Banking Conduct Regulation: recent developments and future challenges

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The EBA’s current priorities on Banking Conduct

- Protecting consumers
- Monitoring financial innovation
- Contributing to easy retail payments in the EU
- (Enhancing convergence in the supervision of consumer protection)

Source: EBA Annual Report 2017
Topical issues relevant for consumers in the EU

- Over indebtedness
- Banking fees and costs
- Selling practices
- Foreign currency loans
- Innovation in payments
- Alternative financial services providers
- Innovative uses of consumer data

Source: EBA Consumer Trends Report 2017
The EBA's Fintech Roadmap

- monitoring the regulatory perimeter, including assessing current authorisation and licencing approaches to FinTech firms, analysing regulatory sandboxes and innovation hubs with a view to developing a set of best practices to enhance consistency and facilitate supervisory coordination;

- monitoring emerging trends and analysing the impact on incumbent institutions’ business models and the prudential risks and opportunities arising from the use of FinTech in order to enhance knowledge sharing;

- promoting best supervisory practices on assessing cybersecurity and promoting a common cyber threat testing framework;

- addressing consumer issues arising from FinTech, in particular in the areas of unclear regulatory status of FinTech firms and related disclosure to consumers, potential national barriers preventing FinTech firms from scaling up services to consumers across the single market, and assessing the appropriateness of the current regulatory framework for VCs;

- identifying and assessing ML/TF risks associated with regulated FinTech firms, technology providers and FinTech solutions

Source: EBA’s Fintech Roadmap, 15 March 2018
The EBA’s Fintech Roadmap on Consumer Regulation

The EBA will conduct work in 2018 and 2019 on:

- Unclear regulatory status
- Cross-border issues
- Disclosure
- Automation in advice
- Alternative dispute resolution
- Financial exclusion in the context of big data algorithms

In addition, the EBA will continue to monitor:

- Big Data
- National financial literacy initiatives
- Developments concerning the interaction between PSD2 and the GDPR
- The eIDAS regulation

Source: EBA’s Fintech Roadmap, 15 March 2018
The EBA’s Fintech Roadmap

EBA FINTECH KNOWLEDGE HUB

- Competent authorities, other ESAs
- Facilitate the sharing of expertise and knowledge about FinTech
- Foster technological neutrality in regulation and supervision
- Technology providers
- Monitor FinTech impact and identify trends, opportunities and risks
- Institutions and other FinTech firms

Source: EBA’s Fintech Roadmap, 15 March 2018
Banking Conduct Regulation: future challenges

Key challenges

- Mitigate the risks of occurrence of mis-selling of financial products
- Deal with cross-border issues
- Enhancing convergence in the regulation/supervision of consumer protection
- Enhance information provided to consumers for comparability purposes
- Monitor consumer vulnerability and access under the digitalization trend
Banking Conduct Regulation: future challenges

Key challenges on the regulation of Fintech

Find the appropriate balance between the benefits associated with innovation/competition and the risks on consumer protection/financial integrity

- Technological neutrality
- Protection of individual privacy
- Prevent breaches in the supervisory infrastructure
- Protect confidence in the provision of financial services
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