

Reply to hearing on the review of the PSD2 and on open finance

Insurance & Pension Denmark thanks for the opportunity to be heard and hereby submits its comments to the European Commission's hearing on the review of the PSD2 and on open finance.

Open Finance is an element of the EU's overall data strategy to realize the ambition to create an open data economy with increased innovation and growth across sectors. In the financial area, policy objectives are to create better financial products, better targeted advice, improved access for consumers to financial services and increased efficiency in business-to-business transactions.

We share the idea that data sharing across sectors and reusing data will provide great value in terms of developing the best offers for customers and creating opportunities for innovation. The challenge will be to find a way for regulation to strengthen and create a market without incurring costs that are not commensurate with the gain. It is therefore important that the forthcoming legislation addresses a number of key issues:

- How to ensure a level playing field in the financial market?
- How is consumer protection ensured throughout the value chain when data is shared?
- How do you handle data ownership and data standards?
- How should the distribution of the costs of increased data sharing be done appropriately in an Open Finance framework?

In this context, it is essential to ensure that the legislation effectively addresses the above issues and does not become an expensive compliance layer

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that does not genuinely promote consumer protection or the innovation power of European companies.

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Below we address the four key issues raised in the questions above and the specificities of the Danish welfare model and pension system, which needs to be taken into account in the future legislation on open finance.

The Danish pension system

The future regulation in this area should take into account specific national differences in, for example, the tax system, pension system, welfare model, etc., which will continue to be relevant to ensure. Denmark is known for having one of the most well-functioning pension models in the world. The model is built around three pillars, with Pillar II consisting of privately organised occupational pension schemes. There is a great risk, that legislation that seeks to offer "switching opportunities" for the individual customer will be detrimental to the Danish pension model and remove one of the fundamental pillars of the Danish welfare system. Also, there is a risk that mandatory requirements to develop API's to promote switching will be a cost driver for the pension providers and ultimately their customers, as switching is only possible under certain circumstances within Pillar II of the occupational pensions system. Therefore, there is a need to ensure that the upcoming legislation does not have a negative effect on the Danish pension model and welfare system.

1. Fair payment models shall ensure that both the recipient and the provider of data have an interest in the sharing of data.

As a starting point, there must be a business model for everyone who participates in the exchange of data. A prerequisite for good and increased data sharing is common interest. Access to data should be driven by demand in the first place, and there must be a real coverage of the costs imposed on companies by developing APIs and providing access to data.

2. Same activity, same risk, same regulation

Ensuring a level playing field when creating increased access to data in the financial sector is key. It must be ensured that there is a "level playing field" for all companies when it comes to sharing data. But at the same time, regulation must ensure that as value chains are broadened to non-financial companies that are part of the financial ecosystem, the same activity and risk will continue to be subject to the same regulation and consumer protection requirements, so that consumers continue to have a high level of protection regardless of the actor using their data.

3. Data sharing across sectors shall be based on the type of data

Data is not just data. It is necessary to distinguish between non-personal data and personal data, as well as to distinguish between raw data and enriched data.

It is important to view datasharing in a larger context and not just focus on the financial sector. There should be more focus on access to public data and strengthening user journeys across public and private sectors, as well as across Member States (e.g. data from public registers and public authorities, green carbon footprint data and supply data, etc.). Basically, the sharing of non-personal data should be strengthened.

In relation to personal data, the regulation should consider data ownership. When talking about access to customer data, the starting point should be that the sharing of data should be in the customer's interest and ensure that the customer can share his information, so as to ensure effective data portability across sectors within the EU. Access to data must always be approved by the customer and meet the requirements of the GDPR.

The upcoming regulation should only address access to raw data, while access to enriched data, where the enrichment of data constitutes the business model, should generally not be made mandatory in the forthcoming regulation because they constitute an economic asset for the companies who create them.

4. Clear framework for responsibility and governance

A clear framework must be created for how the development of market-driven standards can take place, who is responsible for data quality and clear management of consent to the sharing of data.

Increased exchange of data requires standardization of APIs and data formats. It should be ensured that regulation in this area is as simple as possible. The starting point is that the development of APIs and standards should be market-driven. Pensionsinfo is a great example of an industry-developed API standard that ensures data exchange across the industry and with third parties accessing data. The model can therefore be a good starting point for data portability and data sharing, as well as helping to ensure that requirements for APIs do not help drive up costs for the individual company.

At the same time, it is essential that EU rules in this area are technology-neutral and innovation-friendly, so that there will be room and opportunity to develop other models of data sharing in the future.

The forthcoming regulation should also take into account liability issues on data quality, including whether to impose requirements on "source data".

There must be a clear framework for consent and the ability to control the transfer of data. For example, it can be identified whether standards for consent should be developed and, in certain cases, whether "sunset clauses" for consent should be introduced so that it lapses after a period of time. In addition, there should be a focus on the data ethics in the framework for consents and exchange of data.