



Attn Mr Jan Ceysens
DG FISMA
European Commission
1049 Bruxelles

29 July 2022

Subject: call for evidence Open Finance framework – enabling data sharing and third party access in the financial sector

Dear Mr Ceysens,

PwC International Ltd (PwC), on behalf of the PwC network, welcomes the European Commission (EC) initiative to enable data sharing and third-party access in the financial sector.

In the Digital Financial Strategy, the EC set as one of its priorities the creation of a European financial data space to promote data-driven innovation, building on the European data strategy, including enhanced access to data and data sharing within the financial sector¹.

The Open Finance initiative can be considered as a next step towards an Open Data Economy which will provide customers with the ability to share their data in various sectors of the economy. Future expansion will result in concrete consumer outcomes and benefits.

We believe that the Open Finance initiative should be designed bearing in mind the final goal of achieving an Open Data Economy and learning from the experience acquired with the introduction of Open Banking. In fact, Open Banking has already paved the way by introducing rules, processes and technologies that enable secure data sharing among market participants in the Banking Sector.

In our view the third policy option mentioned in the call for evidence would bring the highest benefit for users of financial services. The EU should put in place an overarching legal framework that would constitute the baseline for cross-sectorial data sharing initiatives and ensure a minimum level of technical standardisation across sectors. The aspects that should be covered by such a legal framework include guidelines on data storage, data access and data management. This framework could then be customised according to the characteristics and needs of each sector. In our experience the Customer Data Right in Australia has set a best practice for data access and sharing across different sectors.

Open Banking is now a global trend and some jurisdictions are already going beyond ensuring access to accounts and payments data. Regulators started from the common principle of giving

¹ Communication from the Commission to the European parliament, the council, the European economic and social committee and the committee of the regions, Digital Finance Strategy for the EU, COM (2020) 591 Final, 24.9.202



customers the control over their data and tailored the framework according to specific market needs.

In our view the main elements to consider are the governance, the type of products / data included in the framework, the standards and the customer adoption. Please find below some observations from our global experience in supporting regulators and market participants.

Governance

Looking at international trends we observe that a vast majority of regulators are adopting either a facilitative or a mandated approach. Furthermore, well-known market driven initiatives such as in the US and New Zealand are now being transformed into regulated approaches. In our experience, initiatives where market participants have a central role in the governance model (e.g. developing standards, supporting customer awareness campaigns) tend to be more successful in terms of customer benefit. The UK Open Banking Initiative is a good example of this.

However, a pure market driven initiative without the pivotal role of the EC in driving technical convergence might result in fragmentation of the EU market and poor outcomes for customers, in contrast with the objectives of the Digital Finance Strategy.

The policy should also promote homogeneous interpretation and application of the requirements, avoiding the discrepancies that have been observed in the implementation of the Revised Payment Services Directive namely with regard to the type of accounts included in the definition of payments account and the information to be made accessible online.

Type of Products / Data included in the framework

Open Finance should cover financial services beyond accounts and payments in order to maximise the benefits for customers, including a wide span of sectors (e.g., Lending, Insurance, Capital Markets, Pensions) and thus a number of market participants in addition to Banks and Payment Institutions.

Considering the different characteristics of each sector, a phased approach should be considered in order to introduce rules targeted to each sector and to support market participants in implementing the new requirements. The EC, supported by market participants, should have a key role in prioritising sectors and eventually the data sets to be included in the legal and technical framework. The EC might lead an assessment of each sector to evaluate, among others: I) the benefits that data sharing will bring to customers, II) the economic benefits that may arise from increased competition or innovation III) complexity of implementation. While evaluating the benefits for customers, the EC should also focus on identifying key datasets that, combined with others, will enable the definition of high value cross-sector use-cases. The unique selling proposition of such use-cases would bring significant added value to end customers and increase cross sectoral collaboration.

We also welcome the effort of the EC in evaluating a way to establish a fair commercial mode. The Brazilian API cost recovery, API Premium mechanism adopted by the UK Open Banking



Implementation Entity and Default fees foreseen by the SEPA Payment Account Access Scheme are examples worthy of consideration in this regard. A mechanism to incentivise Data Holders should be considered, as long as this does not represent a barrier to entry for Data Recipients.

Standards

In the development of Open Banking, we observed the lack of API and dataset consistency at national level and across the EU. Many different API standards, different security approaches and level of services among market participants represented a hurdle only partially overcome by the role of Third party Service Providers. The EC, with the support of market participants, must play a pivotal role to ensure an efficient and effective playing field.

One option could be the introduction of a single API standard with implementation guidelines and operational rules to solve fragmentation and ensure consistency. This approach would represent an accelerator for future value added services. However, as banks have already adopted different API technical standards, this approach would require a harmonisation of the existing architectures and thus new investments by the market in Open Banking APIs.

Another option is to promote collaboration and cooperation among different standard setting bodies, ensuring appropriate oversight of implementation and performance.

Under both options, an accreditation system could ensure APIs' consistency and high levels of technical performance.

Customer adoption

Various member states have experienced different levels of adoption of Open Bankings, but in general adoption has been lower than expected.

Recent working papers² showed that consumers consider financial data (payments, wealth, pensions) as very sensitive, and thus are reluctant to share such data. Promoting trust and developing lifetime value services for customers might overcome this barrier.

Analysing their data sharing behaviours, we see that more than half of the customers were unaware of Open Banking and related opportunities.³

We believe that customer adoption will be crucial to determine the success of Open Banking and Open Finance. The EC should therefore promote awareness among end-users, highlighting benefits of data sharing and data access, and creating trust and confidence in the ecosystem.

² DNB Working Paper No. 728 / November 2021: Not all data are created equal - Data sharing and privacy

³ See for example [PwC's Open Banking and Payments survey \(2020\)](#) which found that scepticism about security and functionality of Open Banking is slowing down the opening of the financial sector



To create trust among customers the EC should further consider regulating data ownership and control by end customers, including in the context of the proposed Data Act. In contrast to Open Banking, the customer would be able to specifically control what information to share.

We look forward to continuing to share our perspectives with EU legislators. If you would like to discuss any aspects of our response, please contact Marco Folcia at marco.folcia@pwc.com.

Yours sincerely,

A handwritten signature in black ink that reads "Gilly Lord".

Gilly Lord

Global Leader, Public Policy and Regulation

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