

# ESAs weigh benefits and risks of Big Data

NEWS

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The Joint Committee of the European Supervisory Authorities (ESAs) published today its final [report on Big Data](#) analysing its impact on consumers and financial firms. Overall, the ESAs have found that while the development of Big Data poses some potential risks to financial services consumers, the benefits of this innovation currently outweigh these. Many of the risks identified by the ESAs are mitigated by existing legislation.

The report concludes that Big Data brings many benefits for the financial industry and consumers, such as more tailored products and services, improved fraud analytics, or enhanced efficiency of organisational internal procedures. On the other hand, financial services consumers should be made particularly aware of some of the risks posed by Big Data. The risks identified by the ESAs include the potential for errors in Big Data tools, which may lead to incorrect decisions being taken by financial service providers. Additionally, the increasing level of segmentation of customers, enabled by Big Data, may potentially influence the access and availability of certain financial services or products.

Weighing both the benefits and the risks associated with this innovation, the ESAs have concluded that any legislative intervention at this point would be premature, considering that the existing legislation should mitigate many of the risks identified. The ESAs will continue to monitor any developments in this area in the coming years and invite financial firms to develop and implement good practices on the use of Big Data.

The objectives of the report was to

- map the Big Data phenomenon and assess its potential benefits and risks;
- raise awareness among consumers of their rights set in existing financial legislation and in other relevant areas; and

raise awareness of financial institutions of their obligations set in existing financial legislation and encourage the adaptation of good practices on Big Data.

The report results from a consultation conducted between December 2016 and March 2017.

#### Notes for editors

The ESAs have created a [factsheet on Big Data](#), aiming at informing consumers of financial services about the impact of Big Data. The factsheet provides consumers with the information about the potential benefits and risks of the use of Big Data techniques and aims to raise awareness of the measures consumers can take if they experience issues related to the use of Big Data.

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).