
Press release

AFME underlines the importance of level playing field for responsible data sharing Association recommends four key principles for Open Finance Framework

27 September 2022

The Association for Financial Markets in Europe (AFME) has today published a new paper “**Open Finance and Data Sharing – Building Blocks for a Competitive, Innovative and Secure Framework**”. This paper precedes the European Commission’s framework for data access in financial services which is due to be published in the coming months as **announced** by the EU’s chief of financial policy, Mairead McGuinness.

Elise Soucie, Associate Director of Technology and Operations at AFME, said: “*Open Finance in the EU’s data economy will transform the way banks share data with each other, and also with third-party providers, such as fintech companies. For financial services this could mean that access to new, broader data sets could enhance the way banks operate and encourage innovation across sectors.*

“But with innovation comes potential for unintended consequences such as sharing data with participants in other sectors who may already have a dominant share of both individual and corporate data and which could lead to monopolies and the exploitation of data. Therefore AFME has identified four key principles to help address these risks and to support policy makers in the development of a robust Open Finance Framework.”

The paper identifies four key principles to support the development of a robust Open Finance Framework, including:

1) A level playing field is crucial

- In order for an Open Finance Framework to flourish not only in financial services but across multiple sectors, there must be consistent and appropriate regulatory oversight.
- This consistency is key in order to both support innovation, but also to discourage monopolies, encourage competition and efficiency, and to lower costs for both corporate and retail customers, creating a robust and effective data economy.
- For this to occur, regulation must address risks consistently and market players must have consistent regulation if data is to be shared across the sectors.

2) Interoperability and an appropriate level of standardisation

- A robust data economy and its positive long-term impacts will be supported by both interoperability and an appropriate level of standardisation on a global scale.
- Interoperability should also support a level playing field so that, if data is being shared outside the financial services sector, it is still subject to appropriate requirements and remains high quality and fit for purpose.
- Furthermore, any harmonisation would also need to occur across EU Member States, while also being complementary to global frameworks. This interoperability could be supported through a market-led forum that could support the implementation of both principle-based standards and technical and security standards where appropriate.

3) An appropriate framework for compensation

- Compensation is important in order to ensure fair allocation of costs across the data value chain and to safeguard fair competition.

- Compensation, for infrastructure and provision of data services is also important to incentivise data holders to maintain a high level of quality and high functioning data sharing mechanisms.
- Ensuring that each type of data is supported by an appropriate data sharing infrastructure enables data to be fit for purpose and reliable when used.
- Data reliability also supports a robust data economy and mitigates risks to data integrity, data security, regulatory compliance and the accuracy of end products for both corporate and retail consumers.

4) Clear liability provisions

- Liability provisions are important in order to provide legal clarity with respect to the access, processing, sharing, and storage of data.
- These provisions should be consistent with the GDPR and should also include specifications on redress and dispute resolution as well as consent mechanisms for consent beyond the usage of the data controller.
- In addition to the Open Finance Framework setting out liability provisions, it should also support and enable contractual agreements as these are crucial to fill any gaps in new use cases, or specialised scenarios which may require additional clarity on the legal, technical and other conditions governing data sharing.

- ENDS -

Note to the editor:

This summer AFME **responded** to the European Commission's targeted consultation on 'Open Finance and Data Sharing in the Financial Sector'. Commissioner McGuinness' announcement of the European Commission's Expert Group on Open Finance builds on the European Commission's efforts to gain cross-industry insight into the impact of data sharing.

AFME Contact

Rebecca Hansford
Head of Media Relations
rebecca.hansford@afme.eu
+44 (0)20 3828 2693
+44 (0)7825 081 686

About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter @AFME_EU