Société Générale welcomes the opportunity given for a dialog on data economy in the finance industry, which is already a flourishing activity and shows interesting further prospects.

We have felt the need to add this appendix to our answers to the consultation, because its questions on strategic issues were in some cases rather large and deserved nuanced and more developed answers.

The existing tools in data exchange should not be underestimated, and they already evidence some form of lessons to be drawn. There are indeed public or private tools that allow to easily access corporate financials (in France, Infogreffe or Scrl…), corporate shareholding structures, individuals past default and payment difficulties, … Corporate cash management relies on data exchanges, based on services build with corporates, software providers, accountants, and has been successful for a long time based. On these projects, banks have been able to create the relevant standards packages using professional organism such as CFONB, or standards such as STET or Berlin group ones.

It is important to highlight that those past successes have been built from large market initiatives emerging from thorough practical needs. Such methodology should be kept in mind and any new initiatives should be first and foremost based on a real market need emerging from a wide consensus, be it spontaneously or after sponsorship and dialog animated by public authorities. The general policy to develop data should therefore be primarily based on leaving first the market identify the need and organise itself to address it, and as a second step have the public authorities assist in the organisation if it had not been successful by itself. Besides, it should be highlighted that the best evidence for a clear market interest is having clients that are ready to pay for the capital expenditures of a project, be it upfront or through a subscription fee.

Conversely, the examples of very disappointing results in spite of huge capital expenditures spent, such as DSP2 or portability as per Article 20 of GDPR, can be related to their purely regulatory inspiration. While a regulatory approach is obviously necessary to counterbalance market bias and abuses, it is very rarely relevant to identify new market trends or innovations. DSP2 is also an example of regulatory approach where the dispute settlement mechanism is rather lacking and inefficient: this prevents an efficient liability attribution, hence a possible reputation risk

What is true for payments, is all the more relevant for other banking or financial industries. Payments represent a very specific sector is the finance world as (i) banks are called to cooperate due to the very nature of the activity and (2) operations are highly standardised for risk processing purpose.

Such is not the case in activities like credit, insurance, or investments, which raising the question of the economic sustainability of such initiative. In effect, costs would certainly be very high, and the expected economic benefit derived from such initiative do not seem obvious.

Artificial business models in data exchange are not only very costly and create an eviction effect by wasting valuable available resources towards inefficient business models, whereas they could have help to nurture valuable innovation. As pointed out by a January 2021 report published by the Federal Association of German Consumers ("EXPERT OPINION ON THE IMPLEMENTATION OF PSD2 IN GERMANY"), the fragility of the business model related to open data sharing is likely to introduce damageable biases such as the biased advice sometimes offered by some comparison portals or the marketing of data to third parties on an undisclosed basis.

The remedy to that is to fore business case attractivity in addition to standardised data availability, in order to make sure that some customers are ready to buy for the proposed services while not generating heavy and unproductive costs on bank side.

Moreover, an approach based on central data access points/database can be more efficient than requiring each financial actor to build an infrastructure to make available raw data collected from customers: it is a question of costs, mutualisation, quality and standardisation of the raw data. The ESAP approach is to this regards an interesting one as well as the data-bases build by Banque de France or Greffe du Tribunal in France or on pension benefits.

Financial players have an interest in developing profitable use cases with a large clientele. It is therefore appropriate to let the market identify these cases of use, even if it means that the public authority helps to start up or during the standardisation phase

**The specific case of financial market data**

We would like to draw the attention on a significant breach in level playing field and competition rules, namely regarding the industry of financial market data The cost of such data for a bank like Société Générale is a nine-digit figure € spent per year, which is huge. Conversely, it is interesting to note that among the financial market data providers, each of which enjoy often monopolistic position on niches, the operational margin range from 35 to 75 %.

Price / Earning ratio for these providers is around 30 x, slightly more than for the luxury sector and which indicates the very positive outlook for such lucrative business, to be compared 5 to 10 x for banks. This comparison both shows how lucrative the data business can be but also how concentrated to added value can be to the benefit of a few players.

What is worse, financial market data providers are imposing contracts that make them owner of all the innovative information created by financial institutions provided some raw information stemming from them has been used. Such condition typically represents a strong hurdle for innovation. Such types of market abuses should be regulated by the EU Commission to ascertain a sound level playing field and better innovation prospects in the field of data.