

# FACTSHEET

## Making Open Finance consumer-friendly

*Data and technology are changing how financial markets work for consumers. New digital players are entering the market and new digital financial services and products are being offered to consumers. The EU first led the way with the development of Open Banking under the Payment Services Directive (PSD2), allowing third party providers access to consumers' payment accounts (based on the consumer's consent) to offer new services and cheaper payments. Open Finance would extend these Open Banking principles to a wider range of a consumer's financial data, including their savings accounts, insurance policies, mortgages, investments, pensions and consumer credit. These new developments present both opportunities and challenges for consumers and should be properly regulated.*

### How to ensure that Open Finance is consumer-friendly?

The wider sharing of consumer data in financial services could benefit consumers, providing new services and tools for them and allowing new digital players to offer financial services to consumers. Building on the existing rules for payment account data-sharing between banks and payment providers, BEUC agrees with the adoption of EU-wide regulatory framework on Open Finance. However, to ensure that digital innovations are consumer-friendly, such changes should be underpinned by clear consumer rights under EU law:

- Consumers must **remain in full control of their data**, and data should only be shared with third parties based on their explicit, informed consent;
- Consumers need to be **adequately protected against misuse of data, data breaches, privacy and security risks** associated with the sharing of consumers' financial data. Regulation must be adopted to ensure that consumer data is used in an ethical manner, and that liability is clear in case things go wrong;
- Consumers should have a right to **instruct their bank not to share their data** with third parties, and consumers must be able to easily keep track through their bank which third parties they have granted consent and access to;
- Consumers should have a clear **right to be forgotten**;
- When accessing consumer data, firms must strictly **comply with the full requirements of the General Data Protection Regulation (GDPR)**.

For BEUC's full recommendations, read our position paper on ['Consumer-friendly Open Banking'](#).

### Reciprocity?

An EU-wide Open Finance framework with data sharing based on consent should empower consumers to access better financial products and more easily switch between financial services providers, including to services offered by new FinTech and big tech providers. But in exchange for establishing such an EU-wide data sharing framework, some [banks and financial institutions](#) are calling for 'reciprocal' data access to the non-financial data held by big tech platforms (such as a consumer's search history, location data, or other personal information):



## Why is reciprocal data access unjustified?

Open Finance should offer consumers the possibility to access new financial products and services. However, Open Finance should not lead to an open bar for consumer data, and reciprocal data access by banks to consumers' personal data held by big tech companies is a step too far, for the following reasons:

- 1. CONSUMER CONTROL OVER THEIR PERSONAL DATA.** While consumers might have a fair idea about what their bank knows about them, consumers are frequently unaware of the extensive personal data that giant tech platforms hold about them. Reciprocity means that consumers could be asked to give their banks access to all kinds of personal data held by big tech companies. It is unclear how such personal information could help banks to improve their products or services. In an increasingly data-driven world, consumers need more control over their personal data, but reciprocity would mean greater risks for consumers and ultimately less control.
- 2. CONSUMER CONSENT RULES NEED TO BE REINFORCED.** Current means to obtain consumer consent are often insufficient. Users tick a cookie box to access a website, without any idea of the consequences of this agreement. In a sensitive area such as their personal finances, consumers may be particularly unaware of the consequences of agreeing to share personal information about themselves with financial institutions.
- 3. NO MARKET FAILURE.** Access to financial data is key to allow third parties to provide their services as banks have a monopoly on payments accounts (i.e. a 'market failure'). But it cannot extend to non-financial data that is not needed to provide a financial service (e.g. your shopping habits, your friends, your movements) as is not justified by any market failure. This is because banks can still provide the service without such extensive consumer profiling.

Open Finance should offer consumers new services and products, not open the door for them to be profiled and manipulated by financial institutions. BEUC supports the adoption of an EU-wide regulatory framework on Open Finance, allowing third parties to access consumers' financial data about savings accounts, insurance policies, mortgages, investments, pension and consumer credit products based on the explicit consent from the consumer. But reciprocal data access by banks to non-financial data is unacceptable, and any eventual EU Open Finance framework should be underpinned by clear consumer rights.