



Competition Division
FCA
12 Endeavour Square
London E20 1JN

By email

9 January 2023

Dear Sir/Madam,

DP22/5: The potential competition impacts of Big Tech entry and expansion in retail financial services

The Panel supports the opportunities offered by Big Tech entry into financial services. The possibilities offered by Big Tech entry are clear, including the potential to develop more innovative products and services, lower prices and increased choice for consumers and a more streamlined consumer journey. There is however challenge in maintaining healthy competition. Our key concern is maintaining equal opportunity for incumbent providers/other new entrants alongside Big Tech firms and continued high standards in the provision of products and services. Our specific observations arising from the DP are outlined below:

- When considering potential regulatory interventions, the rationale needs to be clear. There is a need to consider how social justice fits into the new market structure and whether Big Tech firms should have responsibilities in this area, or whether interventions are purely outcomes-focused.
- There is a need to take a holistic look at the implications of Big Tech entry, including where the perimeter lies. Some cross-sector elements could otherwise fall through the regulatory cracks for different market components.
- Big Tech firms may have different perspectives to incumbent providers/other new entrants on what constitutes good consumer outcomes. Big Tech firms may be less inclined to consider whether refusing products and services to a potential customer may be the most appropriate action.
- Focus on the end-to-end consumer journey is needed to ensure retail consumers have clarity on who they are contracting with, and to ensure accountabilities are clear, particularly in the event issues arise/help is needed.
- On open finance, there is risk that the provision of data flow could fall unfairly on incumbent providers. It is important there is equal obligation in this area.
- A different supervisory approach may be required. There are indications Big Tech firms appear reluctant to get involved in regulation and the implications of this need to be explored. For example, a Big Tech firm in a partnership arrangement may negotiate for its own payment model to be used for the collection of premiums, and client money protection rules would not apply.

Overall, we are very supportive of the opportunities offered by the entry of Big Tech firms into financial services and welcome the timely discussion on this subject. We encourage the FCA to take a holistic look at the implications of Big Tech entry, be vigilant to emerging trends and be ready to proactively intervene if needed to avoid the development of unhealthy competition.

We would be happy to discuss these points further if required.

Yours faithfully,

[signed]

Penny James
Chair, FCA Practitioner Panel