# Summary of Conclusions

## 15<sup>th</sup> EFIF conference call, 23 May 2023

## 1. Opening remarks by Ruta Merkeviciute, Chair of the EFIF

EBA opened the meeting by welcoming participants and thanking contributors to the Newsletter and overall the input provided on different topics.

## 2. Innovation facilitators: Update on Developments

Presentation by EBA & tour de table

EBA briefly summarized the input received from EFIF members prior to the meeting, highlighting that 352 cases/inquiries were reported since the February 2023 meeting, what means that they have increased by 43%. DLT/crypto-assets, payments services and open finance were the most common use cases reported in the period, and regarding cases/inquiries linked to digital identities, the main use cases tested in sandboxes were digital onboarding of customers, automated ID verification and face recognition and online contracting.

Discussion: Some EFIF members shared recent developments related to their national innovation facilitators, in particular with regards to the publication of reports on the activity of innovation hubs and regulatory sandboxes, and sharing whether interest in hubs and sandboxes has increased or reduced in their jurisdictions. One member shared that it has issued for public consultation a Report on the strategic approach to innovation facilitators. A member shared that they recently organised meetings with other Member States on MiCA preparedness. One member shared that they have established a new Digital Finance Supervision Section. A member shared that it is testing a solution for remote onboarding, but that it recognizes that it cannot be launched in the market due to existing regulation. A member explained it has recently published a report on the Survey on the use of Machine Learning algorithms by insurance companies in their relations with policyholders. A member shared that it has set up a Discussion Group on Open Finance, in anticipation of the Commission proposal for an Open Finance framework, and that is has published a discussion paper on DeFi to engage with the industry to understand the implications of DeFi.

## 3. Updated joint ESAs Report on innovation facilitators

Presentation by EBA

EBA presented initial findings from the EFIF survey on innovation hubs, regulatory sandboxes and new types of initiatives, that will be the basis for the upcoming joint ESAs report on innovation facilitators. Member were invited to discuss on risks and challenges identified and on what could be done to address industry suggestions.

Discussion: Some EFIF members suggested additional aspects that should be included among the challenges identified and clarifications that may be needed regarding sandboxes. Additional discussions took place on the challenges of cross border testing and of the use of synthetic data for testing in sandboxes.

## 4. Cross-sectoral mapping of innovative distribution of financial services by MAGs

Presentation by EBA

EBA presented the draft outline and the survey template for the Report on the 2023 stocktaking on MAGs activity, highlighting that the report will be based on the input provided by EFIF members through the survey. The ESAs staff will analyse the results of the survey and the preliminary findings will be discussed in the next EFIF meeting.

## 5. EFIF Innovation Taxonomy

Presentation by EBA

EBA presented the proposed approach to update the EFIF Financial Innovations Mapping and use of the updated glossary in ESAs and EFIF members' innovation monitoring and policy related work.

Discussion: Members overall welcomed this work and highlighted the importance of having a common innovation taxonomy. Some members proposed specific suggestions for the mapping, and others shared internal fintech taxonomies they have developed.

## 6. MFSA FinTech Adoption Study

Presentation by MFSA

MFSA presented the study published in March 2023 focusing on Digital Transformation & FinTech adoption within the Maltese financial services sector. The objectives of the study were to understand the market conditions, identify the main fintech service providers, and identify the prospective digital transformation strategies.

## 7. EBA – SCA & digital wallets

Presentation by EBA

EBA explained the interaction between the legal requirements for the application of strong customer authentication (SCA) under PSD2 and digital wallets and digitised payment cards, highlighting that the main issue for the EBA has been that digital wallet providers impose their authentication approaches and insist PSPs to rely on their authentication methods. Due to this issued, the EBA recently issued 6 Q&As to clarify the application of SCA to digital wallets under the PSD2.

## 8. EBA Guidelines on remote customer onboarding

Presentation by EBA

EBA presented the Guidelines on Remote Customer Onboarding published in November 2022, whose objective was to bring clarity on what is allowed when onboarding new customers remotely. The EBA clarified that as opposed to the need for human involvement, the key aspect is whether the onboarding follows an attended or a non-attended journey.

## 9. Commission – EU Digital Identity Wallet (EUDIW) & European Blockchain Services Infrastructure (EBSI)

Presentation by EC – DG CNECT

EC explained that the objective of the proposal for a revised eIDAS Regulation, which includes rules on a new EU Digital Identity Wallet, is to enhance trust in the internal market by allowing citizens to use the same eID tool in public and private services. Regarding EBSI, EC explained that the aim is to create a common pan-European blockchain infrastructure for public and private companies to develop solutions following a decentralised model. They shared that the EU blockchain policy also includes a European Blockchain Partnership (EBP), an International Association of Trusted Blockchain Applications (INATBA), to support global cooperation and interoperability and the EU Blockchain Observatory and Forum (EUBOF), among others.

## 10. ENISA – Security aspects of eID and SSIs

Presentation by ENISA

ENISA provided an overview of the landscape of Cybersecurity legislation and ENISA's role in the eIDAS policy context. ENISA shared they have conducted an analysis of identity proofing methods used by trust services providers, and shared an assessment of the scope of security attacks that can happen with remote face verification.

## 11. Alastria & Dalion

Presentation by Carlos Pastor (Inetum) & Coty de Monteverde (Santander)

Coty (Santander) presented the Alastria Association, created in Spain to develop cross-sectoral solutions based on blockchain technology, and the Dalion consortium, a distributed digital identity solution using DLT tested in the Spanish regulatory sandbox. Carlos (Inetum) explained that Alastria works in a decentralised model that Dalion's solution is GDPR-compliant, as there is no need for a third party to read or use personal data. He shared that Dalion already accounts for a public permissioned network with approximately 100 nodes running. They also explained that Dalion is a consortium composed by banks, insurance companies, a university and other technology companies that work in a collaborative manner and that are open to include companies from other sectors and credentials from new use cases. The solution will soon start being deployed in real business cases.

Discussion: discussions were held on the information flows between the wallet and the issuers of credentials, the storing of data in the DLT network and on the future interaction between Dalion and the EUDIW.

## 12. NOBID

Presentation by Michele Silletti (Italian Dipartimento per la Trasformazione Digitale), Oliver Lauer (DSGV) & Gian Battista (Intesa Sanpaolo)

Michele presented the Nordic-Baltic eID (NOBID) Consortium, whose objective is to enable the use of national eID solutions across the Nordic and Baltic regions, with the additional participation of the

DSGV from Germany and Italian stakeholders. Oliver and Gian explained NOBID's payments use case for domestic and cross border usage, and their Pan-European Payments Pilot for EU Digital ID Wallet.

## 13. Closing remarks and next steps

EBA closed the meeting by thanking all the members and contributors for their active participation, adding that the next meeting is planned for 21 September 2023.