

Visa response to EU targeted consultation on open finance

- Visa welcomes the opportunity to provide feedback to the European Commission in the run-up to the unveiling of the EU new open finance framework and supports its objective to develop fairer access, security and use of data in the EU Digital Single Market, while complementing the EU data act and promoting data sharing practices.
- As innovation, regulation and demand progresses towards open data and embedded finance, to successfully transition from Open Banking to Open Finance we believe that it is critical to ensure a seamless consumer experience while resolving for the issue of trust in the data sharing ecosystem.
- We are supportive of government and wider public sector initiatives to drive socio-economic value through the creation of data sharing platforms and ecosystems. Any robust, long-term data-sharing ecosystem needs significant public sector investment in technology infrastructure, governance, security, auditability, and data quality.
- We believe that by putting consumers in the driving seat regulation can build trust in the ecosystem. By giving consumers control, and reinforcing the ownership of their own data, regulation can ensure that new services consistently protect and respect consumer privacy and clearly demonstrate the value and benefit of data-driven innovations.
- Understanding the need to promote data access and data use in the financial services sector, we know that regulations for data access and TPPs can be an enabler for market adoption as they provide the necessary legal certainty and incentives for businesses to develop new products and solutions.
- Open Finance has the potential to unleash the development of numerous new businesses and services increasing the complexity of the current Open Banking ecosystem, making it increasingly necessary to address the challenges to ensure data security and data privacy while managing new permissions and levels of access. Data controls are one way to address that complexity.
- The development of APIs and premium APIs can play a crucial role to help people connect their accounts across thousands of financial services providers and to have full control over the financial data and the ability to choose to share it with their personal digital finance tools.
- The EU Open Finance framework should be complementary and consistent with other cross-sectoral regulatory initiatives targeting data and digital service providers in the EU single market,



such as the proposed Data Act proposal, the Digital Markets Act (DMA), the Digital Services Act (DSA), the General Data Protection Regulation (GDPR), the Data Governance Act (DGA) and sectoral initiatives such as the Digital Operational Resilience Act (DORA), and build on the success of the Payment Services Directive (PSD2), keeping up with a rapidly changing ecosystem and ensuring that open banking services consistently protect and respect consumer privacy and gives them control.

Access to and use of “open data” in the financial services sector must be underpinned by high threshold for safety and security requirements to enhance consumer trust, and aligned with a clear strategic and commercial benefit for financial firms

- While open banking has been lauded as a success there is still tremendous potential to be unlocked. Open Finance builds upon the foundations of Open Banking with the potential to address the challenges and shortcoming of the existing framework, allowing for the full use of the benefits of enhanced data sharing in the financial services sector as long as they are safe and don't expose customers to any data privacy, financial, or cyber risk.
- Data sharing in financial services plays a critical role in enhancing network operational resilience as well as enabling fraud detection services. In the open finance framework, data sharing arrangements must be complemented with adequate safeguards that mitigate data accumulation and ensuring that intermediaries and third parties have clear provisions for managing data access, storage and data use as well as allowing for consumers to have full control of their data.
- Financial firms must be given not only the legal clarity necessary to develop new businesses and services but also both clear strategic and commercial benefit and have confidence of a stable and secure legal and regulatory environment around data sharing, to invest and develop new products.
- The open finance framework must therefore allow for compensation by third parties for making data available for a reasonable return on investment for collecting and structuring the data as well as ensuring the right incentives for industry stakeholders to operate within the legal framework to develop multilateral commercial and contractual structures, such as the SEPA Access Account scheme.

Trust is key to the successful implementation of Open Finance and consumers and businesses must be sure that their data is held securely and only accessed by entities to which they have provided consent.

- Consumer trust will play a vital role in the uptake of open finance and it is therefore critical that a new open finance framework sets a high security standards as well as enhancing transparency and



the traceability of data access requests, putting the consumer in control of their data with the ability to express consent to any solicited and unsolicited data access request.

- Proposed consent management tools/dashboards will enable consumers to track which third parties have been granted consent but must be complemented with clear, meaningful and granular consent, from the moment of setting up account.
- Financial firms are already working in tandem to develop clear wording and design standards, avoiding dark patterns, and giving consumers clear control of the data being shared. These efforts can be complemented with risk rating systems for TPPs and best practice guidelines that can underpin safety and security standards and enhance consumer trust.

Clear data access and re-use permissions must be safeguarded with strict control and transparency requirements, complemented with auditability and traceability provisions

- The benefits of data-driven insights and data collaboration in general could be significant, both commercially and for advancing progress toward important societal objectives. Visa is supportive of pursuing responsible and secure data sharing when aggregated, de-identified datasets can provide valuable insights on important issues such as economic recovery following natural disasters or the COVID-19 pandemic, or support products, services, or policies to help tackle climate change.
- Effective, secure, and appropriately permissioned access to and use of data is a top priority for Visa, but this is heavily dependent on certain conditions, including strong governance, security, and privacy controls. An efficient open finance should be based on appropriate data availability and access, which is fair, transparent and proportionate.
- The open finance framework must address the lack of legal and operational consistency, in line with the provisions prescribed in the EU Data Act proposal, safeguarding interoperability and portability of data as well as a clear liability regime across service providers.

The expansion of interoperable access to and use of data will require some level of standardization of an API framework and permissioning requirements, preferably globally and via an international Standards Development Organization

- With regards to the regulatory approach to technical infrastructure, the European Commission should acknowledge the existing body of work carried by industry stakeholders as well as the ongoing efforts to develop a standardised approach to the development of standards for data portability and interoperability, codes of conduct and contractual arrangements together, and the development of APIs.



- While standardization of data and API are important to consider in supporting the development of open finance, different approaches to standardization may be appropriate for different aspects of open finance, depending on the use case.
- Any API requirements should be outcome-based and flexible in order to adjust to changing market needs and availability of technologies, allowing market players to implement APIs in a way that suitable to their technical capabilities and resources.
- An open finance framework should focus on incentivizing the development of high-quality APIs and promoting competition and innovation in the market. The European Commission should explore defining a security and performance criteria, allowing for performance measuring and ranking of APIs.