

Key messages on the EC's proposed framework for financial data access (FIDA)



Open finance, if designed with the right framework, has the potential to positively impact both consumers and insurers. However, the way the European Commission's FIDA proposal is currently drafted, its socio-economic costs do not match its benefits.

For the FIDA proposal to be a success, a balance must be found between costs, benefits and risks. In this respect, the draft Regulation is only partially successful. To ensure that its potential can truly be achieved, Insurance Europe would like to share the following observations and suggestions on the Commission's proposal.

Scope

Insurance Europe is concerned that the starting point of the proposed FIDA framework has such a **wide scope**. It would be more beneficial to start with a step-by-step approach by looking at specific uses to see where there could be a clear benefit for consumers in having a framework in place, much as was previously done for payment services, and to identify the required data sets accordingly. The scope of the data to be shared could then be expanded gradually based on periodic evaluations of the regulation, taking into account the benefits, risks and costs of making data available.

A phased gradual implementation would also make the implementation of the regulation easier for financial institutions and easier to anticipate. The proposal provides for a review after four years, allowing the Commission to exclude categories of data from the scope. It would have been preferable, however, to start with a narrower scope that could be widened after four years where the need and demand has been demonstrated, or sooner if the need and demand has been demonstrated.

Recommendation

Insurance Europe would propose amending Article 31 of the FIDA proposal to reflect a narrower scope and instead allow the possibility to expand the scope further in the future where a need and demand have been demonstrated, based on periodic evaluations of the Regulation.

The scope itself should be narrowed down in a number of ways, including:

- a) Focusing only on the relevant personal data of the customer and relevant product information (such as the information contained in the insurance product information document (IPID))
- b) Explicitly excluding certain types of data (eg, sensitive data, proprietary data, etc.)
- c) Focusing only on retail customers
- d) Focusing on demonstrated use cases

■ Sensitive data

The FIDA proposal is not clear on whether certain categories of sensitive personal data under the GDPR would fall under the data-sharing obligations. Insurers process different kinds of special and sensitive personal data, such as medical/health data and data concerning possible fraud. It should be clear that these categories of data should not fall within the scope of the FIDA proposal because of their sensitivity and the risk associated with sharing this kind of data. The categories of personal data to be made available should be clearly circumscribed, taking into account the nature of the financial services and products offered by eligible entities listed in Article 2(2) and the risks for individuals whose personal data would be accessed and used.

Insurance Europe supports the proposed exclusion of life, sickness and health insurance products from the scope of the framework. To ensure greater clarity, this exclusion should be made by way of reference to the respective insurance classes as described in the EU's Solvency II regulatory framework for insurers (classes 1 and 2). However, the reference in the text is to the products (ie, health and sickness insurance products) and not the data itself. This means that the sensitive health-related data of customers could still be subject to data-sharing requirements in the context of other insurance products.

Recommendation

The FIDA proposal should clearly exclude from the scope of any data-sharing obligations any insurance lines that cover personal data related to health, for the same reasons that health and sickness insurance products are excluded. This would include, for example, further exemptions in Article 2(e) for products such as accident, disability and long-term care insurance, etc.

■ Retail framework

The focus of the FIDA proposal should only be on a retail framework and should exclude commercial customers. This would align the proposed framework more with the GDPR and data-portability rights for customers. Data transferred in a commercial arrangement is to be considered particularly business sensitive and hence raises questions regarding its inclusion in the scope and whether there is any customer demand. This should be reflected in Article 2 of the FIDA Regulation.

Recommendation

Article 2 of the FIDA Regulation should be amended to focus the scope on retail customers only and exclude commercial customers.

■ Proprietary data

One specific type of data that should be explicitly excluded from the scope of the FIDA Regulation for the avoidance of any doubt is proprietary data. Insurance Europe is concerned that no clear safeguards or specific provisions have been put in place for the **protection of trade secrets or business-sensitive data**. Insurers should not be obliged to share trade secrets, business-sensitive information or proprietary data that they have generated and analysed/enriched themselves, and which is the outcome of their own work, eg, building risk profiles or underwriting and claims performance models. This type of data represents an important competitive factor and innovation driver, and it should be seen in the context of insurers' strategies and portfolios, which differ from one insurer to another.

It would not be possible to protect trade secrets, especially on pricing models and negotiated partner prices, if information on insurance premiums or claims payments are subject to mandatory data-sharing. Aggregating information on insurance premiums or claims payments would make it possible to reverse engineer the underlying pricing models and reveal the underlying partner prices of claims payments. These are important trade secrets in the insurance industry and should therefore not be revealed. To protect the insurer's know-how, it is necessary to further specify the scope of the regulation as including only the raw data related to the customer and leaving out any result of internal data processing.

Recommendation

Article 2 should explicitly state that the FIDA Regulation does not apply to trade secrets, business-sensitive information or proprietary data that the financial institution has generated, analysed or enriched.

The EU Data Act specifically provides that the data holder can withhold or suspend data-sharing when the confidentiality of trade secrets can be undermined and, furthermore, may refuse on a case-by-case basis the request for access to the specific data when it can demonstrate that it is highly likely to suffer serious economic damage from the disclosure of trade secrets. A similar safeguard should be introduced in the FIDA framework, if proprietary/enriched data is not explicitly excluded from the scope.

There is additionally a risk of sharing a customer's trade secrets and even information that is considered insider information. For example, in the insurance industry, information related to exceptionally large claims or insurance for boards of directors could be insider information, which should not be shared. Insurers might get this information before it becomes public and such information should be excluded from the data-sharing scope.

■ Existing frameworks/legal obligations

As the FIDA proposal is currently worded, it could give rise to potential conflicts with other pieces of legislation, namely GDPR and its access and portability rights. Attention should be given to any possible overlap or contradiction with other relevant legislation to avoid legal uncertainty. It should also be made explicitly clear in the text that the obligations imposed under the FIDA Regulation do not contravene competition law. Given that companies are not permitted under competition law to agree on any prices, the requirements set out under Article 10 for financial data-sharing schemes raise questions regarding how to agree on compensation for data-sharing.

At the same time, there is no need to introduce a completely new data-sharing framework where such a framework has already been put in place to meet a "demonstrated demand". This is especially true for data related to **occupational pensions**. Indeed, in several member states pension data is already made accessible to customers and third parties through a national pension-tracking tool. Rather than putting in place a parallel mechanism for sharing pension data (which would be disproportionately burdensome for pension data holders), the FIDA framework should acknowledge the merits of those existing national pension-tracking tools and exclude pension data that data holders already share under such national pension-tracking tools.

Additional attention should be given to ensuring data availability does not hinder or jeopardise **fraud detection or anti-money laundering (AML)** activities. These are part of financial institutions' normal activities and could therefore be seen as customer data as defined in the Regulation. Sharing such information with the customer or third parties could materially reduce the impact of such activities and even prevent law enforcement from achieving results. AML regulation even prohibits informing the subject of an ongoing investigation and this Regulation should not change that. The FIDA Regulation should not run contrary to any existing legal prohibitions on data-sharing and it should emphasise that such data should not be shared.

■ Further considerations on the scope of data-sharing

In terms of the **suitability and appropriateness tests**, as well as the demands and needs test, Insurance Europe welcomes the fact that according to Article 2 paragraph 1(b) and (e), only data collected for the purposes of carrying out an assessment is included in the scope of the FIDA Regulation. The assessment results and outputs, on the other hand, are not within the scope, which is an important distinction since this type of data should not be shared.

The FIDA proposal does not currently distinguish between **new and existing policies**. However, due to the long-term nature of insurance business, policies are often spread across different policy management systems and company archives. These systems are not designed to make the data available in a standardised format or via a uniform interface. A retroactive adjustment of all affected portfolio contracts to the new requirements would therefore be disproportionately burdensome for companies and would outweigh the expected benefits of the FIDA framework. The Regulation could state, for example, that the data-sharing obligation applies to contracts that have been entered into from XX.XX.20XX onwards (date of application).

Any **real-time data-sharing** obligation should only be introduced in the areas in which data is also generated in real time. For example, unlike payment account data, data on pension rights is not made available in real time (or on a daily basis) to customers, nor does it need to be. Most customers only need to have a general idea of their expected pension rights at retirement. This projection changes slowly over time. The level of the accrued pension rights also changes very little over time and is less relevant due to the long-term nature of an occupational pension scheme. This is why in most cases an insurer only provides an update once a year.



Definitions

Insurance Europe is concerned that the concept of **“customer data”** is not clearly defined. The proposed definition of “customer data” covers both data transmitted by a customer and data generated as a result of the customer interaction with the financial institution. This creates a risk that “data generated as a result of customer interaction” could be interpreted as including enriched/inferred data or proprietary data and would therefore go beyond the simple transmission of raw data. The insurance industry understands that this is not the intention of the Commission and so appropriate clarification in this regard would be welcome.

Recommendation

Insurance Europe would propose the deletion of the reference to “data generated as a result of customer interaction with the financial institution” in Article 3(3). Alternatively, the definition could explicitly state that customer data does not include any trade secrets, business-sensitive information or proprietary data that the financial institution has generated, analysed or enriched.

Similarly, the definition of **“customer”** is not sufficiently clear in the proposal. In the case of insurance, there are multiple different categories of natural and legal persons that make use of financial products. These include policyholders, insured persons, claimants and beneficiaries. The policyholder is the actual contracting party vis-à-vis the financial institution and therefore the one whose position this Regulation aims to improve. With this purpose in mind, only the policyholder should be considered as a “customer”. This should be clarified in article 3(2).



Level playing field

■ Access to data

The European insurance industry welcomes an approach that seeks to ensure fair and equal access to data based on a true level playing field and the principle of “same activities, same risks, same rules”.

New entrants to the insurance market should be subject to the same regulatory and supervisory framework as existing providers on the market. Access to data should only be granted to providers that are subject to the insurance regulatory and supervisory framework or that meet specific eligibility and authorisation requirements.

Insurance Europe therefore welcomes the fact that data users shall only be eligible to access data if they are subject to prior authorisation by a competent authority as a financial institution or if they are authorised as a financial information service provider (FISP).

In order to ensure that data is accessed in a secure manner, Insurance Europe welcomes the fact that FISPs will need to demonstrate a high level of digital operational resilience in line with the requirements of the EU’s Digital Operational Resilience Act (DORA), in particular in relation to technical security and data protection.

However, Insurance Europe also notes some areas in which a true level playing field has not been respected in the proposal or where it creates some inconsistencies with the Data Act:

1. Obligations of data users

The proposal is based on the premise that financial institutions falling under the scope of the framework can be both a data holder and a data user, while a FISP is defined only as a data user. As a result, financial institutions are obliged to share their data with FISPs, but FISPs seem to be excluded from this obligation and are not required to share their data. This does not seem logical given that all data users will inevitably become data holders at some point. Where a FISP provides services to consumers, the requirements for making its customers’ data available should also be applied to them to ensure reciprocity of data-sharing and a true level playing field. In order to realise the full potential benefits for the customer, all relevant players in the data-sharing space should be obliged to share data when the customer instigates a data-sharing request.

Recommendation

Insurance Europe would ask that a clarification be introduced in Article 6 that the obligations apply to the initial receipt of data by a data user and that thereafter, once the data user collects, stores and processes data as per the definition in Article 3(5), it should be considered as a data holder and therefore subject to the obligations on data holders in Article 5.

2. Gatekeeper access to data

The FIDA framework does not in any way restrict the ability of gatekeepers to access data. This is in direct contradiction of the Data Act, which specifically prevents gatekeepers (as designated under the Digital Markets Act (DMA)) from being categorised as eligible third parties for the purposes of data-sharing. A similar requirement should be in place for gatekeepers in the FIDA framework, as otherwise it would not be possible to maintain a level playing field for related services.

Recommendation

Insurance Europe would propose adopting a consistent approach to data-sharing and including the same provision in the FIDA Regulation as in Article 5 of the Data Act, requiring that any undertaking designated as a gatekeeper under the DMA shall not be an eligible third party for the purposes of data-sharing and therefore cannot request or be granted access to customers' data.

3. Competing products

The Data Act prohibits data users from using the acquired data for the purposes of developing competing products. This prohibition is intended to protect the data holders' innovations. To ensure a true level playing field, a similar provision should be included in the FIDA framework.

Recommendation

Insurance Europe would propose adopting a consistent approach to data-sharing and including the same requirement in the FIDA Regulation as in Article 6 of the Data Act, specifying that a third party may use the shared data to develop a new and innovative product or related service but not to develop a competing product.

4. Third-country data access

The FIDA framework will allow third-country entities to register as FISPs and to access data held by financial institutions. However, there would not be any similar requirement for such companies to share their data with data holders, creating an unlevel playing field.

Recommendation

As proposed above, Insurance Europe believes that a clarification is needed in Article 6 that the obligations of a data holder should also apply to a data user once it collects, stores and processes data as per the definition in Article 3(5).

■ Costs

To achieve appropriate levels of investment and innovation, it is also vital to ensure a level playing field with regard to the allocation of the costs and investments associated with developing the required infrastructure for an open finance framework. Data holders will ultimately have to bear the bulk of the investment costs, with a significant amount of investment needed at the level of each individual entity to implement and run the highly sophisticated infrastructure required by the FIDA Regulation. In its impact assessment, the Commission estimates the overall cost of its preferred policy option at €2.2bn to €2.4bn in one-off costs — to be borne by data holders for putting in place the application programming interfaces (APIs) — and between €147m and €465m in recurring annual costs.

The insurance industry welcomes the proposal's recognition of the need to ensure that data holders have sufficient economic incentives to provide high quality interfaces for making data available to data users, and that data holders should be able to request reasonable

compensation from data users for putting in place APIs. As noted in the proposal, allowing compensation for facilitating data access would ensure a fair distribution of the related costs between data holders and data users in the data value chain. However, this recognition is unfortunately missing from the main text of the proposal. Article 10 refers only to reasonable compensation that is directly related to making the data available to the data user and that is attributable to the request.

There needs to be a more adequate focus on the upfront infrastructure investment by financial entities, as compensation on the basis of each individual data-sharing request is highly dependent on strong interest and demand from customers. Moreover, this would put insurers at a competitive disadvantage to other financial entities as, due to its nature, insurance data is not likely to be shared anywhere near as often as, for example, payments data, which could be required to be shared on a daily basis.

The relevant wording from the Data Act should be used in the FIDA Regulation, particularly as recital 47 notes that the rules laid down in the Data Act, including on compensation, should “also apply to the sharing of data governed by this Regulation”.

Recommendation

Insurance Europe would propose adopting a consistent approach to compensation and including the same provision in the FIDA Regulation as in Article 9 of the Data Act, which allows compensation for both the costs incurred in making the data available and the investment in the collection and production of data, as well as the possibility of including a margin.

Due to the wide scope of customer data in the proposal, it is unrealistic to expect it all to be available from day one — and it would also be a poor use of resources to develop such services without demonstrated demand. There are data sets within the scope of this Regulation that are unlikely to be demanded in the coming years. Insurance Europe encourages the co-legislators to include a mechanism for identifying and qualifying demonstrated demand for data so that data holders can steer their resources into making data available in the areas where there is a clear demand for it. To complement this mechanism, there should be a set timeframe during which the data needs to be made available after the demand has been demonstrated. The Regulation should either include clear rules on these aspects or give a clear mandate to the schemes to decide on these.

The cost of producing the data also needs to be taken into account. For instance, data normally has to be collected, structured and verified. If data production is not adequately compensated, there may not be sufficient incentives to produce data that can be shared.

The obligation to make data available does not specify how granular a request can be. A very granular request may be expensive or virtually impossible to carry out. Some of the data held may not have been digitised within the insurance company or may not be readily available in a structured format suitable for data exchange. This should also be appropriately taken into account. Any requests or permissions under this framework need to be as structured as possible to facilitate automatic processing of the sharing requests.

■ Cross-sectoral data-sharing

While the proposed FIDA framework targets data-sharing within the financial sector, Insurance Europe wishes to stress its disappointment that the framework fails to embrace the clear added value of enabling cross-sectoral data-sharing for financial institutions. Since registering as a FISP is relatively simple, it is easy for other industry players to gain access to financial data but the equivalent opportunity for financial institutions to access data is lacking.

Cross-sectoral data-sharing offers an opportunity for even greater benefits to be realised by facilitating access to data outside the financial industry, eg, data held by vehicle manufacturers, the energy sector, etc. This would allow consumers to directly benefit from new and innovative data-driven financial products and services, such as by facilitating access to in-vehicle data.

However, the proposal as currently drafted allows for cross-sectoral data access by non-financial sector entities, meaning that other sectors and industries would be able to access data held by financial institutions but without having any obligation to share any of their own data.

Failure to make such a provision in this proposal is a missed opportunity by the Commission that would otherwise benefit consumers and the industry alike. Insurance Europe would encourage the co-legislators to ensure both equal treatment of data availability across industries and consistency between different regulations such as the Digital Markets Act and Data Act.

■ Permission dashboards

To ensure an adequate level of data security and data privacy, the data holder must be in full control of the identity and access management of the customer requesting the data as well as the interface through which the request, including any consent required under EU law, is submitted. Data holders should not be forced to accept requests if it has not been in control of the identity and access management and of the information that is provided to the customer before the request is submitted. The risk of fraud and data leaks, as well as inadequate information on the data that is made available, increases significantly if the data holder is not in control of the identity and access management of the customer and the customer's submission of the request. Furthermore, compliance with Guideline 8 on logical security in EIOPA's [Guidelines on information and communication technology security and governance](#) requires data holders to be in control of the identity and access management of both the customer and any data user. These concerns would need to be reflected in Article 8 of the FIDA proposal, in particular in Article 8(4).

■ Financial data-sharing schemes & standardisation

For any potential framework on open finance, it is essential to develop standards to facilitate data-sharing in order for any benefits to be realised. Insurance Europe welcomes the proposed approach that seeks to ensure that standards are developed but at the same time provides that the further development of such standards is industry-led. The concept of financial data-sharing schemes is positive, as it leaves room for the industry to develop the modalities for data-sharing, including data formats and API standards. However, there are a number of critical considerations:

- It is vital that sufficient consideration is given to the interoperability of data-sharing, not only in the context of financial data-sharing schemes but more broadly in the context of the Data Act and the different data spaces currently being developed in the EU. Insurers could otherwise be faced with numerous different standards and data formats across the different data spaces, which would run contrary to the overall objective in creating open data spaces.
- Article 11 of the proposal states that if a financial data-sharing scheme is not developed for one or more categories of data, and there is no realistic prospect of such a scheme being set up within a reasonable amount of time, then the Commission may set up such a scheme. However, there could be various reasons why no financial data-sharing scheme is in place, which could range from the short timeline for implementation to the lack of any customer demand for data-sharing. Moreover, such an approach seems to be at odds with leaving the development of innovative solutions to the market. Insurance Europe would therefore propose introducing a concept of "demonstrated demand" in Article 11. Any specific actions to make data available should only be taken if there is a demonstrated demand for it. Insurance Europe would encourage the co-legislators to include a mechanism for identifying and qualifying demonstrated demand for data so that data holders can steer their resources into making data available in the areas where there is a clear demand. To complement this mechanism, there should be a set timeframe during which the data needs to be made available after the demand has been demonstrated. This concept would help to prevent worthless investment and therefore also naturally ensure a more rational and smaller scope.
- Given the risk that developing standards will be a potential cost driver for the industry, the future framework should also leave room for relevant national solutions, where, for instance, an industry association could continue to run schemes locally for its members without additional requirements.
- It is important to ensure that companies remain free to engage in data-sharing arrangements outside the data-sharing schemes. The insurance industry therefore welcomes the recognition in recital 50 that the proposed FIDA Regulation is without prejudice to accessing, sharing and using data on a purely contractual basis without making use of the FIDA data-access obligations. However, such a key aspect should be included directly in the main articles of the text for greater clarity and not referred to only in a recital. This could, for example, involve modifying Article 5(2) so that it cannot be interpreted that compensation could not be claimed for voluntary data-sharing outside the schemes.

Recommendation

Insurance Europe would propose to introduce a clarification in Article 5(2), confirming that FIDA is without prejudice to accessing, sharing and using data on a purely contractual basis without making use of the data-access obligations established by this Regulation.

■ Sanctions & disclosure of decisions by public authorities

The proposed Regulation provides for sanctions and penalties in Articles 20-22. It is undisputed that the extensive data access and exchange requires a sanction mechanism. However, the measures in the FIDA proposal are disproportionately strict in their scope, severity and reach. One result of this could be that no sustainable data exchange develops because data holders and data users consider the risk of a breach to be too great.

In particular, the recovery of profits under Article 20(3)(c), as well as the determination of the maximum amount of damages under Article 20(3)(e), should be reviewed. The temporary ban on exercising a management function in a FISP, which can be at least 10 years, also seems very far-reaching. The recurring fines under Article 21 are also likely to lead to risk aversion, rather than a willingness for companies to innovate.

In many cases, the data to be shared will be personal data that is already covered by the GDPR and its provisions on infringements. Since there is a clear overlap here, Insurance Europe welcomes the fact that recital 36 and Article 26(5) provide for cooperation between different competent authorities. However, the extensive provisions on fines in the FIDA Regulation should be reviewed to determine whether they are necessary in this form and are not already sufficiently regulated by the GDPR.

In addition to fines for violating various obligations in the Regulation, the proposal provides that competent authorities should also have the power to publish their decision in order to avoid repetitions of the violation. Article 20(3)(a) specifies that the natural or legal person, as well as the nature of the violation, should be named in the public statement. Insurance Europe would question the need to publish such decisions, particularly in light of the potential impact on the data holder. Such publication could lead to reputational damage, which in turn could have an impact on the core activities of the companies. Insurance Europe would therefore propose that the provision is deleted.

■ Role of EIOPA

The FIDA Regulation will have a major impact on the insurance industry. It is therefore only logical to consistently involve the European supervisory authority for insurance, EIOPA, as only it has the necessary competence to oversee the sector, drawing on many years of expertise and a deep understanding of the functioning and specifics of the sector.

Establishing a register of authorised FISPs, the authorisation of financial data-sharing schemes and the settlement of disputes between competent authorities are powers that are currently conferred only on the European Banking Authority. In order not to undermine the established competences of the European supervisory authorities, EIOPA should also be involved here.

■ Proportionality

It will be important to ensure an appropriate degree of proportionality in the FIDA framework to mitigate the potential impact on small and medium-sized entities (SMEs). Insurance Europe therefore welcomes the acknowledgement that SMEs acting as data holders could establish APIs either jointly or by using external providers that could run APIs in a pooled manner for financial institutions and charge only a low, fixed usage fee.

Insurance Europe is also concerned at the considerable financial burden on small companies that may be included in the scope of the Regulation, such as the implementation of common data standards and permission dashboards, which might force them out of business even if they can pool their resources with other companies, as they do not necessarily have the same IT systems to start with or use the same providers.

■ Data-holder liability

The data holder should be expressly released from any liability for any inappropriate data uses by the data user. Additionally, any potential framework on open finance should take into account the fact that whenever a client revokes permission for certain uses, the data holder ceases to have control over how the data user uses the data that has already been accessed. This is the risk that comes with allowing the storing of data that has been obtained from the data holder. If the data is always accessed on the spot (ie, live access), this risk is removed.

In this regard, should the client withdraw any data permissions, the data holder will revoke the access of said data user as soon as technically possible. However, it should not be held responsible for any misuse of data by the data user after this withdrawal. Data users should be obliged to delete the data without undue delay or within a specified time limit. One alternative that would limit the risk of

data usage after the permission has been revoked, and thereby also limit the risk of using outdated data, could be to have the data-sharing available only through live access, meaning that storing the data would not be allowed.

■ Legal certainty

Further clarifications in the text are needed to ensure sufficient legal certainty for the transfer of data. While there seems to be a presumption that specified quality standards for data exist in order to determine whether the data is of inadequate quality within the meaning of Article 10(1)(i), the requirements for the permitted purposes for data access must be clearly defined in order to be able to exclude improper use.

At the same time, it should be stressed that the FIDA framework should not seek to introduce any specific liability or dispute resolution mechanisms of its own. The subject matter of the proposed Regulation is based on complex contractual rights and obligations, such that compatibility with existing liability regimes at national and EU level must be ensured.

■ Timeline

The timeline of 18 months for the operational development of financial data-sharing schemes is not at all realistic and could prove extremely challenging in many markets, especially given the breadth of the proposed scope. Establishing data-sharing agreements, developing and establishing relevant standards for data-sharing, developing the governance structures of schemes, etc., will be likely to take significantly longer, as demonstrated by experience from existing data-sharing initiatives, such as the experience of many member states with the implementation of the payment services framework (PSD2), which took four to five years to develop the technical standards, IT solutions, testing, etc. The development and operation of data-sharing schemes is likely to take even longer, as it will require the adaptation of existing digital infrastructures within each company and will involve a much more complex and wider scope of datasets, whereas PSD2 only required the exchange of payments data. A short implementation timeframe increases the risk of quality deficiencies, different and incorrect interpretations of the proposal and non-harmonised solutions that are then difficult to change after implementation.

Insurance Europe would therefore propose a **two-stage approach** in order to ensure successful implementation across the financial sector. This would involve an initial set-up period focusing on the development of the data-sharing schemes and relevant standards, followed by a phase of developing the technical infrastructure on the basis of those agreed standards.

Given the complexity of the financial sector and the number of players involved, including non-financial sector players, reaching an agreement on the rules and modalities of the schemes, as well as the associated standards, might be difficult within the proposed 18-month timeframe. In addition, Article 12 requires FISPs to have been authorised by the competent authority of a member state in order to be eligible to access customer data. This approval process means that FISPs will only be able to join a data-sharing scheme after a set period of time, which further reduces the time available for all scheme members to discuss and agree on the scheme's operation and relevant standards. It may therefore be more appropriate to allow a period of 24 months for setting up the schemes, identifying use cases and developing the relevant rules and modalities of the scheme, as well as the relevant standards.

Once the schemes have been set up, development of the technical infrastructure and IT solutions by data holders will take significant additional time which does not seem to have been taken into account in the proposal. A second stage of 18-24 months would therefore be needed for the development of the necessary infrastructure within the companies. This can only be done by market participants once the relevant standards and requirements have been agreed and developed within the schemes.

Recommendation

Insurance Europe would propose introducing a two-stage approach to the timeline, consisting of an initial period of 24 months for setting up the data-sharing schemes, identifying use cases and developing the relevant rules and modalities of the schemes, as well as the relevant standards, followed by a second stage of 18-24 months for the development of the technical infrastructure and IT solutions by data holders on the basis of these standards.