

Jose Manuel Campa's keynote speech

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

The new frontier of financial data access, sharing and reporting: benefits and challenges

Introduction

It is a great pleasure for me to speak today at this annual FinTech and Regulation conference. The title of the conference “Making the right policy changes” couldn't be more fitting, given the many policy developments we have been witnessing in the recent years and months.

Today, the need for increased competitiveness and efficiency is driving forces in all areas, including the access, sharing and the use of financial sector data, and of course the reporting requirements. This search for the best way to use increasingly available data applies to every stakeholder: to firms operating in the industry, to consumers who want to control how their information is being used and disclosed, and to regulators for whom data is a key input to ensure proper assessment of risks in the system and of regulatory compliance.

In our societies data has become a key competitive input and, at the same time, technological developments are opening up a new range of possibilities on how we collect, process, share and use the data.

From the regulatory perspective, a harmonised, proportionate and fit-for-purpose reporting system that relies on integrated and efficient reporting and data sharing processes for the benefit of all stakeholders is the basis for effective supervision. This is a priority for the EBA. Also, from the policy

perspective, the developments in Open finance have expanded data access and data sharing possibilities, thus producing positive impacts on customers and financial services at large.

I would like to start my intervention by sharing the EBA's work on one of our strategic projects, the integrated reporting system, which is aligned with the goals of today's broader topic of Open Finance and then focus on the benefits and risks that the Open Finance frameworks bring.

Integrated reporting is a project we have been developing with the ECB and is looking at how to integrate data from the banking sector covering the resolution, prudential and statistical needs of the different supervisory authorities, building on strong governance and cooperation.

The aim is to equip supervisors with the right tools and data to preserve financial stability and respond faster to market developments and consumer needs, in a cost-efficient way. Given the push for simplification and overall cost-awareness of regulation in Europe, I believe that integrated reporting, including data sharing and reusability is an obvious area where we need to focus our attention.

Integrated reporting

Integrated reporting should be the paradigm for the future of reporting, a new way of organising the reporting process that would increase the efficiency and effectiveness of the process and reduce the costs for all the stakeholders involved: from those that define the data, to those who produce it, report it, or those who ultimately use it.

The core idea of the integrated reporting system is that authorities should closely collaborate in coordinating their data requests starting from a common definition of the data, so as to avoid redundancies and duplications, to ensuring that once the information is requested it is then available and shared among all the authorities so that they can use it for their different needs.

This contrasts with the current reality where there is often limited collaboration between authorities in developing their data requirements leading to a multitude of different standards, processes, definitions that may be similar but not the same, thus resulting in further hurdles in data sharing and reusability, with significant costs for the system overall.

To put together this system of integrated reporting is not an easy task. It requires strong willingness to act, a long term vision, and the determination to change from the inertia of how things are done. It is not a short term task, it will take time, but it is important to have clarity on where the final destination is.

The three main building blocks of such a system are:

- **Strong governance arrangements** that ensure collaboration among authorities and with the industry. In this regard, in 2024 the EBA and the ECB established a Joint Bank Reporting Committee (JBRC) and a Reporting Contact Group (RCG) to foster cooperation between the authorities and between authorities and the industry. The JBRC is composed of prudential

and statistical authorities across the EU (representing EU institutions and NCAs). The Reporting Contact Group is composed of industry representatives that will provide feedback to ensure the work done is fit for purpose. The JBRC, in collaboration with the RCG, will provide advice to the authorities on how to progress towards an integrated reporting system, ensuring the use of common definitions and data modelling standards, promoting data sharing and coordination in the development of resolution, prudential and statistical reporting in the banking sector.

- **Common data dictionary:** when we talk about collaboration, common understanding, digitalisation of information (just to name a few of the benefits) we need as a prerequisite standardisation of the data: at the core of any integrated system, we need to have a common Data Dictionary. For this reason, the focus of the JBRC in the next period is to progress the work on some of the components of this data dictionary.
- **A central data collection point** is a long-term vision of the integrated system. Irrespective of its technical implementation, a central data collection point would enhance the cooperation and coordination of data requests and facilitate a more efficient access and sharing of data among authorities. A common data dictionary already in place would greatly facilitate the development of a central data collection point.

This integrated reporting project that we are implementing together with the ECB, will cover the regulatory reporting in the banking sector, including the EBA resolution and prudential reporting frameworks and the ECB statistical reporting framework.

I have also mentioned that one of the longer-term components of integrated reporting system should be a central data collection point that would facilitate the collection and sharing of data. An intermediate step to achieving such an integrated reporting is to put in place adequate mechanisms to facilitate and ensure sharing of the data currently being reported.

In this context, I would like to refer to the agreement on the proposal to facilitate data-sharing and reduce reporting burden in EU financial services reached by the co-legislators in December. While this is not the end of the journey, this proposal, which at the moment covers only authorities at EU level, is a step in the right direction to facilitate data sharing and reduce redundant reporting in EU financial service in the short run.

Finally, I would also like to acknowledge that the integration of reporting in the banking sector should only be part of a broader project, the Supervisory Data strategy of the European Commission, which, starting from integration of regulatory reporting at sectoral level, i.e. within the banking sector, the insurance sector and for capital markets, eventually seeks to achieve integration across the board and rationalise regulatory reporting requirements for the whole financial services. A difficult task indeed but a target worth pursuing.

Open Finance

Let me now turn to the topic of data sharing in the financial sector among participants, i.e. Open Finance, which is also the focus of the panel that will follow my short speech.

As you all will probably know, the Financial Data Access Act (FIDA) was first proposed by the European Commission in June 2023. It is part of broader efforts by the EU Commission to modernise EU financial regulations in light of digital transformation, by addressing the topic of data access beyond what PSD2 has achieved for payment accounts. It aims to foster data-driven innovation in the entire financial sector, not just banking or payment services.

The FIDA framework aims at improving data accessibility among financial institutions and at establishing a standardised approach to sharing customer financial data, while at the same time ensuring appropriate safeguards for consumer protection.

The long-term objective of FIDA is to enable institutions to provide more tailored financial products and services to their customers– such as customised investment opportunities, streamlined loan applications, and competitive interest rate offering –, to enhance competition, and to improve access to finance for retail consumers and SMEs.

To achieve this, FIDA sets out inter alia

- harmonised rules governing the types of data to be shared,
- the mechanisms for sharing it,
- compensation for entities making such data available, and
- requirements that give consumers control over their data.

As you will also be aware, on 5 December 2024, the EU Council reached agreement on its position to FIDA and largely endorsed but also further developed the European Commission’s original proposal. More specially, the Council has:

- adopted a phased implementation approach, over many years;
- defined more precisely the scope of (i) the data to be shared, and (ii) the products and sectors to which the FIDA rules will apply,
- determined sectoral exclusions, such as occupational pensions; and allowed for flexibility on non-digital data, so that data sharing schemes can impose limits on sharing customer information that is not already in digital form;
- reinforced provisions related to third-country financial information service providers (FISPs); and

- last but not least, empowered the three European Supervisory Authorities, including the EBA, to establish guidelines to prevent risks such as unfair practices or exclusion of consumers.

The EBA is now looking forward to the trilogue negotiations between Commission, Council and Parliament. We stand ready to support the EU institutions in achieving the objectives of the legal text. But we also see some important challenges in its implementation.

The first challenge is for a regulatory authority developing and supervising FIDA rules, such as the EBA, is to find the appropriate balance between the competing demands of FIDA. To mention just one example, FIDA wants to enhance European competitiveness and provide tangible benefits to the industry and consumers. But at the same time, it wants to safeguard data security. Balancing between those objectives, will require difficult trade-offs.

But I think FIDA poses an important challenge for the industry. Banks and other financial institutions, particularly incumbent financial firms, need to move away from perceiving FIDA as merely a compliance exercise and instead embrace the strategic opportunities that FIDA offers. To me some of these opportunities include:

- the possibility for banks to change their digital distribution patterns, i.e. the digital methods and channels through which financial services are delivered to customers, through data aggregation and/or highly personalised and instantaneous product design;
- the potential for FiDA to foster online platforms that aggregate services from various providers, which will require banks to evolve their service delivery speed to remain competitive;
- the opportunity arising for financial institutions to use the data from other financial institutions; and
- the need for banks to establish their data-sharing strategies within FIDA's guidelines and negotiate with other participants on the technological infrastructure, APIs, remuneration, service levels, organization and governance, and codify all this in a rulebook that would be not only compliant with the regulation but also consistent with its overall business strategy.

I would like to conclude by highlighting the common principles that are guiding both initiatives, the pursue of an integrated reporting system in the banking and financial services sector, and the initiatives around data sharing and Open finance.

Digitalisation and technology are allowing us to gather, process, manage, assess and act on information better than ever. While the substance and objectives of reporting and Open Finance are distinct, they are both data driven initiatives that underline the importance of data as a tool, and the need for standardisation, harmonisation and sharing mechanisms to optimise the production and use of the data, whether it is to support customers, compete with other financial

firms or supervise these entities. Let's take advantages of the opportunities that these developments offer us.

Thank you for your attention.