Mobile UK Consultation Response
Smart Data scheme for the UK telecoms market – a consultation by the Department of Science, Innovation and Technology

November 2023

Summary of points

- Mobile UK welcomes the opportunity to respond to the consultation and acknowledges the importance of competition in the UK mobile market. The sector has always been and still is a very competitive market.

- We also wish to engage constructively on the topic of smart data. However, as DSIT is fully aware, and has set out plainly in the Wireless Infrastructure Strategy (WIS), this is a very challenging time for the mobile sector. Overall industry revenues have been flat/declining for the last 10 years and, if the UK is to make the most of the 5G opportunity, the nation will need the sector to increase substantially its current investment in network.

- We therefore do not support the introduction of a Smart Data scheme at this time, as the cost of implementation (and ongoing maintenance) would be an unwarranted diversion of scarce financial and people resources at a time when the sector is straining with all spare capacity to roll out 4G (SRN) and 5G.

- The objective of the Wireless Infrastructure Strategy is to improve investor confidence in the industry; enforcing an open data scheme and thus adding yet further compliance costs (on top of the costs for the implementations of the EECC package and the Telecom Security Requirements) just signals continuing regulatory interference and runs counter to the main thrust of the WIS.

- As DSIT points out, the sector and consumers are just in the process of bedding in recent new processes designed to improve competition, i.e. the End of Contract and Annual Best Tariff Notifications; the medium-term impact of this is still unknown;

- There is already a high level of switching in the sector (quite different from the banking sector) and, with many consumers on tariffs for unlimited or near unlimited data, knowledge of usage information is of limited value.

- Over the years, there has been much more innovation in consumer offerings in the telecoms sector as against the banking sector (prior to Open Banking); for example, there are multiple channels of voice calling, video calling and messaging provided by both the mobile operators and the application providers (Teams, WhatsApp, Zoom, Facebook messaging etc. etc.);

- As DSIT also points out, all mobile operators already provide Apps which give customers a tremendous amount of information about their usage and allow them to manage other aspects of their account (such as to fix spend limits and keep track of data usage.)
- It would be highly speculative to assert that providing such usage data (whether via an API or in a standard format download) to customers or third parties would materially raise the level of market engagement by consumers. The costs of implementation and going running costs are not proportionate to any reasonable assessment of the likely gains in consumer utility or surplus arising.

**Design of an Open Communications scheme**

1. What are your views regarding the potential impact - positive or negative - on consumers of establishing an Open Communications scheme in the UK telecoms market? Please provide evidence or data to support where possible to support your answer.

While it is possible there may be benefits in setting an Open Communications (“Open Comms”) scheme in the future, now is not the time. The evidence that the benefits to be enjoyed by consumers today would exceed the costs are not compelling.

Of equal relevance, the Digital Connectivity Forum has estimated that our sector needs to increase its investment in 5G Standalone by up to £25bn\(^1\) if the UK is to make the most of the 5G opportunity. Establishing and Open Comms scheme at this time would just divert scarce financial and human resources away from this core task, with no commensurate benefit to the economy or to consumers.

In support of this potential project, the Government has called in evidence the experience of the banking sector, where Open Banking has delivered innovation and consumer benefits.

This is not a fair comparison. There are 75m million current accounts in the UK (roughly similar to the number of mobile connections). According to Statista, in 2016\(^2\), 1m bank accounts were switched. In 2022, this fell to 818k accounts – just over 1% of total current accounts.

By comparison, Ofcom found that 25% of households had switched at least one communications service in the last 12 months\(^3\) - an order of magnitude greater than the banking sector. Moreover, communications services are already characterised by high levels of innovation and adoption of new services. Our sector bears no comparison with banking.

2. If you highlighted any negative impacts to consumers, do you have any views about how these potential negative impacts may be prevented or mitigated?

The main negative impact on the consumer base would be the opportunity cost of diverting resources from 5G SA rollout.

In the Government’s Wireless Infrastructure Strategy, published in April 2023, there is a new ambition for the UK to have nationwide coverage of standalone 5G to all populated areas by

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\(^1\) [https://www.connectivityuk.org/2022/09/06/dcf-report-the-investment-gap-to-full-5g-rollout/](https://www.connectivityuk.org/2022/09/06/dcf-report-the-investment-gap-to-full-5g-rollout/)

\(^2\) [https://www.statista.com/statistics/417397/number-of-switching-current-bank-accounts-uk/#:~:text=The%20number%20of%20monthly%20switching%20throughout%20the%20entire%20observed%20period.](https://www.statista.com/statistics/417397/number-of-switching-current-bank-accounts-uk/#:~:text=The%20number%20of%20monthly%20switching%20throughout%20the%20entire%20observed%20period.)

\(^3\) [Pricing trends for communications services in the UK (ofcom.org.uk) – Page 15](https://www.ofcom.org.uk/publications/research/pricing-trends-communications-services-uk)
2030. This is on top of an existing, very challenging target, to have 95% UK geographic coverage for 4G. It would not be productive to divert investment from these priority ambitions. As such the only way to mitigate against this is to delay the instigation of an Open Comms scheme.

3. **What are your views regarding the potential impact - positive or negative - on telecom providers of establishing an Open Communications scheme in the UK telecoms market? Please provide evidence or data to support where possible to support your answer.**

As Mobile UK understands it, the principal purpose would be to enable the automatic analysis of customer usage to enable third parties assist consumers chose a suitable package for their needs. However, it is only in the recent past that additional compliance requirements have been placed on operators to address any perceived issues in this regard, such as the annual best tariff notification process. All MNOs offer Apps that provide information about usage, which is thus not hard to obtain manually.

Our main point is that the considerable cost of implementation and ongoing operational cost would not deliver sufficient marginal benefit to consumers to make it worthwhile. The impact assessment associated with Open Comms for telecoms estimated a set up cost in the range of £610m-£732m, with an annual opex of c.£50m⁴. In the context of this sector, such figures are material.

When providing external interfaces, additional risks such as fraud, slamming (getting customers to switch providers without their knowledge), security breaches also have to be considered and factored into any cost/benefit calculation.

4. **If you highlighted any negative impacts to telecom providers, do you have any views about how these potential negative impacts may be prevented or mitigated?**

No further comments.

5. **What are your views regarding the potential impact - positive or negative - on the telecoms market as a whole, in establishing an Open Communications scheme? Please provide evidence or data to support where possible to support your answer.**

The mobile market is very competitive, offering some of the lowest prices in leading economies. In fact, in Ofcom’s most recent survey mobile prices were the lowest when compared to the US, France, Germany, Italy and Spain⁵. There is also a very broad range of providers, including mobile operators and mobile virtual network operators, competing for business. In addition, the sector has benefited from much innovation in forms of communication, such as WhatsApp, Zoom, Microsoft Teams. We do not see that an open communications scheme would add much to this landscape and would merely divert

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⁴ [Signed 20.07.2022 - Final stage Impact Assessment – Smart Data primary legislation](publishing.service.gov.uk)
⁵ [Pricing trends for communications services in the UK](ofcom.org.uk) Page 61
operators’ scarce resources away from more pressing priorities.

6. If you highlighted any negative impacts to the telecoms market as a whole, do you have any views about how these potential negative impacts may be prevented or mitigated?

No further comments.

7. Are you able to provide any examples of the potential new services or apps which may be developed by an Authorised Third Party to use the data unlocked by any Open Communications scheme?

We are concerned that third party intermediaries could use the information shared through Open Comms to give misleading recommendations, which, in conjunction with any Automated Switching functionality could be very damaging to consumer interests. As customers are putting their trust in these sites, there is the risk that they could be steered to a provider that pays the highest commission and does not necessarily have the best tariff or package.

The development of bias on third party sites is also a concern as online algorithms and price comparison rankings can often result in certain providers receiving more exposure than others. This would undermine the objective of Open Comms which is to ensure that customers are aware of all available tariffs/deals, allowing them to select one that is best suited to their needs. We would wish to see strong mitigations in place to address such risks.

Participation in Open Communications Scheme Home Broadband

8. Do you have any views regarding the potential benefits, challenges, or unintended consequences of requiring providers of home broadband services to participate in any Open Communication scheme? Where possible, please provide evidence or data to support your answer.

No comments from Mobile UK in this section.

9. Do you have any views regarding our assessment that any such scheme should require all providers of home broadband services - regardless of size - to participate?

10. Do you have any views or data regarding the potential impact on small, medium, or large providers of requiring their participation in any such scheme?

11. Do you have any views about ways to design any Open Communications scheme which will allow smaller providers (and their customers) to participate, without placing a potential excessive burden on those providers?
Personal Mobile Services

12. Do you have any views regarding the potential benefits, challenges, or unintended consequences of requiring providers of personal mobile services to participate in any Open Communication scheme? Where possible, please provide evidence or data to support your answer.

Mobile UK’s reiterates here our response to question 5.

In addition, it is hard to assess how complex it will be to provide automatically comparisons for customers who buy bundled packages for mobile connection, roaming packages, mobile devices, home broadband, TV and other value-added services, particularly when consumers’ choices about all these factors are not just about price.

13. Do you have any views regarding our assessment that any such scheme should require all providers of personal mobile services - regardless of size - to participate?

Introducing any open data scheme will be costly and complex even for the largest providers. If any scheme is introduced, it should be voluntary for smaller providers, so that they can assess any potential disadvantages from not taking part and make a decision accordingly. It is highly, in our view, that the additional cost of taking part would not be covered by an additional market uptake (compare other markets such as airlines, where many of the budget providers do not take part in the Expedia type sites.)

14. Do you have any data or information regarding any barriers or specific challenges which may prevent smaller MVNOs from participating in any such scheme?

The cost of participating is likely to present a significant barrier.

Business broadband and mobile providers

15. Do you have any views, evidence or data regarding the unique challenges facing businesses navigating the business broadband and mobile markets?

To the extent that any open data scheme is introduced in the future, it should be for the consumer/SME market only – i.e. the same product. Business customers are well able to navigate the market to obtain packages which are suitable for their corporate needs. Moreover, the business/enterprise market is much more diverse – ranging from multi-national companies & public sector down to small companies, many of whom have tailored made packages to suit their usage and needs. This is not suitable for automatic comparisons. Also, in the future, we can expect the business and enterprise market to extend into machine to machine/Internet of Things applications, which would potentially add another layer into the price comparison mix and make the task of producing an accurate, fair and relevant automated comparison ever more difficult.
16. If you have highlighted challenges in Question 15, do you have any evidence of any negative impacts or consequences of these challenges on businesses ability to operate efficiently or successfully?

No comments

17. Do you have any views, evidence or data relating to unique challenges associated with successfully navigating the business broadband market?

No comments

18. Do you have any views, evidence or data relating to unique challenges associated with successfully navigating the business mobile market?

Please see our response to 15.

19. Do you have any views on the data points which any Open Communications scheme should require providers of business broadband and mobile services to make available to consumers to assist them navigate the market?

Please see our response to 15.

What data should be shared in the Open Communications scheme?

20. Do you have any views about the data points we have highlighted above, and do you believe that - should they be included within the scope of any Open Communications scheme - they would support consumers in the market?

As a general comment, it is really not clear that an Open Comms tool would allow someone to make a meaningful comparison without exceptionally complicated analysis and trade off of value, coverage, capacity and any individual’s use.

Of the options presented (Network, Price etc.), most likely only contract length and usage are suitable or relevant in a mobile context. With respect to the others, parameters (such as download speeds and network) are too contingent on time and context to deliver meaningful information. Price should not be disclosed. The comparison site’s role would be to offer the best price available for any given usage profile. It would then be up to the customer to decide whether to switch. This process must not be automated; switching must require some active and informed instruction from the customer.

21. Do you have any views about any other data points which might be made available by any such scheme? If you have added any other data points, please explain why these additional data points will support consumers navigate the market?

Please see our response to 20.
22. Do you foresee or anticipate any negative impacts of releasing any of the sets of data outlined in this section? Please provide evidence or data to support your response.

Please see our response to 20.

How should the data be shared and how should consumers participate in Open Communications?

23. Do you have any views on how information might be shared between providers participating in any Open Communications scheme and consumers?

Subject to Mobile UK’s overall comment that we do not support the development of open communications at this moment, we agree that data could be made available to customers in a simple downloadable format, so that they are not forced to obtain their usage data via a 3rd party. We would also agree that it would be appropriate to assess the costs/benefits of introducing an API, recognising that this could be a very costly for small providers in particular.

24. Do you have any views on the potential merits, challenges, or unintended consequences of requiring providers participating in any Open Communications scheme to make data available via an API?

See our response to 23.

25. Do you have any data or evidence which may assist us in assessing the potential financial and resource costs of pursuing an Open Communications scheme which requires the creation and maintenance of an API?

No comments

26. Do you have any experience or views you are able to share about how best to facilitate collaboration between providers and third parties to establish a safe and secure sharing process which might underpin an Open Communications scheme?

No comments