

# Summary of Conclusions

18<sup>th</sup> EFIF conference call, 29 February 2024

## 1. Opening remarks by EIOPA, Chair of the EFIF

EIOPA opened the meeting by welcoming participants and expressing his pleasure to chair the EFIF in 2024 on behalf of EIOPA.

## 2. Innovation facilitators: Update on Developments

### Presentation by EIOPA & tour de table

EIOPA thanked EFIF members for their input and informed them that the approach to collecting it had been slightly revised aimed to obtain a clearer perspective on trends and major technologies used. EIOPA briefly summarised the input received and indicated that a total of 186 inquiries were received, slightly less than last year, possibly due to the Christmas break (to be monitored).

### Tour de table:

Some EFIF members shared recent developments related to their national innovation facilitators, including updates on sandbox projects and other related activities. Some members reported initiatives in view of regulatory and industry developments in the area of open finance and artificial intelligence. Some others highlighted their participation in the EU dialogue on the European Blockchain Regulatory Sandbox. One member mentioned organising a SupTech tech sprint on the use of GenAI for supervisors. Another member announced the launch of a consultation paper on their innovation hub and sandbox programme. One member reported a rising interest in crypto markets.

## 3. Regulatory barriers and uncertainties identified via innovation facilitators

### Presenters: Bank of Spain and EIOPA

Bank of Spain presented the work of the Spanish regulatory sandbox and then focused on the most relevant regulatory barriers and uncertainties encountered in the projects monitored by the Bank of Spain. These concerns involve questions regarding compliance with various regulations, including GDPR, eIDAS, and AML regulations, as well as the application of MiCA.

### Discussion:

Some members referred to similar barriers/uncertainties. Members agreed on the importance of capturing barriers and assessing them.

Following the discussion, EIOPA briefly summarised the input collected from EFIF members prior to the meeting regarding cross-sectoral use cases & challenges identified via innovation facilitation work.

## 4. Follow-up to EFIF Report on BigTechs: Introduction to the Digital Markets Act and other activities of DG COMP on BigTech

Presenter: European Commission, Directorate-General Competition (DG COMP)

DG COMP provided an overview of the approach adopted by the EC to supervise BigTechs. DG COMP then focused on the Digital Markets Act (DMA), which will start to apply to gatekeepers on 7 March 2024, outlining the issues that the DMA aims to address, its objectives, and how it interacts with other regulations. DG COMP explained the scope of the DMA and their core services. Finally, DG COMP highlighted the potential outcomes of the DMA and the opportunities it will present for stakeholders, including those in the banking and insurance sectors.

## 5. Global view on innovation hub and sandbox activities: assessing progress and extracting insights

Presenter: International Monetary Fund (IMF)

IMF offered a critical examination of sandboxes through a report they have recently published, which reviews 100 sandboxes from jurisdictions across the world. While acknowledging the benefits of sandboxes, IMF noted that in many cases, existing supervisory functions, sometimes with private sector involvement, achieve similar goals without the need for innovation facilitators. IMF explained that in view of the analysis there is limited evidence that sandboxes have significantly impacted policy or markets, however, they serve as signals of regulatory readiness for innovative propositions. IMF also indicated that post-implementation reviews of sandboxes efficacy are limited. However, sandboxes may work well as a signalling device to firms developing innovative propositions. Looking ahead, IMF highlighted the importance of data flows, especially in the context of big tech and banks as a service, with the IMF exploring this area further.

## 6. Facilitating innovation: the UK perspective

Presenter: Financial Conduct Authority (FCA - UK) - [background document](#): *FCA Innovation Services (UK FCA – slides)*.

FCA presented the innovation services they offer, which span the entire innovation lifecycle from idea generation and development in the TechSprint to final testing in the sandbox. FCA elaborated on FCA's activities in this area and emphasised the advantages of the regulatory sandbox. FCA provided additional insights into AI propositions and outlined the most relevant business models identified through their activities, including on financial inclusion.

## 7. Update: EU Digital Finance Platform

Presenter: European Commission - DG FISMA

DG FISMA provided an overview of the data hub as an additional feature of the digital finance platform. This hub is designed to provide firms with access to large datasets, contributing to bridge

the gap between big tech companies and smaller firms. DG FISMA explained that the data hub contains synthetic data created from the information provided by the NCAs. DG FISMA highlighted that a contractor is employed to synthesise the data, and real data never leaves the servers of the NCAs. NCAs are encouraged to actively contribute to the data hub by sharing their datasets.

## 8. Cross-border testing: Update and discussion

Presenter: EIOPA

EIOPA explained that there has been limited interest in cross-border testing. In view of this, EIOPA indicated that there was a need to conduct an assessment and root cause analysis to understand why uptake is low and explore potential solutions. EIOPA explained that to this end included some targeted questions in the survey submitted to members prior to the meeting. Then EIOPA provided an overview of the input received, according to which, at the moment, there was a general reluctance of members in this initiative.

Discussion: EIOPA suggested taking some further time to reflect on the initiative, and deprioritising this for now. EIOPA added this could be revisited in the future. Members agreed with this proposal.

## 9. EU TechSprint: Discussion

Presenters: European Commission (DG FISMA) and EIOPA

EIOPA introduced the item indicating that this proposal followed up on the EC's proposal in the November 2023 meeting to explore new initiatives to foster interaction with the industry.

DG FISMA presented a discussion note outlining the proposal to organise this activity at the EU level in collaboration with EFIF members. The initiative aims to understand industry barriers to innovation and address fragmentation, particularly in specific areas of digital finance like AI and tokenization. To discuss the details, it is proposed to form a project group consisting of interested EFIF members.

Discussion:

Some EFIF members requested additional information about the project including its format, and expectations. DG COMP and EIOPA agreed to provide more substance and delineate the initiative's scope to proceed with this initiative.

## 10. Closing remarks

EIOPA closed the meeting by thanking all the members and contributors for their active participation, adding that the next meeting is scheduled for 16 May 2024 and will be held online.