New MoneyMe chairman accuses banks of stunting competition

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Highlight: The government's open banking regime "hasn't worked as designed", nearly four years after its introduction, new ***MoneyMe*** chairman Jamie McPhee said.

Body

Further action must be taken to force major banks to come to the table on data sharing to empower competition, says new ***MoneyMe*** chairman Jamie McPhee, in a rebuke to the open banking regime nearly four years after its introduction.

Mr McPhee, the ex-boss of the now Bank of Queensland-owned ME Bank and former chairman of SocietyOne, said the much-vaunted consumer data right has "got to be legislated and forced" to drive better outcomes for consumers.

"Open banking has certainly not delivered," he said.

Link to Image

Eamon Gallagher

Introduced in 2020, open banking and the CDR was planned to usher in a new wave of competition that would lower prices in financial services before expanding the data sharing regime to other sectors like telecommunications and energy.

However, the system has been weighed down by poor quality data and a slow accreditation process for challengers. There has also been limited enforcement action against big players such as the major banks when they share low-quality data.

"If you go back to when it was announced and what the politicians were saying about what it was going to do, benchmark that against what was actually delivered, *I think it has fallen well short,"* Mr McPhee said.

Mr McPhee became *chairman of **MoneyMe*** on June 1, succeeding Peter Coad. The ASX-listed fintech offers personal lending products, credit cards and car financing, reporting an after-tax profit of $6.1 million for the December half.

"I look forward to collaborating with the board, the founding CEO, and the entire management team as ***MoneyMe*** continues to challenge outdated industry practices and provide exceptional borrowing experiences for Australian consumers," he said.

Tiny fines for low-quality data sharing

While ***MoneyMe*** has grown its loan book to nearly $1.2 billion since it was founded in early 2013, it and other fintechs believe the hamstrung open banking regime has made it difficult for them to put pressure on the big banks.

Efforts to improve the data sharing regime, such as legislating an "action initiative" that would give accredited third parties the ability to switch a customer's bank, telco or energy provider account on demand, have stalled.

The bill was introduced to parliament in 2022, but has sat in limbo since making it to the Senate, limiting its utility.

The banks consider open banking disruptive given it will make it easier for customers to shift providers and threaten their dominant market position.

Analysis by OpenAssure, an open banking compliance platform created by start-up Stay or Go, has found 138,848 data issues across the banking industry as of the start of April.

"We are detecting more issues today than 12 months ago," Stay or Go chief executive Anthony Fitzgerald said.

"Some banks are not as focused on CDR product data quality as others. OpenAssure has identified that, among the top 20 banking groups, five banks account for two-thirds of all issues, one of them a major bank," he said.

Enforcement action has also been relatively weak, with the Australian Competition and Consumer Commission fining *HSBC just $33,000 for feeding* the wrong information on home loan and credit card rates to the system in early April.

The ACCC also fined Bank of Queensland just $133,200 when it was found to be breaching data sharing rules in July 2022.

Graphic

"I think [open banking] has fallen well short," said new ***MoneyMe*** chairman Jamie McPhee, pictured in Melbourne last week.

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