

Consultation on a new digital finance strategy for Europe / FinTech action plan

Fields marked with * are mandatory.

Introduction

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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 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.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-digital-finance@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the consultation document](#)
- [on digital finance](#)
- [on the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
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- Dutch
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- Finnish
- French
- Gaelic
- German
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- Hungarian
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- Latvian
- Lithuanian
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* I am giving my contribution as

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| <input type="radio"/> Consumer organisation | <input checked="" type="radio"/> Non-governmental organisation (NGO) | |

* First name

Jona

* Surname

Basha

* Email (this won't be published)

jona@accountancyeurope.eu

* Organisation name

255 character(s) maximum

Accountancy Europe

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

4713568401-18

* Country of origin

Please add your country of origin, or that of your organisation.

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- Eritrea
- Estonia
- Eswatini
- Ethiopia
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- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
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- Nauru
- Nepal
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- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
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- Syria
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- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
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- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
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- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
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- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
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| <input type="radio"/> Denmark | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia | |

* Field of activity or sector (if applicable):

at least 1 choice(s)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Technology companies
- Organisation representing European consumers' interests
-

Organisation representing European retail investors' interests

- National supervisory authority
- European supervisory authority
- Other
- Not applicable

* Please specify your activity field(s) or sector(s):

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* Publication privacy settings

The Commission will publish the responses to this consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

Public

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

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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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our view, the following are four main obstacles to fully reap the opportunities of innovative technologies in Europe.

Firstly, there are different stages of advancement in Member States, both in terms of technology usage and in terms of innovation. Some Member States are advanced in this agenda, while others are lagging.

Secondly, there is unequal access and exposure to innovative solutions among Member States.

Thirdly, political, university and enterprise landscapes across Europe are currently not set up to promote, identify and grow innovative solutions in an aligned and structured manner (unlike in China or the US where the three domains work hand in hand to grow innovative solutions).

Finally, there are many innovative technologies emerging; given a broad landscape of digital tools available it can become overwhelming to make informed choices. The impact of a technology is not known in advance, therefore guidance to prioritise is missing. One must choose wisely with scarce resources.

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, what if any are the initiatives that should be taken at EU level?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

An advantage of increasing digitalisation of the financial sector for consumers is the possibility to benefit from a level-playing field in terms of access to new financial products and services. Previously, consumers were dependent on their local banks on offers for financial products. However, with digitalisation financial products and services can be accessed from anywhere, therefore benefiting the consumers regardless of their location.

Another advantage of digitalisation would be the development and implementation of a common personal digital identification system/process. For example, the "Bank-ID" in Sweden enables every person that has downloaded the app through his/her bank to identify themselves in several areas on the internet. This includes payments, insurance, official register, signing annual reports etc. However, the identification process does not work cross border.

A challenge may be the fact that the digital adoption rate varies between Member States. For example, the share of digital payments in relation to total payments is different in different Member States.

Another major challenge is that with further digitalisation, more and more consumers who are not digitally literate could be excluded from participating in society, especially if there is no alternative available for a digital product. Therefore, the EU should protect the interests of those customers.

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?

- 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:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The above policy areas address the supply side for developments of digital finance. However, on the consumer side, access to and familiarity with digitalisation varies across Member States. Innovation in the financial sector will not be fit-for-purpose if consumers are not equally able or equipped to benefit from it. For example, consumers in different Member States may not have the same internet access and are not equally technologically savvy. Therefore, the EC should also aim to consider achieving the same level-playing field on digitalisation among the European consumers.

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
- No
- Don't know / no opinion / not relevant

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
- 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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is important to ensure that consumers using innovative financial products and services are appropriately protected. Therefore, we believe the EU regulatory framework should also be applied to innovative financial products and services using new technologies or business models. We support the EC approach to regulating FinTech in a technologically neutral way whereby the same rules should apply to activities posing

the same risks.

At the same time, regulation should not hinder innovation. In regulating FinTech there should be a balance between rules and principles as new technologies are emerging every day and rules are not flexible enough to adapt to new situations.

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)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cloud computing	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Artificial Intelligence/Machine learning	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet Of Things (IoT)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Biometrics	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quantum computing	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.

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?

Please rate each proposal from 1 to 5:

	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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Funding experimentation on certain applications of new technologies in finance (e.g. blockchain use cases)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting supervisory innovation hubs and sandboxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supporting industry codes of conduct on certain applications of new technologies in finance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Enhancing legal clarity through guidance at EU level for specific technologies and/or use cases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Creating bespoke EU regimes adapted to nascent markets, possibly on a temporary basis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The EC could invite innovative proposals based on nascent technologies to be reviewed and potentially adopted in the EU. Some technologies may be revolutionary, and it is difficult to predict how to best support them, therefore, there should be an open door in the EC for such proposals.

To this end, setting up an unstructured proposal mechanism for projects using nascent technologies should be encouraged by the EC.

The EC could create the political environment to nurture cooperation between universities and European enterprises to bring up and grow new technologies, e.g. establishing a connectivity forum for both European universities and enterprises.

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 u p c o m i n g y e a r s ?

Please rate each proposal from 1 to 5:

	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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intra-European wholesale payments	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer credit provision to households with risk taking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer credit distribution to households with partner institution(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage credit provision to households with risk taking	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage credit distribution to households with partner institution(s)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit provision to SMEs with risk taking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit distribution to SMEs with partner institution(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit provision to large corporates with risk taking						

	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Syndicated lending services with risk taking	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk-taking activities in Life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk-taking activities in Non-life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk-taking activities in pension products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediation / Distribution of life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediation / Distribution of non-life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediation / Distribution of pension products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other insurance related activities, e.g. claims management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Re-insurance services	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment products distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset management	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Intra-European retail and wholesale payments: We note that there are many payment providers in the market today.

Mortgage credit provision to households with risk taking & Mortgage credit distribution to households with partner institution(s): There are legal restrictions (including involvement of the public notary) in this area that inhibits the applicability of digitalisation.

Credit provision to SMEs with risk taking & Credit distribution to SMEs with partner institution(s): SMEs usually need smaller credit as well as collateral (which they either have or not). Therefore, these may be quite straightforward types of transactions with the possibility to be standardised.

On the other hand, large corporations already have many financial arrangements, therefore there may be barriers to entry in this area.

Intermediation / Distribution of life & non-life insurance products and of pension products: Currently, entities need a license to provide such products. However, if the EC were to introduce more relaxed requirements, there could be a big market share.

Risk-taking activities in Non-life insurance products: We see the technology providers starting to commercialise available customer and supplier data to enter into risk-taking businesses for non-life insurance areas e.g. logistics, quality of services/products.

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?

- 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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.



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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Liquidity risk for particular credit institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Liquidity risk for asset management companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Credit risk: household lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Credit risk: SME lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Credit risk: corporate lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Pro-cyclical credit provision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Concentration risk for funds collected and invested (e.g. lack of diversification)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Concentration risk for holders of funds (e.g. large deposits or investments held in a bank or fund)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Undertaken insurance risk in life insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Undertaken insurance risk in non-life insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Operational risks for technology companies and platforms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operational risk for incumbent financial service providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Systemic risks (e.g. technology companies and platforms become too big, too interconnected to fail)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Money-laundering and terrorism financing risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The following comments pertain to operational, money laundering and systemic risks:

Technology is a source of immense potential for innovation, but it also brings certain new forms of exposure to risks such as cyberattacks, data breaches, hacking and other operational risks.

An entity can pose particular risks to society and the economy due to technology failures irrespective of its sector, physical scale or volume. The most obvious example is theft of customer data that an increasing number of relatively small companies (by size of workforce, at least) are collecting on users of their digital services. Such data can breach customers' privacy rights and be used for malicious purposes.

Cyber risks faced by businesses and individuals have increased tremendously. Cyber risk is a relatively new risk that can affect stability of financial markets but also misuse of new technology for money laundering purposes and for new criminal activities.

Operational risk for incumbent financial service providers:

Incumbent financial service providers are increasingly reliant on third party tech providers for their services provision (e.g. cloud providers). It is highly possible that the largest portion of operational risk in the future will lay outside entities that are regulated and supervised. Addressing concerns over data, oversight, cybersecurity and operational resilience is crucial for the future supervisory work.

In the digital age we need operational resilience by design. Standardisation, certification, assurance of security needs to be applied across all sectors – not just in those that are potentially high impact. As devices are interconnected, risks are spread across all sectors including supply chain.

The goal should be to make the EU financial services regulatory framework more innovation friendly and enhance the digital operational resilience of the financial system.

Money-laundering and terrorism financing risk:

Technology is a powerful tool and can facilitate professionals' work. The use of new technologies such as artificial intelligence, machine learning, data analytics, data and process mining, real-time transaction screening, blockchain and smart contracts can help to combat fraud and money laundering risks.

Big data analysis, machine learning and artificial intelligence could help expose many money laundering problems. AI can help analyse larger sets of data to close jurisdictional gaps.

Technology can help find new efficient approaches to fighting financial crime. It can facilitate information sharing, CDD efforts, reduce compliance costs, streamline cross-border FIUs collaboration.

Technological innovations such as DLT, machine learning, smart contracts hold an enormous potential for CDD processes to streamline, gain efficiencies and significantly reduce costs especially at cross-border level (through developing digital CDD solutions e.g. digital ID, digital onboarding).

The creation of data is growing at an enormous rate. There are multiple new sources generating a large

amount of data. Application of data and machine learning can be useful for e.g. transaction monitoring and AML reporting. There is a lot of promise for AML in machine learning.

However, it is important to be mindful of the risks as technology can be easily exploited by criminals (cybercrime / new methodologies of laundering money / risks posed by virtual currencies). There are continuously emerging practices to launder funds which are facilitated by technological advances, e.g. investment fraud using virtual currencies.

Systemic risks (e.g. technology companies and platforms become too big, too interconnected to fail)
Technology creates new forms of dependence that must be safeguarded. Many communication systems and infrastructures are increasingly cyber dependent e.g. internet of things. If a company with a highly digitalised business model operating in these sectors fails, this can pose a threat to the increasingly digitalised communication and infrastructure systems. They can also have a systemic impact on financial stability and undermine global financial markets.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liquidity risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misselling of insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misselling of investment products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misselling of credit products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misselling of pension products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate provision of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate complaint and redress process and management	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use/abuse of personal data for financial commercial purposes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discrimination e.g. based on profiles	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Operational risk e.g. interrupted service, loss of data	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Ensuring a level-playing field on consumer communications:

As a highly regulated sector, banking and insurance companies are subject to strict guidelines and rules on how they report or provide information. Banking and insurance companies are obliged to implement safeguards to protect consumers from risks and appropriately inform the consumers. The customer knows exactly what to expect from his/her bank.

While technology companies may provide similar services in an innovative way, they do not work under similar rigid standards. This may expose consumers to risks they may not be fully aware of as these companies may not provide relevant information. This may lead to comparability and transparency issues in terms of information provision.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Items 1-2: If technology companies start offering financial services which are not backed by a deposit guarantee scheme, there will be an increase in risk in terms of likelihood and impact.

Items 3-7: There is a need for regulation for these products upon inclusion of technology companies.

Items 8-9: These are current issues in the financial sector today, however, some technology companies may be more transparent.

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)?

- 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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We expect that technological developments will require adjusting the regulatory approach in the EU, however these changes will depend on how dynamic the environment will be. Therefore, it is not clear at this point in time where and how such adjustments can take place.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Overall, innovation in financial services is a challenge as it is a heavily regulated industry.

A key issue is that the current regulatory framework hinders innovation to such an extent that innovation ultimately does not take place. Technology can offer significant benefits to all stakeholders but if its main uptake is restricted by requirements (e.g. to obtaining a banking licence first) innovation finally may not be able to materialise. We refer to our recommendation in Question 7 to set up a mechanism at an EU level that would allow to test nascent technologies.

Technological innovation should be supported as it can facilitate the digital single market, CMU, and the banking union can become a reality with the help of technology. Digital finance contributes to access to funding, efficiency, lowers barriers to entry and contributes to single markets. New tech brings opportunities not only for FinTechs but also for existing financial institutions.

It is important to ensure cross-border cooperation and coordination on digitalisation. Policy makers and regulators need to work together to develop common rules and approaches.

Another challenge is that innovation and technology related knowledge and experience of authorities is sometimes limited in a way that they may be unable to spot new opportunities when they arise.

Regulating FinTech:

EU financial services regulatory framework needs to be more innovation friendly and the digital operational resilience of the financial system needs to be enhanced. However, regulation should not hinder innovation. In regulating FinTech there should be a balance between rules and principles as new technologies are emerging every day and rules are not flexible enough to adapt to new situations. Standards, certification, legislation should be harmonised on an international level. Collaboration to this end is key.

For the banking sector, the regulatory burden is too heavy to stay competitive with FinTechs who don't play by the same rules of the game. This calls for a fair competition and policy action.

Bringing the unregulated crypto assets under the scope of the supervisory framework is conceptually very challenging because they are automated, distributed, borderless and international in their nature.

Often, the regulator does not entirely understand the risks going along with new technologies and therefore current legislation is not always fit for purpose to apply sufficient supervision.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A laboratory, e.g. a 'tech lab' at EU level, could be set up to bring together multidisciplinary experts, stakeholders and authorities to experiment with new ideas and approaches. This will also help identify any potential regulatory/supervisory challenges, issues, and test their implications before putting them into practice.

Universities and enterprises should also be invited to this type of platform.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No additional obstacles noted.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Harmonise rules governing the acceptable use of remote identification technologies and services in the Anti-Money Laundering legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Broaden access for obliged entities to publicly held information (public databases and registers) to enable verification of customer identities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Facilitate the development of digital on-boarding processes, which build on the e-IDAS Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate cooperation between public authorities and private sector digital identity solution providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Integrate KYC attributes into e-IDAS in order to enable on-boarding through trusted digital identities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide further guidance relating to reliance on third parties for carrying out identification and verification through digital means, including on issues relating to liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Promote re-use of digital identities collected for customer due diligence purposes in accordance with data protection rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Promote a universally accepted public electronic identity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Define the provision of digital identities as a new private sector trust service under the supervisory regime of the eIDAS Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We strongly support going beyond customer identification and to develop Digital Financial Identities to facilitate switching and easier access for customers to specific services. If we want a European level playing field, support innovation and trust, then knowing all the financial partners helps. Currently, the industry has a lot of information and knows the corporate customers, however, this is not always the case for individuals. In addition, there should be consistent standards across the EU.

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
-

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the biggest potential for efficiency gains are for LEI and UTI.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The main benefit for the supervisor would be to understand the requirements for innovation in order to prevent killing off innovation unnecessarily.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate the possibility for firms to test new products and activities for marketing in several Member States ("cross border testing")	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Raise awareness among industry stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure closer coordination with authorities beyond the financial sector (e.g. data and consumer protection authorities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Establishing a hub for supervisors could be an example for item 1 above.

The relevant authorities (supervisors in Member States) could get together and share ideas in a hub similar to that of companies.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes. Existing EU licenses passporting rights to further areas is currently one of the biggest issues, therefore, the extension would support the update of digital finance in the EU.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, EU level initiatives are needed to avoid fragmentation in the Single Market.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Encourage supervisors to set up hubs focussed on guiding consumers in the digital world	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organise pan-European campaigns and advisory hubs focusing on digitalisation to raise awareness among consumers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Collect best practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Promote digital financial services to address financial inclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We fully support improving financial education and literacy in the digital context. We believe that the EU should strongly support including them in the school curriculum across the EU Members States. In addition, we support creating and stimulating opportunities for people who no longer have access to the regular education system, to also become more IT skilled.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.



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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No additional measures noted.

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 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
Financial reporting data from listed companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Non-financial reporting data from listed companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
SME data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Prudential disclosure stemming from financial services legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Securities market disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Disclosure regarding retail investment products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In facilitating access to public disclosures of financial and non-financial data connectivity of financial and non-financial information needs to be ensured. We welcome the EC work to bring financial and non-financial data streams together under a single reporting chain. To facilitate the use of this data, taxonomy and standards will be key.

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

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We suggest creating a Pan-European digital catalogue of relevant EU and Member State databases, including the scope and definition they contain.
Furthermore, for data to be easily usable, there should be standard defining structure, syntax and semantics.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Consumers would need to have complete trust in financial services providers on the compliance with rules and regulations pertaining to the information that they share.
In addition, it must be clear to the consumer what the purpose of collecting data is.

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 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
More innovative and convenient services for consumers/investors, e.g. aggregators, comparison, switching tools	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cheaper traditional services for consumers/investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Efficiencies for the industry by making processes more automated (e.g. suitability test for investment services)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Business opportunities for new entrants in the financial industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
New opportunities for incumbent financial services firms, including through partnerships with innovative start-ups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Easier access to bigger sets of data, hence facilitating development of data dependent services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Enhanced access to European capital markets for retail investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhanced access to credit for small businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Financial exclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Poor consumer outcomes (e.g. unfair pricing strategies)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misuse of consumers' financial data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business confidentiality issues	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased cyber risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of level playing field in terms of access to data across financial sector activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A comprehensive mechanism for identifying risks and notifying these risks to local and EU supervisors, would also help mitigate these risks.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
SME credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Mortgages	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail investment products (e.g. securities accounts)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-life insurance products (e.g. motor, home...)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Life insurance products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pension products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Crowdfunding like initiatives could benefit from an open finance policy. Currently regulatory framework for crowdfunding is not well defined, thus creating uncertainty and reducing the number of people participating in these initiatives. Having a clear framework can improve the current environment.

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No additional comment provided.

Question 34. What specific data (personal and non-personal) would you find most relevant when developing open finance services based on customer c o n s e n t ?

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 c o n s e n t t o t h e i r u s e ?

Please explain your reasoning and provide the example per sector:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.

Question 35. Which elements should be considered to implement an open f i n a n c e p o l i c y ?

Please rate each proposal from 1 to 5:

		2				
--	--	---	--	--	--	--

	1 (irrelevant)	(rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
Standardisation of data, data formats	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clarity on the entities covered, including potential thresholds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clarity on the way data can be technically accessed including whether data is shared in real-time (e.g. standardised APIs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clarity on the terms and conditions under which data can be shared between financial services providers (e.g. fees)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Interoperability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity on the way data shared will be used	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Introduction of mandatory data sharing beyond PSD2 in the framework of EU regulatory regime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
If mandatory data sharing is considered, making data available free of cost for the recipient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The role of independent trust providers should also be considered to implement an open finance policy, not just for the quality of the data, but also the integrity of the system that holds the 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?

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

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Current rules and regulations related to the data protection impose restrictions related to the use of data and in particular personal data. Legal uncertainties related to the use of data may inhibit the use of AI.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, pattern recognition and analysis, as well as text analysis, are benefits AI applications can bring in the financial sector to consumers and firms.

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 businesses 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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.2. Lack of legal clarity on certain sector-specific EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

1.3. Lack of skills to develop such models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
1.4. Lack of understanding from and oversight by the supervisory authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
1.5. Concentration risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
1.6. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A generic risk is the lack of knowledge about the risks and limitations of the use of AI. In addition, another risk would be that AI provides with the wrong answer, while we trust the AI.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2.2. Lack of transparency on how the outcome has been produced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2.3. Lack of understanding on how the outcome has been produced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.4. Difficult to challenge a specific outcome	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2.5. Biases and/or exploitative profiling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

2.6. Financial exclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.7. Algorithm-based behavioural manipulation (e.g. collusion and other coordinated firm behaviour)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.8. Loss of privacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.9. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Consumers need to be able to trust the application of AI, given the set of rules and behaviours regarding its application.

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	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.2. Lack of clarity in explainability requirements, which may lead to reject these models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.3. Lack of adequate coordination with other authorities (e.g. data protection)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
3.4. Biases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.5. Other						

	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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Question 40. In your opinion, what are the best ways to address these new issues ?

Please rate each proposal from 1 to 5

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

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to address new issues, there should be a conceptual framework for the use and control of AI as part of the EU society. This framework would provide the view on how to set the rules.

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:

Providers of RegTech solutions:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Lack of harmonisation of EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of clarity regarding the interpretation of regulatory requirements (e.g. reporting)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of real time access to data from regulated institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of interactions between RegTech firms, regulated financial institutions and authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of supervisory one stop shop for RegTech within the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Frequent changes in the applicable rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Financial service providers:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
Lack of harmonisation of EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of trust in newly developed solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of harmonised approach to RegTech within the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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?

- 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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, there is a clear need for a comprehensive approach to definitions, standards for collecting and communicating data, and reporting obligations for supervisory purposes. Today, this is somewhat fragmented (some information is clearly defined, but other is not).

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The potential benefits of a stronger use of supervisory data combined with other publicly available data are significant.
A danger would be that the supervisor would rely only on automated checks. Therefore, there should always be a place for a human interface in the evaluation of the supervisory information analysis.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comment provided.

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

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The pricing mechanisms in the financial sector do not completely take into account the environmental impact of the products and services. Therefore, a further analysis by the EC is warranted.

Companies need expertise to measure the environmental impact of digital tools they use. Tools to measure and disclose the carbon footprint of going digital should be developed.

Furthermore, there needs to be a holistic perspective to assess where the environmental impact starts and where it ends – from materials sourcing and manufacturing, to use and disposal. An ecosystem approach is necessary to evaluate the entire environmental impact of the digitalisation.

Benchmarks, standards and multidisciplinary expertise can help prevent greenwashing. There should be more emphasis by policymakers and regulators on ecolabelling, standardisation and certification of digital products and services.

Measuring the environmental impact is key to ensure that the digital transformation of the European financial sector is environmentally sustainable. To this end, non-financial information (encompassing environmental impacts and other ESG factors) is key. The EU should continue pursuing its ambitious work on NFI reporting and ensure companies rigorously measure and disclose their non-financial performance.

Non-financial matters, which go beyond environmental issues should be factored into any digital tools that are being developed and used.

Non-financial information should be treated in the same manner as financial in order to improve the sustainability of the economy in general. Policy action should be taken to ensure that, where appropriate, all information should be available in an integrated way and that any digital tools should not limit the use of such information to for example (among other things) exclude the environmental or social impact of a financial transaction.

Specific actions could include the requirement to integrate non-financial information definitions in the digital financial taxonomies currently being used and expanded by ESMA, EBA, EIOPA and other EU institutions. Especially ESMA's electronic ESEF taxonomy, intended to provide digital transparency across EU's financial markets, should as quickly as possible be extended to include non-financial information definitions.

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:

The maximum file size is 1 MB.

You can upload several files.

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

Useful links

[More on this consultation \(https://ec.europa.eu/info/publications/finance-consultations-2020-digital-finance-strategy_en\)](https://ec.europa.eu/info/publications/finance-consultations-2020-digital-finance-strategy_en)

[Consultation document \(https://ec.europa.eu/info/files/2020-digital-finance-strategy-consultation-document_en\)](https://ec.europa.eu/info/files/2020-digital-finance-strategy-consultation-document_en)

[More on digital finance \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/digital-finance_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/digital-finance_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2020-digital-finance-strategy-specific-privacy-statement_en\)](https://ec.europa.eu/info/files/2020-digital-finance-strategy-specific-privacy-statement_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

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