



The Future of the Banking Industry

Dialogue with the Banking Industry on ESCB Statistics

Frankfurt, 16 March 2018



Vision 'Banking 2020-2025'

*From repair,
to recovery
to a financial
system that
creates &
support
economic
opportunities*



Next generation banking services must be reliable, safe and driven by innovation



- Further digitisation is needed to provide better services and financing to consumers & businesses
- Strengthening competitiveness of European banks with other leading markets
- Regulation that does not hurdle innovation, but at the same time applies same risks, same services, same rules principle to all actors
- Further assess the applicability of new technologies (AI, DLT, Cryptocurrencies) and remove obstacles for proven applications (cloud, big data analytics, e-identification)
- Bolstering cyber resilience of the sector, cyber risk keeps increasing
- Work on green finance and High-Level Expert Group on Sustainable Finance

Banking in 2025

- Embrace Fintech developments and competitors – we are all innovators
- Industry is forming many technology partnerships via different models
 - > investing, merging, accelerating, integrating, optimising
- Consumer protection, security and financial stability need to be maintained at any cost
- Equal contribution to an innovative and competitive ecosystem:
 - > *“same services, same risks, same rules and same supervision”*
- Cross-border activity will increase (M&A, Pan-EU expansion, banking union)
- As services become more virtual, human dimension not be overlooked
 - > focus on financial education and digital skills becomes essential for consumer protection and cybersecurity.

European banks as a main driver of the digital economy

- **Key priority for EBF:** Recommending a conducive regulatory environment in order to enable the digital transformation of banks with secure financial services and products
- Banks have historical adoption of emerging technology, from ATM to Artificial Intelligence
- 2015: Positioning banks as a building block of the Digital Single Market
- 2015: Digital Banking Blueprint + creation of the EBF Digital Strategy Group
- 2016: Digital Banking Vision Paper, CEO Roundtable, EC Fintech Taskforce
- 2017: Engagement with the Fintech community, emerging technologies
- 2018: Deepening of EBF digital workstreams, knowledge sharing on emerging technologies

Digital & Retail strategic themes 2018



DATA	PAYMENTS	CYBERSECURITY	CLOUD	OTHERS
↓	↓	↓	↓	↓
Article 29 WP Guidelines	EBA RTS	Dialogue with supervisors	EBA Recommendations	Digital Skills
GDPR Implementation	PSD2 Implementation	Partnerships	EBF Cloud Banking Forum	Blockchain/Cryptocurrency
E-privacy	Cross-border payments	Awareness raising	Free flow of data	E-Identification
Artificial Intelligence	Dynamic currency conversion	EC Cybersecurity Act	EC WGs cloud security certification & portability	Online-Platform
				Digital Single Market
				Action Plan Retail FS

FINTECH EC Fintech Action plan Community engagement	GEN. BANKING REGULATION Treatment of software RegTech	CEO ROUNDTABLE DIGITAL	EU FRAMEWORK OF EXPERIMENTATION	INTERNATIONAL
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EBF: partnering for growth



 DIGITAL
FINANCE
EUROPE
Partnering for growth

SAVE THE DATE
WEDNESDAY 26 SEPTEMBER 2018
AT THE NATIONAL BANK OF BELGIUM

#DFE18

organized by  &  B·HIVE



**EBF Cloud
Banking
Forum**



Digital Skills and
Jobs Coalition



 **EUROPOL**

EC3 | European Cybercrime
Centre

Sectors of innovative services - Fintech

Sectoral innovations				
Market support services	Credit, deposit, and capital-raising services	Payments, clearing and settlement services		Investment management services
		Crowdfunding	Retail	Wholesale
	Lending marketplaces	Mobile wallets	Value transfer networks	Copy trading
	Mobile banks	Peer-to-peer transfers	FX wholesale	E-trading
	Credit scoring	Digital currencies	Digital exchange platforms	Robo-advice
		Portal and data aggregators		
		Ecosystems (infrastructure, open source, APIs)		
		Data applications (big data analysis, machine learning, predictive modelling)		
		Distributed ledger technology (blockchain, smart contracts)		
		Security (customer identification and authentication)		
		Cloud computing		
		Internet of things / mobile technology		
		Artificial intelligence (bots, automation in finance, algorithms)		

Impact on payment statistics

- PISPs/AISPs/CISPs
 - > How can banks report on third party activity?
- CISPs
 - > Understanding fraud

Understanding consumer behaviour

- Could fintech solutions help improve money management?
- If fintech usage grows, how should authorities interpret the data?

Example:

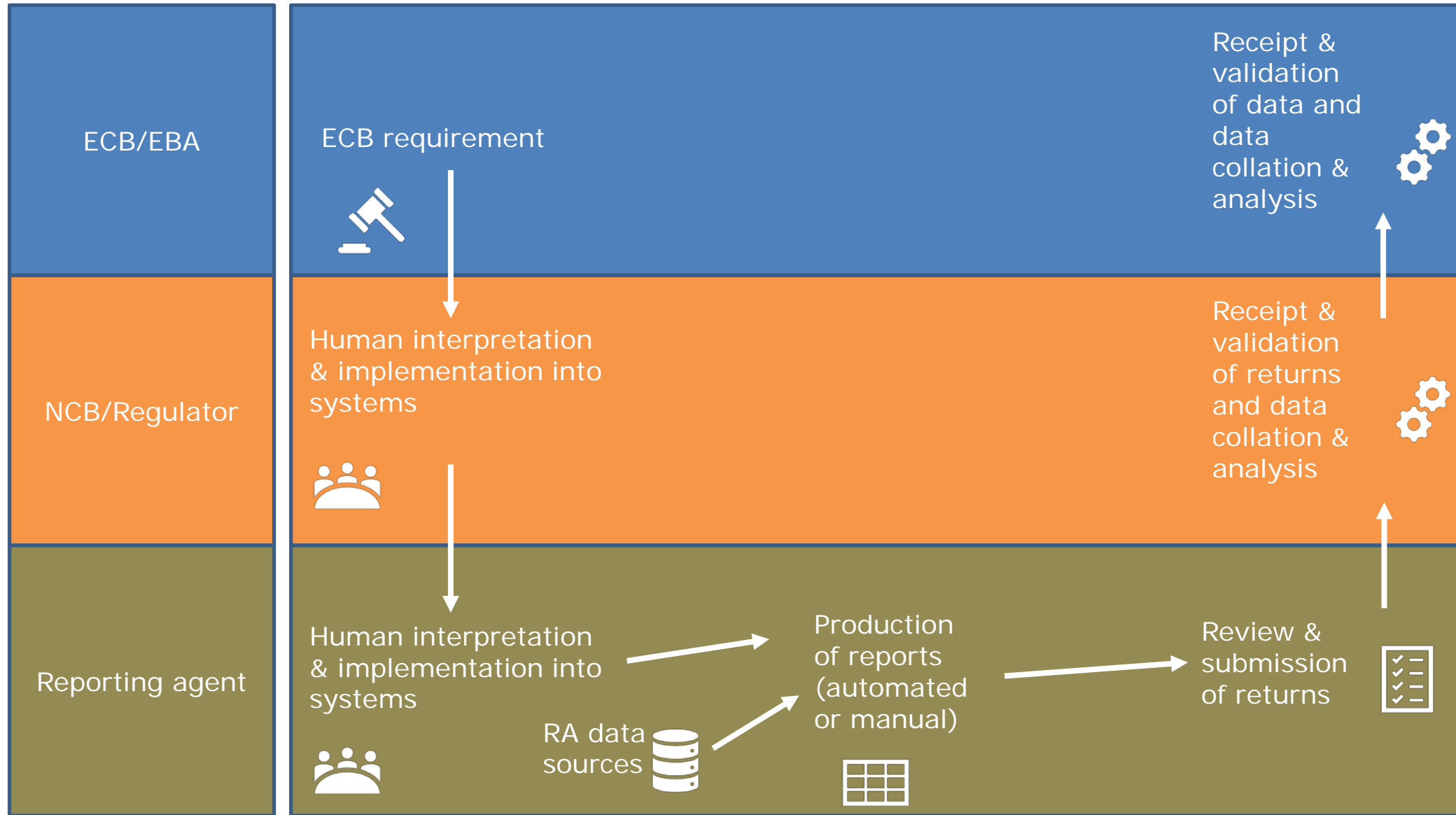
Scenario: Credit card repayments on multiple cards

Current situation: Evidence of balance-matching by people

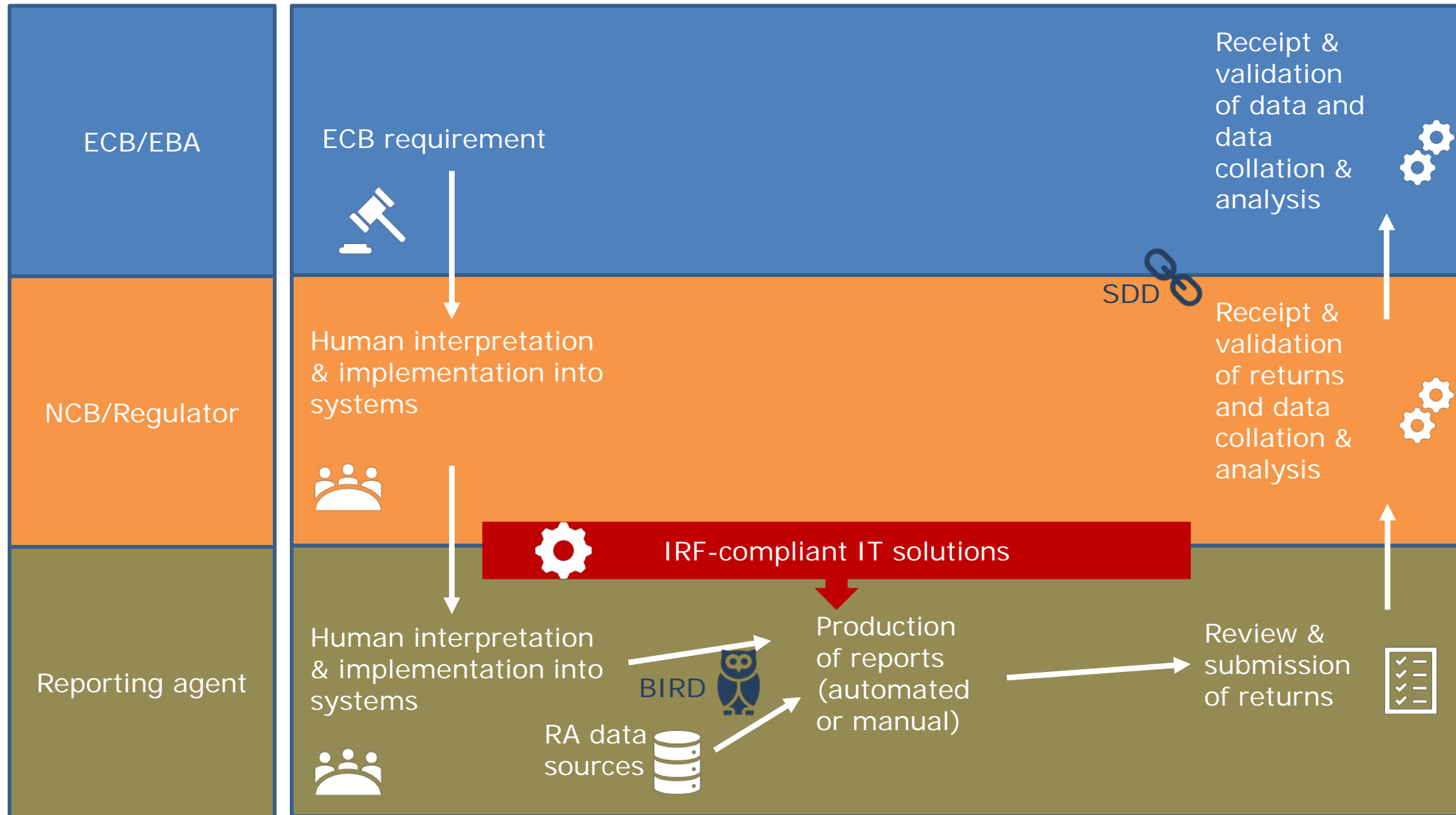
Fintech solution: Repay more on balance with highest rate

Problem: How should a shift from balance-matching be interpreted?

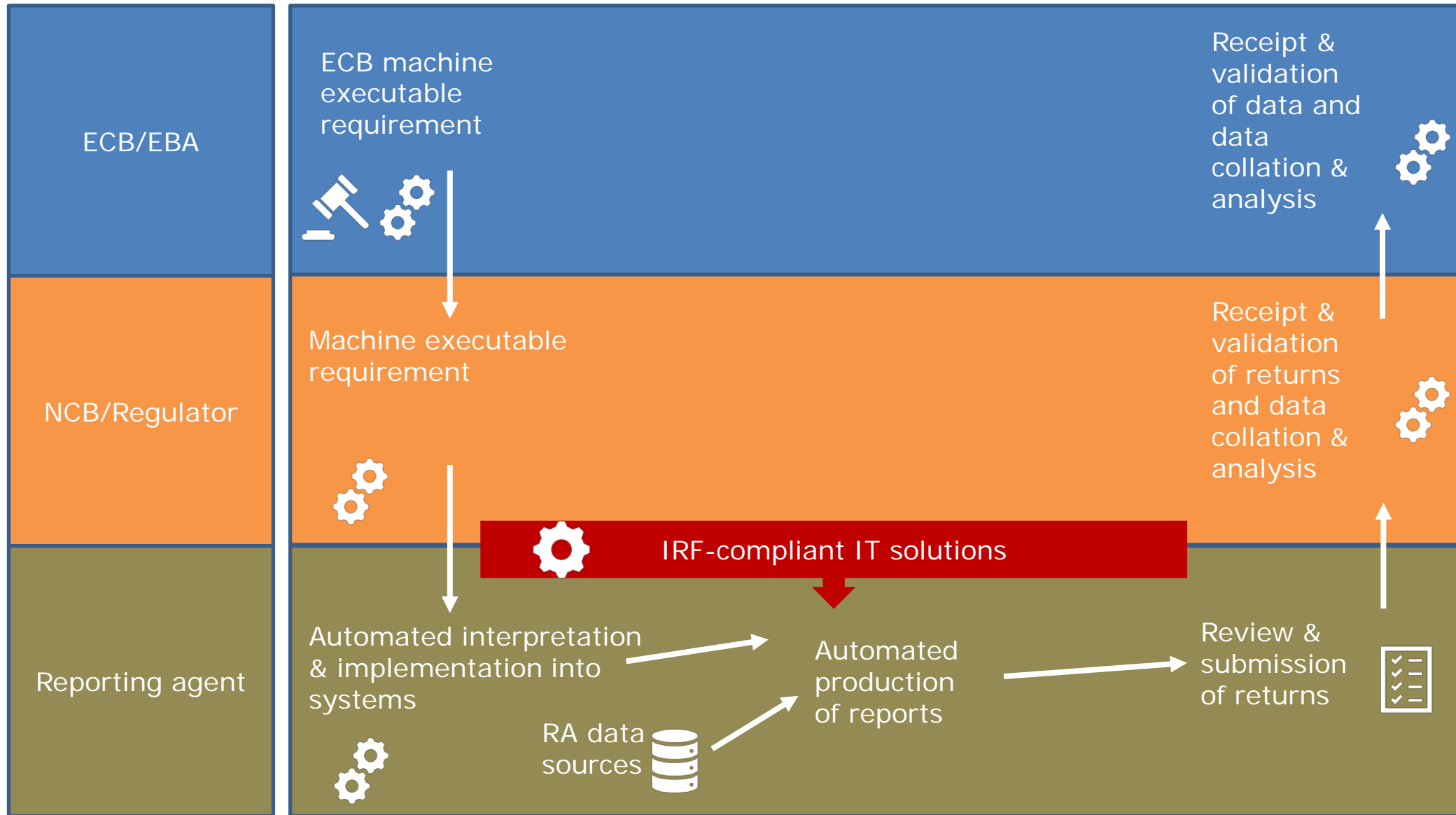
Statistical reporting – current framework



Statistical reporting – IRF/BIRD



Statistical reporting – machine reporting



Integrated reporting

- Banking sector supports integrated reporting
- Growing support from stakeholders: EC; EP
- Reporting agents need:
 - > a road map for the IRF
 - > commitment from European authorities and all national central banks
 - > reassurance about how reports will be generated and interpreted
 - > less duplication and fewer overlapping reporting requirements