Finance Denmark Priorities on Burden Reduction & Simplification

Finance Denmark | Amaliegade 7 | DK-1256 Copenhagen K | www.financedenmark.dk

Introduction

A new world order is taking shape. The tectonic shifts in geopolitics, the increased use of tariffs and trade defence instruments and ultimately the fundamental change of the security architecture of the western world will challenge and change Europe. The Russian war of aggression in Ukraine and US-China competition have fuelled fragmentation and the emergence of geopolitical blocs. The actions and signals from the new US administration create fundamental doubts about the content and the future of the transatlantic alliance. This has severe implications for Europe's security and competitiveness.

Reviving the economy trapped in a slow-growth cycle and driven by persistently low productivity compared to other parts of the world is crucial. Major policy challenges lie ahead, notably in the fields of security and defence, in achieving the dual targets of energy supply and decarbonisation and in securing the necessary digitization.

To safeguard European security and strengthen European competitiveness, an annual investment gap of 800-1000 bn euros has been identified. This gap cannot be closed by public investments alone. As highlighted in recent reports by Mario Draghi and Enrico Letta, there is an urgent need for a coordinated approach involving both public and private financing underpinning the identified strategic sectors.

The financial sector plays a key role in addressing and providing solutions to the challenges ahead of us. The call for action to mobilize private capital at an unprecedented level and speed in Europe means that we must also create the best framework conditions for the financial sector in Europe to play that crucial role.

The need to strengthen the EU's competitiveness and security means that we must now strike the right balance between ensuring financial stability on the one hand, and a resilient and innovative financial sector on the other. A recalibration will require multiple approaches to increase the sector's possibilities to fund and invest in the identified strategic policy priorities.

The need for burden reduction and simplification in the financial sector

There is an urgent need for reform in the EU financial regulatory framework. By simplifying and stabilizing the regulatory environment, the EU can boost competitiveness in the financial sector and thereby enable the financial sector to better fund and invest in EU security and competitiveness. By easing disproportionate reporting and other regulatory requirements, European financial and capital markets will become more attractive for institutional and retail investors as well as EU businesses – in particular, SMEs – seeking funding.

The regulation covering the financial sector has become too complex. Not only the amount of legislation has a negative impact but also the many layers of regulation has added to complexity. Excessive regulation and red tape stifle growth and hinder financial institutions' ability to adapt to rapidly changing needs and market dynamics. The current regulation includes too many barriers for cross-border investments and financing.

Simplification and burden reduction is necessary both on EU-level and in Member States and it concerns both regulatory issues as well as supervisory practices and national gold plating. Finance Denmark has welcomed the strong focus on simplification from the Commission in its 2025 work program.

Finance Denmark would like to underline the need to address the following issues:

1. **Adjustment of existing EU-regulation**
2. **Future supervision**
3. **Future financial regulation**

1. **Adjustment of existing EU Regulation**

The regulation of the financial sector has become too complex. It is not only the volume of legislation that has a negative impact, but also the many layers of regulation that have increased complexity. At the same time, the current regulation contains many barriers to cross-border investment and financing. Furthermore, rules that lead to disproportionate reporting requirements should be adjusted.

Overall, there is an urgent need for reform of the EU's financial regulation. By simplifying legislation and fundamentally rebalancing regulation in core areas – such as the Basel rules – the EU can enable the financial sector to better deliver competitive financing and investments in the EU's security and competitiveness. At the same time, European financial and capital markets would become more attractive to institutional and retail investors as well as businesses – especially SMEs – seeking financing.

Finance Denmark has welcomed the Commission's so-called omnibus proposal on sustainability reporting, which will narrow the scope of which companies are subject to reporting rules and reduce the volume of data required. The Commission is planning a series of omnibus proposals in the coming years, and we support this approach going forward.

Also, further work needs to be done on upcoming measures following the Level 1 regulation adopted over the past five years. The sector faces a large volume of secondary regulation in the coming years (450 Level 2 and 3 measures). They should be critically reviewed to develop concrete suggestions for how it can be significantly reduced.

In Annex 1 please find a list of concrete proposals for simplification of the current financial regulation framework.

2. Future supervision

Following the financial crisis, a common EU supervisory approach and structure (the ESAs) were established. Unfortunately, the European supervisory framework has become complex, overlapping, and shaped by a fundamentally restrictive approach to the sector, with a narrow focus on financial stability.

A recalibration of the division of labour and roles between the national and EU supervisory authorities is needed, as well as a broader consideration of the sector's competitiveness. In the context of discussions on the Savings and Investment Union (SIU), some countries are advocating for a strengthening of the European supervisory authorities (particularly ESMA). This is not necessarily the right course of action in all cases.

Finance Denmark's position in these discussions is that the tools available to limit supervisory discretion beyond the Single Rulebook at national level should be strengthened, and that the involvement of pan-European supervisory authorities may be appropriate in cross-border cases – e.g., for institutions/actors operating in or present across multiple Member States.

In Annex 1 please find a list of concrete proposals for simplification of the current supervisory setup.

3. Future financial regulation

There is growing recognition in Brussels that financial regulation has become overly complex. The European financial sector has highlighted the issue in a series of reports, which we are now using collectively to inform our dialogue with EU institutions.
Several elements are being discussed in this context:

1. First, there is a need to establish a better balance between Level 1 and Level 2/3 regulation going forward. This is a long-term and complex discussion requiring the involvement of all EU institutions.
2. Second, the number of automatic review clauses in legislation must be reduced. These clauses lead to an excessive number of processes and increase the sector's workload. Future reviews should be anchored in the Commission to ensure political oversight.
3. Third, future legislation should be subject to a competitiveness check, to make the consequences more transparent. The Commission has already shown responsiveness in this regard.
4. Fourth, enforcement of implemented EU legislation must be improved. Supervisory authorities often create barriers through their practices and by gold plating rules. This could be addressed by increasing the use of maximum harmonisation, whereby Member States are not permitted to adopt stricter requirements than the common rules.

ANNEX I: Overview of regulatory simplification proposals

Simplification for rules related to banks and mortgage credit banks

1. Adjustment of Basel III implementation
2. Simplification and better use of macroprudential capital buffers for banks
3. Securitisation review
4. Covered bonds

Simplification of the investor journey for retail investors and improvement of investor disclosures

5. Simplify burdens in the Retail Investment Strategy (MiFID II)
6. Simplify PRIIPs framework

Measures to make capitals markets more effective

7. The Commission must conduct comprehensive studies and make own Impact Assessments on the capital markets infrastructure all users' perspectives into account
8. Principles to guide regulatory solutions to address capital market infrastructure fragmentation

Payments

9. Instant Payment Regulation (IPR)
10. Draft Payment Service Regulation (PSR)

Supervision

11. A recalibration of the division of labour and roles between the supervisory authorities is needed
12. ESA's mandates should be expanded to include broader consideration of the financial sectors competitiveness.
13. The tools available to limit supervisory discretion beyond the Single Rulebook at national level should be strengthened,
14. The involvement of pan-European supervisory authorities may be appropriate in cross-border cases – e.g., for service providers operating in or present across multiple Member States.

Simplification of data and cyber regulations

15. A 'simplification omnibus' on digital policy
16. Data and AI Regulations
17. Fida (open finance)
18. Framework on European Digital Identity
19. Digital operational resilience and cybersecurity

Sustainable Finance

20. Simplification omnibus sustainability
21. Further alignment between regulation

Simplification for rules related to banks

1. Adjustment of Basel III implementation

   European banks need a level playing field. The EU implementation of the Basel III requirements should be recalibrated considering the developments in competing markets in general, and in particular in the US. UK and Canada have already halted their implementation efforts awaiting the developments under the new US administration. While the revised Basel standards in many ways are an improvement to the previous rules and indeed mostly implemented already across EU, the need for re-balancing of the framework necessitates further targeted adjustments across key areas. This includes existing proposals on FRTB, NSFR, but also extends to other specific issues like the new property value concept or new definition of default should undergo a simplification and burden reduction check. Overall, it also adds up to a recalibration of the aggregate framework impact, including in particular the output floor, to ensure European banks do not continue to operate under the current adverse conditions hindering their ability to underpin the broader economy. The objective is to Increase banks' ability to provide risk capital and enhancing the sector's capacity to finance growth.

2. Simplification and better use of macroprudential capital buffers for banks

   Regulatory proposals: Reduce scope, complexity and the effect of EU macroprudential rules by:

   - ***Harmonize the use of macroprudential tools*** with the aim to create a level playing field for financial institutions operating in different countries. A case in point could be the creation of clear guidance on how to use the systemic risk buffer framework, which is applied differently in Member States.

   - ***Strengthen Cooperation:*** In combination with the systemic risk buffer framework, there is a need to improve coordination between national and EU authorities to prevent cross-border regulatory arbitrage.

   - ***Simplify Frameworks:*** A reduction in complexity in macroprudential frameworks and better supervisory structures is therefore needed. Today, the EU's cumulative capital buffers, including the SyRB, create a complex regulatory environment, which deters investment and cross border activity, and so hinders the efficient allocation of capital.

   - ***Releasability of Capital Buffers****:* Enhance the flexibility to release capital buffers during financial stress. The current framework lacks effective releasability, meaning financial institutions cannot use the capital buffers when needed to support credit supply in times of financial stress.

   - ***Applying macroprudential regulation to private credit****:* With growing and lightly regulated market in private credit, it is more than ever necessary to include private credit in the macroprudential framework for banks. This would ensure that private credit markets operate with greater transparency and stability and reduce risk for potential systemic threats to financial stability.

   The objective is to eliminate unclarity in macroprudential rules, thereby alleviating the unlevel playing field caused by additional capital requirements on European banks.

3. Securitisation review

- ***Reducing compliance and reporting cost*** while maintaining overall financial stability as a key objective. A careful cost-benefit analysis should be considered.

- ***Increase flexibility in the framework***: Continue to improve the STS-framework, including allowing for more flexibility in the underlying securities, and in the due diligence process – with a view to making it more principles based as in the UK and explore the merits in centralizing data collection and storage.

- ***Minimizing regulatory uncertainty:*** Supervisory approval as SRT (Significant Risk Transfer) should be available earlier in the issuing process and there should be less discretions for the supervisor to reject SRT or to demand capital add-ons.

- ***A uniform and transparent supervisory framework*** through "one-stop-shopping" opportunities.

- ***Supporting risk-weights reflecting actual underlying risk in terms of capital cost*** by adjusting the risk-weight formula and lower the p-factor.

4. Covered Bonds review

The European covered bonds framework implemented in 2022 is a fine example of principle-based rules setting the high credit quality standards of this European flagship of access to capital market-based funding of the real economy. While targeted adjustments could be justified, it is important to maintain the principle-based approach and not to make new complex or unwarranted burdens into this already well functioning European funding instrument.

Simplification of the investor journey for retail investors and improvement of investor disclosures

5. Simplify burdens in the Retail Investment Strategy (MiFID II)
   - ***Ensure access to a simple and digital advice regime for all retail investors (esp. important for new and low AuM investors) (RIS/MiFID II)*** Extend the proposed suitability light regime in MiFID II article 25 (in RIS) to all types of investment advice for simple UCITS products and not only independent advice. No ability to bear loss nor knowledge and experience test. Keep inducement-based distribution models. This will ensure access to a simple and digital advice regime for all retail investors when investing in simple UCITS products already tailored for retail investors (esp. important for new and low AuM investors).

   - ***Simplify cost disclosures for retail investor disclosures (RIS/MiFID II) :*** Simplify MiFID cost disclosures (ex-ante/ex-post). Ex-ante and ex-post disclosures should be disclosed as an aggregated amount and percentages instead of detailed itemized breakdown.

   - ***Avoid introducing new tests and requirements that further complicate the investor dialogue (RIS/MiFID II):*** Delete best interest test and incorporate inducement test in product governance rules in the Retail Investment Strategy negotiations. This will avoid introducing new burdensome and overlapping layers of regulatory requirements for distributors and 'tests' for retail investors in their investment journey.

   - ***Remove rigid rules governing sustainability preferences in advice (RIS/MiFID II):*** Introduce full flexibility for investment firms as how to ask clients to determine their sustainability preferences and as such remove a-c in the sustainability definition of MiFID II art.

1, 7. This will ensure flexibility for financial institutions to engage in dialogue with investors to take into account new upcoming reporting rules following the ongoing omnibus review on sustainability (CSRD) and new product categories expected in light of upcoming SFDR review, incl. clarity to allow retail investors to invest in products that foster sustainability and defence at the same time.

6. Simplify PRIIPs framework

- ***Increase flexibility in language requirements*** for PRIIPs KID to facilitate cross-border retail investments (PRIIPs KID)

- ***Simpler and more meaningful product cost methods*** (PRIIPs Delegated regulation): Abolish the complex and misleading Arrival Price method in PRIIPs Delegated Regulation and return to Half-spread method to make product cost disclosures simple and more meaningful for retail investors.

- ***Delete floor on transaction cost*** (PRIIPs KID): Delete floor on a minimum of explicit transaction cost in PRIIPs KID.

Measures to make capitals markets' infrastructure more effective

7. The Commission must conduct comprehensive studies and make own Impact Assessments

The assessments must take into account the following parameters:

- ***Assess*** capital market infrastructure inefficiencies in all links in the infrastructure chain (listing and valuation of companies, securities trading, market data, as well as effect for investment product manufacturers and end investors, etc.).
1.
- ***Identify*** areas and services across European capital markets which are not subject to genuine competition such as trading, market data, clearing and settlement, but also other key parts of the capital markets infrastructure system such as information provision from vendors, benchmark providers, credit ratings etc.

- ***Take into account*** effects of both horizontal and vertical consolidation especially for users of capital markets (listing companies, banks, securities dealers, investors and end investors).

8. Regulatory solutions must be based on the following principles:

- ***A pragmatic approach***: Targeted solutions are needed to improve efficiency of the fragmented European market.

- ***A holistic approach***: All areas and services of the capital markets (from trading, clearing and post-trade services to information provision by vendors, benchmark providers and CRAs) must be assessed and addressed.

- ***A competition- and single market driven approach*** is needed to deepen the single market for capital and ensure that healthy competition is the main factor driving forward efficiency and reduction of costs.

- ***A legislative 'omnibus' approach*** to increased competition: In areas where there exist inefficiencies or existing or potential positions of abuse of market power, such areas must be targeted by appropriate legislation similar to other infrastructure sectors.

Payments

In general, payment regulations tend to be very prescriptive, which does not necessarily lead to the best market and consumer outcome. It should be assessed whether the prescriptive approach is compatible with the swift evolution in the digital world, not only related to the changing technologies but also the speed of change in user behavior and even quicker in fraudsters modus operandi.

9. Instant Payment Regulation (IPR)

All PSPs in scope are required to offer payment services users (PSU) the possibility of submitting multiple payment orders as a package of instant credit transfers (bulk payments). Bulk payments are currently processed in batches, a practice that is safe and efficient. Bulk payments, like salary payments or corporate payments, often have a payment time that is known in advance and the payment orders are typical places within working hours. The current requirement drives costs for PSP's with limited value for the majority of PSU's. Hence the decision to offer instant bulk payments should be up to the left to the individual PSP and the competitive space.

10. DRAFT Payment Service Regulation (PSR)

The draft PSR needs to be aligned with a few other regulations:

- Dashboards must be aligned with FIDA dashboards.
- Verification of Payee requirements needs to be aligned with IPR.
- Conflicting requirements when detecting suspicious activity, if fraud related, information must be given to PSU, If AML-related, information sharing is prohibited.
- Finally, reporting requirements under PSD2/PSD3 and PSR should be subject to scrutiny from a simplification point of view.

Supervision

11. A recalibration of the division of labour and roles between the supervisory authorities is needed.

12. ESA's mandates should be expanded to include broader consideration of the financial sectors competitiveness.

13. Supervisory discretion beyond the Single Rulebook at national level should be reduced.

14. The involvement of pan-European supervisory authorities may be appropriate in cross-border cases – e.g., for service providers operating in or present across multiple Member States.

Simplification of data and cyber regulations

15. A 'simplification omnibus' on digital policy

Regulatory proposal: An Omnibus on digital finance legislation to streamline and simplify the overall legislative framework, including a focus on existing barriers to the digitalisation of lending. This would serve to streamline, reduce burdens and complexity and increase legal certainty in the overall digital legislative framework.

16. Data and AI Regulations

The Commission should develop a clear overview of the relevant horizontal and sectoral legislative frameworks and their interplay. For example, the financial industry should be scoped out of the horizontal Data Act due to the incoming sector specific FiDA regulation. Also, the interplay between the AI Act and GDPR should be clarified. A lot of unnecessary efforts could be avoided and invested in competitiveness boosting actions if guidance regarding important new legal provisions was provided by the legislator at an early implementation stage.

Concerning the AI system definition under the AI Act and the guidelines that are currently in preparation – the Commission should be called on not to not scope in standard statistical methods such as logistic regression used in credit scoring, especially when employed on a stand-alone basis, considering that it is "basic data processing" and, therefore, cannot be considered an AI system in the meaning of the AI Act. We urge to consider the opinion of the ECB to not classify AI systems used to evaluate creditworthiness of natural persons as high-risk AI systems, in order to avoid the potential extra burden on an already heavily regulated industry.

17. FiDA (Open Finance)

- ***Narrow down the scope, both as to the type of customers and data categories***: (a) focus only on retail customers, as non-retail customers already have access to tailored financial services and can negotiate bespoke data-sharing arrangements, and (b) choose a very limited number of data categories on the basis of real, evidenced needs of the market.
- ***Ensure that the development of schemes is demand- and market-driven,*** rolled out with a gradual approach and with realistic timelines. This approach emphasises that scheme governance should be designed and agreed on by stakeholders, based on their defined business cases and timelines, with the evidence of customer demand being a necessary condition for participation. A clear choice for schemes also means avoiding mandatory data sharing under FiDA outside of schemes.
- ***FiDA should not allow gatekeepers and third-country FISPs to exploit sensitive data held by Europe's financial institutions*** and to strengthen any dominant position and customer lock-in, contradicting the Commission's focus on competitiveness and sovereignty.
- ***Properly design the permission dashboard***, the first tangible test of customer trust. While a welcome tool, its implementation as currently envisaged presents significant operational, legal, and technical challenges.
- ***If FiDA cannot accommodate such a review***, then its withdrawal should be seriously considered.
- We invite the Commission to reconsider the risk of market fragmentation stemming from numerous developments of schemes across the EU due to the lack of standardisation regarding data and interfaces (in part caused by the rushed legislative process), which will have an adverse effect on the competitiveness of the industry.

18. Framework on European Digital Identity

To overcome legal uncertainty regarding the European digital identity wallet and the payments use case – we call on the Commission to provide an official clarification /statement concerning the legislator's intent in this regard.

19. Digital operational resilience and cybersecurity

The European Commission should swiftly adopt delegated and implementing acts, especially those that are mandatory for the implementation of DORA (in particular, the RTS on sub-contracting) and Cyber Resilience Act (the delegated act under Art. 2 further clarifying the applicability of the Cyber Resilience Act (CRA)). Considering the latter – we urge the Commission to scope the financial industry out of the CRA due to overlapping and more stringent requirements already set under DORA in order to avoid unnecessary double implementation efforts and reporting.

ESMAs guideline on cloud services should be withdrawn, as this guideline overlaps with DORA.

Sustainable Finance

To support the EU transition to climate neutrality and achieve the objectives of the EU Green Deal, the EU has put forward a large number of policy initiatives. To channel finance towards the transition to a more sustainable economy, a partly fragmented regulatory framework applicable specifically to the financial sector has been agreed. As a result, banks are facing multiple reporting requirements, which are, at times, overlapping and/or inconsistent. The amount of sustainability data that banks are required to report is disproportionate to the benefits they create. The reporting requirements have not fulfilled the objective of providing transparency and delivering relevant information for investors, helping them to make informed decisions. It is therefore important to reduce inconsistencies, remove duplications and unnecessary complexity and review the usefulness of the framework

20. <u>Simplification omnibus sustainability</u>

The Commission Omnibus package for simplification of the sustainable finance regulation in the fields of CSRD, CSDDD and the taxonomy, presented in February 2025, is a welcome step in the right direction.

- ***Taxonomy regulation:*** We support proposals to substantially reduce the extent of the reporting of the Green Asset Ratio (GAR) in various templates. It is, however, necessary to further revise the reporting in order for it to create a better balance between the added value and resources spent on the reporting. The calculation of the key figures in the reporting templates should also be changed so that the numerator and denominator always contain the same measurement basis. Disclosures of information of negligible information value, e.g. on the Trading Book and Fees & Commissions, should be eliminated. The revision of the GAR should lead to increased value for financial institutions and should be accompanied by a thorough assessment of the overall information value of taxonomy disclosures. The location in the Management Report of the detailed tables should also be reconsidered.

- ***CSRD and ESRS:*** We welcome the proposed revision. However, there should be a further and considerate reduction and clarifications in reporting requirements, focusing on decision-relevant data, to decrease administrative burdens and deliver actual value for the users. The sector-agnostic reporting standards should overall be better tailored to financial institutions. One specific suggestion could be to reduce the required disclosures about governance as those overlap with existing corporate governance (CG) reports. Another could be to clarify the treatment of all the assets (and not only UCITS/AIFs that are already to be explicitly excluded in the reporting) of a fund management company that is owned by a bank.

- ***CSDDD***: We welcome the proposals from the Commission to simplify parts of CSDDD and delete the review clause for inclusion of financial institutions' downstream value chain, given the complexity and the consequences of extending the scope to the downstream part of financial undertakings on corporate sectors and SMEs.

More needs to be done to make the sustainable finance regulation fit-for purpose. Specifically, the regulatory oversight must cover also the specific requirements and expectations that banks meet as part of the risk management and disclosure requirements in CRR3/CRD6, further specified in an ITS on ESG risks disclosures in Pillar 3 reporting and EBA Guidelines on the management of ESG risks. Without a holistic approach, the simplification agenda will not reach its objectives, not even for smaller companies because of the trickle-down effect of the requirements. Taxonomy disclosures should not be duplicated in Pillar 3 reporting and banks should not be required to gather any unnecessary data from clients for risk management purposes. The administrative burden should be eased by the requirements of data gathering for risk management purposes being further aligned with the proposed simplifications for smaller companies' reporting. Collecting ESG data for risk purposes should the subject to the same the risk-based approach as is the case for the general risk management framework.

It is important that companies do not incur costs for implementing regulations that later will be amended to exclude the same companies from the scope. That needs to be considered for smaller companies and subsidiaries in large banking groups, who otherwise may have to start reporting only to be excluded from the scope at a later stage.
Specific comments about the proposals in the Omnibus Package will be provided separately at appropriate times in the legislative process.

21. Further alignment between regulation

The scope and definition of the value chain for financial institutions should be standardised to ensure consistency across the CSRD, CSDDD, CRR3/CRD6, the taxonomy (minimum social safeguards) and other relevant regulations. This consistency is essential to avoid the need to collect different data for similar KPIs across various regulations. Firms need clarity of direction from regulators when regulations run at a tangent and seemingly regulate the same question. Similar but non-identical reporting requirements create unnecessary reporting burdens. Ideally, the same type of information should only be requested once. Definitions, methodologies, and delimitations should be aligned.

The Commission must ensure that the methodology across the various transition plan requirements, in CSRD, CRD VI and CSDDD are aligned and that the requirements are structured to reflect the differing scope of the three directives. CSDDD, CSRD and CRD IV all contain requirements on transition planning but with different nuances. It generates overlaps in the requirements credit institutions have to comply with. In addition to the differing focus areas, complexity is further increased because the three directives do not apply to the same entities. While it is important that the overarching ambition remains clear (i.e. net-zero no later than 2050), ensuring consistency and allowing for more freedom of navigation (as opposed to overly detailed requirements) would be beneficial for the needed transition.

Regarding client sustainability preferences (MiFID2 and IDD) and financial product disclosures (SFDR): The regulatory framework on sustainability and sustainability preferences is highly detailed, making it difficult to ensure that the client understands the purpose and rationale for obtaining sustainability preferences.

Data protection

It would be desirable for the legislator to clarify how institutions that are subject to mandatory rules from different regulators should relate to.
An example of how the GDPR relates to the AML framework, i.e. to what extent the bank can rely on a legal obligation after GDPR art. 6(1)(c) or not when the institution processes personal data to comply with AML framework.

As another example it would be desirable to clarify the relationship between security protection legislation and the GDPR, for example the possibility of ongoing background checks.
Banks are subject to several regulations under the supervision of the Financial Supervisory Authority. To comply with these requirements, banks need to process direct or indirect personal data to varying degrees. The GDPR requires that such processing has a legal basis under Article 6 GDPR.

Some regulations explicitly state that certain personal data processing must take place, which gives the bank a legal obligation under Article 6(1)(c). Other regulations are more generally formulated, where personal data processing is often necessary to meet the requirements. This creates uncertainty and reduces predictability in application (see the Data Protection Inquiry's Guidance and Article 29 Working Party Opinion 6/2014, WP 217, p. 20 f.).
An example of this is the requirement in the CRR/CRD to use historical data, including all relevant personal data, to predict default or loss given default. Hence, storage of personal data for potential use in future IRB models is conflicting with GDPR's purpose limitation and data minimization principles.
It would be a welcome clarification to get explicit guidance confirming that long-term storage of personal data for the explicit purpose of developing future IRB models is a legitimate use case and does not conflict with GDPR.

All in all, there is a need for greater clarity in regulations on how they interplay with the GDPR, as well as a more risk-based approach in interpretations and applications of the GDPR.