

Position paper

FiDA risks to miss its goals and jeopardises the competitiveness of Europe



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The German banking and insurance industry is very concerned about the current discussions in the Council of the European Union on FiDA and the intention of the Hungarian Council Presidency to reach a general approach shortly even though fundamental questions remain unanswered. In its current form, FiDA will become a 'bureaucratic monster' for the financial market with no prospect of significant benefits for customers and the European economy.

Although important detailed issues are currently under discussion, the focus should rather be on the general question of how FiDA can achieve the goal of data-driven innovation and a thriving data economy in the EU financial market.

We are very concerned that rather than encouraging innovation and competition, FiDA will prove to be a inefficient and bureaucratic set of rules which will hinder economic opportunities instead of promoting them. As data holders, huge investments are imposed on financial companies, including the development of schemes for the sharing of financial data, the provision of customer and third-party interfaces, the provision and standardisation of data and the development of customer dashboards. This results in high costs and creates bureaucratic burdens for the data-holding institutions. It ties up already limited resources in companies, which will be needed in other areas of the digital transformation.

It is also currently unclear whether and to what extent there is any customer demand at all. The argument of customer sovereignty over the use of their 'customer data' is not sufficient to justify such a broad and disproportionate economic intervention. As long as it is not clear what actual benefits for customers and promising use cases will be created, on which the data economy and customer trust can gradually develop, investments will be ineffective and FiDA will fail. The complexity and costs of implementing the intended data sharing framework are not in relation to the currently recognised customer benefits. This is not acceptable. The legal framework needs to be more proportionate and flexible to minimise the burden on companies and generate economic opportunities.

Against this background, we appeal to the legislator to take the necessary time and care to adapt the legal framework in a target-oriented manner. In particular, the FiDA proposal should take the following aspects into account:

- The general introduction ('big bang' approach) and the planned timetable for implementation are not feasible. Instead, a step-by-step approach that focuses on standardised data and products is required. Non-standardised data should be excluded, as they do not offer any additional value in data sharing (e.g. data for appropriateness and suitability assessments which are collected on the basis of institution-specific metrics). A gradual implementation by product categories is preferable, whereby implementation deadlines should be proportionate to the complexity. Furthermore, review periods with a 'stop-or-go' mechanism should be introduced between the individual phases.
- Sensitive personal data should be excluded from the scope of application. Like health and life insurance, accident insurance should also be excluded.
- The definition of customer should be limited to consumers and micro-enterprises, which are most likely to benefit from standardised data sharing. Other companies should be excluded from the scope of application.
- The data definition should be further sharpened and limited to raw data in particular. Generated data should be excluded. It must also be ensured that the shared data does not contain any business secrets or third-party data.
- The real-time requirement for data sharing should only exist where advantages for the customer or data user are recognised and where implementation is technically feasible.
- It must be ensured that statutory data access only takes place via the financial data sharing schemes (FDSS) in order to rule out false incentives and guarantee transparency and control. The sharing of data on a voluntary basis, e.g. as part of bilateral contractual agreements, should remain unaffected by this.
- Furthermore, the provisions on the financial data sharing schemes still leave important questions unanswered. Questions concerning the basic design of the schemes, governance, compensation and the data to be shared have not yet been sufficiently clarified. Unless these fundamental issues are addressed in more detail, it will be virtually impossible to implement the schemes in practice.

If these points are not taken into account, FiDA risks to be a failure, with the result that investments remain ineffective. This will not only slow down the competitiveness of European companies but also jeopardises the development of a sustainable, secure and sovereign EU data economy.