of open banking-enabled propositions and services.

2

Intermediate outcomes (experience)

the second step is customer adoption and a positive experience of open banking-enabled products and services that meet their needs.

3

Ultimate outcomes (benefits)

the third step is that customers experience sustained benefits from being able to access and use open banking-enabled products and services in a way that improves their financial position.

In the first Impact Report, we set out six customer outcome areas that provide a comprehensive, but concise categorisation of the customer objectives of open banking, as set out in the CMA Order.

Our Ecosystem Audit analysis continues to demonstrate that, with very few exceptions, the propositions in market consistently fall within these categories. These outcome areas are shown in Appendix 4.

We anticipate that the accuracy of the measures will improve in future Impact Reports as we develop new data sets, commission additional research, and with the continued growth of the ecosystem. A critical mass of customers using open banking-enabled services is a key prerequisite to drawing any reliable conclusions as to ultimate customer outcomes.

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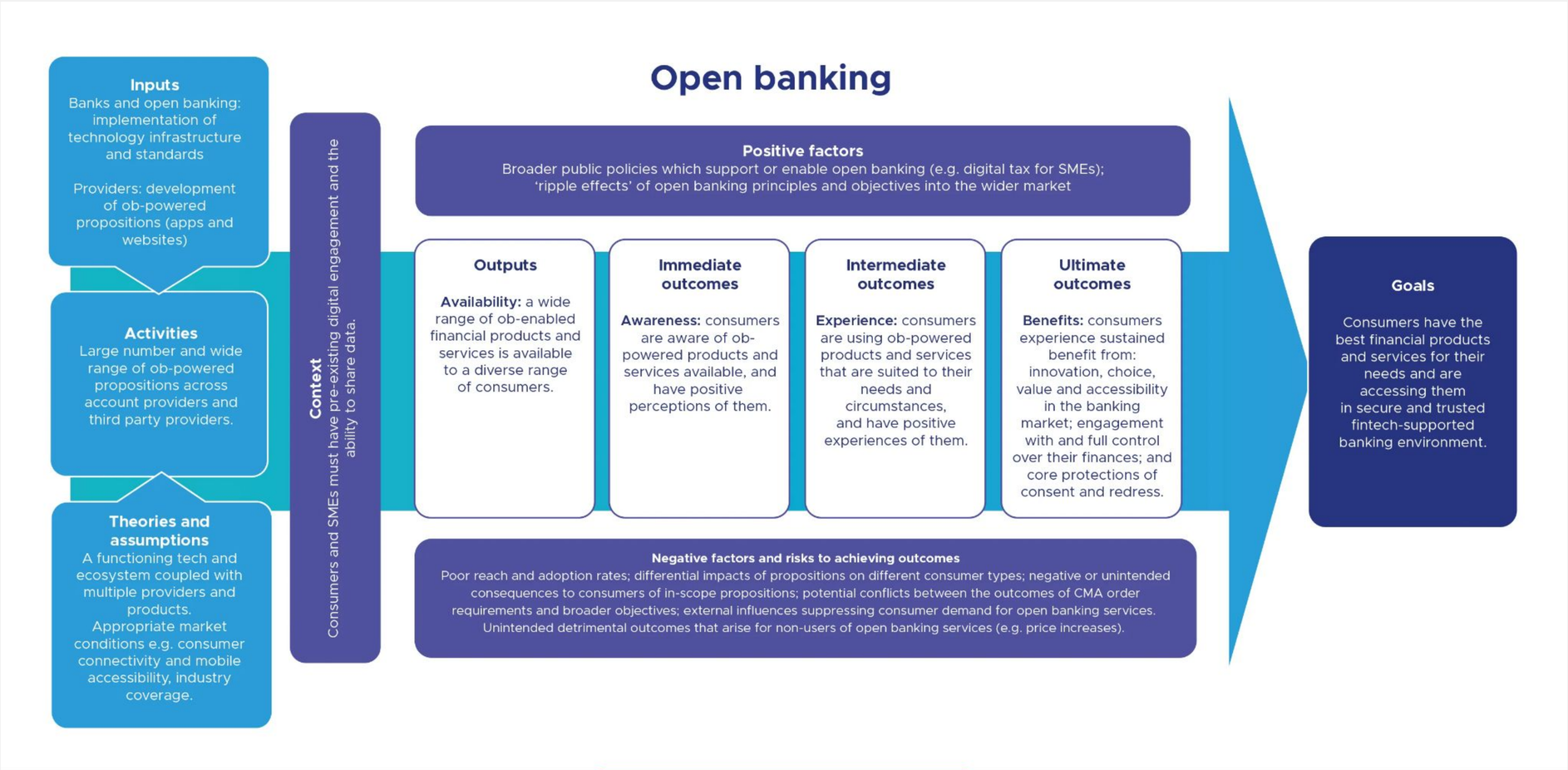
APPENDIX 4 - CUSTOMER EVALUATION FRAMEWORK



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CREATION OF THE FINAL ROADMAP

On 15th May 2020, the OBIE's revised Roadmap was published following a comprehensive and structured consultation process that OBIE managed at the instruction of the Trustee.

The process included two distinct phases of consultation, open workshops and the assessment of over 75 pieces of feedback, received from a cross-section of stakeholders including the CMA 9, non-CMA 9 banks, third party providers and end user representatives.

The Roadmap runs through 2020 and into 2021. It was designed to reflect the uncertainty of Covid-19 whilst still maintaining the momentum of the programme. This Roadmap is intended to be the final Roadmap issued under the Order, as the successful completion of this Roadmap would complete the implementation requirements under the CMA Order.

Over the course of 2020, the OBIE completed around three-quarters of the Roadmap activity which included the following highlights:

- The refunds standards for payments were agreed and implementation by the CMA 9 commenced. These are intended to support eCommerce payment activity in particular
- A review into consent dashboards, which simplify consent management for people and small businesses, commenced
- A working group was established with the Payments Systems Regulator to examine and advise on Consumer Protections for open banking payments and the impact this may have on the development of open banking payments as a viable alternative form of payment.
- A root cause analysis of CMA 9 consent failure rates was commenced to identify changes and make recommendations to improve the usability of open banking
- An evaluation of Sweeping commenced, and standards were prepared for Variable Recurring Payments

During the year, the OBIE's Monitoring function undertook a detailed and evidence-based review of individual CMA 9 API performances. Where performance was not sufficiently robust, individual performance improvement plans were designed and actioned. The OBIE supported the Trustee in issuing these Directions and set about monitoring adherence to those plans. As a result of this work, we saw a significant uplift in conformance, availability, and performance over the course of 2020. This in turn gave TPPs confidence that they could build and market propositions on top of the CMA 9 APIs.

Close