

OFA Position Paper on Open Finance

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Summary

OFA welcomes the European Commission's targeted [consultation](#) on an open finance framework and data sharing in the financial sector.

With Open Banking under the Second Payments Service Directive (PSD2), the EU made a commitment to give consumers and businesses more control over their financial data by unlocking payment accounts via trusted third-party providers. But financial life is about more than just payment accounts. It extends to savings, investments, mortgages, pensions and more, requiring more holistic account access to allow consumers to have a complete and accurate picture of their financial health.

The work on an open finance framework, coupled with the [review](#) of PSD2, has the potential to further empower consumers and businesses by enabling them to use more of their financial data and account functions via trusted third parties.

Our views

Open finance is the next step in the evolution of open banking. By bringing the benefits of open banking to a broader array of financial products, open finance will give consumers and businesses greater control and visibility of their economic lives.

In order to progress from open banking to open finance, the open finance framework should:

- Open access to a **broader range of financial accounts**, other than just payment accounts, including credit, savings, investments, pensions, mortgages and insurance.
- Build on the success of PSD2, **facilitating access using secure, open APIs**, which ensure the right level of trust and willingness to share data. This will expand consumer access to better financial products while guaranteeing optimal control of their data.
- Encourage harmonisation of rules and API standards to minimise fragmentation and promote consistency via the creation of an independent **Open Finance standards body** to oversee implementation and maintenance of Open Finance APIs.
- Be sustainable and provide **commercial opportunities** for both third party providers accessing data and functionality, and financial institutions giving access.

From Open Banking to Open Finance

Opening up financial data beyond payments

Customers should have the right to access their data across all their financial accounts, not just payments. A customer's financial life extends to investments, mortgages, savings, borrowing, and more. All of this data should be available for a customer to make use of, through regulated third parties, via secure APIs.

Regulated firms such as TPPs should be allowed to retrieve this data, given the security required for interfacing with the data holder (e.g. the financial institution). However, once the TPP has safely retrieved the data, they should be free to act on the customer's instruction, received through explicit consent, to share the data with other businesses or services.

Extend the licensing and authorisation from PSD2 to open finance

Firms that have already gone through authorisation as AISPs should be allowed to have access to broader financial data (rather than requiring these firms to undergo a further authorisation regime). This could be facilitated by requiring financial institutions providing access to new data sets to recognise the same eIDAS certificates issued to AISPs, to validate access. A simple notification procedure requiring existing AISPs to inform their NCAs if they intend to access new scopes of data, would help NCAs to understand the new activity.

Include 'action initiation' in the open finance framework

The open finance framework must include both data access and 'action initiation' i.e. the ability for regulated third parties to undertake actions for end-users, such as closing accounts, switching, and moving funds (e.g. between savings accounts). Open finance should not be limited to just data (i.e. 'read-only') access.

Allow regulated firms to access non-financial data

Access to non-financial data will be an important element of open finance. Financial institutions hold non-financial data such as social security numbers, addresses, and passport details. If shared securely, and with the full informed consent of the data-owner, this data could be used to develop powerful new services in the space of identity and verification and customer onboarding. It could help to replace outdated manual document sharing and lengthy verification processes.

Create a commercial model that offers incentives to all parties

Open Finance should build on the successes of Open Banking under PSD2. The EU should mandate the use of Open Finance APIs to provide access to data via regulated third party providers, while also incentivising financial institutions to provide well functioning APIs.

A basic core set of information should be available to third parties free-of-charge, with consideration given to a model whereby financial institutions can charge for premium/enhanced data provision.

The compensation for financial firms should be sufficient to incentivise these firms to maintain their interfaces so that they are well functioning. However, the cost needs to be reasonable, so that TPPs also have a financial incentive to enter the market and provide services. There must be safeguards against another interchange fee problem (as exists in the card market).

Contact

Join us and be the voice of Open Finance in the EU and UK.

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