

Insurance Europe comments on the review of the revised payment services framework (PSD2)

Insurance Europe welcomes the stated intentions of the European Commission to carry out a comprehensive review of the application and impact of the payment services framework (PSD2), including an overall assessment of whether it is still fit for purpose and what challenges have arisen in its application.

Insurance Europe believes that there needs to be an appropriate focus on evaluating, assessing and analysing the impact, costs and benefits of PSD2. It is important to ensure that lessons are learned and that policymakers quantify and qualify the increased costs of such a framework compared to the actual benefits and risks faced by the financial sector. An in-depth analysis is required to determine whether or not the PSD2 framework has delivered on its initial goals and successfully achieved its objectives, ie, improved services for consumers and increased competition in the market.

This is particularly important in light of the European Commission's on-going considerations regarding a possible open finance framework. It is crucial that any new initiative in the area of data sharing is not based on a copy across of the PSD2 framework. PSD2 was designed to increase innovation and competition in banking and payment services. Insurance, for example, is different in many ways from traditional banking and payment services. As the Commission noted in its digital finance strategy consultation, the PSD2 framework is limited to payment data held by payment services providers and does not cover other types of data relevant to financial services and held by other firms within and outside the financial sector. In contrast, insurance data consists of a complex mixture of very diverse types of data which are very heterogenous in nature. PSD2 data is less sensitive than data that has its origin in the insurance sector.

The focus should therefore be on learning the lessons of what has or has not worked under PSD2, as part of a thorough review of the existing framework. For example, it has proven difficult under the PSD2 framework to harmonise standards for information exchange and application programming interfaces (APIs). The process of approval of APIs by national authorities has been burdensome, challenging and in some cases problematic, as the same APIs have been approved in one country and not in another. Appropriate consideration therefore needs to be given to the standardisation of APIs.

It will also be important to use this review to reflect on how to ensure a fair allocation of costs related to developing any new, cross-sectoral data-sharing infrastructure among the different players to ensure a balanced approach to the funding and development of any new infrastructure.

Insurance Europe is the European insurance and reinsurance federation. Through its 36 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings that account for around 95% of total European premium income.