



GETTING OVER THE BARRIERS

The FCA recently issued a paper on the barriers to going digital in financial services. TISA is working with the regulator and its Project Innovate team to see how we can improve access to financial advice for UK consumers. In TISA's Technology Innovation Policy Council (TIPC), we are also giving consideration to the forthcoming EU Digital Single Market (DSM) Strategy paper. The commonality between the two is that they have common barriers to overcome before we get to the intended purpose.

We cannot build a data-driven economy which functions properly, or which can reach its full potential, without first removing a series of barriers. That is why the EU DSM strategy addresses immediate issues, as well as looking to the future. Anders Ansip the EU Digital Commissioner sees it as rather like building a house - you do it from the bottom up.

So what are the barriers? Some are technical whilst others are administrative or legal. It could be the bane of a lot of UK households which currently have patchy or slow internet connections, as indeed do many other places as you travel around Europe. Technical disparities could prevent networks and devices from linking smoothly together because they cannot be properly connected, or because the standards being used vary too much between countries. Not to mention different national rules and permitted exceptions around 28 EU countries which can include copyright and consumer law, for example.

The EU DSM strategy plans to fix all the issues that are holding back the development of a genuine single market for the digital age and creating a drag on competitiveness. This has already begun - this is not for the far off future, or at the end of their mandate. It is happening now.

Decisions to end roaming are being finalised and this will be the first tangible result. From July 15th 2017, roaming in the EU will be abolished. This will encourage cross-border mobile use, help to facilitate cross-border access and flow of data and give a boost to new innovative services in a free open internet with no blocking and no throttling of services for the consumers. In this way, everyone - individual consumers as well as companies, and not only in Europe - will be able to enjoy the best that the online world has to offer, getting the most from digital and data technologies.

If you ask the EU Commissioner to express views about the digital future of Europe or indeed, of the whole world, he would do it with one word: data.

The digital economy revolves around data. It is the driving force behind those three main elements of productivity, innovation and digitalisation.

There are many aspects of data to be considered, not just data protection, where the EU Commission are moving forward with reforming EU rules. Ownership and management of data flows; use and re-use of data; management and storage of data. These underpin important emerging sectors like cloud computing, the 'Internet of Things' and big data. Online platforms are pivotal in this regard. TISA's TIPC is also focussing on data as one of its key policy themes for the UK.

The big data sector is growing by 40% per year, seven times faster than the overall IT market. Cloud computing is also a huge growth market, whose value in Europe is expected to be almost five times more in 2020 than it is today. The EU DSM strategy recognises the clear need to 'get ahead' with data.



The EU plan is to focus on data, built on top of the safe data protection rules which will be in place soon, together with better services for people and communities and more opportunities for innovative businesses. This is why, next year, the EU will present initiatives on free flow of data and cloud computing. The first of these will tackle restrictions on the free movement of data and many of the other aspects of data.

With cloud computing, they will be looking at services certification, contracts, switching of cloud services providers and research of open science cloud.

One area of real concern which TIPC has been looking at in policy terms is online platforms. Their sheer variety is amazing: social media, film and music, e-commerce, search engines, etc. However, this is also likely to include UK financial services platforms as well.

With more than one trillion web pages on the internet, and more appearing every day, platforms are an important way of bringing people and online information together. It would be hard to imagine life without them. They have become very influential and, to an extent, are responsible for shaping our online behaviour.

Since platforms generate, accumulate and control an enormous amount of data, their role has become pivotal and not only as an 'online gatekeeper'. There is only a very limited part of the economy that will not depend on them in the near future.

Platforms certainly contribute a great deal to Europe's society and economy. They have innovated considerably, transforming whole sectors and challenging traditional business models. The key issue here is concerns from many quarters about their control of data, market strength and bargaining power, as well as various aspects related to access.

The accumulation and use of data by certain platforms can contribute to their market power, particularly in their relationship with data suppliers. The EU Commission is now gathering evidence on these issues in order to know and understand clearly whether there really are problems and if so, how to deal with them. The strategy will also look into issues such as access and openness. Platforms should be instruments of opportunity. This is important to the industry. To that end, the EU Commission will consult extensively from September to spring next year with all parties involved.

TIPC will collaborate with other UK FinTech partners, FCA and government bodies to help represent the position of UK consumers and financial services platform operators, to carefully consider if new measures are needed and what impact they might have on incentives to innovate and deliver new services. That is the point of the EU DSM strategy - to make sure that we make the most of the great potential that the online age offers us.

Peter Smith, Head of Policy Strategy Development