

Closing remarks

Launch of the EU Digital Finance Platform – virtual event (8 April 2022)

Verena Ross, ESMA Chair

Thank you for inviting me to the launch of the EU Digital Finance Platform. Before we draw this very productive and interesting event to a close, I'd like to share a few reflections with you.

Today we have launched an important joint initiative between the EC, ESAs and national competent authorities. As proposed by the EU Digital Finance Strategy, the Digital Finance Platform will support financial innovation and embrace digital technologies, for the good of our economy and EU citizens.

One effect of ongoing platformisation of financial services in Europe is to make it easier to access various offers, compare services and get information at the touch of a button. By the same token, the EU Digital Finance Platform will bring together a wealth of information, data and communications in one place, supporting innovative firms and regulators. It will build links between financial authorities and the industry.

This initiative is about us regulators being innovative ourselves. We are adapting the existing regulatory and supervisory tools to the increasingly digitalised financial markets and developing new ways of cross-border cooperation.

Supporting innovation facilitators

The Digital Finance Platform will primarily support cross-border activities of national financial facilitators in their engagements with innovative FinTechs in Europe. And when I talk about innovation facilitators here, I use the term broadly. I have in mind any sort of regulatory approach to innovation that involves a dialogue between regulators and market participants, whether the latter are regulated or unregulated. Fundamentally, innovation facilitators help us as regulators to create a dialogue and encourage openness to new ideas.

National innovation facilitators include hubs, sandboxes and accelerators. The events they host have a range of eye-catching names – such as techsprints, hackathons and buildathons. But they all have a common aim to make regulation and supervision support innovation, while staying alert and responsive to emerging risks. Innovation facilitators therefore promote smart regulation, where innovation and supervision go hand in hand.



When someone has a good idea, it tends to spread quickly, and innovation facilitators are no exception. All Member States have now established innovation hubs or sandboxes. They see that this approach in regulating innovation brings major benefits.

Building on the work of the European Forum of Innovation Facilitators (EFIF)

As you know innovation facilitators operate at the national level in Europe. Coordinating their activities at the EU level is key to ensure supervisory convergence. We should aim to find common approaches to innovation across the Union where possible. There is already a mechanism of coordination between hubs and sandboxes in place – the European Forum of Innovation Facilitators (EFIF). Established by the EC and the ESAs in 2019 following the joint ESA report on innovation facilitators, it has brought together firms and regulators. The Digital Platform we are launching today will complement and enhance the work of the EFIF by supporting cross-border activities of the national innovation facilitators.

The EFIF was created to promote greater coordination and cooperation between national innovation facilitators and the EU-level authorities and with that support the scaling up of FinTech across the single market. And it has proved to be a success, on which the Digital Finance Platform will be able to build.

In the past three years the EFIF has organised 12 meetings bringing together European and national competent authorities, experts and FinTechs. Although the EFIF is a voluntary forum, its meetings have consistently enjoyed excellent participation – around 60 attendees at a time – and strong positive feedback from those involved. Representatives of national financial facilitators have shared their experiences and technological expertise from their engagements with innovative firms through regulatory sandboxes and hubs. NCAs have been able to discuss common approaches on the regulatory treatment of innovative products and services. The result has been stronger coordination and closer supervisory convergence.

The aim of the EFIF is also to help digital financial service scale up across the single market. As part of this, it monitors for potential regulatory obstacles to the scaling up of technology-enabled products, services and business models.

EFIF meetings have covered many different areas of innovation. To give you a flavour of the breadth of work, let me list a few: tokenisation, DLT, stablecoins, AI, Big Data, platformisation, green FinTech, Open Finance, APIs and crypto-assets. Additionally, some meetings have examined topical themes, such as how FinTech has been affected by the pandemic, and how the Covid-19 response in turn has shaped the FinTech market.

An important focus across meetings has been to examine specific case studies. For example, delegates have examined many RegTech business models and solutions. Supervisors have been able to collaborate in responding to firm -specific issues, for example questions about licensing.

Enabling the Cross-Border Testing Framework

The Cross-Border Testing Framework is one of the most prominent projects of the EFIF in the past year, and links closely to the Digital Finance Platform. The Framework assists innovative FinTechs in their engagement with innovation facilitators cross-border through digital tools.

The ultimate purpose of this initiative is to help innovators save time and money as they deliver new products and services to the market. At the same time, the Framework helps regulators and supervisors identify emerging risks. Which new products and services should be regulated through current rules? Where might new rules be needed? Answering these questions is a core part of our work, though of course it is no easy task.

You have already heard much discussion this morning of the Framework's goals and features. So I will simply reiterate our common aspiration for the Framework - to be a success and be another solid building block of the European Single Market.

The Digital Platform that we are inaugurating today will act as the basis for the Cross-Border Testing Framework. Today we are therefore marking not only the start of the Digital Platform but also the opening of the Cross-Border Testing Framework.

An ambitious agenda for the Digital Finance Platform

Let me conclude by taking stock of where we are and then turning to the future. The EU Digital Finance Platform is a timely and promising initiative. ESMA, together with the other ESAs, has supported and will continue to support it. A key part of this support has been the information and data needed to design it, which we have been collecting from the market and from other authorities. As of today, the Platform will support several functionalities, including the European Fintech Map, Sharing Knowledge and Policy Corner. It provides a single access point for all the information related to facilitating financial innovation in Europe. It will also enable the functionalities related to cross-border testing, as I mentioned earlier.

But the ambition for the Platform is greater than this. In phase 2 the Platform will host a Data Hub to be used by the industry and supervisory authorities to enhance their toolkit and their capacities in testing innovations. We look forward to working on the Data Hub with the Commission and making the Digital Platform a tool that will be recognised and used by FinTech in Europe.

With that exciting outlook, I close this launch event and thank you for your participation and attention.