

EBA perspectives: Next steps on crypto-assets and CBDCs

EP/ECON FinTech Working Group

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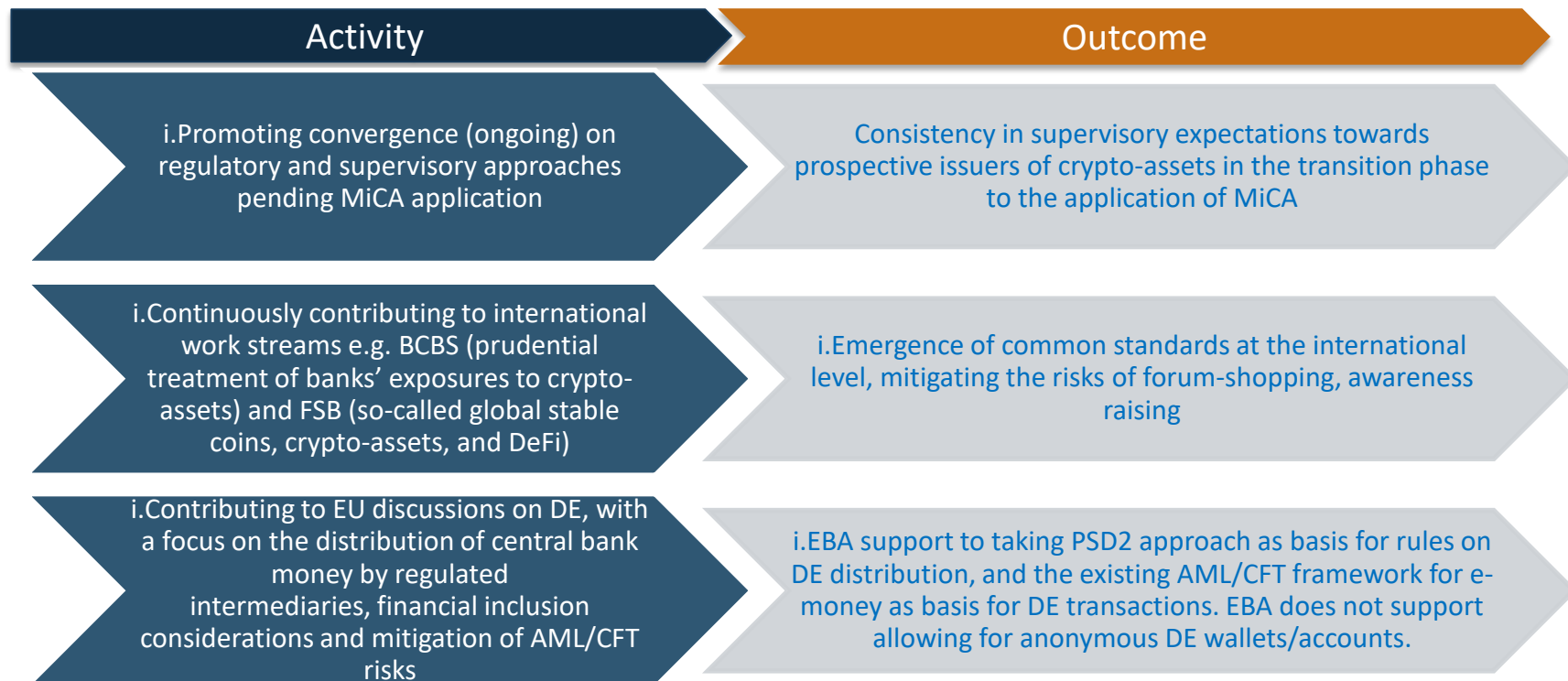
29 November 2022

- EBA's focus – an overview of the activities
- Implications of recent trends in crypto markets
- MiCA regulation and interim period prior MiCA
- Digital Euro – EBA's role

Focus of the EBA (crypto and Digital Euro)



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Tasks under MiCA (overview)



	Policy mandates	Supervision				Other tasks
		Issuance: ARTs	Issuance: EMTs	Issuance: other crypto	CASPs	
CAs, including SSM for CIs		✓	✓	✓	✓	
	Total					
EBA	3 joint 14 in coop. with ESMA 3 EBA-only 20	✓ *	✓ *			EBA: <ul style="list-style-type: none"> Opinions on the regulatory classification of crypto-assets; Product intervention powers (crypto that are not ARTs and EMTs); Market monitoring
ESMA	3 joint 20 in coop. with EBA 8 ESMA-only 31	College member	College member			ESMA: <ul style="list-style-type: none"> As per EBA + register maintenance and report-writing tasks
EIOPA	1 joint 1					EIOPA: <ul style="list-style-type: none"> Opinions on the regulatory classification of crypto-assets
Central Banks, including ECB where relevant	9 ECB engagement in L2 mandates	College members **	College members **			
EC	Delegated Acts 7					<ul style="list-style-type: none"> Report-writing tasks

* Issuers of significant ARTs and EMTs. For issuers of significant EMTs that are e-money institutions (EMIs) there is a dual supervision by the EBA and relevant NCA, while for issuers that are credit institutions full supervision remains with the relevant CAs.

** Central banks, acting in their role as monetary authorities, do not have a supervision role. However, they may offer opinions relating to significance assessments and are members of supervisory colleges required to be established by the EBA for issuers of significant ARTs and EMTs in their supervision.

MICA: EBA actions in the transition phase

**2023-2024****Policy development**

- EBA prepares **20** Technical standards and GL (2 joint with ESMA, 1 joint-ESA)

2023-2024**Supervisory capacity build-up**

- EBA sets up procedures/methodologies for supervision
- EBA develops IT capabilities needed for supervision

Q4 2024**Commencement supervision & 'other' tasks**

- EBA's supervision tasks for sARTs and sEMTs and 'other' tasks (e.g. product intervention) are activated

Transition phase

Monitoring

Capacity-building
(industry and NCAs)

Strengthening supervisory
cooperation

Supporting convergence
at the international level

Maintaining under review
the regulatory perimeter

Protecting consumers in the transition phase

- Continuous **monitoring**.
- Promoting **knowledge exchange** between NCAs on risks.
- Issuing **warnings** (EBA: December 2013, joint-ESA February 2018, reminder in March 2021, latest warning March 2022):
 - Latest warning (March 2022) highlighted not only risks but also steps consumers can take to help protect themselves with a '**Things you should know and check**' list. It also highlighted the risks of misleading adverts, in particular distributed via social media.

Digital Euro – EBA’s role and views



State of play

- In **Q1/Q2 2023**, the EC is expected to propose a **regulation to establish and regulate the digital euro**.
- In **October 2023**, the Governing Council of the **ECB** **could decide to start a realisation phase** to develop and test technical solutions and business arrangements.

EBA current role

- Since September 2022, the EBA participates as observer in meetings on the Digital Euro of the **EC Expert Group in Banking, Payments and Insurance (EGBPI)**.

Distribution model and intermediaries

Key topics for the EBA

- ❑ Support to take PSD2 approach for DE distribution → all PSPs within the scope of PSD2 entitled to DE distribution, according to authorisation.
- ❑ On mandatory vs voluntary distribution rules → need for further cost-benefit analysis + AML rules apply in both cases.
- ❑ Support to take PAD approach to definition of basic DE services → but need for cost-benefit analysis to define if free of charge or reasonable fee.
- ❑ Upcoming EBA GL on AML/CFT requirements and access to financial services, expected to cover basic DE services

Privacy vs AML/CFT

- ❑ Existing AML/CFT framework for e-money should apply to DE.
- ❑ Anonymous DE wallets/accounts should be excluded from initiative.
- ❑ Proximity offline payments with DE should be subject to similar regimes, e.g. e-money regime.
- ❑ Limits to holding and transactions (amounts and numbers) according to a risk-based approach should be determined, as e-money

+ Financial stability and bank disintermediation risks

Annex

OVERVIEW OF MICA SCOPE

Scope of MiCA (covered activities)

