

EIOPA responds to the European Commission's Digital Finance Strategy consultation

Today, the European Insurance and Occupational Pensions Authority (EIOPA) responded to the consultation of European Commission on a new digital finance strategy for Europe. In its response EIOPA highlights that a sound approach to financial innovation should strike a balance between enhancing financial innovation and ensuring well-functioning consumer protection and financial stability frameworks. A level playing field and technological neutrality are crucial.

In particular, EIOPA considers that further improvements can be achieved in the following areas:

- Insurance regulation must be fit for purpose. For this reason, it is crucial to understand how new technologies and business models drive new risks and opportunities. Improvements and clarifications can be introduced, e.g. on paper requirements by default, on the definition of insurance, and on outsourcing requirements.
- There must be a fair, ethical and transparent use of data. Data is a key driver of financial innovations such as those enabled by artificial intelligence. Data analytics governance frameworks are crucial to engender trust and ground the use of data in common ethical principles. This is an area where stakeholders have called for more guidance, so EIOPA is working with an Expert Group on Digital Ethics in insurance, drawn from a wide range of stakeholders, to bring further clarity on fairness, explainability, and governance aspects of artificial intelligence and similar use cases.
- Access to relevant datasets is critical for insurance. In this context EIOPA underlines:
 - Open Finance/Open Insurance: EIOPA has recently started a broader discussion with stakeholders on possible balanced, forward-looking and secure approaches to Open Insurance and its risks and benefits to the insurance industry, consumers and supervisors. This work is currently on-going, and so preliminary views on potential risks and benefits should be treated cautiously. However, EIOPA sees some potential for the sector if handled sensitively.
 - Internet of Things data: EIOPA encourages the European Commission to promote the interoperability of applications and portability of data between different platforms (i.e. reduce lock-in effects), and to improve the power of consumers to switch between providers.
 - Cyber incident reporting data: a common incident reporting framework is critical for sharing knowledge about incidents and to encourage the development and growth of sound underwriting practices.
 - Data standardisation: EIOPA believes it is critical that future

standardisation is built on what has already been achieved. EIOPA has extensive experience in this regard and is ready to be closely involved in future discussions on data standardisation. Innovation and digitalisation could also benefit from a wider adoption of existing standards (e.g. the LEI).

[See EIOPA's response](#)