

Competition Division  
Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

By email



5 February 2024

Dear Sir/ Madam,

**CALL FOR INPUT: POTENTIAL COMPETITION IMPACTS FROM THE DATA  
ASYMMETRY BETWEEN BIG TECH AND FIRMS IN FINANCIAL SERVICES**

The Panel welcomes work to explore in more detail examples of how and where the data that Big Tech firms collect and hold from their core digital activities could be valuable in financial services.

The range of data Big Tech has access to, and their ability to use and convert this data through AI and analytics, clearly provides them with significant advantage over financial services firms. Big Tech firms operating outside the perimeter are effectively able to extract margin from financial services firms which are subject to the Consumer Duty and other regulatory requirements.

Examples include, in banking, Big Tech is able to leverage advantage and build products and services through its access to financial services information via open banking, while it is not required to share with financial services firms the data it has access to via AI and data analytics e.g. Apple Pay. Big Tech has also entered the insurance market (Amazon Insurance Store), providing more choice for consumers, but raising questions about how the data it holds is being managed and shared. Similarly, there are signs that Big Tech is increasingly entering the credit brokering/ lending market through the provision of credit reference facilities. While this involvement could lead to positive outcomes for consumers e.g. through more accurate measurement of loan quality leading to a reduction in loan defaults, there is also risk of harm from potential price discrimination, competition and data privacy issues.

On the wider implications of Big Tech access to data, the Panel is also concerned about the ability of Big Tech companies to use algorithms to create targeted and misleading adverts on payment processing sites and other platforms. The lack of regulation in this area allows for the promotion of scams, and initiatives that do not have consumers' best interests at heart (e.g. profiteering CMCs). Given the potential for harm, particularly to vulnerable consumers, we encourage the FCA to continue to maintain focus on addressing fraudulent advertising sitting outside the perimeter as part of its work on fraud and scams, ensuring to work with the wider regulatory family including Ofcom on online safety and harms arising from digital interactions and the Money and Pensions Service on financial education.

We would be happy to discuss any of these points further.

Yours sincerely,

[signed]

Andy Mielczarek  
*Chair, FCA Smaller Business Practitioner Panel*