



BANKING AND FINANCE

Public consultation on FinTech: a more competitive and innovative European financial sector


Fields marked with * are mandatory.

Introduction

Thank you for taking the time to respond to this consultation on technology-enabled innovation in financial services (FinTech). Our goal is to create an enabling environment where innovative financial service solutions take off at a brisk pace all over the EU, while ensuring financial stability, financial integrity and safety for consumers, firms and investors alike.

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-fintech@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#) 

1. Information about you

*Are you replying as:

- ☐ a private individual
- ☒ an organisation or a company
- ☐ a public authority or an international organisation

*Name of your organisation:

Assogestioni

Contact email address:

The information you provide here is for administrative purposes only and will not be published

direzione@assogestioni.it

*Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- ☒ Yes
- ☐ No

*If so, please indicate your Register ID number:

89046007765-76

*Type of organisation:

- | | |
|---|---|
| <input type="radio"/> Academic institution | <input type="radio"/> Company, SME, micro-enterprise, sole trader |
| <input type="radio"/> Consultancy, law firm | <input type="radio"/> Consumer organisation |
| <input checked="" type="radio"/> Industry association | <input type="radio"/> Media |
| <input type="radio"/> Non-governmental organisation | <input type="radio"/> Think tank |
| <input type="radio"/> Trade union | <input type="radio"/> Other |

*Please indicate the size of your organisation:

- ☐ less than 10 employees
- ☒ 10 to 50 employees
- ☐ 50 to 500 employees
- ☐ 500 to 5000 employees
- ☐ more than 5000 employees

*Where are you based and/or where do you carry out your activity?

Italy

*Field of activity or sector (*if applicable*):


at least 1 choice(s)

- ☐ Accounting
- ☒ Asset management
- ☐ Auditing
- ☐ Banking
- ☐ Brokerage
- ☐ Credit rating agency
- ☐ Crowdfunding
- ☐ Financial market infrastructure (e.g. CCP, CSD, stock exchange)
- ☐ Insurance
- ☐ Investment advice
- ☐ Payment service
- ☒ Pension provision
- ☐ Regulator
- ☐ Social entrepreneurship
- ☐ Social media
- ☐ Supervisor
- ☐ Technology provider
- ☐ Trading platform
- ☐ Other
- ☐ Not applicable



Important notice on the publication of responses

*Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

([see specific privacy statement](#) )

- ☒ Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- ☐ No, I do not want my response to be published

2. Your opinion

1. Fostering access to financial services for consumers and businesses

FinTech can be an important driver to expand access to financial services for consumers, investors and companies, bringing greater choice and more user-friendly services, often at lower prices. Current limitations in traditional financial service markets (e.g. opacity, lack of use of big data, insufficient competition), such as financial advice, consumer credit or insurance, may foreclose access to some categories of individuals and firms. New financial technologies can thus help individuals as well as small and medium-sized enterprises (SMEs), including start-up and scale-up companies, to access alternative funding sources for supporting their cash flow and risk capital needs.

At the same time, potential redundancy of specific back-office functions or even of entire market players due to automation via FinTech solutions might have adverse implications in terms of employment in the financial industry, even though new jobs would also be created as part of the FinTech solutions. The latter, however, might require a different skill mix.


Question 1.1: What type of FinTech applications do you use, how often and why? In which area of financial services would you like to see more FinTech solutions and why?

Assogestioni, the Italian Investment Management Association, welcomes the opportunity to reply to the Commission's Public Consultation on FinTech.

Asset managers may use FinTech solutions for:

- (i) initial client on-boarding and following interactions ("automated advice");
- (ii) the automation of front-to back-office functions;
- (iii) complementing fundamental analysis in the investment process by using artificial intelligence (i.e. "Big Data") in view of improving performance or to implement quantitative and rules-based approaches to investing (e.g. "strategic beta"); and
- (iv) compliance requirements (standardising existing reporting requirements).

Artificial intelligence and big data analytics for automated financial advice and execution

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 1.2: Is there evidence that automated financial advice reaches more consumers, firms, investors in the different areas of financial services (investment services, insurance, etc.)?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Question 1.3: Is enhanced oversight of the use of artificial intelligence (and its underpinning algorithmic infrastructure) required? For instance, should a system of initial and ongoing review of the technological architecture, including transparency and reliability of the algorithms, be put in place?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your answer to whether enhanced oversight of the use of artificial intelligence is required, and explain what could more effective alternatives to such a system be.

The increasing role of automated financial advice calls for a greater scrutiny by European and national supervisors.

It is worth remarking that the provision of automated financial advice requires a licence and therefore any provider, like every entity that provides financial advice, should be duly authorised and supervised by national competent authorities. Using on-line tools should never allow new providers to circumvent regulatory requirements that apply to “traditional” market participants. In particular, any situation in which the automated financial advice service may be opportunistically qualified as general advice or marketing activity should be avoided.

In the licensing phase, the competent authority should carefully assess the reliability of the firm’s structure in relation to the service it intends to perform, in particular considering the IT structure. In case the service is provided on a cross-border basis, NCAs should strengthen their supervision and cooperate more closely.

In relation to the oversight model it should be stressed that it is important to find the right balance between supervisory needs and the legitimate business reasons of the advisors. Imposing an initial approval of the algorithms by NCA as well as requiring its transparency toward the market is unviable. (The latter would deprive the providers of their most valuable asset, the former would require specific competence within the supervisory authorities that probably are not currently present and might impose on them a risk of civil liability). NCAs should have ongoing contacts with the service providers, especially when the algorithms are being developed. We would see merit in imposing a consumer testing of the algorithm before its public release, in this phase NCA may intervene supporting the developer.

Question 1.4: What minimum characteristics and amount of information about the service user and the product portfolio (if any) should be included in algorithms used by the service providers (e.g. as regards risk profile)?

Defining minimum characteristics and amount of information in general terms is quite challenging. In any case, since financial service regulation is technology-neutral, the service providers should respect all the requirements laid down in the applicable regulations. In this regard, the algorithms adopted in case of automated advice services should collect all the information necessary for carrying out the KYC procedures, as well as the AML obligations.

Specifying by law which data should be collected is not feasible. In relation to the provision of financial advice, supervisory authorities have adopted guidelines in which good and bad practices are highlighted. We believe that they can be followed also by financial institutions that provide automated financial advice. Should it be necessary to give further guidance, the guidelines could be amended.

Question 1.5: What consumer protection challenges/risks have you identified with regard to artificial intelligence and big data analytics (e.g. robo-advice)? What measures, do you think, should be taken to address these risks/challenges?

We believe that all the risks highlighted by the Commission at page 7 of the Consultation document are correct. Nevertheless, the absence of human interaction and the features of the automated service may generate additional specific risks.

1. Clients may be not able to fully understand the service provided, and therefore they may choose a service that does not completely fulfil their needs. In this regard, digital advisors should clearly disclose the features of the service provided, including costs clients can incur.


2. An automated advisor can hardly take into account all specific circumstances of the investor that would be helpful in giving a personalised advice. The absence of on-going human interaction with the advisor can generate cases where unsuitable advice is provided longer, in case material changes occur in the financial situation of the advised clients and the advice is generated on the basis of out-to-date information.

3. Errors in the development of the algorithms may generate a specific systemic risk associated with fully automated financial advice. In fact, in a traditional distribution model a number of advisors are involved and in case the algorithm generate wrong advices some of them can spot the error and inform the developer of the algorithm. By contrast, in a pure automated model it is highly probable that the error would be discovered slowly and only after a great number of incorrect advices have been provided, generating a systemic misselling of financial instruments. In light of the above, in our understanding, some kind of human interaction, at least at client's initiative, should always be possible.

4. Like traditional advisors, digital advisors generally manage client assets on a discretionary basis and buy or sell financial instruments. As part of these services, digital advisors should have reasonably designed trading procedures that include controls to mitigate risks associated with trading and order handling. Trading and portfolio management capabilities should be supervised by skilled investment professionals.

5. Digital advisors should view cybersecurity as a critical component of their business model and carefully safeguard sensitive clients' information. Digital advisors should use the strongest data encryption, conduct risk management of third party vendors, obtain appropriate levels of cybersecurity insurance, maintain business continuity management plans, and implement incident management frameworks.

Social media and automated matching platforms: funding from the crowd

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 1.6: Are national regulatory regimes for crowdfunding in Europe impacting on the development of crowdfunding?


- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether there are national regulatory regimes for crowdfunding in Europe impacting on the development of crowdfunding. Explain in what way, and what are the critical components of those regimes.

Since 2012, the Italian legislator introduced specific rules regulating equity crowdfunding. Precise provisions discipline the activity of crowdfunding platforms as well as investor's protection aspects. The regulation is only focused on offers made by innovative small and medium enterprises, start-up and funds or companies that invest in the aforementioned firms. We believe that the Italian regulation could be a good starting point in the elaboration of a European regime on crowdfunding, since it provides an equilibrate composition of investor's protection and the need to foster innovation.

Question 1.7: How can the Commission support further development of FinTech solutions in the field of non-bank financing, i.e. peer-to-peer/marketplace lending, crowdfunding, invoice and supply chain finance?

Question 1.8: What minimum level of transparency should be imposed on fund-raisers and platforms? Are self-regulatory initiatives (as promoted by some industry associations and individual platforms) sufficient?

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.


Question 1.9: Can you give examples of how sensor data analytics and other technologies are changing the provision of insurance and other financial services? What are the challenges to the widespread use of new technologies in insurance services?

Question 1.10: Are there already examples of price discrimination of users through the use of big data?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant


Please provide examples of what are the criteria used to discriminate on price (e.g. sensor analytics, requests for information, etc.)?

Other technologies that may improve access to financial services

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 1.11: Can you please provide further examples of other technological applications that improve access to existing specific financial services or offer new services and of the related challenges? Are there combinations of existing and new technologies that you consider particularly innovative?

2. Bringing down operational costs and increasing efficiency for the industry

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

FinTech has the potential of bringing benefits, including cost reductions and faster provision of financial services, e.g., where it supports the streamlining of business processes. Nonetheless, FinTech applied to operations of financial service providers raises a number of operational challenges, such as cyber security and ability to overcome fragmentation of standards and processes across the industry. Moreover, potential redundancy of specific front, middle and back-office functions or even of entire market players due to automation via FinTech solutions might have adverse implications in terms of employment in the financial industry, even though new jobs would also be created as part of the FinTech solutions. The latter, however, might require a different skill mix, calling for flanking policy measures to cushion their impact, in particular by investing in technology skills and exact science education (e.g. mathematics).

Question 2.1: What are the most promising use cases of FinTech to reduce costs and improve processes at your company? Does this involve collaboration with other market players?


At this stage of development, the most promising use cases are in the reporting sector, where technology may produce significant costs saving for asset managers.

Question 2.2: What measures (if any) should be taken at EU level to facilitate the development and implementation of the most promising use cases? How can the EU play its role in developing the infrastructure underpinning FinTech innovation for the public good in Europe, be it through cloud computing infrastructure, distributed ledger technology, social media, mobile or security technology?

Question 2.3: What kind of impact on employment do you expect as a result of implementing FinTech solutions? What skills are required to accompany such change?

FinTech may increase the efficiency of incumbents as well as encouraging more competition in the financial sector allowing new firms to enter the market. This is particularly true in case of incremental innovation, when disruptive technologies are involved challenges may be greater. Moving the market towards a more intense use of technology on one hand may reduce costs for firms that have the financial ability to pay the costs for implementing the required IT systems. On the other hand, incrementing the initial costs may reduce competition in the market. The risk can be exacerbated in case technologies giants enter the financial markets. This could lead to an excessive concentration of the market, producing in the long run a worst treatment of investors and a significant reduction of the employment rate in the financial sector. We believe that the FinTech development should be carefully assessed not only by financial regulators but also by antitrust authorities in order to prevent a possible distortion of the market.

RegTech: bringing down compliance costs

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 2.4: What are the most promising use cases of technologies for compliance purposes (RegTech)? What are the challenges and what (if any) are the measures that could be taken at EU level to facilitate their development and implementation?

RegTech solutions represent a major opportunity for asset managers for reducing compliance costs associated with ever increasing requirements imposed by the post-crisis regulations. First of all, they allow the digitalisation of analytic procedures for example in the know-your-client process, prudential regulation reporting and more, generally, for every reporting requirements.


More sophisticated solutions, which include the automatic analysis of data with applications that are able to learn during the process, may be used for example for the target market process pursuant to MiFID II.

FinTech providers may be of valuable aid in helping asset managers tackle their data and reporting challenges.

As a precondition for RegTech to deliver its future potential, it is key for the Commission to develop harmonised standards of reporting, especially for financial instruments (e.g. through the use of ISIN codes, including for OTC Derivatives). Important in this respect is that the Commission continue its efforts to streamline regulatory reporting away from unnecessary duplications. All the RegTech solutions bring with them an operational risk associated with their innovative features and, when personal data are involved, risk associated with their treatment.

At the current state of development, we do not see merit in introducing specific regulation; rather we encourage cooperation between supervisors and regulated entities in order to develop new applications that respect the law requirements.

Recording, storing and securing data: is cloud computing a cost effective and secure solution?

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 2.5.1: What are the regulatory or supervisory obstacles preventing financial services firms from using cloud computing services?

Question 2.5.2: Does this warrant measures at EU level?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the regulatory or supervisory obstacles preventing financial services firms from using cloud computing services warrant measures at EU level.

Question 2.6.1: Do commercially available cloud solutions meet the minimum requirements that financial service providers need to comply with?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant


Please elaborate on your reply to whether commercially available cloud solutions do meet the minimum requirements that financial service providers need to comply with.

Question 2.6.2: Should commercially available cloud solutions include any specific contractual obligations to this end?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Please elaborate on your reply to whether commercially available cloud solutions should include any specific contractual obligations to this end.

Disintermediating financial services: is Distributed Ledger Technology (DLT) the way forward?

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.


Question 2.7: Which DLT applications are likely to offer practical and readily applicable opportunities to enhance access to finance for enterprises, notably SMEs?

Question 2.8: What are the main challenges for the implementation of DLT solutions (e.g. technological challenges, data standardisation and interoperability of DLT systems)?

Question 2.9: What are the main regulatory or supervisory obstacles (stemming from EU regulation or national laws) to the deployment of DLT solutions (and the use of smart contracts) in the financial sector?

The format of the data and use of existing communication standards to the largest possible extent (e.g. ISO 20022) is of key importance. Another major challenge is to provide for a regime that facilitates the confirmation of transactions. Under existing reporting regimes, the number of fields that are requested to be reported without errors frequently causes reports to be rejected. Focusing on key data formats (i.e. LEIs, UTIs, UPIs, ISINs and prices as a minimum) could facilitate the automation of reporting, consequently fostering the development of DLTs.

Outsourcing and other solutions with the potential to boost efficiency

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 2.10: Is the current regulatory and supervisory framework governing outsourcing an obstacle to taking full advantage of any such opportunities?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the current regulatory and supervisory framework governing outsourcing is an obstacle to taking full advantage of any such opportunities.

Question 2.11: Are the existing outsourcing requirements in financial services legislation sufficient?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the existing outsourcing requirements in financial services legislation are sufficient, precising who is responsible for the activity of external providers and how are they supervised. Please specify, in which areas further action is needed and what such action should be.


Generally speaking, we think that the existing outsourcing requirements may be valid also in case of intense use of outsourcing agreements for the provision of technology services. For example, in case of financial advice the entity offering the service directly to the client should be responsible towards the latter.

Nevertheless, it should be carefully assessed whether the provision of FinTech solutions to financial institutions could be considered an outsourcing. Should this be the case, where the service provided by the outsourcer is critical for the provision of the investment service, the rules could be re-evaluated, particularly where excluding a direct supervision on the service providers by NCAs.

Other technologies that may increase efficiency for the industry

Question 2.12: Can you provide further examples of financial innovations that have the potential to reduce operational costs for financial service providers and/or increase their efficiency and of the related challenges?

3. Making the single market more competitive by lowering barriers to entry

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

A key factor to achieving a thriving and globally competitive European financial sector that brings benefits to the EU economy and its society is ensuring effective competition within the EU single market. Effective competition enables new innovative firms to enter the EU market to serve the needs of customers better or do so at a cheaper price, and this in turn forces incumbents to innovate and increase efficiency themselves. Under the EU Digital Single Market strategy, the EU regulatory framework needs to be geared towards fostering technological development, in general, and supporting the roll-out of digital infrastructure across the EU, in particular. Stakeholder feedback can help the Commission achieve this goal by highlighting specific regulatory requirements or supervisory practices that hinder progress towards the smooth functioning of the Digital Single Market in financial services. Similarly, such feedback would also be important to identify potential loopholes in the regulatory framework that adversely affect the level playing field between market participants as well as the level of consumer protection.

Question 3.1: Which specific pieces of existing EU and/or Member State financial services legislation or supervisory practices (if any), and how (if at all), need to be adapted to facilitate implementation of FinTech solutions?

We believe the existing financial services legislation, that is technology-neutral, could properly work also for FinTech solutions.

Question 3.2.1: What is the most efficient path for FinTech innovation and uptake in the EU?

Since FinTech is still at an early stage we believe that regulators should not intervene, allowing market participants to develop new solutions. Once FinTech assumed a more relevant role in the market, the need for additional regulation may be properly assessed.

On the contrary, supervisors could already play an active role, assisting market players in assessing the compatibility of FinTech solutions with the current regulation. Some supervisory authorities have established departments that are fully dedicated to the application of technology solutions to finance. They provide advice on regulatory aspects to developers and has implemented regulatory sandboxes that allow firms to test their products before the release. These good practices should be encouraged by the EU regulators and adopted also by other national supervisory authorities.


Question 3.2.2: Is active involvement of regulators and/or supervisors desirable to foster competition or collaboration, as appropriate, between different market actors and new entrants?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant


If active involvement of regulators and/or supervisors is desirable to foster competition or collaboration, as appropriate, between different market actors and new entrants, please explain at what level?

Please refer to our answer to Question 3.2.1 above.

FinTech has reduced barriers to entry in financial services markets

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

But remaining barriers need to be addressed

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 3.3: What are the existing regulatory barriers that prevent FinTech firms from scaling up and providing services across Europe? What licensing requirements, if any, are subject to divergence across Member States and what are the consequences? Please provide the details.

Question 3.4: Should the EU introduce new licensing categories for FinTech activities with harmonised and proportionate regulatory and supervisory requirements, including passporting of such activities across the EU Single Market?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not relevant

Question 3.5: Do you consider that further action is required from the Commission to make the regulatory framework more proportionate so that it can support innovation in financial services within the Single Market?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not relevant

Question 3.6: Are there issues specific to the needs of financial services to be taken into account when implementing free flow of data in the Digital Single Market?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Please elaborate on your reply to whether there are issues specific to the needs of financial services to be taken into account when implementing free flow of data in the Digital Single Market, and explain to what extent regulations on data localisation or restrictions on data movement constitute an obstacle to cross-border financial transactions.


Question 3.7: Are the three principles of technological neutrality, proportionality and integrity appropriate to guide the regulatory approach to the FinTech activities?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the three principles of technological neutrality, proportionality and integrity are or not appropriate to guide the regulatory approach to the FinTech activities.

Yes, we believe that the three principles are appropriate, regulators should strive to find the right balance between these three principles, but it should be clear that the principle of proportionality should never be seen as a loophole for providing regulated activities outside the regulatory framework that applies to traditional market participants. That could lead to unfair competition and lower the level of investor protection. Should a FinTech application imply the provision of regulated activities, the provider must be duly authorised and supervised, like every other market participant.

Role of supervisors: enabling innovation

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 3.8.1: How can the Commission or the European Supervisory Authorities best coordinate, complement or combine the various practices and initiatives taken by national authorities in support of FinTech (e.g. innovation hubs, accelerators or sandboxes) and make the EU as a whole a hub for FinTech innovation?

We believe that the ESAs can play an important role in the development of FinTech in Europe. Whilst national authorities are the ones that have the duty to supervise FinTech activities in their States and therefore will have direct relations with firms, the ESAs may encourage a common approach by different member States. The ESAs may monitor the different initiatives adopted in the member States and collect best practices.

Question 3.8.2: Would there be merits in pooling expertise in the ESAs?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether there would be merits in pooling expertise in the European Supervisory Authorities.

Yes. Pooling expertise in the ESAs could be very useful. We believe that the ESAs could play an important role as adviser for national authorities, especially for the smaller ones that may not have the resources for setting up departments dedicated to the FinTech.

Question 3.9: Should the Commission set up or support an "Innovation Academy" gathering industry experts, competent authorities (including data protection and cybersecurity authorities) and consumer organisations to share practices and discuss regulatory and supervisory concerns?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Question 3.10.1: Are guidelines or regulation needed at the European level to harmonise regulatory sandbox approaches in the MS?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether guidelines or regulation are needed at the European level to harmonise regulatory sandbox approaches in the MS?

At the current state, we don't think that guidelines or regulation are needed, instead the harmonisation can be obtained through less intrusive instruments, like list of good practices and organising training sections for national regulators.


Question 3.10.2: Would you see merits in developing a European regulatory sandbox targeted specifically at FinTechs wanting to operate cross-border?

- ☐ Yes
- ☒ No
- ☐ Don't know / no opinion / not relevant

Question 3.11: What other measures could the Commission consider to support innovative firms or their supervisors that are not mentioned above?

At the current state of development we believe that only NCAs should develop regulatory sandboxes at national levels.

Role of industry: standards and interoperability

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 3.12.1: Is the development of technical standards and interoperability for FinTech in the EU sufficiently addressed as part of the European System of Financial Supervision?

- ☐ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the development of technical standards and interoperability for FinTech in the EU is sufficiently addressed as part of the European System of Financial Supervision.

Question 3.12.2: Is the current level of data standardisation and interoperability an obstacle to taking full advantage of outsourcing opportunities?

- ☐ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the current level of data standardisation and interoperability is an obstacle to taking full advantage of outsourcing opportunities.

Question 3.13: In which areas could EU or global level standards facilitate the efficiency and interoperability of FinTech solutions? What would be the most effective and competition-friendly approach to develop these standards?

Important is to realise that the potential for FinTech applications should firstly be scoped locally. Once successful, a technological application will inevitably be proposed or taken-up elsewhere, while not necessarily requiring the intervention of regional or global policy makers. As legal questions will arise while technology develops and its applications become more visible, we consider it is presently too early to call for EU-wide standard-setting. The latter would inevitably introduce greater fragmentation in an already overly complexed regulatory environment, where proper definitions may still be lacking (e.g. as the notion of “investment advice”, or that of “marketing”). Preferably, it is only once the success of certain FinTech applications becomes clearer, that a closer dialogue between market participants and EU policy-makers and regulators should occur in view of establishing cross-border frameworks.


Question 3.14: Should the EU institutions promote an open source model where libraries of open source solutions are available to developers and innovators to develop new products and services under specific open sources licenses?

- ☒ Yes
- ☐ No
- ☐ Don't know / no opinion / not relevant

Please elaborate on your reply to whether the EU institutions should promote an open source model where libraries of open source solutions are available to developers and innovators to develop new products and services under specific open sources licenses, and explain what other specific measures should be taken at EU level.


Yes. We consider that an open-source architecture should be imposed, since it reduces implementation costs, facilitates portability and access, and avoids entry barriers.

Challenges

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.


Question 3.15: How big is the impact of FinTech on the safety and soundness of incumbent firms? What are the efficiencies that FinTech solutions could bring to incumbents? Please explain.

4. Balancing greater data sharing and transparency with data security and protection needs

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 4.1: How important is the free flow of data for the development of a Digital Single Market in financial services? Should service users (i.e. consumers and businesses generating the data) be entitled to fair compensation when their data is processed by service providers for commercial purposes that go beyond their direct relationship?

Storing and sharing financial information through a reliable tool

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 4.2: To what extent could DLT solutions provide a reliable tool for financial information storing and sharing? Are there alternative technological solutions?


Question 4.3: Are digital identity frameworks sufficiently developed to be used with DLT or other technological solutions in financial services?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Please elaborate on your reply to whether digital identity frameworks are sufficiently developed to be used with DLT or other technological solutions in financial services.

Question 4.4: What are the challenges for using DLT with regard to personal data protection and how could they be overcome?


The power of big data to lower information barriers for SMEs and other users

Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 4.5: How can information systems and technology-based solutions improve the risk profiling of SMEs (including start-up and scale-up companies) and other users?

Question 4.6: How can counterparties that hold credit and financial data on SMEs and other users be incentivised to share information with alternative funding providers ? What kind of policy action could enable this interaction? What are the risks, if any, for SMEs?

Security


Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 4.7: What additional (minimum) cybersecurity requirements for financial service providers and market infrastructures should be included as a complement to the existing requirements (if any)? What kind of proportionality should apply to this regime?

Question 4.8: What regulatory barriers or other possible hurdles of different nature impede or prevent cyber threat information sharing among financial services providers and with public authorities? How can they be addressed?

Question 4.9: What cybersecurity penetration and resilience testing in financial services should be implemented? What is the case for coordination at EU level? What specific elements should be addressed (e.g. common minimum requirements, tests, testing scenarios, mutual recognition among regulators across jurisdictions of resilience testing)?

Other potential applications of FinTech going forward

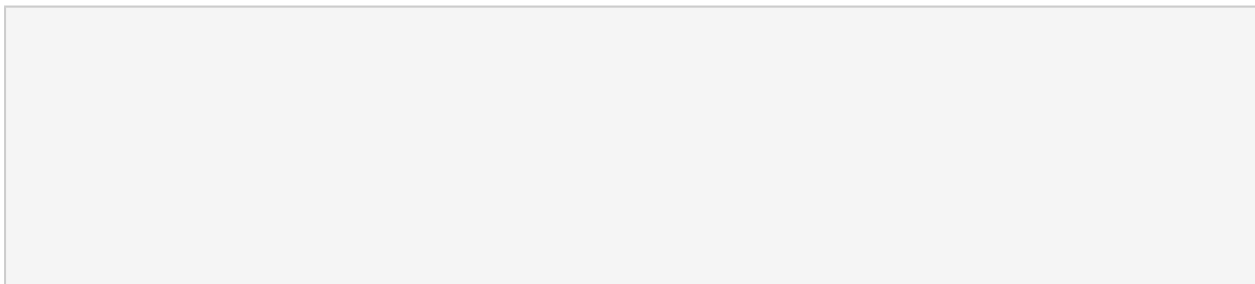
Please [refer to the corresponding section of the consultation document](#)  to read some contextual information before answering the questions.

Question 4.10.1: What other applications of new technologies to financial services, beyond those above mentioned, can improve access to finance, mitigate information barriers and/or improve quality of information channels and sharing?

Question 4.10.2: Are there any regulatory requirements impeding other applications of new technologies to financial services to improve access to finance, mitigate information barriers and/or improve quality of information channels and sharing?

- ☐ Yes
- ☐ No
- ☒ Don't know / no opinion / not relevant

Please elaborate on your reply to whether there are any regulatory requirements impeding other applications of new technologies to financial services to improve access to finance, mitigate information barriers and/or improve quality of information channels and sharing?



3. 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:

Useful links

[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)

[Consultation details \(http://ec.europa.eu/info/finance-consultations-2017-fintech_en\)](http://ec.europa.eu/info/finance-consultations-2017-fintech_en)

[Specific privacy statement \(https://ec.europa.eu/info/sites/info/files/2017-fintech-specific-privacy-statement_en.pdf\)](https://ec.europa.eu/info/sites/info/files/2017-fintech-specific-privacy-statement_en.pdf)

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