

Response to EC targeted consultation on open finance framework and data sharing in the financial sector

Our reference:	COB-TECH-22-081	Date:	5 July 2022
Referring to:	https://ec.europa.eu/info/consultations/finance-2022-open-finance_en		
Contact person:	Arthur Hilliard Senior policy advisor, conduct of business	E-mail:	Hilliard@insuranceeurope.eu
Pages:	30	Transparency Register ID no.:	33213703459-54

PART I

I. The relevance of data sharing in the financial sector

1. What type of actor in the data value chain are you (multiple answers possible)?

- Individual customer of a financial service provider
- Business customer of a financial service provider
- Holder of customer data**
- User of customer data**
- Data intermediary between data holders and users
- Other (please specify) Trade association representing the views of insurers**

2. In what part of the financial sector are you active (multiple answers possible)?

- Banking
- Payments
- Insurance**
- Asset management
- Securities trading
- Brokerage
- Pensions**
- Data and information services
- Not active in the financial sector
- Other (please specify)

3. In your opinion, is there an adequate framework for data access rights in place in the financial sector beyond payment accounts?

- Yes
- No**
- Don't know / no opinion / not applicable

4. As a customer of a financial service provider, would you be willing to grant other businesses (“third parties”) access to the data you generate with this provider for one of the following purposes (multiple answers possible)?

- Receive a comprehensive overview of your financial situation based on data from all your existing financial service providers (e.g. consolidation of data from several investment portfolios)
- Receive additional financial services from another financial services provider
- Switch to another financial services provider in an easy and simple way
- Other (please specify)
- None of the above

5. What open finance-based products would stand to benefit retail customers the most (multiple answers possible)?

	Comparison tools that facilitate provider switching
	Online brokerages that provide financial products with the best value
	Personalised advice and tailored financial products
	Personal finance management tools (e.g. overdraft alerts and recommendations for choosing lower interest rates products, lower overdraft charges)
	Personal wealth management tools to monitor and manage assets and liabilities (e.g. financial goal management, analytics of investments and their returns, monitoring of wealth factors such as savings, spending and budgets)
	Alternative credit scoring methods for financial inclusion (e.g. gig economy workers)
	Quicker customer onboarding with financial service providers
X	Pension tracking tools that provide a comprehensive overview of entitlements
	Digital tools to assess the ESG profile of financial products (e.g. the environmental impact of investment portfolios or carbon footprint estimation of specific products)
	All of the above
	Other (please specify)

6. What would be your quantitative and/or qualitative estimate of such retail customer benefits for these products?

The insurance industry welcomes and supports the development of Pension Tracking Services (PTS). Having a PTS in place is consistent with the insurance industry’s longstanding call for enhanced transparency around pension entitlements. Well-designed pension tracking services have indeed proved to be very effective in supporting people’s retirement planning processes and their understanding of how pension systems work.

However, information provided by PTS should always be consistent with national information disclosures, not only to avoid confusing savers but also to reflect the diversity of existing pension definitions and information requirements.

A PTS should first and foremost focus on its primary objective: ie to provide information on pension entitlements. Other aspects — such as financial education, information on options available and/or nudging users into taking additional steps — could eventually be part of the longer-term progressive roll-out strategy if a thorough consumer testing and cost-benefit analysis confirm their relevance.

The insurance industry believes that standardisation of data for a PTS would turn out to be extremely costly in practice. In particular, attempting to harmonise different sources of information for different products in order to come up with a single aggregate figure would be costly and turn out to be artificial, thereby misleading consumers.

The insurance industry strongly recommends that PTSs should be run through public-private partnerships. National experiences of PTSs demonstrate the essential role played by the private sector, including insurers, in the establishment and management of such services, beyond the provision of data.

7. What open finance-based products would stand to benefit corporate customers (notably SMEs) the most (multiple answers possible)?

	Comparison tools that facilitate provider switching
	Online brokerages that provide financial products with the best value
	Targeted advice and tailored financial products
	Corporate finance management tools
	Alternative credit scoring methods for financial inclusion
	Quicker customer onboarding with financial service providers
	Digital tools to assess the ESG profile of financial products (e.g. the environmental impact of investment portfolios or carbon footprint estimation of specific products)
	All of the above
	Other (please specify)

8. What would be your quantitative and/or qualitative estimate of such corporate customer benefits for these products?

In principle, potential benefits to corporate customers are similar to benefits to consumers: eg greater efficiency / cost advantages, more convenience, more targeted advice and tailored products etc. However, as with consumer benefits, appropriate framework conditions are crucial.

9. In your opinion, should financial firms holding customer data be allowed to share their customer data with customer's permission?

- With regulated financial institutions only
- With any financial and information service providers active in the financial sector
- With any third-party firm, including in other sectors of the economy**
- Firms should not be allowed to share customer data
- Don't know / no opinion / not applicable

Please explain:

Consent-based data sharing can be beneficial and create added value for consumers in the form of new and innovative digital financial services. The focus of any data-sharing scheme should always be on the consumer's willingness to share their data.

Given the sensitive nature of insurance data (in particular regarding life and health), consumers, as data subjects, should have absolute confidence in the security of their data, full control over the data being shared, and the right to determine for which services and under what conditions their personal data will be used. The scope of the customer's consent must be clear, specific and verifiable, while the purpose of the data sharing also needs to be clear.

Consumers should always be aware of what data they are sharing and for which services. It should be

clear to consumers to whom they give consent, for which goal, for how long and how they can revoke their consent. Consent should be provided in a free and informed manner and, for consent of a longer duration, an appropriate mechanism should exist that limits the consent to a certain time period and allows the consumer to revoke consent at any time. The risk of consumers accepting consent requests without any consideration needs to be properly addressed.

Particular consideration should also be given to assessing whether consent has been freely given, taking into account to the greatest extent possible the fact whether, inter alia, the performance of a contract, including the provision of a service, is made conditional on consent to the processing of personal data which are not necessary for the performance of that contract, as specified in Article 7(4) of the General Data Protection Regulation (GDPR).

For the avoidance of doubt, it should be mentioned that the possibility to use other legal grounds than consent for processing personal data according to the GDPR, such as "legitimate interest" when an insurance company collects personal data as part of an investigation of an attempted fraud, should not be limited by a consent-based open data framework.

It is also important to ensure that there is an overall consistency with other relevant legislative texts with which financial entities must comply (eg, GDPR, Solvency II, competition law, etc.) and any restrictions that may arise therefrom.

10. Should financial firms holding customer data be entitled to compensation by third parties for making the data available in appropriate quality, frequency and format?

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, should its level:

- be limited to the cost of putting in place the required technical infrastructure
- allow for a reasonable return on investment for collecting and structuring the data**
- be set in another way (please specify):

It is important to have a balanced approach towards costs. There are potential benefits for society, for insurers and for consumers from an open data-sharing framework. However, given the costs involved in setting up any potential framework, it will be important to make sure to evenly distribute the costs related to developing new, cross-sectoral data-sharing infrastructure. A level playing field among all the different players is crucial for the fair allocation of operating costs (eg for developing and running APIs, the implementation of technical standards etc), so that the insurance sector is not required to fund new infrastructure (and send customer data into it), which other players (third parties) can profit from without contributing to it. A framework for data sharing without any compensation would also hinder the possibilities to create incentives that would provide more benefits and value for customers.

Insurance Europe believes that it should therefore be possible to allow for a reasonable return on investment for making the data available. However, this also needs to be examined on a case-by-case basis, as there may be situations where it may be difficult to ensure fair and reasonable compensation. When there is an evident market distortion, such as in the case of access to in-vehicle data, smaller market players such as insurers would be at a significant competitive disadvantage vis-à-vis vehicle manufacturers due to a lack of bargaining power. In such cases, the data holders' ability to charge for data access should be limited.

At the same time, it is important to guarantee a true level playing field between data holders and all potential data recipients. Thus, any unfair terms unilaterally imposed by the data holder should not be binding.

It should be clear for the parties involved for which cost elements they can receive financial compensation, as well as how cost compensation at a minimum should ensure the necessary covering of

costs in relation to sharing data with other actors and also to allow for a reasonable return (a reasonable return must be defined with a maximum threshold for the data/function access to avoid excessive data exploitation).

Ultimately, a sound open finance framework will require significant investments from all players and the costs will ultimately be transferred to consumers. Insurance Europe believes therefore that there needs to be an appropriate focus on evaluating and assessing the impact of PSD2 to ensure lessons are learned and that policymakers quantify and qualify the increased costs of such a framework compared to the actual benefits and risks faced by the financial sector.

11. What other conditions are required to ensure the potential of open finance is maximised while minimising its risks?

Level playing field

There is a need to ensure fair and equal access to data based on a true level playing field between insurers and new market players (eg Big Tech): ie same activities, same risks, same rules. It is crucial to ensure that consumers enjoy the same level of protection, regardless of by who they are served, by bringing all new market entrants within the scope of the existing rules.

In the insurance sector, Article 18 of Solvency II limits the types of products and services that insurers can offer to only those related to the core insurance business, to the exclusion of all other commercial business. Such restrictions should be removed to allow insurers to compete digitally with other players and engage in other digital business activities, to avoid being placed at a competitive disadvantage to companies outside the insurance sector.

It is also important to ensure that there is an overall consistency with other relevant legislative texts with which financial entities must comply (eg, GDPR, Solvency II, competition law, etc.) and any restrictions that may arise therefrom.

Fair allocation of costs

It will be important to ensure a fair allocation of costs related to developing a new, cross-sectoral data-sharing infrastructure among the different players to ensure a balanced approach to the funding and development of any new infrastructure.

Scope of data-sharing

There is a need to clearly define which data sets would be subject to data-sharing (eg personal data that is directly supplied and controlled by the consumer vs proprietary data).

Insurers should not be obliged to share trade secrets, business-sensitive information or proprietary data that they have generated and analysed/enriched themselves, and which is the outcome of their own work: eg data from building risk profiles or underwriting and claims performance models. This type of data represents an important competitive factor and innovation driver, and should be seen in the context of an insurer's strategy and portfolio, which differs from one insurer to another.

Avoid copy-paste of PSD2

There must be an appropriate focus on evaluating, assessing and analysing the impact, costs and benefits of PSD2. It is important to ensure that lessons are learned and that attempts are made to quantify and qualify the increased costs of such a framework compared to the actual benefits and risks faced by the financial sector.

Cross-sectoral data-sharing

The focus of the opening up of data should not be solely on the financial sector, but more broadly on all sectors of society. Data usage, access and sharing should be considered in a broad context, with a focus on where consumers stand to benefit from cross-sectoral data-sharing.

Cross-sectoral data sharing offers an opportunity for even greater potential benefits to be realised by

going beyond the financial industry and including the automotive industry, the energy sector etc. This can allow consumers to directly benefit from new and innovative data-driven products and services. One good example of this is facilitating access to in-vehicle data. To maximise the benefits of data sharing initiatives, various data held by public sector bodies and regulatory authorities should be also made available (eg cyber threat and incident data, as well as NatCat and climate-related data) so that financial institutions gain a better understanding of risk profiles and so can develop more targeted insurance solutions.

Security/liability

It is important to maintain the right as an API supplier to secure and review the IT security and compliance of any API consumers to ensure the continued compliance for the data usage downstream of any developed APIs.

Clear definitions/roles of liability/responsibility of downstream data usage are needed, especially if it is to be opened for less regulated players. PSD2 has more control of downstream usage given the licensing requirements and it should be considered and applied also to other areas as the open finance framework potentially expands.

Identity and access management (I&AM)

An important part of any open finance framework is identity and access management. A prerequisite to ensure an adequate level of data security and data protection is that the data holder is in full control of the identity and access management. This means that the data holder should not be forced to trust the identity and access management of the third party that requests access to data.

12. What policy measures would be important to ensure a level playing field in terms of access to customer data?

- Ensuring access by financial institutions to the non-financial data of customers
- Subjecting all third-party service providers that access customer data held by financial service providers to financial supervision and regulation
- Other (please specify)**
- A level playing field already exists, so no measures necessary

Please specify:

Third-party service providers that access data held by financial firms through an open finance framework shall be subject to financial supervision and regulation. For the avoidance of any doubt, financial firms should still be able to share customer data outside an open finance framework, eg to business partners, provided that such sharing of customer data is conducted in accordance with the GDPR and other relevant legislation; such data sharing shall not result in the receiving party being subject to financial supervision and regulation.

There is a need to ensure fair and equal access to data based on a true level playing field between insurers and new market players (eg Big Tech) – “same activities, same risks, same rules”. This would include ensuring access by financial institutions to the non-financial data of customers.

13. Does open finance framework bear any possible risk of accumulation of data, leading to the creation of monopolies?

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, please explain:

The European insurance sector is a comprehensively regulated and supervised sector with a sound

conduct of business and prudential framework in place. However, while new technological opportunities and new customer behaviour enable new service concepts, new service providers (eg BigTech) have also entered the market. For these providers, regulatory requirements are often less strict than those in the traditional insurance industry. Maintaining a true level playing field between insurers and BigTech players, while avoiding regulatory arbitrage at European level, will therefore be crucial, particularly in terms of access to data and data monopolies. It should also be noted that there are challenges around data reciprocity as a clear mitigating concept, as the data that different parties hold and are allowed to share is often not comparable, or even incompatible with different actors' business models. For example, with regard to the respective business models, most financial institutions are incapable of generating value from the data in the same manner as BigTech (ie monetising behavioural data to make money via advertising), which leaves financial institutions at a disadvantage. However, BigTech may gain a much larger value from verifiable personal data that is obtained from financial institutions. It is therefore crucial to respect the principle of "same activities, same risks, same rules" and strive for a true level playing field, as recognised in Recommendation 13 of the ROFIEG.

If insurers are required to open up their data to third parties that generate and collect non-financial data inherent to their business model (eg BigTechs), but those same third parties are not required to share their data, or do not do so in an easily usable format, they could develop unfair competitive advantages over incumbents by combining financial data with non-financial user data, eg from social media platforms. If these third parties are allowed to use this much broader understanding, driven by their much more frequent interactions with consumers and access to behavioural data, they could seek to offer insurance solutions only to those consumers that are perceived as lower risk, which would not be in the interests of consumers, industry or supervisors.

Insurance Europe believes that there should also be similar restrictions as proposed under the Data Act that aim to avoid undermining the investment incentives of data holders if third parties could use the data for developing a competing product.

Questions for financial firms holding customer data

14. *As a financial firm holding customer data, do you make any data available to third parties beyond the data that you are required to share under PSD2, GDPR or other laws?*

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, please also specify the main obstacles to make such data available:

- Legal**
- Technical**
- Operational**
- Business considerations**
- Other (please specify) ___

Questions for firms using customer data held by financial firms

15. *As a firm using customer data held by financial firms, what is the purpose of accessing these data (multiple answers possible)?*

- Provision of services competing with the services offered by the data holder
- Provision of additional services
- Provision of analytical insights based on aggregated, including anonymised, data
- Other (please specify)

16. *As a firm using customer data held by financial firms, have you experienced any difficulties in accessing these data?*

- Yes
- No
- Don't know / no opinion / not applicable

17. *As a firm using customer data held by financial firms, with how many data holders in the EU would you have to interact on average to develop and offer a financial product or service to customers?*

- Less than 10
- 10 to 99
- 100 to 999
- 1000 to 9999
- More than 10000
- Don't know / no opinion / not applicable

17.1 *In how many MS would these be located?*

- 1
- 2 to 5
- More than 5
- Don't know / no opinion / not applicable

Questions for financial data intermediaries

18. *As a financial data intermediary, have you experienced difficulties in organising data sharing between data holders and data users?*

- Yes
- No
- Don't know / no opinion / not applicable**

Regulation and supervision of open finance information services

19. *In your opinion, should the scope of account information service provider licenses put in place under PSD2²¹ be extended to cover all financial services where new data access rights for third-party service providers would be introduced?*

- Yes
- No
- Don't know / no opinion / not applicable**

Questions for firms using customer data held by financial firms:

20. *Do you hold any financial services license (authorisation)?*

- Yes
- No
- Don't know / no opinion / not applicable**

¹ Limited scope licenses which allow account information services providers to provide consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider.

II. Customer protection

21. *In your opinion, what digital tools can strengthen a customer's ability to grant, track and withdraw consent (multiple answers possible)?*

X	Consent management dashboards to enable customers to track which third parties have been granted consent
X	Digital identity solutions, such as European Digital Identity Wallets ² , which could help identify a customer online and authenticate consent
	Other (please specify)

22. *In your opinion, who should provide such tools?*

- Data holders**
- Third parties
- Other (please specify)

23. *Do you believe that licensed firms in open finance should be required to provide operational tools to enable customers to manage their right of consent with respect to the various financial services they are using?*

- Yes
- No
- Don't know / no opinion / not applicable**

24. *Should "strong customer authentication" (i.e. authentication based on the use of at least two security elements) under open finance framework be only used when customers first decide to connect/disconnect their account to a third party service provider or periodically?*

- Connect/disconnect**
- Periodically**
- Never
- Don't know / no opinion / not applicable

25. *Should the authorisation to access customer data under open finance automatically expire after a certain period of time?*

- Yes**
- No
- Don't know / no opinion / not applicable

²The European Digital Identity Wallet is a product and service that will allow natural and legal persons in the Union to store credentials linked to their identity, and provide them to relying parties upon request, for the purpose of authentication and access to public and private services. It was proposed in June 2021 as part of the [European Digital Identity framework \(eIDAS review\)](#). See proposal for a Regulation of the European Parliament and the Council amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity, COM/2021/281 final.

26. What are the key risks related to customer data sharing?

- Financial exclusion
- Privacy breaches**
- Misuse of data (incl. fraud and financial crime)
- Other (please specify)
- Don't know / no opinion / not applicable

27. What should be done to mitigate the risks of financial exclusion and data abuse (multiple answers possible)?

	Establish best practice guidelines on customer profiling
	Define in legislation specific data fields that may be used for customer profiling in the provision of various financial services
	Introduce a mandatory requirement for the provision of basic services as part of the licensing regime (akin to the basic bank account concept) and cap prices
X	Other (please specify)

Regarding the insurance industry, a strong regulatory and supervisory framework and continuous monitoring by insurance supervisors already ensure fair treatment of policyholders. In addition, more granular risk segmentation does not necessarily result in reduced access to insurance cover for customers who want to insure higher risks. It may in fact make insurance easier for these cases, as the availability of more data (especially when little to none was available previously) often simplifies premium calculations and opens up new risk management strategies (eg additional precautionary measures). More precise data can even create insurability where more general data prevents underwriting. Also, the information required for an insurance contract is part of the competitive process. Companies differ in their approaches and customers often have a choice with respect to the information intensity of contracts. For example, car insurance is available with classical pricing or enhanced by telematics.

28. Is there a need for additional rules in the financial sector to clarify the attribution of liability for the quality of customer data that is shared?

- Yes, horizontal liability principles across the financial sector are required
- Yes, but liability principles must be tailored sector-by-sector
- No**
- Don't know

29. In your opinion, should an open finance framework need a dispute settlement mechanism to mediate and resolve liability disputes and other customer complaints?

- Yes
- No**
- Don't know

III. Modalities of data access and reuse in the financial sector

30. Are you aware of any financial services or products based on data sharing that already exist or are under development beyond those enabled under PSD2?

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, please specify what type of data and what type of access are needed for their development?

Sector (banking, investments, pensions, insurance, other)	Service/product (consumer mortgages, commercial mortgages, consumer credit, corporate credit, investments, savings, pensions, insurance)	Data type (financial/non-financial, personal/non-personal, public/private, raw/enriched)	Access type (read-only or write)
Insurance	Insurance and claims	All types	All types
Pensions	PensionsInfo (National pension tracking system)	Financial, personal and non-personal	Read only

31. *Please explain briefly the potential that these services or products involving financial data sharing hold for consumers and/or businesses:*

Embedded insurance, from information and distribution to claims, is something insurance companies in the Nordics have done together with partners for at least 10 years. Using API products for exposing data and functionality to partners and enterprise customers is a fundamental and growing part of the insurance business. It is, however, crucial that the data owners control the content of the API products and which partners are using them to ensure a sound insurance business, and continuous compliance with laws and regulations.

Motor insurers offer their customers the option of transferring their no-claims bonus when they change insurers. This is a bonus that the customer accumulates through accident-free driving. The customer benefits because this ensures continuity even when changing providers.

Pensions: The Danish National Pension Tracking service — PensionsInfo.dk — provides the user with an online overview of their pensions (from all three pillars), and also allows the user to send their pension information (digitally) from the tracking service to a pension provider or to pension broker, Fintech companies, accountants, unions or other companies that are connected to the tracking service. All members must comply with GDPR legislation and manage individuals' pension data in a safe way: there is, therefore, a high level of data security. Furthermore, the infrastructure has already been set-up and the system provides a good example of how to distribute the cost of IT transformation to all market players. All receiving parties must become members of an association and must pay an entry fee. All members share the running and development costs of the tracking service, and there is also a fee for frequent or high data loads. Each pension provider, therefore, does not have to develop an open API.

Questions for firms using customer data held by financial firms

32. *Have you had any practical experience with ad hoc contracts to ensure data access?*

- Yes
- No
- Don't know / no opinion / not applicable

33. *In your experience, are data holders willing to conclude such contracts in practice?*

- Yes
- No
- Don't know / no opinion / not applicable

34. *At how much would you estimate the average cost of concluding an ad hoc contract for data access?*

N/A

Contractual schemes

35. Are you a member of any contractual scheme or expecting to become one in the next few years?

- Yes**
- No
- Not sure
- Don't know / no opinion / not applicable

36. Do you think that contractual schemes offer more benefits than just data & API standardisation?

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, how would you describe these benefits or drawbacks (multiple answers possible)?

- A contractual scheme can save costs and time for negotiating and concluding multiple contracts**
- A contractual scheme can ensure effective dispute settlement**
- A contractual scheme is unlikely to gain broad acceptance and support absent clear incentives for stakeholders to agree**
- A contractual scheme is unlikely to solve the issue of determining the appropriate compensation for the data holder, if any is deemed necessary
- Other (please specify)

37. At how much would you estimate the cost of membership in such a scheme (including costs of joining the scheme, compliance/adjustment costs to meet scheme's requirements, costs of providing the required data access under the scheme)?

N/A

38. Would you agree with the following statement: without any regulatory intervention, I would expect that any contractual challenges linked to open finance would be resolved within the next 3-5 years by stakeholders themselves?

- Agree
- Disagree
- Don't know / no opinion / not applicable**

39. What further measures to promote market adoption of contractual schemes should the EU take?

- non-binding calls on stakeholders**
- make adherence to specific contractual schemes mandatory
- other measures (please specify)
- none of the above
- Don't know / no opinion / not applicable

Legislative access rights

40. In your opinion, should the Commission consider to propose new data access rights in the area of open finance?

- Yes, without compensation
- Yes, but only if the data holder receives compensation for making data available
- No**
- Don't know / no opinion / not applicable

41. *Should any such new data access rights cover the following categories of data related to?*

	Yes	No	Don't know
Savings accounts			
Mortgage products			
Lending products			
Securities accounts and financial instruments holdings			
Insurance and pension products			
Risk assessment (eg credit and insurance risk)			
Sustainability profile of financial services			

42. *In your opinion if such new data access rights are introduced, should financial institutions that are SMEs³ holding customer data be excluded from any such obligation (see e.g. Art 7 of the Data Act)*

- Yes
 No
 Don't know / no opinion / not applicable

43. *In your opinion should large gatekeeper platforms⁴ requesting data access be excluded from being able to benefit from such data access rights (see Art 6(d) of the Data Act)*

- Yes**
 No
 Don't know / no opinion / not applicable

44. *Have you made use of Article 20 GDPR to access financial data or been requested such data access under Article 20 GDPR in the financial sector, and if so how frequently?*

- Never
 Rarely
 Regularly
 Every week
 Don't know / no opinion / not applicable

45. *Are there any specific challenges related to the data processing principles of GDPR as regards (multiple answers possible):*

- data lawfulness, fairness and transparency
 purpose limitation
 data minimisation (limiting data collection to what is directly relevant and necessary for a specified purpose)

³ Small and medium-sized enterprises include enterprises with staff number between 10 and 250 and turnover between 2 and 50 million euros or a balance sheet total between 2 and 43 million euros.

⁴ Gatekeepers are understood as providers of core platform services (such as online intermediation services, online search engines, online social networking services, video-sharing platform services, number-independent interpersonal communication services, operating systems, cloud computing services) which have a significant impact on the internal market, serves as an important gateway for business users to reach end users and have an entrenched and durable position in its operations or will have such a position in the near future.

- data accuracy**
- data storage limitation**
- data integrity and confidentiality
- other, please specify

46. In your *opinion*, what lawful grounds for the processing of personal data would be most useful for the purpose of open finance? (1 least useful, 5 most useful)

	1	2	3	4	5
Processing based on consent					X
Processing based on a contract		X			
Processing necessary for compliance with a legal obligation				X	
Processing necessary to protect vital interests of the data subject	X				
Processing necessary for the public interest		X			
Processing necessary for legitimate interests pursued by the controller or a third party		X			

47. Of the ones listed, which are the most important reasons preventing the portability right *under* Article 20 GDPR to be *fully* effective in the financial sector (multiple answers possible)?

	The absence of an obligation to provide the data on a continuous/real time basis
	The absence of standardised APIs
	The absence of standards ensuring data interoperability
	The absence of clear rules on liability in case of data misuse
	The absence of clarity as to which types of data are within scope
	The absence of incentives for data holders to provide high quality data, as there is no remuneration for making data available
	Other (please specify)

IV. Technical infrastructure

48. Do commonly agreed standards on data formats exist in your area of activity in the financial sector?

- Yes**
- No
- They are currently being developed
- Don't know / no opinion / not applicable

If yes, what is the proportion of holders of customer data in the financial sector that make use of these standards?

- Less than 10%
- 10-50%
- The majority
- Don't know**

49. Should the EU take further measures to promote market adoption of standardised data formats?

- non-binding calls on stakeholders
- make use mandatory
- other measures (please specify)**
- none of this
- Don't know / no opinion / not applicable

In any potential, sound open finance framework, it will be important to develop standards to facilitate data sharing in order for any benefits to be realised. The starting point for any data sharing should be a framework setting out key principles. The further development of schemes should be market-led, based on a common taxonomy that is developed in close coordination with all players in the industry. In order to ensure these standards are well aligned with specific national and general industry standards and practices, Insurance Europe looks forward to being involved and providing an insurance industry perspective in this work. Banking schemes do not automatically work for insurance. The insurance industry has its own standardisation entities. They should be involved on a technical level and can provide advice.

Standardisation of APIs would be a necessary first step for the opening of insurance data in order to develop solutions that are workable for the market. It is also important that data is retrievable in a structured format and allows for automated data feed and analysis. Data should therefore be made available in open, easily readable file formats (JSON, XML, CSV, txt). Both the format and interface chosen should consider the type of data that is being processed. Wherever possible, an open framework should seek to build on existing standards and practices to accelerate the implementation process and reduce costs for the industry. Given the risk that developing and running open APIs will be a potential cost driver for the industry, the future framework should leave room for relevant national solutions, where, for instance, an industry association could develop and run an API scheme for multiple companies.

50. Should the EU take further measures to promote market adoption of standardised APIs?

- non-binding calls on stakeholders
- make use mandatory
- other measures (please specify)**
- none of this
- Don't know / no opinion / not applicable

In any potential, sound open finance framework, it will be important to develop standards to facilitate data sharing in order for any benefits to be realised. The starting point for any data sharing should be a framework setting out key principles. The further development of schemes should be market-led, based on a common taxonomy that is developed in close coordination with all players in the industry. In order to ensure these standards are well aligned with specific national and general industry standards and practices, Insurance Europe looks forward to being involved and providing an insurance industry perspective in this work. Banking schemes do not automatically work for insurance. The insurance industry has its own standardisation entities. They should be involved on a technical level and can provide advice.

Standardisation of APIs would be a necessary first step for the opening of insurance data in order to develop solutions that are workable for the market. It is also important that data is retrievable in a structured format and allows for automated data feed and analysis. Data should therefore be made available in open, easily readable file formats (JSON, XML, CSV, txt). Both the format and interface chosen should consider the type of data that is being processed. Wherever possible, an open framework should seek to build on existing standards and practices to accelerate the implementation process and reduce costs for the industry. Given the risk that developing and running open APIs will be a potential

cost driver for the industry, the future framework should leave room for relevant national solutions, where, for instance, an industry association could develop and run an API scheme for multiple companies.

51. Who is best placed to develop common standards for APIs?

- Industry stakeholders**
- European supervisory authorities
- International or European standardisation organisations (e.g. CEN)
- Other (please specify)
- Don't know / no opinion / not applicable

52. Would you agree with the following statement: even without any regulatory intervention, within the next 3-5 years I would expect most if not all larger financial institutions in the EU to provide consent-based access to key customer data via standardised APIs.

- Agree**
- Disagree
- Don't know / no opinion / not applicable

Questions for firms using customer data held by financial firms

53. Absent standardisation of data, would you be able to offer your services?

- Yes**
- To customers of a limited number of financial firms only
- In a limited number of Member States only
- No
- Don't know / no opinion / not applicable

54. What is your estimate of cost savings from using data based on commonly agreed standards?

N/A

55. Would you expect new products to be developed if more data were available based on commonly agreed standards?

- Yes**
- No
- Don't know / no opinion / not applicable

56. To the best of your knowledge, what is the proportion of holders of customer data in your sector of activity that make these data available based on APIs?

- Less than 10%
- 10-50%
- The majority
- Don't know / no opinion / not applicable**

57. Do you expect this proportion to increase significantly in the next 3-5 years?

- Yes
- No
- Don't know / no opinion / not applicable

58. Are currently available APIs based on generally accepted standards?

- Yes
- No
- Don't know / no opinion / not applicable

59. Are you making use of APIs or are you planning to do so in the future?

- Yes
- No

60. Would you expect new products to be developed if more data were available through APIs?

- Yes**
- No

61. What is your estimate of cost savings from accessing data through an API as opposed to specific case-by-case requests?

N/A

Questions for financial firms holding customer data

62. Have you already developed an API for data access by customers and third parties on behalf of customers?

- Yes, under PSD2
- Yes, outside the scope of PSD2**
- No

If you have already developed an API for data access by customers under PSD2, to what extent do you (plan to) leverage it for other open finance use cases?

- not used for other cases and no such use planned
- other use cases planned
- already used for other use cases

If you have not developed APIs for customer data access, what prevented you from doing so (multiple answers possible)?

- lack of requests from third parties
- reuse of existing infrastructure for data access
- lack of legal basis (e.g. under the GDPR and other applicable laws and regulations)
- lack of common standards or interoperability
- lack of business case
- other (please specify)

63. Would you see any cost savings in your operations associated with the use of such APIs?

- Yes
- No
- Don't know / no opinion / not applicable

64. What is your estimate of the cost of setting up an API for access to your customer data and the ongoing costs for running it?

Insurance Europe is not able to provide specific cost estimates. Setting up a single API product for customer data is not particularly expensive if a well-functioning internal API or data product for customer data already exists. However, the cost is quite high if you take into account the development of the total "infrastructure" for offering API products such as an API platform, developer portal, lifecycle management capabilities, legal frameworks and related competencies and capacities etc. The cost will differ if you calculate in the supporting building blocks that may be needed or not. Running costs will vary with the number of APIs using the common setup, as some costs are fixed.

65. Would you agree with the following statements?

	Yes	No	Don't know
The cost of developing an API is subject to economies of scope – i.e. once an API is developed using it for additional types of data increases the development costs only marginally			X
The cost of developing and running an API is lower if it is based on generally accepted and widely used data standards			X

66. Do you apply or intend to apply any generally recognised standards for your APIs beyond PSD2?

- Yes, currently applied**
- Yes, envisaged
- No, because no standards are available
- No, because not interested
- Don't know / no opinion / not applicable

V. Specific questions on selected use cases involving data sharing in the financial sector

Transferability of customer-profile data (Personal Investment Plan (PIP), suitability assessment) and access to customer data on current investments

67. Do you think that customer-profile data should be accessible to other financial intermediaries or third-party service providers through an API-based infrastructure (subject to customer permission)?

- Yes
 No
 Don't know / no opinion / not applicable

Please explain your answer:

As explained in Insurance Europe's [response](#) to the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, Insurance Europe does not agree that there are significant "weaknesses" in the application of the suitability and appropriateness tests in the insurance market that need to be addressed. The suitability test under the Insurance Distribution Directive (IDD) has only been in place for two years, but functions well and meets the needs of insurance customers and distributors. Insurance Europe understands that concerns regarding the proposed new regime have been expressed by market participants and by the European Securities and Markets Authority ESMA in its [letter](#) to the European Commission. Overall concerns include data protection and the risk of data breaches, the high cost of setting up a new IT framework, risks for the consumer associated with switching, as well as liability issues surrounding the accuracy and reliability of the data collection. The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up-to-date and if the result of the assessment indicated that the client should invest in IBIPs, the client would need to perform a separate assessment of his/her risk profile and insurance needs.

If, even in the absence of a cost benefit assessment, the European Commission intends to move forward, any portability of investor profiles should be limited to raw data provided by the customer, upon his/her consent. The scope of the raw data that could be transferred should be clearly defined at Level 1. On the other hand, generated data, eg that based on a company's proprietary techniques, could raise intellectual property or competition issues and should, therefore, not be subject to portability. With this in mind, a possible way forward would be to allow for the portability of any input data provided by the customer, but not to make any data that has been generated or analysed by the intermediary/insurer available to competitors. In practice this would mean splitting the proposed new client assessment into two parts. The first part, consisting of the generic data provided by the customer could be made portable, the second part where the data is analysed would be the proprietary work of the insurer/intermediary and should not be made available. The asset allocation strategy should not be portable.

Insurance Europe would also like to highlight the relative unimportance of online switching services for IBIPs and the potential risks to the consumer of switching. Personalised, long-term products like IBIPs will inevitably be switched much less often than pure investment products. Extensive switching is unlikely to be in the consumer's benefit (eg due to cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status etc), and so actively encouraging switching is not advisable.

In the cases of sophisticated products (eg life-insurance and pension), switching between products and services could potentially lead to misleading financial advice and in the worst case mis-selling of products to the customer. Switching can potentially have negative consequences as the products offered to customers are built on data and recommendations specifically offered by one financial institution which, in

most cases, are not directly comparable with products offered by another financial institution. This risk is intensified if enriched/inferred data is shared with other third parties, without insight into the data models used by the original advisor. Hence, selling products and/or services based on other market actors enriched/inferred data (eg suitability and appropriateness test) significantly heightens the risk of poor financial advice and mis-selling.

There is very limited consumer benefit from making insurers' client assessments available to other providers, as consumers are unlikely to benefit from moving to a new provider. In any case, the full costs and potential disadvantages of switching product or provider should be clearly disclosed to consumers and appropriate safeguards would need to be put in place.

This new initiative is likely to work best if it is introduced as an optional additional service (for the time being). This would enable the market to assess consumer interest in this kind of service and enable regulators to adjust the system to meet the needs of businesses and consumers. It should be noted that any data sharing would always be optional from the point of view of the customer (who would always need to provide consent), meaning that the 'old' offline suitability assessment process would also need to be maintained and could not be entirely replaced by a system based on open access.

68. *The portability of which specific customer-profile data would be essential in order to enable creation of new products and services as well as bring broader benefits for retail investors as described above?*

As explained in Insurance Europe's [response](#) to the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, Insurance Europe does not agree that there are significant "weaknesses" in the application of the suitability and appropriateness tests in the insurance market that need to be addressed. The suitability test under the IDD has only been in place for two years, but functions well and meets the needs of insurance customers and distributors. Insurance Europe understands that concerns have been expressed by market participants and by ESMA in its [letter](#) to the European Commission. Overall concerns include data protection and the risk of data breaches, the high cost of setting up a new IT framework, as well as liability issues about the accuracy and reliability of the data collection. The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up to date: moreover, if the result of the assessment indicates that the client should invest in IBIPs, the client would need to perform a separate assessment of his/her risk profile and insurance needs.

If, even in the absence of a cost benefit assessment, the European Commission intends to move forward, any portability of investor profiles should be limited to raw data provided by the customer, upon their consent. The scope of the raw data that could be transferred should be clearly defined. On the other hand, generated data, eg that based on company-own techniques could raise intellectual property or competition issues and should, therefore, not be subject to portability. Enriched and inferred data should be kept out of scope as other financial actors do not have any insight into how the data has been produced, which could lead to poor financial advice and miss-selling leading to bad outcomes for consumers.

With this in mind, a possible way forward would be to allow for the portability of any input data provided by the customer, but not to make any data that has been generated or analysed by the intermediary/insurer available to competitors. In practice this would mean splitting the proposed client assessment into two parts. The first part, consisting of the generic data provided by the customer could be made portable, the second part where the data is analysed would be the proprietary work of the insurer/intermediary and should not be made available. The asset allocation strategy should not be portable.

In terms of essential information, the list proposed in the European Commission's consultations overlooks some of the key factors to be considered by a client when buying an IBIP. In particular, the proposals do

not include any need to consider the consumer's need for any insurance cover or financial guarantees. These are key features of IBIPs and are often equally as important as the investment component. The proposed list seems to suggest that the investor profile of an insurance customer would not include any detail at all on their wish to buy a product that includes additional insurance benefits. Without this information, the personal investment plan will serve very little purpose in establishing which IBIP is most suitable for a particular customer, or for establishing whether an IBIP or a different fund-based product would be most suitable.

69. *In your opinion, are there any risks and constraints associated with sharing the customer-profile data between financial intermediaries?*

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, please describe those risks/constraints and explain what measures could be taken to reduce such risks?

Data protection and the security of the IT infrastructure could represent a major concern and a risk for both consumers and providers. The development of the IT framework would be very expensive, and consumers may not ultimately be willing to share their data and participate in this new innovation. The costs of setting up a new IT architecture would, therefore, not be compensated by sufficient retail investor participation in the initiative.

The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up to date: moreover, if the result of the assessment indicates that the client should invest in IBIPs, the client would need to perform a separate assessment of their risk profile and insurance needs.

Besides, liability issues surrounding the accuracy and reliability of the data collection should also be duly considered. There is also a risk of out-to-date or inaccurate data being used to formulate investment advice by third party providers, where an old investor profile, or a profile that is due to be updated is accessed by a new provider with no existing relationship with the client. Data could also be mis-used to contact new clients and propose alternative solutions that are not more suitable than the clients' current investments. In the long run, consumers could lose interest in receiving new offers if they are consistently being approached by potential new providers.

There is also the question of who pays for the development of IT systems and the setup of safe and reliable data points. There is a risk that costs (to set up the new infrastructure, collect consumers' information in a standardised format, re-structure existing clients' data, etc) will be borne by insurers and their clients, while third party providers will leverage on the investments made by insurers to contact and onboard new prospects.

Insurance Europe would also like to highlight the relative unimportance of online switching services for IBIPs. Personalised, long-term products like IBIPs will inevitably be switched much less often than pure investment products. Extensive switching is unlikely to be in the consumer's benefit (eg due to cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging switching is not advisable. This means that there is very limited consumer benefit from making insurers' client assessments available to other providers, as consumers are unlikely to benefit from moving to a new provider. In any case, the full cost and potential disadvantages (increased cost of insurance, current market performance etc) of switching product or provider should be clearly disclosed to consumers. There is a significant risk that the wide availability of client data would incentivise third-parties to contact potential customers about potential switches. There is the risk of poor financial advice, lack of innovation and miss-selling to the consumer as noted above if

proper safeguards are not included in new legislation.

A solution could be to begin by opening up public sector data (eg revenues, pension and other social benefits, property registry, tax treatment etc) to financial services providers upon consumers' consent and free of charge. This could facilitate client onboarding and the assessment of the client profile, while saving time and costs to both providers and consumers. This could also be a way to test clients' willingness to share their data before considering more complex infrastructures.

70. *Please explain if these risks and constraints apply to the sharing of all or only specific data fields and how this could potentially be addressed:*

All.

71. *Please provide us with an estimate of costs that would be incurred by an investment firm in setting up data access points, e.g. in the form of APIs, to allow the customer to share his or her customer-profile data:*

Insurance Europe is not able to provide specific cost estimates. It is impossible to quantify a cost per individual compliance requirement, as it also depends on the size of the company and of the distribution network, whether the company needs to outsource activities, the number and type of products in the portfolio, the frequency of review, the mechanisms for transferring information and the contents of the various documents, etc.

Despite the feedback provided by Insurance Europe in the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, many questions are still unanswered: would the new approach be mandatory for all products and clients? Who would collect the information? Who's liable for the accuracy of the information? Who's responsible for keeping the information updated? Which standard format(s) would be used? What's the preparedness of the different providers to undertake such a transformation, also based on the level of sophistication of the software that they currently use, the digital skills of their salesforce, etc?

The overall costs would also be dependent on the details of the new regime. In particular, the content and level of detail of the data to be collected/analysed and the format in which it must be provided. It is possible to provide machine-readable data via a PDF at a low cost, but any more granular stipulations on data format would be much more expensive to implement.

However, it should be noted that the set-up costs for streamlining the advice process should not be underestimated. This has been demonstrated by the relatively slow adoption of robo-advice services, where costs are one of the key reasons that more insurers are not already offering this service. As currently proposed, this new system would not only entail changes to the IDD suitability and appropriateness tests, but also to the product oversight and governance process, training of intermediaries and rules on the provision of advice. These changes would create significant set-up costs and would likely entail increased ongoing costs.

The consultation paper seems to presuppose that this would be offset by cost savings created by the streamlining of the process going forward. However, the industry sees very limited potential for these changes to lead to cost savings for insurers/intermediaries. Regardless of the availability of previous client assessments, Insurance Europe does not expect that insurance distributors would be prepared to base their advice to the client on an assessment performed by a third party without themselves reassessing and reevaluating the assessment and check if it is updated. The end result would be a system that operates in a similar manner to the existing IDD system (with a limited number of clients making use of their rights under Article 23.3 of the IDD), but with intermediaries facing the increased costs incurred by having to implement the new standardised questionnaire and potentially new data formats.

The Commission must test all aspects with real consumers to check if they are really interested, before proposing any change.

Access to customer data on current investments

72. Subject to customer's agreement, should financial intermediaries or other third party service providers be able to access data on customer's current investments with other financial service providers:

- a) To develop new tools for the benefit of customer?
- Yes
 - No**
 - Don't know / no opinion / not applicable

Please explain your answer:

As explained in Insurance Europe's [response](#) to the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, Insurance Europe does not agree that there are significant "weaknesses" in the application of the suitability and appropriateness tests in the insurance market that need to be addressed through this initiative. The suitability test under the IDD has only been in place for two years, but functions well and meets the needs of insurance customers and distributors. Insurance Europe understand that concerns have been expressed by market participants and by ESMA in its [letter](#) to the European Commission. Overall concerns include data protection and the risk of data breaches, the high cost of setting up a new IT framework, as well as liability issues about the accuracy and reliability of the data collection. The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up-to-date: moreover, if the result of the assessment indicates that the client should invest in IBIPs, the client would need to perform a separate assessment of his/her risk profile and insurance needs.

If, even in the absence of a cost benefit assessment, the European Commission intends to move forward, any portability of investor profiles should be limited to raw data provided by the customer, upon their consent. The scope of the raw data that could be transferred should be clearly defined. On the other hand, generated data, eg that based on company-own techniques, could raise intellectual property or competition issues and should, therefore, not be subject to portability. With this in mind, a possible way forward would be to allow for the portability of any input data provided by the customer, but not to make any data that has been generated or analysed by the intermediary/insurer available to competitors. In practice this would mean splitting the proposed client assessment into two parts. The first part, consisting of the generic data provided by the customer could be made portable, the second part where the data is analysed would be the proprietary work of the insurer/intermediary and should not be made available. The asset allocation strategy should not be portable.

Insurance Europe would also like to highlight the relative unimportance of online switching services for IBIPs. Personalised, long-term products like IBIPs will inevitably be switched much less often than pure investment products. Extensive switching is unlikely to be in the consumer's benefit (eg cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging switching is not advisable. This means that there is very limited consumer benefit from making insurers' client assessments available to other providers, as consumers are unlikely to benefit from moving to a new provider. In any case, the full cost of switching product or provider should be clearly disclosed to consumers.

- b) To ensure smooth implementation of the suitability and appropriateness assessments (or a possible compilation of a personal investment plan and to make implementation of the associated asset allocation strategy more efficient)?

- Yes
- No**
- Don't know / no opinion / not applicable

Please explain your answer:

As explained in Insurance Europe's [response](#) to the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, Insurance Europe does not agree that there are significant "weaknesses" in the application of the suitability and appropriateness tests in the insurance market that need to be addressed through this initiative. The suitability test under the IDD has only been in place for two years, but functions well and meets the needs of insurance customers and distributors. Insurance Europe understand that concerns concerns have been expressed by market participants and by ESMA in its [letter](#) to the European Commission. Overall concerns include data protection and the risk of data breaches, the high cost of setting up a new IT framework, as well as liability issues about the accuracy and reliability of the data collection. The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up-to-date: moreover, if the result of the assessment indicates that the client should invest in IBIPs, the client would need to perform a separate assessment of his/her risk profile and insurance needs.

If, even in the absence of a cost benefit assessment, the European Commission intends to move forward, any portability of investor profiles should be limited to raw data provided by the customer, upon their consent. The scope of the raw data that could be transferred should be clearly defined. On the other hand, generated data, eg that based on company-own techniques, could raise intellectual property or competition issues and should therefore not be subject to portability. With this in mind, a possible way forward would be to allow for the portability of any input data provided by the customer, but not to make any data that has been generated or analysed by the intermediary/insurer available to competitors. In practice this would mean splitting the proposed client assessment into two parts. The first part, consisting of the generic data provided by the customer could be made portable, the second part where the data is analysed would be the proprietary work of the insurer/intermediary and should not be made available. The asset allocation strategy should not be portable.

Insurance Europe would also like to highlight the relative unimportance of online switching services for IBIPs. Personalised, long-term products like IBIPs will inevitably be switched much less often than pure investment products. Extensive switching is unlikely to be in the consumer's benefit (eg cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging switching is not advisable. This means that there is very limited consumer benefit from making insurers' client assessments available to other providers, as consumers are unlikely to benefit from moving to a new provider. In any case, the full cost of switching product or provider should be clearly disclosed to consumers.

73. Should the access be granted to:

- All data on all investments
- All data on some investments
- Some data on all investments
- Don't know / no opinion / not applicable**

Please explain your answer (notably which data and which investments in the case of partial access):

Any portability of investor profiles should be limited to raw data provided by the customer, upon their consent. The scope of the raw data that could be transferred should be clearly defined. On the other hand, generated data, eg that based on company-own techniques could raise intellectual property or competition issues and should, therefore, not be subject to portability.

A solution could be to begin by opening up public sector data (eg revenues, pension and other social benefits, property registry, tax treatment etc) to financial services providers upon consumers' consent and free of charge. There could be some merit in sharing additional data on investments, but this must not include the output of the suitability and appropriateness assessments themselves. It will be vital that there is a clearly defined scope of what data is available and what isn't. There would also need to be further work on assessing the broader impact on the financial sector in making such a broad range of data available. At this stage it is not possible to give a clear answer to this question.

74. *Subject to customer's agreement, should financial intermediaries and other third- party service providers be able to access data on customers' current investments with other financial service providers to provide investment analytics services, such as a consolidated overview of the client's investments and an assessment of the risk-return metrics of the client's portfolio?*

- Yes
- No**
- Don't know / no opinion / not applicable

Please explain your answer:

As explained in Insurance Europe's [response](#) to the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, Insurance Europe does not agree that there are significant "weaknesses" in the application of the suitability and appropriateness tests in the insurance market that need to be addressed through this initiative. The suitability test under the IDD has only been in place for two years, but functions well and meets the needs of insurance customers and distributors. Insurance Europe understands that concerns have been expressed by market participants and by ESMA in its [letter](#) to the European Commission. Overall concerns include data protection and the risk of data breaches, the high cost of developing a new IT framework, as well as liability issues about the accuracy and reliability of the data collection. The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up-to-date: moreover, if the result of the assessment indicates that the client should invest in IBIPs, the client would need to perform a separate assessment of his/her risk profile and insurance needs.

If, even in the absence of a cost benefit assessment, the European Commission intends to move forward, any portability of investor profiles should be limited to raw data provided by the customer, upon his/her consent. The scope of the raw data that could be transferred should be clearly defined. On the other hand, generated data, eg that based on company-own techniques could raise intellectual property or competition issues and should therefore not be subject to portability. With this in mind, a possible way forward would be to allow for the portability of any input data provided by the customer, but not to make any data that has been generated or analysed by the intermediary/insurer available to competitors. In practice this would mean splitting the proposed client assessment into two parts. The first part, consisting of the generic data provided by the customer could be made portable, the second part where the data is analysed would be the proprietary work of the insurer/intermediary and should not be made available. The asset allocation strategy should not be portable.

Insurance Europe would also like to highlight the relative unimportance of online switching services for IBIPs. Personalised, long-term products like IBIPs will inevitably be switched much less often than pure investment products. Extensive switching is unlikely to be in the consumer's benefit (eg cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging switching is not advisable. This means that there is very limited consumer benefit from making insurers' client assessments available to other providers, as consumers are unlikely to benefit from moving to a new provider. In any case, the full cost of switching product or provider should be clearly disclosed to consumers.

As to risk-return metrics, it is problematic to compare insurance savings products as there is a great variation in the products. A comparison risks placing great focus on the price when there may be key differences that are difficult to capture: eg health testing, high guarantees on older contracts etc. This is not comparable to a bank transaction or an electricity contract where the product is basically the same.

75. *Subject to customer's agreement and if third party access to customers' current investment data were to be enabled, should it also be made possible to access data on their past investments? In the affirmative, what would be the main use cases for sharing such data?*

- Yes
- No**
- Don't know / no opinion / not applicable

Please explain your answer:

The purpose of sharing information on past (concluded) investments is not clear. It would be too intrusive to check which providers were chosen by the client in the past, which products were recommended to the client by those providers, which returns were gained by the client, how often the client changed provider, how long the client kept the investment, how the client behaved during past crises, etc.

If the purpose is to check the client investment experience, this is an aspect already covered by the current suitability and appropriateness questions, with no need for the provider to have access to data on all past investment. A direct question to the client can also help understand his/her level of confidence and satisfaction with the previous experiences.

76. *Do you think that enabling customers to share their data on their current investments across financial intermediaries could encourage greater competition and innovation in the provision of investment services?*

- Yes
- No**
- Don't know / no opinion / not applicable

Please explain your answer:

As explained in Insurance Europe's [response](#) to the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, Insurance Europe does not agree that there are significant "weaknesses" in the application of the suitability and appropriateness tests in the insurance market that need to be addressed through this initiative. The suitability test under the IDD has only been in place for two years, but functions well and meets the needs of insurance customers and distributors. Insurance Europe understands that concerns have been expressed by market participants and by ESMA in its [letter](#) to the European Commission. Overall concerns include data protection and the risk of data breaches, the high cost of developing a new IT framework, as well as liability issues about the accuracy and reliability of the data collection. The new approach also seems to make the process longer, instead of simpler: for example, a third-party provider would need to check again if the clients' information is up-to-date: moreover, if the result of the assessment indicates that the client should invest in IBIPs, the client would need to perform a separate assessment of his/her risk profile and insurance needs.

If, even in the absence of a cost benefit assessment, the European Commission intends to move forward, any portability of investor profiles should be limited to raw data provided by the customer, upon their consent. The scope of the raw data that could be transferred should be clearly defined. On the other hand, generated data, eg that based on company-own techniques could raise intellectual property or competition issues and should, therefore, not be subject to portability. With this in mind, a possible way forward would be to allow for the portability of any input data provided by the customer, but not to make any data that has been generated or analysed by the intermediary/insurer available to competitors. In

practice this would mean splitting the proposed client assessment into two parts. The first part, consisting of the generic data provided by the customer could be made portable, the second part where the data is analysed would be the proprietary work of the insurer/intermediary and should not be made available. The asset allocation strategy should not be portable.

Insurance Europe would also like to highlight the relative unimportance of online switching services for IBIPs. Personalised, long-term products like IBIPs will inevitably be switched much less often than pure investment products. Extensive switching is unlikely to be in the consumer's benefit (eg cancellation costs, lower guaranteed interest rates, or poorer biometric parameters due to changed entry age or health status), and so actively encouraging switching is not advisable. As multiple actors attempt to profit from the same customer, there is a risk that the interest of the customer-base is overlooked, and instead distributors only provide functionality that suits them. Subsequently the marketplace becomes distorted, where third party providers flock around lucrative functionality and neglect more baseline functions, neglecting those customers who do not opt-in to the more accessible (for distributors) system.

This means that there is very limited consumer benefit from making insurers' client assessments available to other providers, as consumers are unlikely to benefit from moving to a new provider.

77.*Please provide us with an estimate of costs that would be incurred by an investment firm in setting up data access points, e.g. in the form of APIs, to allow the customer to share data on his or her current investments:*

Insurance Europe is not able to provide specific cost estimates. It is impossible to quantify a cost per individual compliance requirement, as it also depends on the size of the company and of the distribution network, whether the company needs to outsource activities, the number and type of products in the portfolio, the frequency of review, the mechanisms for transferring information and the contents of the various documents etc.

Despite the [feedback](#) provided by Insurance Europe in the European Commission's targeted consultation on options to enhance the suitability and appropriateness assessments, many questions are still unanswered: would the new approach be mandatory for all products and clients? Who would collect the information? Who is liable for the accuracy of the information? Who is responsible for keeping the information updated? What is the preparedness of the different providers to undertake such a transformation (eh the level of sophistication of the software that they currently use, the digital skills of their salesforce etc)?

The overall costs would also be dependent on the details of the new regime. In particular, the content and level of detail of the data to be collected/analysed and the format in which it must be provided. It is possible to provide machine-readable data via a PDF at a low cost, but any more granular stipulations on data format would be much more expensive to implement.

However, it should be noted that the set-up costs for streamlining the advice process should not be underestimated. This has been demonstrated by the relatively slow adoption of robo-advice services, where costs are one the key reasons that more insurers are not already offering this service. As currently proposed, this new system would not only entail changes to the IDD suitability and appropriateness tests, but also to the product oversight and governance process, training of intermediaries and rules on the provision of advice. These changes would create significant set-up costs and would likely entail increased ongoing costs.

The consultation paper seems to presuppose that this would be offset by cost savings created by the streamlining of the process going forward. However, the industry sees very limited potential for these changes to lead to cost savings for insurers/intermediaries. Regardless of the availability of previous client assessments, Insurance Europe does not expect that insurance distributors would be prepared to base

their advice to the client on an assessment performed by a third party without themselves re-assessing and re-evaluating the assessment and check if it is updated. The end result would be a system that operates in a similar manner to the existing IDD system (with a limited number of clients making use of their rights under Article 23.3 of the IDD), but with intermediaries facing increased costs incurred by having to implement the new standardised questionnaire and potentially new data formats.

The Commission must test all aspects with real consumers to check if they are really interested, before proposing any change.

SME financing

Assessing SME creditworthiness

78. *Is SME data accessible today via regulatory requirements or are there practical examples of contractual access to data required for SME creditworthiness assessment?*

- Yes
- No**
- Don't know / no opinion / not applicable

If not, arrangements between whom would be needed?

If SMEs are not listed on a stock exchange, their company data are only accessible to investors on a contractual basis. Typical examples are private debt and promissory note loans. The publication of company data is still voluntary for SMEs. The establishment of the European Single Access Point (ESAP) would be an important milestone in the completion of the Capital Markets Union and improve the access to financial and sustainable information from SMEs.

79. *Is the required data already standardised (e.g. either by market operators or via regulation)?*

- Yes
- No**
- Don't know / no opinion / not applicable

If not, what steps would be necessary to harmonise data formats to ensure that such data sets are of needed quality (accurate, reliable, complete, etc.)?

Financial ratios are not all uniform across EU member states, but are broadly similar. In order to promote cross-border investment in SMEs in Europe, further harmonisation would be sensible. In addition to harmonising financial ratios, public access to financial ratios should also be improved. For investors, the access to SME financial ratios and sustainability information is difficult, as there is no uniform central data access point or European business register in the member states.

80. *Is the data required for SME creditworthiness assessment readily accessible from a technical perspective (e.g. via standardised APIs)?*

- Yes
- No**
- Don't know / no opinion / not applicable

If not, which actor in the use case should bear the cost of making it available and why?

The data required for the credit assessment of SMEs is not technically easily accessible. There is neither a central data access point nor are machine-readable file formats used. With the establishment of the ESAP, there should be significant improvements. It would be important, that many SMEs make their data available in machine-readable file formats through the ESAP.

Sharing of SME data across financial institutions

81. Do you think that a referral scheme for SMEs through an API-based infrastructure based on standardised data, giving a financial intermediary access to data held by another financial intermediary, could be effective in helping them secure alternative funding?

- Yes
- No
- Don't know / no opinion / not applicable**

The ESAP is intended to become an API-based infrastructure access point for SME data and thereby significantly improve the visibility of SMEs and their financing opportunities.

82. Please provide us with quantitative estimates of costs that would be incurred by a funding provider due to setting up data access points, e.g. in the form of APIs, to allow the SME to share its funding application data with alternative funding providers?

N/A

83. Are you aware of existing practical examples of contractual access to SME funding application data?

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, please explain:

In private debt contracts, access to SME financial ratios is usually always agreed for the credit assessment as well as on an annual basis for the entire duration of the credit agreement.

84. Are there any significant legal obstacles for accessing SME funding application data held by another funding provider?

- Yes
- No
- Don't know / no opinion / not applicable

85. What steps would be necessary to harmonise data formats and access conditions to ensure adequate quality of SME data (accurate, reliable, complete, etc.)?

The ESAP planned by the European Commission should be established as soon as possible, with financial key figures and sustainability information should have the highest priority and be reported to the ESAP from the beginning. The ESAP should serve as a central key access point for financial and sustainability information reported by companies.

When defining the implementing technical standards (ITS), which is undertaken by the European Supervisory Authorities (ESAs) Joint Committee, attention should be paid to uniform reporting formats for all member states that should be digitally usable and available in a data-extractable machine-readable format.

VI. Other aspects of data sharing in the financial sector and related obstacles Use of aggregated supervisory data for research and innovation

86. Are there any legal obstacles today to obtain and use fully anonymised and aggregated supervisory data for research and innovation purposes?

- Yes
- No**
- Don't know / no opinion / not applicable

Please explain your answer:

As the data is fully anonymised and aggregated, any legal obstacles to data protection regulation should disappear.

87. In your opinion, what areas hold research and innovation potential based on the use of anonymised and aggregated supervisory data?

Legal certainty for voluntary data sharing among financial institutions to improve risk monitoring or compliance and further develop related tools.

88. Would you consider it useful to provide for similar "enabling clauses" for other types of information exchange among financial institutions?

- Yes**
- No
- Don't know / no opinion / not applicable

If yes, please indicate in which areas and please explain:

Amongst IT risks, this could be useful in the area of fraud/crime prevention and anti-money-laundering.

Outright fraud, terrorism, white washing etc.

Insurance Europe is the European insurance and reinsurance federation. Through its 36 member bodies — the national insurance associations — it represents all types and sizes of insurance and reinsurance undertakings. Insurance Europe, which is based in Brussels, represents undertakings that account for around 95% of total European premium income. Insurance makes a major contribution to Europe's economic growth and development. European insurers pay out over €1 000bn annually — or €2.8bn a day — in claims, directly employ more than 920 000 people and invest over €10.6trn in the economy.