

OPEN FINANCE AND FIDA NEXT STEPS



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FIDA – some thoughts on implementation and simplification

Background

The proposal for a Framework for financial access data (FIDA), which entered trilogue phase earlier this year, aims at enabling individuals and SMEs to control and share their financial data covering a broad range of services, including savings, pensions, loans, and insurance, if they wish so. It builds on the foundations of the second Payment Services Directive (PSD2) and expands beyond payments, to support a more integrated and competitive financial ecosystem where users can choose to share their data with entities which may offer them value adding services for their personal financial management.

FIDA would allow banks, insurers, and FinTechs to offer more personalised and efficient services to customers within a protective framework. It could unlock innovation by enabling financial

information service providers (FISPs) to develop tailored, data-driven financial services under secure and consent-based frameworks.

FIDA as an early test case of simplification

Since the publication of the Commission's proposal in June 2023, FIDA has deliberately adopted a legislative approach that is less prescriptive than other texts, including PSD2. This is timely and welcome against the background of the more recent drive for the simplification of financial services regulation in the EU. More specifically, FIDA limits itself to setting high-level principles only and delegates the arrangement of more detailed (and instrumental) aspects to the industry.

Market operators with divergent and competing business models will therefore be required to agree, for any given data sharing 'scheme' that is to be set up, the operational, technical, and governance specifics of that scheme. This includes the specifications for the scheme's application programming interface (API), its liability framework, and the appropriate level of compensation between data holders and data users.

While such an approach fosters innovation and grants greater adaptability over time compared to a legal text that remains static throughout its lifetime, it also entrusts the industry to ensure clarity, fairness, and interoperability. FIDA is therefore an interesting test case to see if simpler rules achieve the desired outcomes, including enhanced competition, in a context where private sector interests may diverge significantly.

FIDA needs to rebalance Level 1 and Level 2/3 provisions to avoid complexity.

Increasing number of Level two mandates for the EBA

Two years on and the high-level approach of the initial FIDA proposal of 2023 seems far away as the texts of the Council and the EU Parliament have seen the number of mandates for the

EBA, EIOPA and ESMA increase from 5 to 18. They cover a wide range of topics, from traditional supervisory mandates such as authorisation and home-host coordination to unprecedented topics such as dashboards, data perimeters, and continuous reviews and assessments by the ESAs.

While it is probably warranted to keep Level 1 provisions high level and fill gaps with more flexible Level 2/3 mandates, the EBA is of the view that some of these envisaged mandates should be removed before the texts are finalised. Using criteria such as the compliance burden for firms and the added value of the mandate to the supervisory community, the EBA has identified several mandates which do not seem essential.

Interaction with other EU texts

Another source of undue complexity is the unclear interaction of FIDA with other existing or emerging EU laws. This needs to be addressed before the texts are finalised. The EU Commission has already identified the need to avoid duplication of requirements between FIDA and the forthcoming PSD3. However, FIDA must also avoid the creation of overlapping provisions applicable to crypto asset service providers (CASPs) that carry out transactions with electronic money tokens (EMTs). These entities are subject to the data sharing requirements under FIDA (which the current version of the text suggests) but also to the open banking provisions under PSD3/PSR (which the current versions of those texts imply). This is not desirable.

Conclusion

FIDA can bring opportunities for customers and represents an interesting experimentation of simpler rulemaking in the EU. A rebalancing between Level 1 and Level 2 and 3 provisions is welcome but should not result in undue complexity for the latter or overlaps with other EU law, especially that which aims at facilitating innovation and enhancing competition to the benefit of smaller new entrants to the market. The remaining trilogue discussions provide an opportunity to address these issues.



CARLO COMPORTI

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Open finance, boost for EU innovation or threat to competitiveness?

The FIDAR proposal is designed to complement the initiatives adopted by the European Commission in the Digital Finance package, aiming to foster the development of innovative businesses that utilize advanced technologies. The EC's intention was to extend the principles of PSD2/open banking to financial and insurance sectors. This approach, that enabled more personalized services through customer control over personal data, faced scepticism when extended to open finance.

Unlike open banking, which was driven by the PSD regime and transformed the traditionally close relationships between customers and banks, the open finance initiative has encountered strong resistance. Specifically, private stakeholders expressed concerns about competitive crowding out by technologically advanced non-EU players, given the lower barriers to entry in these sectors (due to the industry structure and applicable regulation) compared to banking.

The FIDAR proposal was also criticized for potentially increasing complexity in

the financial sector, contrary to the goal of simplification and burden reduction outlined in the SIU overarching project.

Following the publication of the Communication “A competitiveness compass for the EU (2025)”, the EC was urged by co-legislators to issue a non-paper suggesting possible simplifications. In its May 2025 document, the EC reaffirmed the importance of the initiative, expecting it to shift investors from occasional investing to financial planning, including retirement planning, ultimately adding to the overall level of financial education. The EC also expects FIDAR to facilitate more efficient reuse of creditworthiness data, addressing the funding gap faced by many SMEs and making it easier for them to secure financing.

Based on these premises, while reiterating the need for inclusion of occupational pensions, given their centrality to the SIU and assuming that many of FIDAR's benefits would materialize there, the EC proposed additional proportionality in specific sectors and a scope reduction. In doing so, the EC focused on retail investors and SMEs - which are those more in need of tailor-made services and which encounter the major difficulties in breaking lock-in mechanisms - and proposed the exclusion of data from terminated contracts or old transactions. These changes to the original proposal are meant to lower adjustment costs for the industry.

To mitigate the market power of entities designated by the Digital Markets Act as gatekeepers (which are typically the largest on-line platforms operating from outside the Union), the EC proposed excluding them, and their controlled entities, from roles as financial information service providers (entities eligible and licensed to access customer data for the provision of financial information services).

Drawing on the experience of open banking, information sharing between data holders and users is to be achieved through financial data sharing schemes (FDSS) using API interfaces, entailing strong standardization and interoperability. This approach faced criticism during negotiations, as well as the costs attached to customer authentication and identification.

To address these concerns, the EC suggested leveraging technological advancements, such as European Digital Identity Wallets for authentication/identification purposes. The EC also proposed harmonized standards based on minimum requirements, to ensure a basic data set for financial data

sharing schemes, to be developed by European standardization organizations (operating under the EU Regulation on standardisation). Governance rules for financial data sharing schemes should also be defined by participants to ensure non-discriminatory treatment of all different interests involved, and accountability vis-à-vis supervising authorities. Finally, as the definition of financial data sharing schemes is a key issue to ensure the success of the initiative, discussions are still ongoing on whether the EC should retain the ability to step in via delegated acts to establish schemes for those data sets where market-led approaches fail to deliver.

Balancing efforts for internal innovation progress against unfair outside competition.

In conclusion, the negotiations underscored the need to adapt the general framework tested with open banking to the specific characteristics of the financial and insurance sectors. The continuation of the trilogue during the period in which the new legislative mandate was framed, in close connection with the SIU project, allowed to highlight the importance of balancing efforts for internal innovation progress against unfair outside competition. The inclusion of precautionary measures in the third-country access regime and the proposed treatment of gatekeepers reflect the EC and co-legislators' increased sensitivity to these issues, at a time of major changes in international political relations.



LUÍS LAGINHA DE SOUSA

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FiDA fast forward: powered by competitiveness

The strategy for the European Union to regain competitiveness must include prioritizing digital-based innovation, as it is shaping the path to success across the whole economy.

Data is the raw material underpinning artificial intelligence and other innovative solutions, and access to large volumes of relevant data enables the design of new services and products, better tailoring to different customer profiles and optimization of processes.

Every business is an information business, but this phenomenon is particularly evident in the financial sector, because it deals with vast amounts of data and millions of customers.

The proposal for a financial data access framework (FiDA) aims precisely to facilitate the flow of data originating from the financial sector, thereby improving the services and products offered to consumers, while also addressing the risks posed by this new digital environment.

The FiDA proposal focuses on facilitating access to consumers' financial data—upon their consent—by entities that do not provide financial services, while imposing a data-sharing obligation on financial service providers.

This obligation is based on the expectation that these entities will offer highly relevant financial information services such as investment advisory tools, personal finance management platforms, and personal dashboards that give clients a real-time overview of their financial situation.

The initial proposal was widely debated among co-legislators, financial institutions and the potential Financial Information Service providers (FISPs). The adaptation costs imposed on financial entities and concerns around fair competition among data users are driving the debate. Data-sharing security and the practical functioning of the entire system are also under scrutiny, involving not only technical considerations but also the strategic choice between market-led solutions versus a more harmonized approach that aims at preventing fragmentation.

As a result, the original text has undergone significant proposed amendments, aimed primarily at reducing ambiguity around FISPs, clarifying the scope of covered financial data, and simplifying certain operational and technical requirements.

Alongside the discussions on the proposal, a new impetus has emerged for simplification and cost reduction, aimed at easing burdens on market participants and creating effective frameworks that promote competitiveness.

In this context, the suggestions in the European Commission's non-paper on how to simplify FiDA and reduce its administrative burden are very welcome and convey two key messages: first, this proposal is indeed a priority and must proceed despite calls for the Commission to step back; and second, that we must do it right — which means avoiding unnecessary costs.

Suggestions under current discussion point in the right direction.

Drawing the line on what is necessary is not easy. Since the regulation is intended to establish the conditions needed for market development, defining its scope and structure before it enters into force remains, in part, an exercise of trial and, perhaps, some error.

Nonetheless, despite the complexity, the suggestions under current discussion point in the right direction - for instance, narrowing the scope of

applicable financial data so it only covers financial data of natural persons and small and medium-sized enterprises, or the exclusion of credit rating agencies from the list of data holders. Other relevant adjustments concerning data holders is the exclusion of small, non-interconnected investment firms, and of alternative investment fund managers and UCITS management companies that qualify as microenterprises. The discussion around which data points to include will hopefully also lead to a desired cost reduction.

Access to data by large technology companies is also an unavoidable point for further consideration, as they hold significant economic power and may exploit their advantages, such as access to vast amounts of data, in ways that could be detrimental to the broader public interest.

The discussion on the way forward must consider input from the relevant stakeholders, to support a proper competitiveness check and, as far as possible, a test of the feasibility of achieving the expected benefits for citizens and companies.

The entry into force of the Regulation also requires attention. The fast pace of innovation argues against excessive delays, as postponing the establishment of a functional open finance framework increases the risk of market entry by unregulated players and could render adopted solutions inadequate. However, the implementation timeline must also be proportionate to the complexity of the tasks involved.

The final message is to commend the openness shown in revisiting and refining such an important proposal, while also stressing the need to move forward quickly. The process has been lengthy and will still take years before it reaches the market. At this stage, with the risks identified and challenges mapped out, we must promptly find solutions, fast-forwarding FiDA.



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Open Finance: a new chapter in financial access and innovation

Open finance offers exciting potential to deliver more personalised, seamless and inclusive financial products for both consumers and businesses — from savings and insurance to mortgages, investments, pensions, and consumer credit.

In November 2024, the UK Government launched the National Payments Vision, signalling the ambition for the UK to be a ‘world leader’ in open finance — taking the principles of open banking and financial data sharing to the next level by giving consumers greater control over a broader spectrum of their financial data.

Our 5-year Strategy (2025 – 2030) recognises that more seamless data-sharing could unlock product innovation and deliver lower costs, as well as more choice and better information for consumers.

We are the lead regulator for open banking in the UK, where we have made significant strides in realising the potential of smart data. We have focused collaborative efforts, including government and industry bodies, on initiatives that not only enable open banking to scale and deliver more competition in the market for payment services in the interests of consumers,

but also to pave the way for open finance and the delivery of the next generation of UK payments. We are committed to accelerating the development of open finance and smart data to boost innovation, competition, flexibility and affordability for consumers.

To support this vision, we recently launched the Smart Data Accelerator. The Accelerator will enable experimentation, testing of cross-border and cross-sectoral use cases, enabling agile policy making, and assessment of infrastructure and technology needs.

The Accelerator will play a key role in advancing open finance, as we work closely with the UK Government to set out an open finance roadmap by March 2026. This roadmap, alongside the Department for Business and Trade’s Smart Data Strategy, will set a new direction in data sharing across financial services and the wider economy.

Reflecting this commitment and the rapid global advancement of open finance, the FCA held an Open Finance Sprint in March 2025. Over 100 participants from across the financial sector, including fintechs, incumbents, tech providers and academia, came together to build practical use cases and action plans for both consumers and small and medium-sized businesses.

Outcomes of the Sprint highlighted the importance of adaptive regulation and governance — flexible frameworks that support innovation while ensuring consumer protection and enhanced data security protocols. A key insight was the potential of open finance to improve financial wellbeing through integrated and personalised services that help consumers act on new growth opportunities.

Realising the benefits of open finance requires a framework that enables systems to work together.

Discussions also revealed how open finance could play a crucial role in building financial resilience, particularly in helping individuals navigate life events and financial shocks. Real-time data sharing, underpinned by emerging technologies such as AI, blockchain, and enhanced consent systems, were identified as pathways for enabling early warnings alongside timely support, and interventions. The integration of both financial and non-financial data (e.g. employment, health and local authority

records) has been identified to not only enhance consumer protection but also reduce financial crime through more tailored and responsive systems.

Participants agreed that the benefits of open finance extend beyond consumers. For businesses, open finance offers new avenues for innovation and sustainable growth. The FCA remains committed to supporting the development of commercially viable, value-driven business models that contribute meaningfully to the UK’s broader growth objective.

However, this progress must be paired with strong regulatory oversight. Realising the benefits of open finance requires a framework that enables different systems to work together and encourages cross-sector collaboration, creating a more connected financial system. As emphasised in our earlier work (2021 – 2022), privacy, data security, and fair access must be foundational to build a trusted, inclusive system that supports long-term financial health. Ongoing collaboration and commitment among stakeholders will be crucial to achieving and ensuring open finance initiatives succeed in the long term.

Internationally, we continue to engage with our global partners to share insights and approaches. In 2024, the FCA joined Project Aperta, an international collaboration on open finance interoperability, aimed at reducing frictions and costs in global finance.

As the global momentum behind open finance continues to build, we welcome further opportunities for European and wider international collaboration, to help deepen cooperation with global partners.



LAURENT BERTONNAUD

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FiDA belongs to an era that no longer exists

In his report, Mario Draghi pointed out that “we claim to favor innovation, but we continue to add regulatory burdens onto European companies”.

Like many other sectors in Europe, the financial sector is striving to remain at the cutting-edge of technological advancements. Achieving this will be close to impossible if we continue allocating most of our resources to adapting to increasing and ever more complex regulations. Europe cannot afford a lack of discipline in its investments anymore.

FiDA is the perfect example of a legislative proposal elaborated with the previous mindset which regarded regulation as a key engine for growth. Unfortunately, policymakers tend to overestimate the impact on the latter. They often forget the weight of regulatory changes on the economy as adaptation costs absorb most of our IT investments. We truly believe this is now an unbearable burden for Europe at a time where major investments are needed for AI, digitalization, cyber-risk...

Competition is a given for financial institutions. Past years have seen new entrants gaining market share in all financial activities. This has driven incumbents to innovate. The

concerns we express regarding FiDA do not at all relate to an additional increase in competition but rather to the uncertainty as to who the ultimate beneficiaries of the initiative will be.

As it is currently drafted, FiDA will only benefit a very limited number of already dominant digital players. There is no serious evidence demonstrating that it could serve the European Fintechs' ecosystem. Bank-as-a-platform and bank-as-a-service have been a component of what we do long before FiDA was even envisaged. To achieve this, we have established robust relationships with Fintechs on a contractual basis. When an opportunity is identified, each partnership focuses first on the added value brought to customers and second on the potential business model. The latter is the trickiest part as it is usually difficult to invoice customers for added services. If the technocratic concept of a Financial Data Sharing Scheme is to take off, we believe that only actors with deep pockets and an ability to fully leverage the huge amount of additional data will benefit from it.

We welcome European policy makers' recent discussions on the treatment of global tech companies. FiDA, in its current state, would bolster these companies' closed-platform ecosystems and increase the distribution of non-European products in many fields, thus hampering SIU ambitions. We are doubtful about the competitive advantage Europe may gain.

We fully concur with the reservations expressed by the Regulatory Scrutiny Board when asked to evaluate the Commission's draft impact assessment in February 2023. Specifically, we agree with reservations on EU strategic autonomy and on the mitigation of potential social risks, given the potential impact on vulnerable customers' access to credit and insurance.

Europe cannot afford a lack of discipline in its investments anymore.

Far from ‘empowering consumers’, as is often claimed, supervisory and data protection authorities have all observed increasing unethical practices in online environments (nudge, gamification, use of social media...) aimed at influencing customers' decision-making or selectively targeting the best customers only.

European citizens are wise. All studies show that there is a very limited desire to

share sensitive individual financial data in a world where cyber-risk is exploding. In short, there is a high probability that the huge investments required to set up these FDSS will be new “white elephants” Europe cannot afford.

Past experiences demonstrate the limited achievements of regulatory-driven approaches. The Open Finance Australian regulatory approach has not delivered its desired results (4 years later, only 0,31% of bank customers have an active data sharing arrangement) while costing the banking sector AUD 1,5 billion. After 10 years, the results of PSD2 are also very limited. Conversely, the market-driven approaches in Singapore and India have resulted in relatively higher adoption rates.

More than two years after the Commission's proposal, we note that fundamental aspects of the text continue to be the subject of heated debates. During this period, the geopolitical context has dramatically changed. It is unclear whether this proposal, in both its philosophy and design, remains aligned with Europe's new objectives and challenges.

While the Commission is consulting on several initiatives (Data union strategy, Digital package, potential review of GDPR...), we believe that FiDA should not be considered in isolation and at least be reexamined in a broader context. In any case, discussions on FiDA cannot be concluded prior to the Data union strategy.

The European Union faces a key political choice, namely to determine the right balance between high perceived risks, real expected added value for customers and loss of innovation opportunities in Europe due to additional regulatory burden. We strongly call for caution.



SUN LEE

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Finding the balance between innovation and risk sharing: FIDA at a crossroads

The industry needs to hear this. We must hear it. The Financial Data Access framework (FIDA) is coming. Now supported by the Danish Presidency and included among its European priorities, the regulation on access to financial data is emerging as a catalyst for Open Finance, constituting one of the levers of the strategy for the Savings and Investment Union. It is time for us to prepare for it.

CNP Assurances is convinced that Open Finance paves the way for a profound transformation of the financial sector:

- For the European ecosystem, the expectations are clear: stimulating competition, developing cross-border services and digital sovereignty.
- For consumers, openness and ease of access to data will provide a comprehensive view of their assets, greater autonomy in managing their data and easier access to services or products.
- For financial players, the development of Open Finance should enable innovation to be placed at the heart of customer services.

FIDA is a fundamental reform. Discussions between the co-legislators have led to progress on the categories of data to be excluded and an awareness

that the roll-out schedule must be spread over several years due to the data strategy of financial sector players.

However, the virtuous nature of FIDA does not justify the shortcomings of the text which risk harming the interests of our insureds and undermining our economic model based on risk pooling. Nor should it compromise European digital sovereignty by allowing dominant, non-European models to prevail.

Many legal and technical issues still need to be clarified before FIDA can be rolled out.

Exposing data and its history requires a secure framework. In this regard, two issues seem particularly sensitive to us: data security and customer protection, and gatekeepers.

Standards for secure exchanges and data protection must be the same regardless of the size of the financial sector players involved in data exchanges. Consent must be explicit and double (one for access and one for data sharing). This consent must also be properly managed over time.

Our position on gatekeepers is clear: we call for them to be excluded from FIDA.

In any case, we call for all FIDA players to be established in the European Union. Without this, FIDA risks reinforcing the dominance of non-European tech and financial giants, turning Europe into a mere data supplier rather than a truly sovereign ecosystem. This exclusion must be legally framed and politically defended.

**We need to find
the right balance
between innovation,
sovereignty and the
protection of citizens.**

Even these essential safeguards will not prevent certain large players from entering the FIDA arena.

The insurance sector is regulated for the purpose of ensuring the short-, medium- and long-term solvency of its players. Insurance is based on the principle of risk pooling with prudent long-term management. This balance is the cornerstone of the insurance model. Any measure likely to accelerate the demutualisation of risks, through direct or indirect incentives, would ultimately jeopardise the solvency and financial

stability of players. However, FIDA could accelerate the demutualisation of risks in certain market segments by allowing new players to select their risks. All stakeholders must ensure that financial balances are maintained, as the sector's ability to support major climate, digital, demographic and geopolitical transitions could ultimately be compromised.

The success of the FIDA scheme will depend on future discussions between the various stakeholders and the compromises reached. There are pragmatic ways to make FIDA more operational:

- The governance and approach adopted for Financial Data Sharing Schemes (FDSS) are fundamental. We believe it is desirable for FDSS to be set up at national level. A clear division of responsibilities is necessary. Without a balance between constraints and incentives, there is a risk of creating an unbalanced system that generates costly obligations without any benefits for customers.
- To enable sustainable implementation, existing data and API standards or those developed by the European Committee for Standardization (CEN) should be considered.
- To ensure the security of access to and sharing of this data, the implementation timetable must allow for the gradual disclosure of data, based on use cases and the operational capabilities of industry players.

We must leverage FIDA to develop even more personalised services and put innovation at the heart of customer services, while improving our risk management. FIDA opens up the prospect of concrete use cases. It is up to us to get our customers on board.

Can FIDA become a lever for Open Finance? That must be our common ambition. Its success will depend on establishing a climate of trust, transparency and balance between innovation, sovereignty and citizen protection. For CNP Assurances, the priority is to guarantee data security and customer consent management, ensure data sovereignty and avoid any demutualisation of risks that could lead to financial exclusion.