

## **ANEC reply to European Commission public consultation on FinTech: a more competitive and innovative European financial sector<sup>1</sup>**

### **Introduction**

This ANEC position aims at expressing our views on how to protect consumers in the development of European Standards on Fintech.

Regrettably the European Commission's consultation links standards exclusively to the role of industry (section 3 'Making the single market more competitive by lowering barriers to entry') while there is European legislation and policy which recognises that standardisation concerns a wide array of stakeholders, including consumers<sup>2</sup>.

ANEC believes that certain consumer issues cannot be dealt with only by legislation and standards can play a role in consumer protection as they can determine the manner in which a product or a service is designed or provided, before it is placed on the market.

We focus our contribution on the questions of the consultation which are relevant from a consumer and standardisation point of view.

Other issues might be beyond the scope of our position paper and we refer to the BEUC position and TACD position in order to cover the whole spectrum of consumer protection in Fintech<sup>3</sup>.

### **ANEC answers**

*3.9. Should the Commission set up or support an "Innovation Academy" gathering industry experts, competent authorities (including data protection and cybersecurity authorities) and consumer organisations to share practices and discuss regulatory and supervisory concerns? If yes, please specify how these programs should be organised?*

- Yes, currently limited representation of persons from academia, cryptocurrency industry or those that have financial crime prevention, cryptocurrency and investigation knowledge. A hub would be supportive in knowledge transfer.

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<sup>1</sup> <https://ec.europa.eu/eusurvey/runner/fintech-2017#>

<sup>2</sup> Regulation 1015/2012 on European Standardisation.

<sup>3</sup> [www.beuc.eu](http://www.beuc.eu), [www.tacd.org](http://www.tacd.org)

- Training programs should be implemented for DLT tech / understanding for those in:
  - Financial institutions
  - Security of data and legacy system integration
  - Compliance roles
  - Investigation roles
  - Consumers
- Some universities have developed programs for corporate compliance and DLT investigations – these courses are undertaken by students and professionals (law enforcement, industry).

*Question 3.12.1: Is the development of technical standards and interoperability for FinTech in the EU sufficiently addressed as part of the European System of Financial Supervision?*

*Question 3.12.2: Is the current level of data standardisation and interoperability an obstacle to taking full advantage of outsourcing opportunities?*

*Question 3.13: In which areas could EU or global level standards facilitate the efficiency and interoperability of FinTech solutions? What would be the most effective and competition friendly approach to develop these standards?*

Standardisation and interoperability are essential to ensure reliable services for consumers. Issues such as Application Programming Interface (API) to communicate with third parties and identity management would benefit from harmonisation. Most P2P / DLT technology offers a degree of anonymity for consumers and participants though transaction activity is transparent. Sharing of information between entities needs to be further developed to protect consumers and institutions alike. The European Standardisation Organisations should act as platform to elaborate and gather consensus on FinTech standards but more input from FinTech specialists is required.

ANEC welcomes the intention of the European Commission to include Fintech among the topics of the 2017 ICT Rolling plan for European standardization. Standards should ensure data security, privacy and data minimization.

*Question 3.14: Should the EU institutions promote an open source model where libraries of open source solutions are available to developers and innovators to develop new products and services under specific open sources licenses?*

We wonder what would be the incentives for developers and innovators and how could commercial providers be incentivised to promote open source. The impact of licensing and regulation should be considered.

*4.2. To what extent could DLT solutions provide a reliable tool for financial information storing and sharing? Are there alternative technological solutions?*

Whilst other solutions are available, DLT offer a reliable method to provide an immutable dataset – whether for transactions or to show decisions made that are not changeable by any stakeholder.

*4.3. Are digital identity frameworks sufficiently developed to be used with DLT or other technological solutions in financial services?*

No, this remains one of the most crucial element to be dealt with for mainstream services both for consumers and those that are audited and require demonstrable identity checks for consumers and counterparties.

*4.4. What are the challenges for using DLT regarding personal data protection and how could they be overcome?*

The possibility of an intermediary that would act as a verification partner for identity and therefore hold personal data should be considered. However the question would be who could be trusted to confirm the identity of a person. Usually this undertaking would be from government entities/public services.

*4.7. What additional (minimum) cybersecurity requirements for financial service providers and market infrastructures should be included as a complement to the existing requirements (if any)? What kind of proportionality should apply to this regime?*

- Minimum standard of training of staff in financial institutions to prevent money laundering and rejection of lawful transactions.
- Investigation techniques not developed
- Framework for crypto-currencies not developed
- Training material not in public domain
- Understanding of main breaches within the main types of crypto-currencies (Ethereum DAO incident) should be undertaken to increase consumer protection.

ENDS.

## About ANEC

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ANEC is the European consumer voice in standardisation, defending consumer interests in the processes of technical standardisation and conformity assessment, as well as related legislation and public policies. ANEC was established in 1995 as an international non-profit association under Belgian law and is open to the representation of national consumer organisations in 34 countries. ANEC is funded by the European Union and EFTA, with national consumer organisations contributing in kind. Its Secretariat is based in Brussels.



***Raising standards for consumers***

**European association for the coordination of consumer representation in standardisation  
aisbl**

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