# Digital Finance Package: Commission sets out new, ambitious approach to encourage responsible innovation to benefit consumers and businesses

Brussels, 24 September 2020

The European Commission has today adopted a new Digital Finance Package, including Digital Finance and Retail Payments Strategies, and legislative proposals on crypto-assets and digital resilience. Today's package will boost Europe's competitiveness and innovation in the financial sector, paving the way for Europe to become a global standard-setter. It will give consumers more choice and opportunities in financial services and modern payments, while at the same time ensuring consumer protection and financial stability.

Today's measures will be crucial in supporting the EU's economic recovery as it will unlock new ways of channelling funding to Europe's businesses, while also playing a key role in delivering the European Green Deal and the New Industrial Strategy for Europe. By making rules safer and more digital friendly for consumers, the Commission aims to boost responsible innovation in the EU's financial sector, especially for highly innovative digital start-ups, while mitigating any potential risks related to investor protection, money laundering and cyber-crime.

Valdis **Dombrovskis**, Executive Vice-President for an Economy that works for People, said: "*The future of finance is digital. We saw during the lockdown how people were able to get access to financial services thanks to digital technologies such as online banking and fintech solutions. Technology has much more to offer consumers and businesses and we should embrace the digital transformation proactively, while mitigating any potential risks. That's what today's package aims to do. An innovative digital single market for finance will benefit Europeans and will be key to Europe's economic recovery by offering better financial products for consumers and opening up new funding channels for companies.*"

Today's Digital Finance Package consists of a Digital Finance Strategy, a Retail Payments Strategy, legislative proposals for an EU regulatory framework on crypto-assets, and proposals for an EU regulatory framework on digital operational resilience.

### A Digital Finance Strategy: towards a European financial data space - new ways of channelling funding to SMEs - better financial products for consumers

The aim of today's Digital Finance Strategy is to make Europe's financial services more digital-friendly and to stimulate responsible innovation and competition among financial service providers in the EU. It will reduce fragmentation in the digital single market, so that consumers can have access to financial products across borders and that Fintech start-ups scale up and grow. It will ensure that EU financial services rules are fit for the digital age, for applications such as artificial intelligence and blockchain. Data management is also at the heart of today's strategy. In keeping with the Commission's broader Data Strategy, the objective of today's measures is to promote data sharing and open finance, while maintaining the EU's very high standards on privacy and data protection. Finally, the strategy aims to ensure a level playing field among providers of financial services, be they traditional banks or technology companies: same activity, same risks, same rules.

### A Retail Payments Strategy: modern and cost effective payments

Today's strategy aims to bring safe, fast and reliable payment services to European citizens and businesses. It will make it easier for consumers to pay in shops and make e-commerce transactions safely and conveniently. It seeks to achieve a fully integrated retail payments system in the EU, including instant cross-border payment solutions. This will facilitate payments in euro between the EU and other jurisdictions. It will promote the emergence of home-grown and pan–European payment solutions.

### Legislative proposals on crypto-assets: seizing opportunities and mitigating risks

The Commission has today proposed for the first time new legislation on crypto-assets (a digital representation of values or rights that can be stored and traded electronically). The 'Regulation on Markets in Crypto Assets' (MiCA) will boost innovation while preserving financial stability and protecting investors from risks. This will provide legal clarity and certainty for crypto-asset issuers and providers. The new rules will allow operators authorised in one Member State to provide their services across the EU ("passporting"). Safeguards include capital requirements, custody of assets, a mandatory complaint holder procedure available to investors, and rights of the investor against the issuer. Issuers of significant asset-backed crypto-assets (so-called global 'stablecoins') would be subject to more stringent

requirements (e.g. in terms of capital, investor rights and supervision).

The Commission is also proposing today a pilot regime for market infrastructures that wish to try to trade and settle transactions in financial instruments in crypto-asset form. The pilot regime represents a so-called 'sandbox' approach – or controlled environment – which allows temporary derogations from existing rules so that regulators can gain experience on the use of distributed ledger technology in market infrastructures, while ensuring that they can deal with risks to investor protection, market integrity and financial stability. The intention is to allow companies to test and learn more about how existing rules fare in practice.

**Legislative proposals on digital operational resilience: closing the door to cyber attacks and enhancing oversight of outsourced services**

Technology companies are becoming more and more important in the area of finance, both as IT providers for financial firms, as well as providers of financial services themselves. Today's proposed 'Digital Operational Resilience Act' (DORA) aims to ensure that all participants in the financial system have the necessary safeguards in place to mitigate cyber-attacks and other risks. The proposed legislation will require all firms to ensure that they can withstand all types of Information and Communication Technology (ICT) - related disruptions and threats. Today's proposal also introduces an oversight framework for ICT providers, such as cloud computing service providers.

# Background

Today's Digital Finance Package builds on the work carried out in the context of the FinTech Action Plan of 2018 and the work of the European Parliament, European Supervisory Authorities (ESAs) and other experts. While preparing the Digital Finance Package, the Commission engaged with stakeholders and the public in many ways. The Commission organised Digital Finance Outreach events, a series of events with stakeholders that took place in Member States and in Brussels in spring 2020. The Commission had also organised three public consultations to gather feedback from a broad range of stakeholders[1].

In the area of retail payments, the Payment Services Directive 2 (PSD2) was already an important step at legislative level. However, PSD2 will be reviewed in Q4 2021, and adjusted where necessary, in order to support the implementation of the retail payments strategy policies. The Commission had also published a public consultation for a Retail Payments Strategy for Europe in the first semester of 2020. The Commission took into account the responses to the consultation when shaping the EU actions in the area of retail payments.

# For more information

Links to today's package

Questions and Answers

Factsheet

[1] https://ec.europa.eu/info/consultations/finance-2020-digital-finance-strategy_en; https://ec.europa.eu/info/consultations/finance-2020-retail-payments-strategy_en; https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/2019-financial-services-digital-resilience-consultation-document_en.pdf

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