

## Call for Input

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Potential competition impacts from the data asymmetry between Big Tech firms and firms in financial services

November 2023

## How to respond

We are asking for comments on this Call for Input by **Monday 22 January 2024**.

You can send them to us via email: [BigTechCFI@fca.org.uk](mailto:BigTechCFI@fca.org.uk).

Or in writing to:

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

**Email:**

[BigTechCFI@fca.org.uk](mailto:BigTechCFI@fca.org.uk)

## Contents

1.	Summary	3
2.	Scope	7
3.	Data asymmetry in financial services markets	8
4.	Potential competition impacts we want to explore	12
	<b>Annex 1</b>	
	List of Questions	18
	<b>Annex 2</b>	
	Abbreviations used in this paper	20



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## Chapter 1

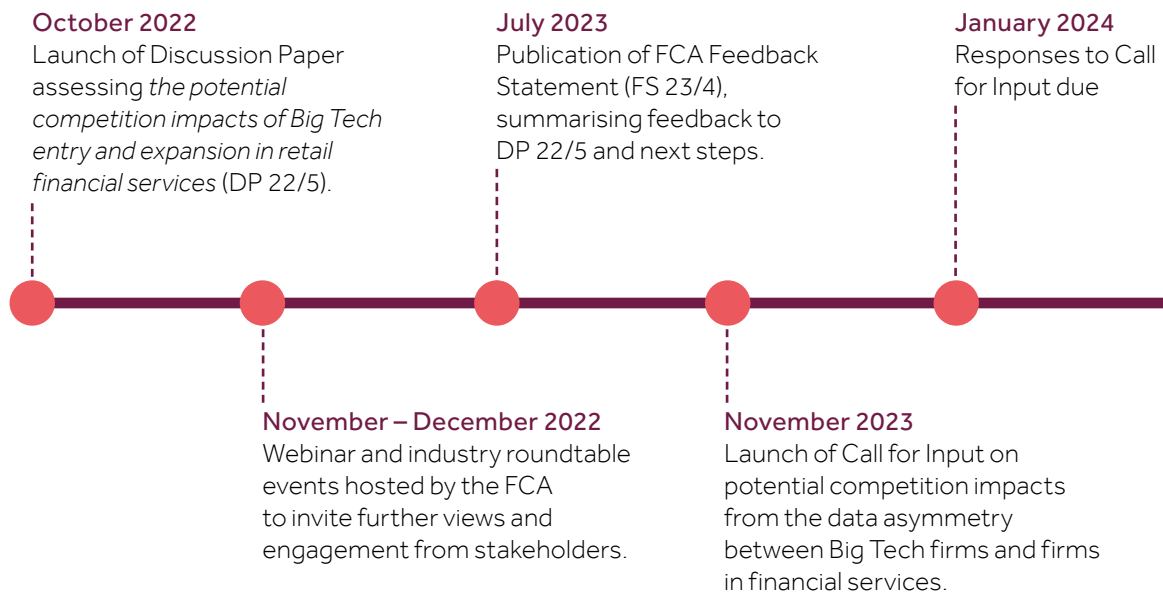
# Summary

### Why we are publishing a Call for Input

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- 1.1** As part of our three-year FCA strategy, launched in April 2022, we committed to identifying potential competition benefits and harms from the Big Tech firms' growing presence in financial services.
- 1.2** In October 2022, we published a Discussion Paper (DP 22/5) to prompt a conversation about areas where Big Tech entry and expansion is likely to create the biggest competition benefits for consumers and areas where there is the greatest risk of significant harm if competition does not develop effectively.
- 1.3** In July 2023, we published a Feedback Statement (FS 23/4). One theme of the feedback received was that the **asymmetry of data and data sharing mechanisms** between Big Tech firms and financial services firms could have significant adverse implications for how competition develops in financial services in the future. This data asymmetry arises because financial services firms are unable to access Big Tech firms' datasets which currently sit outside of data sharing initiatives, whereas financial services data could be accessed by Big Tech firms. The feedback provided to DP 22/5 highlighted these issues but did not provide sufficient evidence on their drivers or severity.
- 1.4** We committed to launch a Call for Input (CFI) by the end of 2023 to explore this feedback in more detail. Respondents suggested that Big Tech firms have data advantages from their core digital activities, which can be combined with financial data from sources facilitated by data sharing initiatives. This combined data can also be leveraged through their advanced analytics and artificial intelligence (AI) technologies to impact how competition develops. We would like to gather more focused information and evidence to assess the risk of the market developing in a way where Big Tech firms gain entrenched market power because of this data asymmetry. We also want to better understand the potential benefits that could arise from this concentration of customer data in Big Tech firms.
- 1.5** In addition, we are asking for evidence on other significant factors that have evolved since we published FS 23/4 that could lead Big Tech firms to gain market power and/or become 'gatekeepers' in financial services. Figure 1 below shows a timeline of our work on potential competition impacts of Big Tech entry and expansion in financial services.

**Figure 1: Timeline of our work on potential competition impacts of Big Tech entry and expansion in financial services**



- 1.6** We acknowledge that, although the focus of this CFI is on the potential impacts on competition, the significant expansion of Big Tech firms in financial services and their potential interconnectedness with financial services firms could also give rise to systemic risks that might have financial stability implications.<sup>1</sup>
- 1.7** We are asking for information and evidence on the questions in this CFI by **22 January 2024**.
- 1.8** We will use the information and evidence submitted to inform our views and shape any future regulatory response. We intend to report back on the CFI in Q2 2024, which will set out our analysis of the evidence received, and any subsequent actions we may take.
- 1.9** Depending on our findings, our actions may include supporting competition and innovation where it can bring most benefits; using our powers to conduct a market study; taking enforcement action under Competition Act 1998; and/or referring specific issues to the Competition and Markets Authority (CMA) for them to consider in the context of the prospective pro-competitive regime for digital markets (as is envisaged in the Digital Markets, Competition and Consumers Bill (DMCC Bill)). The provisions in the DMCC Bill are expected to enable the CMA to impose conduct requirements on firms designated with Strategic Market Status (SMS) in respect of a digital activity, including where appropriate to regulate the use of data.

<sup>1</sup> See our joint work with the Bank of England and the Prudential Regulation Authority (PRA) on operational resilience and the role of critical third parties (CTPs). For further information on the systemic risks arising from Big Tech expansion in financial services, see also IMF Note, January 2022

## Wider context

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- 1.10** Governments and regulators globally are introducing ex-ante regimes specifically designed to proactively prevent harm in digital markets.
- 1.11** In the UK, the upcoming regime under the Digital Markets, Competition and Consumers Bill (DMCC Bill), which is currently before Parliament, will give the CMA powers to impose conduct requirements on a designated undertaking and to take steps to promote competition where it considers that activities of a designated undertaking are having an adverse effect on competition through pro-competition interventions. Similar regimes are being introduced around the world, with the EU Digital Markets Act (DMA) being in force since November 2022, antitrust bills being considered by United States lawmakers, as well as similar developments in Australia, South Korea and Japan.
- 1.12** Globally, Big Tech firms have also grown their presence in financial services. Since we published DP 22/5, the Bank for International Settlements (BIS) published a working paper on Big Techs in finance which provides an overview of the debate on the potential benefits and harms arising from Big Tech firms' entry in financial services, including through their use of non-traditional data and machine learning.
- 1.13** Through this CFI, we intend to focus in more detail on the competition impacts that may arise from Big Tech firms' data advantages. These data advantages potentially exist due to the customer data they hold from their core digital activities and the ability to combine such customer data with new financial data sources facilitated by mandated data sharing initiatives such as Open Banking in the UK. So far, little research has been conducted on the potential competition impacts of this data asymmetry, especially when leveraged with Big Tech firms' advanced analytics and AI technologies, in financial services. In June 2023, the European Commission (EC) announced a call for tender to conduct a market study on competition in online payment services. According to the tender specifications document, one of the aims of the market study is to also analyse possible effects of combining payment-related data with other data already in possession of Big Tech firms.
- 1.14** The CFI adds to several FCA initiatives underway in relation to Big Tech firms and digital markets more generally:
- Our joint work with the Bank of England and the Prudential Regulation Authority (PRA) on operational resilience and the role of critical third parties (CTPs).
  - Our joint work with the Bank of England (including the PRA) on artificial intelligence (AI) and machine learning.
  - Our continued engagement with the Government and the CMA as the new Digital Markets, Competition and Consumers Bill passes through Parliament.
  - Engaging and collaborating with the Digital Regulation Cooperation Forum (DRCF) on digital markets issues and regulatory matters.<sup>2</sup>
  - Building out the Regulatory Sandbox and Innovation Pathways, to allow innovative firms and business models to enter financial services.

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<sup>2</sup> Please see this Call for Input for an overview of the DRCF's upcoming workplan for 2024-2025.

**1.15** We also engage with other UK regulators where their work is potentially relevant to Big Tech firms in financial services markets, such as:

- The CMA's engagement following its initial review into AI foundation models.
- The CMA's market investigation into cloud services following Ofcom's referral.

## Who should read this Call for Input

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**1.16** This CFI will be of interest to all market participants, potential entrants, and authorities with an interest in the potential competition impacts in financial services from Big Tech entry and expansion.

**1.17** This CFI will be of particular interest to:

- Big Tech firms
- Established regulated financial services firms
- Smaller challenger firms (including fintech firms)
- Trade bodies of regulated firms
- Consumers
- Groups representing consumers' interests
- National and international competition authorities and regulators with an interest in digital markets

## Next steps

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**1.18** Throughout this document, we have outlined key questions where we would like to gather evidence from stakeholders. We are inviting you to send us your input by **22 January 2024**. A full copy of the questions is available in Annex 1.

**1.19** Details of how to respond to this CFI can be found at the start of the document.

**1.20** Respondents do not need to answer all questions. We welcome views on any of the issues covered by the CFI.

## Chapter 2

### Scope

- 2.1** In line with feedback received to DP 22/5 we are widening the scope of this CFI to include retail financial sectors beyond payments, deposits, consumer credit and insurance. This includes sectors where Big Tech firms may have the ability and incentive to enter because of their data advantages, such as investment advice.
- 2.2** We also recognise the potential impact Big Tech firms could have on wholesale financial markets. Recently, Big Tech firms have started partnering with financial services firms active in wholesale markets for the provision of services such as data and analytics and cloud infrastructure solutions. For example, in December 2022, Microsoft and the London Stock Exchange Group (LSEG) entered into a 10-year strategic partnership for next-generation data and analytics and cloud infrastructure solutions, with Microsoft acquiring an estimated 4% equity stake in LSEG. We would welcome views from stakeholders on whether there are similar issues relating to data advantages of Big Tech firms or other issues in wholesale markets that we should be considering in addition to retail markets.
- 2.3** This CFI focuses primarily on the data asymmetry between Big Tech firms and financial services firms and whether this could affect the way competition evolves in financial services markets in the future. We aim to explore this in more detail, by collecting evidence to help us assess the potential value of Big Tech firms' own datasets, including when they are combined with new sources of financial data facilitated by data sharing policy initiatives; the potential competition impacts that could arise; and potential ways to harness benefits and mitigate harms.
- 2.4** In addition, we ask for evidence on any significant factors (other than data asymmetry) that have changed since we published FS 23/4 that could lead Big Tech firms to gain market power and/or become 'gatekeepers' in financial services. In that context, we also welcome information on how the partnerships between Big Tech firms and financial services firms have evolved, the benefits these bring as well as potential competition concerns.
- 2.5** Our geographical scope for this CFI is the UK as we are assessing Big Tech firms' activity in retail markets, and the resulting impact their data advantages can have on competition.

- Q1:**
- a. What are the competition or data-based competition issues arising in wholesale markets?**
  - b. Are these similar or different to the issues that we are considering in retail markets?**
  - c. Should we be expanding our scope to include wholesale markets?**

## Chapter 3

# Data asymmetry in financial services markets

- 3.1** In DP 22/5, we outlined the important role of data as a characteristic that enables Big Tech firms to secure and maintain a key position in their core markets. In FS 23/4, we highlighted that data access and data sharing were repeatedly raised by respondents as areas for us to consider in greater detail with regards to their impact on competition in financial services.
- 3.2** Financial services firms typically have access to data related to individuals and their finances. For individuals, this data can include cash flow, income, payments, transactions, expenses, assets and liabilities. Traditionally, financial services firms have used this data to provide financial products and services to consumers.
- 3.3** The increasing digitalisation of financial services, accelerated after the Covid-19 pandemic, has empowered data and technology to drive changes in financial services markets, producing new products and ways for firms to engage with their customers. Open Banking was designed to promote innovation and increase competition, as well as create positive consumer outcomes in banking and payment services by enabling data sharing and third-party access. Smart Data initiatives across the economy look to extend the concept of Open Banking to a wider range of other sectors and products, including in financial services.
- 3.4** Big Tech firms have access to a variety of customer data collected or stored on their platforms. Respondents to DP 22/5 outlined that the use of Big Tech firms' own datasets, including when they are combined with new sources of financial data facilitated by data sharing policy initiatives, may place incumbent financial services firms and other new entrants at a significant competitive disadvantage that potentially reduces competitive pressure in the longer term to the detriment of consumers.

## Big Tech firms' data

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- 3.5** DP 22/5 outlined that Big Tech firms have various business models but share some common characteristics. One of these is the vast amount of data they can collect across their platforms regarding consumers' lives, tastes and preferences. This is possible given their large user bases, the fact that they operate across multiple markets on their platforms and capture data in real time. Hence, Big Tech firms may have insights regarding consumers' personal data, purchase behaviour, browsing and search history, social media activity, location or geolocation data and lifestyle data.



- 3.6** Big Tech firms' data is valuable in financial services if it fundamentally reveals and/or gives additional insight to a consumer's financial and risk profile. However, the mere use of Big Tech firms' own datasets in financial services may not be sufficient to place rival firms at a significant competitive disadvantage. If competitor firms can access the data provided by Big Tech firms, or sufficiently gain similar insights based on other datasets, this competitive disadvantage may not exist as strongly.
- 3.7** Studies in economic literature have explored the characteristics of Big Data that would enable a sustainable competitive advantage to be achieved by Big Tech firms, referencing the extent to which Big Data is inimitable, rare, valuable and non-substitutable<sup>3</sup> as key considerations. Other research has also been carried out by the Organisation for Economic Cooperation & Development (OECD), who studied data-related theories of harm in digital mergers, identifying the availability of alternative data sources (i.e. the extent to which Big Tech firms' datasets are essential and unique) as one of the key considerations when assessing theories of harm.

## Sources of data asymmetry

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- 3.8** As outlined in FS 23/4, we received feedback regarding Big Tech firms' datasets, which they are not mandated to share when they enter financial services. In contrast, mechanisms exist for Big Tech firms to access financial services data.
- 3.9** Through Open Banking, consumers provide consent to third-party providers, allowing them to access their payment account information and/or make payments on their behalf to access a wider range of products and services. Currently, nine of the largest banks in the UK have been mandated to implement common standards for Open Banking to ensure that consumers can securely share their financial data or safely initiate transactions.
- 3.10** There may also be other ways through which Big Tech firms can access financial services data. Some of their own products, such as mobile wallets, or parts of their customer journeys, such as point of sale interfaces, may allow them visibility of transaction data. Big Tech firms may also merge with, acquire or enter into partnerships with financial services firms. In the case of partnerships, respondents to DP 22/5 suggested that these may be of greater benefit to Big Tech firms than their counterparties, given their strength and bargaining power which can allow them to dictate the terms of their arrangements.
- 3.11** This data asymmetry arises because financial services firms are unable to access Big Tech firms' datasets which currently sit outside of data sharing initiatives, whereas financial services data can be accessed by Big Tech firms. This financial data may be accessed through Open Banking (and, in time, open finance) as well as other sources

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3 For Big Tech firms to have a competitive advantage from their use of Big Data, Lambrecht & Tucker (2017) identify the extent to which data is inimitable, rare, valuable and non-substitutable as the key characteristics. Accessed via: <https://www.competitionpolicyinternational.com/wp-content/uploads/2017/01/CPI-Lambrecht-Tucker.pdf>

such as data from Credit Reference Agencies (CRAs). Big Tech firms also possess advanced analytics and AI technologies which may allow them to combine and analyse data from multiple sources to better understand consumers' needs and preferences.

- 3.12** In DP 22/5, we highlighted that the presence of data-network-activity (DNA) loops enables Big Tech firms to grow their core businesses. Big Tech firms have access to user-generated data on their platforms, which generates stronger network effects. These network effects subsequently drive further activity for Big Tech firms which reinforce the DNA loops further. Where data asymmetry exists, the presence of DNA loops means that Big Tech firms may be able to strengthen their data advantages (and potential data asymmetries) further. Assessing how this evolves is crucial to ensure that competition continues to work well in financial services.

## Potential countervailing effects on data asymmetry

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- 3.13** Despite the perceived data asymmetry between Big Tech firms and financial services firms, respondents also highlighted that financial services firms themselves possess consumer financial data due to long-standing relationships with customers. This includes data related to identity, spending, borrowing, customer assets and other financial data held by a firm.
- 3.14** Respondents suggested that financial services firms have this data over the life of a customer, particularly as evidence shows consumers typically purchase multiple products from one firm. In the credit and insurance sectors, the existing CRAs and insurers have vast datasets to make assessments on creditworthiness and risk appetite. Respondents argued that this gives financial services firms a unique competitive advantage over new entrant competitors, including Big Tech firms. Financial services firms may be able to use this data and substitute it to compensate for the Big Tech firms' data they are unable to access. This is explored in further detail in the following section.
- 3.15** In some instances, Big Tech firms may enter into bilateral arrangements with financial services firms to provide access to the data from their core platform services. We are seeking further information in this CFI on whether these data-sharing arrangements are occurring in financial services, and the conditions and terms of access that are imposed on firms seeking to access Big Tech firms' data.
- 3.16** Respondents also noted that, while Open Banking provides access to payment account data, it does not provide firms with a holistic view of a consumer's finances. This could be enabled in future by open finance or Smart Data initiatives. It is possible that other data sharing mechanisms may be enabled in the future, such as the credit information sharing remedies currently considered in the [FCA's Credit Information Market Study](#).
- 3.17** There may also be limitations on Big Tech firms using personal data collected from their core digital activities as they are required to comply with data protection law. Compliance with data protection law includes a specific purpose limitation [principle](#), which sets rules regarding the re-use or repurposing of personal data collected and processed for one purpose (such as the provision of Big Tech firms' core digital activities)

and used for another (such as the provision of a financial product).<sup>4</sup> In this CFI, we are interested in whether data protection law – including the purpose limitation principle – prevents data asymmetry between Big Tech firms and other firms in financial services. We also welcome views on whether there are other regulatory constraints that mitigate or prevent the asymmetry of data between Big Tech firms and other firms in financial services leading to adverse impacts on competition.

- Q2:**
- a. To what extent does this data asymmetry hold between Big Tech firms and financial services firms in retail financial services markets? Please provide evidence and information.**
  - b. What are the nature and drivers of any data asymmetry that exists?**
  - c. Do you expect that data asymmetry to become more significant over time? If so, how?**
- Q3:** **Are there regulatory (or other) constraints that mitigate or prevent:**
- a. the asymmetry of data between Big Tech firms and other firms in financial services, or**
  - b. the adverse impact of this data asymmetry on competition?**

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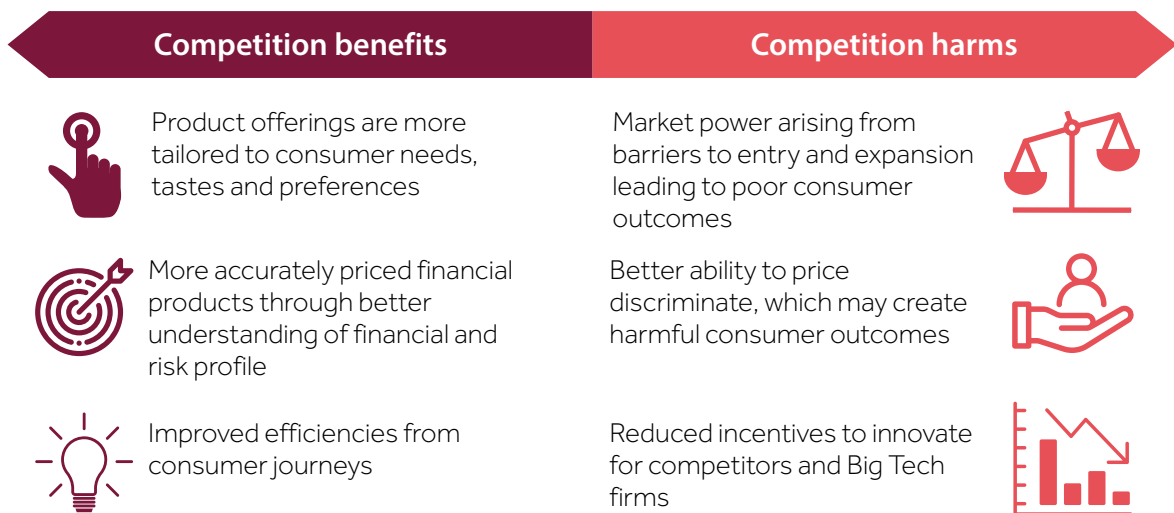
<sup>4</sup> In these scenarios the firms can either a) seek the data subject's consent for the new purpose, b) demonstrate how the new purpose is compatible with the original purpose and necessary, or c) point to a clear legal provision requiring or allowing the new processing in the public interest.

## Chapter 4

# Potential competition impacts we want to explore

- 4.1** Data asymmetry will not necessarily result in an adverse effect on competition. The collection and utilisation of customer financial information combined with data Big Tech firms currently hold about customers and analysed through their advanced analytics and AI technologies may, at least in the short term, bring important efficiency benefits and allow for more tailored and accurately priced financial products. However, we are concerned that in the longer term, there is a risk that these benefits may be eroded if this data asymmetry increases barriers to entry and expansion for other firms in financial services, potentially leading to persistent market power for Big Tech firms, poor consumer outcomes and harmful conduct.
- 4.2** Figure 2 below summarises the potential competition benefits and harms that could arise from data asymmetry between Big Tech firms and other firms in financial services. Through this CFI, we seek to obtain evidence to assess the likelihood of these competition impacts occurring and their materiality.

**Figure 2: Summary of potential competition impacts from data asymmetry**



## Potential competition benefits

- 4.3** The use of Big Tech firms' customer data, including when combined with new sources of financial services data facilitated by data sharing policy initiatives, may, at least in the shorter term, lead to several benefits for consumers. This is particularly the case where it can be analysed through the Big Tech firms' advanced analytics and AI technologies, in financial services markets.

## Product offerings more tailored to consumer needs

- 4.4** As respondents to DP 22/5 noted, the use of Big Tech firms' data in financial services, especially when leveraged with advanced analytics and AI technologies, may lead to the development of products that are more tailored to consumers' needs. For example, Big Tech firms with access to browsing data may be aware of the financial products that someone is searching for – particularly if they have this information in real time. They may understand an individual's financial needs better through their users' activity on social media and e-commerce platforms. As a result, Big Tech firms may be able to engage in sophisticated re-targeting using display and search advertising.
- 4.5** Understanding consumer tastes and preferences may also enable Big Tech firms to present personalised product offerings to their customers, including personalised bundles. For example, an e-commerce firm may offer credit and insurance products at point of sale when customers make purchases on Big Tech firms' core platforms.

## More accurately priced financial products

- 4.6** The feedback we received suggested that Big Tech firms have access to data, advanced analytics and AI technologies that allow them to generate a more accurate understanding of a consumer's financial and risk profile. This includes the ability to assess a consumer's affordability, creditworthiness, and risk appetite more precisely. As a result, Big Tech firms may be able to price financial products and services more accurately than their competitors. This is beneficial for consumers as it may reduce the cost of provision of financial products (for example, consumers may be able to obtain lower insurance premiums). It may also improve financial inclusion by widening access to finance for consumers with 'thin' files. This may be the case for younger consumers who have not yet built credit history and their activity on Big Tech firms' core platforms can be an alternative source of information for these purposes.
- 4.7** For example, a Big Tech firm may assess a customer's creditworthiness based on their purchase history on its e-commerce platform. An algorithm may learn that certain consumer behaviours (such as discussing financial goals and habits) mean that consumers are more likely to repay their loans in comparison to those that do not discuss financial goals. Firms that produce hardware wearable devices may have access to health data which may allow them to assess an individual's health insurance risk profile.

## Improved efficiencies from consumer journeys

- 4.8** Respondents to DP 22/5 noted that the use of Big Tech firms' data and analytic capabilities may also lead to improved and innovative consumer journeys, with the optimisation, testing and delivery of engaging consumer experiences. These may allow consumers to access financial services in a more cost and time efficient way than they would with other financial services firms. For example, they could improve the speed with which consumers can obtain a credit decision and remove frictions in the process of applying for new financial services products to save consumers time.

## Potential competition harms

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### Market power arising from barriers to entry and expansion

- 4.9** While data asymmetry is not inherently harmful and can lead to several benefits in the shorter-term, we would be concerned if in the longer term it created barriers to entry and expansion for other firms in financial services.
- 4.10** Respondents told us that this might occur when financial services firms are not able to replicate (at least at the same speed and/or the same cost) the mechanisms that Big Tech firms are able to due to the data asymmetry in the market. These include the ability to create tailored, improved, and personalised offerings for consumers, engage in targeted advertising and price risk more accurately. As a result, other firms in financial services may not be able to compete as effectively as Big Tech firms on customer acquisition and retainment. In cases where Big Tech firms also control key customer 'gateways' (i.e. act as 'gatekeepers'), competing firms may not be able to access consumers via similar consumer journeys, leading to a material barrier to entry for certain market segments.
- 4.11** Big Tech firms may also make their data, advanced analytics and AI<sup>5</sup> technologies available to competitor firms (including financial services firms), but they may impose unreasonable access terms or only allow access to a preferential set of firms. This is particularly important to consider in the context of those Big Tech firms that have existing partnerships with financial services firms to offer products and services together, if they exclude competing firms from accessing the same inputs.
- 4.12** The loss of competitive pressure over time may lead to Big Tech firms gaining entrenched market power. We are concerned that, in the longer term, that may lead poor outcomes for consumers, including to a reduction in the range and quality of products, as well as higher prices.

### Ability to price discriminate

- 4.13** The ability of Big Tech firms to generate a more accurate understanding of a consumer's financial and risk profile also includes assessing a consumer's risk appetite and willingness to pay. In that case, we would be concerned if Big Tech firms used their datasets and analytic capabilities to extract maximum rents by charging different prices to different customers based on their willingness to pay, even though they have the same costs to serve.<sup>6</sup>
- 4.14** We would also be concerned if the market evolved in a way that allowed Big Tech firms to 'cherry pick' the most profitable segments of the market, become dominant and, through price discrimination, extract excessive profits.<sup>7</sup> These concerns are likely to be greater if the impact is more severe on consumers with vulnerable characteristics; for example,

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5 Our Feedback Statement on AI and machine learning (FS 23/6) discusses in more detail how AI may affect competition, including by creating high barriers to entry from access to data and technological infrastructure. Please see Section 3 of FS 23/6 for further discussion.

6 For further information on price discrimination in financial services see [FCA Research Note, July 2018](#).

7 Similar issues have been raised in papers such as the [BIS Working Paper on Big Techs in finance, October 2023](#).

where certain groups of consumers have fewer options or are potentially excluded from the provision of certain financial products and services because they are deemed less profitable and/or higher risk (especially in the insurance and consumer credit sectors).

## Reduced incentives to innovate

- 4.15** We would be concerned if the data asymmetry between Big Tech firms and other firms in financial services also reduced the ability and incentives of competitors to develop improved and innovative financial products and services, which may lead to a gradual loss of dynamic competition over time. While in the shorter-term, Big Tech firms may be able to use their data to innovate and improve their products, we would be concerned if, in the longer term, the reduced competitive pressure from competitors may adversely impact innovation.

## Feedback received on potential actions

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- 4.16** Some of the respondents to DP 22/5 also proposed potential actions that could be considered to harness the benefits, while mitigating the potential competition harms described above. Such action potentially includes:
- Facilitating access to Big Tech firms' data which may allow all participants to optimise their products and services and ensure that there are adequate competitive constraints on Big Tech firms. Such access may be facilitated by allowing data portability with consumers' consent. It may also be facilitated by the ability of other firms in financial services to access that data through commercial arrangements with Big Tech firms on fair, reasonable and non-discriminatory (FRAND) terms.
  - Placing limits on the use of Big Tech firms' datasets from their core digital activities in financial services, including determining the circumstances under which they are able to combine their datasets with financial services data.
- 4.17** We will use the information and evidence gathered through this CFI to analyse whether any further action is required. That said, we would welcome any preliminary views respondents may have on potential action at this stage
- Q4:** We are seeking evidence that shows the value of the data that Big Tech firms collect from their core digital activities and/or when these are combined with financial services data in financial services. Please give specific examples.
- Q5:** Can you provide information on alternate data sources that financial services firms can replicate or substitute for Big Tech firms' data. Please give specific examples.

- Q6:** Can you provide evidence on the extent to which competitor financial services firms can access Big Tech data. Where relevant, please outline any contractual terms or conditions that are placed on financial services firms for accessing this data.
- Q7:** Can you provide information, including examples and analysis conducted, that would show whether the competition benefits and harms that we have identified are emerging or are likely to emerge in the future, as well as any other competition impacts?
- Q8:** Do you have views on ways regulation can enable competition benefits to materialise while mitigating potential harms?

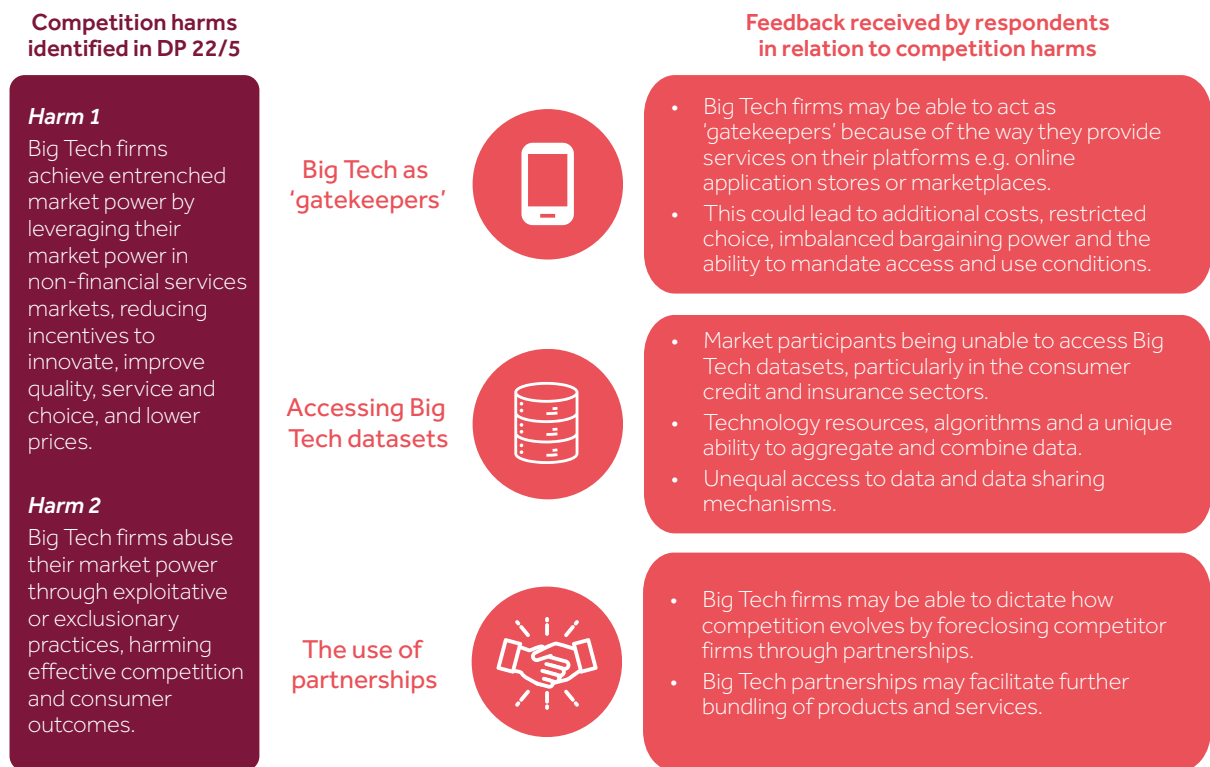
## Other drivers

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- 4.18** The entry of Big Tech firms in financial services may also present issues for competition through mechanisms other than data asymmetry. In DP 22/5, we also explored:
- Big Tech firms achieving entrenched market power by leveraging their existing market power in non-financial services markets, reducing incentives to innovate, improve quality, service and choice, and lower prices.
  - Big Tech firms abusing their market power through exploitative or exclusionary practices, harming effective competition and consumer outcomes.
- 4.19** Although not the focus of this Call for Input, we are aware that markets continue to evolve given the pace of digital change. We are therefore seeking evidence on significant factors (other than data asymmetry) that have changed since we published FS 23/4, which could lead Big Tech firms to gain market power and/or become 'gatekeepers' in financial services. In this context, we also welcome evidence on how the partnerships between Big Tech firms and financial services firms have evolved, the potential benefits these bring and any potential competition concerns.
- 4.20** Figure 3 below summarises the potential competition harms that formed the foundation of our sector analysis in DP 22/5 and the feedback that we received from respondents (as published in FS 23/4).



**Figure 3: Summary of competition harms in DP 22/5 and feedback received by respondents, as summarised in FS 23/4**



**Q9:** Please outline, with suitable evidence, other significant factors which may contribute to Big Tech firms gaining market power and/or becoming 'gatekeepers' in financial services. Please ensure these are new or additional factors, beyond those identified in DP 22/5 and FS 23/4.

**Q10:** We welcome information on how partnerships between Big Tech firms and financial services firms have evolved, the potential benefits they bring, and any potential competition concerns.

## Annex 1

# List of Questions

Respondents do not need to answer all questions. We welcome views on any of the issues covered in this CFI.

- Q1:**
- a.** What are the competition or data-based competition issues arising in wholesale markets?
  - b.** Are these similar or different to the issues that we are considering in retail markets?
  - c.** Should we be expanding our scope to include wholesale markets?
- Q2:**
- a.** To what extent does this data asymmetry hold between Big Tech firms and financial services firms in retail financial services markets? Please provide evidence and information.
  - b.** What are the nature and drivers of any data asymmetry that exists?
  - c.** Do you expect that data asymmetry to become more significant over time? If so, how?
- Q3:** Are there regulatory (or other) constraints that mitigate or prevent:
- a.** the asymmetry of data between Big Tech firms and other firms in financial services, or
  - b.** the adverse impact of this data asymmetry on competition?
- Q4:** We are seeking evidence that shows the value of the data that Big Tech firms collect from their core digital activities and/or when these are combined with financial services data in financial services. Please give specific examples.
- Q5:** Can you provide information on alternate data sources that financial services firms can replicate or substitute for Big Tech firms' data. Please give specific examples.
- Q6:** Can you provide evidence on the extent to which competitor financial services firms can access Big Tech data. Where relevant, please outline any contractual terms or conditions that are placed on financial services firms for accessing this data.

- Q7:** Can you provide information, including examples and analysis conducted, that would show whether the competition benefits and harms that we have identified are emerging or are likely to emerge in the future, as well as any other competition impacts?
- Q8:** Do you have views on ways regulation can enable competition benefits to materialise while mitigating potential harms?
- Q9:** Please outline, with suitable evidence, other significant factors which may contribute to Big Tech firms gaining market power and/or becoming 'gatekeepers' in financial services. Please ensure these are new or additional factors, beyond those identified in DP 22/5 and FS 23/4.
- Q10:** We welcome information on how partnerships between Big Tech firms and financial services firms have evolved, the potential benefits they bring, and any potential competition concerns.

## Annex 2

# Abbreviations used in this paper

<b>Abbreviation</b>	<b>Description</b>
<b>AI</b>	Artificial Intelligence
<b>BIS</b>	Bank for International Settlements
<b>CFI</b>	Call for Input
<b>CMA</b>	Competition & Markets Authority
<b>CRA</b>	Credit Reference Agency
<b>CTPs</b>	Critical Third Parties
<b>DMA</b>	European Union Digital Markets Act
<b>DMCC Bill</b>	Digital Markets, Competition and Consumers Bill
<b>DRCF</b>	Digital Regulation Cooperation Forum
<b>DP</b>	Discussion Paper
<b>EC</b>	European Commission
<b>FCA</b>	Financial Conduct Authority
<b>FRAND</b>	Fair, Reasonable and Non-Discriminatory
<b>FS</b>	Feedback Statement
<b>LSEG</b>	London Stock Exchange Group plc
<b>OECD</b>	Organisation for Economic Cooperation & Development
<b>PRA</b>	Prudential Regulation Authority
<b>SMS</b>	Strategic Market Status

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