



# EBA industry roundtable: regulatory sandboxes and innovation hubs

EBA's premises, London, 3 September 2018

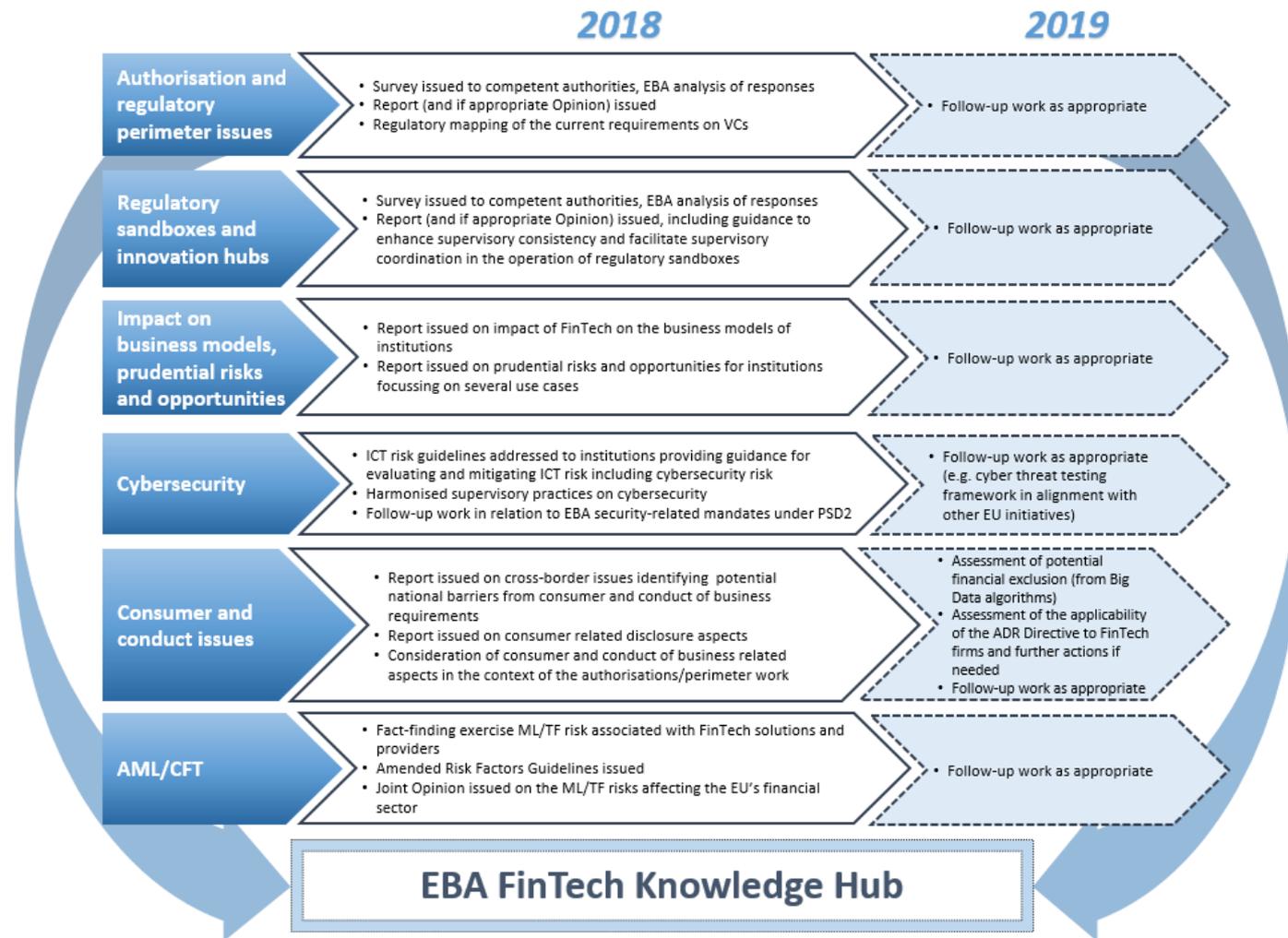
# Overview

- Background and objectives
- Session 1: Regulatory sandboxes
- Session 2: Innovation hubs
- Next steps

## Industry roundtable: regulatory sandboxes and innovation hubs

### BACKGROUND AND OBJECTIVES

# EBA FinTech Roadmap (March 2018)



# Pre-event poll results<sup>1</sup>

- Is the EU lagging behind other global financial centres in facilitating technology-enabled innovation in financial services (FinTech)? **68% said 'yes'**.
- Competent authorities have a good understanding of FinTech. Do you agree? **66% disagree.**
- Are regulatory sandboxes and innovation hubs an effective way of facilitating FinTech in the EU? **95% agree.**
- Are you aware of coordination between regulatory sandboxes and innovation hubs in the EU? **29% said 'yes'**.
- Do you face other barriers to the cross-border application of FinTech in the EU which cannot be solved by regulatory sandboxes and innovation hubs? **89% said 'yes'**.

<sup>1</sup> *The EBA carried out a pre-event straw poll of registered roundtable attendees in order to help stimulate discussion at the roundtable. As such the results should not be taken as representative of the views of industry as the results are based on a small sample of individuals.*

# Objectives

The EBA, in conjunction with the other ESAs, is focussing on identifying best practices in the design and operation of regulatory sandboxes and innovation hubs and exploring the need, if any, for further measures with the aim of:

- strengthening **contact between firms and competent authorities** about financial innovations to enhance:
  - firms' understanding of **regulatory expectations**;
  - competent authorities' understanding of **opportunities and risks**;
- facilitating **cross-border cooperation** between competent authorities;
- enhancing **consistency** and **transparency** in the operation of the;
- promoting a **common understanding** of the use of levers for proportionality in the application of the schemes (i.e. no disapplication of regulatory requirements under law);
- facilitating quicker **access to market** and **scaling-up** of FinTech across the EU.

**The roundtable is an opportunity for you to provide your thoughts!**

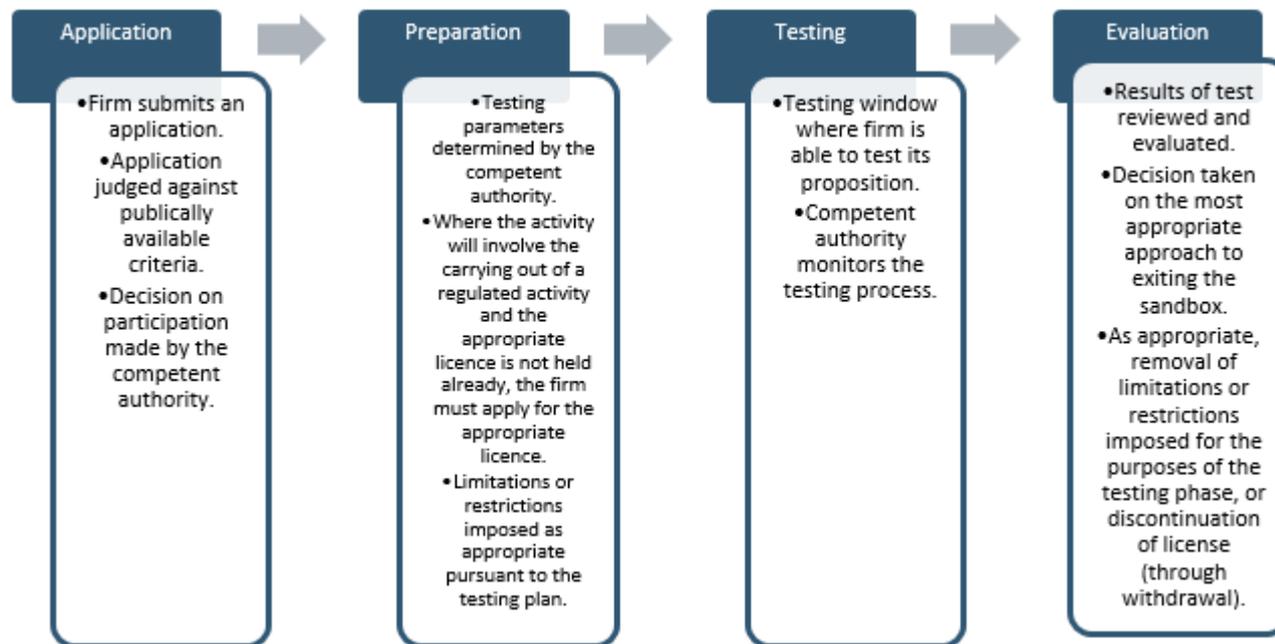
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## REGULATORY SANDBOXES

# Regulatory sandboxes

‘Regulatory sandboxes’ are schemes set up by competent authorities to enable firms to test, pursuant to a plan agreed and monitored by a dedicated function of the relevant authority, innovative products, services, business models or delivery mechanisms related to the carrying out of financial services.

Typically they involve several phases:



## Questions for roundtable participants

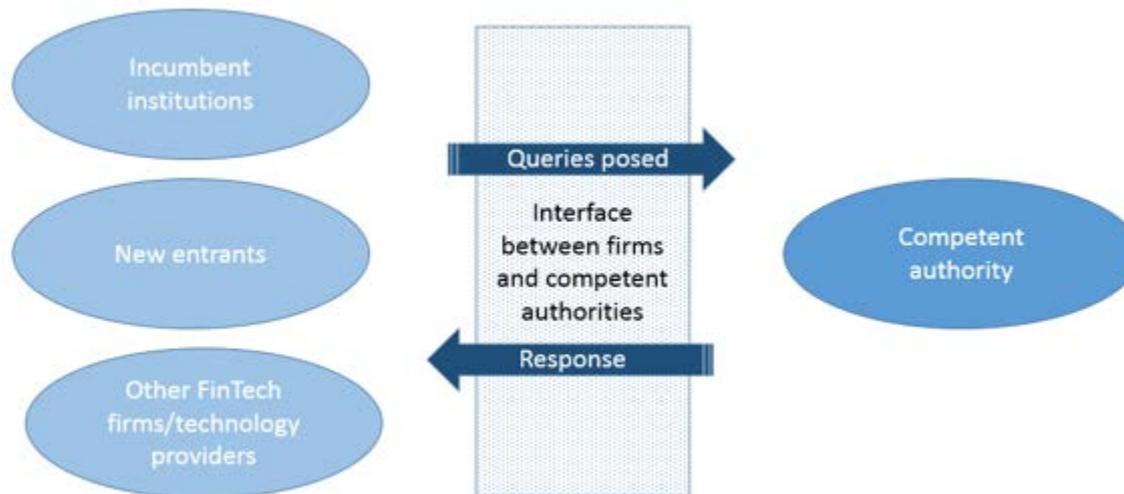
- **OBJECTIVES:** What is the added value of a regulatory sandbox?
- **SCOPE:** How should eligibility be determined? Is there a need to distinguish between incumbents, new entrants and technology providers?
- **ADMISSION AND TESTING:** How can risks be mitigated? Are testing parameters helpful (e.g. limits on geographic location and number of consumers, time limit for the test)?
- **EVALUATION AND EXIT:** Should outcomes be shared with other competent authorities? Should outcomes be made public?
- **COORDINATION:** Do issues arise that go beyond the scope of competent authorities and require coordination with other authorities (e.g. data protection)?
- **ROLL-OUT ACROSS THE EU:** What can be done to facilitate scaling-up across the EU? Simultaneous testing in more than one Member State? Transferability of outcomes to other Member States?

Industry roundtable: regulatory sandboxes and innovation hubs

## INNOVATION HUBS

# Innovation hubs

**‘Innovation hubs’ are schemes set up by competent authorities to enable firms to engage with the authorities on FinTech-related issues and seek clarification on the conformity of innovative products, services, business models or delivery mechanisms with licencing and/or regulatory requirements.**



## Questions for roundtable participants

- **OBJECTIVES:** What is the added value of an innovation hub?
- **SCOPE:** Should innovation hubs be open to all firms, or only new entrants?
- **USER INTERFACE:** What is the most user-friendly interface (online portal, telephone, meetings, combination?)? Are enquiry forms helpful?
- **TRANSPARENCY:** Should outcomes be shared with other competent authorities? Should outcomes be made public?
- **COORDINATION:** Is there a need for coordination between competent authorities (e.g. in terms of knowledge sharing, promoting a common and technologically neutral approach)? If so, what is the best tool to promote coordination?

## Industry roundtable: regulatory sandboxes and innovation hubs

### NEXT STEPS

## Next steps

Action	Date
Detailed analysis of inputs received from the industry as a result of the roundtable and further contributions from competent authorities	Q3 2018
Finalisation, in conjunction with the other ESAs, of the report	Q3/Q4 2018
Report publication	Q4 2018
Follow-up work, as appropriate, in conjunction with the European Commission and other ESAs (in line with the FinTech Action Plan)	2019



## **EUROPEAN BANKING AUTHORITY**

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