



# Digital Finance

## Presentation ECON committee

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Commission

# Background

- *"Making Europe fit for Digital Age" key priority for the new Commission*
- *Covid-19 is accelerator.*
- *Our vision and goals:*
  - **Technology that works for people**
  - **Fair and competitive economy**
  - **Open, democratic and sustainable society**
  - **Europe as a global player**

(Commission Communication on Shaping Europe's Digital Future of 19 February)

# Digital Age in finance = opportunities

- *Opportunities for everyone...*
  - **New Payments & Personal finance for citizens**
  - **More efficient insurance claims service for drivers**
  - **More targeted advice for retail investors**
  - **Better access to finance for SMEs**
  - **Better compliance for firms**
  - **New tools for supervisors**
- ....*But risks need to be kept in check*

# Digital Age = European & global

- *The digital age in finance will be global & European*
  - **Digital economy does not stop at the border**
  - **Scale is key**
- *Europe and its financial sector are among the global leaders*

# Fintech & Digital Finance - State of play

- *Fintech Action Plan in 2018 fully implemented.*
  - **Agreement on Crowdfunding end of 2019**
- *New challenges have arisen*
  - **(Report on regulatory obstacles to financial innovation – ROFIEG)**
- *EVP Dombrovskis to "put forward a FinTech Strategy to support new digital technologies in our financial system"*

# Fintech & Digital Finance - interplay with broader picture

- *White Paper on AI*
- *European Data Strategy*
- *E-Identities*
- *Digital Services Act*

# Consultation ongoing - What should be the EU's priorities?

- *Making sure the EU remains among the leading jurisdictions in the digital development of the financial sector, while addressing related risks.*
- *Supporting key EU financial services policies (eg CMU, sustainable finance, international role of the Euro).*
- *Work across different files, units and departments within the Commission.*
- *Broad and upfront stakeholder consultations and outreach.*
- *4 initial areas of reflection, but open to others*

# What should be the EU's priorities?

- *What can the EU do to support digital finance across all Member States?*
- *4 initial areas of reflection, but open to others*



# 1

## ***How can we enable firms to scale up Digital Finance across the Single Market?***

- Example: supervisory coordination in the European Forum of Innovation Facilitators?
- Example: regulatory divergences which hamper cross border activities?

# 2

## ***Where should we adapt our regulation to make it technology neutral and enable innovation?***

- Example: creating a framework for markets in crypto assets

# Legislative work: crypto assets

- *Consultation closed in March.*
- *Basis: ESAs advice on crypto assets; Council/COM statement on stablecoins; int work.*
- *Broad scope & proportionate approach commensurate to risk.*
- *Crypto assets covered by existing legislation:*
  - Need for adjustment to ensure legal clarity and make legislation work?
- *Crypto assets not covered by existing legislation:*
  - New framework?

# 3

***How can we promote a data-driven financial sector in the EU while addressing its risks and ensuring a true level playing field?***

- Example: making financial disclosures more accessible
- Example: PSD2

# 4

## ***What can we do to enhance the digital operational resilience of the financial system?***

- *Example: Cyber risk*
- *Example: use of third party tech providers*

# Legislative work: digital operational resilience

- *Consultation closed in March*
- *Basis: ESAs advice; int. Work.*
- *Four areas of consultation, based on ESAs:*
  - ICT requirements
  - Incident reporting
  - Testing
  - Third party providers
- *Close work with DG CNECT (interaction with NIS Directive, cloud service providers).*

**Thank you!**