



The European Federation of Insurance Intermediaries  
La Fédération européenne des intermédiaires d'assurance

## POSITION PAPER

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### **European Commission's Consultation on a new digital finance strategy for Europe/FinTech action plan**

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*BIPAR is the European Federation of Insurance Intermediaries. It groups 53 national associations in 30 countries. Through its national associations, BIPAR represents the interests of insurance agents and brokers and financial intermediaries in Europe.*

*Besides some large multinationals, the insurance intermediation sector is composed of hundreds of thousands of SMEs and micro-type operators. It accounts for 0.7% of European GDP, and over one million people are active in the sector. Insurance and financial intermediaries facilitate the insurance and financial process for several hundreds of millions of customers. The variety of business models, the high level of competition and the geographical spread in the sector ensure that everyone in Europe has easy access to tailor-made insurance and financial services.*

*BIPAR is a member of the World Federation of Insurance Intermediaries (WFII).*

BIPAR, as the representative of insurance and financial intermediaries in the EU, welcomes the opportunity to comment on the European Commission's consultation on a new digital finance strategy. As many intermediaries are in a leadership position in the development of technology-driven business models, BIPAR in coordination with its national associations and the intermediation sector in general, actively participates in the debate on how to make the best out of the opportunities provided by technology but at the same time to mitigate the associated risks in a changing world.

The developments, needs, risks, features and expectations in terms of customer experience of the digitalization in the banking sector are different from those in the insurance sector.

In the insurance value chain, for years insurance intermediaries have harnessed technology to optimise the speed, fluidity, efficiency and traceability of the transactions. While **technology is an integral component of the functioning of intermediaries with respect to the customer-insurer relationship**, intermediaries add to the customer interaction the human factor by giving their personal touch in terms of advice and service and by optimising the insurance process. In reality , **in particular in the intermediation market, we believe for the years to come in a "hybrid model" and therefore the discussion about digitalization should not only be about digital or non-digital but about transition and choice and mixed business models and mixed consumer experiences** where the human and the digital can go hand in hand in the interest of consumers, and efficiency .

Fostering digitalization in financial and insurance services calls for a review of existing regulations in order to adapt them where needed: **it is not a question of regulating more but of regulating (and/or supervising) better or differently**. And this revision must take into account the specificities (or commonalities) of all players.

There is a clear challenge/opportunity to encourage the simplification of the regulatory environment and its respect by all players in the value chain.

For the consumer (and the economy at large) to benefit from digitalization, actions to support digital finance must not result in a limitation of the intensity of competition, either because certain types of players have been granted exemptions to the detriment of others, or because the focus is only on price and not on the quality/price ratio, or because excessive regulation only allows "large" players to develop. It is widely recognized that SME's play a key role in the European economy, in the financial services sector there are many SME's active who employ together one million people.

Another key challenge will be the control of algorithms and software: the more AI and self-learning there is, the more difficult this control will be. It is essential to think carefully about who is controlled: in this light, suppliers of shared solutions should provide users with the elements enabling them to understand the solution they are using and to justify its quality/stability/absence of bias in the event of control.

Consumers (and business) should have the choice between more or less "human", more or less "digital", depending upon the preference and the situation. Similarly, operators in the financial services sector should have a legal framework, in which they have the possibility to innovate or to distinguish themselves from other providers in the service on offer and in the customer experience on offer. The legal framework should thus be all encompassing and on the basis of a level playing field where financial service providers can swiftly change their model or offer various models in parallel.