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

Fields marked with * are mandatory.

Introduction

This consultation will soon also be available in 23 European Union official languages.

If you wish to respond in one of these languages, please wait until then to provide your replies.

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
- ○ Dutch
- ● English
- ○ Estonian
- ○ Finnish

- French
- Gaelic
- German
- Greek
- Hungarian
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

* Surname

* Email (this won't be published)

* Scope

- International
- Local
- National
- Regional

* Organisation name

255 character(s) maximum

Ministry of Finance, Kingdom of the Netherlands

* 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.

* Country of origin

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

- ○ Afghanistan
- ○ Åland Islands
- ○ Albania
- ○ Algeria
- ○ American Samoa
- ○ Andorra
- ○ Angola
- ○ Anguilla
- ○ Antarctica
- ○ Antigua and Barbuda
- ○ Argentina
- ○ Armenia
- ○ Aruba
- ○ Australia
- ○ Austria
- ○ Azerbaijan
- ○ Bahamas
- ○ Djibouti
- ○ Dominica
- ○ Dominican Republic
- ○ Ecuador
- ○ Egypt
- ○ El Salvador
- ○ Equatorial Guinea
- ○ Eritrea
- ○ Estonia
- ○ Eswatini
- ○ Ethiopia
- ○ Falkland Islands
- ○ Faroe Islands
- ○ Fiji
- ○ Finland
- ○ France
- ○ French Guiana
- ○ Libya
- ○ Liechtenstein
- ○ Lithuania
- ○ Luxembourg
- ○ Macau
- ○ Madagascar
- ○ Malawi
- ○ Malaysia
- ○ Maldives
- ○ Mali
- ○ Malta
- ○ Marshall Islands
- ○ Martinique
- ○ Mauritania
- ○ Mauritius
- ○ Mayotte
- ○ Mexico
- ○ Saint Martin
- ○ Saint Pierre and Miquelon
- ○ Saint Vincent and the Grenadines
- ○ Samoa
- ○ San Marino
- ○ São Tomé and Príncipe
- ○ Saudi Arabia
- ○ Senegal
- ○ Serbia
- ○ Seychelles
- ○ Sierra Leone
- ○ Singapore
- ○ Sint Maarten
- ○ Slovakia
- ○ Slovenia
- ○ Solomon Islands
- ○ Somalia

- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- 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

- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- 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

- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar /Burma
- Namibia
- Nauru
- Nepal
- 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

- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- 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

- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d’Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* 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):

Government

* 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.

☐ I agree with the personal data protection provisions

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.

1. Starting and emerging fintech companies often face challenges in gaining access to funding. Overall, companies in the fintech sector have difficulties in attracting qualified personnel with the required IT-capabilities.

2. One of the challenges (starting) fintech companies often face is that complying to all relevant regulations is an expensive and time-consuming occupation. This is amplified when regulation differs across Member States. Of course, it is important that consumers are protected by strong regulation and that companies operate in safe and responsible ways, but we should also ensure that emerging companies can enter the market without undue challenges.

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.

Possible advantages of increased digitalization include:
- A potential increase in the quality, speed and convenience of financial services provision.
- Potentially increased access to financial services: Applications such as automated advice can simplify consumers ‘access to financial services.

Possible risks of increased digitalization include:
- Managing risks around data security and privacy seem to be a major challenge.
- Some consumers may suffer reduced access if they are not comfortable using online services, and these services ‘crowd out’ traditional modes of provision.

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?

- (x) 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.

A side note to the third area of priority in particular is that an increased use of data should go hand in hand with an increased attention to responsible use of data, in particular when it comes to considering the privacy of consumers and an ethical use of data. Data can be very valuable for companies and we should make sure that a level playing field for both established and upcoming companies is ensured. Another side note to innovation is that services, especially vital ones for daily life, should remain accessible to consumers who are less proficient when it comes to the use of digital services.

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 4.1 If not, please provide specific examples of provisions and requirements that are not technologically neutral or hinder innovation:

5000 character(s) maximum

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

It’s important to consider that a technology neutral and innovation friendly regulatory framework in itself is not sufficient in creating an environment where financial innovation can take place unhindered. An important part of sustaining this environment is implementing this regulation on a national level and an effective level of enforcement.

An example of where the EU financial services might not be neutral, is the use of distributed ledger technology in the trading of securities, that might not be possible due to specific articles in the Settlement Finality Directive (SFD) and other EU legislation. However, this should be investigated further (as per our reaction on the consultation on a framework for crypto assets).

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?

- [x] 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.

Product regulation, distribution rules and information provision seem technology neutral. Although some features could be made more ‘modern’ by better using possibilities of information technology for instance. The guiding principle, the correct balance between innovations that enable market efficiency versus the prevention or mitigation of risks, should remain unchanged and also applied to new technologies, for example AI and DLT.

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)				X		
Cloud computing			X			
Artificial Intelligence/Machine learning			X			
Internet Of Things (IoT)						X
Biometrics				X		
Quantum computing			X			
Other				X		

If you see other technologies whose use would be limited in the financial services due to obstacles stemming from the EU financial services legislative framework, please specify and explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Regulated firms that outsource activities to a cloud service provider must comply with all legal requirements and could find it hard to implement properly.

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.

The above mentioned technologies are new technologies. For most of these new technologies there are no specific legal frameworks. Because there are no real specific legal frameworks and there is a lot of fragmentation it can be difficult to do cross border activities. In addition, a framework of standards can provide an incentive to remove uncertainty from companies.

With regards to DLT, please see our answer to question 4.

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)					X	

Funding experimentation on certain applications of new technologies in finance (e.g blockchain use cases)	X					
Promoting supervisory innovation hubs and sandboxes				X		
Supporting industry codes of conduct on certain applications of new technologies in finance				X		
Enhancing legal clarity through guidance at EU level for specific technologies and/or use cases					X	
Creating bespoke EU regimes adapted to nascent markets, possibly on a temporary basis				X		
Other					X	

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.

In general, the best way for new and innovative business models and technologies to flourish is a harmonized financial acquis throughout the EU. National authorities and institutions should exchange knowledge and best practices to learn from each other.

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 upcoming years?

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				X		
Intra-European wholesale payments						
Consumer credit provision to households with risk taking						
Consumer credit distribution to households with partner institution (s)			X			
Mortgage credit provision to households with risk taking						X

Mortgage credit distribution to households with partner institution (s)	○	○	○	○	○	●
Credit provision to SMEs with risk taking	○	○	○	○	○	●
Credit distribution to SMEs with partner institution(s)	○	○	○	○	○	●
Credit provision to large corporates with risk taking	○	○	○	○	○	●
Syndicated lending services with risk taking	○	○	○	○	○	●
Risk-taking activities in Life insurance products	○	●	○	○	○	○
Risk-taking activities in Non-life insurance products	○	○	●	○	○	○
Risk-taking activities in pension products	●	○	○	○	○	○
Intermediation / Distribution of life insurance products	○	●	○	○	○	○
Intermediation / Distribution of non-life insurance products	○	○	●	○	○	○
Intermediation / Distribution of pension products	●	○	○	○	○	○

Other insurance related activities, e.g. claims management						
Re-insurance services						
Investment products distribution						
Asset management						
Others						

Please specify in which other financial services you expect technology companies to gain significant market share 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.

N/A

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.

It is very difficult to predict if, when and how technology companies will gain market share in the financial sector. Our answers are estimations, based on what we see on a national level.

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.

Overall, we see this principle as being respected throughout the EU. However, financial institutions are expected to comply to a set of rules that protect consumers and it's important to see to it that companies that are not primarily financial service providers, but do offer some kind of financial service in addition to other services, are continually subject to the same regulatory framework.

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)						
Liquidity risk for particular credit institutions						
Liquidity risk for asset management companies						
Credit risk: household lending						
Credit risk: SME lending						
Credit risk: corporate lending						
Pro-cyclical credit provision						

Concentration risk for funds collected and invested (e.g. lack of diversification)						
Concentration risk for holders of funds (e.g. large deposits or investments held in a bank or fund)						
Undertaken insurance risk in life insurance						
Undertaken insurance risk in non-life insurance						
Operational risks for technology companies and platforms						
Operational risk for incumbent financial service providers						
Systemic risks (e.g. technology companies and platforms become too big, too interconnected to fail)						
Money-laundering and terrorism financing risk						
Other						

Please specify which other prudential and conduct risk(s) you expect to change with technology companies gaining 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.

N/A

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.

We will need to be alert how technology companies are steering the behavior of consumers. Is this in the commercial interest of the company, or are they steering in the interest of the consumers? Behavioral insights can be used to judge the architecture of online choice architectures.

It should be ensured that technological companies that do not traditionally operate in the financial services field, are beholden to the same standards of operating and conducting business as others.

Another element of this is dependency on IT providers that manage essential parts of the services that financial institutions provide.

It will most likely open up more cross-border possibilities. This also is reason to keep an eye on different informal institutions between member states for the support base of the EU. In the Netherlands, government and the supervisory authority are investing in a high level of consumer protection. This is not only due to the rules, also the political debate.

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						
Liquidity risk						
Misselling of insurance products						
Misselling of investment products						
Misselling of credit products						
Misselling of pension products						
Inadequate provision of information						

Inadequate complaint and redress process and management						
Use/abuse of personal data for financial commercial purposes						
Discrimination e.g. based on profiles						
Operational risk e.g. interrupted service, loss of data						
Other						

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.

The other consumer risks we might expect are lack of accessibility and inclusivity. Specific risks are associated with offering both products and services, like tying these together, especially when the consumer is not informed in a transparent and clear way about the pricing and eventual dependencies.

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.

Innovation can be difficult to follow for some groups in society. If you cannot follow the constant change of new technology you might not use new technology. The results of this can be that you don't have the same advantages as every other person. Lack of financial and digital literacy can also mean being at an increased risk of having your data abused, if you are not able to give informed consent to the use of your data.

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)?

- [x] 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.

Taking into account these developments, the regulatory approach will require some adjustments. Where possible and beneficial, activity-based regulation could complement entity-based regulation. An example of where this is already the case is in payment services where the ascending severity of requirements of license types (i.e. payment institution, e-money institution, banks) corresponds to the increase of activities offered and corresponding risks. In this way, the entities are not seen as entirely separate from one another but as building on one another.

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.

New products and solutions in the financial sector are developed quicker than ever, many involving technologies and innovations are brand new. This makes effectively supervising complicated and resource-intensive. There’s a plethora of challenges involved, amongst which are the development and preservation of technical expertise and the overseeing of businesses that operate in newly originating ecosystems, e.g. fintechs that deliver b2b services that do not require a license. Other challenges are the coordinating of supervisory activities with authorities that operate in other countries or different sectors. These challenges are better faced when regulation is harmonized between countries and when authorities are willing and able to actively share their knowledge and experiences with new and emerging innovative technologies.

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.

Any initiative that prioritizes knowledge exchange between authorities could be useful to enhance cooperation. New technologies are being developed and used every day and exchanging experiences and best practices can aid authorities in being prepared to stimulate innovation while also ensuring safety for consumers. As we have emphasized throughout this consultation, further harmonization of the legal framework for the financial sector would be very beneficial, but this would also mean that supervisory activities should be further harmonized.

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.

We don't see specific obstacles for fintechs. However, in general the Netherlands supports further strengthening of the European Capital Markets Union and one of its goals to stimulate further diversification of financing options for companies, especially SMEs and start- and scale-ups. We think that given the nature of these latter group of firms (e.g., start-up fintech companies), it is important they have access to various (equity) financing sources to reduce their dependency on bank finance.

In addition, regulatory fragmentation can make it difficult for fintechs to operate cross border, and to scale up beyond the domestic market. This can be solved by harmonizing legal frameworks across the EU, while ensuring their suitability for new technologies. The Netherlands believes the strengthening of the Capital Markets Union and the further harmonization of AML/CFT rules through a regulation to be important efforts in this regard.

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	○	○	○	○	●	○
Harmonise rules governing the acceptable use of remote identification technologies and services in the Anti-Money Laundering legislation	○	○	○	●	○	○
Broaden access for obliged entities to publicly held information (public databases and registers) to enable verification of customer identities	○	○	○	●	○	○
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)	○	○	○	●	○	○
Facilitate the development of digital on-boarding processes, which build on the e-IDAS Regulation	○	○	○	○	●	○
Facilitate cooperation between public authorities and private sector digital identity solution providers	○	○	○	○	●	○

Integrate KYC attributes into e-IDAS in order to enable on-boarding through trusted digital identities						
Other						X

Please specify what else should be done at EU level to facilitate interoperable cross-border solutions for digital on-boarding:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

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			X			
Provide further guidance relating to reliance on third parties for carrying out identification and verification through digital means, including on issues relating to liability			X			
Promote re-use of digital identities collected for customer due diligence						

purposes in accordance with data protection rules	○	●	○	○	○	○
Promote a universally accepted public electronic identity	○	○	○	○	●	○
Define the provision of digital identities as a new private sector trust service under the supervisory regime of the eIDAS Regulation	○	○	○	●	○	○
Other	○	○	○	○	○	●

Please specify what else chould 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:

5000 character(s) maximum

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

N/A

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.

Yes, and such Digital Financial Identities should be usable and recognized throughout the EU. Please find attached the recently published DNB-rapport on the use of aliases for payment account numbers in the Netherlands which recommends to introduce an EU-wide alias that can be used more widely than in the payment system alone. This would facilitate switching bank accounts and would benefit other specific services as well.

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 (selected)

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.

N/A

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 of implementing an innovation hub or a regulatory is the opportunity for dialogue between market participants and supervisory authorities. This increases understanding of upcoming innovations, challenges that companies are facing and transparency about how regulation is interpreted and enforced. Additionally, it can be an opportunity to find out where regulation could be amended or improved upon.

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					X	
Facilitate the possibility for firms to test new products and activities for marketing in several Member States ("cross border testing")			X			
Raise awareness among industry stakeholders					X	
Ensure closer coordination with authorities beyond the financial						

sector (e.g. data and consumer protection authorities)						
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)						
Other						

Please specify how else could the relevant EU authorities enhance coordination among different schemes in the EU:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- Share the most important learning experiences
- Share how tests were done and share the results (especially in areas where advanced technologies are used, such as: DLT, AI/ML, digital identities etc.)
- Promote convergence in how rules are interpreted in practice

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.

N/A

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.

No, we don’t see the need to extend the existing EU licenses passporting rights to further areas.

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.

Two specific points of interest in this regard are the development of financial and payment infrastructures by BigTech companies. Differences in approaches in Member States could lead to level playing field differences. Therefore, it would be preferable to take a harmonized approach, especially as the problems often seem to arise with large, multinational companies. Mandatory access could lead to additional security risks. However, there should not be any unnecessarily high demands by services providers that effectively block other from using the service. The criteria for access to these networks and infrastructures should be non-discriminatory, fair and affordable.

Another subject that warrants further research is the access to real-time gross settlement (RTGS) systems, especially the TARGET2-system, by entities without banking licenses. Of course, access to TARGET2 should be limited to institutions that meet requirements on capital, disclosure, etcetera, but it could be sensible to explore the options for non-bank payment services providers. This could potentially lead to more innovation and more diverse banking and payments business models.

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				X		
Encourage supervisors to set up hubs focussed on guiding consumers in the digital world	X					
Organise pan-European campaigns and advisory hubs focusing on digitalisation to raise awareness among consumers						
Collect best practices						
Promote digital financial services to address financial inclusion				X		
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	X					
Other						X

Please specify what else should be done at EU level to achieve improved financial education and literacy in the digital context:

The economic effects of the 2020 Corona (COVID-19) pandemic will affect millions of households in Europe in the coming years. Having financial competencies is even more crucial in challenging times such as these. And digitalisation plays a crucial role, both in terms of access to financial services as in providing financial education. With the advantages of digitization, there is also a new challenge: groups that are digitally excluded and illiterate overlap with groups that are financially vulnerable.
Key points for consideration:
1) Financial resilience of households is crucial, especially in times of crisis. 2) Financial education can help promote financial resilience of households. 3) The European Commission has an important role to play. 4) The Commission's role should be primarily to promote and coordinate initiatives by member states, disseminate good practises and stimulate / initiate research on the effectiveness of programs. 5) The Commission should not duplicate other international initiatives (such as OECD/INFE), but be connected with these initiatives. 6) The Commission should operate within its mandate, specifically article 165 ("The Union shall contribute to the development of quality education by encouraging cooperation between the Member States and, if necessary, by supporting and supplementing their action, while fully respecting the responsibility of the Member States for the content of teaching and the organisation of education systems and their cultural and linguistic diversity"). 7) In their endeavours, the Commission should focus on specific (vulnerable) target groups, because that is where the efforts make the most difference. 8) The Commission should take into account research about the effectiveness and ineffectiveness of financial education efforts.

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.

Consumers are best served by a combination of standards for the financial industry and strong regulation, aimed at protecting vulnerable parties.

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.

The Netherlands has expressed its appreciation for the level of ambition the Commission strategy represents and looks forward to the next steps. In the following questions, we will address multiple points of interest when it comes to the usage of data.

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					X	
Non-financial reporting data from listed companies						X
SME data				X		

Prudential disclosure stemming from financial services legislation	○	○	○	○	○	●
Securities market disclosure	○	○	○	●	○	○
Disclosure regarding retail investment products	○	○	○	●	○	○
Other	○	○	○	●	○	○

Please specify in which other area(s) you would see the need to facilitate integrated access to these data in the EU:

The Netherlands acknowledges the potential benefits of using publicly available data, amongst which the improvement of cross-border investments. Overall, the Netherlands supports increased transparency of regulated information about listed companies, e.g. the establishment of a central electronic access point by ESMA. In addition, we support more transparency about SME's that have financial instruments noted on an SME growing market.

The Netherlands is positive about the establishment of a consolidated tape by ESMA, because companies can more easily have the same information about financial instruments at their disposal. A consolidated tape is an electronic information system that combines information about prices and volumes from different exchanges. The Netherlands prefers a phased establishment of a post-trade consolidated tape for equities and bonds, within the scope of the MiFiD review. More information in this can be found in the Netherlands reaction to the MiFiD consultation.

More transparency about different kinds of investment products can help in improving the transparency and the stimulation of cross border services. In the scope of strengthening the capital markets union, it is important to research how consumers can more easily compare different products. In this regard, please see the Dutch reaction to the MiFiD-consultation (questions 37-39).

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					X	
Further development of the European Financial Transparency Gateway, federating existing public databases with a Single EU access point	X					
Application Programming Interfaces to access databases					X	
Public EU databases	X					
Other						X

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.

N/A

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.

The following requirements are of importance (but not limited to) would consumers favour sharing their data:

- Consumers should be in control of their data at all times, e.g. their explicit consent is required for access to data and for (temporary) record keeping of consumers data;
- Safe sharing and protection of data (legally but also technically);
- The explicit consents given should be easily managed (e.g. via dashboards);
- The possibility of sharing data should be easy and fast;
- The information about sharing data should be clear and straight;
- Accessibility to data;
- An easy accessible complaints tribunal;
- The consumer must see, feel and realize the benefits of data sharing and be able to trust the parties with their data;
- Compliance with data/consumer protection and all other relevant EU rules.

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	○	○	○	○	●	○
Cheaper traditional services for consumers/investors	○	○	●	○	○	○
Efficiencies for the industry by making processes more automated (e.g. suitability test for investment services)	○	○	○	○	○	○
Business opportunities for new entrants in the financial industry	○	○	○	●	○	○
New opportunities for incumbent financial services						

firms, including through partnerships with innovative start-ups						
Easier access to bigger sets of data, hence facilitating development of data dependent services						
Enhanced access to European capital markets for retail investors						
Enhanced access to credit for small businesses						
Other						

If you see other benefits of implementing an open finance policy in the EU, please specify and explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

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	○	○	○	○	◉	○
Financial exclusion	○	○	◉	○	○	○
Poor consumer outcomes (e.g. unfair pricing strategies)	○	○	○	◉	○	○
Misuse of consumers' financial data	○	○	○	○	◉	○
Business confidentiality issues	○	◉	○	○	○	○
Increased cyber risks	○	○	○	○	○	○
Lack of level playing field in terms of access to data across financial sector activities	○	○	○	○	○	○
Other	○	○	○	○	○	○

If you see other risks of implementing an open finance policy in the EU, please specify and explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

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

A regulatory framework should apply for open finance, e.g. including (but not limited to):

- Personal data should remain under the full data subject's control in compliance with the GDPR and be secure. Since it gets more and more complex for consumers to gain a clear insight into the chain of parties that have access to their financial data, it should be further investigated how consumers can be facilitated in this regard, e.g tools for consumers to manage their consents;
- Registration/license regime;
- Consumer protection rules should apply (e.g. information requirements and alternative dispute resolution)
- Requirements on the access, use and storage of data should be specified
- Standards for the data format should be developed to facilitate sharing.
- Require high standards of the technical opportunities/solutions;

The framework of the Payment Service Directive (PSD2) could serve as the basis for this new regulatory framework and the lessons learned from PSD2 should be incorporated.

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						
Consumer credit				X		
SME credit				X		
Mortgages				X		
Retail investment products (e. g. securities accounts)				X		

Non-life insurance products (e.g. motor, home…)	◯	◯	◯	◉	◯	◯
Life insurance products	◯	◯	◯	◉	◯	◯
Pension products	◯	◯	◯	◉	◯	◯
Other	◯	◯	◯	◉	◯	◯

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.

An open finance system will offer benefits for most financial products, as the offering can be more specific and more custom made. It could also lead to cheaper and more efficient products (because of the increase in competition. For example the financial planning process could be improved, because open finance could provide consumers and financial advisors with a comprehensive view of their financial situation. Open finance could also provide benefits it the field of AML and fraud detection. The potential use-cases and business models justifying the inclusion of the relevant data should be further investigated.

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.

N/A

Question 34. What specific data (personal and non-personal) would you find most relevant when developing open finance services based on customer consent?

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 consent to their use?

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.

N/A

Question 35. Which elements should be considered to implement an open finance policy?

Please rate each proposal from 1 to 5:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
Standardisation of data, data formats				X		
Clarity on the entities covered, including potential thresholds					X	
Clarity on the way data can be technically accessed including whether data is shared in real-time (e.g. standardised APIs)				X		
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					X	
Clarity on the terms and conditions under which data can be shared between financial services providers (e.g. fees)						
Interoperability across sectors						
Clarity on the way data shared will be used						

Introduction of mandatory data sharing beyond PSD2 in the framework of EU regulatory regime	○	○	○	●	○	○
If mandatory data sharing is considered, making data available free of cost for the recipient	○	○	●	○	○	○
Other	○	○	○	○	○	●

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.

N/A

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 36.1 If you/your firm do/does already deploy AI based services in a production environment in the EU, please specify for which applications?:

5000 character(s) maximum

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

N/A

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.

N/A

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?

As with all innovation, attention should be paid to the possible risks of applying a new technology in the field of financial services. There are many possible fields in which AI can be applied and many possible ways that AI can be used to make financial services easier to use and more convenient for consumers, but we should always be responsible and keep doing research to minimize possible risks, for example where it concerns data protection, or the equal treatment of customers.

- Explainability of AI (XAI) will be of mayor importance in the uptake of credible and usable AI applications. AI itself can be of importance in helping to explain its working, create the needed transparency and legitimacy conform the definitions of XAI. Within the perspective of explainability, AI can also help increase the impact and effectiveness of work different regulators have to do in a more data oriented financial sector and the like.
- AI can be expected to be increasingly used in deposits and lending to (i) provide just-in time lending, (ii) miniaturize unsecured lending to be use-specific, (iii) provide personalized practicable advice in real time, (iv) offer tailored 'always-on' experiences across channels, (v) predict defaults with greater accuracy, (vi) automate and augment business credit decision-making, and (vii) improve client advisory by integrating into data streams for opportunity discovery (DNB2019), (WEF 2018).
- Regarding insurance: AI applications can be foreseen to (i) improve underwriting, pricing efficiency and accuracy, (ii) increase capital efficiency through better risk modelling and real-time risk monitoring, (iii) triage and grade claims to increase adjudicator efficiency, (iv) increase the capabilities of sales agents and advisors, (v) improve scale efficiencies to enter new markets, (vi) develop modern, mobile-first insurance offerings, (vii) reduce fraud using new tools and data, (viii) process claims instantly, (ix) advise clients on prevention strategies to lower their risk profiles, (x) provide predictive analytics to clients that help them better understand their risks, (xi) introduce new pricing and payment models, (xii) develop modularized policies, and (xiii) use proxy data to insure new risk categories (DNB2019), (WEF 2018).
- AI can open up share trading in European SMEs by giving access to information about companies listed on 37 SME exchanges in Europe. Think about collecting and interpreting data about companies on SME exchanges, from social platforms as well as more traditional sources, translates them into the wanted language.

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				X		
1.2. Lack of legal clarity on certain sector-specific EU rules						
1.3. Lack of skills to develop such models						
1.4. Lack of understanding from and oversight by the supervisory authorities			X			
1.5. Concentration risks				X		
1.6. Other				X		

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.

One of the main risks associated with the use of AI based models is the possibility that the model enforces biases. Companies should be aware of this risk.

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						
2.2. Lack of transparency on how the outcome has been produced						
2.3. Lack of understanding on how the outcome has been produced					X	
2.4. Difficult to challenge a specific outcome					X	
2.5. Biases and/or exploitative profiling						
2.6. Financial exclusion				X		
2.7. Algorithm-based behavioural manipulation (e.g. collusion and other coordinated firm behaviour)					X	
2.8. Loss of privacy					X	
2.9. Other						X

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.

N/A

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	○	○	○	○	○	◉
3.2. Lack of clarity in explainability requirements, which may lead to reject these models	○	○	○	○	○	◉
3.3. Lack of adequate coordination with other authorities (e.g. data protection)	○	○	○	○	○	◉
3.4. Biases	○	○	○	○	○	◉
3.5. Other	○	○	○	○	◉	○

Please specify what other main challenge(s) or risk(s) the increased use of AI-based models is likely to raise for the supervisory authorities:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

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						
New EU rules on AI for the financial sector						
Guidance at EU level for the financial sector						
Experimentation on specific AI applications under the control of competent authorities						
Certification of AI systems						
Auditing of AI systems						
Registration with and access to AI systems for relevant supervisory authorities						
Other						

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.

N/A

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	○	○	●	○	○	○
Lack of clarity regarding the interpretation of regulatory requirements (e.g. reporting)	○	○	○	○	●	○
Lack of standards	○	○	○	○	●	○
Lack of real time access to data from regulated institutions	○	●	○	○	○	○
Lack of interactions between RegTech firms, regulated financial institutions and authorities	○	○	○	○	○	○
Lack of supervisory one stop shop for RegTech within the EU	○	●	○	○	○	○
Frequent changes in the applicable rules	○	○	●	○	○	○
Other	○	○	○	○	●	○

Please specify what are the other main barrier(s) for new providers of RegTech solutions to scale up in the Single Market:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Lack of a unified approach between NCA's in dealing with RegTech providers and differences between implemented regulation between Member States.

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		X				
Lack of trust in newly developed solutions				X		
Lack of harmonised approach to RegTech within the EU				X		
Other					X	

Please specify what are the other main barrier(s) for new Financial service providers solutions to scale up in the Single Market:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Lack of a unified approach between NCA's in dealing with RegTech providers and differences between implemented regulation between Member States.

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.

NCA's could exchange knowledge and best practices when it comes to dealing with RegTech companies and technologies.

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.

At this moment we don't see any financial services legislation that would benefit from being translate into machine- executable form. Mainly, because there are nuance differences between countries and many open standards.

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.

- Realtime supervision, i.e. directly accessing the source of data by supervisors
- Use of APIs for automated data quality assurance at the source
- Request (granular) data from the institutions rather than ratio's and/or reports e.g. Anacredit dataset.
- Request also process data instead of only (transaction) result data. This will allow process mining like analyses without having to perform a deep dive or on-site inspection.

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.

Benefits:
o More detailed and enriched risk assessment
o New insights cannot be derived from supervisory data alone
o More holistic view of a supervised entity
o Limit the delay between occurring and reporting.
Drawbacks:
o Data quality issues because of unstructured nature of some publicly available data
o Weighing of contradicting information derived from publicly available sources against supervisory data
o Availability issues when information is no longer public.
o Time consuming: probably requires high level of human analysis when combining publicly available information with confidential supervisory data (false positives and false negatives).
o The knowledge, skills and abilities of the current supervisors need to adopt to the new, more data intensive and tool supported, way of working. This will require a significant investment in the current population.

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.

We are of the opinion that the sector should contribute to the digital transition in the EU. At the moment, however, we do not see specific barriers that should hinder the sector in providing support, which is why we do not see the need for additional measures on this point.

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.

Of course, we think that sustainability should be factored into the digital transition. The sector should consider how they can take this into account, and at the EU level, any action taken to stimulate digital transition should take into consideration what effects it has on sustainability goals.

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