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**Paris EUROPLACE's response to the European Commission's public consultation
on a new digital finance strategy for Europe / FinTech action plan**

Paris EUROPLACE - which represents the players of the Paris Financial Centre, French and international corporates, investors, banks and financial intermediaries - would like to thank the European Commission for the opportunity to provide their view on a new digital finance strategy for Europe / FinTech action plan.

Indeed, this consultation reflects the strategic dimension of fintech at European level. In other parts of the world, financial centres accelerate their positioning in this field, and even more so in a post-Brexit and post- health crisis context. It is therefore crucial that the EU prepare the next steps of its action plan.

General comments

- Obstacles which prevent the opportunities of innovative technologies in the European financial sector to be fully reaped include: difficult access to funding, the lack of a European digital ID, inconsistencies across the Member States in implementing EU regulations such as GDPR and MiFID2, the difficulty to use AI in KYC processes, the implementation of a sectoral approach and the level of competence of regulators.
- We support the list of priority areas set out by the Commission. However, we believe that European sovereignty and European preference are key concerns which should be added to this list.
- The existing financial regulatory framework should be updated to integrate new technologies. In particular, e-IDAS, GDPR, MAR, e-commerce regulations and MiFID should be reviewed. However, this update does not necessarily imply the introduction of new additional rules.
- The EU regulatory framework should be technology neutral (also in terms of competition and sovereignty issues) and the principle of "same activity creating the same risks should be

regulated in the same way” (risk-based approach) should be applied in European financial regulation.

- A “regulatory testing zone” should be introduced at EU level in order to allow experimentation and to foster innovation and the development of new technologies.
- The obligations weighing on providers of technologies which are not regulated appear lower than those applicable to financial services providers. The main risks relating to technology companies are in terms of concentration, systemicity and sovereignty. In case of a chain of intermediaries, the appropriate level of protection of consumer data should be ensured at any point along that chain.
- Harmonisation of national approaches, in particular regarding digital ID, digital signature and AML-FT, is required at EU level in order to facilitate digital onboarding. The e-IDAS Regulation could serve as a basis for introducing a digital ID.
- We share the objective of a single access point at EU level to publicly available data.
- More than ever, in the context of the post crisis, the development of Fintech companies and more widely of the digital economy, is a key issue of competitiveness and of economic sovereignty for the EU in the context of the global competition. One core issue for their development to develop access funding.
- In addition, RegTech companies need that EU rules are implemented in a harmonised manner across the EU. Another hindrance is the difficulty to mutualise KYC information and to base their algorithms on information including external data.

Question 1. What are the main obstacles to fully reap the opportunities of innovative technologies in the European financial sector?

We have identified **several obstacles** which prevent the opportunities of innovative technologies in the European financial sector to be fully reaped.

- For example, **it is difficult to use AI in KYC processes**, as technologies (facial recognition, digital identity...) are not recognised at European level: there is no EU passport; therefore, authorisation from national competent authorities is required in each relevant Member State.
- The **lack of a European ID** also prevents to seize the opportunities of innovative technologies in the EU financial sector. Regulators do not share a common vision on this issue; as a consequence, financial players have to fulfil the different requirements set out by the Member States.

- Moreover, **regulations such as MiFID2 and GDPR are implemented in different ways throughout the EU** (e.g. the notion of legitimate interest gives rise to different interpretations). The health crisis demands that some of the GDPR rules be revisited.
- More generally, the implementation of a **sectorial approach** to these issues (GDPR, EU ID...), rather than a horizontal approach, seems detrimental.
- In our opinion, the **competence of regulators** (in terms of skills and resources) in innovative technologies should be increased, with the objective to reach a harmonised level of regulation and supervision throughout the EU. It would also be worth **strengthening the role of the European Union Agency for Cybersecurity (ENISA)**, for example based on the example of the US NIST, and clarify its articulation with that of regulators and national agencies.

Question 2. What are the key advantages and challenges consumers are facing with the increasing digitalisation of the financial sector?

We believe that the digitalisation of the financial sector can bring **significant benefits** to consumers, in particular in terms of:

- **Price:** digitalisation can result in more attractive rates/fees, as it can reduce compliance costs and remove legacy costs;
- **Convenience:** digitalisation can contribute to seamless and intuitive user experience, better online experience and functionality with simple and intuitive customer visuals and journey, easy onboarding and better quality of service;
- **Access:** digitalisation can ensure continuity 24/7 on multiple devices;
- **Choice:** digitalisation can foster new offerings;
- **Community:** digitalisation can improve communication with and among consumers and allow customers to start discussions with the service providers, give advice to their new services to test, build trust with them.

However, the digitalisation of the financial sector may also raise **challenges** which need to be addressed, in particular regarding:

- **Trust:** stability, security and safety have to be ensured;
- A balance needs to be found between **privacy** (GDPR) and **customisation** (AI/big data).

Question 3. Do you agree with the choice of these priority areas?

We support the list of priority areas set out by the Commission. However, **we believe that European sovereignty and European preference are key concerns which should be added to this list.**

- ensuring that the EU financial services regulatory framework is technology-neutral and innovation friendly;

[A technology-neutral regulatory framework](#)

We understand that technological neutrality is a principle whereby a **State cannot impose a preference for or against a given technology**, except in special cases in the field of defence or

public health. This principle applies only to purely technical decisions and is neither "ethical neutrality" or "societal neutrality" i.e. it does not apply when the issue at stake is ethical or societal, such as a choice between free software and proprietary software.

We understand that the principle of technological neutrality applies in three different contexts:

- **Environment:** standards are designed to limit undesirable effects such as interference or pollution. Technological neutrality is a genuine public policy strategy to optimise the impact of innovation on society and the environment.
- **Regulation:** technological neutrality helps to prevent the obsolescence of laws, in a context where the pace of change is increasing.
- **Commercial:** policies are designed to push the market towards a "virtuous" path desired by the regulator. All players in a given business sector are subject to the same rules based on competition law. Technological neutrality thus promotes private sector innovation and directs it towards a given public objective. It promotes free competition and avoids barriers to entry for new entrants, State monopolies or oligopolistic situations.

An innovation-friendly regulatory framework

We understand that an "innovation-friendly" framework encourages:

- **Experimentation clauses** i.e. regulatory sandboxes – frameworks that allow innovations to be tested in a real-world environment subject to regulatory safeguards and support.
 - **Outcome-oriented legislation**, which sets a measurable objective without prescribing the exact mechanisms by which the objective is to be achieved. It gives concerned organisations the flexibility to decide how to achieve the objective.
 - **Sunset clauses**, which terminate or repeal some or all provisions of a legal text after a specific date, unless further legislative action is taken to extend them.
 - **A test of alternatives**, which requires applicants for regulatory approval to consider potential alternatives, and to justify why their chosen solution is the optimal way to meet the policy goals underlying regulation.
 - **A "top-runner approach"**: legislative provisions that envisage the updating of a requirement in order to reflect higher performance levels that have become possible because of scientific or technological progress. If an innovation achieves a higher performance level, then that performance level becomes the new requirement. The top-runner approach encourages innovation by rewarding first movers, since other market operators are obliged to adopt that innovation – or seek their own innovation that performs equally well or better.
- promoting a data-driven financial sector for the benefit of EU consumers and firms;

In our opinion, **a data driven financial sector is beneficial to consumers and firms**, as it allows the development of financial services which are better suited to the needs of consumers. Also, it ensures increased competition among players and higher market integration.

Data is now key to the provision of financial services. For instance, data is required to perform suitability and appropriateness tests, to comply with AML-FT obligations and with best

execution requirements. Also, new uses have developed, such as credit scoring and robo-advice, which rely on technological tools (e.g. IA, big data...) which make an intensive use of data. Moreover, it should be allowed to use information available in one Member State in another Member State, for instance to avoid replicating KYC processes or suitability and appropriateness tests, and to share it among financial institutions.

But **the use of data in the financial sector raises issues**, in particular **ethical issues**, which need to be addressed (for instance through the introduction of regulation such as GDPR). In other words, we agree that **data protection is a crucial issue** and we believe that an appropriate level of protection should be ensured in this respect.

- enhancing the operational resilience of the financial sector.

We understand operational resilience as the **ability to react to the unknown (agility) and to quickly restore a normal functioning**.

Question 4. Do you consider the existing EU financial services regulatory framework to be technology neutral and innovation friendly?

The existing regulatory framework does not appear fully technology neutral, as some regulatory requirements hinder the development of certain technologies.

We propose the introduction of a **“regulatory testing zone” at EU level**, allowing temporary and localised adaptations to EU regulation and available to all players, in order to allow experimentation and to foster innovation and the development of new technologies.

We would like to underline here that technological neutrality should also be assessed both in terms of **competition and sovereignty** issues. Indeed, new technologies incur both global industrial issues and consumer advantages and **it is crucial that the EU positions itself in the global competition**. Moreover, we believe that sovereignty issues should be taken into account in the context of impact assessments.

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?

In our opinion, **the level of consumer protection for retail financial products and services ensured by the current EU regulatory framework is not fully satisfactory**. Indeed, the latter was introduced in a context which has become outdated due to the development of new technologies and should be updated.

For this reason, we call for some European regulations - including e-IDAS, GDPR, MAR, e-commerce regulations (which only cover telephone and internet transactions) and MiFID - to be reviewed.

- With the development of new technologies, deviant behaviours have evolved, and, for example, 14-day withdrawal periods have become obsolete.

- We also believe that the level of client protection ensured by suitability assessments is not satisfactory. Many financial institutions continue to use oversimplified questionnaires with no scientific basis to capture the risk profile of clients and no proper evaluation of their financial knowledge, which may lead to mis sellings.

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?

We believe that **the existing financial regulatory framework does not integrate the development of new technologies**, such as DLT, and as a consequence should be updated.

However, **the opportunity to introduce any new regulatory framework should be carefully assessed**. For example, we believe that existing tools allow to properly manage the new risks implied by AI, and, in this case, guidance by the ESAs might be sufficient. Also, the harmonisation of European best practices may in some instances be a better way to address this issue, e.g. in the context of AML and KYC. Conversely, for other activities, such as cloud-related activities, a new regulatory framework may help to improve relationships between financial players and their service providers.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Distributed Ledger Technology (except cryptoassets)					X	
Cloud computing						
Artificial Intelligence/Machine learning						
Internet Of Things (IoT)				X		
Biometrics						
Quantum computing						
Other						

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?

In addition to the options considered by the Commission, we identify **two efficient solutions to support the uptake of nascent technologies and business models** relying on them:

- In our opinion, a **public budget is the ultimate means** to support the uptake of nascent technologies and business models relying on them. For instance, the US and China have

allocated a dedicated budget to encourage innovation. It is of the utmost importance that the EU also puts one in place.

- Moreover, we believe that **harmonised technological standards with regional preferences would be very helpful.**

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Setting up dedicated observatories to monitor technological and market trends (e.g. EU Blockchain Observatory & Forum; Platform Observatory)			X			
Funding experimentation on certain applications of new technologies in finance (e.g. blockchain use cases)					X	
Promoting supervisory innovation hubs and sandboxes					X	
Supporting industry codes of conduct on certain applications of new technologies in finance		X				
Enhancing legal clarity through guidance at EU level for specific technologies and/or use cases				X		
Creating bespoke EU régimes adapted to nascent markets,					X	

possibly on a temporary basis						
Other						

Question 8. In which financial services do you expect technology companies which have their main business outside the financial sector (individually or collectively) to gain significant market share in the EU in the five upcoming years?

	1 (very low market share – below 1%)	2	3	4	5 (very significant Market share Above 25%)	N/A
Intra-European retail payments						
Intra-European wholesale payments						
Consumer credit provision to households with risk taking						
Consumer credit distribution to households with partner institution (s)						
Mortgage credit provision to households with risk taking						
Mortgage credit distribution to households with partner institution (s)						
Credit provision to SMEs with risk taking						
Credit distribution to SMEs with partner institution(s)						

Credit provision to large corporates with risk taking						
Syndicated lending services with risk taking						
Risk-taking activities in Life insurance products						
Risk-taking activities in Non-life insurance products						
Risk-taking activities in pension products						
Intermediation / Distribution of life insurance products						
Intermediation / Distribution of nonlife insurance products						
Intermediation / Distribution of pension products						
Other insurance related activities, e.g. claims management						
Re-insurance services						
Investment products distribution						
Asset management						
Others						

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?

No. The principle of “same activity creating the same risks should be regulated in the same way” (risk-based approach) is generally applied in European financial regulation.

We would like to note here that this principle should however not be implemented too strictly. Indeed, in specific circumstances, **it should allow for exceptions / bespoke regimes**, for instance in the context of an EU regulatory testing zone, so that it does not hinder innovation.

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?

We understand that the technology companies referred to in this question are **players which are not regulated entities**, and which are therefore subject to obligations different from those applicable to financial services providers, in terms of KYC for example.

The obligations weighing on providers of technologies appear lower than those applicable to financial services providers and end-clients have little recourse against providers of technologies. The risk of default attached to providers of technology creates a risk for providers of financial services.

The main risks we can identify relating to technology companies are in terms of **concentration** (i.e. lack of competition), **systemicity** and **sovereignty** (non-EU players).

	1 (significant reduction in risks)	2	3	4	5 (significant increase in risks)	N/A
Liquidity risk in interbank market (e.g. increased volatility)						
Liquidity risk for particular credit institutions						
Liquidity risk for asset management companies						
Credit risk: household lending						
Credit risk: SME lending						
Credit risk: corporate lending						
Pro-cyclical credit provision						
Concentration risk for funds collected and invested (e.g. lack of diversification)						

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

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 5 upcoming years?

We understand that the technology companies referred to in this question are players which are not regulated entities and which are therefore subject to obligations different from those applicable to financial services providers, in terms of KYC for example.

	1 (significant reduction)	2	3	4	5 (significant)	N/A
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	in risks)				Increase in risks)	
Default risk for funds held in non-banks and not protected by Deposit Guarantee Scheme					X	
Liquidity risk					X	
Misselling of insurance products					X	
Misselling of investment products					X	
Misselling of credit products					X	
Misselling of pension products					X	
Inadequate provision of information					X	
Inadequate complaint and redress process and management					X	
Use/abuse of personal data for financial commercial purposes					X	
Discrimination e.g. based on profiles					X	
Operational risk e.g. interrupted service, loss of data					X	
Other						

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, we believe that the developments referred in questions 8 to 11 require adjusting the regulatory approach in the EU. Indeed, the same activities incurring the same risks should be covered by the

same rules. Regulation should be activity based i.e. “same activity creating the same risks should be regulated in the same way” (risk- based approach). At the same time, **experimentation and bespoke regimes should be possible** (please refer to our answer to question 9).

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?

As technology ignores borders, one of the prime issues faced by the authorities is the **determination of the applicable law.**

Another main challenge is the **increase in competence of the authorities** (in terms of skills and resources) in innovative technologies, with the objective to reach a harmonised level of regulation and supervision throughout the EU. This issue of resources also relates to the supervision of technology providers, which call for a label (Regtech companies in particular): regulators cannot satisfy their request mainly due to a lack of means.

More generally, we believe that the way of regulating and supervising should be reconsidered: **the objective is not to force a new activity to fit into the existing framework.** The scope of competence of the different regulators should be adapted and their roles should be articulated (in our opinion, a silo approach is not appropriate). For example, it would be worth strengthening the role of the European Union Agency for Cybersecurity (ENISA), for example based on the example of the US NIST, and clarify its articulation with that of regulators and national agencies.

Question 14. According to you, which initiatives could be put in place at EU level to enhance this multi-disciplinary cooperation between authorities?

As explained in our response to question 13, **the scope of competence of the authorities should be adapted and cooperation among them should be increased,** under the clear leadership of one of them. For example, in France, the AMF is the single point of entry for players and liaises with other relevant authorities.

Another initiative which could be considered is **the establishment of a European digital agency.**

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?

No, we cannot see any additional obstacles to a Single Market for digital financial services.

Question 16. What should be done at EU level to facilitate interoperable crossborder solutions for digital on-boarding?

We share the opinion that **harmonisation is required at EU level in order to facilitate digital onboarding.** Indeed, currently, national approaches on digital ID, digital signature, KYC and AML-FT develop in different directions.

We understand that Regulation (EU) N°910/2014 on electronic identification and trust services for electronic transactions in the internal market (the eIDAS Regulation) introduces a national digital ID that people and businesses can use to access public services in other EU countries where eIDs are available. The eIDAS regulation thus ensures interoperability among the relevant national public services so that eIDs can work crossborder.

We believe that **legal and technological standards in the private sector may be different from those applying to public services**. In this regard, we are of the opinion that, in order to accelerate digital onboarding, introducing exemptions to the existing general regulations would be more efficient than drafting new specific regulations. Consequently, considering that it offers an interoperable cross border EU-wide solution, **the e-IDAS Regulation could serve as a basis for introducing a digital ID**.

In addition, we think that **digital onboarding cannot be covered solely by the e-IDAS Regulation**: AML-FT considerations also are very relevant to this process. In other words, digital onboarding should be as secure as possible and identification tools should be as reliable as possible.

Finally, **private entities should be allowed to use public information available in the EU to cross-check information** provided by their clients or service providers in order to ensure that the latter is reliable. This would avoid repeatedly requesting information from clients and allow private players to share reliable information among themselves. This would contribute to a better customer experience.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Harmonise rules governing customer due diligence requirements in the Anti-Money Laundering legislation					X	
Harmonise rules governing the acceptable use of remote identification technologies and services in the Anti-Money Laundering legislation				X		
Broaden access for obliged entities to publicly held information (public databases and					X	

registers) to enable verification of customer identities						
Provide further guidance or standards in support of the customer due diligence process (e.g. detailed ID elements, eligible trusted sources; risk assessment of remote identification technologies)			X			
Facilitate the development of digital on-boarding processes, which build on the e-IDAS Regulation					X	
Facilitate cooperation between public authorities and private sector digital identity solution providers				X		
Integrate KYC attributes into e-IDAS in order to enable onboarding through trusted digital identities				X		
Other						

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?

As explained in our answer to question 16, harmonisation at EU level is needed. Indeed, **private players may operate on a cross border basis** and need to be able to use a single digital ID throughout the EU. considering that it offers an interoperable cross border EU-wide solution, **the e-IDAS Regulation could serve as a basis for introducing a digital ID in the private sector.**

We believe that **private entities should be allowed to use public information available in the EU to cross-check information provided by their clients or service providers** in order to ensure that the latter is reliable. This would avoid repeatedly requesting information from clients and allow private players to share reliable information among themselves.

In other words, private players should have easy access to public information available in the EU and be able to present/aggregate it in the format that suits them (e.g. French private players can use the data provided by Legifrance). Clients should not be requested to repeatedly provide information i.e. the dissemination of information should be limited.

In France, France Connect is the solution offered by the State to internet users to identify themselves easily on public websites, such as those of the national health insurance, fiscal administration, etc. It can also serve as a data provider for private players with respect to reliable pivotal information on a customer - such as his/her maiden name, first names, sex, date of birth and birthplace - and certify whether this customer is alive. France Connect uses European digital IDs (as defined by e-IDAS).

Service providers which trust each other should be allowed to share verified customer information (other than information gathered for AML-FT purposes), such as addresses, etc. This would contribute to a better customer experience. For instance, it would be useful for the parents of a student to be able to give his/her landlord access to information regarding their bank account (wherever it is located in the EU) and thus provide him proof regarding their earnings. However, this would imply a clear definition of responsibilities regarding such re-use of information.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Make the rules on third party reliance in the Anti-Money Laundering legislation more specific					X	
Provide further guidance relating to reliance on third parties for carrying out identification and verification through digital means, including on issues relating to liability			X			
Promote re-use of digital identities collected for customer due					X	

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

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?

A majority of members of Paris EUROPLACE believe that **digital financial identity would be a useful complement to digital identity**. It would improve user experience during onboarding (for instance if investors can connect directly with their digital ID) and would allow customers to access specific financial services more easily and to switch products/services more smoothly.

On the other hand, some other members do not support the introduction of such ID. They see no need to develop specific Digital Financial Identities which would differ from the digital identities. Citizens and customers would not understand why a sectorial digital identity could be stronger than the one provided by each State. This would be a source of confusion, a source of questions which could be prejudicial to the deployment, to the appropriation by users and to the development of the use of these digital identities, on a national and European scale.

Should such Digital Financial Identities be usable and recognised throughout the EU?

The members of Paris EUROPLACE that are in favour of digital financial identities believe that **they should be usable and recognised throughout the EU**. They think that this would contribute to an enhanced customer experience. Digital financial identities would be useful for example to **foster mobility within the EU**. For example, they would allow to avoid repeating adequacy tests when moving from one Member State to another. In our opinion, they should be based on a **harmonised and adapted** implementation of the e-IDAS Regulation.

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)?

A digital financial identity should include specific information such as **information on the financial situation and financial knowledge**. Of course, it would have to be updated on a regular basis. Risk profile should however not be part of this European financial ID since it is very volatile.

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?

Although a broader use of such identifiers does not seem a bad idea, their full harmonisation (in terms of both content and use) appears difficult in the short term.

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?

First of all, we would like to underline that **the definitions of “innovation hub” and “regulatory sandbox” should be harmonised at EU level**.

In our comments on the ESAs’ joint report on innovation facilitators (dated 25 July 2019), **we call for a harmonised European regime supervised by the ESAs and implemented by national competent authorities, available to all players, whatever their size or status**, which would include the following main categories of sandboxes:

- **Places of exchanges between firms and regulators**, where regulators provide a “friendly coaching” to firms.
- **Temporary and localised adaptations to the EU regulation or “EU regulatory testing zones”**. We believe that **sandboxes which allow temporary and localised adaptations to the EU regulation can only exist at European level** - not at the level of individual Member States.
- **Experimentation places** which allow to test innovative products or services, modelled on schemes which exist for example in the pharmaceutical industry. These **“safe haven”** sandboxes would provide a derogatory space allowing products and services which do not fall within the scope of any existing regulation, pursuant prior approval by the ESAs and a specific testing plan agreed upon and monitored by the national competent authority, to be tested with the lowest level of constraints and without incurring the risk of infringing local or EU regulation, for a limited time and under certain operating conditions (therefore these products and services would not incur the risk of being caught up by the rules at a later stage).

Question 21. In your opinion, how could the relevant EU authorities enhance coordination among different schemes in the EU?

As explained above, we call for a harmonised European regime supervised by the ESAs and implemented by national competent authorities.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Promote convergence among national authorities in setting up innovation hubs and sandboxes, through additional best practices or guidelines				X		
Facilitate the possibility for firms to test new products and activities for marketing in several Member States (“cross border testing”)				X		
Raise awareness among industry stakeholders			X			
Ensure closer coordination with authorities beyond the financial sector (e.g. data and consumer protection authorities)		X				
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)		X				

finance)						
Other						

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?

We agree that regulated financial services providers can scale up across the Single Market thanks to adequate licenses and passporting rights, for instance with regards credit activities.

In our opinion, the existing EU licenses passporting rights could be extended to **fundraising agents, intermediaries in banking operations and agents of payment service providers**. However, at this stage, it might be difficult in practice to extend these rights to some of these activities, due to cultural differences and national tax regimes.

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?

An EU-level initiative aiming at avoiding market fragmentation in the Single market is needed so long as its main objectives are:

- to preserve open competition for technical infrastructure supporting financial services;
- to favor the emergence of EU based champions;
- to favor competitors offering environmentally friendly solutions;
- to set an EU level standard for technical integration and interoperability.

Question 24. In your opinion, what should be done at EU level to achieve improved financial education and literacy in the digital context?

We can observe different levels of financial education and literacy across the Member States. We believe that **there is a risk that some users may be deceived and manipulated**, especially in the digital context. We therefore believe that action should be taken, both at public and private level.

For instance, **we call for school curriculums to include financial education**, especially in the digital context, so that all citizens are familiar with basic financial concepts.

In addition, we believe that **regulators can contribute to the promotion of financial education**. For instance, the AMF participates to the World Investor Week, an event launched in 2017 by IOSCO. More specifically, the AMF actions include the “AMF Protect Epargne” application, web-based learning modules “La Finance pour tous” and a diversification tool to help investors gain practice in diversifying more or less risky asset portfolios and various events for investors (for more information on the AMF actions, please visit the following page: <https://www.amf-france.org/en/news-publications/news-releases/amf-news-releases/amf-joins-forces-regulators-worldwide-promote-financial-education-and-investor-protection>).

Trade bodies and market players can also participate to making the public more familiar with the products/services offered by their members. For example, the French Banking Federation produces material aimed at retail investors in the context of its financial education programme called "The Keys to Banking". The FBF also launched the "Un banquier dans ma classe"¹ initiative, which is an edutainment workshop that makes 8 - 11 year old schoolchildren aware of the concepts of budget, means of payment, savings and security.

Financial institutions (banks, insurance companies, asset management companies...) can also play a role in educating their clients, especially regarding the financial products they offer.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Ensure more affordable access at EU level to financial data for consumers and retail investors					X	
Encourage supervisors to set up hubs focussed on guiding consumers in the digital world					X	
Organise pan-European campaigns and advisory hubs focusing on digitalisation to raise awareness among consumers						
Collect best practices			X			
Promote digital financial services to address financial inclusion					X	
Introduce rules related to financial education comparable to Article 6 of the			X			

¹ <https://unbanquierdansmaclasse.com/>

Mortgage Credit Directive, with a stronger focus on digitalisation, in other EU financial regulation proposals						
Other						

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?

As explained in our response to question 24, it appears that **financial education and literacy are globally insufficient to protect consumers, especially in the digital context**. Indeed, we can observe different levels of financial education and literacy across the Member States and there is a risk that users may be deceived and manipulated, especially in the digital context. We therefore believe that action should be taken, both at public and private level.

Therefore, **we call for school curriculums to include financial education**, especially in the digital context, so that all citizens are familiar with basic financial concepts.

In addition, we believe that **regulators can contribute to the promotion of financial education**. For instance, the AMF participates to the World Investor Week, an event launched in 2017 by IOSCO. More specifically, the AMF actions include the “AMF Protect Epargne” application, web-based learning modules “La Finance pour tous” and a diversification tool to help investors gain practice in diversifying more or less risky asset portfolios and various events for investors (for more information on the AMF actions, please visit the following page: <https://www.amf-france.org/en/news-publications/news-releases/amf-news-releases/amf-joins-forces-regulators-worldwide-promote-financial-education-and-investor-protection>).

Trade bodies and market players can also participate to making the public more familiar with the products/services offered by their members. For example, the French Banking Federation produces material aimed at retail investors in the context of its financial education programme called “The Keys to Banking”. The FBF also launched the “Un banquier dans ma classe”² initiative, which is an edutainment workshop that makes 8 - 11 year old schoolchildren aware of the concepts of budget, means of payment, savings and security.

Financial institutions (banks, insurance companies, asset management companies...) can also play a role in educating their clients, especially regarding the financial products they offer.

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.

² <https://unbanquierdansmaclasse.com/>

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?

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?

We share the objective of a single access point at EU level to publicly available data. We would like to underline that this objective implies, in particular, harmonised reporting requirements across the Member States. Currently, it appears that the level of publicity of and the ease of access to data are heterogeneous.

- As regards **financial data for listed companies**, we understand that the Prospectus Regulation sets out a harmonised financial reporting regime. However, access to **SME financial data appears less straightforward**, as it is kept in different locations (e.g. at the registries of the Commercial Courts in France) and treated in different formats in each Member State.
- As far as it is concerned, **prudential disclosure** covers a wide range of data. This data is not made public in full; only part of it is aggregated, treated and made public (indeed, some information should remain confidential and available solely to the authorities).
- Concerning securities markets, **post trade information and reference data** (required by MiFIR or MAR) are disclosed in a harmonised way and made publicly available.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Financial reporting data from listed companies					X	
Non-financial reporting data from listed companies					X	
SME data						
Prudential disclosure stemming from financial services legislation						
Securities market disclosure						
Disclosure regarding retail						

investment products						
Other						

Question 28. In your opinion, what would be needed to make these data easily usable across the EU?

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Standardised (e.g. XML) and machine-readable format					X	
Further development of the European Financial Transparency Gateway, federating existing public databases with a Single EU access point					X	
Application Programming Interfaces to access databases						
Public EU databases						
Other						

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?

In our opinion, consumers would be willing to share their data with other financial providers under the main following conditions:

- They **keep control** over their data; they can modify or remove it;
- Their data **cannot be sold**;
- The **quality** of the products/services they are offered or their customer experience is actually improved (e.g. they do not have to repeat adequacy tests or they are offered enhanced products/services).

Question 30. In your opinion, what could be the main benefits of implementing an open finance policy in the EU?

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
More innovative and convenient services for consumers/investors, e.g. aggregators, comparison, switching tool					X	
Cheaper traditional services for consumers/investors			X			
Efficiencies for the industry by making processes more automated (e.g. suitability test for investment services)				X		
Business opportunities for new entrants in the financial industry				X		
New opportunities for incumbent financial services firms, including through partnerships with innovative start-ups				X		
Easier access to bigger sets of data, hence facilitating development of data dependent services				X		
Enhanced access to European capital markets for retail investors				X		
Enhanced access to credit for small businesses				X		
Other						

Question 31. In your opinion, what could be the main risks of implementing an open finance policy in the EU?

From a general standpoint, we believe that **personal data is protected by GDPR** and that **cybersecurity risks are already addressed** (not necessarily by regulation specific to financial services and not necessarily in a satisfying manner).

That being said, in the field of artificial intelligence, good data is required in order to produce good results. In other words, **the data that feeds algorithms should be fair**. For instance, biases in algorithms may result in the exclusion of certain categories of consumers (e.g. it is more difficult for female entrepreneurs to get a loan).

Furthermore, in case of a chain of intermediaries, **the appropriate level of protection of consumer data should be ensured at any point along that chain**. In other words, the increased number of players should not undermine the level of data protection and compliance to applicable regulations. More generally, rules and obligations relating to cybersecurity and data confidentiality should apply consistently to all players; indeed, they are not specific to open finance.

We would like to note here that **excessive customisation might reduce the benefits of mutualisation**, in particular in the context of insurance, and might create a risk of exclusion.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Privacy issues / security of personal data		X				
Financial exclusion				X		
Poor consumer outcomes (e.g. unfair pricing strategies)				X		
Misuse of consumers' financial data					X	
Business confidentiality issues						
Increased cyber risks		X				
Lack of level playing field in terms of access to data across financial sector activities			X			
Other						

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

To mitigate these risks, it should be ensured that **the applicable rules are consistently complied with by all players according to their status/licence.**

Question 33. In your opinion, for which specific financial products would an open finance policy offer more benefits and opportunities?

We believe that **most financial activities have been disrupted**, in particular financial markets and payment activities (for example, in Poland and the Czech Republic, local banks have disappeared). At this stage, **life insurance activities and credit markets** (most of which remain national) appear the least impacted.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Savings accounts				X		
Consumer credit				X		
SME credit				X		
Mortgages				X		
Retail investment products (e. g. securities accounts)						
Non-life insurance products (e.g. motor, home...)						
Life insurance products					X	
Pension products					X	
Other						

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?

From a general standpoint, **any individual behavioural data may be useful to financial service providers.** However, providers may want to **check the relevance of this data in view of the financial service provided.** In other words, responsible providers will question the intrinsic relevance of collecting and using such data, taking consumers' interests into account. It is basically an issue of ethics and choice of social model. In any case, it is preferable if **consumers consent** to the use of such data.

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

As a preliminary remark, we would like to underline that **data is an increasingly valuable asset** (cf. PSD2). As **data is critical, but most often does not come free**, competition aspects are at stake.

Therefore, we believe that the collection, treatment and storage of data (which generate added value) should be regulated.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Standardisation of data, data formats				X		
Clarity on the entities covered, including potential thresholds		X				Entities which collect, treat, store data include banking and non-banking entities, which comprise non-regulated entities. We assume that the entities referred to in this question are regulated entities
Clarity on the way data can be technically accessed including whether data is shared in realtime (e.g. standardised APIs)			X			
Clarity on how to ensure full compliance with GDPR and e-		X				We consider compliance with GDPR and e-

Privacy Directive requirements and need to ensure that data subjects remain in full control of their personal data						Privacy Directive obligations as a pre-requisite.
Clarity on the terms and conditions under which data can be shared between financial services providers (e. g. fees)				X		
Interoperability across sectors				X		
Clarity on the way data shared will be used					X	
Introduction of mandatory data sharing beyond PSD2 in the framework of EU regulatory regime				X		Data sharing should be regulated and limited.
If mandatory data sharing is considered, making data available free of cost for the recipient		X				
Other						

Question 36: Do you/does your firm already deploy AI based services in a production environment in the EU?

Some players in the Paris Financial Centre already deploy AI based services in a production environment, including the French regulators AMF (for supervisory purposes, in compliance with GDPR) and ACPR (on the basis of public or aggregated data).

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?

At this (early) stage, the members of Paris EUROPLACE have not encountered any major regulatory obstacles to the use of AI.

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?

According to us, one of the most promising areas for AI applications is "big data", mass analytical data processing. AI applications can be very effective decision support tools for consumers and firms, provided that AI is "neutral" (i.e. there is no cognitive bias). For instance, we can observe the development of robot advisors, which are real decision support tools to save time and provide initial expertise for consumers and firms.

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?

We understand that the Commission is currently running a consultation on AI with a view to build an EU regulatory framework. As a preliminary remark, we would like to underline that **only a limited number of AI applications have been developed in the financial sector so far** and that, as a consequence, it is difficult to identify challenges and risks attached to the use of AI based models at this stage.

Financial industry

We suspect that **GDPR may deter the development of AI based models**. Indeed, AI and data are closely intertwined, and data sharing is expected to favour the development of AI. **Another issue is the standardisation of data**. Access to data is a question that goes beyond financial services and also concerns other sectors such as health, transportation or the environment.

Also, from a general standpoint, the existing regulation tends to be paper-orientated not to favour digital options.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
1.1. Lack of legal clarity on certain horizontal EU rules	X					
1.2. Lack of legal clarity on certain sector-specific EU rules	X					

1.3. Lack of skills to develop such models				X		
1.4. Lack of understanding from and oversight by the supervisory authorities				X		
1.5. Concentration risks					X	
1.6. Other						

Consumers/investors

Although at this stage there are no service providers or banks which are totally based on AI, we can foresee an **issue regarding the responsibility of such providers or banks.**

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
2.1. Lack of awareness on the use of an algorithm				X		
2.2. Lack of transparency on how the outcome has been produced				X		
2.3. Lack of understanding on how the outcome has been produced				X		
2.4. Difficult to challenge a specific outcome					X	
2.5. Biases and/or exploitative profiling					X	
2.6. Financial exclusion					X	
2.7. Algorithm-based behavioural manipulation (e.g.					X	

collusion and other coordinated firm behaviour)						
2.8. Loss of privacy				X		
2.9. Other						

Supervisory authorities

A possible issue concerns the **level of competence of regulators and supervisors**, which may vary across the different Member States, in particular depending on their resources (or lack thereof) and depending on their relationships with the entities they regulate and their activities (regulators can learn from the experiences of the entities they regulate; however, at this stage, AI is not very much used in financial services; a number of projects are under consideration but have not been implemented yet).

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
3.1. Lack of expertise in understanding more complex AI-based models used by the supervised entities					X	
3.2. Lack of clarity in explainability requirements, which may lead to reject these models					X	
3.3. Lack of adequate coordination with other authorities (e.g. data protection)				X		
3.4. Biases				X		
3.5. Other						

Question 40. In your opinion, what are the best ways to address these new issues?

First and foremost, we would like to underline that the opportunity to introduce any new regulatory framework should be carefully assessed. For example, we believe that existing tools globally allow to properly manage the new risks implied by AI.

In any case, we would like to recall here that **EU regulation should be technology neutral** and should not aim at one specific technology. We would prefer **guidance by the ESAs** in order to be as close as possible to the needs of market players. No regulation has been developed yet so **we propose to set up an “EU technical sandbox”** (in the same way we call for an “EU regulatory testing zone”), which would allow Fintech companies to get a form of official recognition, at least from a security and regulatory point of view.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
New EU rules on AI at horizontal level	X					
New EU rules on AI for the financial sector	X					
Guidance at EU level for the financial sector					X	
Experimentation on specific AI applications under the control of competent authorities				X		
Certification of AI systems		X				Certification of AI systems by regulators seems premature, as it would freeze any further development. It appears neither necessary nor relevant (for instance, regulators do not deliver any certification for blockchains).

Auditing of AI systems			X		Auditing of AI systems performed by auditors may be useful. For instance, the PACTE law provides that the ANSSI may be consulted in the context of a digital asset service provider's optional authorisation by the AMF.
Registration with and access to AI systems for relevant supervisory authorities			X		Registration implies the existence of a regulatory framework (which is currently not the case). Also, competent authorities would have to be identified. As a consequence, we do not think that AI systems should be registered by supervisory authorities. However, we agree that regulators should have

						access to AI systems.
Other						

Question 41. In your opinion, what are the main barriers for new RegTech solutions to scale up in the Single Market?

Providers of RegTech solutions

First and foremost, we would like to underline that **the development of Regtech companies is an issue of economic sovereignty for the EU**. For example, it seems paradoxical that, to comply with their GDPR obligations, EU companies have to use and share their (possibly strategic) data with non-EU Regtech companies, for the reason that Regtech companies are not available in the EU.

In our opinion, the main barriers for Regtech companies to scale up in the EU include:

- **Access to funding:** From a general standpoint, one core issue for Regtech companies in the EU is their access – or more precisely lack thereof - to appropriate funding. Indeed, Regtech companies in the EU face significant difficulties to access the capital they need to scale up, while their competitors can find the financial resources to develop on a large scale.
- **Lack of harmonisation in the implementation of EU regulations:** Another fundamental issue is that RegTech companies need European regulations to be clear and implemented in a harmonised way across the EU. The more harmonised the rules, the lower the technical/legal investment required to perform their activities in other Member States and the quicker their development. Divergent national implementations of EU laws create a distortion of competition and prevent RegTech companies to scale up in the Single Market.

For example, qualified signature and reporting rules are not implemented in a harmonised way across the EU. Also, the lack of harmonisation in the transposition of MiFID or in the implementation of GDPR, as well as the existence of additional national rules, force RegTech companies to tailor their offer to the specific requirements of each Member State. Also, the lack of standardisation of registers at European level and disparate advancement according to countries (example of beneficial owner register) hinder the development of Regtech companies.

- **Access to data:** Another issue faced by Regtech companies is that they need to have access to data. However, for example, they are not allowed access to AML databases (beneficial owner register, access to Interpol’s database of stolen travel documents...). **It is difficult for Regtech companies to mutualise KYC information** (which would however streamline the experience of customers) and to base their algorithms on information including external data (which would allow a more in-depth analysis).
- **Inconsistency between the encouraged use of AI and transparency obligations:** Financial companies that use algorithms have to be able to explain them – which they are not. In this

respect, an audit / certification of algorithms would be helpful. This would comfort financial companies and encourage them to buy solutions using algorithms.

- **Easy access to regulators:** Regtech companies need to be able to discuss their solutions with national regulators as well as the ESAs and ensure that they understand and comply with the relevant requirements. The slow release by regulatory bodies of official specifications/reference standards which detail implementation requirements makes this need even more crucial. In addition, **validation and accreditation processes by regulators should be speeded up** in order to reduce the time to market of innovative solutions.

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Lack of harmonisation of EU rules				X		
Lack of clarity regarding the interpretation of regulatory requirements (e.g. reporting)				X		
Lack of standards					X	
Lack of real time access to Data from regulated institutions		X				We understand that real time reporting is rarely required so real time access to data is not a crucial issue.
Lack of interactions between RegTech firms, regulated financial institutions and authorities					X	
Lack of supervisory one stop shop for				X		

RegTech within the EU						
Frequent changes in the applicable rules				X		
Other						

Financial service providers

	1 (irrelevant)	2	3	4	5 (fully relevant)	N/A
Lack of harmonisation of EU rules		X				
Lack of trust in newly developed solutions				X		
Lack of harmonised approach to RegTech within the EU		X				
Other						

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?

The harmonisation of reporting rules and their implementation across the EU is a prerequisite for Regtech to perform their activities throughout the EU. Currently, the market is fragmented and does not allow them to do so. For instance, MiFID2 has been transposed differently in each Member State and, as a consequence, financial institutions require Regtech companies to comply with their specific local regulation, rather than with the rules of the European directive. This strongly hinders the scaling up of European Regtech companies.

Currently, in Europe, there are **no official labels** to recognize the compliance of Regtech companies. Some of them have asked the French regulator AMF to offer an optional label, which would increase client trust.

Question 43. In your opinion, which parts of financial services legislation would benefit the most from being translated into machine-executable form?

We believe that the **regulatory and prudential reporting** which insurance companies, banks and investment firms are required to perform would benefit the most from being translated into machine-executable form. Not mentioning that such machine executable form would also benefit regulators, which would receive consistent and comparable data.

However, such translation of the legislation into machine-executable form should rely on a preliminary cost-benefit analysis and be implemented gradually, without disruption. Also, it should not imply any additional reporting obligations.

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?

As a preliminary remark, we would like to note that **we are not in favour of a fully digitalised supervisory approach** in the area of financial services. In our opinion, human intervention will remain necessary.

Nonetheless, we believe that **automating authorisation processes would be very beneficial**. Indeed, automated authorisation processes would be less time consuming and less burdensome. They would also ensure full harmonisation and a true level playing field across the EU, by reducing the room for manoeuvre of Member States and the opportunity for them to gold plate the EU rules.

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?

In our opinion, **the use of supervisory data combined with other publicly available data would make supervision more effective and increase client protection**. For example, supervisors could assess the digital marketing performed by companies and their managers on social media prior to their authorisation.

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?

More than ever, in the context of the post crisis, the development of Fintech companies and more widely of the digital economy, is a key issue of competitiveness and of economic sovereignty for the EU in the context of the global competition. One core issue for their development to develop access funding.

The current crisis emphasizes the need to speed up digitalization in the EU, both in its institutions and in private companies, and **the financial sector in the EU already contributes to funding the digital transition in the EU**. However, we believe that the financial sector in the EU could increase its contribution to the funding of the digital transition.

One general barrier which prevents the financial sector from providing further funding is **the fiscal regime applicable to innovation, which is not attractive enough**. For instance, financial companies may not benefit from fiscal advantages granted to others (negative discrimination).

Further, we believe **the development of crypto-assets could be further promoted**. Indeed, crypto-assets can hasten technological mutations and participate to make the economic and financial system



more secure, more efficient in the allocation of resources and services delivered to citizens, and more concerned regarding current societal and environmental challenges.

Question 47. Are there specific measures needed at EU level to ensure that the digital transformation of the European financial sector is environmentally sustainable?

We would like to underline that the digital transformation of the European financial sector should be coordinated with the European Sustainable Finance Strategy. The most concrete topic for synergies is the production and management of ESG financial data.

While digital financing can contribute to achieving the Sustainable Development Goals (cf. UN Digital Financing Task Force), the European sustainable fintech ecosystem remains of limited size. Through its branch Finance for Tomorrow, Paris EUROPLACE supports in particular the development of start-ups. **The EU could support innovation and experimentation with dedicated research and grant programmes, as well as innovation hubs or sandboxes with a specific focus on sustainable finance.**

EU action should focus on **easing the access to market** in particular of smaller entities, notably by enabling partnerships among stakeholders and by providing enough support and capacity building through national regulators.

Furthermore, we think that retail investors would also benefit from **broader information** on sustainable products, tools, labels, and standards. This would contribute to channeling European savings towards the ecological transition. Such increased awareness could be achieved for example through the integration of financial education in school curriculum, with programmes on sustainability.

Finally, for the digital transformation of the European financial sector to be environmentally sustainable, financial actors should be encouraged to rely on energy-efficient processes and technologies.

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