



MMA/ABE

POSITION PAPER



New Digital Financial Strategy for Europe / FinTech Action Plan: European Commission's Consultation

ESBG (European Savings and Retail Banking Group)

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ESBG Response – methodological remarks

Please refer to this document to read the full ESBG response, as some individual answers in the online form had to be restricted due to character limitations, or could not be displayed due to limitation of the online boxes, which sometimes prevented us to provide some further rationale with our tick. In particular:

Questions which were restricted due to character limitations are the following:

- Q1
- Q6.1

Questions for which the box for the full rationale did not display, with a particular reference to the “Other” option, are the following:

- Q10
- Q17
- Q19
- Q24
- Q31
- Q35
- Q40

We recommend the Commission; in their assessment of our response, to consider the verbatim provided for the questions above, which is integrally shown in this document and could not be fully inserted in the online form.



Instructions

1 Background for this consultation

Digitalisation is transforming the European financial system and the provision of financial services to Europe's businesses and citizens. In the past years, the EU and the Commission embraced digitalisation and innovation in the financial sector through a combination of horizontal policies mainly implemented under the umbrella of the Digital Single Market Strategy, the Cyber Strategy and the Data economy and sectoral initiatives such as the revised Payment Services Directive, the recent political agreement on the crowdfunding regulation and the [FinTech Action Plan](#). The FinTech Action Plan initiatives set out in the FinTech Action Plan aimed in particular at supporting the scaling up of innovative services and businesses across the EU, for example through enhanced supervisory convergence to promote the uptake of new technologies by the financial industry (e.g. cloud computing) but also to enhance the security and resilience of the financial sector. All actions in the Plan have been completed.

The financial ecosystem is continuously evolving, with technologies moving from experimentation to pilot testing and deployment stage (e.g. blockchain; artificial intelligence; Internet of Things) and new market players entering the financial sector either directly or through partnering with the incumbent financial institutions. In this fast-moving environment, the Commission should ensure that European consumers and the financial industry can reap the potential of the digital transformation while mitigating the new risks digital finance may bring. The expert group on Regulatory Obstacles to Financial Innovation, established under the 2018 FinTech Action Plan, highlight these challenges in its report published in December 2019.

The Commission's immediate political focus is on the task of fighting the coronavirus health emergency, including its economic and social consequences. On the economic side, the European financial sector has to cope with this unprecedented crisis, providing liquidity to businesses, workers and consumers impacted by a sudden drop of activity and revenues. Banks must be able to reschedule credits rapidly, through rapid and effective processes carried out fully remotely. Other financial services providers will have to play their role in the same way in the coming weeks.

Digital finance can contribute in a number of ways to tackle the COVID-19 outbreak and its consequences for citizens, businesses, and the economy at large. Indeed, digitalisation of the financial sector can be expected to accelerate as a consequence of the pandemic. The coronavirus emergency has underscored the importance of innovations in digital financial products services, including for those who are not digital native, as during the lockdown everybody is obliged to rely on remote services. At the same time, as people have access to their bank accounts and other financial services remotely, and as financial sector employees work remotely, the digital operational resilience of the financial sector has becoming even more important.

As set out in the Commission Work Programme, given the broad and fundamental nature of the challenges ahead for the financial sector, the Commission will propose in Q3 2020 a new Digital Finance Strategy/FinTech Action Plan that sets out a number of areas that public policy should focus on in the coming five years. It will also include policy measures organised under these priorities. The Commission may also add other measures in light of market developments and in coordination with other horizontal Commission initiatives already announced to further support the digital transformation of the European economy, including new policies and [strategies on data, artificial intelligence, platforms and cybersecurity](#).



2 Responding to this consultation and follow up

Building on the work carried out in the context of the FinTech Action Plan (e.g. the EU Fintech Lab), the work of the European Supervisory Authorities and the [report issued in December 2019 by the Regulatory Obstacles to Financial Innovation Expert Group](#), and taking into account the contribution digital finance can make to deal with the COVID-19 outbreak and its consequences, the Commission has identified the following four priority areas to spur the development of digital finance in the EU:

1. ensuring that the EU financial services regulatory framework is fit for the digital age;
2. enabling consumers and firms to reap the opportunities offered by the EU-wide Single Market for digital financial services;
3. promoting a data-driven financial sector for the benefit of EU consumers and firms; and
4. enhancing the digital operational resilience of the EU financial system.

In this context and in line with [Better Regulation principles](#), the Commission is launching a consultation designed to gather stakeholders' views on policies to support digital finance. It follows two public consultations launched in December 2019, focusing specifically on [crypto-assets](#) and [digital operational resilience](#).

This consultation is structured in three sections corresponding to the priorities areas 1, 2 and 3 presented above. Given that the ongoing consultation on digital operational resilience fully addresses the issues identified as part of this priority area, questions on this priority area are not reproduced in this consultation. As for priority area 1, this consultation includes additional questions given that this priority area goes beyond the issues raised in the currently ongoing consultation on crypto-assets. In addition, the Commission will also be consulting specifically on payment services. Payment services and associated technologies and business models are highly relevant for the digital financial fabric, but also present specificities meriting separate consideration. These considerations are addressed in a [specific consultation on a Retail Payments Strategy](#) launched on the same day as this one. Finally, and specific to financial services, the Commission is also supporting the work of a High Level Forum on Capital Markets Union, that is expected to also address key technology, business model and policy challenges emerging from digitalisation.

The first section of the consultation seeks views on how to ensure that the financial services regulatory framework is technology neutral and innovation-friendly, hence addressing risks in a proportionate way so as not to unduly hinder the emergence and scaling up of new technologies and innovative business models while maintaining a sufficiently cautious approach as regards consumer protection. While an in-depth assessment is already on-going on crypto-assets, assessment of whether the EU regulatory framework can accommodate other types of new digital technology driven services and business models is needed. Looking at a potentially more complex financial ecosystem - including a wider range of firms, such as incumbent financial institutions, start-ups or technology companies like BigTechs - the Commission is also seeking stakeholders' views on potential challenges or risks that would need to be addressed.

The second section invites stakeholder views on ways to remove fragmentation of the Single Market for digital financial services. Building on the preparatory work carried out in the context of the 2018 FinTech Action Plan, the Commission has already identified a number of obstacles to the Single Market for digital financial services and is therefore seeking stakeholders' views on how best to address these. In addition, the consultation includes a number of forward-looking questions aiming to get stakeholders' feedback as regards other potential issues that may limit the deepening of the Digital Single Market and should be tackled at EU level.



Finally, the third section seeks views on how best to promote a well-regulated data-driven financial sector, building on the current horizontal frameworks governing data (e.g. General Data Protection Regulation; Free Flow of Data Regulation) but also on the recent sectoral developments such as the implementation of the revised Payment Services Directive in the EU. Considering the significant benefits data-driven innovation can bring in the EU across all sectors, the Commission recently adopted a new European Data Strategy and a White Paper on Artificial Intelligence. Building on these horizontal measures, the Commission is now seeking stakeholders' views on the potential additional measures that would be needed in the financial sector to reap the full benefits of the data economy while respecting European values and standards. Responses to this consultation will inform forthcoming work on a Digital Finance Strategy/FinTech Action Plan to be adopted later in 2020.



General questions

Europe's strategic objective should be to ensure that European consumers and firms fully reap the benefits stemming from digital finance while being adequately protected from the potential new risks it may bring. To achieve that, the European financial sector needs to be at the forefront of innovation and its implementation in a market and production environment in order to better serve consumers and firms in an efficient, safe, sound and sustainable manner. Strong and innovative digital capacities in the financial sector will help improve the EU's ability to deal with emergencies such as the COVID-19 outbreak. It will help to further deepen the Banking Union and the Capital Markets Union and thereby strengthen Europe's economic and monetary union and to mobilise funding in support of key policy priorities such as the Green Deal and sustainable finance. It is also essential for Europe to safeguard its strategic sovereignty in financial services, and our capacity to manage, regulate and supervise the financial system in a way that promotes and protects Europe's values and financial stability. This will also help to strengthen the international role of the euro.

With a view to adopt a new Digital Finance Strategy/FinTech Action Plan for Europe later this year, the Commission is now seeking your views to identify the priority areas for action and the possible policy measures.

Question 1. What are the main obstacles to fully reap the opportunities of innovative technologies in the European financial sector (please mention no more than 4)?

Please also take into account the [analysis of the expert group on Regulatory Obstacles to Financial Innovation](#) in that respect.

5000 character(s) maximum.

The European Union has lagged behind other jurisdictions in terms of the capacity and competitiveness of its companies to innovate, scale up and compete with non-European players. It is therefore, important to follow technical and legal developments in other jurisdictions to facilitate interoperability of business models across jurisdictions. European banks oftentimes face difficulties in accessing to platforms and technical interfaces of BigTech companies, which are increasingly entering the financial sector.

The financial sector has historically been subject to high regulatory and supervisory requirements. These requirements have had an overall positive impact on society, as demonstrated by the resilience shown by the industry in response to the recent COVID-19 pandemic crisis. The pandemic crisis that has also been shown to be a catalyst to further customers demand for digital financial services making regulatory frameworks for digitalization even more important.

To ensure consumer protection and financial stability, the general principle of "same activity and same risks should comply same rules and supervision" needs to be respected. We believe that ensuring that the regulatory framework respects this principle is central, as identified by the ROFIEG. Moreover, this also requires that the principle of technology neutrality is respected, in order to ensure a future-proof regulatory framework that does not hamper innovation.

To avoid a distortion of competition to the advantage of non-EU BigTech companies, European standards should be aligned with international standards. Even though this also depends on financial and economic factors, ESBG believes that a less rigid and time-consuming regulatory framework could help foster the global competitiveness of the European Union.

Furthermore, the lack of digital skills is an educational gap that Europe is currently facing, both in terms of consumer awareness and in terms of lack of qualified workforce for companies; this might constitute a barrier in the long run to the full adoption of the potential of technology.



The main obstacles identified by ESBG are the following:

1. **Regulatory and supervisory fragmentation.** To mitigate fragmentation, there is a need of harmonisation of the European regulatory and supervisory framework, particularly in the process of electronic identification:

- standards in Europe on the means of identification and verification of customers' identity at a distance, which are secure and equivalent to face-to-face contact, will facilitate customer due diligence (CDD)/know your customer (KYC).
- the documentation required for the verification of identity (e.g. passports, utility bills, municipal records, tax documents) and the format (acceptability of electronic copies in addition to physical copies). See recommendation 18, ROFIEG.

The identification of client's through digital means differs between countries due to the interpretation of AML supervisors. Further, PSD2 regulation has recently shown that Member states were given too much leeway in terms of implementation periods of some rules, which generates a fragmented and ineffective market over the EU.

2. **Unlevel playing field.** Currently there are differences in legal requirements between established financial institutions (eg. banks) and new market entrants (e.g. fintech-start-ups and big techs) providing the same or similar services. The banking sector operates with specific requirements which other market players avoid as they avoid a banking licence although they provide the same services. As a consequence, the financial sector needs to cope with a strict EU regulatory framework that hampers investments in innovation and technological adoption for reason of a complex compliance exercise. Furthermore, existing legislative and regulatory grey zones distorts the level playing field between both incumbents and new market entrants and between market participants from different markets.

Therefore, there is a need to expand regulatory requirements to ensure that products and services that create the same risks should be governed by the same rules, with a view to maintain adequate legislation and supervision with high levels of consumer protection and financial stability to ensure a level playing field. The banking sector operates with specific requirements which other market players are able to bypass due to their categorization as "not banking institutions" although they provide the same services. The consequence is that the financial sector has to cope with a strict EU regulatory framework that slows down technological adoption for reason of a complex compliance exercise. Furthermore, differences in supervisory requirements across member states create distortion in competition between member states, further hampering both innovation and the integration of the single market.

3. **The regulatory link between privacy, data protection, and innovation, is not always optimally balanced:** the financial sector fully supports regulatory and supervisory authorities in relation to the approval and implementation of rules on privacy and data protection. However, this should not restrict the industry innovation capacity. Clashes in consent management between PSD2 and GDPR has created obstacles, where the relevance of obtaining customer consent for the treatment of its personal data is key.

If public authorities aim at supporting innovation from companies that hold thousands of clients, there needs to be a common ground on the terms where innovation can be undertaken. The role of supervisors is protecting consumers and financial stability. As far as regulatory sandboxes and innovation hubs are concerned, ESBG believes in the principle that innovation can come from players of any size, hence players of any size should be included in any initiatives. The selection criteria of regulatory sandboxes are not always clear. Innovation facilitators can only be beneficial if they remain equally open to all actors, and harmonised.



Question 2. What are the key advantages and challenges consumers are facing with the increasing digitalisation of the financial sector (please mention no more than 4)?

For each of them, which are the initiatives that should be taken at EU level?

5000 character(s) maximum.

The COVID-19 emergency has been a catalyst of digitalisation and has led to an accelerated democratization of digital uses, which are the only solutions available for a large number of activities (use of videoconferencing by the elderly and of collaboration tools, to which large groups are accustomed, by SMEs). The challenge now is to perpetuate these uses in order to move from innovations with confidential uses to large-scale solutions, which will require investment in networks as well as in equipment and education.

Today bank customers have full online access to banking services without any disruption. The present challenge is to preserve these uses in order to move from innovations with confidential uses to large-scale solutions, which will require investment in networks as well as in equipment and education. Greater autonomy (selfcare) allowing consumers to carry out some operations remotely without having to go to a bank branch or to meet a financial advisor. Innovative technologies allowing for better credit scorings and more transparent, efficient and secure transactions.

With this backdrop the ESBG believes that there is a need for action, to ensure that all consumers understand those banking services which are offered through digital means and data sharing, where the digitalisation of the financial industry can serve a wider purpose of financial inclusion and data management.

Advantages

Besides the benefits already highlighted by the ROFIEG (lower cost of financial products, greater choice of products and services and better financing opportunities, better personalisation of services, better inclusion), we would like to add:

- Full digitalisation of and access to banking services. Banking becomes possible at any time, regardless of location. Financial needs can be met remotely within seconds (e.g. overdraft facility increase, instalment credit with immediate payment). Digitalization of financial services has also made it easier for European citizens to live outside of metropolitan areas as the dependency on cash and branch offices has diminished.
- Simpler and effortless customers' journey and user experience. Consumers can purchase and pay goods quickly and conveniently (both online & offline). New distribution channels



make customer on-boarding and transaction verification processes more secure, faster, more convenient and efficient through digital identity solutions.

- Greater autonomy (selfcare) allowing consumers to carry out some operations remotely. Innovative technologies allowing for better credit scorings and more transparent, efficient and secure transactions.
- Easier and tailor-made access to information. Consumers have an overview of the personal financial situation at any time, while the information they get provides better insights due to better segmentations.

Challenges

Though with the COVID-19 crisis banks' customers have discovered the constraints of lockdown and developed their uses and needs (banking operations from home). In this context, the digitalisation and technological transformation of financial services will accelerate, in order to adapt to these new uses and new needs that are shaping our future lifestyles and consumption patterns. We see these key challenges:

- Increased cybersecurity, data protection and privacy risks (it is important to tell the difference between perceived and real risks, especially in a European context), mainly as a result of the demand for both speed and increased amount of third parties in the bank-customer interactions.
- Increased market concentration in favour of big technology companies and platforms; risk of lock-in effects for consumers.
- Consumer (and data) protection risks due to a lack of awareness of the regulatory situation (e.g. rationale behind complex identification processes) and accountability of new players (and associated protections) Digital inclusion (socially responsible activities in order to fight digital exclusion).

Initiatives

In order to move from innovations with confidential uses to large-scale solutions, key initiatives which have already been taken by EU regulators, and which ESBG is fully and unconditionally supporting are:

- Strengthening a European digital payment solution.
- Adapting European competition law to the reality of the digital economy, characterised by powerful digital companies (especially from the USA and China).
- Introducing rules to prevent large, vertically integrated platforms from discriminating against product and service provision by third parties.
- Investing in technological infrastructures enabling digital coverage, education (on digital tools, budget coaching, etc.).
- Establishing a framework for consent management to ensure that the consumer has the correct tools to share and control their personal data.

Building on previous policy and legislative work, and taking into account the contribution digital finance can make to deal with the COVID-19 emergency and its consequences, the Commission services are considering four key priority areas for policy action to spur the development of digital finance:

1. ensuring that the EU financial services regulatory framework is technology-neutral and innovation friendly;



2. reaping the opportunities offered by the EU-wide Single Market for digital financial services for consumers and firms;
3. promoting a data-driven financial sector for the benefit of EU consumers and firms; and
4. enhancing the operational resilience of the financial sector.

Question 3. Do you agree with the choice of these priority areas?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 3.1 Please explain your answer to question 3 and specify if you see other areas that would merit further attention from the Commission:

5000character(s) maximum.

In general, the ESBG fully endorses the need of support through simplification: Regulation primarily aims at establishing a framework. Regulations (e. g. in the course of PSD2 or MIFID) should not to hinder innovative and dynamic developments – it is difficult to stimulate innovation through regulation.

Concerning the priorities above:

1. Priority 1: We fully support the Commission's efforts towards the development of technology-neutral legislation that is both horizontal and sufficiently flexible to foster further innovation. It is however important that already existing European regulation is taken into account and applied to new products and services, so that a holistic and sustainable approach can be reached that gives room for the development of banking products "Made in Europe" on commercial terms, contributing to sustainable profitability.
2. Priority 2: We believe that further efforts are required in order to insure a higher level of harmonisation in the EU digital financial services market. Removing single market fragmentation should indeed help to reap the opportunities offered by the EU-wide single market for digital financial services for consumers and firms. Greater harmonisation and limitation of additional requirements imposed by national regulators and supervisors such as gold plating will contribute to improve the level playing field in Europe. It is therefore important to consider that although harmonisation should be an objective, it is limited by the differences in cultures and practices unique to each member state. Financial products and services are also highly influenced by national regulations, including tax regulations.
3. Priority 3: We would like to highlight that a broader approach to a data economy is needed, rather than limited to the financial sector. Such a strategy should fit into a framework ensuring both a European coordination and a transversal approach to be developed in relation to China and the US, especially when protective laws are concerned. We support the Commission's general principle of facilitating the voluntary sharing of data based on explicit consumer consent. The ESBG believes that the freedom of contracts should be a cornerstone and therefore we see no need for additional legislation.

We consider that the measures to be taken need to be carefully analysed; in particular, these should not put the financial sector itself at a competitive disadvantage against other competing sectors, by establishing a policy option based solely on financial data. Data sharing is a complex issue and before any new initiatives the following elements should be considered: (i) define a data taxonomy including a framework for consent management, (ii) analyse the value and rights attached to each data category (IP rights, banking secrecy, competition law...); and (iii)



assess the possible unintended consequences of any future policy action. Processed data need financial, technical and human investments and constitute a crucial strategic and economic asset and a strong element of competitiveness for European companies, and EU authorities need to be aware of the need to protect the “European strategic autonomy”.

4. Priority 4: Even though we support this as a priority for the proper development of digital financial services, we remind the Commission that the financial sector already abides by a comprehensive regulatory framework on digital security (NIS, PSD2, MiFID II, CRD, eIDAS, GDPR, EBA Guidelines on ICT, CPMI-IOSCO Guidance, TIBER-EU, etc.). Therefore, we consider that instead of presenting new legislative proposals to enhance the operational resilience of the sector, the priority should be on the “harmonization” of the European rules governing the operational resilience of the financial sector, and that new rules should follow a risk-based approach. This would ensure that the framework is future-proof and will provide entities the flexibility required to adapt based on the continuously evolving nature of cyber and technology risks.

Those priorities should be developed with the global perspective in mind: the defence of European actors is crucial to achieve an EU global leadership.

I. Ensuring a technology-neutral and innovation friendly EU financial services regulatory framework

In order to be fit for the digital age, the EU financial services regulatory framework should neither prescribe nor prevent the use of particular technologies whilst ensuring that regulatory objectives continue to be satisfied. It should also not hinder the emergence and scaling up of innovative business models, including platform-based ones, provided that the new risks these new business models may bring are properly addressed. The Commission undertook an in-depth assessment of these issues in the context of the FinTech Action Plan and is already acting on certain issues. Even so, in this fast-moving and increasingly complex ecosystem, it is essential to monitor technological and market trends on a regular basis and to identify at an early stage whether new regulatory issues, including e.g. prudential ones, are emerging and, if so, how to address them in a proportionate manner.

Question 4. Do you consider the existing EU financial services regulatory framework to be technology neutral and innovation friendly?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 4.1 If not, please provide specific examples of provisions and requirements that are not technologically neutral or hinder innovation:

5000 character(s) maximum.



- Written Form requirements and precontractual information. Given the way of interaction with customers is changing due to the digitalization, it should be further explore whether the current disclosure rules should move from standardized documents (KIDs, PAD's statement of fees, etc.) to alternative, more personalized ways of providing the information that is significant to each customer, provided the relationship follows high level principles established in the regulation. Supervisors should bear in mind that innovations (mainly mobile technology, big data and robots) provide an opportunity for firms to significantly personalize the way they interact with customers, according to their needs and preferences.
- In addition, the written form requirement prevents online contracts from being concluded without media discontinuity or significantly increases the effort required when using tools for electronic signatures which replace the written form and reduces the conversion (e.g. Consumer Credit Directive).
- Cryptoassets: the regulatory framework does not support the banking sector's uptake of innovation through cryptoassets in many fronts, especially from the AML side. There exists uncertainty in rules, and there are still many areas in which regulation is necessary and it still has not been adopted (e.g. a taxonomy, comprehensive rules on the registry and licensing of providers, adaptation of existing rules or clarity on them through updated regulatory guidance). Also, cryptoassets are not subject to the same regulation throughout the EU as traditional securities. This creates a different competitive environment for rights that are identical in content but "embodied" differently.
- Robo-Advisor: Partly unclear whether these systems are subject to MiFID-II regulations for investment advice.

Important to maintain this European technology-neutral and innovation friendly approach regardless of the country in Europe and the size of the players as the differences in the approach of different national regulators necessarily impacts technological neutrality at the European level.

Question 5. Do you consider that the current level of consumer protection for the retail financial products and services established by the EU regulatory framework is technology neutral and should be also applied to innovative ones using new technologies, although adapted to the features of these products and to the distribution models?

	Yes
	No
X	Don't know / no opinion / not relevant

Question 5.1 Please explain your reasoning on your answer to question 5, and where relevant explain the necessary adaptations:

5000 character(s) maximum.



It is difficult to reply to his question with a yes or a no, as it is comprised of multiple statements.

Yes, we believe the level of consumer protection currently is adequate and should also be applied horizontally to new innovative technologies, but only to safeguard the level playing field, not to interfere with specific products and market developments.

In a continuously evolving digital market, we believe that horizontal and sufficiently flexible technology-neutral legislation is key to ensure sound consumer protection. The emergence of innovative technologies should be incorporated to regulation in an equivalent manner as those technologies already applied in the digital financial services sector. Whenever innovative technologies entail higher risks for consumers, then risks should be managed by rules protecting consumers. The regulatory framework should adopt “technology neutrality” as the guiding general principle, instead focusing on the product or service offered, always having consumer protection and financial stability in mind.

For example, we particularly praise the design of the Distance Marketing of Financial Services Directive, that, by being principle-based rather than rule-based, was able to adapt to evolving use of digital devices and continues ensuring a high level of consumer protection.

Furthermore, it is important to highlight that:

- All providers should be subject to the existing regulatory framework for financial services.
- Regulation shall be in relation with the specific service (payments, investment advice etc.) and not in regarding the service provider (Start-up, Scale-up or incumbent).
- Consumers who have invested in crypto assets do not have the same level of protection like investors in securities. Investors benefit from the wide range of services from custodian. The wallet for crypto assets cannot fulfil the same standards. Regarding the risk of investment, the white paper of crypto assets’ issuers is not comparable with a securities’ prospectus.
- Consumers have difficulties to prove their ownership of crypto assets with the same legal certainty as the ownership of securities. Therefore, an electronic ownership register for crypto assets and securities besides the traditional form of collective custody shall be established.

Identify areas where the financial services regulatory framework may need to be adapted

The use of Distributed Ledger Technology (DLT), and in particular the use of one of its applications, the so-called crypto-assets, have been identified as an area where the European regulatory framework may need to be adapted. A public consultation on crypto-assets is on-going to gather stakeholders’ views on these issues. Beyond the area of crypto assets, and looking at other technological and market developments, the Commission considers that it is important to identify potential regulatory obstacles to innovation at an early stage and see how to best address these obstacles not to slow down the uptake of new technologies in the financial sector.

Question 6. In your opinion, is the use for financial services of the new technologies listed below limited due to obstacles stemming from the EU financial services regulatory framework or other EU level regulatory requirements that also apply to financial services providers? Please rate each proposal from 1 to 5:



	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Distributed Ledger Technology (except crypto-assets)			X			
Cloud computing				X		
Artificial Intelligence / Machine learning			X			
Internet of Things (IoT)			X			
Biometrics				X		
Quantum computing			X			
Other				X		

If you see other technologies whose use would be limited in the financial services due to obstacles stemming from the EU financial services legislative framework, please specify and explain:

5000 character(s) maximum.

Big data; Digital identity.

Especially ensuring harmonization of national digital ID schemes to simplify changing service provider and promote innovation by establishing trust.

Moreover, the EBA and ESRB initiatives on API standardization need to be re-established. As the standardization or establishment of a API-scheme can increase interoperability between financial institutions.

Question 6.1 Please explain your answer to question 6, specify the specific provisions and legislation you are referring to and indicate your views on how it should be addressed:

5000 character(s) maximum.

Generally speaking, European companies, particularly banks, are in the process of appropriating these new technologies with the aim of controlling their development in terms of risk. Early/premature regulation could hinder their development in the banking sector.

DLT
No need for regulation at this stage as most use cases are still to be defined.
As mentioned in the dedicated consultation, for EU-regulated crypto-assets, the current regulations (MiFID 2, CSDR, ...) are not adapted to the decentralised nature of DLT ecosystems. However, we believe that amending these regulations would take too long if we want the EU market to be competitive (several non-EU market players have already launched activities in this field as they do not have such impediments in their countries).



Cloud

Challenges and limitations in Cloud Computing exist above all in the information and auditing process of banks. The outsourcing guidelines of the European Banking Authority are not fully reflected in the standard contractual clauses, therefore big uncertainties exist whether an audit of these authorities will lead to findings with high gravity.

We strongly support and regularly contribute to the work, launched by the European Commission in 2019 to encourage and facilitate the development of standard contractual clauses for cloud outsourcing by financial institutions. However, we think that self-regulation will not be sufficient to impose these contractual clauses.

Even if we understand that the European Commission will not have the power to make the use of the finalized standard contractual clauses mandatory, we believe that any incentive to use them should be considered.

For example, in its Communication « A European strategy for data », the Commission mentions the intention to facilitate the set-up of a cloud services marketplace for EU users from the private and public sector and that the participation in the marketplace for service providers will be made conditional on the use of transparent and fair contract condition. We would see here an opportunity to make clear reference to the use of standard contractual clauses (for the financial sector).

We need standardised contracts for the entire European Union to allow us some form of choice in cloud providers. Contracts need to be flexible enough to allow for a change in cloud providers too. Currently this is not the case. In fact, even on the tech-level it is very difficult to change cloud providers, once one has been selected. Universal tech standards should be developed by the major cloud providers, to allow for easy switching of provider without any technical or contractual hurdles. This will ensure actual competition in the market and benefit businesses and consumers alike and strengthen the European Union's Digital Single Market and its Digital economy, by allowing for European cloud alternatives, and possibly even a European Union Cloud.

Moreover, instead of following a principle-based approach, rules on the outsourcing to cloud services providers follow a rules-based approach, which is proving to hinder innovation through cloud. Rules on cloud have been set by EU authorities, but then are supervised by national authorities, which applied different rules and still do not have the necessary resources for the evaluation of outsourcing to cloud services providers. In some member states, for example, financial companies need to have a previous explicit authorization from the national competent authority to outsource a service to the cloud, while in other jurisdictions, an ex-ante notification is sufficient.

AI

In our view, the applicable EU legislation already allows for risks to be addressed: AI should comply with the rules in force, in particular the GDPR (any processing of personal data through an algorithm falls within the scope of the GDPR). Within this framework we are attached to an ethic approach of the use and the exploitation of Data & AI.

In the area of Artificial Intelligence, we are happy to support innovation in this sector, but wish to establish ethical guidelines for its usage and for the technology itself. AI should be able to learn based on ethical considerations, rather than flawed human tendencies. E.g. we do not want AI to learn racism from human interactions.

Biometrics

The GDPR generally prohibits organizations from using data for any purposes other than those for which they first collected it. The restrictions on “purpose specification” and “data minimization” significantly limit the financial sector's capacity to innovate with biometric data, as companies are



restricted from collecting new data before they understand its potential value and reusing existing data for novel innovative purposes. But, by adopting those safeguards, the GDPR does not acknowledge the fact that it is not always feasible for banks to know what biometric data is most valuable, or will contribute to the most important insights. Also, some of the most relevant insights usually come from the combination of data sets (biometric and non-biometric), so not allowing banks to do this makes it difficult for banks to predict the future value of data sets at the outset.

There is rather a lack of a legal framework that allows European financial institutions to use new technologies such as biometrics from BigTech companies in a secure manner (e.g. no access to biometric identity readers).

IoT/Big Data

We cannot say how technological innovation will affect banking in the next few decades. We promote tech-neutral regulation in this sector.

Question 7. Building on your experience, what are the best ways (regulatory and non-regulatory measures) for the EU to support the uptake of nascent technologies and business models relying on them while also mitigating the risks they may pose?

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Setting up dedicated observatories to monitor technological and market trends (e.g. EU Blockchain Observatory & Forum; Platform Observatory)			X			
Funding experimentation on certain applications of new technologies in finance (e.g blockchain use cases)			X			
Promoting supervisory innovation hubs and sandboxes			X			
Supporting industry codes of conduct on certain applications of new technologies in finance				X		
Enhancing legal clarity through guidance at EU level for specific					X	



technologies and/or use cases						
Creating bespoke EU regimes adapted to nascent markets, possibly on a temporary basis		X				
Other					X	

Please specify what are the other ways the EU could support the uptake of nascent technologies and business models relying on them while also mitigating the risks they may pose:

5000 character(s) maximum.

- Strengthening of existing European standardisation and specifications initiatives (e. g. European Card Payment Cooperation and ERPB API-access Scheme). Supporting further initiative like the European Institute of Innovation and Technology partner network that helps business and entrepreneurs to be at the frontier of digital innovation by providing them with technology, talent, and growth support.
- Setting up and funding of Expert Groups to define and implement nascent technology pilots.
- Funding experimentation on certain applications of new technologies in finance at European level should encourage the emergence EU-wide businesses that would be able to compete with comparably sized peers from other jurisdictions, such as the US and China.
- Cross-border coordination within the EU is fundamental to promote the scale-up of technological innovation and to prevent the creation of an unlevel playing field and regulatory arbitrage. We already witness that fragmentation is limiting the potential of technological developments, which also affects the overall competitiveness of the EU.

Assess the need for adapting the existing prudential frameworks to the new financial ecosystem, also to ensure a level playing field

Financial services providers are increasingly relying on technology companies to support delivery mechanisms for financial services. Technology companies are also increasingly entering financial services directly. Such trends will have an impact on the customers, the supply chain, incumbent financial institutions and their regulators and supervisors. Big technology companies are able to quickly scale up services due to network effects and large user bases. Their entry may accordingly over time significantly change market structures. This may require a review of how the EU financial legislative framework regulates firms and activities, in particular if technology companies were to become direct providers of specific services (e.g. lending) or a broader range of financial services or activities. This may also require a review of how to supervise the overall risks stemming from financial services of such companies.

Financial regulation should harness the opportunities offered by digitalisation – e.g. in terms of innovative solutions that better serve customers - while protecting the public interest in terms of e.g. fair



competition, financial stability, consumer protection and market integrity. The Commission accordingly invite stakeholders' views on the potential impact of technology companies entering financial services and possible required policy response in view of the above public policy objectives.

Question 8. In which financial services do you expect technology companies which have their main business outside the financial sector (individually or collectively) to gain significant market share in the EU in the five upcoming years?

	1 (very low market share – below 1%)	2 (low market share)	3 (neutral)	4 (significant market share)	5 (very significant market share – above 25%)	N.A.
Intra-European retail payments				X		
Intra-European wholesale payments				X		
Consumer credit provision to households with risk taking				X		
Consumer credit distribution to households with partner institution (s)				X		
Mortgage credit provision to households with risk taking				X		
Mortgage credit distribution to households with partner institution (s)				X		
Credit provision to SMEs with risk taking					X	
Credit distribution to SMEs with partner institution(s)					X	
Credit provision to large corporates with risk taking				X		
Syndicated lending services with risk taking				X		
Risk-taking activities in Life insurance products		X				
Risk-taking activities in Non-life insurance products				X		



Risk-taking activities in pension products		X				
Intermediation / Distribution of life insurance products		X				
Intermediation / Distribution of non- life insurance products				X		
Intermediation / Distribution of pension products		X				
Other insurance related activities, e.g. claims management		X				
Re-insurance services			X			
Investment products distribution				X		
Asset management				X		
Other						X

Please specify in which other financial services you expect technology companies to gain significant market share in the EU in the five upcoming years:

5000 character(s) maximum.

Question 8.1 Please explain your answer to question 8 and, if necessary, describe how you expect technology companies to enter and advance in the various financial services markets in the EU Member States:

5000 character(s) maximum.



BigTechs are already present in the market for most of the products and services in the financial industry, and that presence is expected to keep growing. Their entrance to the financial sector has begun on the payments services industry, and continued in the provision of consumer and SMEs credit. However, as they gain experience and clients, regulatory knowledge, and their staff grows in the EU, these companies will keep enlarging their offer of digital finance products and services. A significant progress is currently observed in asset management services (robo-advisors and discretionary management) and in the distribution of investment products and services. Also, as the BigTechs' entrance in the payments industry had been focused on low-value payments, we observe a progress towards higher-value payments, which means they are getting more corporate clients and a widening portfolio of clients in Europe.

International payment systems operators and large technology companies act as intermediaries in the payment business. They can establish fees at the expense of card issuers and/or merchants/acquirers at any time. Because of the high and unregulated revenues those 'Big Techs' are able to fulfil expensive, complex and high requirements regarding innovation.

Customer data is at the heart of the offer and economic model of BigTech companies:

- Customization and anticipation of needs are at the heart of the success of BigTech companies: for this reason, their access to granular customer data and mastery of AI is key;
- Access to banking APIs is strategic; Google, Amazon, Facebook and Alibaba have the necessary authorisations to exploit the opportunities opened up by the PSD2. (source Oliver Wyman)

Non-European BigTech companies can also penetrate the European market via massive investment policies taking advantage of the weakness of European positions and the absence of a major European player.

Question 9. Do you see specific financial services areas where the principle of “same activity creating the same risks should be regulated in the same way” is not respected?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 9.1 Please explain your answer to question 9 and provide examples if needed:

5000 character(s) maximum.

One area is crypto assets and the fight against money laundering and terrorist financing (ML/TF). In the regulated financial eco-system, procedures currently in place to ensure respect of the AML-FT requirements are not necessarily transferrable to the world of crypto-assets.

We consider that all crypto-asset service providers could become 'obliged entities' under the EU AML/CFT framework. Guidelines/standard procedures including details on their practical implementation should be issued at European level ideally at international level (FATF).

These procedures shall be adapted to the crypto-assets eco-system. Regulators at a national level should then be able to provide crypto-asset service providers with adapted guidelines that would match their own requirements.



The concept of “financial intermediation” has long been linked to traditional processes and financial entities. However, by becoming digital platforms where financial products and services can be distributed, acquired, advertised, etc., large technology companies are being able to gain a significant role in the intermediation of financial products and services. They do not necessarily need to comply with the whole set of financial regulations and rules governing incumbent financial institutions. This situation creates an imbalance in the level-playing field necessary to guarantee the preservation of the “same activity creating the same risks should be regulated in the same way” principle.

The EBA has determined that as much as 53% of the FinTech sector financial services are not yet regulated (see EBA Discussion Paper on FinTech – 2017). We absolutely believe in the principle according to which similar activities creating the same risks should be regulated in the same way. This is important for competition, consumer protection and the European Union as a whole.

Question 10. Which prudential and conduct risks do you expect to change with technology companies gaining significant market share in financial services in the EU in the five upcoming years? Please rate each proposal from 1 to 5:

	1 (significant reduction in risks)	2 (reduction in risks)	3 (neutral)	4 (increase in risks)	5 (significant increase in risks)	N.A.
Liquidity risk in interbank market (e.g. increased volatility)			X			
Liquidity risk for particular credit institutions			X			
Liquidity risk for asset management companies			X			
Credit risk: household lending				X		
Credit risk: SME lending				X		
Credit risk: corporate lending				X		
Pro-cyclical credit provision				X		
Concentration risk for funds collected and invested (e.g. lack of diversification)					X	
Concentration risk for holders of funds (e.g. large deposits or investments held in a bank or fund)					X	
Undertaken insurance risk in life insurance					X	



Undertaken insurance risk in non-life insurance					X	
Operational risks for technology companies and platforms					X	
Operational risk for incumbent financial service providers				X		
Systemic risks (e.g. technology companies and platforms become too big, too interconnected to fail)					X	
Money-laundering and terrorism financing risk				X		
Other			X			

Please specify which other prudential and conduct risk(s) you expect to change with technology companies gaining significant market share in financial services in the EU in the five upcoming years:

5000 character(s) maximum.

Lack of information about technical solutions and processes (e. g. authentication mechanisms/solutions via biometrics) and associated dependencies.

Question 10.1 Please explain your answer to question 10 and, if necessary, please describe how the risks would emerge, decrease or increase with the higher activity of technology companies in financial services and which market participants would face these increased risks:

5000 character(s) maximum.



High concentration of relevant technological platforms or operating systems (e. g. for mobile payment).

If individual technology companies gain substantial market shares, systemic risks arise from concentrating on a few service providers, lack of alternatives in the selection of service providers.

As suggested in the report of the ROFIEG expert group the fact that financial services are increasingly enabled by technology may increase or diminish traditional risks:

- Systemic risk, i.e. a chain reaction of adverse market developments, such as liquidity shortages or flash crashes, that might threaten the proper functioning of the market; new entrants should have comparable behaviour and a less diversified portfolio than a universal bank)
- Market integrity contravened (market manipulation);
- Criminal abuse (money laundering, tax evasion, purchase of illegal goods or services, etc.).

We could anticipate an increase of:

- Credit risk as low-risk assets should be captured by new entrants that do not have prudential costs and will offer better rates. Access to credit could be made too easy as some tech companies could not be in a position to assess the true level of risk.
- Concentration risk in countries lagging behind in terms of competitiveness.

Important that the technology companies are subject to the same rules as financial institutions according to the principle of the same activity, same risks, same rules and they are subject to supervision/control of their activities in the same way as European banks, to limit these risks.



Question 11. Which consumer risks do you expect to change when technology companies gain significant market share in financial services in the EU in the five upcoming years? Please rate each proposal from 1 to 5:

	1 (significant reduction in risks)	2 (reduction in risks)	3 (neutral)	4 (increase in risks)	5 (significant increase in risks)	N.A.
Default risk for funds held in non-banks and not protected by Deposit Guarantee Scheme					X	
Liquidity risk			X			
Misselling of insurance products				X		
Misselling of investment products				X		
Misselling of pension products			X			
Inadequate provision of information					X	
Inadequate complaint and redress process and management					X	
Use/abuse of personal data for financial commercial purposes				X		
Discrimination e.g. based on profiles			X			
Operational risk e.g. interrupted service, loss of data					X	
Other				X		

Please specify which other consumer risk(s) you expect to change when technology companies gain significant market share in financial services in the EU in the five upcoming years:

5000 character(s) maximum.



Unauthorised/ illegal financial transactions and data breaches. There will be more opportunities for illegal activities targeted on consumers - more intermediaries in the supply chain, more points of entry, greater complexity and confusion for scammers and fraudsters to exploit.
The publicity surrounding Open Banking/ PSD2 could help fraudsters as consumers will be primed to be approached by genuine third party intermediaries. Not enough has been done to warn consumers about the risks, or establish robust consumer protection measure.

Cyber event: Fintech companies are prime targets for cybercriminals (network security, data breaches ...)

Important that the technology companies are subject to the same rules as financial institutions according to the principle of “same activity, same risks, same rules and are subject to supervision/control of their activities in the same way as European banks, to limit these risks.

Question 11.1 If necessary, please describe how the risks would emerge, decrease or increase with the higher activity of technology companies in financial services and which market participants would face these increased risks:

5000 character(s) maximum.

Risks for consumers increase due to lack of regulation and supervision with non-banking entities that offer banking services.

Question 12. Do you consider that any of the developments referred to in the questions 8 to 11 require adjusting the regulatory approach in the EU (for example by moving to more activity-based regulation, extending the regulatory perimeter to certain entities, adjusting certain parts of the EU single rulebook)?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 12.1 Please explain your answer to question 12, elaborating on specific areas and providing specific examples:

5000 character(s) maximum.



Banking remains an activity that has always been subject to supervision and control. As it is a structurally regulated activity, it is the responsibility of regulators to ensure that any new player wishing to engage in this same type of activity is subject to the same rules, as it may lead to the same risks.

As acknowledged in the report of the ROFIEG expert group as the existing EU financial regulation is largely technology-neutral, regulating how FinTech is being employed often involves minor adjustments to the existing regulatory framework in order to ensure that it continues to be both suitable and relevant to innovations and changes in market practices.

Although we believe that the current regulatory requirements are sufficient, we support the ROFIEG expert group vision that if new regulatory measures need to be introduced for new business model enabled by digital technologies the guiding principle of regulation should remain unchanged: to find the correct balance between innovations that enable market efficiency, on the one hand, and the prevention or mitigation of risks, both individual and systemic, on the other.

In relation to the adaptation of the EU single rulebook, we would suggest that, in line with the principles-based approach, EU institutions should not aim to constantly update the EU single rulebook. What is necessary is that regulators and supervisors arm themselves with tools that allow them to provide a more flexible regulation and supervision, to be able to quickly adapt to innovations and advances in technology. This is best achieved by guidelines, recommendations, opinions, Q&As, innovation facilitators, etc., rather than continuously adapting the EU single rulebook.

Enhance multi-disciplinary cooperation between authorities

The regulation and supervision of Digital Finance requires more coordination between authorities in charge of regulating and supervising finance, personal data, consumer protection, anti-money-laundering and competition-related issues.

Question 13. Building on your experience, what are the main challenges authorities are facing while supervising innovative/digital players in finance and how should they be addressed?

Please explain your reasoning and provide examples for each sector you are referring to (e.g. banking, insurance, pension, capital markets):

5000 character(s) maximum.

The ESBG has observed the following challenges:

- New digital players are today born global where their market reach goes beyond the mandate of EU financial authorities. In addition, they sometimes do not belong to a regulated industry, making their supervision complex.
- Supervisors lack of the necessary resources and competences to undertake the necessary adaptation to supervising processes that include many technical questions and new products and services. There is also a lack of coordination between different supervisors both within and across member states.
- Regulators and supervisors therefore need to change mindset and move closer to the industry, taking an approach of collaboration rather than a more distant relationship.

Further the ESBG considers that those challenges should be addressed in different ways:



- Regulators and supervisors increase collaboration, both horizontally across industries, across member states and on a global level. We therefore believe that supervisors should approach technological developments from a multidisciplinary perspective, e.g. by employing experts with different backgrounds, including specialists on technological issues. Also, human resources plans in supervisors should focus on trying to overcome the lack of IT, mathematical/statistical know-how within their staff.
For example, resources with financial market competence should be allocated to data protection authorities and work more closely with financial conduct and markets supervisors. Every innovation and conduct now includes a relevant use of data by the financial services providers, so it is hard to work with only a part of the supervisors that hold competences on the resulting product, service or process. The regulation and supervision of digital finance requires more coordination also with supervisors in consumer protection, anti-money-laundering and competition-related issues.
- Supervisors should establish frameworks for the oversight of new players and financial innovation, and further develop public-private partnerships. They should also engage in a proactive and continuous dialogue with stakeholders on technologies such as AI, Big Data and machine learning.

Question 14. According to you, which initiatives could be put in place at EU level to enhance this multi-disciplinary cooperation between authorities?

Please explain your reasoning and provide examples if needed:

5000 character(s) maximum.

Frameworks for increased horizontal communication between supervisors, to ensure that authorities can jointly approach new technologies to manage and mitigate the risks and opportunities.

E.g. joint bodies/teams between authorities and obliged entities for innovation hubs/pilots.

II. Removing fragmentation in the single market for digital financial services

Removing Single Market fragmentation has always been on the radar of EU institutions. In the digital age, however, the ability of firms to scale up is a matter of economic productivity and competitiveness. The economics of data and digital networks determines that firms with substantial network effects enjoy a competitive advantage over rivals. Only a strong Single Market for financial services could bring about EU-wide businesses that would be able to compete with comparably sized peers from other jurisdictions, such as the US and China.



Removing fragmentation of the Single Market in digital financial services while maintaining an adequate level of security for the financial system is also essential for expanding access to financial services for consumers, investors and businesses across the EU. Innovative business models and services are flourishing in the EU, with the potential to bring greater choice and better services to consumers. Traditional players and start-ups are both competing, but also increasingly establishing partnerships to innovate. Notwithstanding the opportunities provided by the Digital Single Market, firms still face obstacles when scaling up across the Single Market.

Examples include a lack of consistency in the transposition, interpretation and application of EU financial legislation, divergent regulatory and supervisory attitudes towards digital innovation, national 'gold-plating' of EU rules, cumbersome licensing processes, insufficient funding, but also local preferences and dampen cross-border and international ambition and entrepreneurial spirit and risk taking on the part of business leaders and investors. Likewise, consumers face barriers in tapping innovative digital products and being offered and receiving services from other Member States other than of their residence and also in accessing affordable market data to inform their investment choices. These issues must be further addressed if the EU is to continue to be an incubator for innovative companies that can compete at a global scale.

Question 15. According to you, and in addition to the issues addressed in questions 16 to 25 below, do you see other obstacles to a Single Market for digital financial services and how should they be addressed?

5000 character(s) maximum.

As already stressed in Q3 regulatory fragmentation is not the only obstacle to a single market for financial services. Indeed, harmonisation has limits in reason of the fundamental differences in cultures and practices unique to each country. Bank usages are still strongly linked to national practices and habits. Products and services are also highly influenced by national regulations, including tax regulations. A cross-border offering only seems possible on the condition of tax and insolvency law harmonisation in advance for any product.

Regulation will not remove all barriers and the language barrier will remain a major obstacle to a true single market in financial services, difficult or impossible to overcome at a reasonable and justifiable cost keeping in mind that the EU has 23 official languages and uses three alphabets (Latin, Greek, and Cyrillic).

Facilitate the use of digital financial identities throughout the EU

Both start-ups and incumbent financial institutions increasingly operate online, without any need for physical establishment in a particular jurisdiction. Technologies are enabling the development of new ways to verify information related to the identity and financial situation of customers and to allow for portability of such information as customers change providers or use services by different firms. However, remote on-boarding relies on different technological means (e.g. use of biometric data, facial recognition, live video) to identify and verify a customer, with different national approaches regarding their acceptability. Moreover, supervisory authorities have different expectations concerning the rules in the 5th Anti-Money Laundering Directive permitting reliance on third parties



for elements of on-boarding. The Commission will also consult shortly in the context of the review of the EU Anti-Money Laundering framework.

Question 16. What should be done at EU level to facilitate interoperable cross- border solutions for digital on- boarding? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Harmonise rules governing customer due diligence requirements in the Anti-Money Laundering legislation					X	
Harmonise rules governing the acceptable use of remote identification technologies and services in the Anti-Money Laundering legislation					X	
Broaden access for obliged entities to publicly held information (public databases and registers) to enable verification of customer identities					X	
Provide further guidance or standards in support of the customer due diligence process (e.g. detailed ID elements, eligible trusted sources; risk assessment of remote identification technologies)					X	
Facilitate the development of digital on-boarding processes, which build on the e-IDAS Regulation			X			
Facilitate cooperation between public authorities and private sector digital identity solution providers					X	



Integrate KYC attributes into e- IDAS in order to enable on- boarding through trusted digital identities			X			
Other					X	

Please specify what else should be done at EU level to facilitate interoperable cross-border solutions for digital on-boarding:

5000 character(s) maximum.

Manage fragmentation within and across member states such as ensuring full harmonisation of KYC requirements, APIs and Digital ID frameworks to secure the best of possibilities to build national and European platforms. This turn would lead to lower fragmentation and higher levels of trust between players and authorities from different member states.

Question 17. What should be done at EU level to facilitate reliance by financial institutions on digital identities gathered by third parties (including by other financial institutions) and data re-use/portability? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Make the rules on third party reliance in the Anti-Money Laundering legislation more specific				X		
Provide further guidance relating to reliance on third parties for carrying out identification and verification through digital means, including on issues relating to liability					X	
Promote re-use of digital identities collected for customer due diligence purposes in accordance with data protection rules				X		



Promote a universally accepted public electronic identity			X			
Define the provision of digital identities as a new private sector trust service under the supervisory regime of the eIDAS Regulation				X		
Other						X

Please specify what else should be done at EU level to facilitate reliance by financial institutions on digital identities gathered by third parties (including by other financial institutions) and data re-use/portability:

5000 character(s) maximum.

As Member States have adopted different approaches to customer due diligence (CDD) we fully support the recommendation 18 of the ROFIEG report suggesting action to achieve convergence in the use and acceptance of innovative technologies for remote customer onboarding. It would be important to harmonise the documentation required for identity verification (e.g. passports, utilities bills, civic registrations, tax documentation) and format (acceptability of electronic copies vs physical copies).

As underlined in the ROFIEG expert group report, the big challenge, from an EU perspective, therefore remains for digital CDD solutions to be compatible across borders. Until this fragmented national approach to CDD is addressed, technological innovation will be unable to release its full beneficial potential, as variations in national law can hinder firms from extending their services cross-border due to the complexities in navigating different national requirements and in reason of digital identities considered unreliable/doubtful issued by some States.

Question 18. Should one consider going beyond customer identification and develop Digital Financial Identities to facilitate switching and easier access for customers to specific financial services?

Should such Digital Financial Identities be usable and recognised throughout the EU?

Which data, where appropriate and in accordance with data protection rules, should be part of such a Digital Financial Identity, in addition to the data already required in the context of the anti-money laundering measures (e.g. data for suitability test for investment services; data for creditworthiness assessment; other data)?

Please explain your reasoning and also provide examples for each case you would find relevant.

5000 character(s) maximum.



Financial institutions should be enabled to make the identification and any other data that they manage in accordance with the regulatory requirements available to third parties as eID or for other purposes on behalf of their customers or for government use as in the Nordics.

The differentiation into a “financial ID” and an “eID” is problematic here. Instead, both areas of application should be applicable to each other.

We do not see a need to develop any specific financial digital identity. Indeed, once the customer is accustomed to using the eIDAS identity under Member states control on the third party identification provider, there is no need for a new or different digital identity dedicated to specific use cases.

Citizens and customers would not understand why a sectorial e.ID could be stronger than the one provided by the state. In our view, it would be more confusing than suitable for citizens/customers. With several e.IDs, one has to remember which identity to use with each service.

Question 19. Would a further increased mandatory use of identifiers such as Legal Entity Identifier (LEI), Unique Transaction Identifier (UTI) and Unique Product Identifier (UPI) facilitate digital and/or automated processes in financial services?

	Yes
	No
X	Don't know / no opinion / not relevant

If yes, in which framework(s) is there the biggest potential for efficiency gains?

5000 character(s) maximum.

EU-wide LEI have a great benefit especially in providing trust services to legal entities.

We take a critical view of UTI and UPI, because - despite recognizable benefits - the cost of establishing, maintaining and enforcing them across all sectors and businesses would be very high and does not seem feasible.

Make it easier for firms to carry out technology pilots and scale up across the Single Market

Currently, three national competent authorities have established regulatory sandboxes with five more under development. Regulatory sandboxes are most often schemes to enable firms to test, pursuant to a specific testing plan agreed and monitored by a dedicated function of the competent authority, innovative financial products, financial services or business models. Besides, almost all competent authorities have established innovation hubs. Innovation hubs provide a dedicated point of contact for firms to ask questions to competent authorities on FinTech related issues and to seek non-binding



guidance on regulatory and supervisory expectations, including licensing requirements. The European Forum of Innovation Facilitators (EFIF) is intended to promote greater coordination and cooperation between innovation facilitators established by financial sector supervisors to support the scaling up of digital finance across the

Single Market, including by promoting knowledge-sharing between innovation hubs and facilitating cross-border testing in regulatory sandboxes.

Question 20. In your opinion (and where applicable, based on your experience), what is the main benefit of a supervisor implementing (a) an innovation hub or (b) a regulatory sandbox as defined above?

5000 character(s) maximum.

ESBG judges positively the ability to experiment within a controlled environment and test new products and services, while exploring new regulatory requirements and building up critical know-how for future regulatory requirement definitions.

However, in ESBG's view, any regulatory sandbox should meet the absolute prerequisite to be open to all FinTech firms (incumbent financial institutions, new entrant financial institutions...) as this is a question of level playing field. This is even more important that there is an increasing cooperation and partnership among incumbent banks and FinTech start-ups to provide innovative products and services that they indeed would need to test commonly.

We therefore believe that innovation hubs that do not allow for regulatory relief provide better communication and mutual understanding between innovators and supervisors. This allows faster development of innovative products and provides security for regulatory requirements across industries.

Such innovation hub allows the supervisor to work closer to the industry, get a more hands-on approach to innovative projects, and raise awareness and understanding of the opportunities and risks of the innovations by the supervisor's personnel.

Also, by establishing cross-border networks of authorities on innovation, they could share experiences and learnt lessons, share insights on how other regulators or supervisors have adapted their guidance on a topic, or even how to best allocate resources in the supervisory processes, so that they can focus on the more relevant areas, those with a higher risk.

Moreover, establishing networks of cross-sectoral innovation hubs could avoid reaching situations in which a regulator or supervisor adopts guidelines, recommendations or opinions on a topic without taking into account relevant implications that are analysed by a supervisor from another sector. This usually can happen when the interaction between conduct, prudential, data protection or AML authorities do not coordinate and work close together. If sandboxes include regulatory relief, they can pose a threat to the level playing field and consumer protection. For market participants who do not participate in the sandbox, this results in competitive disadvantages. The competent authority must keep on requiring to everyone the same relevant regulatory requirements. Under no circumstances should the selection of participants in an innovation facilitator (innovation hub or sandbox) be based on the type of the entity. In principle, these must be open to all innovators, be they incumbents or start-ups.



Question 21. In your opinion, how could the relevant EU authorities enhance coordination among different schemes in the EU? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Promote convergence among national authorities in setting up innovation hubs and sandboxes, through additional best practices or guidelines			X			
Facilitate the possibility for firms to test new products and activities for marketing in several Member States (“cross border testing”)			X			
Raise awareness among industry stakeholders			X			
Ensure closer coordination with authorities beyond the financial sector (e.g. data and consumer protection authorities)					X	
Promote the establishment of innovation hubs or sandboxes with a specific focus (e.g. a specific technology like Blockchain or a specific purpose like sustainable finance)		X				
Other						X

Please specify how else could the relevant EU authorities enhance coordination among different schemes in the EU:

5000 character(s) maximum.



See previous questions.

Question 21.1 If necessary, please explain your reasoning and also provide examples for each case you would find relevant:

5000 character(s) maximum.

There is a need of harmonisation of the large variety of innovation facilitation mechanisms which have been established by national supervisors in Europe (sandbox, innovation hub or similar regime).

Competition between national supervisors on the basis of regulatory arbitrage should be avoided. Sandboxes shouldn't become an economic tool to attract new entrants on each one national market: the attraction ability of a sandbox has been highlighted in the FCA lessons learned report mentioning that applicants came also from outside UK (Singapore, Canada and the US).

In that way, we welcomed the work of the EBA to, further to the European Commission's action plan and as a first step, identify and promote best practices in the design and the operation of innovation hubs and coordination across members states.

In our view, the European Forum of Innovation Facilitators (EFIF), launched on 2 April 2019 following the ESAs report published on 7 January 2019 on "innovation facilitators" in Europe, and intended to promote greater coordination and cooperation between innovation facilitators (sandbox and innovation hub) established by financial sector national supervisors will not be sufficient. This sharing of good practices will not promote a harmonisation of practices in Europe (where equal access of all actors is not respected) and therefore will not avoid competition between national supervisors on the basis of regulatory arbitrage (in the name of economic attractiveness).

Proposals to enhance supervisory consistency in the operation of regulatory sandboxes including, where appropriate, EBA guidelines could contribute to a convergence in domestic innovation policies across the EU, thereby facilitating the emergence of a single market for financial services.

Even if Europe achieves a harmonization in practices of sandboxes and coordination, the question of the international level remains. Europe still remains outside the FCA's initiative to create a "Global Financial Innovation Network" (GFIN officially launched in January 2019).

Thus, as there are, at this stage, only a small number of European supervisors involved (Lithuania, Luxembourg, Hungary), the question which raises is how European Authorities should react toward the recent initiative of the FCA to create GFIN (a global sandbox).



As long as the participation of all the European regulators can't be guaranteed, the option could be, for purpose of level playing field, that the EU authorities represents Europe in any international network.

As one of the main functions of the GFIN is to establish a network of regulators, it is indeed essential to insure that the views of Europe can be expressed and defended.

For the second function of the GFIN which is to support companies in conducting trials across multiple jurisdictions, EU authorities should be cautious that if this occurs outside the EU it will represent a competitive disadvantage for the EU market. EU financial entities should have the possibility to be part of any trials across multiple jurisdictions globally.

Question 22. In the EU, regulated financial services providers can scale up across the Single Market thanks to adequate licenses and passporting rights.

Do you see the need to extend the existing EU licenses passporting rights to further areas (e.g. lending) in order to support the uptake of digital finance in the EU?

5000 character(s) maximum.

Bank usages are strongly linked to national practices and habits. Products and services are highly influenced by national regulations, including tax regulations.

For lending activities for example the following brakes limit cross border credit:

- Complex to establish and enforce a mortgage guarantee in another EU Member State ;
- Difficult to monitor the flow of funds (no knowledge of notaries ...);
- Difficulty for the advisors in branches to read the supporting documents provided (language, format, currency ...);
- Difficulty to use some borrower's insurances (incapacity for work ;
- Complexity in the conduct of consumer due diligence (KYC) and AML (source of funds difficult to identify);
- Currency risk if the currency to pay the property transaction is different from the loan's currency.

We consider the existing EU licenses passporting rights for lending respond to the need with the freedom of establishment and freedom to provide services by credit intermediaries under Article 32 and the admission and supervision of non-credit institutions under article 35 of MCD.

Therefore **we do not see a need to extent the current legislation.** We consider that the current licensing and passporting regimes are already robust enough. What is necessary is that every provider of equivalent financial services are incorporated into the current regime. But modifying or creating new regimes will create unnecessary regulatory burden on many providers, and uncertainty from the business side.

Important to note that extending passporting rights could only have a limited effect on the uptake of digital finance in EU as each approved entity can work in another member state via the passport system under the condition to comply with the national rules.



Ensure fair and open access to relevant technical infrastructures for all financial service providers that wish to offer their services across the Single Market

(It should be noted that this topic is also included, from the payment perspective, in the [Retail Payments consultation](#))

The emergence of providers of technical services supporting the provision of financial services bring both opportunities and challenges. On the one hand, such providers can facilitate the provision of cross-border services. On the other hand, they may in certain cases limit access to the platform or relevant devices' interface, or provide it under unfair and non-transparent terms and conditions. Certain Member States are starting to take measures in this respect.

Question 23. In your opinion, are EU level initiatives needed to avoid fragmentation in the Single Market caused by diverging national measures on ensuring non-discriminatory access to relevant technical infrastructures supporting financial services?

Please elaborate on the types of financial services and technical infrastructures where this would be relevant and on the type of potential EU initiatives you would consider relevant and helpful:

5000 character(s) maximum.

The emergence of providers of technical infrastructure services supporting the provision of financial services bring both opportunities and challenges. On the one hand, such providers can facilitate the provision of cross-border services. On the other hand, they may in certain cases limit access to the platform or relevant devices' interface or provide it under unfair and non-transparent terms and conditions. We support EU level action in order to avoid fragmentation in the Single Market caused by diverging national measures on ensuring non-discriminatory access to relevant technical infrastructures supporting financial services. Non-discriminatory access by banks and their service providers to vital components (e.g. NFC, voice banking or biometric identity readers) of mobile devices or smart-speaker/virtual assistants will contribute to a more competitive market, ensures a level playing field and empowers consumers to choose between different options.

Furthermore, as regards consumer protection laws in general, national gold-plating promotes an un-level playing field.

Empower and protect EU consumers and investors using digital finance across the Single Market

An increasing number of new digital financial products and services expose consumers and retail investors to both opportunities and risks: more choice, more tailored products, more convenience, but also bad advice, mis-selling, poor information and even discrimination. Accordingly, it is important to carefully consider how to tap the potential of

innovative products, services and business models while empowering and protecting end-users, to ensure that they benefit from a broader access to, and range of innovative products and services



across the Single Market in a safe and sound manner. This may also require reviewing existing legislation to ensure that the consumer perspective is sufficiently taken into account. In addition, promoting financial education and digital financial skills may be important to ensure that consumers and retail investors are able to make the most of what digital finance has to offer and to select and use various digital tools, whilst at the same time increasing the potential size of the market for firms.

Question 24. In your opinion, what should be done at EU level to achieve improved financial education and literacy in the digital context? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Ensure more affordable access at EU level to financial data for consumers and retail investors				X		
Encourage supervisors to set up hubs focused on guiding consumers in the digital world				X		
Organise pan-European campaigns and advisory hubs focusing on digitalisation to raise awareness among consumers				X		
Collect best practices				X		
Promote digital financial services to address financial inclusion					X	
Introduce rules related to financial education comparable to Article 6 of the Mortgage Credit Directive, with a stronger focus on digitalisation, in other EU financial regulation proposals				X		
Other						X

Please specify what else should be done at EU level to achieve improved financial education and literacy in the digital context:

5000 character(s) maximum.



We would like to call on the Commission to pursue the following initiatives in the area of financial literacy to increase the financial health of citizens:

1) Renewing the Communication on Financial Education (COM(2007) 808), where a new focus on digital finance is included.

2) Recognition of financial knowledge and skills as a priority

The Commission should propose to review the Council Recommendation “Key Competences on Lifelong learning” to introduce financial competence as a stand-alone key competence. The Commission should also identify financial skills as a priority in an update of its Communication on “A new Skills agenda for Europe”.

3) EU competence framework on financial competence

The Commission should set up an EU competence framework on financial competence and facilitate its uptake in working groups for Member States. The framework on financial competence should outline key areas of financial competence (for instance, plan a budget, invest, borrow). The framework should support the development of competences through various applications and in various settings. The framework should be made available to public authorities and private bodies to promote a shared understanding of financial competences and provide the basis for the development of policies and applications. In particular, its up-take would be facilitated through working groups with Member States, organised and moderated by the Commission (thus, setting-up a framework which has been in place already some years ago).

Question 25: If you consider that initiatives aiming to enhance financial education and literacy are insufficient to protect consumers in the digital context, which additional measures would you recommend?

5000 character(s) maximum.

Consumers are not adequately protected from digital unauthorised fraud. We believe some key measures could improve this situation.

1) A Digital Ombudsman, to inform and advise citizens on digital phishing, fraud and abuse cases and their options.

2) Improving liability schemes for platform providers, in the case of cross-border cybercrime, e.g. credit card and/or identity theft. Something that will also give consumers greater clarity and confidence in their rights and options, as was the case with Regulation (EC) No 261/2004 on flight delays and non-departures.

3) A campaign to inform consumers on their data and its worth. One could even go further and inform consumers of the worth of their data, when they accept to give it away for free.

Simultaneously, it must remain clear that authorised fraud, i.e. when consumers are tricked into authorising transactions themselves, must remain within the sole responsibility of the consumer, who authorised the transaction. However, we believe the above measures should be taken to improve citizens’ abilities to prevent cases of authorised fraud themselves.

4) Cybersecurity is a critical aspect of digital finance. We recommend that cybersecurity initiatives such as those led by ENISA also are expanded to create room for discussion on personal finance aspects of the digital economy

5) At a Member States level, promote better educational systems so that citizens can be made better aware of possible problems stemming from the use of digital services. This could lead to the inclusion of financial education in the curricula of primary and secondary schools;



III. Promote a well-regulated data-driven financial sector

Data-driven innovation can enable better and more competitive financial services for consumers and businesses, as well as more integrated capital markets (e.g. as discussed in the on-going work of the High-Level Forum). Whilst finance has always been a data-intensive sector, data-processing capabilities have substantially improved over the recent years, enabling fast parallel computing at low cost. Large amounts of data have also become available as computers and their users are increasingly linked, supported by better storage data capabilities. These developments have enabled the use of artificial intelligence (AI) applications to make predictions about future outcomes at a lower cost. Following on to the European data strategy adopted on 19 February 2020, the Commission services are considering a number of steps in this area (see also the parallel consultation on the Mifid review).

Question 26: In the recent communication "A European strategy for data", the Commission is proposing measures aiming to make more data available for use in the economy and society, while keeping those who generate the data in control.

According to you, and in addition to the issues addressed in questions 27 to 46 below, do you see other measures needed to promote a well-regulated, data driven financial sector in the EU and to further develop a common European data space for finance?

5000 character(s) maximum.

At this stage of the development of the data economy, the existing regulatory framework is fit for purpose, we do not see the need for any further legislative initiatives for the financial sector on data and it is too early for cross-industry legislation on data sharing in business-to-business relations. Protecting the customer trust towards the financial sector concerning data sharing, customers must have absolute confidence about the security of their data. As trust is the most valuable asset that banks have to protect, security and cybersecurity should underpin any initiative in a data-driven economy. The starting point should be to ensure that the industry has the best possible conditions to develop on their own standards and frameworks, with the freedom of contract and the general principle of voluntary sharing data as supported by the European Commission as cornerstone. In our view, before considering any regulatory initiative the following elements should be considered:

o Data taxonomy: Given the great variety of data involved in the digital economy, it is essential to define a data taxonomy to make any data-sharing framework efficient and usable in practice. The latter cannot be horizontal given the wide variety of products and services in the digital economy and the types of data involved. It would then be necessary to define for each sector data that can be shared because it contributes to the common good. This should be a complement to GDPR and respecting IP-rights and bank secrecy where both consumer and company data rights are taken into account.

- Value of data: Data held by companies do not have the same value, it is imperative to differentiate between “raw” personal data on which companies only support a collecting cost (financial, technical or human) and processed data that constitute a crucial strategic asset with economic value. This data has strong elements of competitiveness for companies that cannot be considered as a public good, freely and automatically accessible to third parties, as they need financial, technical and human investments. Any obligation to make processed data available free of charge could hamper business investments. We believe that the current systems of PSD2 and GDPR are sufficient to achieve the Commissions goals.



Moreover Banks are often legally required to guarantee a higher quality of data for statistical/incident reporting (e.g. for AML, credit facilitation etc.) that create an additional layer of value that should be recognized;

Common European data spaces in strategic industry sectors

In its communication “A European strategy for data”, the Commission states that European data pools may be organised in a centralised or a distributed way. We are of the opinion that centralised structures should not be the option because:

- o It is important to make data accessible but without having to duplicate it. This position is consistent with the Commission's forecasts, which predict that by 2025 the proportion of data processed and analysed in centralised computing facilities and those processed and analysed in computing facilities close to the user are likely to be inverted (change from an 80/20 to 20/80 ratio between centralized vs. edge computing);
- o Given the high cost of establishing such centers it is not certain that potential common centralised infrastructures would bring real added value compared to the current situation where players can already share data on the basis of contracts and within the framework of the legislation in force;

Facilitate the access to publicly available data in finance

Financial institutions are currently required to make public a wealth of financial information. This information e.g. allows investors to make more informed choices. For example, such data include financial reporting and non-financial reporting, prudential disclosures under the Capital Requirements Directive or Solvency II, securities market disclosures, key information documents for retail investment products, etc. However, this data is not always easy to access and process. The Commission services are reflecting on how to further facilitate access to public disclosures of financial and supervisory data currently mandated by law, for example by promoting the use of common technical standards. This could for instance contribute to achieving other policies of public interest, such as enhancing access to finance for European businesses through more integrated capital markets, improving market transparency and supporting sustainable finance in the EU.

Question 27. Considering the potential that the use of publicly available data brings in finance, in which areas would you see the need to facilitate integrated access to these data in the EU? Please rate each proposal from 1 to 5:

	1	2	3	4	5	N.A.
	(irrelevant)	(rather not relevant)	(neutral)	(rather relevant)	(fully relevant)	
Financial reporting data from listed companies				X		
Non-financial reporting data from listed companies				X		
SME data				X		



Prudential disclosure stemming from financial services legislation			X			
Securities market disclosure			X			
Disclosure regarding retail investment products				X		
Other				X		

Please specify in which other area(s) you would see the need to facilitate integrated access to these data in the EU:

5000 character(s) maximum.

We are in favour of sharing any publicly available data. We would like to highlight that Public financial data being understood as data mandatory published on the basis of a legal or regulatory text or voluntary published by the banking sector, taking into account legal constraints, as for instance intellectual property, and also economic evaluation of certain data. Some members have already opened “open data portal” offering free access to and use of structured data.

We call on the Commission also to build or support, based on existing solutions, a central **European ESG data register** that would:

- Collect periodically, with the help of new reading technologies, existing climate change mitigation and adaptation data of companies that publishes non-financial statements under the NFRD.
- Collect other available relevant information, ESG metrics and relevant data points
- Interconnect the relevant EU and MS databases collecting ESG information
- As well as collecting company register, land register etc. data.

The availability of raw harmonized ESG data would allow for comparability, increase transparency, lower barriers and costs, generate efficiency and attract new players. Especially when linked to taxonomy the database could provide a very valuable source of information to markets and policy makers alike.

Such a register should not start with a very extensive data set, a step-by-step approach would make sense.

As risk mitigation measure: access only by authorized/supervised entities and only with explicit customer consent.

As part of the [European Financial Transparency Gateway \(EFTG\) project](#), the Commission has been assessing since 2017 the prospects of using Distributed Ledger Technology to federate and provide a single point of access to information relevant to investors in European listed companies.

Question 28. In your opinion, what would be needed to make these data easily usable across the EU? Please rate each proposal from 1 to 5:

	1	2	3	4	5	N.A.
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	(irrelevant)	(rather not relevant)	(neutral)	(rather relevant)	(fully relevant)	
Standardised (e.g. XML) and machine-readable format			X			
Further development of the European Financial Transparency Gateway, federating existing public databases with a Single EU access point				X		
Application Programming Interfaces to access databases					X	
Public EU databases			X			
Other					X	

Please specify what else would be needed to make these data easily usable across the EU:

5000 character(s) maximum.

Consent-based access to personal data and data sharing in the financial sector

The Commission is reflecting how to further enable consumers, investors and businesses to maximise the benefits their data can bring in the financial sector, in full respect of our European standards and values, in particular the European data protection rules, fundamental rights and security.

The revised Payment Services Directive marked an important step towards the sharing and use of customer- permissioned data by banks and third party providers to create new services. However, this new framework is limited to payment data held by payment services providers, and does not cover other types of data relevant to financial services and held by other firms within and outside the financial sector. The Commission is reflecting upon additional steps in the area of financial services inspired by the principle of open finance. Any new initiative in this area would be based on the principle that data subjects must have full control over their data.

Better availability and use of data, leveraging for instance on new technologies such as AI, could contribute to supporting innovative services that could benefit European consumers and firms. At the same time, the use of cutting- edge technologies may give rise to new risks that would need to be kept in check, as equally referred to in section I.



Question 29. In your opinion, under what conditions would consumers favour sharing their data relevant to financial services with other financial services providers in order to get better offers for financial products and services?

5000 character(s) maximum.

Consumers need some conditions and tools to ensure safe sharing of data:

First, they need to have trust and confidence in any data sharing ecosystem. This includes:

1. Consumer consent and transparency - consumer's need to be in control of the action to share any data, with clear consent mechanisms, coupled with appropriate explanations from firms sending and receiving data as to what data is being shared and with whom.
2. Security - there must be appropriate authentication mechanisms and communication protocols that guarantee the integrity of the sharing process and data protection.
3. Licensing - sensitive data should only be shared with firms that have an appropriate licence given as part of an authorisation regime. Other data that may be less sensitive may be subject to proportionate controls, such as registration of firms receiving data and use of appropriate security measures.

Second, consumers need to be shown a clear value proposition that makes data sharing worthwhile. It should be useful and convenient. It is incumbent on firms in a competitive market to demonstrate to consumers that they can benefit from sharing their data.

Third, consumers must have at their disposal the practical tools or mechanisms to be able to share their data in a way that is user-friendly and safe. As it stands today, consumers have very few such tools available to them outside of the financial sector. As a result, they are unable to share most of their data held in non-financial services firms with financial services providers that could be used to improve the products they receive or offer them innovative new products and services.

We believe consumers can also understand why sharing certain data could be useful, irrespective sectorial boundaries, as it happened during the COVID crisis, where everybody understood perfectly that telecom and technology platforms data were extremely relevant to solve a healthcare use case.

Consumers are already providing access to some data in certain contexts, for example for credit scoring.

Question 30. In your opinion, what could be the main benefits of implementing an open finance policy in the EU? Please rate each proposal from 1 to 5:

	1	2	3	4	5	N.A.
	(irrelevant)	(rather not relevant)	(neutral)	(rather relevant)	(fully relevant)	
More innovative and convenient services for consumers/investors, e.g. aggregators,				X		



comparison, switching tools						
Cheaper traditional services for consumers/investors			X			
Efficiencies for the industry by making processes more automated (e.g. suitability test for investment services)			X			
Business opportunities for new entrants in the financial industry				X		
New opportunities for incumbent financial services firms, including through partnerships with innovative start-ups				X		
Easier access to bigger sets of data, hence facilitating development of data dependent services				X		
Enhanced access to European capital markets for retail investors		X				
Enhanced access to credit for small businesses		X				
Other						X

If you see other benefits of implementing an open finance policy in the EU, please specify and explain:

5000 character(s) maximum.



Question 31. In your opinion, what could be the main risks of implementing an open finance policy in the EU? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Privacy issues / security of personal data					X	
Financial exclusion				X		
Poor consumer outcomes (e.g. unfair pricing strategies)				X		
Misuse of consumers' financial data					X	
Business confidentiality issues					X	
Increased cyber risks					X	
Lack of level playing field in terms of access to data across financial sector activities					X	
Other						X

If you see other risks of implementing an open finance policy in the EU, please specify and explain:

5000 character(s) maximum.

We believe that the introduction of additional data access rights in law such as those already introduced on a sectoral basis are likely to create significant competitive imbalances especially benefiting non-European players. PSD2 has created a more demanding regime and a competitive advantage for thirds parties that receive access to payments data for free from the banks infrastructure, which do not have the same requirements to share their own customer data (i.e. lack of reciprocity).

We are in favour of EU investments in innovation, technologies and infrastructures that enhance data access and use. However, the European Commission must be careful that the impact of the current health crisis shall not have a negative effect on potential investments in the European data economy. On the contrary the crisis has shown that digitalisation has supported the reliance of the European economy, ensuring that European citizens can still maintain a basic level of living whilst in isolation. To further unlock Europe's potential, the European Data Strategy needs to rely as much on investment as on catalysts to create an attractive environment and on the European governance framework to ensure responsible access and use.

If the planned investments could not be realised, Europe would not only suffer from a lack of investment but also from the cost of setting up a more constrained framework.

European financial institutions submitted to stricter regulatory requirements and/or higher standards may be unable to compete on an equal footing with other banking competitor or new entrants (BigTech firms, Fintech, etc.) in the new digital era where data is the driver of business.



Moreover, if such initiatives are maintained, any potential new regulation or framework that allows banks to be used as a supporting platform for other business models must include the protection of security and privacy as a basic premise and require the contribution of all participants in the development and maintenance of the infrastructure maintaining the incentives to invest and innovate.

Question 32. In your opinion, what safeguards would be necessary to mitigate these risks?

5000 character(s) maximum.

We need a level playing field across the EU (and in some cases beyond). For this purpose we need to harmonise frameworks on open finance and FinTech's in general. Concerning data we believe that GDPR is sufficient, it is however tools and standards for sharing data that are lacking for both business and consumers. Same business and risks, same rules and supervision.

The starting point should be to ensure that data markets have the best possible conditions to develop on their own, with freedom of contract as a cornerstone. The general principle of facilitating the voluntary sharing supported by the European Commission is the right one.

Sharing data obtained from financial services providers should require a prior license that subjects the data sharer to an equivalent set of regulatory frameworks. This is necessary to ensure that the service provider sharing data is subject to the same rules in terms of security, data protection, privacy or confidentiality.

Once these providers are subject to the same regulatory and supervisory framework, the most relevant gap to be filled is one the supervisory side. Potential misuses of data, access to more data than the one allowed by their license, unfair pricing strategies that discriminate financial services users or lack of transparency through digital means are to be closely supervised. Especially in relation to smaller more innovative providers, which usually find it difficult to have sufficient staff dedicated to controlling those issues, and sometimes provide innovative services at the cost of other downsides.

Question 33. In your opinion, for which specific financial products would an open finance policy offer more benefits and opportunities? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Savings accounts			X			
Consumer credit			X			
SME credit			X			
Mortgages		X				
Retail investment products (e.g. securities accounts)			X			



Non-life insurance products (e.g. motor, home...)			X			
Life insurance products			X			
Pension products			X			
Other						X

If you see other financial products that would benefit of an open finance policy, please specify and explain:

5000 character(s) maximum.

Question 33.1 Please explain your answer to question 33 and give examples for each category:

5000 character(s) maximum.

Question 34. What specific data (personal and non-personal) would you find most relevant when developing open finance services based on customer consent?

To what extent would you also consider relevant data generated by other services or products (energy, retail, transport, social media, e-commerce, etc.) to the extent they are relevant to financial services and customers consent to their use?

Please explain your reasoning and provide the example per sector:

5000 character(s) maximum.



Both personal and non-personal data could contribute to competition and innovation in the financial sector. . Some of the main purposes of using consumer data are related to a better understanding of a user’s financial and non-financial behaviour, or capacity to pay back an amount to be borrowed.

However, the users’ behaviour, for example, is not only determined by factors represented in the data held by financial organisations. Other sectors, such as online search engines, online gaming, e-commerce, transport mobility, or social media, hold very significant data in that regard. Therefore, if the public policy objective of promoting a data-driven finance is to deliver better tailored and informed products and services to the end-user, then the data from those sectors should also be included in any open finance initiative.

Also, in relation to the objective of understanding a user’s capacity to pay back a loan, data his payment history in other sectors (energy, telecommunications, digital platforms, e-commerce, etc.) provides useful insights. Publicly-held data would also be useful in this regard, especially data on taxpayers.

Question 35. Which elements should be considered to implement an open finance? Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Standardisation of data, data formats					X	
Clarity on the entities covered, including potential thresholds					X	
Clarity on the way data can be technically accessed including whether data is shared in real- time (e.g. standardised APIs)					X	
Clarity on how to ensure full compliance with GDPR and e- Privacy Directive requirements and need to ensure that data subjects remain in full control of their personal data					X	
Clarity on the terms and conditions under which data can be shared between financial services providers (e.g. fees)					X	



Interoperability across sectors				X		
Clarity on the way data shared will be used					X	
Introduction of mandatory data sharing beyond PSD2 in the framework of EU regulatory regime	X					
If mandatory data sharing is considered, making data available free of cost for the recipient	X					
Other						X

Please specify what other element(s) should be considered to implement an open finance policy:

5000 character(s) maximum.

Contractual freedom: As said before, the banking sector considers that there is no need for additional regulation and that the freedom of contracts should remain the cornerstone, particularly in the relationship between companies, or between individuals and companies.

Data sharing is a complex issue that has to be balanced against a number of other important concerns: If any data sharing framework was to be introduced, important elements (data taxonomy, economic value of data, data quality, etc.) should be first considered. See our answer to Q26 for further details.

The introduction of mandatory data sharing beyond PSD2 needs to recognise that implementing and maintaining data sharing mechanisms, processes and technical tools has a cost for those providing data sharing services. If those costs are not accounted for, then the open finance regulation will create an unlevelled-playing field.

However, the banking industry acknowledges that it is necessary to promote data-driven innovative services, and that data sharing can be helpful for that purpose. In the case that data sharing is mandated beyond PSD2, then, instead of making data available free of cost for the recipient, we would consider that it would be necessary to implement a model (similar to those applied in the telecommunications industry) under which those offering access to their data should be payed an amount equivalent to the basic costs of creating and maintaining the infrastructure that allows for sharing the data. This could be regulated, for instance, by the EBA, through regulatory technical standards.

By this model, the financial organisations that are mandated to share data with other licensed financial services providers could do so, but those having to implement technical infrastructures to share the data they hold, would at least cover the costs of doing so. That cost would be minimal in so far it should ensure that non-discrimination of smaller providers is guaranteed. However, if such a model is not set, an open finance initiative could come in the form of being too costly to hold large amount of data, which is equivalent to having large amounts of clients. That is, there would be discrimination against the largest providers of financial services.



We consider that the suggest model would benefit the whole sector and would ensure that an open finance initiative allows every player to compete under equal and fair terms.

Competitive imbalances: We believe that the introduction of additional data access rights in law such as those already introduced on a sectoral basis are likely to create significant competitive imbalances to the detriment of European players. PSD2 has created a more demanding regime and created a competitive disadvantage for payment institutions obliged to give a free access to payment data to non-bank players, which do not have similar requirements on their own core customer data.

Support the uptake of Artificial intelligence in finance

Artificial intelligence (AI) can bring considerable benefits for EU citizens and businesses alike and the Commission is committed to support its uptake with appropriate frameworks and investment. The White Paper on Artificial intelligence details the Commission’s vision on a European approach for AI in Europe.

In the financial sector, AI and machine learning solutions are increasingly applied throughout the entire value chain. This may benefit both firms and consumers. As regards firms, AI applications that enable better predictions can result in immediate cost savings due to improved risk analysis or better client segmentation and product price differentiation. Provided it can be achieved, this could in the medium term lead to better risk management and improved profitability. As an immediate effect, AI allows firms to save on costs, but as prediction technology becomes more accurate and reliable over time, it may also lead to more productive business models and entirely new ways to compete.

On the consumer side, the use of AI applications can result in an improved price-quality relationship of financial services, better personalisation and in some cases even in financial inclusion of previously excluded consumers. At the same time, AI may entail new risks such as opaque decision-making, biases, discrimination or loss of privacy.

The Commission is seeking stakeholders’ views regarding the use of AI and machine learning solutions in finance, including the assessment of the overall opportunities and risks it could bring as well as the specificities of each sector, e.g. banking, insurance or investment services.

Question 36: Do you/does your firm already deploy AI based services in a production environment in the EU?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don’t know / no opinion / not relevant

Question 36.1 If you/your firm do/does already deploy AI based services in a production environment in the EU, please specify for which applications:

5000 character(s) maximum.



ESBG Members deploy AI based services for Fraud detection purposes, classification and categorization of account turnover, voice and chatbots (Speech to Text), text recognition, intent recognition. In addition, some ESBG members use Machine Learning for Anti-Financial Crime purposes.

On the banking side, some members deployed two kinds of AI applications: compliance use-cases (mainly fraud detection and combating the financing of terrorism) and use-cases intended for employees (advisor assistance). For instance and regarding compliance, Groupe BPCE one of our members has developed a Machine Learning algorithm, Skope-Rules (published in Scikit-Learn, a popular open-source Python library used by AI practitioners to train ML models). This algorithm has been used to find new rules in the context of fraud detection.

Question 37: Do you encounter any policy or regulatory issues with your use of AI?

Have you refrained from putting AI based services in production as a result of regulatory requirements or due to legal uncertainty?

5000 character(s) maximum.

Some of our members find obstacles in relation to the rigidity that GDPR incorporates to the financial services regulatory framework.

- The GDPR generally prohibits organizations from using data for any purposes other than those for which they first collected it. The restrictions on “purpose specification” and “data minimization” significantly limit the financial sector’s capacity to innovate, as companies are restricted from collecting new data before they understand its potential value and reusing existing data for novel innovative purposes. But, by adopting those safeguards, the GDPR does not acknowledge the fact that it is not always feasible for banks to know what biometric data is most valuable, or will contribute to the most important insights. Also, some of the most relevant insights usually come from the combination of data sets, so not allowing banks to do this makes it difficult for banks to predict the future value of data sets at the outset.
- The GDPR also limits how financial services providers use personal data to make automated decisions (i.e. use AI) about individuals. The GDPR establishes a right for individuals not to be subject to a decision based solely on automated processing, including profiling, which produces legal effects concerning him or her, or similarly significantly affects him or her. This means that whenever companies use AI to make decisions about individuals, such as to decide whether to offer a loan, the data subject has the right to have a human review that decision. This requirement makes it difficult and impractical for companies to use AI to automate many processes because they must develop, and be capable of offering at scale, a redundant and manual process for individuals who opt out of the automated one. As a consequence of that, many AI projects have been held back in the financial sector.
- Moreover, the GDPR requires organizations to provide individuals “meaningful information about the logic involved” in automated decisions. This means firms must be able to explain how an AI system makes decisions that have significant impact on individuals. While the EU’s guidelines have clarified that these requirements do not necessarily require a full disclosure of the algorithm, the information provided should be “sufficiently comprehensive for the data subject to understand the reasons for the decision.” However, it is not always possible to explain why some AI systems, especially the most advanced ones (those that allow for more innovation), such as those involving neural networks, behave in a particular way. As a consequence of this too many AI projects have not seen the light, due to their non-compliant nature in relation to GDPR.



In those cases, we do believe that the EU regulatory framework should be more flexible, at least in the process of testing innovations (together with financial and data protection supervisors).

Some other members believe that the AML regulations are overburdening our technical teams, particularly in the areas of data protection and banking secrecy.

Some ESBG members do not encounter policy or regulatory issue refraining us to put AI based services in production as we consider that the applicable EU legislation is sufficient to allow for AI risks to be addressed:

- Firstly, the GDPR because any processing of personal data through an algorithm falls within the scope of the GDPR. This has been recalled by the European Data Protection Board in an answer to MEP Sophie in 't Veld (01/2020) : “Any processing of personal data through an algorithm falls within the scope of the GDPR. This means that the GDPR covers the creation of and use of most algorithms. Thanks to - inter alia - the risk based approach, the data minimisation principle and the requirement of data protection by design and by default, the current legal framework addresses many of the potential risks and challenges associated with the processing of personal data through algorithms.” ;

Moreover, the banking industry is already subject to legal and regulatory obligations that address the risks mentioned, for example, with consumer law, national banking laws, national liability laws, civil rights, European supervision regulations... As a result, banks have already developed and continue to adapt their risk models when implementing AI applications into their processes and services.

Question 38. In your opinion, what are the most promising areas for AI- applications in the financial sector in the medium term and what are the main benefits that these AI-applications can bring in the financial sector to consumers and firms?

5000 character(s) maximum.

- Increase in efficiency
- Cost saving
- Individual recommendations and offers

De facto almost every area of operation in the banking sector.

Great opportunities for better fraud detection, risk management and improved customer interaction and experience.

Opportunities of AI about better fraud detection - risk management:

- Enhancing fraud prevention in providing great assistance in the detection of suspicious activities that are linked to financial crime generally. Having a more secure system means increasing trust in the bank for both clients and financiers ;
- Increasing cybersecurity in automatically analysing massive amounts of data traffic to detect anomalies, which may be threats. With AI, banks can constantly improve their security posture.



- Improving risk management in contributing widely to an improved monitoring of compliance. AI can also help in AML/CFT efforts by helping to report entities to monitor transactions by sorting through the enormous number of “alerts” and selecting only the critical ones. Machine learning will allow algorithms to identify patterns in criminal activity and update accordingly the screening filters of the tools in an agile manner.

Improved customer experience through innovative products and services stemming from the technology: Indeed, AI-supported automated services will bring a wide range of choice in terms of services offered and customization capabilities driven by better use of data through advanced analytics, for example:

- Offering contextualised, personalised products and experiences ;
- Providing better financial advice ;
- Better financial inclusion.

Question 39. In your opinion, what are the main challenges or risks that the increased use of AI- based models is likely to raise for the financial industry, for customers/investors, for business and for the supervisory authorities? Please rate each proposal from 1 to 5:

1. Financial industry

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
1.1. Lack of legal clarity on certain horizontal EU rules			X			
1.2. Lack of legal clarity on certain sector-specific EU rules			X			
1.3. Lack of skills to develop such models		X				
1.4. Lack of understanding from and oversight by the supervisory authorities					X	
1.5. Concentration risks		X				
1.6. Other						X

Please specify what other main challenge(s) or risk(s) the increased use of AI- based models is likely to raise for the financial industry:

5000 character(s) maximum.



2. Consumers/investors

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
2.1. Lack of awareness on the use of an algorithm		X				
2.2. Lack of transparency on how the outcome has been produced				X		
2.3. Lack of understanding on how the outcome has been produced				X		
2.4. Difficult to challenge a specific outcome			X			
2.5. Biases and/or exploitative profiling					X	
2.6. Financial exclusion				X		
2.7. Algorithm-based behavioural manipulation (e.g. collusion and other coordinated firm behaviour)		X				
2.8. Loss of privacy		X				
2.9. Other						X

Please specify what other main challenge(s) or risk(s) the increased use of AI- based models is likely to raise for customers/investors:

5000 character(s) maximum.



3. Supervisory authorities

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
3.1. Lack of expertise in understanding more complex AI-based models used by the supervised entities					X	
3.2. Lack of clarity in explainability requirements, which may lead to reject these models			X			
3.3. Lack of adequate coordination with other authorities (e.g. data protection)					X	
3.4. Biases			X			
3.5. Other						X

Please specify what other main challenge(s) or risk(s) the increased use of AI- based models is likely to raise for the supervisory authorities:

5000 character(s) maximum.



Question 40. In your opinion, what are the best ways to address these new issues?

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
New EU rules on AI at horizontal level	X					
New EU rules on AI for the financial sector	X					
Guidance at EU level for the financial sector			X			
Experimentation on specific AI applications under the control of competent authorities					X	
Certification of AI systems		X				
Auditing of AI systems		X				
Registration with and access to AI systems for relevant supervisory authorities			X			
Other						X

Please specify what other way(s) could be best to address these new issues:

5000 character(s) maximum.

As recalled in the European Commission’s White Paper, AI can relate to a wide variety of risks. In our perception, these risks were pre-existing at the adoption of AI and are more often directly related to the service as such than to AI itself (for example bias risk are also related to the involuntary partiality of human judgment).

In order to address these risks, the EU legislation remains in principle fully applicable irrespective of the involvement of AI as outlined in the white paper. As the banking industry is an extremely supervised sector at European and national and level, with a permanent risk control governance, in our view, it doesn’t require being subject to new additional European rules at horizontal level (specifically the new adjustment legal frame on EU product safety and liability legislations as considered by the EC in the White Paper) or at sectoral level.



An additional regulation could hinder the development of AI in the banking sector. AI is in a phase of appropriation and exploration by the banking sector. In addition, the use of human expertise (data scientist, compliance and legal officer, client managers, etc.) remains essential to guarantee the quality and security of AI-related processing.

However we would see as a real support the cooperation between authorities and the banking sectors. In this perspective we support the experimentation on specific AI applications under the control of competent authorities. It creates a helpful dialogue between authorities and the banking sectors and could help authorities understand better the advantages of AI applications for companies and consumers, how to mitigate potential risks and reduce uncertainty to foster innovation.

We would recommend the Commission to pay particular attention to new market participants that are not yet adequately covered by the current regulatory framework and respect the principle of “same services, same risks, same rules and same supervision”. The banking sector operates with specific requirements which some other players are able to bypass due to their categorization as “not banking institutions” although they provide the same services. The focus should always be on the technology, the outcomes and potential impact of a specific application rather than on the entity who is providing it.

According to a Deloitte study (May 2019), in terms of algorithmic risk management, several tools and algorithms have been put on the market in order to identify and control biases but also to better visualize the functioning of some deep neural network algorithms. These algorithms, mainly open source and developed by a community of researchers, analyse data in the form of different classifications.

Regarding the certification of AI systems, it should be relevant to specify what means the term of “certification” and if it refers to the voluntary label scheme envisaged in the AI White Paper.

Harness the benefits data-driven innovation can bring in compliance and supervision

RegTech tools that are emerging across Europe can bring significant efficiencies for the financial industry. Besides, national and European supervisory authorities also acknowledge the benefits new technologies can bring in the data-intensive supervision area. Following on the findings of the Fitness Check of EU supervisory reporting, the Commission is already acting to develop a supervisory reporting that is fit for the future. Leveraging on machine learning technology, the Commission is mapping the concepts definitions and reporting obligations across the EU financial services legislation to identify the areas where further standardisation is needed. Standardised concept definitions and reporting obligations are a prerequisite for the use of more automated processes. Moreover, the Commission is assessing through a Proof of Concept the benefits and challenges recent innovation could bring in the reporting area such as machine-readable and machine executable legislation. Looking at these market trends and building on that work, the Commission is reflecting upon the need for additional initiatives at EU level to facilitate the uptake of RegTech and/or SupTech solutions.

Question 41. In your opinion, what are the main barriers for new RegTech solutions to scale up in the Single Market? Please rate each proposal from 1 to 5:

	1	2	3	4	5	N.A.
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	(irrelevant)	(rather not relevant)	(neutral)	(rather relevant)	(fully relevant)	
Lack of harmonisation of EU rules				X		
Lack of clarity regarding the interpretation of regulatory requirements (e.g. reporting)				X		
Lack of standards				X		
Lack of real time access to data from regulated institutions		X				
Lack of interactions between RegTech firms, regulated financial institutions and authorities		X				
Lack of supervision for RegTech within the EU				X		
Frequent changes in the applicable rules				X		
Other						X

Please specify what are the other main barrier(s) for new providers of RegTech solutions to scale up in the Single Market:

5000 character(s) maximum.

Financial service providers:

	1	2	3	4	5	N.A.
	(irrelevant)	(rather not relevant)	(neutral)	(rather relevant)	(fully relevant)	
Lack of harmonisation of EU rules				X		
Lack of trust in newly developed solutions			X			



Lack of harmonised approach to RegTech within the EU				X		
Other						X

Please specify what are the other main barrier(s) for new Financial service providers solutions to scale up in the Single Market:

5000 character(s) maximum.

Question 42. In your opinion, are initiatives needed at EU level to support the deployment of these solutions, ensure convergence among different authorities and enable RegTech to scale up in the Single Market?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 42.1 Please explain your answer to question 42 and, if necessary, please explain your reasoning and provide examples:

5000 character(s) maximum.

Improving the efficiency of reporting obligations would be hugely beneficial.

Question 43. In your opinion, which parts of financial services legislation would benefit the most from being translated into machine-executable form?

Please specify what are the potential benefits and risks associated with machine-executable financial services legislation:



5000 character(s) maximum.

There are regulatory areas in which automation / digitalisation / standardisation is useful and feasible (e.g. reporting). However, various regulatory requirements are formulated in a principle-oriented or qualitative manner, and there are usually good reasons for discretionary powers in implementation by the individual institution and in the supervisory assessment.

Question 44. The Commission is working on standardising concept definitions and reporting obligations across the whole EU financial services legislation .

Do you see additional initiatives that it should take to support a move towards a fully digitalised supervisory approach in the area of financial services?

Please explain your reasoning and provide examples if needed:

5000 character(s) maximum.

There are regulatory areas in which automation / digitalisation / standardisation is useful and feasible (e.g. reporting). However, various regulatory requirements are formulated in a principle-oriented or qualitative manner, and there are usually good reasons for discretionary powers in implementation by the individual institution and in the supervisory assessment.

Question 45. What are the potential benefits and drawbacks of a stronger use of supervisory data combined with other publicly available data (e.g. social media data) for effective supervision? Should the Please explain your reasoning and provide examples if needed:

5000 character(s) maximum.

Clearly defined regulatory requirements and full automation (no manual efforts and avoidance of manual errors).

IV. Broader issues



Question 46. How could the financial sector in the EU contribute to funding the digital transition in the EU? Are there any specific barriers preventing the sector from providing such funding?

Are there specific measures that should then be taken at EU level in this respect?

5000 character(s) maximum.

The digital transition should be market-driven. We need better tech-neutral legislation that allows us to offer digital services for reasonable fees, through which new business cases will emerge that will automate the digital transition. At the same time, we want this transition to be driven by European companies, employing European standards and not opening up another market for US and Chinese companies.

Savings banks are already financing the digital transformation, especially of small and medium-sized enterprises. Especially in the Corona crisis, the banks' lending must not be hindered by additional regulatory and administrative burdens so that they can continue to support the digital transformation of SMEs.

Question 47. Are there specific measures needed at EU level to ensure that the digital transformation of the European financial sector is environmentally sustainable?

5000 character(s) maximum.

An energy-saving and environmentally friendly use of digital services should be a priority.

There is a clear lack of digitization in many areas of the economy, including in everyday banking. A lot of legacy regulation is preventing us from using the most environmentally-friendly solutions available. For example, we are forced to inform our customers via paper, when we could just send them everything electronically. Adapt these kinds of regulations to be more tech-neutral, so we can actively choose to be environmentally friendly in our new tech solutions, rather than being forced to harm the environment by the law.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

Please upload your file

The maximum file size is 1 MB

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed



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