

EU needs to accelerate FinTech development

[25-04-2017 - 16:53]

Press release

Economic and monetary affairs committee MEPs want the EU to accelerate the development of financial services enabled by new technologies (FinTech). Their key priorities are cybersecurity, level playing field for traditional companies and start-ups and controlled experimentation with new technologies.

In their vote on Tuesday, ECON MEPs urged the European Commission to come up with a set of rules that would enable FinTech to develop, “a comprehensive Action Plan in the framework of Capital Markets Union and Digital Single Market”.

MEPs were first to prepare the EU FinTech report, which they believe is a good input to the Commission’s action plan. Key priorities backed by today’s vote were:

- **Cybersecurity and data protection:** the need for end-to-end security across the whole financial services value chain and to create more awareness among the consumers regarding the value of their personal data. A caution regarding the increasing combination of personal data and algorithms such as robo-advice, which might be both beneficial and detrimental to clients.
- **Level playing field:** to ease the access for new entrants and prevent regulatory arbitrage among the member states. Future legislation should be based on: same rules regardless of the type of entity (a traditional bank, an innovative start-up or a tech-giant), technology neutrality and risk-based approach.
- **Interoperability and passporting:** importance of interoperability of FinTech services within the EU and through engagement with third countries, interoperability of traditional and new payment solutions and national e-identification schemes. Passporting regimes should be offered to providers of new financial services across the EU.
- **Room for controlled innovation and fostering financial education and IT skills:** controlled experimentation with new technologies and stress-testing tools for FinTech applications. National regulators and supervisors should develop technological know-how and skills also financial and digital literacy among the customers are crucial factors for the efficient use of FinTech and for lower level of risks.

The report by [Cora van Nieuwenhuizen \(Aide, NL\)](#) was adopted with 45 votes in favour, 6 against and 1 abstention.

“We should be looking forward and jump on the FinTech train, together with the US, China and Latin America. Rapid innovation should be a new norm, providing more transparency, convenience and choice with lower costs and better risk management”, said Ms Nieuwenhuizen during the discussion before the vote.

Next steps

The Plenary will vote on this report during the May II session.

Further information

- Committee on Economic and Monetary Affairs:
<http://www.europarl.europa.eu/committees/en/econ/home.html>

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