

# Making FIDA work: how it can promote competitiveness

A European framework on financial data access (FIDA) can deliver real benefits. But if we want to ensure that EU companies become more competitive and deliver benefits to their customers, FIDA must avoid adding new costs and complexity that would hold them back. FIDA should also not open the door for Big Techs and non-EU firms to access the data of EU citizens in ways that could harm data privacy or fair competition.

## CHALLENGES

As it stands, **FIDA risks creating more problems than it solves**. Why?

- 1 **High investment and compliance costs without clear benefits:** Businesses would need to invest heavily, and bear significant compliance costs, adding considerable financial and operational burden. Such significant costs would be without a clear picture of consumer and market, or innovation benefits.
- 2 **Operational complexity:** Companies need to have clarity on their obligations to ensure compliance. If the text is not sufficiently precise with respect to the scope and definitions, they will face increased legal and operational risks.
- 3 **Diverted resources and disrupted innovation:** Scarce financial and human resources that could be used to improve customer services and develop new digital tools would instead be redirected to ensure compliance with the requirements of FIDA.
- 4 **Risks of data access for non-EU actors:** Allowing Big Tech firms and non-EU companies to access EU citizens' financial data could create serious risks of data protection and privacy. Such access could also strengthen their market power and negatively impact the competitive landscape in Europe, undermining FIDA's aim of fostering innovation for startups and smaller market players.

## SOLUTIONS

To ensure that FIDA promotes competitiveness and innovation, the EU should adopt a **step-by-step approach**, backed by clear evidence. How?

- 1 **Start with a robust impact assessment and implement in phases with clear milestones:** Recognise the potential costs for businesses and verify that expected benefits outweigh them. In practice, this means first examining whether the initial phase has delivered its intended benefits before moving on to the next phase and adding more data categories.
- 2 **Ensure legal clarity from the outset:** Reduce legal uncertainty by ensuring definitions and exclusions of specific data, like sensitive data and proprietary data, are clear and explicitly mentioned in the text.
- 3 **Support innovation through gradual implementation:** Allow firms to have a staggered approach by gradually including financial products within scope according to set timeline, so that resources are directed toward innovation rather than unnecessary regulatory costs.
- 4 **Exclude high-risk actors from access to data:** Big Tech firms and non-EU companies should not be allowed to act as financial information service providers. This would help protect EU customers' data, prevent unfair competition, and support a strong, secure European data economy.

**By designing FIDA in this way, the EU can deliver a futureproof framework that unlocks innovation and serves consumers.**

