

UK lender discounts its rate for consumers sharing open banking data

Article

The news: UK specialist lender **Shawbrook Bank** will give a discount on loans to applicants who share their open banking data, per AltFi.

More on this: The privately held bank is partnering with the credit service [ClearScore's](#) open banking technology to assess the creditworthiness of applicants.

- [Shawbrook](#) offers loans and savings products to individuals and also to small and medium-sized businesses (SMBs) that are unable to obtain finance from the main commercial banks. Its products include commercial property mortgages, personal loans and tailored finance and savings products.
- [ClearScore](#), launched in 2015, was the first UK service to give consumers access to their credit score and report. It now offers a credit-checking app and financial offers based on users' credit files.

Here's how it works:

- Shawbrook will integrate open banking data from ClearScore with its decision-making technology. This lets it collect income and spending data at the point of application in real time.
- Customers who provide open banking data at the point of application through ClearScore and who are eligible for personal loans with Shawbrook Bank **will receive a 1% APR reduction on the loan rate.**
- Shawbrook will only have one-time access to an applicant's data to make a lending decision; it won't have access to this data on an ongoing basis.
- Andy Sleight, CEO of ClearScore UK said: "Our research has shown that **using open banking to open up lending to just 5% of ClearScore's underserved population would result in an additional £30 million (\$39.2 million) in lending per month**—a number that could grow significantly ... as these users begin to use further forms of credit."

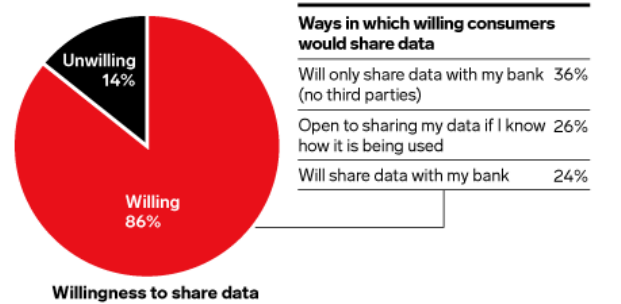
Key context: Transactional-level data is only available to franchise banks who own the customer relationship. But because one [basic principle](#) of open banking is that consumers own their personal financial data—with the right to use or share it, with requirements for data privacy, data permissions, and secure exchange—that data now becomes, effectively, another asset that consumers can trade.

In this exchange, Shawbrook gets more comprehensive and detailed information for making credit decisions and consumers receive a discount.

The big takeaway: Since everything we possess or do is digital or can be represented digitally, financial data sets also can be captured as and traded as collateral. This brings to mind the now-defunct New York-based startup Datacoup, which for a short time let individuals sell their personal data, such as social media activity and credit card transactions, to information brokers for a monthly fee. Shawbrook's offering is less radical than that. But it's a lot more transparent than other platforms and transactions that are continually harvesting consumers' financial data.

Willingness to Share Data According To Banking Customers Worldwide, Nov 2020

% of respondents



Note: n=8,559
Source: Capgemini, "World Retail Banking Report 2021" in collaboration with Efma, March 25, 2021
265176 InsiderIntelligence.com