



ESAs 2022 003

31 January 2022

John Berrigan
Director-General
Directorate-General for Financial Stability, Services and
Capital Markets Union (FISMA)
European Commission
Rue de Spa 2
1000 Brussels
Belgium

Subject: European Commission request to EBA, EIOPA and ESMA for technical advice on digital finance and related issues

Dear Mr Berrigan,

We are referring to the European Commission request for technical advice on digital finance from 2 February 2021, and specifically points 3.1, 3.2 and 3.3 of that request related to the regulation and supervision of more fragmented or non-integrated value chains (3.1), platforms and bundling of various financial services (3.2) and risks of groups combining different activities (3.3). In the request, the European Commission asked the European Supervisory Authorities (ESAs) to deliver a report on these three issues by 31 January 2022.

It is our pleasure to provide you today with the report of the ESAs. This report sets out the findings and advice of the ESAs in response to the European Commission's request. It covers cross-sectoral and sector-specific market developments in the three key areas identified, and the risks and opportunities posed by digitalisation in finance. It goes on to present ten cross-sectoral and two insurance-specific recommendations for actions to ensure the regulatory and supervisory framework of the European Union remains fit for the digital age, including some addressed directly to the European Commission.

In summary, these recommendations relate to: (i) the need for a holistic approach to the regulation and supervision of the financial services value chain; (ii) strengthening consumer protection in a digital context, including through enhanced disclosures, complaints handling mechanisms, mitigants to prevent mis-selling of tied/bundled products, and improved digital and financial literacy; (iii) promoting convergence in the classification of cross-border

services; (iv) promoting further convergence in addressing money laundering/financing of terrorism risks in a digital context; (v) ensuring effective regulation and supervision of mixed activity groups; (vi) strengthening supervisory resources and cooperation between financial and other relevant authorities, including on a cross-border and multi-disciplinary basis; and (vii) the need for the active monitoring of the use of social media in financial services.

The ESAs remain at the disposal of the European Commission, including for assistance on how to introduce the proposals into law and the production of any necessary guidance.

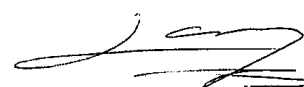
Yours sincerely,



Petra Hielkema
Chair, EIOPA



Verena Ross
Chair, ESMA



José Manuel Campa
Chairperson, EBA

CC: Alexandra Jour-Schroeder, Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), Deputy Director General

Marcel Haag, DG FISMA, Director Directorate B

Irene Tinagli MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Claudia Lindemann, Head of the Secretariat of the Committee on Economic and Monetary Affairs, European Parliament

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union