Digital Finance EU Outreach 2020

- Event title: Digital Finance Outreach - Croatia
- Date: June 8th 2020
- Issues discussed:
  - What are the challenges and opportunities for European digital finance?
  - What do you expect from EU digital finance policymaking?
  - How do we ensure EU competitiveness and sovereignty in digital finance?
  - Pillar I: A Digital Single Market for financial markets
  - Pillar II: Promoting a more data-driven financial sector
  - Pillar III: Enabling an EU framework for markets in crypto-assets
  - Pillar IV: Enabling a digital operational resilience framework for financial services

Efforts were taken to:
- analyse the consequences of technology-driven innovation in financial services for the existing regulatory framework in the EU;
- identify stakeholders’ position regarding financial innovations and the existing EU regulatory framework;
- identify stakeholders expectations from policymakers in facilitating new business models, applications, processes, and products in Digital Finance;
- exchange experiences in establishment innovation facilitators in Croatia and discuss future possibilities in developing innovation facilitators and supporting innovative projects in the EU;
- address the problems of the existing regulatory framework in accommodating financial innovation;
- present key regulatory developments shaping the future of financial services regulation; and
- discuss possibilities in developing an innovation-friendly regulatory regime.

- Venue: Online

1) The introductory session set the context of the event:
- The DG FISMA representative highlighted EU policy priorities in developing the new EU Digital Finance;
- the CNB representative gave an insight into the establishment and work of CNB’s innovation facilitator and a more broad CNB’s approach to financial innovation; and
- Hanfa’s representative held a presentation highlighting main trends shaping the future of financial services and addressing the
5) Enabling a digital operational resilience framework for financial services

- problems and potential solutions to the future financial services regulation;
- The session was closed with a ‘question time’.

2) The group sessions were divided into three parts:

a) General discussion on fintech
Key findings from the group general discussions on fintech:
- digital finance products are a necessity in times of physical social distancing;
- fintech players can help us better navigate through the crisis;
- the regulatory framework in the EU may be very complex in accommodating scalable fintech solutions (for example in the SAAS business model);
- on the other hand, “EU origin” label on the financial and IT products can have a positive impression in third-country markets;
- well balanced EU Digital Finance can ensure the global competitiveness of the EU in fintech, and smaller markets such as Croatian can contribute to that.

b) Blockchain/DLT/cryptoassets
Key findings from the group discussions on crypto assets:
- firms dealing with crypto access may have imitated access to traditional finance;
- the focus of policy for regulating crypto-assets should be to build a level playing field between starts-ups and incumbents, to address the same risks with the same regulatory approach and guarantee fair competition;
- policymakers should use a light touch on areas that still need further development and consideration, gradually increasing the complexity of the framework only once the potential
for scale has been achieved.

c) AI

Key findings from the group discussions on AI:
- COVID-19 may have negative short-term impacts on the software industry in Croatia;
- over-complex and over-burdensome regulatory framework may discourage development and implementation of the advance of the AI solutions in the financial services industry;
- certain core values, such as non-discriminatory principles, can be integrated into the technology choices used in innovative solutions, thereby actively stimulating the types of innovation that have the highest likelihood to create and protect significant public value.

| Number of participants (total): | 42 |
| Public: | 6 |
| Private: | 36 |
| Other: | n/a |

| Speakers from the Commission (name/s): | Alexander Stevens |
| Speakers from outside the Commission: | Linardo Martinčecić (Croatian National Bank; CNB), Filip Šaravanja (Croatian Financial Services Supervisory Agency; Hanfa) |

| Media coverage of event: | n/a |

| Social media (#FinTechEU) activity around the event? If yes, please specify: | EC web |
| | EC Zagreb Facebook |
| | EC Zagreb Facebook 2 |
| | EC Croatia Twitter |
| | Hanfa Linkedin |

| Third-party endorsement following event? | n/a |

| Contacts established as result of event? | Request for more info and discussion regarding DFO followed after the event from a local |
Follow up actions or events?

- Summary of the Key policy issues discussed and lessons learnt from the event:

<table>
<thead>
<tr>
<th>consultancy industry.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- well balanced EU Digital Finance can ensure the global competitiveness of the EU in fintech, and smaller markets such as Croatian can contribute to that;</td>
</tr>
<tr>
<td>- the focus of policy for regulating crypto-assets should be to build a level playing field between starts-ups and incumbents, to address the same risks with the same regulatory approach and guarantee fair competition;</td>
</tr>
<tr>
<td>- policymakers should use a light touch on areas that still need further development and consideration, gradually increasing the complexity of the framework only once the potential for scale has been achieved;</td>
</tr>
<tr>
<td>- certain core values, such as non-discriminatory principles, can be integrated into the technology choices used in innovative solutions, thereby actively stimulating the types of innovation that have the highest likelihood to create and protect significant public value.</td>
</tr>
</tbody>
</table>

Please attach

- **the final programme** and

- **a more elaborate and detailed report on the event:**
  main gist of the debates; general attitude Digital Finance Outreach; which issues were particularly consensual/controversial etc.