

# The announcement of a new Digital Information and Smart Data Bill

7 August 2024

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## THE POINT!



On 17 July 2024, the King's Speech was delivered to Parliament, setting out the government's legislative programme. Included was a newly proposed Digital Information and Smart Data Bill (DISD Bill). This will partially replace the previously discontinued Data Protection and Digital Information Bill (DPDI Bill). In this section we discuss the proposals to enable smart data using the DISD Bill and other key aspects it will cover, as introduced in the King's speech.

On 17 July 2024, the King's Speech was [delivered](#) to Parliament, setting out the government's legislative programme, which includes a newly proposed Digital Information and Smart Data Bill (DISD Bill).

The proposed DISD Bill will:

- Establish **Digital Verification Services (DVS)** and support the creation and adoption of secure and trusted digital identity products and services from certified providers to help with things like moving house, pre-employment checks, and buying age restricted goods and services.
- Set up **Smart Data schemes**, which are the secure sharing of a customer's data upon their request, with authorised third-party providers.
- Modernise and strengthen the **Information Commissioner's Office (ICO)**. It will be transformed into a more modern regulatory structure, with a CEO, board and chair. And it will have new, stronger powers. This will be accompanied by targeted reforms to some data laws that will maintain high standards of protection but where there is currently a lack of clarity impeding the safe development and deployment of some new technologies.
- Promote standards for digital identities around **privacy, security and inclusion**.

## So what?

The DISD Bill will retain some of the principles set out in the previously discontinued DPDI Bill which aimed to facilitate the creation of a sustainable framework for the continued development of open banking and the paving the way for expansion into open finance. The discontinuation of the DPDI Bill cast uncertainty on the timeline for establishing this regulatory foundational framework. The introduction of the DISD Bill, however, has provided much-needed clarity and direction for the initiatives previously left in

ambiguity. We understand substantial amount of the DPDI Bill relating to smart data and open access rights will be carried over into the DISD Bill. This, together with the detangling from amendments to GDPR, will hopefully help to smooth the pathway through the legislative processes, ending the regulatory hiatus that has been to blame for slowing down innovation in this space. Creating a sustainable framework for open banking is essential to protect existing infrastructure in the UK and help facilitate innovation. Open banking payments and open finance are considered to be the next frontier in financial services, providing better products and greater choice for customers, potentially lowering costs for merchants and consequently driving growth and increasing competition in the retail payments market.

The DVS have the potential to drive innovation in the financial services sector by encouraging firms to develop and adopt secure and trusted digital identity products. This, in turn, enables firms to modernise their operations. For instance, integrating DVS can help streamline their Customer Due Diligence (CDD) and Know Your Customer (KYC) processes. This move will hopefully help to create a more secure and customer-focused banking experience. It will also align the UK more closely with global frontrunners like Singapore, India, and Estonia who have already established benchmarks in operational efficiency by adopting digital ID systems, facilitating easier access to online financial services.

### **Next steps**

Financial services firms should follow the passage of this Bill to assess the impacts that the provisions would have on their businesses, especially what may emerge in relation to smart data and next stages of Open Banking and Open Finance.

If you would like to discuss anything raised in this article, feel free to contact our payments team.