



**MINISTRY OF INDUSTRY, BUSINESS
AND FINANCIAL AFFAIRS**

Valdis Dombrovskis
Executive Vice-President for An Economy that Works for People and
Commissioner for Financial Services, Financial Stability and Capital
Markets Union
European Commission

**MINISTER FOR INDUSTRY,
BUSINESS AND FINANCIAL
AFFAIRS**

Dear Executive Vice-President Valdis Dombrovskis

It is with great pleasure that I send you the Danish government response to the European Commission's consultation on the coming digital finance strategy/FinTech action plan. As we continue to move further into the digital era, this consultation raises many significant questions and aspects that we find of importance.

As a first comment we would like to highlight that this strategy will contribute in providing further impetus in the shaping of our Single Digital Market easing access for citizens and companies alike to engage in investments, capital markets and exchange of information across EU Member State borders.

Furthermore, we would like to stress that regardless of which direction we take on this new strategy, it is imperative that European consumers and investors receive sufficient protection. In this respect, the interplay between existing financial regulation and the new digital finance strategy should be thoroughly analysed and addressed.

We also strongly support proposals on financial education albeit the optimum way to do this in practice should be further explored. This is particularly important in order to ensure that consumers are able to understand the various services being offered, who might gain access to their personal data, and how that data might be used by companies. Financial education can help ensure that consumers are properly guided.

Another element in the consultation at hand which we find should be of particular attention relates to the continued entry of BigTechs into the financial markets. It is widely expected that within a short time frame major tech companies will start to engage with payment, investment and banking services. While positive in its own right, we must also be aware of the many potential risks related to this. One such risk is the creation of an un-level playing field for regulated financial institutions, and therefore we strongly support the principle of '*same activities, same risks, same regulation*'.

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Slotsholmsgade 10-12
1216 Copenhagen K
Denmark

Tlf. +45 33 92 33 50
Fax. +45 33 12 37 78
CVR-nr. 10092485
EAN nr. 5798000026001
em@em.dk
www.em.dk

In addition, we believe that the possibilities for mutual obligations on data sharing requirements between tech companies and financial institutions should be given further consideration. It will be distortive to the competition in the sector if banks, insurance and pension firms are forced to provide data, but are not given the opportunity to access multiple types of data that can be used for innovation and development of new products themselves. It is important not to ease regulatory requirements for tech companies if the risks are the same as for financial companies, and thus should be regulated in the same way.

We would also recommend that the new strategy has a clear focus on enabling regulatory sandboxes and innovation hubs in the Member States – both of which we have highly positive experiences with in Denmark. Regulatory sandboxes in particular have enabled us to show companies regulatory limits while avoiding any stifling of innovation. We believe this is a good way to hinder legal uncertainty as it presents companies with the opportunity to test and validate their modus operandi and would also help in forestalling potential pitfalls as new and innovative technologies are introduced to financial markets.

However, we remain adamant that it should be up to the individual Member States to decide on the framework for their regulatory sandboxes and innovation hubs. Instead of establishing a common EU sandbox, we should ensure a strong cooperation between Member States and facilitate cross-border exchange of best practices and results from tests in the various sandboxes. Any initiatives in this direction, such as with the European Forum for Innovation Facilitators, would be supported.

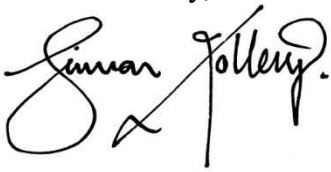
Furthermore, we find that minimising regulatory uncertainty should be another important focal point for the coming strategy. Any such uncertainty discourages companies from applying technologies such as AI and blockchain into their business models. We are of the opinion that there is a need for guidance at EU level to address this. Utilising soft law and a range of guiding principles rather than technology specific regulation could be a way to achieve more clarity while at the same time ensuring that regulations resulting from this strategy are technology neutral and do not hinder innovation.

To our knowledge, legal uncertainty regarding RegTech companies also prevent financial companies from making use of such solutions. The validity of such business models rely directly on the requirements in the financial regulation. As or if such business models become increasingly widespread, a relevant discussion might be whether introducing some form of license or registration could add value.

Moreover, we find that there is an important interplay between the GDPR, financial regulation and competition and consumer regulation in the field of digital finance, and we believe it is essential that we obtain a common understanding and interpretation between authorities.

Attached please find our specific replies to the consultation document. As always, I am at your disposal should you have any questions or comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Simon Kollerup". The signature is written in a cursive style with a large initial 'S' and a distinct 'K'.

Simon Kollerup