

OPEN BANKING

ANNUAL REPORT

2020

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TRUSTEE'S WELCOME



Today over three million UK citizens and small businesses are active users of open banking-enabled products.

Imran Gulamhuseinwala OBE
Open Banking Implementation Trustee

EMPOWERING CITIZENS AND SMALL BUSINESSES

Open banking helps citizens and small businesses make better decisions. Decisions about the things that really matter to them: How much should I save? How much can I spend? Should I borrow? It helps them figure out which financial products are best for them. Fundamentally, open banking is delivering a public good.

Today, over three million UK citizens and small businesses¹ are active users of open banking-enabled products. The ecosystem is thriving: 301 firms are active in the market², with another 450 in the pipeline³.

But this is just the beginning. The final components of open banking are now falling into place, and it feels like it is just a matter of time until tens of millions of users are benefiting from products powered by open banking.

Team effort

The UK has always been at the forefront of innovation in financial services. With this in mind, the Government boldly directed the largest financial institutions to implement open banking. The UK now leads the world in this innovative new technology. The UK's version of open banking is being closely watched and adopted around the world.

The progress we have made so far has been by design, the product of relentless effort and significant investment by the entire open

banking ecosystem. The vast array of contributors includes the UK Government and regulators, the UK's largest banks and building societies, card companies, hundreds of FinTechs, consumer and small business groups, advisory groups, and, of course, my colleagues at the Open Banking Implementation Entity (OBIE).

As Trustee, I am appointed by the Competition and Markets Authority (CMA) to deliver the mandatory aspects of open banking. My approach is to use collaboration and consensus to deliver the best outcomes for end users. I have to do this whilst operating within the parameters of the CMA Order and also ensuring the obligations on industry are both proportionate and effective. In doing so, I have sought to encourage competition, and create commercial opportunities through innovation. I am pleased to say I have already seen innovation with purpose, including propositions that help vulnerable users, particularly in the areas of mental health and over-indebtedness.

¹ Source: CMA 9 monthly MI reports submitted to the OBIE. Note the actual number of active users of open banking-enabled apps and services will be larger as c.70 ASPSPs not members of the CMA 9 have also implemented the Open Banking Standards.

² Source: OBIE data on the number of firms, both TPPs and ASPSPs, that have fully completed the enrolment process into the OBIE's Production Directory.

³ Source: OBIE data on the number of firms registered in the OBIE's Sandbox Directory and awaiting permissions⁴.

⁴ All data points correct as of February 2021.

The progress we have made so far has been by design, and the product of relentless effort and significant investment by the entire open banking ecosystem.



The OBIE is the not-for-profit organisation that lies at the heart of the open banking ecosystem. It is funded by (but fully independent of) industry; and its governance, role and responsibilities are determined by the CMA's Order. The OBIE is built on the principles of openness, inclusivity, and independence. It plays three important roles: it enables me, as Trustee, to discharge my regulatory responsibilities and supervise the implementation efforts of the largest financial institutions; it shapes and champions the open banking ecosystem; and it provides critical services and infrastructure to that ecosystem. In that sense, the OBIE is itself delivering a public good.

2020 was a tough year and I am phenomenally grateful to my OBIE colleagues for their unceasing efforts, expertise, and hard work. Through their dedication, and the support of the entire ecosystem, we maintained momentum in the open banking programme. This was no small achievement in itself. One highlight was the agreement of the new Roadmap. This will allow us to complete the mandatory implementation requirements of the CMA Order and deliver much-needed performance improvements and additional functionality.

A new-look OBIE

Another highlight was completing the first phase of transforming the OBIE organisation from a singularly focussed programme delivery body into an ecosystem enabler and services provider. The transformation included outsourcing operational functions in order to realise greater efficiencies and service levels. It also involved transitioning from a 100% contractor model to an employee-based organisation. This transition had the potential to be deeply unsettling for staff at the OBIE, but I am delighted that the feedback from our teams shows it was enthusiastically welcomed.

The transition has allowed us to build on the culture, values and processes associated with a mature organisation. Whilst there is always room to improve, our gender and diversity statistics are encouraging, with two in five employees identifying as female and one in four identifying as a minority. We actively track our progress in this area and will continue to do all we can to make the OBIE as representative as possible of the public that open banking is intended to serve.

2021 is a year of opportunity and one in which we intend to maintain our momentum. By the end of the year, we will have delivered the bulk of the Roadmap. This will include additional functionality such as refunds, and items such as Variable Recurring Payments (VRP) and Sweeping. These items have the potential to enable really impactful use cases and are currently in consultation.

We have started work on Premium open banking standards (also known as Premium APIs) by hosting a self-funded project outside the scope of the CMA Order. These Premium APIs will unlock additional value beyond the minimum regulatory requirements including, for example, in the area of identity attributes. This is an exciting first step, which moves open banking beyond a regulatory initiative and enables industry to realise the commercial benefits of their efforts.

The OBIE has built unique expertise and assets. It would be sensible and beneficial for these to be leveraged into other initiatives.

The CMA will also begin the process of determining what the future state for the open banking programme will be. In parallel the Government will announce its vision for new Open Data initiatives in the financial sector and other utilities. The OBIE has built unique expertise and assets in these areas: it would be both sensible and beneficial for these to be utilised in these adjacent initiatives, ensuring that people and small businesses can access their data in the same safe and secure manner, regardless of product or sector.

Citizens and small businesses are already using open banking-enabled services in their millions, and more providers are coming on stream all the time. I am confident that we will see the continued adoption of open banking, particularly if the other strands of Open Finance and Open Data are brought together under a harmonised framework. The UK was bold in being the first country to mandate open banking, and I hope it can once again take the lead in delivering a form of Open Data that works hard for the public good.

Imran Gulamhuseinwala OBE
Open Banking Implementation Trustee



1

INTRODUCTION

2020 was a transformational year for open banking and for the Open Banking Implementation Entity (OBIE).

We have come a long way since the Competition and Markets Authority's retail banking market [investigation](#). Open banking is now moving beyond the design and build phase and is now a service that increasingly benefits millions of people in their daily lives. This report has therefore been created in the interests of transparency. It provides an overview of the OBIE's activities for 2020 and 2021.

The first part explains who we are and why our role matters. The second part summarises the OBIE's work across 2020 and 2021 and provides an overview of open banking enabled products and services. The third section describes day-to-day activities at the OBIE, and the final section presents a summary of the OBIE's governance and financials.

The reader is encouraged to visit our [website](#) for additional detail or historic [resources](#).

To raise a more specific enquiry, contact press@openbanking.org.uk





WHAT WE DO AND WHY IT MATTERS

Everything we do at the OBIE is intended to help people and small businesses make more informed decisions based on their financial data and access a wider range of products and services.

We are working to enable everyone to use their own data for their own benefit.

We do this by enabling users to authorise regulated third parties to connect to their banking providers in a safe and secure manner. This approach has meant that people are able to use services that improve financial decision-making, provide convenient access to advice and guidance, easier switching, and greater payment options. This right

of access became a regulatory requirement in the UK on January 13th, 2018, when the EU's Second Payment Services Directive (PSD2) came into effect.

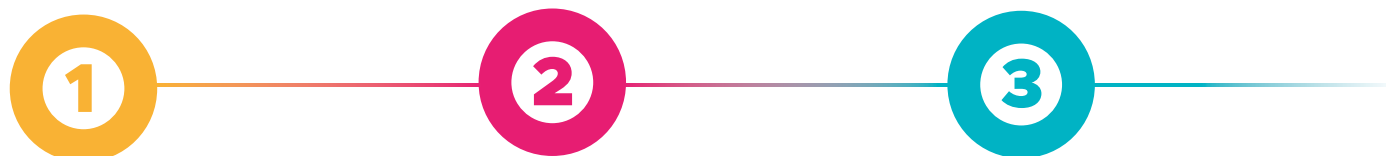
At the heart of open banking are the Open Banking Standards. These comprise Technical API Specifications (the security and messaging standards necessary for the transfer of sensitive financial data between regulated participants), the Customer Experience

Guidelines (the user journey standards that allow customers to provide informed consent in an intuitive manner), and Operational Guidelines (the performance standards required of the technical infrastructure).

Together, the Open Banking Standards allow banks and authorised third parties to connect in a common and secure way. They enable simple and intuitive user journeys, which in turn foster greater adoption of open banking.

The OBIE is making open banking a reality for millions of users.

In line with our CMA mandate, this activity falls across three categories:



Supervisory activities

The OBIE enables the Trustee to discharge his regulatory obligations, by:

- Providing secretariat services to the Implementation Entity Steering Group (see Governance & Financials section for more detail on the IESG)
- Recording and managing the governance of CMA 9 requirements under the CMA Order and Roadmap
- Collating Management Information (MI) from the CMA 9 on their implementation of the Open Banking Standards and Roadmap items, and the performance of those implementations
- Providing frequent reports to the Trustee based on this Monitoring
- Supporting the Trustee in the issuance of Directions in situations where performance or implementations are deemed to be below expectations, followed by the ongoing monitoring of adherence to those Directions

This work is carried out primarily by the Office of the Trustee, which includes the Monitoring team, who in turn draw on the wider expertise of colleagues across the entire organisation and particularly the Management Information team.

Shaping and championing the open banking ecosystem

The OBIE generates the standards and promotes the ecosystem, by:

- Publishing and maintaining the Open Banking Standards
- Operating the Evaluate/Consult/Implement process by developing content and running Consultations and Working Groups
- Promoting open banking to the wider ecosystem, end user organisations and new verticals, to encourage participation, highlight use cases and fuel adoption
- Curating and producing research, expert analysis, thought leadership and insight that is of value to ecosystem participants

This is the work of our Policy, Standards, Ecosystem and Stakeholder Engagement teams as well as the Programme Management Office.

Providing critical services and infrastructure to the ecosystem

The OBIE underpins the day-to-day running of open banking in the UK, by:

- Developing and operating the OBIE Directory, which is the trust framework that sits at the heart of open banking
- Providing tangible technical assistance to all ecosystem participants, including financial institutions, pre-paid and credit card providers, and TPPs – from certification and on-boarding through to BAU support
- Maintaining the highest principles of security and counter-fraud within the ecosystem and providing an information-sharing platform between participants
- Enabling ecosystem participants with a platform for managing disputes and complaints

This work is carried out by our Directory, Security & Counter-Fraud, Service Desk and Insight, Experience and Support teams.

CONSULTATIVE, COLLABORATIVE, AND OPEN



Open banking has always been an open, consultative, and collaborative project.

Our Standards are shaped by the whole open banking community and consequently made available under open licence. The transparency and integrity of the Standard-setting process is of paramount importance to us, and our policy work is undertaken in an equally open manner. We strive to manage our consultations in an open and transparent way with clear governance, and supported, as far we are able, by extensive data and rigorous analysis.

As stewards of the open banking ecosystem, it is our role to undertake activities that markets or commercial organisations could or would not do, such as mediating resolutions to technical issues between ecosystem participants.

As advocates of open banking, our role is to be a catalyst to drive growth, innovation, and the adoption of open banking-enabled solutions. The OBIE plays an important role in the ecosystem but by design has very limited access to commercially sensitive information. Where, on occasion, we are sighted, we have sensible structures, processes and access controls in place to ensure that access to that data is appropriately ringfenced.

WHO WE ARE: OUR PEOPLE, CULTURE, AND VALUES

The OBIE is transitioning from a pure programme delivery body to an ecosystem enabler and services provider.

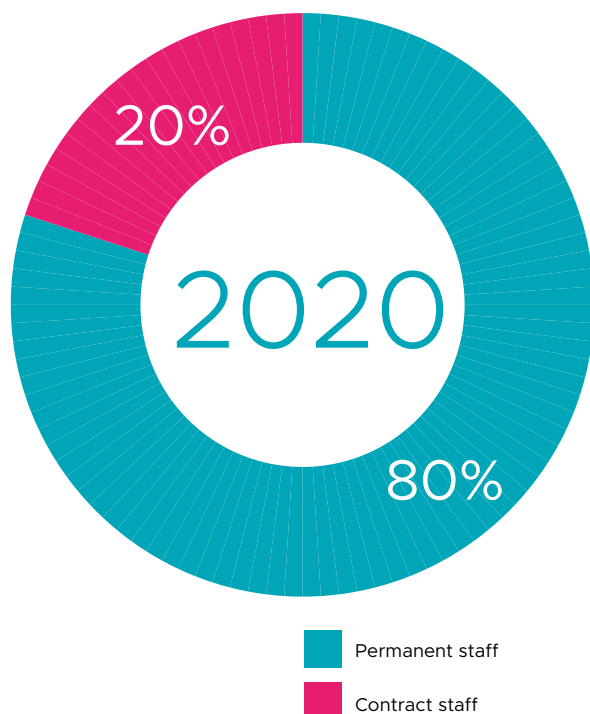
The OBIE is a young organisation, on the path to creating a culture that reflects our three key functions as outlined above, and the goals and values to which we aspire. Collaboration, transparency, innovation, and rigour are in our DNA. We help to set the standards for the industry and do all we can to adhere to the highest standards of conduct and openness ourselves.

The OBIE started life as a delivery-led programme staffed by contractors. This reflected the specific focus at that time on designing the standards and building the trust framework that sits at the heart of open banking. As the programme has evolved and the ecosystem has grown, the emphasis has shifted to operating the infrastructure and providing services into the ecosystem.

Consequently, in 2020 the OBIE transformed itself into an employee-based organisation. That transition went well despite the sudden

disruption of COVID-19. It is a great tribute to the efforts and dedication of our teams that they were able to adapt so quickly to the new structure. They also had to deal simultaneously with our migration to fully remote working: a complex challenge that many in the open banking community also had to contend with. We are enormously grateful for the commitment, patience, and support of the entire OBIE team.

Our first permanent employees joined the payroll in March 2020 and the process was 95% completed by the end of the year. Some 80% of our staff are now permanent, with 20% working on a contract basis due to the nature of their roles. Moreover, of our 71 employees, a large number transitioned from being contractors to permanent staff, bringing a sense of continuity and allowing us to retain their valuable expertise.



The OBIE is a young organisation on the path to creating a culture that reflects our three key functions.

SUPPORTING OUR PEOPLE THROUGH CHANGE

97%

of respondents said that they believed in what the OBIE is trying to achieve

91%

felt their contributions counted at work

Transitioning the OBIE into an employee-based organisation has enabled us to invest in our people and culture, to tangible effect.

This includes the introduction of comprehensive Human Resource processes and policies, sickness and health cover, performance reviews, and the creation of a Culture & Values Working Group.

The transition has also allowed us to make progress on the more intangible elements associated with a maturing organisation, such as building a supportive, open culture and prioritising the mental and physical welfare of our staff. This is more of a priority given the impact of COVID-19.

We have offered increased flexibility and support to employees dealing with additional childcare responsibilities and home schooling during the pandemic. We are also running a series of talks given by a range of inspiring speakers to support people's emotional resilience.

To help foster a collegiate environment, we have launched an employee engagement strategy, based around regular team-building events. The first quarter of 2021 also sees the launch of our Reboot initiative, focused on work-life balance, health, parenting and familial support.

As recently as Q4 2020, we carried out an employee Pulse survey and were delighted with the enthusiastic response (with 69% of permanent staff engaging in the survey) and the positive nature of the feedback overall. 97% of respondents, for example, said that they believed in what the OBIE is trying to achieve, while 91% affirmed that they felt their contributions counted at work.

We plan to build on this employee engagement throughout 2021, using, for example, our weekly All Hands calls and frequent business function and team check-in calls. A cross-section of employees has also formed a social committee devising ways to keep everyone in touch virtually, including a very successful Movember fundraiser which raised thousands of pounds in aid of the men's health charity.

CREATING A DIVERSE, INCLUSIVE TEAM

Our goal is to recruit people who share the OBIE's values and our vision for open banking.

The OBIE is strongly committed to building a diverse and inclusive organisation. Not only is this essential as an employer but, given that open banking is something we want everyone to be able to utilise, we want to ensure that our workforce is representative of the general populace.

Today, two-fifths of the OBIE's permanent staff identify as female, and a quarter identify as a minority. We fully recognise that this area is a work in progress and, as such, it remains an absolute priority for us. We have implemented learning and development programmes as part of our colleague agenda, with evolved recruitment practices such as balanced candidate pools, diverse interview panels, and advertising all permanent roles available as flexible.

One particularly exciting development is the OBIE's involvement with Accutrainee's scholarship programme to help talented and under-represented BAME law graduates qualify as a solicitor. The OBIE is delighted to welcome our first trainee on board in March 2021 and has encouraged other ecosystem participants to do the same.

Our goal is always to recruit people who not only meet a core set of competencies, but who also share the OBIE's values and our vision for open banking.



2020: A YEAR OF BREAKTHROUGHS

Over the course of 2020, the OBIE completed around three-quarters of the Roadmap activity.

2020 was the year the public first saw a range of open banking-enabled propositions that could deliver real value for them.

The ecosystem grew strongly in 2020. In January 2020, 204 regulated providers were enrolled in our OBIE Directory; at the time of publication that number has grown to 301 firms.

Since its launch in July 2020, our Open Banking App Store now lists 101 open banking-enabled propositions.

End user adoption also grew strongly across 2020. Monthly active users grew to one million in January and then reached two million in September. Notable highlights included the growth of charitable donations made via open banking payments – the very definition of working for the public good.

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.

DEVELOPING THE ECOSYSTEM

The OBIE supported multiple initiatives to encourage user adoption and grow the open banking market during 2020.

The OBIE sponsored the Nesta Open Up 2020 programme, a £1.5m prize challenge to promote open banking solutions. Following a competitive application process, the challenge provided financial and operational support to 15 finalist teams, with 4 named as winning finalists in [October 2020](#).

In Q3 and Q4 2020, the OBIE undertook SME Financial Landscape [research](#) to quantify the impact of open banking solutions on the small business community. Published in December, the research highlighted the extent to which a growing proportion of SMEs (around 50% of respondents to the survey) reported adopting open banking solutions during the pandemic. Respondents also outlined the benefits they experienced, and their intention to

further use open banking as a means of increasing productivity, efficiency, and profitability.

We began work on the Consumer Evaluation Framework (CEF) at the instruction of the Trustee. This initiative will be a framework through which the success of the CMA's remedies can be assessed. Work was commenced on the CEF in 2020 and will be further developed in 2021.

We worked extensively with Government to support HMRC's £3 million tender for open banking enabled services. While we had no input into the deliberation process, the contract was subsequently awarded to ecosystem participant [Ecospend](#). We also supported HMRC on wider opportunities for using open banking to automate and simplify the calculation and collection of tax, as well as reducing reconciliation risk. HMRC has subsequently issued a [Request For Information](#).



ACHIEVED IN 2020:

EXTERNAL

Roadmap milestones

- Revised Roadmap launched on 15th May, with ongoing delivery of each Roadmap item
- Versions 3.1.5, 3.1.6 and 3.1.7 of the Open Banking Standards released
- Dispute Management System launched

Change

- Improved user experience accessing Open Banking Standards via dedicated microsite
- Allocated funding to develop Extended Customer Attributes

Ecosystem Related

- Nearly 6bn AIS calls in 2020 up from 66.8m in 2018, and 4m PIS payments in 2020 up from 320k in 2018
- Successful launch of the Open Banking App Store
- #PowerOfTheNetwork campaign amplified the open banking ecosystem's response to COVID-19
- Convened quarterly SME Forum and Consumer Forum events throughout the year
- Confirmation of Payee Phase 1 delivered in partnership with Pay.UK
- Security & Counter-Fraud team launch Fraud Self-assessment tool
- Delivered solution to address EBA / eIDAS, including Brexit-readiness updates to the Directory made without issue
- Updated National Competent Authority releases
- Marked significant PSU (user) adoption milestones

INTERNAL

Change

- Implemented End User Computing and Office 365 migration across the OBIE in parallel with move to 100% remote working
- Migrated Directory delivery to 3rd Party Managed Service Provider
- Incident Management process migrated to 3rd Party Provider

HR

- Permanent transition / recruitment underway across the OBIE
- Roll out of Employee Value Proposition – Pension, Healthcare, Dental, Life Assurance, Group Income Protection, Benefits presentations, and Benefits Booklet
- Payroll solution implemented with 3rd Party Provider
- Completion of HR policies

Risk & Security

- Maintained ISO 27001 accreditation
- Process and control framework established
- Security Strategy and Roadmap developed
- Established the End User Risk Committee to review risks to end users and escalation to IESG





THE TRANSITION FROM SCREEN SCRAPING

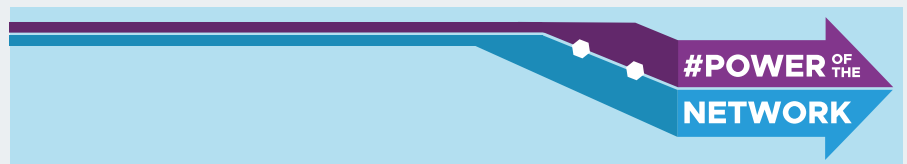
March 2020 marked the end of an adjustment period, applied by the FCA, for TPPs to implement the regulatory technical standards for Strong Customer Authentication under PSD2. For firms in the open banking ecosystem, part of this meant change was coming in regard to screen scraping - the practice by which users shared their credentials with providers that then impersonated them to their banks. For their PSD2-covered bank accounts, open banking APIs provided a safer and more secure alternative.

The OBIE carried out a number of key activities to minimise detriment to customers of these firms as they managed the rollout of the new standards. The OBIE's Insight, Experience & Support Team played a central coordination role. We held frequent meetings to ensure market participants had the most relevant information and worked with affected participants to identify solutions. We managed the '[Transparency Calendar](#)' and made sure the most up to date information was available to all participants. Most issues were resolved, and the final transition was uneventful.

COVID-19: A HELPING HAND IN A CRISIS

The OBIE has been committed to offering as much practical support in the face of COVID-19 as we can to reduce uncertainty for our people and ecosystem participants.

The [#PowerOfTheNetwork](#) initiative we launched in April 2020 showcased our participants' response to the crisis - by raising awareness of existing beneficial propositions, and by highlighting the potential of new propositions to address the pandemic.



MINIMISING BREXIT DISRUPTION

The European Banking Authority (EBA), a regulatory agency of the European Agency, announced in July 2020 that eIDAS certificates would be revoked from UK TPPs on the [31st of December 2020](#). This created another 'cliff-edge' for the open banking ecosystem. The OBIE worked tirelessly to host explanatory webinars,

drive engagement with an FCA consultation, coordinate detail of identity requirements on a per-bank basis, and ultimately to update our Directory with the final list of regulatory permissions on Brexit day. The relatively smooth transition on 'Brexit day' highlighted the unique value the OBIE delivers back to the ecosystem.

2021: BUILDING ON MOMENTUM

Over three million UK people and businesses are using open banking as of the beginning of 2021. This is proof-positive of open banking's potential.

The OBIE has several key objectives in 2021 to build on the significant progress made during 2020: to complete the final Roadmap, enhance the platform, continue to grow the ecosystem and drive adoption, and prepare for the future state of the OBIE.

Completing the final Roadmap

The Policy, Standards and Monitoring teams will be chiefly tasked with delivering the remaining items of the final Roadmap, the primary items being:

- Monitoring the CMA 9's implementation of all Roadmap items, including Refund functionality, the updated Management Information Standards, and outstanding Performance Improvement Plans
- Establishing functional and CEG conformance and certification to ensure the CMA 9 have met the requirements of the Standards
- Sweeping evaluations and the provision of Variable Recurring Payments Standards
- Evolving the Standards to take account of the impact of the Contingent Reimbursement Model (CRM) Code and Confirmation of Payee (CoP)
- Completion of Standards for consent and access dashboards

We recognise that our work in 2021, particularly that of the Policy, Standards and Monitoring teams, may need to incorporate or adapt to the wider regulatory environment. One example of this is the likely changes to the 90-day re-authentication rules following the FCA's consultation early in 2021. Many third parties have argued this rule was a significant obstacle to the long-term adoption of open banking and will welcome the FCA's consultation. Once the consultation is completed, the OBIE will update the Standards as needed to reflect the new regulatory position.

Enhancing the platform

The Directory team is working on delivering our 'Directory 3.0' programme of work, which will drive down the total cost of ownership for this core infrastructure, while also aligning it with industry best-practice.

This work will be central to underpinning Confirmation of Payee functionality for the broader financial services industry, while also enabling the Directory with the flexibility required to support extensibility to other 'Open' initiatives for little incremental cost.

Teams from across the OBIE, including Ecosystem, Directory and Security & Counter-Fraud, will continue to design, build and roll-out 'self-service' offerings that are available to OBIE ecosystem participants – including the Dispute Management System (DMS), which provides a resilient, effective, and efficient venue for resolving and managing disputes.

The recent launch of a Counter-Fraud Maturity and Self-assessment Tool, which was developed with expert input from the Security & Fraud Working Group, Accenture, Cifas, the University of Portsmouth Centre for Counter Fraud Studies and the Cabinet Office's Fraud, Error and Debt Team, highlights our commitment to instilling the highest principles of security and counter-fraud within the ecosystem. Freely available to participants, it complements our recent partnership with IASME in creating the recently announced Counter Fraud Fundamentals certification scheme.

Underpinning this activity, the Shared Services function, created in 2020, will support and enable the OBIE's deliverables through the execution of centralised process and control activity. This will ensure a consistent set of standards across the OBIE, whilst delivering further cost efficiencies by maturing its Finance, Supplier Management, and Procurement capabilities.



2021: BUILDING ON THE MOMENTUM

Growing the ecosystem and driving adoption

Our Ecosystem and Stakeholder Engagement teams will continue to advocate the benefits of open banking to new verticals and end user organisations. This will build on existing engagement with sectors including Government and Accountancy, and in focus areas including vulnerable customers and COVID-19 support.

The OBIE will continue to encourage financial institutions from across the UK to enrol in the Directory as part of bringing Confirmation of Payee (CoP) into their payment flows.

This industry-wide initiative is the product of effective collaboration between the OBIE and Pay.UK and provides people and small businesses with the ability to check, before payment, that the recipient details are correct – leading to improved peace of mind and the reduction of Authorised Push Payment (APP) fraud.

Our Insight, Experience and Support team will be tasked with supporting new entities onboard into the OBIE ecosystem and encouraging existing entities to adopt the Dispute Management System, as payment volumes look set to increase throughout 2021.

We will continue to support both ASPSPs and TPPs connect and resolve errors arising from their implementation of the Open Banking Standards – both through responding to Service Desk tickets as they arise, as well as proactively through a planned feasibility study into simulating an ecosystem-wide crisis event – while also working to realise the opportunity of Premium open banking standards (Premium APIs).

Preparing for the future

As the final Roadmap approaches completion, the CMA will run a process that will decide on the future state of the OBIE and the ongoing arrangements to deliver the CMA Order. The OBIE is supporting stakeholders across the ecosystem as they make their representations to the CMA. When required, the OBIE will proactively engage in and execute the transition as determined by the CMA.

Over
3 million
UK consumers and businesses were using open banking-enabled products at the start of 2021.





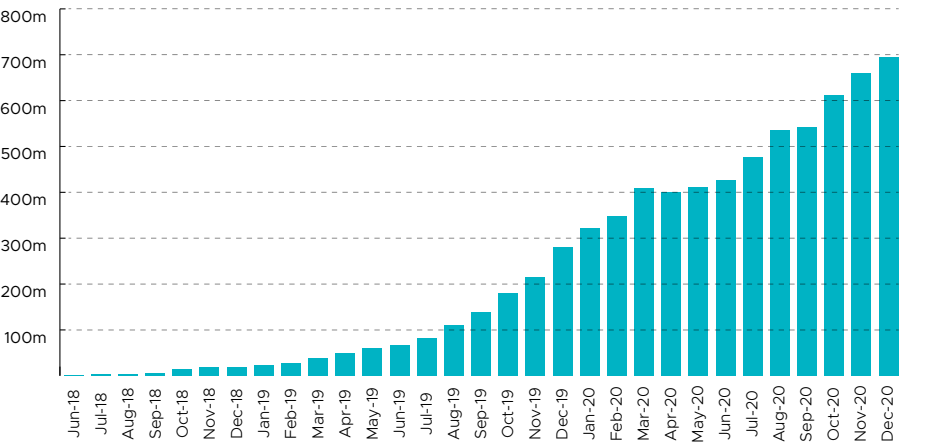
USE CASES
THAT ARE
ENRICHING
LIVES

Many people may never need to know that open banking is powering the apps and services they use each day.

However, all metrics indicate open banking is growing fast whether it is number of API calls, number of firms, the range of propositions, or number of users.

The chart below shows the growth in open banking activity among the CMA 9, which has seen 2.4x growth over the last year. The vast majority of activity is related to data activity; nonetheless payment activity is growing considerably albeit from a low base.

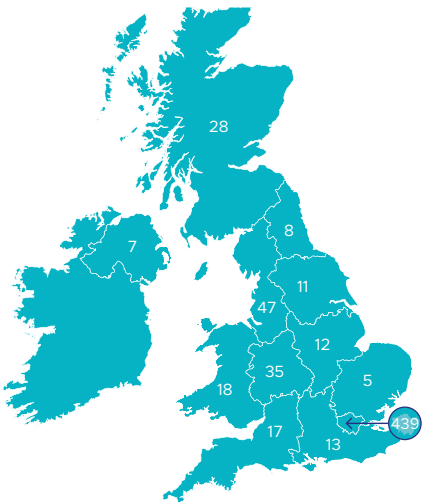
Total API Volume



*Source: OBIE data

Ecosystem Distribution

Open banking ecosystem participants are spread throughout the UK.



Visual not indicative of total open banking ecosystem due to non-UK participants and organisations holding dual or multiple roles.

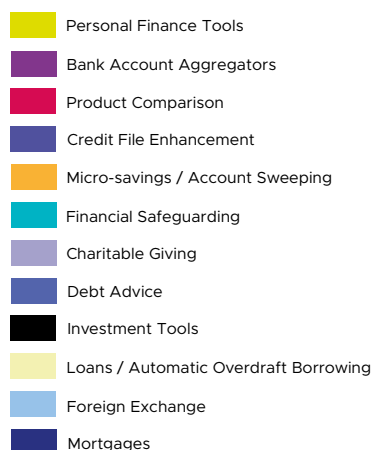
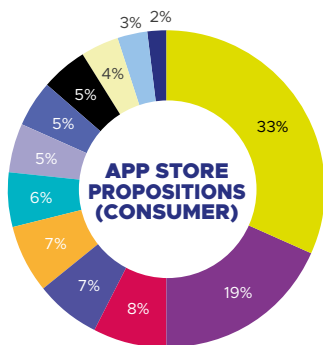
The OBIE does not ‘log’ open banking activity in the way that a traditional payment infrastructure might. This is because no open banking activity flows through the OBIE platform. Our best window on the breadth of open banking activity comes from the Open Banking App Store.

This was launched in July 2020 to help potential users easily identify products that meet their needs. The table below shows the apps and services growing year on year broken down by the primary usage categories.

Ecosystem Propositions

USAGE CATEGORIES	DEC 18	Dec 19	Dec 20
Improved financial decision making	6	21	37
Increased access to advice and guidance	0	1	2
Better borrowing	7	16	21
Increased saving and investments	0	2	4
Expanded payments choice	0	12	25
Increased switching	0	0	2
Other	0	1	6
Mixed	3	9	12
Total	16	62	109

*Source: OBIE data. Chart will double-count as certain propositions cover multiple usage categories.



Data accurate as of February 1st 2021.
Some percentages have been rounded for clarity.

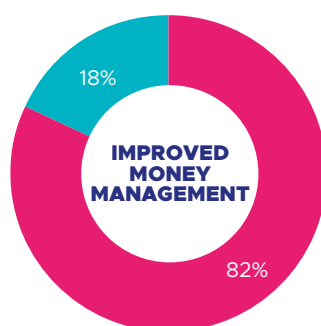
PLACING PEOPLE IN THE DRIVING SEAT

Throughout 2020, open banking propositions made existing processes, such as checking or improving credit scores and comparing financial products, easier, faster, and more accurate.

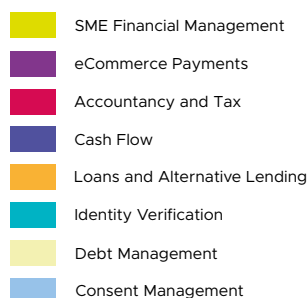
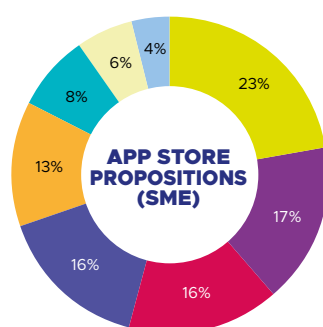
Nesta Challenge research evidenced strong appetite for actionable financial guidance in the midst of the pandemic, with 38% of survey respondents seeking personalised support to help them manage their money better. The research also pointed to the impact open banking-enabled propositions are having: 82% of

respondents who had already used open banking-enabled apps agreed that the services had helped them improve their money management.

It is also noteworthy that open banking-enabled solutions are now appearing in the non-bank credit space, with encouraging adoption emerging in the credit union sector. We believe that open banking-enabled services could facilitate and enhance all forms of consumer borrowing, from unsecured personal loans through to mortgage applications and approval.



Improved money management using open banking



Data accurate as of February 1st 2021.
Some percentages have been rounded for clarity.

DELIVERING REAL BENEFIT TO BUSINESSES

In a year marked by unprecedented challenges, many small businesses turned to open banking solutions in 2020. As referenced above, our SME Financial Landscape research provided valuable insight into the small business community's perception of open banking between March and September of 2020.

These businesses' adoption of solutions like cloud accounting and cashflow forecasting indicate the importance of clarity and control over their finances. The research emphasised the risk-averse nature of small business owners, many of

whom nonetheless had to avail of the government's emergency CBILs and BBLs credit schemes.

As a growing number of businesses resort to eCommerce to meet customer demand during lockdown, we anticipate payments to be a key area of growth for small businesses in 2021, providing an increasingly-visible alternative to cards or other methods at the point of check-out – a welcome development for a sector that can be subject to higher charges for receiving and processing payments.

3

ENABLING THE ECOSYSTEM

The OBIE provides a broad range of critical services and support to our ecosystem participants, including:

- Promotion of open banking – including conference appearances, curation of industry webinars, and publication of thought leadership
- Customer and stakeholder engagement to explain use cases to potential providers and end users to drive customer adoption
- Provision of technical support and operational expertise to ecosystem participants – across pre-, mid-, and post-enrolment
- Direct communication to the ecosystem about providers' expected downtimes, outages, and changes in their open banking implementation
- Publication of monthly MI reports for the ecosystem detailing updates from the CMA 9 about their open banking implementations
- Hosting and maintaining the transparency calendar (T-Cal), an open banking 'one-stop-shop' where banks publish key updates for TPPs regarding implementation progress or changes
- Encouraging and facilitating new entrants into the ecosystem – for the benefit of everyone

WORKING TO BRING OPEN BANKING TO LIFE

As the open banking programme matures, the OBIE is evolving from a singularly focussed programme delivery entity, into a broader ecosystem enabler and services provider. OBIE activities can now be broadly grouped into three areas:



SUPERVISORY ACTIVITIES



SHAPING AND CHAMPIONING THE OPEN BANKING ECOSYSTEM



PROVIDING CRITICAL SERVICES AND INFRASTRUCTURE



SUPERVISORY ACTIVITIES

The OBIE's supervisory role is to enable the Implementation Trustee to discharge his regulatory obligations as defined by the CMA Order.

Within the Office of the Trustee, the Secretariat function supports the Trustee in leading the efficient operation of the Implementation Entity Steering Group (IESG) which is further described in the 'Governance and Management' section.

The Monitoring function also resides within the Office of the Trustee. The function enables the Trustee to provide assurance to the CMA that the CMA 9 banks are complying with their mandatory obligations under the CMA Order, both in relation to performance and conformance. The function is supported by members of the Management Information (MI) teams and others across the OBIE to carry out its work. Its oversight of the CMA 9 is centred around regular, at least monthly, formal bilateral meetings with each bank.

The CMA 9 submit regular MI reports to the OBIE, detailing metrics including total API call volume, average response times, average API availability, adoption rates and conversion rates for each month. That data is reviewed by the MI and Monitoring teams, a subset of which is published publicly on the OBIE website and helps determine the CMA 9's performance and conformance against the obligations of the Order.

Where CMA 9 members have failed to adhere to the Order, the Trustee may need to impose actions on members of the CMA 9 or recommend that the CMA take actions. In this case, the Office of the Trustee will support the Trustee and draw on colleagues such as the Programme Director, the Legal and External Communications teams and the Programme Management Office.

Regular MI reports from the CMA 9 are reviewed by the Monitoring and MI teams, and published on the OBIE website.

SHAPING AND CHAMPIONING THE OPEN BANKING ECOSYSTEM



Combined together, the Ecosystem, Directory, Policy and Standards teams produce a significant amount of insight, expert analysis and thought leadership content.

Writing and maintaining the Standards

The Policy and Standards teams manage structured processes to transform the various Roadmap items into implementable Standards and Guidelines for the open banking ecosystem.

This process requires these teams to first Evaluate the primary objectives of each item and translate those requirements into technical requirements – taking into account the input of certain ecosystem Working Groups.

They then bring the product of these Evaluations to the ecosystem for Consultation – an open and transparent method of inviting feedback from all participants, with support from Ecosystem-facing teams to drive awareness and maximise submissions prior to Implementation.

Feedback from these Consultations are then reviewed by the Policy and Standards teams, and then the resulting updates to the Open Banking Standards are published following approval by the Trustee. The teams then continually review the Standards to ensure that they remain fit for purpose. Should this change over time the team will manage a Change Request process.

Championing open banking

The OBIE's Ecosystem Development team is tasked with promoting and advocating on behalf of our ecosystem participants. They proactively identify and facilitate conversations that have the potential of driving user adoption within specific areas.

The team also plays a leading role in delivering much of the OBIE's thought leadership for the ecosystem, including quarterly SME Forum and Consumer Forum events where participants can convene to discuss and debate the potential, opportunities, and risks, of open banking-enabled propositions for end users.

Leading the conversation

Combined together, the Ecosystem, Directory, Policy and Standards teams produce a significant amount of insight, expert analysis and thought leadership for the open banking ecosystem – hosting and contributing to conferences, webinars, workshops and industry publications. This material is then shared in a variety of formats and channels to ensure maximum value to the ecosystem.



PROVIDING CRITICAL SERVICES AND INFRASTRUCTURE

The OBIE's Directory team maintains the OBIE Directory – the core infrastructure of the ecosystem.

This fully integrated trust framework combines both a Production and Sandbox environment, which features a model bank for testing and precisely mirrors the Production Directory, providing an environment for testing to mitigate against regulatory and reputational risk. The Directory team work closely with our Security & Counter-fraud team to ensure that the Directory is protected from cyber risks to the highest level.

Our CRM teams and Service Desk work to deliver a smooth on-boarding experience for new participants, and to respond to BAU enquiries from all enrolled firms.

Where those enquiries require further support, our Insight, Experience and Success (IES) team provides an expert point of contact with these firms and their key personnel, identifying potential challenges early, raising issues for resolution, and generally providing valuable ongoing support to participants.

As referenced above, the OBIE has developed 'self-service' tools such as the DMS and Counter-Fraud Maturity and Self-Assessment tool, to support firms in addressing queries that do not require the level of tailored support provided by the IES team.

The IES team also maintain the open banking Transparency Calendar (TCal). Originally requested by UK Finance and FDATA, and hosted and maintained by the OBIE, the TCal provides a 'one-stop-shop' for ASPSPs to publish key pieces of information about their open banking progress and implementations – and removing the need for TPPs to review multiple Development Portals for this information.

The Security & Counter-Fraud team are responsible for maintaining the security of all OBIE assets and, together with the Security & Fraud Working Group, also support the wider ecosystem in ensuring cyber risks are contained.

The Directory team work closely with our Security & Counter-Fraud team to ensure that the Directory is protected from cyber risks to the highest level.

4

THE OBIE'S GOVERNANCE AND MANAGEMENT

The OBIE was set up under the direction of the CMA as a member-owned company limited by guarantee.

Funding is provided by the CMA 9 and it is incumbent on the Trustee* to ensure the OBIE remains fully independent. It was envisaged under the Order that the OBIE would be a temporary legal structure tasked with delivering certain aspects of the Order. The OBIE's governance and management reflects the requirements placed on the OBIE and the Trustee to focus on successful delivery of the Order.

The Order requires the Implementation Trustee to lead the Open Banking Implementation Entity and therefore is the Chairperson of the Board. Day-to-day activities and operations are managed by a Programme Director who in turn manages a leadership team. The Order contains a number of specific requirements including designing and publishing the Open Banking standards. The Order also makes the Trustee responsible for setting the requirements of the CMA 9 under the Order and of overseeing their compliance. The OBIE supports the Implementation Trustee in this endeavour.

The Implementation Trustee is required to take into account the views of a wide range of stakeholders in determining appropriate actions under the Order. In order to do this the Order requires the Implementation Trustee to chair an advisory group

known as the Implementation Entity Steering Group, or IESG. IESG comprises representatives from the 9 largest high-street banks in the UK (or CMA 9), the CMA, Pay.UK, the Payment Systems Regulator, industry representatives, the Information Commissioner's Office (ICO), HM Treasury and the FCA, as well as Independent Representatives for both Consumers and Small Businesses.

The role of the IESG is to advise the Implementation Trustee on matters related to the decisions he is empowered to take under the Order. The Order requires the Implementation Trustee to identify consensus amongst the IESG, however, where such consensus cannot be achieved, the Implementation Trustee may impose a decision.

The day-to-day operations of the OBIE are managed by an Executive Committee led by the Programme Director. The OBIE's governance is evolving to reflect the fact that the open banking initiative is moving from a programme delivery body to a service provider and ecosystem enabler. As the implementation requirements of the Order draw to a conclusion the CMA is actively considering the future of the OBIE and what the appropriate funding and governance requirements would be.

*While we have referred to the 'Trustee' throughout this document due to expediency, the role is referred to as the Implementation Trustee in the CMA Order.





2020 FINANCIAL REPORT

Unaudited Financial Statement, Year Ended 31 December 2019 and Year Ended 31 December 2020.

SUMMARY

Due to our unique funding structure and set up, we are committed to being transparent and diligent around all operating costs. During 2020, our strategic focus was to continue to demonstrate cost-effectiveness of the entity, and this has been proven with over a 30% year-on-year net cost reduction to £32.7m.

Total Income, which reflects a growing number of participants utilising open banking services, grew to £3.4m. This has helped reduce the overall cost position of the Entity.

Result (£'000)	Year Ended 31 December 2020	Year Ended 31 December 2019	Variance
Shared Services	10,859	9,688	1,172
Directory	11,827	15,729	(3,901)
Ecosystem Development	4,838	7,726	(2,888)
Standards / Policy	4,582	7,409	(2,828)
Central Office / Office of Trustee	3,945	7,633	(3,688)
TOTAL COSTS	36,051	48,185	(12,133)
Fee Income	2,296	612	1,684
Passthrough*	1,102	0	1,102
TOTAL INCOME	3,398	612	2,786
NET COST POSITION	32,653	47,573	(14,920)

AVERAGE HEADCOUNT::			
Permanent (FTE)	46.1	0.0	46.1
Contractors (FTE)	55.7	154.6	(98.9)
AVERAGE FTE	101.8	154.6	(52.8)

*Passthrough represents income attributed to specific product development costs.

DIRECTORY

The Directory team is responsible for the maintenance and development of the trust and identity framework required to deliver and support the open banking ecosystem and other agreed propositions.

SHARED SERVICES

The Shared Services team provide a centralised business unit focussed on enabling, delivering, and running defined business services (including Finance, Human Resources, Programme Management, Risk Management, Security & Counter-fraud) that are fit for purpose and cost efficient.

ECOSYSTEM DEVELOPMENT

The Ecosystem team is responsible for providing support to new participants of open banking-enabled products and services and increasing adoption through participant engagement and the development of propositions in line with ecosystem capabilities and the needs of the participants.

STANDARDS / POLICY

The Standards team are responsible for the delivery of a best-in-class standard and the associated conformance tools for open banking APIs.

The Policy team are the centre of excellence for policy development, providing legal, regulatory, public policy and external communications advice in support of the delivery of the implementation of the CMA Order.

CENTRAL OFFICE

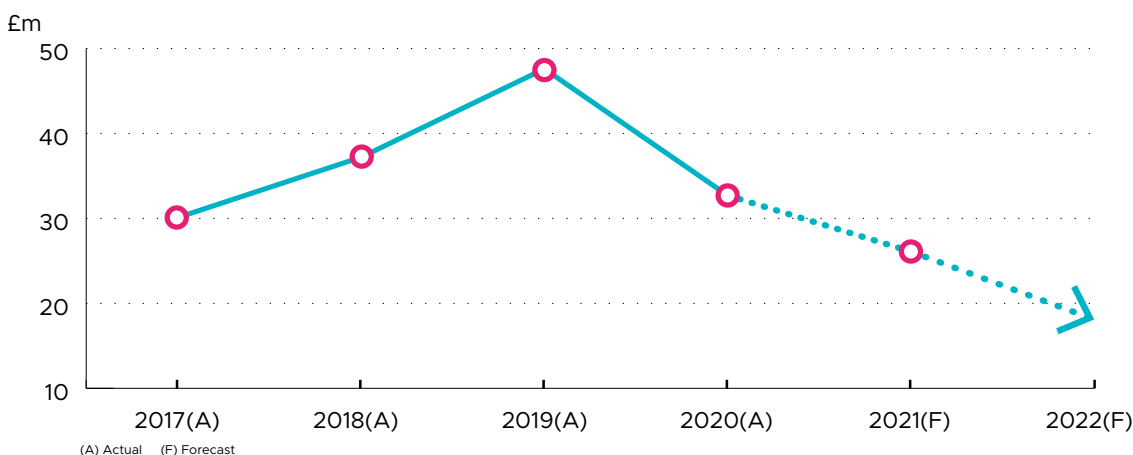
Central Office holds the Programme Director and staff not in individual teams, together with central budget items.

OFFICE OF TRUSTEE

The Office of the Trustee has the responsibility for ensuring the implementation and supervision of the Order. The combination of financial information for the Office of the Trustee and Central Office is for simplicity of reporting only.

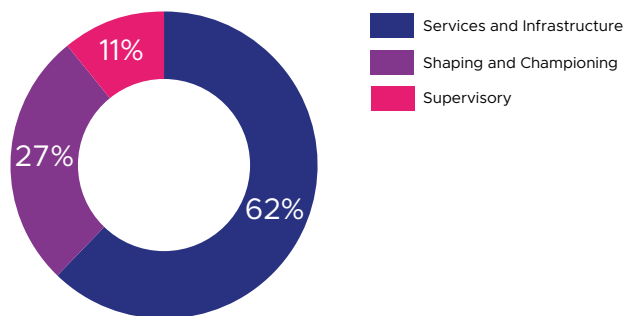
TOTAL NET COSTS TREND

The cost trend reflects the changing type of activity within the Programme of work into 2019, but also a significant focus on efficiency in the open banking strategy delivering significant savings year-on-year into 2020. No costs related to OBIE future state activities are provided for in the forecast financials.



COSTS BY ROLE

The diagram below represents an allocation of the total cost base into the three categories of activity aligned to the CMA mandate.



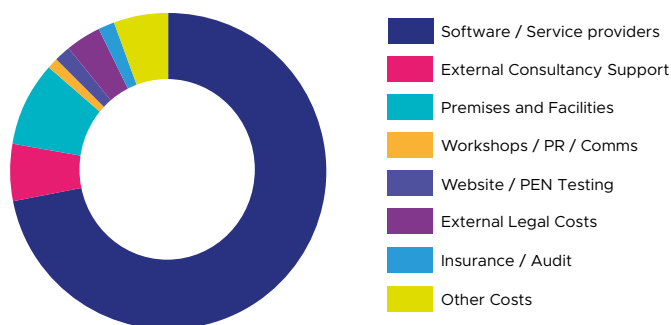
Supervisory is carried out primarily by the Monitoring and Management Information teams.

Shaping and Championing is the work of our Policy, Standards, Ecosystem and Stakeholder Engagement teams.

Provision of critical services is carried out by the Product, Directory, Shared Services, and Insight, Experience and Support teams.

NON EMPLOYEE COST BY CLASSIFICATION

The diagram below shows the different cost centres which account for our non employee costs.



Software / Service providers mainly consist of outsourced services such as Directory services, Security Operations and Service Desk and Microsoft 365 services. Other key suppliers cover licensing and identity verification services.

External Consultancy Support spend mainly consists of customer research related expenditure, Public Relations and Affairs, and Ecosystem Engagement.

Premises and Facilities reflects the charges for office space rent, rates and facilities management services for the premises at 2 Thomas More Square. Footprint has been reduced during 2020.

Workshops / PR / Communication costs reflect the pandemic and networking restrictions.

Glossary of terms

Term	Acronym	Definition
Account Information Service Provider	AISP	An Account Information Service provides account information services as an online service to provide consolidated information on one or more payment accounts held by a payment service user with one or more payment service provider(s).
Application Programming Interface	API	An Application Programming Interface is a set of routines, protocols, and tools for building software applications. An API specifies how software components should interact.
Account Servicing Payment Service Provider	ASPSP	Account Servicing Payment Service Providers provide and maintain a payment account for a payer as defined by the PSRs and, in the context of the Open Banking Ecosystem are entities that publish Read/Write APIs to permit, with customer consent, payments initiated by third party providers and/or make their customers' account transaction data available to third party providers via their API end points.
Competition and Markets Authority	CMA	The Competition and Markets Authority (CMA) is a non-ministerial government department in the United Kingdom, responsible for strengthening business competition and preventing and reducing anti-competitive activities.
CMA Order		The Retail Banking Market Investigation Order 2017.
CMA 9		The nine largest banks and building societies in Great Britain and Northern Ireland, based on the volume of personal and business current accounts. AIB Group (UK) plc trading as First Trust Bank in Northern Ireland, Bank of Ireland (UK) plc, Barclays Bank plc, HSBC Group, Lloyds Banking Group plc, Nationwide Building Society, Northern Bank Limited, trading as Danske Bank, Natwest Group plc, Santander UK plc (in Great Britain and Northern Ireland).
Directory		The Open Banking Directory provides a "whitelist" of participants able to operate in the Open Banking Ecosystem, as required by the CMA Order. The Read/Write Directory also provides identity and access management services to provide identity information in order to participate in payment initiation and account information transactions through APIs.
Directory Sandbox		The Open Banking Directory Sandbox is a test instance of the Directory. The Directory Sandbox may be used to support testing applications with test API endpoints and testing integration with the Open Banking Directory.
Financial Conduct Authority	FCA	The Financial Conduct Authority is the conduct regulator for 56,000 financial services firms and financial markets in the UK and the prudential regulator for over 18,000 of those firms.
The Open Banking Implementation Entity	The OBIE	The Open Banking Implementation Entity is the delivery organisation working with the CMA 9 and other stakeholders to define and develop the required APIs, security and messaging standards that underpin Open Banking. Otherwise known as Open Banking Limited.
Participant		An API Provider, API User, ASPSP, or TPP that currently participates in the Open Banking Ecosystem.
Revised Payment Services Directive	PSD2	The Payment Services Directive 2015/2366, as amended or updated from time to time and including the associated Regulatory Technical Standards developed by the EBA and agreed by the European Commission and as implemented by the PSR and including any formal guidance issued by a Competent Authority.
Payment Initiation Services Provider	PISP	A Payment Initiation Services Provider provides an online service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider.
Payment Services User	PSU	A Payment Services User is a natural or legal person making use of a payment service as a payee, payer or both.
Roadmap		The Open Banking Roadmap is the development plan that breaks down the objectives of the CMA Order into specific, discrete Roadmap 'items', and then sets out a timeline for the OBIE to achieve those items or create Standards for those items, for the CMA 9 to implement those Standards.
Strong Customer Authentication	SCA	Strong Customer Authentication as defined by EBA Regulatory Technical Standards is an authentication based on the use of two or more elements categorised as knowledge (something only the user knows [for example, a password]), possession (something only the user possesses [for example, a particular cell phone and number]) and inherence (something the user is [or has, for example, a finger print or iris pattern]) that are independent, [so] the breach of one does not compromise the others, and is designed in such a way as to protect the confidentiality of the authentication data.
Standards		The Standards are the Data Standards and Security Standards in accordance with which ASPSPs will be required to make Read/Write APIs available, as well as the Customer Experience Guidelines and Operational Guidelines.
Third Party Provider	TPP	Third Party Providers are organisations or natural persons that use APIs developed to Standards to access customer's accounts, in order to provide account information services and/or to initiate payments. Third Party Providers are either/both Payment Initiation Service Providers (PISPs) and/or Account Information Service Providers (AISPs)





OPEN BANKING

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