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Competition Division
Financial Conduct Authority
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By email: BigTechCFI@fca.org.uk

Dear Sir / Madam,

Financial Services Consumer Panel response to FCA Call for Input on the potential competition impacts from the data asymmetry between Big Tech firms and firms in financial services

The Panel welcomes the opportunity to respond to this Call for Input about the competition impacts of the data asymmetry between Big Tech and financial services firms. We have not answered the questions in the Call for Input as they are primarily aimed at firms and request first-hand evidence of market experience that the Panel does not have. However, we feel it is important that the consumer voice is represented in the ongoing discussion of Big Tech's entry into financial services and so respond to call for much greater focus on consumer outcomes.

We welcome the Call for Input's recognition of some of the harms and benefits for consumers caused by the data asymmetry between Big Tech firms and financial services firms. We are pleased to see the Call for Input cover some of the key risks we highlighted in [our response to the FCA's previous discussion paper on this issue](#) (DP 22/5), such as financial exclusion and price discrimination, especially for consumers in vulnerable circumstances.

However, the discussion of consumer outcomes in this Call for Input is much too limited. In our view, the potential harm to end users of financial services should be the starting point for the FCA when exploring the impact of Big Tech's entry into financial services. The FCA should then work backwards to look at the drivers of those impacts, which will include but not be limited to competition issues. One way the FCA could ensure sufficient focus on

consumer outcomes is to bring the Consumer Duty to bear and consider how Big Tech and financial firms could and should use data, especially non-financial data, in a way that is compliant with the Duty. We see the Duty's requirements for firms to act in good faith and to deliver fair value as particularly relevant to the issues explored in this Call for Input.

The lack of focus on consumer outcomes throughout the Call for Input appears to have led to a base assumption that the data asymmetry between Big Tech firms and financial services firms should be addressed by increasing the range of data that incumbent financial services firms have access to. Whilst we recognise this is intended to address the competition issues cited in the paper, we believe that this is not a viable solution as it poses an unacceptable risk of consumer harm. The Panel believes that no financial services firms should have near-unlimited access to such a wide range of consumers' personal data, which can be used to build detailed profiles of their situations, habits and behaviour.

Non-financial data such as shopping habits, health and leisure activities is not necessary for financial services firms to make pricing or risk decisions. To open up this level of data to financial services firms:

- Increases the risk of personal data being used unethically and unfairly, as we highlighted [in our response to DP 22/5](#).
- Conflicts with the 'data minimisation' principle under data protection legislation (Article 5(1)(c) of the General Data Protection Regulation).
- Makes it virtually impossible for consumers to give informed consent or to understand how firms are using their data to make decisions that impact their lives. As a result of our research into bias in firms' use of data [we called for firms to be required to disclose to consumers the data fields which are used when making decisions that impact consumers](#). This disclosure will not be useful to consumers if the list of data fields is too long and complex to be digestible.
- Could remove consumers' ability to make an informed choice about what data is shared and when. This is not only a privacy issue, but also means consumers could become 'locked in' to certain providers. This reduces competitive forces in the market and leads to harm if consumers are 'locked in' to unsuitable and/or poor value products.

Finally, we recognise the scope of this Call for Input is limited to the UK, but we would urge the FCA to explore international research, case studies and expert opinion as it considers future policy regarding Big Tech's entry into financial services. All Big Tech firms operate across borders, as do many financial services firms, and the conduct of these firms in jurisdictions with different regulatory regimes and/or market structures – and measures put in place to respond to challenges – will provide valuable insights to inform the

UK's approach. Given the global nature of Big Tech, the FCA would also need to consider the supervisibility of any future regulatory approach for Big Tech firms based outside of the UK.

Yours sincerely,

Helen Charlton
Chair, Financial Services Consumer Panel