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An open door for open banking

Open banking has come a long way since it was first initiated, back in 2017, as part of a suite of measures to increase competition and innovation in financial services. Today open banking is a British success story that is being exported around the world. Open banking payments are quickly becoming an alternative to card payments, which is particularly remarkable in a card-dominated market like the UK. They offer an instant, secure and cost-effective payment option for businesses. This comes at a time when the sky-high card fees which sellers face are being investigated by the Payment Systems Regulator. It has been six years since regulation required banks to give customers easy and secure access to their accounts via open banking. There is now a clear choice about how to unlock the next chapter of innovation. Wait a few more years for new regulation to define what else open banking can do? Or work together in commercial partnership with banks to unlock this potential. In January, the CMA ruled that the six largest UK banks (Barclays, HSBC, Lloyds, Nationwide, NatWest and Santander) had implemented all the requirements of the Open Banking Roadmap, the industry plan. Sarah Cardell, chief executive of the CMA, welcomed this as "an important milestone" that moves open banking into a "new phase". This week, the CMA-backed Joint Regulatory Oversight Committee (JROC) published its recommendations for that next phase, which focuses on security and performance, including lowering prices and improving service quality. Moreover, the government's data protection and digital information bill, which had its second reading this week, will push change into other sectors, with legislation to boost data-sharing across the economy, including in energy, telecoms, pensions, mortgages and insurance. Open Banking could soon become Open Finance.

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March retail sales dipped 9% in March as the wet weather hit demand

Wet weather hit UK retail sales in March with volumes falling 0.9% month on month in March, wiping out the 1.1% rise seen in February, according to the Office of National Statistics. Sales volumes excluding fuel declined 3.2% against last year, however values were up 6%, although this was driven by double digit inflation. Commentators were also quick to point out that March was the 12th consecutive month of declining sales volumes. Despite many consumers tightening their purse strings, they still wanted to celebrate special occasions, and there was particular strong growth in jewellery and cosmetics sales thanks to Mother's Day gifting. However, the sales slowdown was a result of specific factors and not indicative of a longer-term trend. Fresh food shortages earlier in the month limited grocery sales volumes, while the wettest March in England for over 40 years put a dampener on high street sales, with the likes of new season fashion and garden centre sales suffering as a result. Food sales volume fell 0.7% month-on-month, while non-food volumes dipped 1.3%, following a 2.4% in February, with poor weather hitting demand in areas like clothing. Online sales fell 0.8% over the month.

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Ditch the big banks for savings

We all know that banks and building societies like to pass on rate hikes in a more timely and complete fashion to borrowers than they do to savers. Yet, as interest rates have been picked up off the floor and hurled into the sky over the past year, Britain's big banks have been thoroughly indulging themselves. Net interest margin is a key banking industry figure, measuring the gap between what borrowers are charged and savers are paid. The bigger the number, the better the spread, and the more profit for the bank. Figures showed the full scale of how Barclays, NatWest, Lloyds, HSBC and Santander made extra money by passing on more of the Bank of England's interest rate hikes to borrowers than savers. In total, the banks scooped a tidy £39.9 billion from the gap between savers and borrowers. This is how much each bank made on net interest margins. Of course, you would expect banks to make some money on this. A banking industry with no or very low net interest margins is not going to be a particularly stable one – and we all have long enough memories to remember why we like banks and building societies to have a healthy degree of stability. Nonetheless, the Big Five clocking up an extra £7billion means that they made a significant 21% more from net interest margins than they did a year earlier.

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The giant black cloud hanging over Europe's economic recovery

European equities have risen by 30% since October. Bourses have shrugged off the collapse of Credit Suisse. They have all but forgotten the spasm of bank contagion last month. The euro is on the march. Investors are anticipating the softest of soft landings now that Putin's energy war has fizzled out. Gas futures contracts in Europe are back to pre-invasion levels, though British consumers have yet to see condign relief thanks to the UK's dysfunctional pricing mechanism. The European car industry is roaring back. New registrations rose by 29% in March. You might be forgiven for concluding that Europe's economy is limbering up for the Roaring Twenties. The giant spoiler is that the eurozone money supply is in free-fall. The process has been going on long enough to raise the risk of an economic sudden-stop over coming months. European Central Bank data shows that 'narrow' M1 money has been contracting since last September in absolute terms.

Nothing like this has been seen since the creation of the euro. The annual growth rate never fell below zero even during the Lehman crisis and the eurozone debt crisis. Furthermore, the pace of contraction has been quickening, not that the ECB is paying any attention. It abandoned its monetary 'pillar' long ago and embraced the New Keynesian gospel. Over the last five months, eurozone M1 has been falling at a rate of 12% (annualised). It screams monetary overkill. Simon Ward, from Janus Henderson, said policy was too tight even before the ECB raised interest rates by 100 points over February and March. Commentators believe the impact has yet to kick in but it will over the next two quarters. The normal lag is 6-12 months for the economy, and two years for inflation. Note the long lag on inflation. The latest CPI horror in Britain is the mechanical legacy of a mistake made by the Bank of England a long time ago. It would be jejune for the Bank to raise rates at this late juncture to chase this effect. It is already in danger of making the opposite mistake.

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How to pay for long term care

The cost of care is one of the biggest concerns for over 55s, pushing many to work well past the state pension age to cover the costs. Whether you think you may need care or you have to consider it for an elderly relative, additional costs can run into thousands. Research from Canada Life found of the third (37%) of over 55s who say they will work beyond their state pension age, a fifth (20%) say this is due to concerns over the cost of long-term care – scoring within the top five factors of what those who are likely to work beyond their retirement age are concerned about. While some might be able to rely on their ISA or pension to pay for care, it's worth having a clear idea of what this would cost to make sure you will have the necessary funds to cover it. From October 2023 the government will introduce an £86,000 cap on the amount anyone in England will need to spend on care, including domiciliary care. But despite that, people are still concerned about how they might be able to bridge the gap between their own financial position and the potential cost of care. It's also worth remembering the cap on costs doesn't include all the costs of care – for example it won't include rent, food and utility bills. At the end of the day, people will need a holistic plan for potential costs and that's where the equity stored in their property can play a crucial role alongside other financial assets. There are several ways to pay for care. First, you have to determine how much you need. That will vary depending on location, your needs, and the provider among others. There are some great online calculators which will help work out care costs. So much depends on your individual circumstances, for example if you require support in your own home or if you or your loved one requires support from a care home. Seeking advice from a regulated financial adviser who specialises in care costs is an important first step. An adviser can determine the best way for you to not only fund care costs, but equally ensure you don't run out of money.

1. Deferred Payment Agreement

You might be able to get a Deferred Payment Agreement via your local authority. That is a loan or arrangement with your local authority that you are eligible for if you have savings of less than £23,250 and all your money is tied up in your property.

2. Rent out your home

If you move into a care home and your property is empty, you could rent it out to cover the costs of your care home. But renting comes with its own set of issues. While it might offer a continuous stream of income, you will have to deal with the responsibilities of being a landlord. If you can enlist family members to help, it might be more viable. But if it's just you, consider whether this is a responsibility you want to take on.

3. Sell your home or release equity

Equity release products allow homeowners over 55 to borrow against the value of their home to release cash. This is paid upon death when the home is sold. But interest compounds quickly, meaning significantly reduced or no equity left in the property.

4. Use your pension or income from investments

Perhaps the most obvious way to pay for your care is to dip into your pension pot. You could also buy an annuity. Annuity rates recently hit a 14-year high thanks to more attractive interest rates.

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Concerning UK maths gender gap

Rishi Sunak's national drive to improve UK maths skills needs to offer extra support to boost the confidence of women and girls, says a leading numeracy charity. In a report published recently, National Numeracy said lower maths confidence among females had hampered their career prospects as it sought a more tailored approach to the government's planned extension to mandatory maths education. The charity also called for additional support for young people and the unemployed. Findings published in the wake of the prime minister's latest speech, in which he set out his ambitions for reforming maths education, showed that working-aged women were as likely as men to hold a secondary school level maths qualification. But when surveyed, they expressed lower confidence. On a sliding scale from one to 10, women, on average, rated their confidence at 6.5 versus 8.2 for men. "We need to address the gender confidence gap, because it could make a real difference," said Sam Sims, chief executive of National Numeracy. "If we do require every young person to do some form of maths until the age of 18, we've got to take specific actions to address these challenges." Government plans, announced at the start of the year, include the prospect of introducing a new school-equivalent qualification for adult learners, and to extend mandatory maths education to all 16 to 18-year-olds. National Numeracy, known for running the National Numeracy Challenge, said about half the working age population had numeracy skills equivalent to a primary school leaver. Lower maths attainment and number confidence is estimated to cost the UK economy upwards of £25bn a year, according to think-tank Pro Bono Economics. National Numeracy said the UK lags behind other OECD countries.

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