

Money and Mental Health Response to the Smart Data Consultation

Introduction

The Money and Mental Health Policy Institute is working for a world in which the vicious cycle of money and mental health problems is broken, so that we all have an equal chance of financial security, regardless of our mental health; and everyone's mental health can flourish, regardless of their financial circumstances. We aim to be a world-class centre of expertise on the links between money and mental health problems, developing practical policy and solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of 5,000 people with personal experience of mental health problems. We are delighted to have the opportunity to respond to the Department for Business, Energy and Industrial Strategy's consultation on Smart Data.

Background

- In any given year, one in four people will experience a mental health problem,¹ and over a lifetime this rises to nearly half the population.² Yet a third (36%) of people with a mental health problem have never been diagnosed by a professional.³
- People with mental health problems are three and a half times as likely to be in problem debt as those without.⁴ Half of adults in problem debt also have a mental health problem.⁵
- Mental health problems cause cognitive and psychological symptoms that make navigating markets for essential services significantly harder. For example, reduced planning and problem solving skills can make identifying the right products more difficult, lower concentration can make the time-consuming process of product comparison harder, and low energy and motivation can reduce the likelihood that people experiencing mental health problems actively engage with energy or telecoms markets. As a result, it is estimated that people with mental health problems pay up to £1,550 more per year for essential services than people without mental health problems.⁶

¹ McManus S et al. Adult psychiatric morbidity in England, 2007. Results of a household survey. NHS Information Centre for Health and Social Care. 2009.

² Mental Health Foundation. Fundamental facts about mental health. 2016.

³ McManus S et al (eds.) Mental health and wellbeing in England: Adult Psychiatric Morbidity Survey 2014. NHS Digital. 2016.

⁴ Holkar M. Mental health problems and financial difficulty. Money and Mental Health Policy Institute. 2019. Derived from Adult Psychiatric Morbidity Survey 2014: covers England only.

⁵ Ibid.

⁶ Rogers C, Poll H and Isaksen M. The mental health premium. Citizens Advice. 2019.

- These additional costs can be hard to bear, given that people with mental health problems are more likely to be living on a low income.⁷ Only 43% of people with mental health problems are in employment, compared to 74% of the general population and 65% of people with other health conditions. People with mental health problems are also overrepresented in high-turnover, low-pay, part-time or temporary work.⁸

We believe that Smart Data could play an important role in simplifying the process of engaging with markets for people experiencing mental health problems, leading to more equitable outcomes. For example, services such as one-click or automated switching could make it significantly easier for people experiencing mental health problems to receive appropriate, better value essential services.

However, this will only be achieved if Smart Data infrastructure is designed with the needs of people living with mental health problems in mind. In addition to safety and security, we would urge the Government to ensure that accessibility is also embedded in the specification and design of Smart Data initiatives.

Enabling data driven innovation in consumer markets

Question 5. What other roles might industry find it useful for Government to perform in addition to it acting as a facilitator for Smart Data?

Smart Data could provide specific advantages to vulnerable consumers, including those experiencing mental health problems, who are currently disadvantaged in essential services markets, by utilising the power of data to simplify the process of searching and switching to better value or more appropriate services.

However, this will only be the case if people experiencing mental health problems, who may be less likely to actively engage with essential services markets, are aware of the potential of Smart Data, and trust applications leveraging this technology. If these conditions are not met, Smart Data risks aggravating inequities in existing market outcomes, by helping those consumers who are actively engaged in markets to find even better deals, while those who do not engage continue to pay substantially higher prices. The Government has a specific duty under the Equality Act 2010 to ensure the introduction of Smart Data does not increase the loyalty penalty faced by consumers with protected characteristics, including those living with mental health problems.

To reduce the likelihood that Smart Data worsens existing inequities in market outcomes, the Government should take responsibility for ensuring these initiatives have a positive impact on

⁷ The Mental Health Taskforce. The Five Year Forward View for Mental Health. 2016.

⁸ Public Health England and the Work Foundation. Health and Work: Spotlight on Mental Health. Public Health England. 2017.

market outcomes, in addition to establishing frameworks and structures for Smart Data to develop and prosper. We believe this should be a specific Government objective, not simply an objective of the Smart Data Function, to ensure the way that Smart Data could interact with the provision of other Government services is properly considered. The Government should consider what steps it can take to encourage the takeup of Smart Data driven tools among more vulnerable consumers, including those experiencing mental health problems. Steps could include public education campaigns, or integration with other public services, for example using the Department of Work and Pensions and particularly opportunities around the provision of welfare benefits to introduce consumers to the potential benefits of Smart Data. In this innovative area, the Government could play an important role as a trusted messenger, ensuring the public know that these types of data-sharing initiatives are officially sanctioned, regulated and trustworthy.

Question 6. Do you agree that we should establish a cross-sector Smart Data Function with the responsibilities proposed above?

We agree that a cross-sector Smart Data function should be established to support the development and delivery of Smart Data initiatives across regulated markets. We are pleased to see the Government placing ensuring that Smart Data works for consumers, especially those in vulnerable circumstances, at the heart of this brief, and would encourage the government to ensure that:

- a) This body is properly resourced, and;
- b) Has strong links to civil society organisations working with and representing consumers in vulnerable circumstances, to ensure this brief is met.

Our experiences and involvement with the Open Banking Implementation Entity have informed this view. In its original form, OBIE's processes and structures for engagement with consumer organisations were underdeveloped, meaning opportunities to reflect on the design of Open Banking and to ensure it worked for vulnerable consumers at an early stage were limited. The limitations of the OBIE's constitution also meant that it was slow to undertake consumer-facing communications around the launch of Open Banking, which allowed some financial services firms to publish contrary views about the security and utility of Open Banking around the launch without rebuttal.

The process of implementing Open Banking, and the shortcomings of some Open Banking structures, particularly authentication journeys, have also provided opportunities to understand the importance of minimising room for interpretation and maximising consistency in the implementation of API standards, if Smart Data standards are to be effective in practice. A strong Smart Data Function, with powers to decide whether the implementation offered by firms does or does not meet requirements, and to force redesigns if firms attempt to insert additional friction into data-sharing pathways, could help to avoid these problems in new Smart Data schemes.

A centralised Smart Data Function could also play an important role in helping generate consistency across regulated markets which will, in time, reassure consumers that sharing data follows predictable processes, building public understanding of what normal security processes look like, and developing public trust in Smart Data.

This would fit well with the Government's proposed initial priority for the Smart Data Function of assessing how to simplify consumer authentication processes. Although we believe that this simplification could be helpful, we would also urge the Government to ensure a balance of friction is achieved in the design of these processes, understanding the complexity and potential risks involved in data sharing. Some friction, designed to ensure that consumers understand what they are doing and have taken reasonable security precautions, can help to avoid harm, particularly to those experiencing increased impulsivity as a result of a mental health problem.⁹

Question 7. What would be the best form for the Smart Data Function to take? Should it be, for example, a new body, part of an existing body or some other form?

We believe that the Smart Data Function will be most effective if it has a degree of independence from other regulatory initiatives, and sufficient funding and power to act independently of these bodies. Although organisations like the UK Regulator's Network can play an important role in cross-industry projects, we believe the scale of the task associated with the introduction of Smart Data across regulated markets means that, in this instance, delegation to UKRN would be inappropriate. While existing regulators should have appropriate points of integration with any new body, a degree of independence and specialist expertise is necessary to ensure the new body, and the schemes it has to look after, can flourish.

This independence would particularly help ensure the interests of vulnerable consumers are served by giving the body an independent mandate to engage with organisations representing vulnerable customers, and to seek to understand the challenges facing these groups, without relying on the research capacities of existing regulators. While this is not to suggest that research should be duplicated, the particular technical complexities of Smart Data lead us to believe that specialist research is important to ensure the best outcomes for consumers in vulnerable circumstances.

⁹ Holkar M. Seeing through the fog. Money and Mental Health Policy Institute. 2017.

Using data and technology to help vulnerable consumers

Question 9. What other actions could the Government or regulators take to support the use of data and innovative services to improve outcomes for vulnerable consumers?

As outlined in our response to Question 5, we believe the Government has an important role to play in educating the public and broadening access to Smart Data enabled services. This is essential if consumers in vulnerable circumstances are to derive the benefits of Smart Data described in the consultation document.

We are pleased to see the Government proposal for a Vulnerable Consumer Challenge to help ensure this group benefit from the potential of Smart Data. From our involvement with similar challenges in the past, we would urge the Government to ensure that, like Open Banking for Good, this project involves significant input from organisations representing consumers in vulnerable circumstances, to ensure the tools developed are things that fit with the complex realities of people's lives, rather than relying on assumptions about how others live. We suggest that framing this challenge around specific issues - for example, how to inform consumers in vulnerable circumstances about the benefits of Smart Data and encourage them to engage, or developing tools using Smart Data that meet a specific need - would help to ensure the outcomes of this activity are appropriately targeted to the most pressing problems. These 'pressing problems' could in turn, as with Open Banking for Good, be set in partnership with groups representing vulnerable consumers to ensure appropriate prioritisation.

We also share the Government's view that Smart Data could play an important role in supporting customers who need help from a trusted third party to manage essential services, through Power of Attorney or less formal mechanisms. An action for the Office of the Public Guardian in England and Wales, and equivalent bodies across the UK, could be to support design sprints or other forms of activity examining how this technology could be used to support shared decision-making. This would help to ensure that pathways used to provide third party support with essential services management are safe and secure, protect the privacy of vulnerable consumers, and support shared decision-making, rather than offering delegation by default.¹⁰

One significant barrier to the development of effective tools and services using Smart Data for the purposes described above is the relative lack of good quality data relating to more vulnerable consumers, which is required to inform the design of new, innovative products and services. A persistent risk around the development and delivery of Smart Data initiatives is that, if more active consumers are more likely to engage with these services first, firms will develop products to meet the needs of these groups, as this is the only data available to them. If these

¹⁰ For further thinking on ways that Smart Data could support shared decision making for consumers who need help managing essential services, see Bond N, Evans K and Holkar M. A little help from my friends. Money and Mental Health Policy Institute. 2019.

services do not meet the needs of more vulnerable consumers, which may be significantly different, Smart Data may increase the loyalty penalty and gap in market outcomes between engaged and less engaged consumers, and worsen the situation of vulnerable customers.

This is a serious policy problem. Without access to broader data sets, it is very difficult for firms to build tools which meet the needs of diverse user groups. If this issue is not tackled at an early stage, issues around data availability and the lack of representation of vulnerable groups could calcify and create self-reinforcing problems whereby the lack of data means suitable tools are not built, and so vulnerable consumers have no incentive to engage with Smart Data, worsening the data problem. The Government should intervene to disrupt this cycle by setting up an initiative, like the 100,000 genome project in medicine, to provide access to anonymised data representing a broad cross-section of consumers, including those who have experienced vulnerabilities, providing a better basis for innovators to develop new tools and services. Further details of how this project could be managed are provided in our 2016 policy note *Busting the banks open*.¹¹

Question 10. Should we strengthen the powers of sector regulators to enable them to use consumer data to improve their understanding of the challenges faced by vulnerable consumers and to intervene to improve outcomes?

Yes, Government should strengthen the powers of sector regulators to enable them to use consumer data to improve their understanding of the challenges faced by vulnerable consumers and to intervene to improve outcomes.

In addition to the benefits of targeted, data-driven interventions demonstrated by Ofgem's work, we consider that improving regulators' powers around data could also help shift the UK's regulatory model away from backwards-looking enforcement, where consumers are exposed to harm before redress is sought, towards a more anticipatory form of regulation. Better access to data would help regulators see where changes in practice are creating potential problems in markets, and work with firms to resolve these where possible, without waiting for consumers to be negatively affected and seek redress. This, in turn, could also help regulated industries move towards automated redress where it is demonstrated that firms have broken rules, which could particularly help to address inequities in current systems, where those who are less able to claim, because of their mental health or other reasons, are less likely to receive the compensation to which they are entitled.

Money and Mental Health are currently engaging in a programme of research examining how consumers feel about the potential for financial services providers to use data to identify possible vulnerability, and to intervene to offer support. The outcomes of this research may offer some insights into how consumers would feel about broader data-driven initiatives of the type proposed in the consultation. We will be glad to share the outcomes of this research with

¹¹ Evans K. *Busting the banks open*. Money and Mental Health Policy Institute. 2016.

BEIS to further inform this work, particularly findings and proposals, co-created with people experiencing mental health problems, around how this type of data analysis can be conducted while maintaining people's autonomy and right to privacy.

Question 11. How can we ensure that the Smart Data Function improves outcomes for vulnerable consumers? Do we need to consider any further actions?

We are pleased to see the Government proposing that the Smart Data Function should include a Vulnerable Consumer Advisory Panel. Learning from the experience of Open Banking, we urge the Government to ensure that this body is in place at a sufficiently early stage of the design of the Smart Data Function, to provide further insight into how the needs of vulnerable consumers can be embedded into the design of this Function. It is also important that appropriate funding is made available to the Vulnerable Consumer Advisory Panel, to ensure that where additional support is needed to understand the needs of vulnerable consumers, or to design appropriate interventions, this is available.

We are not convinced that a set of principles for the delivery of Smart Data initiatives, including that vulnerable consumers are at the core, is likely to be sufficient to ensure that Smart Data programmes work for this group, given that vulnerable consumers encapsulates a wide-range of consumer needs, which are not always well understood. We hope that, with the support of the Vulnerable Consumer Advisory Panel, the Smart Data Function could go further and be more specific about how Smart Data initiatives should be designed and implemented to meet the needs of vulnerable consumers.

We also caution that the Smart Data Function working with successful applications to the Vulnerable Consumer Challenge after they have won to reduce barriers to implementation of their innovative products and services is arguably too late. If this challenge is to truly support innovation and encourage innovators to properly engage with the needs of vulnerable consumers, it should provide a much earlier opportunity to understand the potential applications of Smart Data and potential challenges, and work to understand which of these challenges can be resolved at a much earlier stage in the process. This will ensure successful applicants to the challenge offer tools which are of real value to vulnerable consumers, and this does not become a simple virtue-signalling exercise without tangible results.