

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

Fields marked with * are mandatory.

Introduction

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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

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* First name

laetitia

* Surname

boucquey

* Email (this won't be published)

laetitia.boucquey@blackrock.com

* Organisation name

255 character(s) maximum

BlackRock

* 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.

51436554494-18

* Country of origin

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

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- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
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* 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
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Organisation representing European retail investors' interests

- National supervisory authority
- European supervisory authority
- Other
- Not applicable

* 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.

We support many of the recommendations put forward in the report from the Expert Group on Regulatory Obstacles to Financial Innovation (ROFIEG). We especially support recommendations 16 (Fully harmonised KYC processes and requirements), 19 (Digital identity verification) and 20 (End default paper requirement). We made similar recommendations in our viewpoint Putting the capital in the European Capital Markets Union (available at: <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-putting-the-capital-in-the-european-capital-markets-union-october-2019.pdf>).

- We see the creation of a unique financial 'digital identity' for every consumer as a key deliverable to simultaneously give consumers greater control of their finances and taking duplicative costs out of the investment process.

- We encourage the use of digital take on procedures, know your client and portable suitability profiles as key tools to achieve greater simplification of the administrative burden of investment, and recommend that any reforms allow for, if not explicitly build in, these tools.

- We believe the regulatory framework for investment products and services must adapt to allow for innovation and recognise the changes digital services bring. Rather than deluge consumers with reams of paper and disclosures, disclosures should leverage more intuitive digital tools to increase point of sale engagement and education on key concepts such as cost, performance, and risk.

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.

From an Asset Management perspective, we see advantages of the increasing digitalisation of the financial sector in the following areas:

- Democratization access to wealth management: Individuals need help saving and investing through greater access to advice, and advisors need new tools to better serve their clients. Digital tools, when combined with human advisors, can provide a new, scalable means to help bridge the increasing advice gap. Digital advisory services have the potential to significantly mitigate behavioral finance biases and provide customized investment tools to individual investors at a relatively low cost. Digital advisors can incorporate new tools and provide a way for individuals to get personalized investment advice at a lower cost than traditional advisory models.

- Improved user experience and interfaces: Asset managers use interfaces to interact with different audiences, ranging from large institutions to wealth managers. These platforms are built to service the highly

custom financial needs of advisors at scale to seek to create the best financial outcomes for clients.

- Operational efficiency: Technology has been a driving force to help streamline and manage the processing of internal data and external data feeds, and the post-trade operational processes from confirmation, settlement of trades to reconciliation of positions, cash balances, and net asset values (NAVs).

- Supporting the investment process: Technology is used to facilitate multiple aspects of the investment process including the data and research processes that drive the creation of alpha signals and models, pre trade analysis, and understanding investment risks in a given portfolio.

These points are also outlined in our ViewPoints

- Digital investment advice:RoboAdvisors Come of Age available at www.blackrock.com/corporate/literature/whitepaper/viewpoint-digital-investment-advice-september-2016.pdf

- Artificial Intelligence and Machine Learning in asset management available at <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-artificial-intelligence-machine-learning-asset-management-october-2019.pdf>

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?

- 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.

n/a

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.

From an investor protection point of view, we do not believe that providing a paper-based document in pdf still counts as a technology neutral tool as it does not allow the same level of interaction and engagement that well-designed technology can provide. Paper-based documents historically were produced to support discussions by a consumer with a physical intermediary so static data presentations, in fact reduce the amount of interaction consumers have before they can make important investment decision. In our ViewPoint: Digital Investment Advice on what constitutes effective engagement in a fully digital or hybrid environment (available at: <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-digital-investment-advice-september-2016.pdf>)

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?

- 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.

While digital services are developing apace, much of the legislative framework has been conceived on the basis of face to face communication and paper-based disclosures, with digital delivery treated as an add on rather than the primary source of communication. We strongly believe the regulatory framework for investment products and services must adapt to allow for innovation and recognise the changes digital services bring. For example:

- As mentioned in our answer to question 4, technology should serve as an enabler to improve disclosure on the basis of effective transparency and comparability across services. While work is ongoing to amend the EU's cost and performance methodologies, reflecting user feedback, more needs to be done in terms of delivering this information in an engaging way. We need to harness the power of digital technologies to create smart and engaging ways of enhancing the consumer experience and facilitating investment.

- Regulation also needs to facilitate the value for money consumers receive from standardised solutions, not just from the underlying products. Standardised solutions can offer a cost-effective entry point to saving but need to come with a greater focus on consumer engagement on risk and performance. The effect of regulation should also be to encourage investors to compare the cost and value of the services they are purchasing across the whole value chain.

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)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cloud computing	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Artificial Intelligence/Machine learning	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet Of Things (IoT)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Biometrics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quantum computing	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

n/a

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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Funding experimentation on certain applications of new technologies in finance (e.g. blockchain use cases)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promoting supervisory innovation hubs and sandboxes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supporting industry codes of conduct on certain applications of new technologies in finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Enhancing legal clarity through guidance at EU level for specific technologies and/or use cases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creating bespoke EU regimes adapted to nascent markets, possibly on a temporary basis	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 u p c o m i n g y e a r s ?

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intra-European wholesale payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer credit provision to households with risk taking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer credit distribution to households with partner institution(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage credit provision to households with risk taking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage credit distribution to households with partner institution(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit provision to SMEs with risk taking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit distribution to SMEs with partner institution(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit provision to large corporates with risk taking						

	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Syndicated lending services with risk taking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk-taking activities in Life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk-taking activities in Non-life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk-taking activities in pension products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediation / Distribution of life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediation / Distribution of non-life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediation / Distribution of pension products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other insurance related activities, e.g. claims management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Re-insurance services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment products distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

Technology is a key component of asset management, integral to many aspects of the investment process including trading, risk management, operations and client service. Given today's information-rich environment and the importance of technology in accessing markets, every organization that manages assets – whether it's an asset management company or an asset owner who manages its assets internally – uses technology as part of its investment process.

In reality, while risk analytics and decision support tools are part of the suite of systems that asset managers and asset owners use, a core function of asset management technology is to support a massive exercise in data management and information processing. Asset managers require systems to facilitate the maintenance of data and flow of information between multiple functions within the manager, as well as to other entities involved in the investment process, such as trading counterparties and custodians. Technology provides the unseen “plumbing” that ensures information flows smoothly throughout the ecosystem. Further, the landscape for asset management technology is highly competitive, with many competitors and low barriers to entry for new vendors

For further details of the use of technology in the asset management ecosystem see our ViewPoint - the Role Of Technology Within Asset Management available at <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-asset-management-technology-aug-2014.pdf>.

While the landscape service providers has evolved since this document was first released the description of the ecosystem and the diverse nature of providers continues to be relevant.

There are also many third-party vendors including many technology companies who provide asset managers with services. There are a diverse range of services utilised by asset managers to perform numerous functions – from obtaining security data and risk analytics that inform investment decisions, to order management and trade execution systems that facilitate placing and executing trades, to accounting and performance systems and service providers that are used for reporting and recordkeeping purposes. In addition, custodians are responsible for holding and safeguarding client assets as well as facilitating the settlement of transactions. Further, there are a variety of financial market infrastructures upon which all market participants rely, including exchanges, central clearing counterparties, electronic trading and affirmation platforms, and trade messaging systems.

See Our ViewPoint: the role of third party vendors in asset management available at <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-role-of-third-party-vendors-asset-management-september-2016.pdf>.

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.

We comment on our direct experience as an asset manager and from our insights into distribution networks of retail investment products. Fundamentally these services form part of agency services rather than balance sheet activities and are regulated as such under MiFID. The relevant MiFID permissions include the provision of services such as discretionary portfolio management, the provision of investment advisory services or execution of orders on behalf of a third party.

It is clearly established in European law that the provision of any of these services requires prior authorization with the relevant national competent authority and the application of conduct rules under MiFID and prudential rules under the Investment Firms Directive and Regulation or in the case of the collective portfolio management under the UCITS Directive and the AIFM Directive. Given the broad scope of the relevant directives we do not see examples or a risk of differences in application of regulation as a result of new entrants to the market.

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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Liquidity risk for particular credit institutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Liquidity risk for asset management companies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit risk: household lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Credit risk: SME lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Credit risk: corporate lending	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Pro-cyclical credit provision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Concentration risk for funds collected and invested (e.g. lack of diversification)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Concentration risk for holders of funds (e.g. large deposits or investments held in a bank or fund)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Undertaken insurance risk in life insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Undertaken insurance risk in non-life insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Operational risks for technology companies and platforms	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operational risk for incumbent financial service providers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Systemic risks (e.g. technology companies and platforms become too big, too interconnected to fail)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Money-laundering and terrorism financing risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

As asset managers operate on an agency model, we do not expect the liquidity risk for asset management companies themselves to change as the companies themselves do not provide market liquidity using their own balance sheet.

Investment funds such as UCITS are subject to detailed rules on diversification and concentration when they select underlying stock in which to invest. We do not expect this to change. We do not see potential future growth of technology companies as a market trend which would disrupt our ability to invest.

The recent ESMA Guidelines on Liquidity Stress Testing require investment funds to stress their liabilities including understanding the concentration risk of holders in their funds. At this point we have no indication that technology companies hold significant positions in the investment funds we manage. In any case we believe the UCITS and AIFMD frameworks require managers to establish adequate procedures to monitor and model the behavior of large investors in a fund.

We believe the operational risks regarding the use of services provided by technology companies have been laid out comprehensively in a series of recent consultation papers by a number of European agencies. While firms need to continue to monitor these risks and have appropriate governance, especially over the outsourcing of significant functions we do not expect the nature of the risks to grow significantly.

Below we note the benefits of moving to a more digital identification process. If implemented this will represent a major technology project and as such this brings increased risk if appropriate project management and clear operational standards are not in place.

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	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liquidity risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Misselling of insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Misselling of investment products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misselling of credit products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Misselling of pension products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate provision of information	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate complaint and redress process and management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use/abuse of personal data for financial commercial purposes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discrimination e.g. based on profiles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Operational risk e.g. interrupted service, loss of data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

While technology offers many opportunities it is also important that take on procedures are designed to collect sufficient information to understand the clients individual needs and to identify the client to the standard necessary to meet regulatory take on procedures such as anti-money laundering checks and where relevant suitability tests.

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.

One of the most highlighted areas of development is in relation to the provision of digital advice. For further details see our Digital Advice ViewPoint (available at <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-digital-investment-advice-september-2016.pdf>.) on the challenges of adapting traditional face to face advice to a digital format. In this paper we make a number of recommendations on areas on which to focus. These include:

1. Know your customer and suitability. Suitability requirements require advisors to make suitable investment recommendations to clients based on their knowledge of the clients' circumstances and goals, which is often gained from questionnaires. These rules apply equally to digital advice, though the means of assessing suitability may differ somewhat and to ensure customer engagement it is essential that the digital experiences is designed in an engaging way which facilitates the collection of all relevant information.

2. Algorithm design and oversight. Digital advisors should ensure that investment professionals with sufficient expertise are closely involved in the development and ongoing oversight of algorithms. Algorithm assumptions should be based on generally accepted investment theories, and a plain language description of assumptions should be available to investors. Any use of third-party algorithms should entail robust due diligence on the part of the digital advisor. The use of algorithms is increasingly subject to diversity audits to ensure to minimise the risk of design bias, however unintentional, discriminating against various groups in society.

3. Disclosure standards and cost transparency. Disclosure is central to ensuring that clients understand what services they are receiving as well as the risks and potential conflicts involved. Like traditional advisors, digital advisors should clearly disclose costs, fees, and other forms of compensation prior to the provision of services. Digital advisors should similarly disclose relevant technological, operational, and market risks to clients.

4. Trading practices. Digital advisors should have in place reasonably designed policies and procedures concerning their trading practices. Such procedures should include controls to mitigate risks associated with trading and order handling, including supervisory controls. Risks associated with trading practices should be clearly disclosed.

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)?

- 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.

From an asset management and distribution perspective the provision of MiFID services is clearly defined and as such we do not see the need for further elaboration of the regulatory perimeter. As noted in our answer to question 11 further guidance may be needed in respect of the provision of components of these services in a digital context.

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.

n/a

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.

n/a

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.

Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) standards are not fully harmonised across the different jurisdictions within the EU. The Directives have so far created minimum standards with legal requirements and supervisory authority expectations currently varying across the EU, with uneven interpretation and often complex inconsistencies in how nations implement them. This poses an obstacle to a single market for digital financial services. It would require important changes in the current approach for a singular EU approach to a digital ID framework to succeed.

Any digital identities gathered by third parties into a “KYC registry” have to establish a common standard for collection of data which would work across multiple jurisdictions. To do this, the highest level of standards would have to apply to all third parties.

We would also like to underscore the need to achieve a critical mass from launch underpinned by legislation and public sector engagement to ensure consistently high standards across the Union and regulatory seal of approval on the provider of the registry.

We note that private initiatives to create KYC registries designed to allow sharing of KYC data, be it for individuals or non-individuals, would be unlikely to succeed for a number of reasons including:

- They rely on the provider of the registry to undertake KYC/Customer Due Diligence on the end clients and then the financial service companies would, in effect, rely on the provider. However, this creates regulatory challenges as the providers have not generally planned on being regulated themselves which limit their ability to fit within the existing regulatory model. This makes them unsuitable for reliance under most EU member state AML regulation and additionally, as financial services companies remain accountable, even when they seek to rely on third party providers it creates a potentially impactful risk for participating firms; or
- The provider relies on the firm which has the first contact with a client to upload the documentation they collect from the client to be shared with other firms. Other firms may then update it as they engage with the same client. The issue with this approach is that larger firms are expending effort which is of benefit to competitors and which means there is limited commercial incentive.

From a financial crime perspective, there is also a risk that digital onboarding, reliance on digital identities gathered by third parties and data re-use may create more distance between clients and the ultimate users which could be exploited by criminals. Firms would also have to remain vigilant to risks each client may present, for example, through screening.

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	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Harmonise rules governing the acceptable use of remote identification technologies and services in the Anti-Money Laundering legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Broaden access for obliged entities to publicly held information (public databases and registers) to enable verification of customer identities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Facilitate the development of digital on-boarding processes, which build on the e-IDAS Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate cooperation between public authorities and private sector digital identity solution providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integrate KYC attributes into e-IDAS in order to enable on-boarding through trusted digital identities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

One element that could facilitate digital onboarding is the harmonization of validating representative rights of legal entities. Individual digital entities should be linked to those Legal Entity Identifiers (LEIs) where they have authority to act on behalf of them in a publicly verifiable way.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Provide further guidance relating to reliance on third parties for carrying out identification and verification through digital means, including on issues relating to liability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote re-use of digital identities collected for customer due diligence purposes in accordance with data protection rules	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote a universally accepted public electronic identity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Define the provision of digital identities as a new private sector trust service under the supervisory regime of the eIDAS Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

We support going beyond customer identification and develop Digital Financial Identities, as long as it promotes easier access to financial services, thereby improving the competition between service providers.

We also encourage to use and recognise these Digital Financial Identities throughout the EU, as the financial market works more efficient at the scale of the EU instead of at the level of segregated national markets.

We believe that the option to store such data should initially be voluntary. Faster and easier access to specific financial services should provide a powerful incentive to promote its use, rather than the use of any mandatory fields.

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

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.

A challenge which we have noted in the area of digital advice, is that of the cost of client acquisition using non-traditional channels. It is important to create an environment which balances consumer protection with the trial and error inherent in developing innovative products and services. This allows supervisors to advise proactively on the level of governance and testing and controls, they need to see in place as new business test the market and evolve their business propositions.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate the possibility for firms to test new products and activities for marketing in several Member States ("cross border testing")	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Raise awareness among industry stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure closer coordination with authorities beyond the financial sector (e.g. data and consumer protection authorities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

We see one of that one of the biggest challenges in operating in multiple markets, is the difference in client onboarding and take on procedures requiring smaller firms to build in multiple processes at an early stage thereby creating barriers to market access.

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.

n/a

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.

n/a

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	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Encourage supervisors to set up hubs focussed on guiding consumers in the digital world	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organise pan-European campaigns and advisory hubs focusing on digitalisation to raise awareness among consumers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collect best practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote digital financial services to address financial inclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

In our ViewPoint Putting the capital in the European Capital Markets Union (available at: <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-putting-the-capital-in-the-european-capital-markets-union-october-2019.pdf>) we show a significant reliance on cash savings across Europe, cash and bank deposits amount to 30% of total EU-28 household assets, compared to 12% in the US. Investors require cash for a variety of reasons,

but, in the long term, European investors would benefit from diversifying their savings among different asset classes.

We believe that the existing regulatory framework works very well in ensuring that investors are aware of the risks of investing, however we would encourage educating customers more in understanding the risks of not investing whilst keeping the same level of investor protection.

Digital investment platforms have huge potential to democratise investing, to do so these platforms need to be able to educate and market their offerings to customers in a compelling way. To help more individuals saving and investing we would suggest action to make it easier for businesses to promote the benefits of investing to first-time investors whilst keeping the same level of investor protection.

The policy agenda should seek to build an investor-centric framework that balances investor protection and investor inclusion.

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.

BlackRock is a member of the High-Level Forum on Capital Markets Union. We support the recommendation made in the final report of the High-level forum to establish an EU-wide digital access point (ESAP) that would serve as a database centralising at EU level companies' public financial and non-financial information, as well as other financial product or activity-relevant public information. Access to the ESAP would be freely accessible to the public.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Non-financial reporting data from listed companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
SME data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Prudential disclosure stemming from financial services legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securities market disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Disclosure regarding retail investment products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

As part of the [European Financial Transparency Gateway \(EFTG\) project](#), the Commission has been assessing since 2017 the prospects of using Distributed Ledger Technology to federate and provide a single point of access to information relevant to investors in European listed companies.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Further development of the European Financial Transparency Gateway, federating existing public databases with a Single EU access point	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Application Programming Interfaces to access databases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public EU databases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

We believe consumers do not like the idea of sharing data when it is not clear what value they get from doing so, therefore it is key to demonstrate the value of sharing their data. Above all consumers should always be in control of their data and it should be easy for them to take away access should they no longer see the benefit of doing so. Businesses should be encouraged to clearly articulate the benefits to consumers of granting access to their data. Examples of benefits could be automated comparisons of financial products relevant to the individual that would not be possible without using data to understand their individual situation.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cheaper traditional services for consumers/investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Efficiencies for the industry by making processes more automated (e.g. suitability test for investment services)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business opportunities for new entrants in the financial industry	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
New opportunities for incumbent financial services firms, including through partnerships with innovative start-ups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Easier access to bigger sets of data, hence facilitating development of data dependent services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhanced access to European capital markets for retail investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhanced access to credit for small businesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial exclusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Poor consumer outcomes (e.g. unfair pricing strategies)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Misuse of consumers' financial data	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business confidentiality issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased cyber risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of level playing field in terms of access to data across financial sector activities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

5000 character(s) maximum

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

As mentioned above we encourage policymakers to build an investor-centric framework that balances investor protection and investor inclusion. We see a risk of financial exclusion for a certain group of consumers that don't have access to digital tools and therefore can not/ less benefit from an open finance policy. Therefore, we strongly recommend to always maintain accessibility for those people.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Consumer credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
SME credit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Mortgages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Retail investment products (e.g. securities accounts)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-life insurance products (e.g. motor, home...)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Life insurance products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pension products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

From an asset management perspective, we see benefits in an open finance policy for a variety of investment products. As mentioned in our answer to question 1, we encourage the use of digital take on procedures, know your client and portable suitability profiles as key tools to achieve greater simplification of the administrative burden of investment, and would recommend that any reforms allow for, if not explicitly build in, these tools.

Innovations like an investor digital ID and a personalised and portable fact find are key to improve consumer engagement, give them greater control of their finances and take out duplicative costs out of the investment

process. The digital ID is not just a key enabler for portability of consumer information allowing citizens to shop around and to switch to more cost-effective service providers. It also facilitates the creation of dashboards allowing consumers to visualise their pensions and savings in a single place and avoiding orphaned assets in an increasingly mobile economy.

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.

We believe any data that helps build the picture of an individual's financial position is relevant in offering financial products. An individual's financial position is a web of interconnecting assets, liabilities, preferences and goals. Issues like affordability are incredibly difficult for a consumer to really understand because it is a function of all of these factors, and it is up to the individual to collate and process all your personal data in this regard – something that is very hard to do. Opening up access to these sources of data to help consumers build a better picture of their own financial position and then make recommendations or suggestions is potentially hugely valuable for a consumer.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Clarity on the entities covered, including potential thresholds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity on the way data can be technically accessed including whether data is shared in real-time (e.g. standardised APIs)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clarity on the terms and conditions under which data can be shared between financial services providers (e.g. fees)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interoperability across sectors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity on the way data shared will be used	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Introduction of mandatory data sharing beyond PSD2 in the framework of EU regulatory regime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
If mandatory data sharing is considered, making data available free of cost for the recipient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

We believe that data standardisation and zero-cost access are essential in fostering innovation and competition to the benefit of the consumer.

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.

Technology has been integrated into asset management for decades with a variety of uses. Given the evolution of technology broadly in society, it is not surprising that there continue to be new technologies and use cases in asset management. The types of technologies being utilized today – including AI and ML – build on the existing systems and technology infrastructure.

Broadly speaking, we break asset management technology into three main categories

- User experience and interfaces
- Operational efficiency
- Investment processes

As mentioned in our answer to question 2 each of these areas, technology helps improve efficiency, manage risk, and enhance decision-making. Importantly, all of these technologies involve people and subject matter experts who provide oversight and consider the outputs of technologies for more informed decision-making.

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.

Instead of highlighting policy or regulatory issues we would like to take the opportunity to suggest some best practices for consideration regulators to factor into their supervision of AI and ML as set out in our ViewPoint Artificial intelligence and machine learning in asset management (available at <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-artificial-intelligence-machine-learning-asset-management-october-2019.pdf>) :

- Regulators should balance overseeing the development of new technologies with supporting innovations that may be beneficial for investors.
- Before pursuing new regulations, we recommend that policy makers consider the applicability of existing regulation to the uses of AI and ML technologies in asset management and provide additional guidance where appropriate.
- As the applications of new technologies evolve, policy makers should think about how regulation should similarly evolve and consider providing education and clarification on how existing regulations apply to the use of new technologies. Many applications of AI and ML are for research purposes only and are not tied to production processes. Production impact of specific use cases should be considered to determine the appropriate level of risk and oversight.
- Regulatory sandbox programs can allow for testing of new AI and ML innovations in a controlled environment, and we encourage regulators to engage with the industry to develop best practices and encourage ongoing innovations.
- Given the global nature of many AI and ML innovations and the financial system as a whole, we encourage regulators to work together to facilitate globally consistent regimes to ensure that these technologies can function across borders.

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?

5000 character(s) maximum

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

From an asset management perspective, today AI is being employed to improve the customer experience, increase the efficiency and accuracy of operational workflows, and enhance performance by supporting multiple aspects of the investment process. Consistent with our view that technology in general can improve

the quality and analysis of data for decision making and drive risk mitigation, we believe these technologies will continue improve outcomes for our clients.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.2. Lack of legal clarity on certain sector-specific EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.3. Lack of skills to develop such models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.4. Lack of understanding from and oversight by the supervisory authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.5. Concentration risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1.6. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.2. Lack of clarity in explainability requirements, which may lead to reject these models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3.3. Lack of adequate coordination with other authorities (e.g. data protection)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.4. Biases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.5. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New EU rules on AI for the financial sector	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guidance at EU level for the financial sector	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Experimentation on specific AI applications under the control of competent authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certification of AI systems	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditing of AI systems	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Registration with and access to AI systems for relevant supervisory authorities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trust in newly developed solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of harmonised approach to RegTech within the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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.

We welcome the ambition to use innovative Regtech to support effective supervision is welcomed and support the use of AI/ML to strengthen the quality of supervision. We believe regulators should continue to focus on talent and having fundamentals like strategic supervision interventions in place and then use cutting edge Regtech to be even more effective.

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.

We see an opportunity for any legislation which calls for collation of large data sets based on complex rules.

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.

We strongly support initiatives which standardise regulatory rules regarding collection of large data sets. We also believe that NCA staff should have the opportunity to be trained in skills necessary to make most of Regtech opportunities.

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.

Through the investment in training NCA staff to make most of supervisory data opportunities they will benefit from having a mix of tech, regulation and commercial skill sets. Having said that, we don't see the use of supervisory data combined with other publicly available data as a substitute for NCA supervisors truly understanding the commercial context of firms/ sectors they are supervising. Regtech should always be a compliment to this fundamental principle.

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.

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.

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

Useful links

[More on this consultation \(https://ec.europa.eu/info/publications/finance-consultations-2020-digital-finance-strategy_en\)](https://ec.europa.eu/info/publications/finance-consultations-2020-digital-finance-strategy_en)

[Consultation document \(https://ec.europa.eu/info/files/2020-digital-finance-strategy-consultation-document_en\)](https://ec.europa.eu/info/files/2020-digital-finance-strategy-consultation-document_en)

[More on digital finance \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/digital-finance_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/digital-finance_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2020-digital-finance-strategy-specific-privacy-statement_en\)](https://ec.europa.eu/info/files/2020-digital-finance-strategy-specific-privacy-statement_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Contact

fisma-digital-finance@ec.europa.eu

