

“Simple solutions
for complicated problems?”

Fin, digital and other techs



@competitionflaneur



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**The
Economist**

MAY 6TH–12TH 2017

Theresa May v Brussels

Ten years on: banking after the crisis

South Korea's unfinished revolution

Biology, but without the cells

The world's most valuable resource



**Data and the new rules
of competition**

Big data will harm capitalism, says Stiglitz

By Tim Wallace in Davos

HUGE quantities of data on every individual will lead to every shopper paying a different price for goods online, based on robots' estimates of the maximum amount a person can pay, Nobel prize-winning economist Joseph Stiglitz has warned.

This already happens in some markets, such as with airline tickets, but if adopted on a large scale could undermine capitalism as we know it, he said, calling the monopoly power of

'The basic theory of why the market economy works so well has to do with everyone paying the same prices'

technology firms a "threat for the future".

"One thing companies have is enormous amounts of data which, with artificial intelligence, can be used to engage in all kinds of distortionary policies that are able to extract more

revenue out of each individual," Mr Stiglitz told an event hosted by Credit Suisse at the Forum.

"The basic theory of why the market economy works well has to do with everybody paying the same prices. The person sitting next to you on an airline may have paid a third of the price or twice the price you paid."

This will boost the profits of technology companies, which are already accused of wielding excessive power in markets.



why can't i

why can't i **own a canadian**

why can't i **lyrics**

why can't i **lose weight**

why can't i **get pregnant**

why can't i **breathe whenever i think about you lyrics**

why can't i **sleep**

why can't i **find a job**

why can't i **get a job**

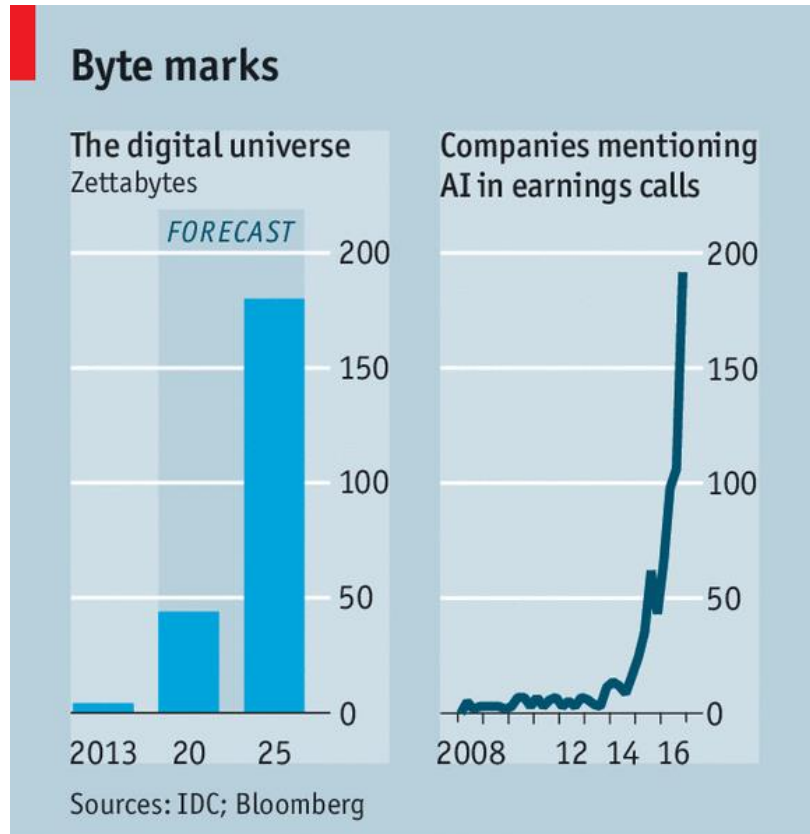
why can't i **get a boyfriend**

why can't i **stop eating**

Google Search

I'm Feeling Lucky



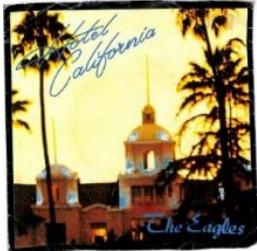


Economist.com

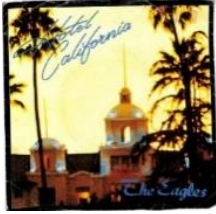
In the entire month of December, Walmart, the world's largest retailer made 104,633 price changes

At the same time, Amazon was routinely making more than 7.5 million price changes EVERY DAY

We are all just...

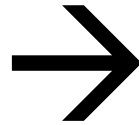
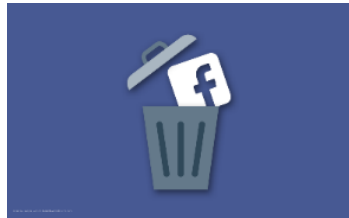


actual lyrics



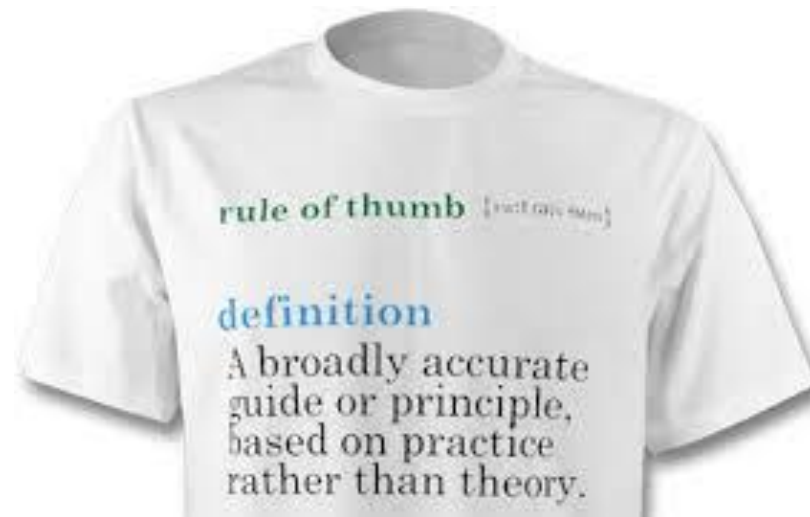
You can check out any time you like ...

But you can never leave



Is market tipping and leverage inevitable?





top 10



Have a Theory of Harm







"Sorry, dude, my karma just ran over your dogma"



Complex markets
do not necessarily require
effects evidence



Novel harms can be object
(per se) offences





If 'object' theory of harm
Let it be obvious



Short Stories









*Favouring your own
is not - in itself - an
Antitrust Theory of Harm*

**YOU KEEP USING THAT
WORD**

**I DON'T THINK IT MEANS
WHAT YOU THINK IT MEANS**

quickmeme.com



Leistungswettbewerb

*competição desempenho



Behinderungswettbewerb

* competição obstrutiva



The image shows the Roman numeral VI, which represents the number six. It is composed of a vertical line (V) and a horizontal line (I) intersecting at the center.

SIX

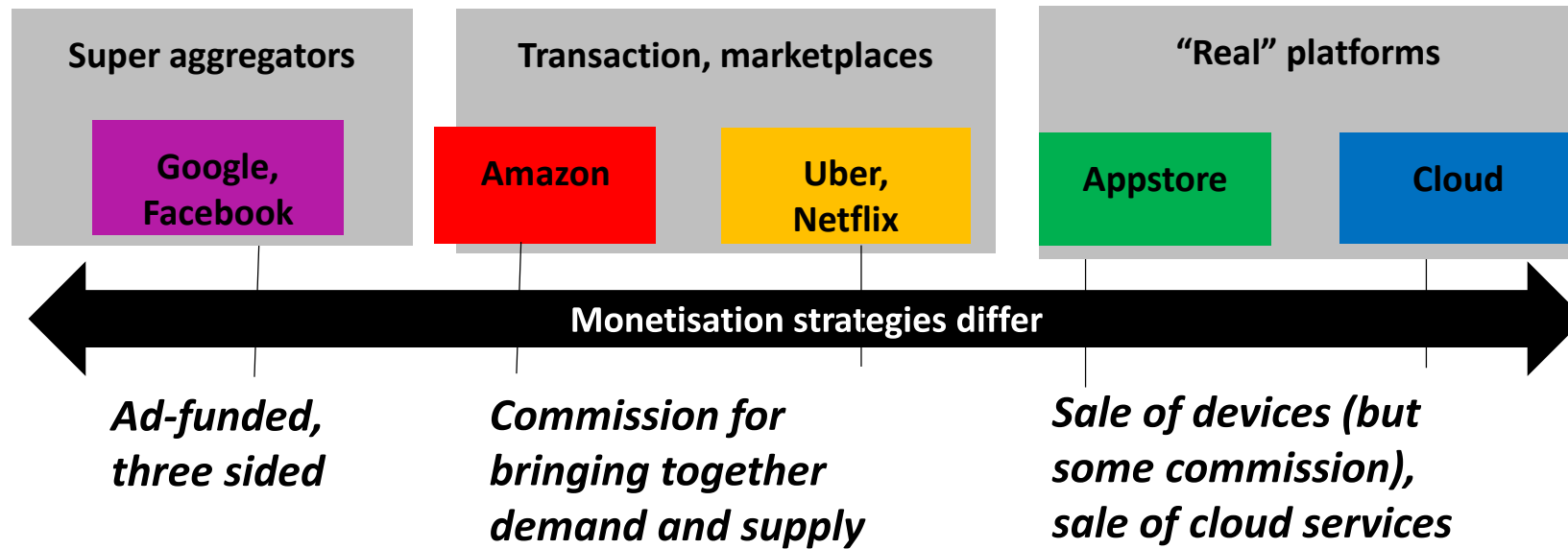




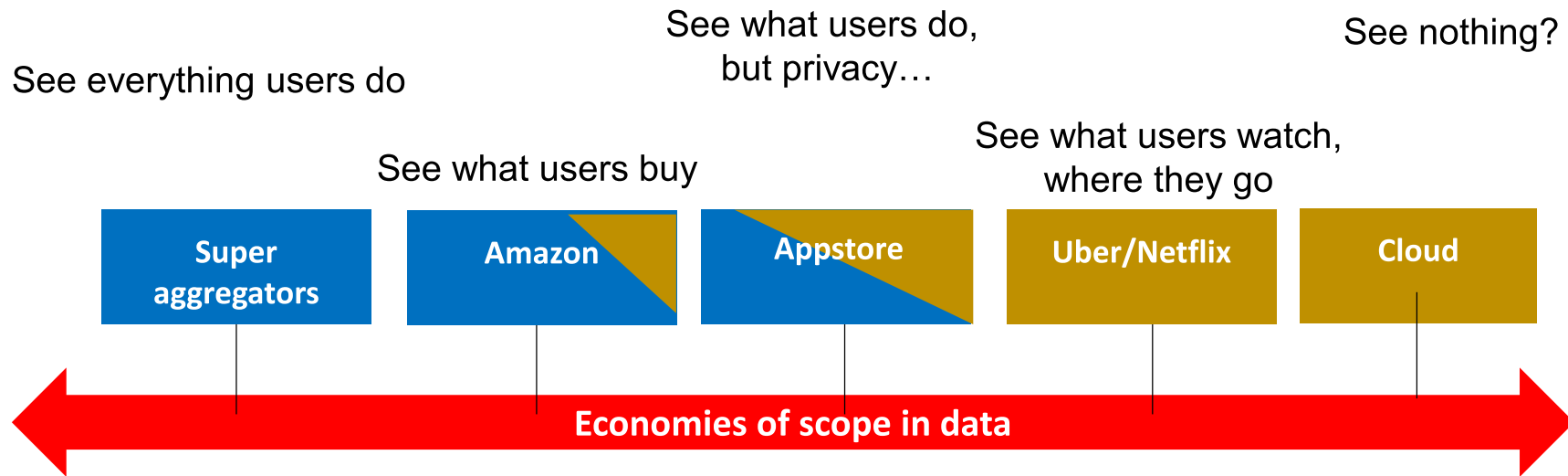


Any economic  ???

#Follow the money:
understand business models
to understand incentives



...of course “not as simple” as that... -> **#follow the data**



But a starting point for the questions we need to ask



No Grounds for Action decision
/ case closure

should help show where safe is







**KEEP
CALM
AND
WRITE IT
UP**







Commitments

should meet the

Competitive Concerns







Watchdogs need more than one tooth





HEY GIRL

**YOU'RE LIKE A COMMISSION
DECISION - YOU'VE GOT 'FINE'
WRITTEN ALL OVER YOU**





Competition & Markets Authority  @CMAgovUK · 5m

CMA has secured two company director disqualifications.

Both men were involved in an estate agent price-fixing cartel in Somerset.

bit.ly/2qj6IKZ





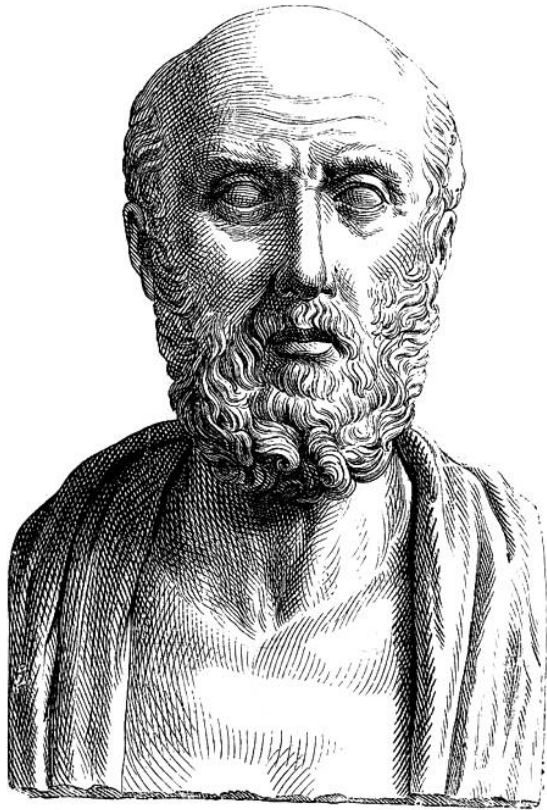


**ALWAYS
BE
ENFORCING**









Rule #1
Do No Harm



HIPPOCRATIC OATH



SWEAR by Apollo the physician and Asclepius and Hygieia and Panacea, invoking all the gods and goddesses to be my witnesses, that I will fulfil this Oath and this written covenant to the best of my powers and of my judgment. I will look upon him who shall have taught me this art even as on mine own parents; I will share with him my substance, and supply his necessities if he be in need; I will regard his offspring even as my own brethren, and will teach them this art, if they desire to learn it, without fee or covenant.

I WILL IMPART it by precept, by lecture and by all other manner of teaching, not only to my own sons but also to the sons of him who has taught me, and to disciples bound by covenant and oath according to the law of the physicians but to none other.

THE REGIMEN I adopt shall be for the benefit of the patients to the best of my power and judgment, not for their injury or for any wrongful purpose. I will not give a deadly drug to any one, though it be asked of me, nor will I lead the way in such counsel, and likewise I will not give a woman a pessary to procure abortion. But I will keep my life and my art in purity and holiness. I will not use the knife, not even, verily, on sufferers from stone, but I will give place to such as are craftsmen therein.

WHATSOEVER HOUSE I enter, I will enter for the benefit of the sick, refraining from all voluntary wrongdoing and corruption, especially seduction of male or female, bond or free.

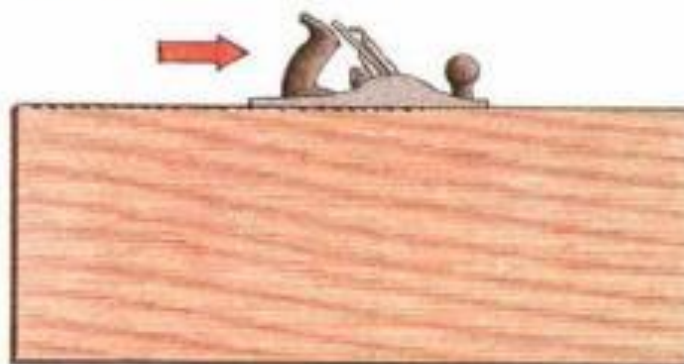
WHATSOEVER THINGS I see or hear concerning the life of men, in my attendance on the sick or even apart from my attendance, which ought not to be blatted abroad, I will keep silence on them, counting such things to be as religious secrets.

IF I FULFIL this oath and confound it not, be it mine to enjoy life and art alike, with good repute among all men for all time to come; but may the contrary befall me if I transgress and violate my oath.



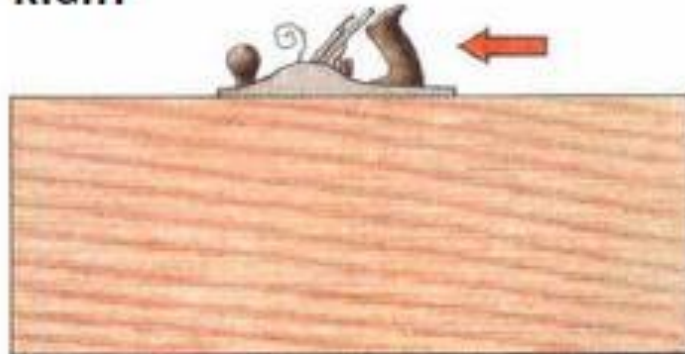
IDEAL BOARD WITH STRAIGHT GRAIN

WRONG

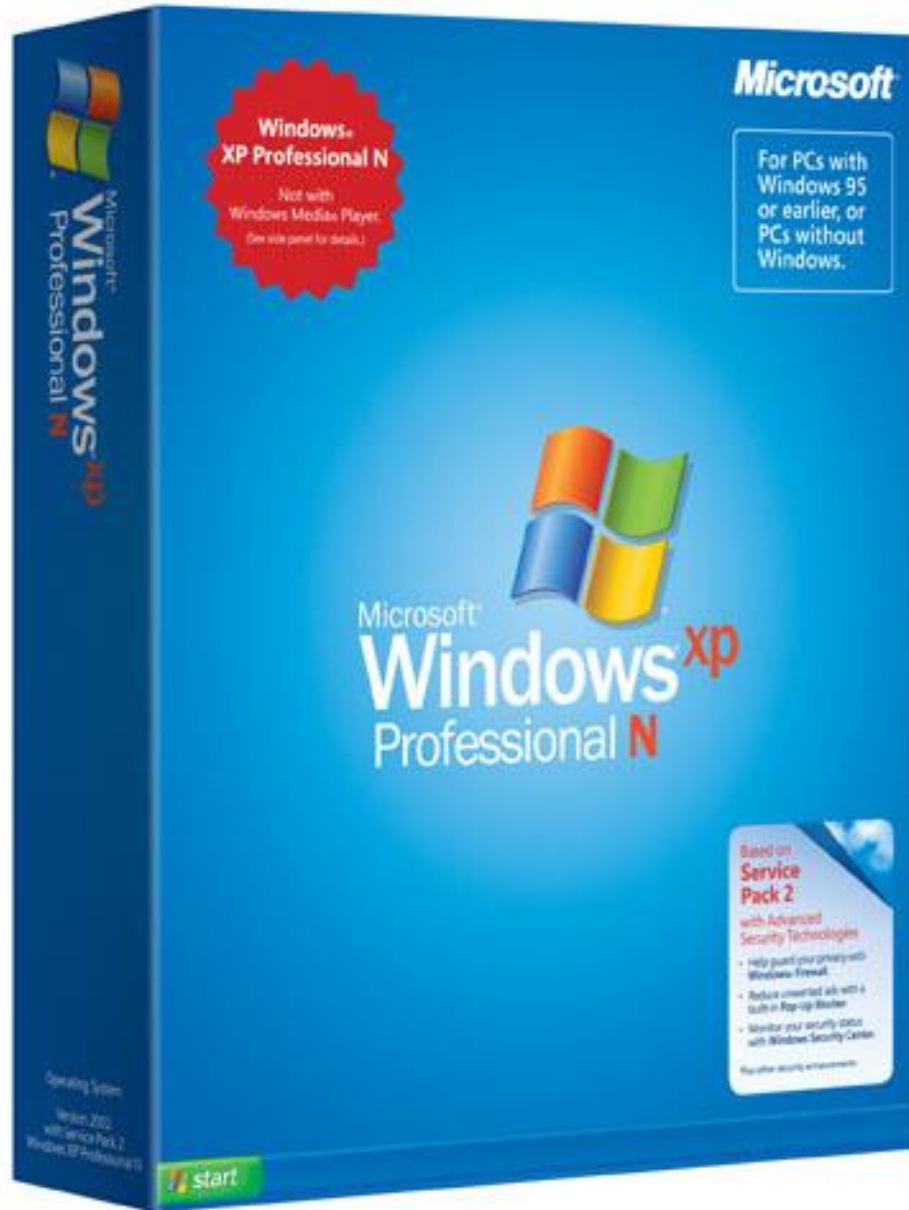


Cut against the grain and the wood will tear out.

RIGHT



Cut with the grain for a smooth edge.





Not break up



Open up

01 ↑ Open Up Challenge

by **nesta** 



TAKE **CONTROL**
OF **YOUR DATA**



OPEN BANKING

“It’s great to see that over a million customers are now using Open Banking technology to help them better manage their money. Open Banking will continue to transform banking for personal customers and small businesses by offering innovative services that provide people with a simpler and more secure way to gain control over their finances.”

Dr Bill Roberts

Head of Open Banking at the CMA



HASHTAG

INTEROPERABILITY

STIMULATES

COMPETITION

Personal financial management dashboards

enable the customer to understand and optimise their overall financial position (cash flow, savings, investments, goals)

- **automating switching removes friction and encourages shopping around**
- **more accurate creditworthiness assessments and increasing access to credit** by enabling third parties to review cash flow holistically and identify suitable credit products for businesses and consumers, meaning:
 - access to cheaper finance
 - supporting credit options for consumers currently struggling to access credit
 - tailored and more readily available debt advice

Open Banking Services

Envisaged services which have developed	New developments which were not envisaged	Envisaged services which are not yet developed/early stages
Account aggregation	Financial inclusion	Automatic product switching
Account data access to inform lending decision	Protections for financially vulnerable people	Balance transfer management (credit cards)
Personal financial management	Legal aid and welfare support advice	High balance sweeping
SME financial management	Retrospective Gift Aid claims	Cashflow optimisation
Account-to-account money transfer using PIS	Several API aggregation services have entered the market	Interest maximisation
		Merchant payments using PIS
		CBPIIs providing payment services

Open banking do Brasil é 'brilhante', diz especialista

Para líder de entidade de dados financeiros do Reino Unido – pioneiro no sistema –, regulação está no caminho certo

Guilherme Guerra

Principal bandeira do Banco Central (BC) para modernizar o sistema financeiro brasileiro e aumentar a competição no mercado, o *open banking* (banco aberto, em inglês) terá sua consulta pública encerrada na próxima sexta-feira e deverá ser implementado em quatro etapas, com início no segundo semestre de 2020 e término no ano seguinte.

Após esse período, dados como histórico de pagamentos e perfil de investimentos de milhões de clientes não estarão mais sob a posse dos bancos. E isso promete alterar toda a dinâmica do setor, ainda mais em um país onde os cinco maiores bancos ofertam 70% do crédito.

A mudança de paradigma pode oferecer taxas personalizadas para cada cliente e ampliar a educação financeira, por exemplo. Seguindo a Lei Geral de Proteção de Dados (LGPD), o *open banking* permite que outras empresas, regularizadas pelo BC, acessem os dados de consumidores com o devido consentimento deles.

O exemplo vem de fora. O Reino Unido tornou-se pioneiro mundial no assunto ao

utilizar uma API (Interface de Programação de Aplicação, na sigla em inglês, ou um conjunto de códigos preestabelecidos de software que fornecem informações utilizadas por terceiros) para estabelecer um padrão único de como será a troca de dados entre bancos, fintechs e consumidores. No último dia 13, o país comemorou dois anos da implementação da abertura de dados.

“O Reino Unido atingiu em 2019 um milhão de clientes usando a API”, diz o presidente da Associação Britânica de Dados Financeiros (FDATA) e um dos responsáveis por ajudar a implementar o *open banking* no país, Gavin Littlejohn. “Não é um grande número, mas tem crescido de 30% a 40% todo mês e isso é gigantesco.”

O mérito para esse sucesso, diz o britânico, é da Open Banking Implementation Entity (OBIE), órgão criado em 2016 para criar consenso entre governo, setor financeiro e consumidores durante a regulamentação. Por causa dela, é que o Reino Unido saiu na frente de outros países da Europa.

A União Europeia iniciou a discussão do que seria a base do *open banking* em 2015, com a

● Troca de informações
O Reino Unido possui atualmente 204 provedores (como bancos, fintechs e terceiros) atuando nas APIs, requisitadas mais de 1,25 bilhão de vezes ao longo de 2019, segundo a Open Banking Implementation Entity.

segunda versão da Diretiva de Serviços de Pagamentos (PSD2, na sigla em inglês), que entrou em vigor em 2018.

Nesse meio-tempo, o Reino Unido montou a estrutura para a implementação, enquanto outros países deixaram a legislação para depois da vigência. O resultado foi que, no continente, o *open banking* engatinha, tem baixa adesão e sofre com a falta de padronização para troca das informações. Nas palavras de Littlejohn, um fiasco.

Por aqui. O Brasil, em comparação, tem uma proposta “brilhante” para a regulamentação, chamada de Sistema Financeiro Aberto pelo BC. “E eu não quero dizer muito boa, e sim brilhante”, enfatiza. Ele elogia a reciprocidade, pela qual todas as instituições cadastradas deverão ceder e usar os dados, a obrigação de as empresas produzirem as próprias APIs e a atuação regulatória observada até agora. O efeito direto será a chegada de investidores e capital estrangeiros ao Brasil, acredita.

A FDATA, com braços na América do Norte, Ásia e Oceania, está de olho no mercado sul-americano e abriu na semana passada uma sede em São Paulo para oferecer conhecimento em *open banking* a fintechs e ajudar a vencer possíveis obstáculos que aparecerão.

As próprias fintechs aguardam o final da regulamentação. A Nexxos, startup de pagamentos entre pessoas físicas (*peer-to-peer*), já usa dados dos clientes para oferecer melhores condições de crédito. Mas o *open*



À frente. Gavin Littlejohn ajudou a implementar sistema de *open banking* no Reino Unido

3 PERGUNTAS PARA...

Gavin Littlejohn, presidente da Associação Britânica de Dados Financeiros (FDATA)

1. Quais os impactos do *open banking*? O principal é no crédito. Usar dados de quanto o consumidor ganha e como ele aloca esse dinheiro nos dá uma visão em 360 graus da vida financeira dele. Tudo isso é feito pelo computador, em um segundo. Uma instituição financeira que empresta dinheiro quer recebê-lo de volta. E o consumidor quer mostrar que ele pode pagar. Do ponto de vista do regulador, o *open banking* permite um encontro entre mercado e consumidor.

banking irá aumentar o escopo da análise, e será possível oferecer taxas ainda mais apetitosas. “As fintechs já nasceram no mundo digital, mas o volume de dados é limitado”, afirma Daniel Gomes, um dos fundado-

2. Os bancos vão perder uma fatia do mercado? Não seria uma coisa ruim se os bancos perdessem um pouco da fatia de mercado. Quando há superconcentração, o cliente acaba não fazendo um bom negócio. Perder mercado não significa perder lucratividade. Você pode deixar o mercado aberto para a competição saudável e a inovação. Os bancos não podem olhar para o *open banking* como um exercício de *compliance*, e sim como oportunidade para se tornarem digitais.

res da empresa. “O *open banking* vai balizar o acesso à informação.”

O presidente do Guia Bolso, Thiago Alvarez, diz que a empresa, ao realizar parcerias com bancos brasileiros para fazer or-

3. Quais erros o Brasil deve evitar na regulamentação? Todos os erros de outros mercados podem ser usados como aprendizado. O ecossistema brasileiro deve adotar APIs em código aberto, como ocorreu internacionalmente. Essa decisão ainda não foi tomada, mas evitaria erros cometidos mundo afora. Padrões técnicos, testes e entidade de implementação não foram instituído na Europa, que teve uma experiência difícil.

ganização de gastos financeiros, já se adiantou ao *open banking* ainda em 2012. Com a novidade, não será mais necessário fazer parcerias com cada instituição financeira – bastará buscar a API.

Will open finance develop and how?

a common series of steps

that each sector would need to navigate →

- Data must be digital and sufficiently standardised.



- Access to accounts and data by third parties must not be blocked by data holders where customers have provided explicit consent to share their data.



- Common standards are developed similar to open banking APIs.
- These are designed to be interoperable to facilitate consumer participation.



- The right incentives exist/there is a requirement for established firms to allow access to data.
- Regulation ensures consumers are protected, data are used ethically and liability is clear if things go wrong.





- Access and standards are extended to enable transactions to be executed digitally, data to be shared digitally, securely and in line with data privacy rights, and to allow customers to instruct third parties to act on their behalf.



- Third parties can provide more services to consumers using extended access, accelerating innovation, increasing competition and putting pressure on dominant market leaders.



- The market develops over time as new services launch and consumer confidence grows.
- As the market matures and consumer confidence grows, new entrants are attracted to the market (including established firms).

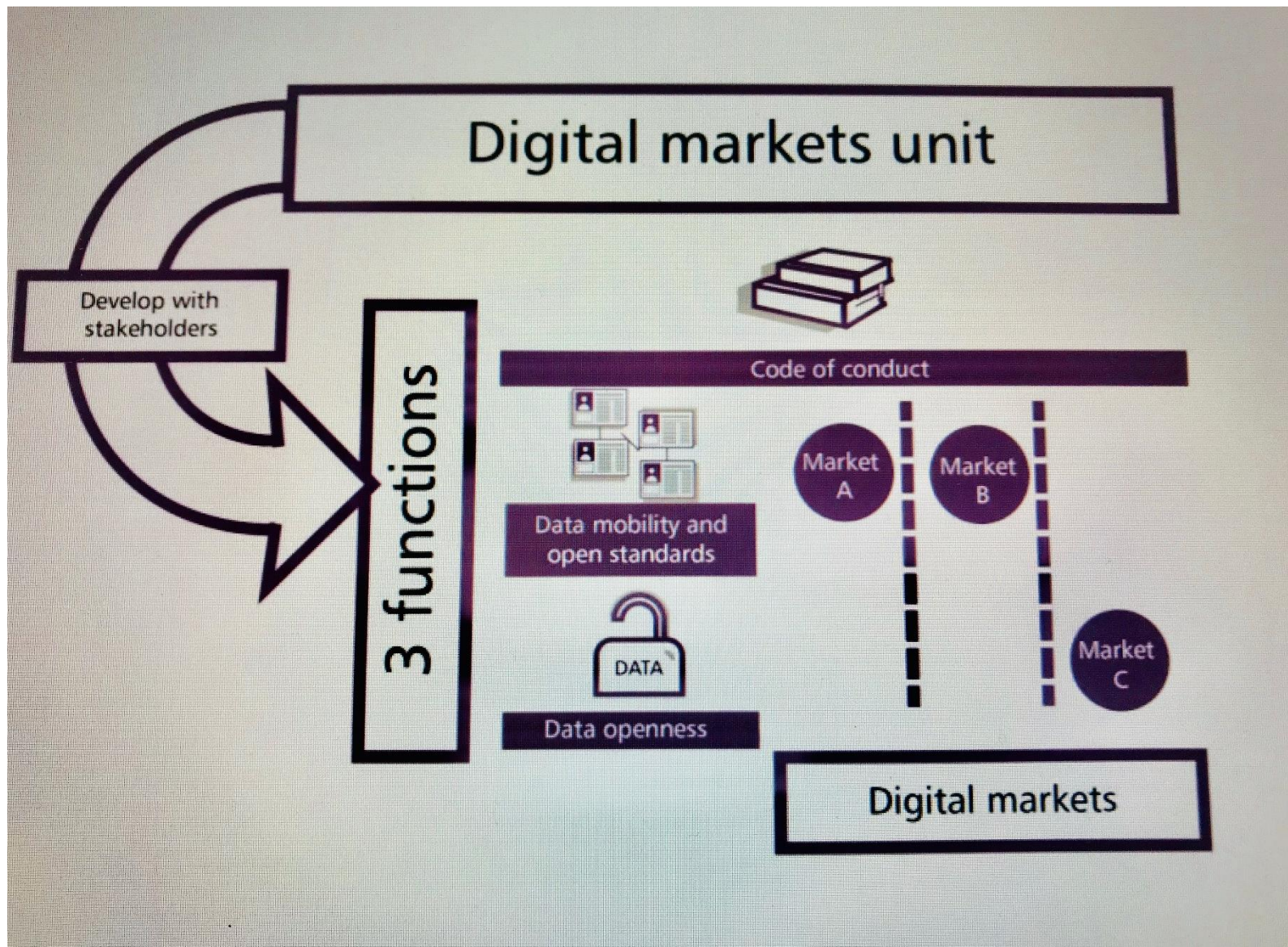


- Widespread use of third-party services improves the financial performance of the UK.
- There is increased diversification and sophistication in consumer products managed on their behalf.

UK Open Finance Advisory Group recommends that open finance would require:

- common and agreed standards
- consent management and data rights
- authentication and identity management
- technology architecture (eg open APIs)
- operating principles, processes and practice
- security protocols
- service level agreements for performance
- liability models
- dispute resolution





A 'Digital Markets Unit' with three objectives

- 1. Promotion of enhanced data portability and interoperability, via open standards, to facilitate switching and multi-homing.**
 - **(Potentially) stronger regulation of data controllers to increase consumer trust, enhance choice and facilitate entry by new players.**
2. Participative regulation of designated 'Strategic market status' platforms, via principles-based code of conduct
3. Promotion of data openness, eg to facilitate 'training' of potential new AI.

KENDOR PRESENTS

Ride Of The Valkyries by Richard Wagner
(from Die Walkure) arranged by John Jay Hilliger

Grade 5+
Duration 2:35
FULL SCORE

Allegro 4 = 76

1st Horn in F

2nd Horn in F

3rd Horn in F

4th Horn in F

17366

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“You’re a *bad* Silicon Valley CEO, aren’t you? You need to be *regulated*, don’t you?”



“Simple solutions
for complicated problems?”

