

Position Paper Febelfin on the FIDA proposal

I. Summary

Recent geopolitical trends have led the European Commission to **rethink strategies and priorities** for Europe (cf. Draghi-report). It is therefore crucial to date that all parties involved in the political process, put the EU's **competitiveness and simplification** at the centre of any reflection on legislative initiatives, including FiDA which has been drafted during the previous Commission's mandate.

The regulatory complexities and associated compliance costs of FIDA will inevitably **divert resources and focus away from genuine innovation** within EU financial institutions. **Customers**, whose interest in this initiative remains uncertain - **may also not be ready** for such **advanced controls over usage of their data**, as permission dashboards can be complex to manage. As banks, we also still see too often that gullible clients are victims of fraud (e.g. phishing where credentials are given to fraudster or investment fraud with crypto currencies).

If the **European Commission's non-paper on FiDA simplification** released in May 2025 in the context of the trilogues, attempts to address some concerns expressed by different stakeholders during the last two years, it however fails to **provide answers to fundamental issues** – such as, regarding the absence of a proven market demand, the justification of the real economic benefit, realistic timelines in view of the implementation of complex legal and technical requirements,- that **could prove costly and risk leading to a complete failure for data holders and data users in scope, for consumers, and for innovation and competitiveness**.

The industry therefore urges the **co-legislators not to add more undue challenges on top of the already complex challenges financial entities face**, as demonstrated in the **Draghi-report**. From the industry's point of view, it is crucial to **focus on other priorities**, to withdraw the proposal and **to further elaborate on recent initiatives such as the SIU that represent a more balanced, market-oriented approach** that removes regulatory barriers rather than imposing new ones.

II. Key drivers behind FIDA

The Financial Information Data Access Regulation found its origin within the EU's broader digital finance strategy and is a component in the approach to digitizing the financial sector. We distilled the following key drivers behind the initial proposal:

- **Improve innovation and competition** in the financial sector in order to create a wider range of better and cheaper financial products and services;
- **Create a European financial data space** and build on the European data strategy and accompanying initiatives, such as the Data Governance Act, Digital Markets Act and the Data Act;
- **Empower consumers and give them control over sharing their data**, including creation of a clear regulatory framework that addresses open concerns such as liability;
- **Creating standard technical interfaces and infrastructure** for accessing financial customer data, that are regulated and supervised.

While the financial sector reiterates its **acknowledgement of the EU's ambition to leverage data for economic growth and innovation**, FiDA raises a first fundamental concern as the regulation **instead of supporting entities in scope through adequate measures** based on concrete market demands, **it mandates them to establish a data market for all possible/unknown use-cases** under **threat of administrative penalties**, despite the absence of clear, objective evidence that there is sufficient market demand to justify the burdensome measures required. Indeed, even assuming that the threat of a sanction could stimulate market creation, **FiDA poses unreasonably daunting challenges that will not help achieve this ambition, on the contrary**. It risks misallocating resources, creating an unequal level playing field through non-reciprocal data access, hindering crucial innovation, and ultimately weakening the competitive position of EU financial institutions in the global landscape by drawing away resources for non-proven market demand. Hence, it carries a significant risk of undermining its own ambitions and falling short of its intended goals, which is amplified in the current geopolitical context and also not in line with the urgent need for regulatory simplification.

III. Why the execution of FiDA is unsustainable

Through the table below, the industry wants to highlight and demonstrate why the execution of the obligations imposed by FiDA lacks the objective justifications necessary for the initiative to be successful.

FiDA key driver	FiDA risks and observations
Promoting innovation and competition	<p>1) <u>Undermining competitiveness and hindering innovation</u></p> <p>European financial entities are currently facing considerable challenges such as the restrictive regulatory environment and lower profitability and scale compared to US counterparts. The "The future of European competitiveness" report underscores the necessity for Europe to "radically change" to become more productive and competitive. Forcing the <u>creation of a market through legal decree</u>, compelling substantial investments in data-sharing infrastructure without clear consumer pull, represents a <u>misallocation of resources</u> that could be strategically deployed to address Europe's acknowledged productivity challenge. The report highlights that Europe is "collectively failing to convert these strengths into productive and competitive industries on the global stage". Imposing significant compliance costs and operational burdens on financial institutions for mandated data sharing, without a guaranteed return or clear benefit, directly detracts from their capacity to invest in genuine innovation to the benefit of customers/citizens and enhance their core competitiveness. This is particularly concerning given the report's identification of "inconsistent and restrictive regulations" as a key barrier hindering the scaling up of innovative companies in Europe. In that sense, FiDA would in our view impose a new regulatory barrier on European entities, that would hinder productivity vis-à-vis companies from other continents and improve the competitiveness of foreign companies to the disadvantage of European companies (see also below). This needs to be avoided.</p> <p>In that regard, the current geopolitical context – marked by economic fragmentation, sanctions, uncertainty, cybersecurity risks and global competition - cannot be ignored. Recent developments, including indications from globally important jurisdictions towards deregulation and the potential global economic struggles that risks weighing heavily on European financial institutions, pose already significant challenges to the competitiveness of European financial institutions, to say nothing about an additional FiDA implementation.</p>

	<p>2) <u>FIDA is too cumbersome an instrument to achieve SIU's ambitions</u></p> <p>The saving and investments union represents a more sustainable and effective approach to enhancing competition in the European financial sector. The SIU strategy focuses on "reducing inefficiencies stemming from fragmentation" by "removing regulatory or supervisory barriers to cross-border operations." This approach enables businesses to "scale efficiently across the EU" without imposing additional compliance requirements. Unlike FiDA, which creates new obligations and costs for financial institutions, the SIU prioritizes simplification and burden reduction to foster organic growth and innovation through natural market forces. We support this approach which focuses on banks to improve their productivity, competitiveness and reach in a single EU market rather than imposing additional legal requirements. In addition, FiDA in its current form is too heavy an instrument for the further realization of the SIU as FiDA takes much more financial products groups in its scope than necessary for the SIU. We therefore call to prioritize the realization of the SIU by removing undue regulatory barriers, and by using existing regulations recently adopted on data and data sharing (e.g. the Data Governance Act setting up, among others, data intermediaries to increase trust among citizens to share their data, the Data Act touching on several other aspects of data sharing, the Digital Services Act for a safe, transparent and accountable online environment, and the Digital markets Act ensuring fair competition in the digital world). Only then should further enablers be investigated such as FiDA to see if they are necessary, and then make them impose only that which is absolutely necessary to achieve a full SIU.</p> <p>3) <u>Unequal playing field: exacerbating Competitive Disadvantage Through Non-Reciprocal Data Access</u></p> <p>A fundamental impediment to European competitiveness embedded within the proposed FIDA is the stark asymmetry in data access obligations. EU financial institutions, primarily as data holders, will be compelled to grant access to vast datasets to a broad spectrum of data users, including dominant global technology firms, but not only. Critically, the regulation does not establish reciprocal obligations for these data users, particularly those based outside the EU who wish to qualify as Financial Information Service Provider (FISP), to share the aggregated and enriched data they derive back into the European financial ecosystem (with the exception for limited data sharing by gatekeepers under the Data Markets Act). This non-reciprocity would amplify concern listed in the Draghi-report about Europe's "declining position in the advanced technologies that will drive future growth" and the increasing competitive pressures from non-EU companies. While we welcome the strict requirements to become a FISP ensuring a certain degree of data security, risk management and oversight, the requirements will also disincentive (mostly EU) smaller companies in favour of larger (mostly non-EU) companies from becoming a FISP. This would lead to an uneven competitive landscape that could pave the way for further consolidation of the already strong dominance of non-EU players in the EU/EEA consumer data markets (particularly large US American technology firms), where EU companies carry compliance costs as additional burden and non-EU companies can focus on innovation and profit from the data that is made available.</p>
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	<p>By unilaterally mandating data access, FiDA risks empowering non-EU players, allowing them to leverage EU data to enhance their service offerings globally, while EU financial institutions face a competitive disadvantage due to the one-way flow of this valuable resource. The report emphasizes the need for a "new industrial strategy for Europe to overcome these barriers", and FiDA, in its current form, appears to be erecting new ones.</p> <p>4) <u>European financial entities are not lagging behind but differences remain within the EU</u></p> <p>Financial institutions are not "lagging behind" in terms of innovation. Financial institutions intend -as done over the past decade- to keep introducing digital innovations for the benefit of clients and of society (e.g. mobile payment solutions, account-based payments such as Wero, voice assistants, instant payments solutions (in Belgium, 20% of all payment are already processed instantly), new forms of digital money, use of AI to combat fraud). Investments are being made to modernize legacy technology to leverage customer data through digital marketing and data analytics. Financial institutions are also investing in AI to enhance organizational efficiency, aiming to focus on these aspects rather than allocating resources to external data exposure.</p> <p>However, by imposing additional heavy burdens on financial entities, FiDA runs the risk of undermining their investments, leading to a loss of innovation capacity for European financial entities while at the same non-EU companies will continue to invest and innovate in a direction that does offer a real added value. In summary, the intention of European financial entities to continuously innovate for the benefit of clients and society would be severely hampered. This seems to be the opposite of what FiDA would aim for and not in line with recent comments by the European Commission on the current geopolitical context that Europe should lean more on its own strength and become less reliant on non-EU players.</p>
Promoting financial data space	<p><u>No established market demand</u></p> <p>FiDA aims to promote the creation of a financial data space. Such space can only be successful if there are actual beneficiaries to the creation of such a financial data space. It is important to stress, as already mentioned above, that there has been no demonstrable and explicit proof of actual customer demand for FiDA so far. This was also raised by the Regulatory Scrutiny Board in its opinion on the Commission's draft impact assessment for FiDA. In that context, it seems also necessary to clarify that the lack of market demand for FiDA is beyond comparison with the original lack of market demand for <i>seat belts in cars</i>, as recently stated. It is the clear safety improvements that were demonstrated prior to the obligation that led to install seat belts. If FiDA does not have any demonstrable advantages to the market, it will have no uptake and will remain a regulatory burden without benefit. In that regard, the Payment Services Directive II, which already obligates banks to share data on current accounts, is the best example of a text imposing significant burden for banks, while the benefits for the market remain largely absent to this day.</p>

	<p>We therefore request that the co-legislators investigate prior deployments of open finance initiatives in other regions of the world. We specifically wish to highlight the example of Australia: the Australia's Consumer Data Right (CDR)¹.</p> <p>The Australia's Consumer Data Right has been rolled out in stages:</p> <ul style="list-style-type: none"> • In 2016, the Australian Productivity Commission carried out a public inquiry on the availability of data, which was officially published a year later; • Two years after the inquiry, major banks were ready to release standardized product reference data; • Finally, and only from November 2021 (so 5 years later), major banks were required to facilitate the sharing of consumer data (implementation phase). For non-major banks, this obligation started applying from November 2022. <p>Despite a 5-year implementation timeline, the CDR included significant implementation costs without yielding many benefits to customers. The very low customer uptake of the CDR is the best proof of the lacking benefit and the fact that if there is no market demand, there will be no uptake while investments have been done in vain. There was also limited business innovation due to the lack of customer uptake. Considering these challenges, the Australian government has paused its expansion to other sectors (i.e., energy sector) and has initiated a significant revision of the CDR. We feel this example contains extremely important lessons learned that the co-legislators should take into account. There is still time to avoid the side effects that FiDA could cause.</p> <p>In this regard, we would also like to point out that the reference made by the Commission in its non-paper on FiDA simplification (p.3) to the U.S. example is not appropriate, as that initiative pertains exclusively to payments data equivalent to our PSD2 framework.</p>
Customer control over financial data	<p><u>Consumers may not be ready for advanced control over their data</u></p> <p>Data sharing also raise possible concerns for citizens particularly regarding complexity and trust:</p> <ul style="list-style-type: none"> • Consumers may struggle to understand which data types are included or excluded, potentially causing confusion; • Permission dashboards may be complex for the average consumer, especially for those with limited or no financial literacy. Indeed FiDA wrongly assumes a high-level of digital literacy and access to digital tools. Navigating what data is shared, with whom, and for what purpose could overwhelm users, leading to unintentional consents or disengagement; <p>Citizens may distrust the security of their sensitive financial data (e.g., investments or savings details) in terms of privacy. Non-adequate management of data sharing permission could potentially lead to misuse of information with risk of damaging the consumer's trust in the financial sector. And we unfortunately see signs in practice that clients can be lax in handling important financial information, as can be</p>

¹ Deloitte, Consumer Data Revolution: Empowering Australia's Future, March 2024. <https://www.deloitte.com/au/en/Industries/banking-capital-markets/perspectives/consumer-data-right.html> ; Australian Banking Association and Accenture, Consumer Data Right Strategic Review, July 2024. https://www.ausbanking.org.au/wp-content/uploads/2024/07/CDR-Strategic-Review_July-2024.pdf

	<p>illustrated by the increasing trend of crypto investment fraud where clients all too often immediately authorize transactions to such (fraudulent) platforms. This is also recently highlighted by Ombudsfm, the Belgian ombudsman for banks (see its publication for march 2025).</p>
<p>Establish framework for standardized and secure data sharing</p>	<p>1) <u>Imbalance cost vs benefits</u></p> <p>The costs associated with developing and maintaining, the technical interfaces, ensuring data quality and security, the permission dashboards, and participating in development and maintenance of financial data sharing schemes represent a significant burden for financial entities acting as data holders. Creating data sharing schemes pose multiple organizational and technical challenges:</p> <ul style="list-style-type: none"> • the scheme has to be set up in line with applicable company law requirements which are different in each Member State; • arrangements have to be made on various topics such as remuneration, liability and governance of the scheme; • data points within each financial entity must be inventoried, mapped and harmonized to each other to understand which categories are present and can be shared; • the necessary infrastructure to share must be built, internal systems of financial entities must be adapted to allow for real-time data sharing, etc. <p>The development and implementation of permission dashboards will also involve several legal and operational challenges, such as, compliance with different legal requirements on security and data protection with possible interplays and contradictions, ownership between participants in the ecosystem, user experience and behaviour,....</p> <p>Many of the costs that data holders will need to cover, including infrastructure, maintenance, and other cost factors, are also set out in Annex III of the European Commission Impact Assessment. The significant time and resource investments necessary to get the data sharing schemes up and running are not proportionate to alleged gains for consumers and the European data strategy that are not concretely demonstrated. It also risks duplicating already existing legal requirements (see next point). The non-paper of the Commission on the FiDA simplification, still doesn't not give any clear justification on this element.</p> <p>2) <u>Financial sector already heavily regulated and scrutinized</u></p> <p>In addition, there is also no need on specific requirements related to secure data sharing for consumer data. Financial entities are already bound by general security legislation (NIS II-directive and the Cyber Resilience Act) but also by another piece of legislation specific to the financial sector, namely the Digital Operational Resilience Act (DORA). DORA already imposes stringent and extensive security requirements on any system, protocol and process used by the financial entity. This would include systems used for the sharing of data with other parties. Implementation of these requirements is closely followed up by the financial regulators. There is therefore no need for an additional legislation layered on top of to guarantee security for any systems used in the handling and sharing of customer data.</p>