



JOINT COMMITTEE OF THE EUROPEAN
SUPERVISORY AUTHORITIES

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PRESS RELEASE

European Supervisory Authorities consult on Big Data

The Joint Committee of the European Supervisory Authorities (ESAs) today launched a [public consultation](#) about the potential benefits and risks of *Big Data* for consumers and financial firms to determine whether any further regulatory or supervisory actions may be needed.

Big Data is a phenomenon linked to the ever increasing availability of data and advances in Information Technology tools, applications, platforms and systems to collect, process and analyse it. Big Data can generate ideas, solutions or predict certain events or behaviours and is already used in the financial industry.

Gabriel Bernardino, Chairman of the European Insurance and Occupational Pensions Authority (EIOPA) and the current Chair of the Joint Committee, said:

"Internet and mobile devices have become a core part of our lifestyle and the ways in which data is generated, collected, stored, processed and used have evolved at unprecedented rates.

"Entire business sectors are being reshaped by building on data analytics and Big Data has the capability to transform the way products and services are provided with potential benefits and risks for consumers and financial institutions.

"The ESAs need to understand better what the Big Data phenomenon means for us as consumers, the financial industry and regulators and therefore invites all stakeholders to share their views."

The ESAs' Discussion Paper notes that Big Data can bring a number of benefits to both financial firms and consumers. Better analytics mean firms can profile

customers in order to personalise products and services, enhance their own internal processes and improve their fraud detection capabilities. For example, banks use financial and payment data to assess consumer credit worthiness; in the insurance sector, firms are finding increasingly innovative ways of gathering data, such as installing telematics devices in cars to monitor consumers' driving behaviour, to offer more personalised premiums and products; and in the securities markets, high frequency traders and asset managers analyse large volumes of data to inform their investment decisions.

At the same time, the ESAs also consider potential risks associated with Big Data, such as access issues for consumers being classified as undesirable due to firms' abilities to undertake more granular analyses. For example, consumers seeking household insurance for properties located in areas exposed to high risks such as floods, earthquakes or crime may have to pay very high premiums or might not be offered an insurance coverage.

Part of the ESAs' mandates is to monitor emerging risks for consumers and financial institutions as well as new financial activities. Existing EU legislation on data protection, competition and consumer protection, which share the common goals of promoting economic growth, innovation and the welfare of individual consumers, are relevant for financial firms while not explicitly addressing Big Data. The Discussion Paper asks whether the existing regulatory framework is sufficiently flexible to cover Big Data, has gaps which need to be filled and how it impacts the use of Big Data technologies. The consultation closes on 17 March 2017.

Notes for editors

The Joint Committee is a forum for cooperation that was established on 1 January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).

Through the Joint Committee, the three ESAs cooperate regularly and closely to ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering. In addition, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB).

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