

The Danish Financial Supervisory Authority

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Contribution to the Danish government's response to the EU consultation on a new digital financial strategy for Europe/FinTech Action Plan

In 2018 the EU-Commission adopted its FinTech Action Plan with the overall aim to support the scaling up of innovative services and businesses across the EU but also enhance the security and resilience of the financial sector. Given the broad and fundamental nature of the challenge in the continuously evolving financial ecosystem the Commission has set out to propose a new Digital Finance Strategy/FinTech Action Plan that sets out a number of areas that the strategy should focus on in the coming five years. The objective of the consultation is to gather stakeholders' views on policies to support digital finance. Therefore, the Danish Chamber of Commerce's input to the Danish government's response to the consultation is elaborated in the following.

General comments

Priority areas

The Commission has set out four priority areas to spur the development of digital finance in Europe:

1. Ensuring that the EU financial services regulatory framework is fit for the digital age
2. Enabling consumers and firms to reap the opportunities offered by the EU-wide Single Market for digital financial services
3. Promoting a data-driven financial sector for the benefit of EU consumers and firms
4. Enhancing the digital operational resilience of the EU financial system.

The Danish Chamber of Commerce generally sees great potential in the evolving financial ecosystem creating opportunities for new and known business models with the object of creating new and potentially better platforms for access to financing opportunities both for companies and consumers. For instance, innovative business models creating alternative ways of financing small businesses or in other ways optimising the classic way of financing. In this context it is important to secure the resilience of the EU financial system for the benefit of both companies and consumers.

The Danish Chamber of Commerce therefore supports the overall priorities for the digital financial strategy for Europe/FinTech Action Plan as set out by the Commission for the consultation.

Specific comments

The regulation framework for digital finance should be technology neutral and innovation friendly

The Danish Chamber of Commerce supports agile and liberal regulation for businesses which is based on securing a level playing field across the EU with room for all business models, known as unknown, while at the same time securing investor protection (both companies and consumers), balanced capital requirements and securing the resilience of the EU financial system. It is, in other words, important not to unduly hinder the emergence and scaling up of new technology while securing protection of existing business and consumers.

Thus, the Danish Chamber of Commerce overall supports the work and conclusions of the ROFI Expert Group on the extent to which the current framework for financial services is technology-neutral and able to accommodate FinTech innovation and whether it needs to be adapted, also with a view to making the framework future-proof.

The Danish Chamber of Commerce therefore generally supports regulation which is fit for the digital age being technology neutral and aiming at including new innovative business models (not preferring or prejudicing a specific provider or technology) and supporting a common, level playing field for all business models. It is in this context important that the regulation focuses on harmonizing and clarifying measures for (new) fintech-solutions across the EU. This could for example be to identify and legislate on potential conflict-of-laws between different regulations on EU-level, standardisation of legal terminology but also ensuring, for instance, technology neutral reporting and compliance criteria and processes.

The creation of a regulatory framework should be based on the principle that activities that create the same risks should be governed by the same proportioned rules and be offered guidance on, e.g., how to meet requirements under the regulation. It is also important to regularly review regulation and guidelines with a view to maintaining proportionality when new technological developments, risk and market conditions arises.

Remove fragmentation of the Single Market for digital financial services

As described above, The Danish Chamber of Commerce supports that the creation of a regulatory framework generally should be based on the principle that activities that create the same risks should be governed by the same proportioned rules as recommended by the ROFI Expert Group.

This includes, e.g., to review requirements laid down for financial services that are now subjected to fragmented regulation with the focus on deciding how these fragmented areas should be applied in a non-fragmented and proportional way. This could, for instance, be the “Know Your Customer” requirements and processes.

Supervising authorities should (continue to) broaden their understanding of the use of technology in financial services, e.g., regulatory sandboxes, innovation hubs or similar schemes with the object of using experiences gained through these to ensure a proportionate, effective supervision with all

actors in the financial ecosystem and to ensure better guidance of new business using new technology. In this context, the Danish Chamber of Commerce supports the development of a regulatory sandbox on EU-level so that knowledge on new technology is shared across the EU.

Regulation should support a data-driven financial sector

The Danish Chamber of Commerce supports that the financial sector should be able to be data-driven and that regulation enables the sector to do so for instance, by introducing technology neutral reporting and compliance criteria and processes.

This must be considered in light of ensuring safety and transparency for companies as well as for consumers as to the ethical use of data, also protected by the GDPR and other regulation on processing of data.

Yours sincerely,

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