

**9<sup>th</sup> Meeting of the Fintech Working Group**  
16 March 2022, 16h00-17h30 (language regime: EN)  
**Chair MEP Stasys Jakeliūnas**

**Is the EU regulatory/supervisory architecture fit for the digital finance era?**

**Minutes of the meeting**

**MEP Stasys Jakeliūnas**, Chair of the [FinTech Working Group](#), opened the 9<sup>th</sup> meeting of this ECON formation pointing out a recent increase in interest for the EU regulatory and supervisory architecture in the digital finance era. Interest has not only recently grown within the European Parliament, but in other Institutions as well, as shown by the recent call of the European Commission for technical expertise from the European Supervisory Authorities (ESAs). Due to the cross-sector nature and new trends in the digital finance sector, the ESAs contributed jointly to the Commission's call for expertise.

**Ms Petra Hielkema**, Chair of the European Insurance and Occupational Pensions Authority (EIOPA), kicked off the round of interventions presenting the main [findings of the ESAs](#) in reply to the Commission's call for advice on digital finance. Findings showed that a holistic approach to the supervision of value chains was needed, to protect consumers, improve financial and digital literacy, and prevent financial exclusion. In addition, for an effective supervision of the risks stemming from new technology, stronger skills and resources are required, both at national and EU level. In this respect, the [Digital Finance Supervisory Academy](#) will help regulators and supervisors to build capacity in the area of digital finance. Conduct of business supervision should be strengthened too, along with cooperation between financial and other authorities, at both national and international level, for example in the areas of cyber security and data protection. Ms Hielkema also touched upon the advice provided in relation to the insurance sector, particularly in the context of Solvency II. Finally, Ms Hielkema welcomed the proposed legislation on Artificial Intelligence, while stressing that the insurance sector is already highly regulated, including in the use of AI and therefore the need to apply use cases and proportionality in relation to insurance as well as including wording on the interaction between EIOPA and the AI Board.

**Mr José Manuel Campa**, Chair of the European Banking Authority (EBA), echoed during his intervention the remarks made by the previous speaker. He outlined the EBA's ongoing and planned work for 2022 aimed at building capacity and strengthening convergence in supervision regarding namely digital platforms, crypto assets, artificial intelligence, and AML. In that context, he mentioned the upcoming advice to the European Commission on non-banking lending, noting its significant growth. Mr Campa also welcomed the progress made on the legislative work on the DORA and MiCA Regulations, underlining that upskilled resources were needed to ensure efficient supervision. Mr Campa concluded that looking ahead, it would be important to focus on the crossroad between technology, sustainability, and product innovation, emphasizing that cooperation among a wider range of actors, including non-financial ones, would be essential.

**Ms Verena Ross**, Chair of the European Securities and Market Authority (ESMA), supported the remarks made by her counterparts, and pointed out how digital technology is transforming the financial sector and the accessibility by retail investors to financial products. Ms Ross also pointed to the subsequent risks stemming from these developments. Ms Ross mentioned three key topics: RegTech, crypto assets and the role of the European Forum of Innovation Facilitators. She explained how RegTech may improve both efficiency of compliance and quality of supervision. In addition, she pointed to the growing concerns about the use of crypto assets. In this regard, she mentioned the latest joint ESAs [warning](#) [issued on 17 March] and supported swift conclusion of the negotiations on

MiCA to enhance investor protection. Finally, Ms Ross concluded that cooperation is key, and not only between the ESAs, but also with other EU and national authorities.

During the Q&A session, MEP Jakeliūnas enquired about the ESA Chairs' views on how the behavioural finance concepts and findings aspect is being taken into consideration for financial supervision. All the three participants agreed on the fact that those aspects have become a core element for supervision, and pointed out that they are being increasingly incorporated into the regulatory and supervisory approach.

Regarding the Twin Peaks regulation/supervision model architecture as a possible long-term solution at the EU and national levels, speakers were of the opinion that the model chosen for supervision should not be most important factor. What matters more is the way in which the supervision is resourced, coordinated and organised in order to be efficient, and the ESAs proposal on the establishment of a Joint Oversight Body in the framework of DORA provides a good illustration in this respect.

Finally, participants exchanged views on the global context of digital finance, and discussed how the European Supervisory Authorities are interacting with other third-country supervisory authorities, in particular with the US, China and Asia. The three Chairs elaborated on their activities and contributions to international fora, bilateral or multilateral, for instance through international organisations such as the Bank for International Settlements (BIS), International Association of Insurance Supervisors (IAIS), the International Organisation of Securities Commissions (IOSCO), or the Finance Stability Board (FSB).

Closing the meeting, MEP Jakeliūnas noted that all three Chairs of ESAs expressed a clear need for upgrading their financial, technological and skill resources in the context of the fast changing world of FinTech. He supported such a demand and mentioned that this topic will be discussed in future FinTech Working Group and other meetings at the Parliament.