
Press release

AFME calls for EU Open Finance proposal to be fit for purpose

Approach to compensation and implementation must enable access to data for all participants

2 November 2023

AFME has responded to the European Commission's consultation on a legislative proposal to open up access to financial data (FIDA proposal). **James Kemp, Managing Director at the Association for Financial Markets in Europe (AFME)**, said:

"We support the EU's ambition to create a consumer-centric data-sharing ecosystem. To achieve this, policies such as the new EU Open Finance framework need to contribute to a fair and secure data ecosystem that adds value to consumers and end users. In order for the proposal to bring the full suite of benefits to the EU financial data ecosystem, some key changes are required – for example sufficiently regulating the new category of data users ('Financial Information Services Providers') and facilitating reasonable compensation that enables investments in secure and innovative data markets."

Among the key points from AFME's consultation response are:

- Trust is key to building a data-sharing ecosystem. Building such trust requires secure data-sharing infrastructure and safeguards around the use of data. To ensure data is used correctly and securely, the Open Finance framework needs to uphold the digital operational resilience, cybersecurity and data protection standards currently applied to financial institutions. We remain concerned that the new category of data users ('Financial Information Service Providers') could become a weak link in the financial system if they are not adequately regulated and supervised to the same high standards.
- To maintain a fair and level playing field in data sharing across sectors, BigTech gatekeepers should not be allowed to authorise as Financial Information Service Providers and use data held by financial institutions under Open Finance until sharing of data by these companies has been effectively implemented under the Digital Markets Act.
- To preserve the ability and create the incentives for data holders to make adequate investments in secure data-sharing infrastructure, it is key that reasonable compensation be included in regulation, including the Payment Services Regulation. Compensation should be set in a way that enables access for all participants. For small and micro data users, we believe compensation should be capped at cost, whereas mid-sized and larger companies that use data should be required to pay a reasonable and market-led compensation to data holders for investing in secure data-sharing infrastructure.
- The greatest potential added value exists for retail consumers. Open Finance should therefore only be applied to individuals and SMEs. Moreover, data-sharing policies like Open Finance should not discourage banks and others from investing in data-driven customer services. Due to potential infringement on trade secrets and intellectual property, proprietary and inferred data should be kept out of scope. We also support data sharing without undue delay, but real-time data sharing is disproportionately burdensome and does not yield commensurate benefits.
- Due to the complexity of scheme development and the technical build required, we support an implementation period of at least 36 months for the schemes, followed by at least 12 months for the

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rest of FiDA. This should begin with a phased approach that prioritises targeted use cases identified as delivering the most significant benefits and requiring limited development, also to facilitate a more balanced and pragmatic decision-making process with regards to the governance of the data sharing schemes.

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Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. 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
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