



## TECHNOLOGY

28 February 2018

### POLICY DEVELOPMENTS

#### COMMISSION TAKES STOCK OF GDPR PREPARATION

On 24 January, the Commission [published](#) a stock-taking exercise of the preparatory work undertaken so far and what still needs to be done to ensure General Data Protection Regulation (GDPR) application.

One thing is clear; more work needs to be done to increase awareness among SMEs. Equally, Member States need to step up their game. According to the Commission, only Austria and Germany have so far managed to adjust their national rules. Nonetheless, several Member States are currently in the process of discussing new draft laws.

The Commission has set aside €3.7 million to train enforcement authorities and to help them to raise awareness among businesses, especially SMEs.

The main conclusions of the Commission's stock-taking exercise are set out below.

#### DATA PROTECTION AUTHORITIES

National data protection authorities started informing stakeholders about the GDPR by:

- providing information materials
- running workshops for business sectors
- running training programmes for data protection officers

The Commission concludes that despite these efforts there is still a lack of awareness. Therefore, it calls on national data protection authorities to increase their efforts, in particular regarding SMEs.

#### GUIDELINES

The Article 29 Working Party WP 29, which unites all national data protection authorities, is working on GDPR guidelines. Member States will have to repeal or bring into line their national guidelines with those from the WP 29.

In its February [plenary meeting](#), the WP 29 adopted new guidelines for the implementation of the GDPR. These cover issues such as who and when to notify when there is a data breach or how national authorities should apply fines.

Additionally, WP 29 said to be fully aware of the specific needs of SMEs. Therefore, it will provide further guidance on when businesses need to maintain a record of processing activities.

You can find all WP 29 guidelines [here](#).

## **INTERNATIONAL DATA TRANSFERS**

Personal data cannot leave the EU unless it will enjoy the same level of protection as in the EU. By adopting an adequacy decision, the Commission formally declares that the data protection in a certain country is 'adequate' and that businesses are allowed to transfer personal data to that country.

The Commission is currently engaging with key trading partners to explore the possibility to adopt adequacy decisions. This will make it easier to transfer personal data to these countries.

The UK will become a third country after Brexit. Personal data will then no longer be able to freely flow to the UK unless it can be proven that it will enjoy adequate protection.

Different stakeholders started speaking up about the future of data flows after Brexit. In a new [report](#), techUK and UK Finance call on the UK and the EU to "*pursue mutual adequacy agreements to provide a legal framework for the movement of personal data between the two jurisdictions*". This is considered the most stable and legally secure option. Other options, such as standard contractual clauses, are considered "*narrow, unsuitable, burdensome and expensive*" and are seen as impractical for SMEs.

The Commission is working with Iceland, Liechtenstein and Norway to integrate the GDPR in the European Economic Area Agreement. This will allow personal data to flow freely between the EU and EEA countries.

The Commission is also developing alternative transfer mechanisms to allow personal data transfers to third countries without relying on an adequacy decision.

## **NEXT STEPS**

The Commission will:

- monitor GDPR application and start infringement procedures against Member States if necessary (from 25 May)
- update its Q&A based on new feedback
- participate in awareness raising exercises, e.g. events at national level

## **ENISA CYBER REPORT HIGHLIGHTS RECORD CYBER ATTACKS**

The European Union Agency for Network and Information Security (ENISA), the EU's cyber security watchdog, has published a number of cyber-security reports.

The annual [Cyber Threat Landscape](#) shows that there were records in both security investments and cyber-attacks in 2017. This includes data breaches, something which will have significant repercussions under the GDPR. The report comes with a useful online [application](#).

ENISA also published a [report](#) to help organisations with developing an internal cybersecurity culture. It includes good practices, methodological tools and step-by-step guidance.

Finally, ENISA looked at the cyber-security challenges associated with emerging technologies such as Artificial Intelligence (AI) and robotics. This [report](#) is a living-document that will be updated in line with new findings.

You can find more information on how to improve your cyber security in our [Technology Hub](#).

## **CRYPTOCURRENCIES UNDER SCRUTINY**

The European Supervisory Authorities (ESAs) formally [warned](#) consumers about Virtual Currencies (VCs), such as Bitcoin. The warning follows concerns that consumers are increasingly buying VCs without being aware of the risks involved.

According to the ESAs, VCs are highly risky and unregulated products that are unsuitable as investment, savings or retirement planning products. The ESAs point out that VCs are subject to extreme price volatility and have shown clear signs of a pricing bubble. In addition, VCs are unregulated, which means that consumers do not benefit from protection when, for example, their VCs are stolen in a cyber-attack.

In a parallel development, France and Germany have called for a discussion on the policy and monetary implications of VCs in the upcoming G20 meeting. They asked Argentina, which currently holds the G20 Presidency, to focus both on the opportunities and the risks. Finance Ministers and Central Bank Governors will meet in Buenos Aires from 19 to 20 March 2018.

## EUROPEAN COMMISSION LAUNCHES FINTECH ACTION PLAN

The Commission will present its FinTech Action Plan on 7 March. However, a leaked draft shows that few targeted initiatives will be announced. The Commission explains in the leaked document that it sees currently no need for broad legislative action. It came to this conclusion based on its review of the input from a public consultation and the already existing initiatives.

The Action Plan focuses on three issues; (i) enable innovative businesses to reach EU scale, (ii) support the uptake of technological innovation in the financial sector, (iii) and enhance cyber-security in the financial sector.

As part of its intention to facilitate innovation, the Commission invites cloud stakeholders to develop standard contractual clauses for cloud outsourcing by financial institutions. The Commission suggests that such clauses could focus on audit requirements, reporting requirements or the determination of materiality of activities to be outsourced.

Moreover, the European Commission [launched](#) as part of the Action Plan an EU Blockchain Observatory and Forum. It will highlight key developments of the blockchain technology, promote European actors and reinforce European engagement with multiple stakeholders involved in blockchain activities.

## ACCOUNTANCY INITIATIVES

*If you would like to share your latest technology-related initiative, please contact [Willem](#) or [Robin](#)*

## ICAEW – BIG DATA IN CHINESE BUSINESSES: INTERNATIONAL PERSPECTIVES

This [report](#) provides new insights in how accountants in business can help their organisations make the most of big data. It uses China as a case-study because of its sheer size, governmental focus on big data, and the rapidly changing Chinese accountancy profession.

---

*“Exploiting big data requires multidisciplinary teams working across subject areas.”*

---

The report concludes that big data offers many opportunities to accountants. However, this requires accountants to build capabilities in IT. The publication provides some interesting real-life examples of how this can be done.

## IBR-IRE -DATA ANALYTICS: THE FUTURE OF AUDIT

The [report](#) highlights two messages: (i) data analytics techniques are already embedded in the audit approach and (ii) data analytics offers more opportunities to improve the audit quality. Moreover, IBR-IRE explains how to integrate data analytics in the audit approach.

---

*“The way an audit is executed has not fundamentally changed in many years, but now it is time for the audit profession to adapt to the new technologies available.”*

---

The benefits of using data analytics include increased credibility of the audit, more valuable engagement with the client and increased attractiveness of audit as a career option. However, there are also many challenges, including with the ‘acquisition’ of data.

## ACCOUNTANCY EUROPE – DIGITAL DAY

What do Smart Society, RegTech and using big data mean for you? What are the latest innovations in tax, accounting and reporting? What are the ethical challenges that come with digitalisation? Do not miss this opportunity to dive deeper into the impact of technology on professional accountants at Accountancy Europe’s Digital Day 2018.

More information will follow soon. In the meantime, make sure to save 19 June in your calendar.

## ROBOTS IN THE NEWS

Technology is getting so much news coverage that it starts becoming difficult to keep track of what is happening or relevant. To help you navigate this ever-expanding information stream, we offer you our selection of articles that we found most interesting. Is there an article missing that you think should be part of this list? Please send it to [Willem](#) or [Robin](#) and we will include it in our next update!

- [Data will change the world, and we must get its governance right](#), The Guardian
- [Why Ethical Robots Might Not Be Such a Good Idea After All](#), IEEE Spectrum
- [German court rules Facebook use of personal data illegal](#), Euractiv
- [Ethics, algorithms and self-driving cars – a CSI of the ‘trolley problem’](#), CEPS
- [Misunderstandings, Panic and Priorities in the Year of the GDPR](#), Hogan Lovells
- [Dutch tax authority, banks face coordinated cyberattack](#), Politico
- [Guardians of trust](#), KPMG
- [Why Artificial Intelligence Researchers Should Be More Paranoid](#), Wired

## RELATED ACCOUNTANCY EUROPE INITIATIVES

- The Digital Day ‘[Opportunities in innovation](#)’ (19 June)
- The [Technology Barometer](#) - an overview of how our Member Bodies deal with digitalisation  
[Technology Hub](#) – a collection of our Member Bodies technology-related initiatives

## ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 51 professional organisations from 37 countries that represent **1 million** professional accountants, auditors and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18)