FIDA AND DATA EXCHANGE **A NEW PLAYING FIELD** (ALSO) **FOR ACTUARIES**

BY **MELANIE SCHLÜNDER** AND **TILMANN SCHMIDT**

The EU's initiative on access to financial data aims to strengthen the European data economy – this has implications for the insurance industry, but also for actuaries as traditional data users and handlers.[1]

FiDA proved to be controversial in 2025. At the beginning of 2025, the initiative was briefly considered a victim of the desired reduction of bureaucracy at EU level, but the jubilation of its opponents was followed by the announcement by the EU Commission that it intended to stick to it. Shortly later trilogue negotiations began between the EU legislative bodies, the Commission, the Council and the Parliament to reach a compromise between proponents and opponents. Although the Danish EU Presidency saw FiDA and the Retail Investment Strategy as central pillars of its programme in the summer, there were renewed >

[1] This text is based on the German-language article 'FiDA und Datenaustausch – ein neues Spielfeld (auch) für Aktuare' that appeared in issue 2/2025 of the DAV Journal and has been slightly adapted to reflect developments since then.

discussions about the data regulation initiative in October. However, despite some further pushback from parts if the industry as well as possible implications for the EU US relations, FiDA remained on the Commission's work programme announced in October 2025 as the initiative itself is embedded in the EU's overarching data strategy, aiming on the one hand to strengthen the competitiveness of the European economic area and, on the other hand, to safeguard the achievements already secured for EU citizens, such as high standards of data protection, data security and data ethics.

FROM OPEN BANKING TO OPEN DATA – OPEN INSURANCE AS A MILESTONE

The trend toward digitalisation is driving rapid changes in both society and the economy. Data-driven business models create new value for customers and facilitate cross-industry collaboration. The European Union also recognised this development with the publication of its Data Strategy in 2020, setting the objective of fostering the data-driven economy and establishing economic policy frameworks to ensure that the proportion of data stored, processed and used for value creation within the European economic area at least corresponds to the EU's overall economic weight. In this context, the financial services sector is assigned a key role. The creation of a European financial data space to promote data-driven innovation is one of the four priorities identified in September 2020 for the digital transformation of the financial sector.[2]

With the entry into force of the second Payment Services Directive (PSD2), the EU has already established the foundation for data-driven business models in the area of payment accounts. PSD2 enables third-party providers, such as FinTechs, to participate in the payments industry, as banks are required to set up interfaces (APIs) through which these providers can access customers' payment accounts. This so-called 'Open Banking' can be regarded as an initial step toward the broader digital transformation of the entire financial services sector. Subsequently, EIOPA carried out a first form of consultation for the insurance sector on 'Open Insurance,' which addressed, among other things, questions of definitions, lessons learned from Open Banking, potential use cases, regulatory considerations, as well as opportunities and risks.

In June 2023, the European Commission published its proposal for the FiDA regulation, aiming to establish a unified 'Open Finance' framework within the EU – with the goal of implementation within 24 months of its final adoption. In doing so, it also reflected on some of the hurdles experienced during the implementation of PSD2, which only gradually enabled a broader establishment of Open Banking in continental Europe. At the same time, however, Open Banking was successful in other jurisdictions, including Singapore and the United Kingdom, where strong involvement of market participants was ensured right from the outset.[3] Accordingly, the FiDA initiative provides for fewer 'top-down' requirements in the sense of regulatory micromanagement; rather, in line with Europe's liberal economic order, it sets guiding principles for a market-based development, with due regard to consumer protection and data privacy. Subsequent to the Commission's draft, the European Parliament and the Council introduced their own proposals, which modified the original text. Following the above-mentioned turbulence, trilogue negotiations commenced in April 2025. Although these were still ongoing at the time of writing, broad approval could already be observed for significant parts, particularly in relation to the Council's proposal for a phased introduction – perceived as a form of compromise to establish a framework for Open Insurance in Europe (see Figure 1). >

[2] Cf. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a Digital Finance Strategy for the EU of 29 September 2020 (COM(2020) 591 final).

[3] PwC and Valytics: 'Open Insurance – was bringt FiDA?' (2024), p.8ff.

FIGURE 1: Interrelated proposals for FiDA regulation from the individual EU legislative institutions as of start of Trilogue negotiations. The proposal resulting from the negotiations is expected to be most closely aligned with the proposal of the Council of the European Union

European Commission

- **'Big Bang' approach for scheme and products**
- Mandatory **scheme membership** for data owners after **18 months**
- Full **FiDA compliance** after **24 months**

European Parliament

- **'Big Bang' approach for products**
- Mandatory **scheme membership** for data holders after **30 months**
- Phased development of the schemes (**development phase** after 12 months, implementation phase after 26 months, **operationalisation phase** after 30 months)
- Full **FiDA compliance** after **32 months**

Council of the European Union

- **Phasing-in** instead of a 'Big Bang' approach
- **Staggered scheme development** and **full compliance** by **product group**
- First milestone **18 months after entry into force,** full FiDA compliance for all product groups **48 months after entry into force:**

Scheme membership **18**
Full compliance **24**

Product group 1
Motor insurance, consumerloans, accounts, savings accounts

Scheme membership **30 months**
Full compliance **36 months**

Product group 2
Mortgage financing, investments, crypto, PEPP

Scheme membership **42 months**
Full compliance **48 months**

Product group 3
All other non-life insurance products*, insurance based investment products, private pension products**, credit products, data creditworthiness and credit rating checks for companies

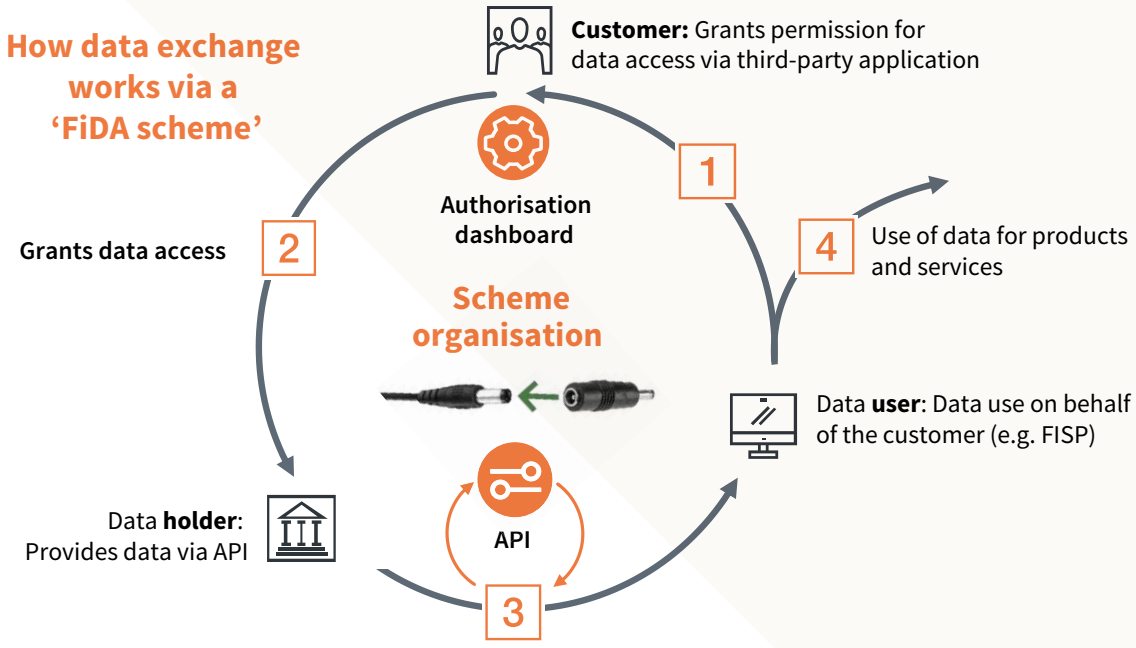
* Includes data from needs and requirements analysis
** IBIPs incl. data from adequacy and suitability assessment

The scope of FiDA is broadly defined and covers both financial product-related data as well as relevant personal data. In addition to data transmitted directly by customers, data arising from the interaction between customers and companies are also included. However, certain insurance products that are based on particularly sensitive personal data are explicitly excluded from the regulation due to high data protection considerations: this applies to products in the life and health insurance sectors, except for so-called insurance-based investment products, including annuities.[4]

FiDA defines different roles, each associated with specific rights and obligations. A distinction is made between so-called data holders and data users. Data holders include financial institutions such as insurers, while data users also include so-called Financial Information Service Providers (FISPs), which once authorised by supervisory authorities, may operate as certified entities offering services to customers on the basis of shared data. For the organisation of data exchange, FiDA provides for so-called Financial Data Sharing Schemes (for a general outline see Figure 2).

Within the regulation, however, only the overarching framework is to be stipulated, while binding interface standards are expected to evolve and establish themselves through market mechanisms. Initial market initiatives have already positioned themselves and their standards in the emerging discussions on scheme design. In addition, further aspects fall within the remit of the schemes, such as rules on liability and the creation of equal access conditions for all participants. Customers will thus be able to use dashboards provided to them to gain an overview of which entities they have granted access rights to their data – and to adjust these permissions as required. The participating companies set binding rules jointly, forming the basis for data exchange. >

FIGURE 2: How data exchange works, illustrated using a possible scheme design in the so-called 3-corner model



[4] The exact scope is likewise subject to the trilogue discussions, with significant progress having been made over the summer of 2025. According to the latest proposals, occupational pension schemes are excluded.

The scheme itself, however, neither receives data nor is it obliged to provide its own technological solutions. It merely provides the framework within which members define their own binding rules.

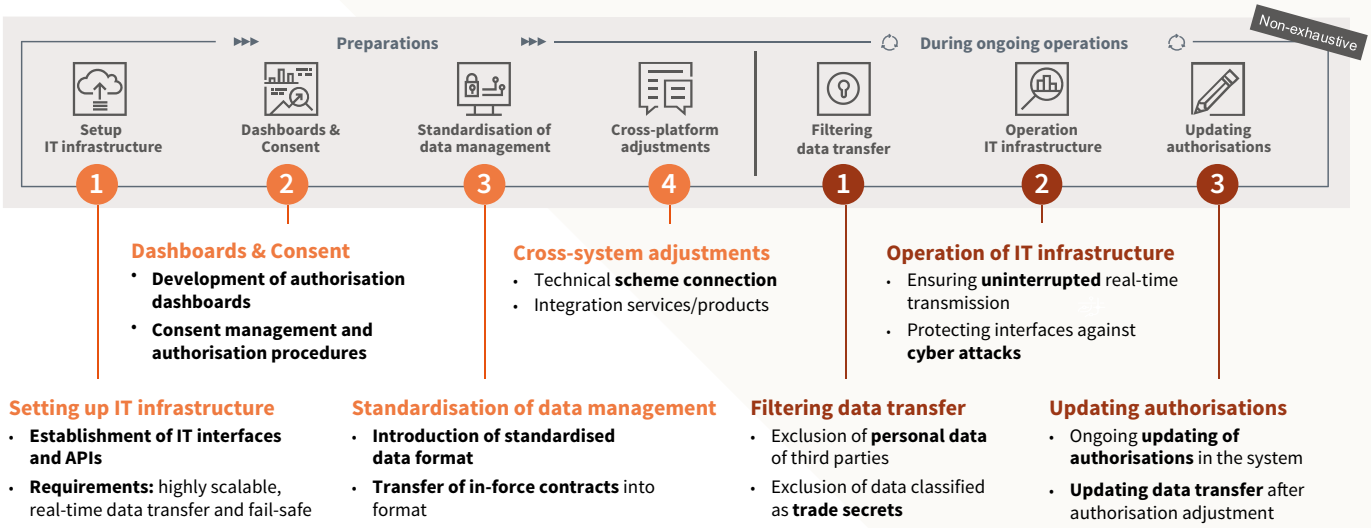
The European Commission has set out the general direction with its proposal for a FiDA regulation, while the ongoing trilogue negotiations are now fine-tuning the parameters and guardrails. Should the discussed approach of a phased introduction prevail in the negotiations, insurers will have varying implementation timelines depending on their business models and the affected lines of business. Based on this, the timeframe will determine how long insurers have to prepare their IT system landscapes for standardised data formats, open interfaces and enhanced data transparency.

ACTUARIES AS MASTERS OF THE NEW DATA LANDSCAPE

Actuarial work has always been based on data in order to measure and assess the risks to be insured. Even before the term 'Big Data' became established, analytical methods were continuously refined to take into account more information and increasingly complex interrelationships.[5] The traditional tasks of the actuarial profession initially focused in life insurance, and subsequently in non-life insurance, on product and tariff development as well as underwriting and risk assessment. Later, support in investment decisions was added, and – particularly in the context of Solvency II – enterprise risk management became a core area. For this 'evolution' of the actuary through these successive stages, or for integrated risk management as an actuarial function, Paul Embrechts coined the term 'Actuary of the fourth kind.' More recently, a fifth stage has been added: that of the data-driven and model-oriented, critical and socially responsible decision-maker in a constantly changing world characterised by uncertainty.[6]

With FiDA, data will increasingly have to be extracted from source systems in a structured manner, aggregated, and converted into the data format agreed within the scheme for exchange. This will entail potential technical adjustments. These include one-off activities during the preparation phase, as well as the need to adapt ongoing operations to the requirements (see Figure 3 for an indication). >

FIGURE 3: Overview of necessary technical adjustments in preparation for FiDA



[5] DAV Results Report 'Big Data in der Lebensversicherung' of 19 September 2019, p.5.

[6] Paul Embrechts and Mario V. Wüthrich: 'Recent Challenges in Actuarial Science', Annual Review of Statistics and Its Application, Vol. 9 (2022), p.120.

An analysis of the existing IT landscape therefore forms the basis for identifying adjustment needs at an early stage. Although companies may shy away from system changes, particularly with legacy systems, due to potential costs, migration can be designed intelligently by focusing on strategic considerations and on the functionalities required in the target systems.[7] In this context, it is essential to incorporate strategic reflections around FiDA and the use of a more flexibly accessible pool of data.

CORPORATE COMPASS BETWEEN MISSION AND VISION

The implementation of FiDA confronts insurers with the question of their strategic positioning derived from a target vision. This involves defining the company's vision of Open Insurance, assessing how FiDA will impact its organisation and offerings, and determining the direction of potential future developments.

At first glance, FiDA represents a regulatory requirement. Accordingly, companies may choose to align with the minimum requirements. In this approach, they extract from the FiDA regulation and the evolving rules of the scheme to which they connect for data provision the minimum obligations to be fulfilled and implement these internally, ideally at the lowest possible cost. This essentially reflects a (pure) role as a data holder, in line with the proposed regulation.

Beyond this, however, a growing utilisation of internal and external data is possible. By modernising legacy systems and structuring internal data, processes can be optimised, and additional differentiating features for product development and improvement, underwriting and risk management can be leveraged. Even if, due to the sensitivity of data, a large part of the portfolio of insurance groups were to remain outside the scope of FiDA, significant potential may still exist. By creating a crossline, homogeneous data pool, use cases can emerge in which technology and automation generate added value not only for internal processes and workflows, but also for consumers through better alignment with customer needs. This becomes even more effective when external data are incorporated via the FiDA interface. Leveraging the broader data space can particularly enhance advisory processes, as for policy replacements and switching processes the information on previous risk coverage is transparently available, provided the customer grants consent. At the same time, insurers can more effectively identify their target customers by filtering the shared data specifically for the information most relevant to them.

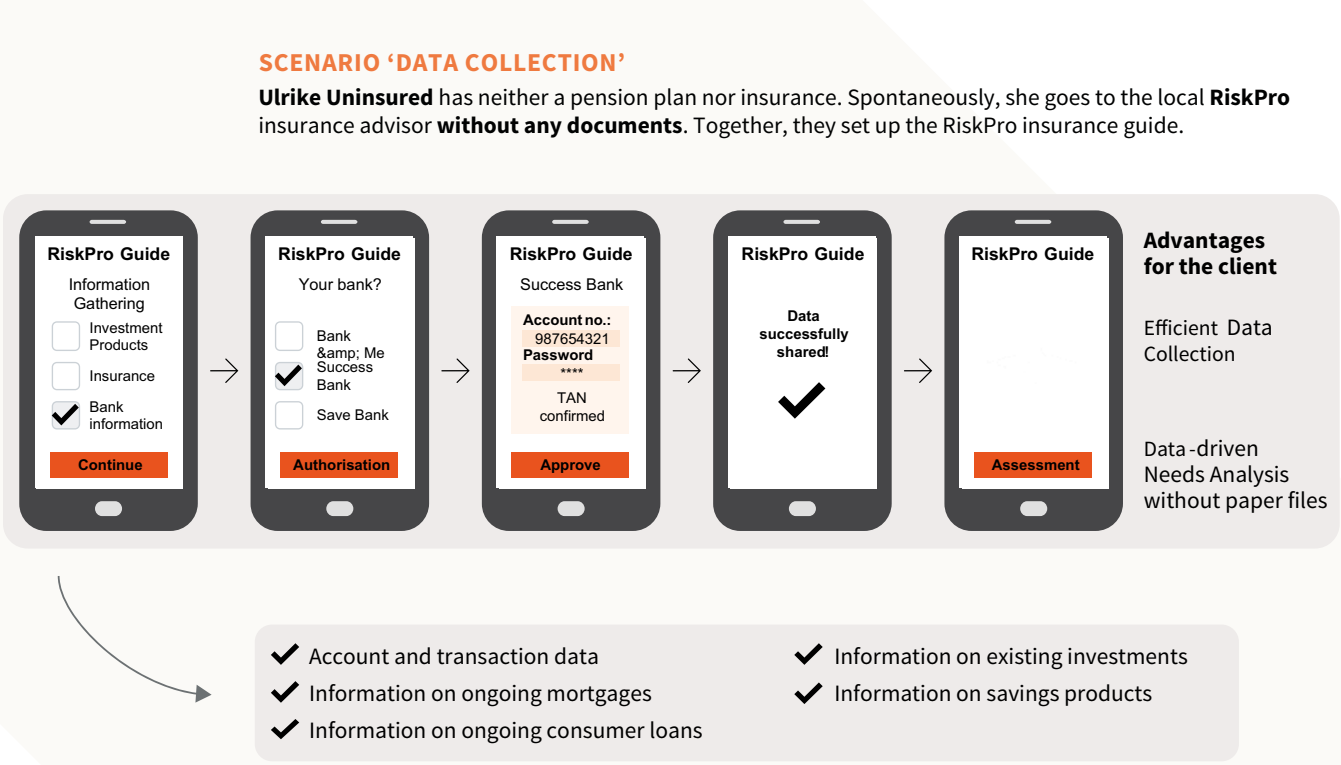
FiDA provides the opportunity to fundamentally reassess market strategies and to view it as a key component both for optimising the traditional business model and for deepening engagement in an Open Insurance model with increasingly digital components. As a result, its application extends beyond the insurer's traditional role as a risk carrier. Through data exchange, an insurer can interact more effectively with upstream and downstream processes. This relates not only to the potential settlement of claims but also to influencing risk prevention.

USE CASES IN FOCUS AND REFLECTED ACCURATELY IN SYSTEMS

To implement their chosen vision, insurers must create the necessary technical prerequisites. The mission encompasses modernising the IT landscape so that data can be delivered to the interface in the relevant format. At the same time, depending on the vision, external financial data should be capable of being integrated alongside internal data. Leveraging external financial data therefore requires insurers to build new data capabilities, infrastructure, and process integration. As such, insurers must expand their IT roadmaps to incorporate FiDA in addition to current regulatory initiatives such as the Solvency II Review, the Retail Investment Strategy, and IT- and data-specific frameworks such as DORA, the EU AI Act, and the EU Data Act. >

[7] Gudrun Bode and Christian Jastroch: 'Wer hat Angst vor Migrationen? Ist es wirklich so teuer?' In DAV Journal, 01/2025 (March 2025, p.334ff).

FIGURE 4: Digital data capture is a prime example for an FiDA use case: eliminating paper files speeds up the onboarding process for potential customers, who then receive customized offers



Insurers should involve actuaries early in their considerations as key internal stakeholders. Many FiDA use cases currently lean towards the role of data users, with a strong emphasis on sales and data utilisation to enhance the customer journey, switching offers, and other customer-focused solutions. At the same time, the broader data base and its systematic analysis have a significant impact on actuarial functions particularly in but not limited to product development and product management. Existing concepts can be further developed – or entirely new ones designed. Furthermore, a more precise data base enables improved risk assessments for underwriting and enterprise risk management. Whether insurers pursue only a defensive compliance strategy to meet the minimum FiDA requirements or aim for a broader strategy, implementing a modernised infrastructure will increase the complexity of the IT landscape. Frequently, actuarial applications are also affected. Actuarial expertise should therefore be considered in the testing and approval of new IT applications. Should the strategic ambition go beyond minimum compliance, the use cases must be clearly defined and incorporated into the IT specification – regardless of whether they fall within actuarial responsibilities or not.

Artificial Intelligence may also play a role. While FiDA does not explicitly address the application of AI, the availability of structured data will inevitably lead to the emergence of relevant use cases. Insurers should therefore explore opportunities in this direction: on the one hand, by identifying potential AI-driven applications; on the other, by ensuring appropriate security measures in light of possible cyberattacks through integrated systems and data protection requirements.[8] In this sense, FiDA should also be seen as a channel to trigger investments in future projects with respect to AI applications or cybersecurity.

Although FiDA is a regulatory initiative in the first place, it has cross-functional implications within >

[8] Tilmann Schmidt: 'Open Insurance, FiDA und Künstliche Intelligenz – ein paar Gedanken'

insurers, much like DORA. An analysis of the business areas to be included can therefore follow a similar approach to that regulation, but may also extend beyond this to other areas such as the business development department. Actuaries, due to their expertise in managing complexity, are natural counterparts in this context: systematically handling data and applying it to a wide range of use cases has always been at the core of their professional work. <

GLOSSARY OF KEY FIDA TERMS

Application Programming Interface (API): An IT interface that enables independent applications to communicate and exchange data.

Data: All products except health insurance and biometric data; digital; personal and non-personal; collected in the course of normal business.

Data Holders: Financial institutions, including primary insurers, intermediaries, payment institutions, and banks.

Data Users: Financial institutions or Financial Information Service Providers (FISPs) that access customer data for their services.

Financial Information Service Providers (FISP): Certified data users (e.g. FinTechs) offering financial services based on authorised access to data from holders.

Customer: Retail and commercial clients (with current trilogue proposals focusing on retail and SMEs).

Schemes: Organisations responsible for developing and administering standardised frameworks and rules for efficient and secure data exchange.

Trilogue: Inter-institutional negotiations at EU level between representatives of the European Parliament, the Council of the European Union, and the European Commission.

MELANIE SCHLÜNDER is a Director at PwC Germany in Frankfurt. She studied Business Mathematics at Ulm University and is a certified public auditor. She heads PwC Germany's insurance regulation practice and has specialised in insurance regulation and supervision since the early days of Solvency II. She is an active member of DAV and of EIOPA's Expert Group on Data Usage in the Insurance Sector, and author of numerous publications.

TILMANN SCHMIDT is a Senior Manager at PwC Germany in Munich. He studied Business Mathematics at Ulm University. His professional work focuses on actuarial valuation for accounting, asset-liability and capital management, and governance of data, assumptions, models, and underlying IT infrastructure. He also analyses the impact of digitalisation and structured data availability on the value chain of insurers and pension institutions. He is serving in several DAV working groups. Since early 2024, he leads the working group on medical advances and their impact on life and health insurance.