

ESMA launches call for evidence on digital finance

Digital transformation and the application of innovative technologies in the EU financial sector bring a host of opportunities, including better financial services to a wider range of businesses and investors, possibly at a lower cost.

These changes are not free of risks, for example in relation to cyber security, data management, concentration risk and competition. They also raise specific regulatory and supervisory challenges, including because of their global and cross-sectoral nature. ESMA's advice to the European Commission (EC) will assist them to address these challenges and propose, where relevant, changes to the existing legislative framework by mid-2022.

ESMA is requesting information on three topics:

1. more fragmented or non-integrated value chains, arising as a result of financial firms increasingly relying on third parties for the delivery of their services and of technology companies entering financial services;
2. digital platforms and bundling of financial services; and
3. mixed activity groups providing both financial and non-financial services.

Next steps

The call for evidence is open until 1 August and seeks feedback from all interested stakeholders. In particular, the call for evidence is of interest to (i) financial firms relying on third-parties, in particular technology firms, to fulfil critical or important functions; (ii) third-parties, in particular technology firms, on which financial firms rely to fulfil critical or important functions; (iii) technology firms providing financial services, either directly or through partnerships with financial firms; (iv) platforms marketing or providing access to different financial services; (v) mixed activity groups combining financial and non-financial activities; and (vi) investors.

ESMA will consider the information received through this call for evidence when drafting its advice to the EC. ESMA, together with the other European Supervisory Authorities, will deliver a report to the EC by 31 January 2022.