



GLOSSARY FOR FINANCIAL INNOVATION

EBA

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ADR	Alternative Dispute Resolution
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AI	Artificial intelligence is an area of computer science that emphasizes the creation of intelligent machines that work and react like humans. (<i>International Finance Corporation - World Bank</i>)
API	Application Programming Interface is a set of routines, protocols and tools for building software applications.
BigTech	refers to large, globally active technology firms with a relative advantage in digital technology. (<i>BCBS</i>)
Big Data	is generally used to refer to large volumes of different types of data, produced with high velocity from many and varied sources (such as the internet of things, sensors, social media, financial markets data, etc.), which are processed, often in real time, by IT tools (powerful processors, software and algorithms). (<i>ESAs Discussion Paper on use of Big Data</i>)
CDD	Customer Due Diligence
Cloud services	Services provided using cloud computing, that is, a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. (<i>EBA Recommendations on Cloud outsourcing</i>)
Crowdfunding	is the practice of funding a project or venture by raising monetary contributions from a large number of people. It is often performed via internet-mediated registries that facilitate money collection for the borrower (lending) or issuer (equity). (<i>BCBS</i>)
Crypto-assets	Digital assets recorded on a distributed ledger.
DLT	Distributed Ledger Technology - Distributed ledgers use independent computers (referred to as nodes) to record, share and synchronize transactions in their respective electronic ledgers (instead of keeping data centralized as in a traditional ledger). Blockchain is one type of a distributed ledger which organises data into blocks, which are chained together in an append only mode. (<i>World Bank</i>)
eIDAS Regulation	Regulation on electronic identification and trust services for electronic transactions in the internal market (Regulation (EU) No 910/2014)
FinTech	technologically enabled financial innovation that could result in new business models, applications, processes or products with an

associated material effect on financial markets and institutions and the provision of financial services.

ICT	Information and Communication Technology
Innovation hub	means an institutional arrangement where regulated or unregulated entities (i.e. unauthorised firms) engage with the competent authority to discuss FinTech-related issues (share information and views, etc.) and seek clarification on the conformity of business models with the regulatory framework or on regulatory/licensing requirements (i.e. individual guidance to a firm on the interpretation of applicable rules). <i>(EBA/DP/2017/02)</i>
KYC	Know Your Customer
RegTech	Regulatory Technology is a commonly recognised term for technologies that can be used by market participants to follow regulatory and compliance requirements more effectively and efficiently.
Regulatory sandbox	Regulatory ‘sandboxes’ provide financial institutions and non-financial firms with a controlled space in which they can test innovative FinTech solutions with the support of an authority for a limited period of time, allowing them to validate and test their business model in a safe environment. <i>(EBA/DP/2017/02)</i>
Robo-advisors	Applications that combine digital interfaces and algorithms, and can also include machine learning, in order to provide services ranging from automated financial recommendations to contract brokering to portfolio management to their clients. Such advisors may be standalone firms and platforms, or can be in-house applications of incumbent financial institutions. <i>(FSB/BCBS)</i>
Smart contracts	computerised transaction protocol that executes the terms of a contract
SupTech	Supervisory Technology is the use of technologically enabled innovation by supervisory authorities.
Virtual asset	virtual asset is a digital representation of value not issued or guaranteed by a central bank or other public authority, which can be stored, traded or transferred electronically.



EUROPEAN BANKING AUTHORITY

Floor 46 One Canada Square, London E14 5AA

Tel. +44 (0)207 382 1776

Fax: +44 (0)207 382 1771

E-mail: info@eba.europa.eu

<http://www.eba.europa.eu>