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Debate reveals Open Banking mixed messages

Written by **Peter Walker**
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A debate among industry experts revealed the mixed messages at the heart of Open Banking risk slow adoption and consumer confusion.

As David Parker, founder and chief executive at Polymath Consulting, pointed out: "When you've been told for many years not to give your bank details out, now you're going to have lots of unheard of FinTechs asking for them."

He also noted that there's currently no way of checking the validity or safety of new players in the Open Banking space, as no central database has been created. "The EU introduced the regulations, so maybe they can spend the money to create one?"

Representing FinTechs on the Westminster Business Forum payment innovation panel was Nick Bennett, chief operating officer at Tandem Bank, who admitted: "We're kidding ourselves if we think people are going to jump onboard Open Banking right away, it will take a few years – an evolution rather than a revolution."

He continued that financial services hasn't had a "Facebook moment" yet in terms of data, so must instead demonstrate correct usage. "There will inevitably be a natural gravitation to brands that are known and trusted, but education will gradually improve the way customers manage their data."

Jenny Allen, managing director for money content and guidance at Which?, said that while Open Banking brings drastic improvements for consumers and a real opportunity for digital banks and money management startups, it also brings an element of risk to data security.

"Trust is incredibly important, and so far there's been no concerted effort from banks to promote the security that's in place around Open Banking," she commented. "Not enough attention is being paid to consumer barriers to engagement."

Allen complained that it's not a clear landscape for consumers and that their helpline was inundated with calls from people confused after receiving letters from their banks around Open Banking data sharing.

“There does need to be a nudge for banks to communicate better with consumers around Open Banking data sharing,” she added. “The truth will be when some great apps and services come out, with compelling use cases that win people over.”

In a later session at the event, Hannah Nixon, managing director at the Payment Systems Regulator, addressed the issue by stating: “Some people may understandably be reluctant to share data due to concerns around its safety, which may limit the benefits of data sharing, so we’re looking at what we can do to help.”

This follows research from RS2, which suggested that the **financial industry must consolidate omnichannel payments**, card payments and direct-from-bank Open Banking payments into new ‘Open Payments’ platforms to meet the demands of connected customers.

