

AMICE position on open finance framework

While the development of innovative technologies and better access to more data creates opportunities to better serve consumers, it also calls on policymakers to ensure that consumers are even further protected. AMICE welcomes the opportunity to respond to the European Commission's targeted consultation on open finance framework and data sharing in the financial sector.

Mutual and cooperative insurers recognise several advantages for consumers from the increased use of digitalisation in the financial sector. Technological advances allow insurers to increase their understanding of consumers' needs and preferences to provide them with personalized products and innovative services that are better adapted and tailored to their particular circumstances, including better loss prevention advice.

AMICE would like to share the following main considerations which we believe should be taken into account when developing an open finance framework:

- Overall, we see the merit of promoting a gradual, controlled, prudent and risk-based approach for the development of an open finance framework.
- The scope of open finance should be clearly defined. A potential data sharing obligation should only apply to data that is directly provided by the customer. Any data pertaining proprietary rights, trade secrets and sensitive personal data should be excluded. Data that has been processed by the insurer (coding processes, analyses, archives, expert reports etc.) should not be subject to the data sharing obligation.
- An open finance framework should be adapted to the specificities of the insurance sector. A copy-paste of the PSD2 model should be avoided.
- An open insurance framework should comply with existing legislation applicable to the insurance sector (such as GDPR, DORA, IDD etc.).
- Data sharing should guarantee the level of protection of consumers' personal data and their privacy, with effective application of the GDPR.
- The potential introduction of data-sharing framework in the finance sector should not oversee the differentiation between personal, non-personal and aggregate raw data. Any blurring of the distinction between processing of personal and non-personal data may raise confusion and inconsistencies with the GDPR.
- The focus of any data sharing framework should always be on the consumer's willingness to share his/her data.
- The use of consumer data should be for the benefit of the consumer, and people should have a clear understanding over the use of their data.

- It is indispensable to develop common standards for APIs in order to limit costs for the industry and avoid fragmentation. Industry stakeholders should be involved in the standardization process.
- The framework should include general standards on data quality.
- The open finance framework should be accompanied with sound and robust security requirements.
- Data sharing should be based on the principle of equality and data reciprocity.
- An open finance framework should ensure that the principle of “same activities, same risks, same rules” is fully respected.
- Any existing open finance initiatives, based on voluntary agreements, should be preserved.
- Consumer trust in open finance is key. Therefore, data ethics considerations should be carefully assessed when designing an open finance framework.
- Beyond open finance, cross-sectoral data sharing should be encouraged.
- Finally, it is important to prevent the risk of demutualization. Mutualisation protects the most at-risk populations and if these mechanisms disappear, the premiums of many policyholders may rise sharply and some will no longer be able to get insurance.

We believe that continuous dialogue between policymakers and stakeholders is crucial and, thus, we welcome the opportunity to discuss further the issues raised by our response.

About AMICE (Association of Mutual Insurers and Insurance Cooperatives in Europe)

The Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE) is the voice of the mutual and cooperative insurance sector in Europe. AMICE advocates for appropriate and fair treatment of all mutual and cooperatives insurers in the European single market. It also encourages the creation and development of innovative solutions for the benefit of European citizens and society. It has more than 80 members, including national associations of mutual and cooperative insurers. These associations represent a further 700 mutual and cooperative insurers.

Typically, mutual/cooperative insurers have no external shareholders, and profits are applied to the benefit of mutual member/policyholders in accordance with the long-term culture of the mutual business model. Mutual and cooperative insurance follows the principles of solidarity and sustainability, and it is characterized by customer-membership and democratic governance.

European mutual and cooperative insurers accounted for 33.4% of the European insurance market share in 2020 underwriting €469bn in premium income. In terms of size, they range from some of the smallest to some of the largest insurers in Europe.

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RLE Brussels, French-speaking division | Company number: 0893.970.608 | EU transparency register: 62503501759-81