



EBA: Digital finance work and MiCAR implementation

October 2023

Overview of EBA's strategic priorities '23-'26



Promote and implement an effective and proportionate Single Rulebook

Foster financial stability in a sustainable economy

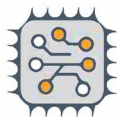
Enable an integrated regulatory reporting system for authorities and market discipline

Set up and start DORA oversight and MiCAR supervision

Increase focus on innovation and consumers, and ensure a smooth transition to the new AML/CFT framework

Digital finance continues to be a priority...

EBA: digital finance thematic priorities



Digital Platforms



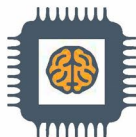
RegTech



Digital
Operational Resilience



Crypto assets



AI



Digital Identities

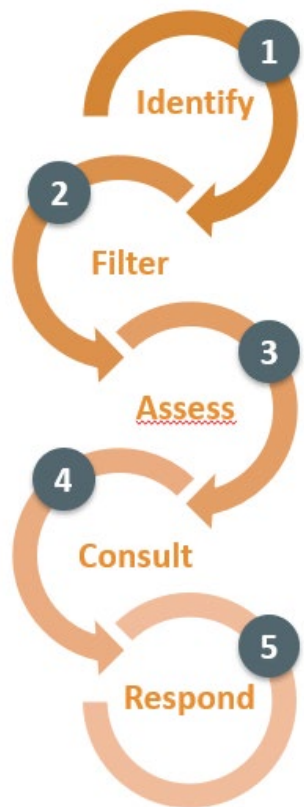


SupTech



Data Driven Innovation

EBA: digital finance horizontal objectives



GENERAL AREAS OF FOCUS ON DIGITAL FINANCE



Monitoring
Regulatory perimeter, licensing



Addressing regulatory
obstacles



Building supervisory
knowledge

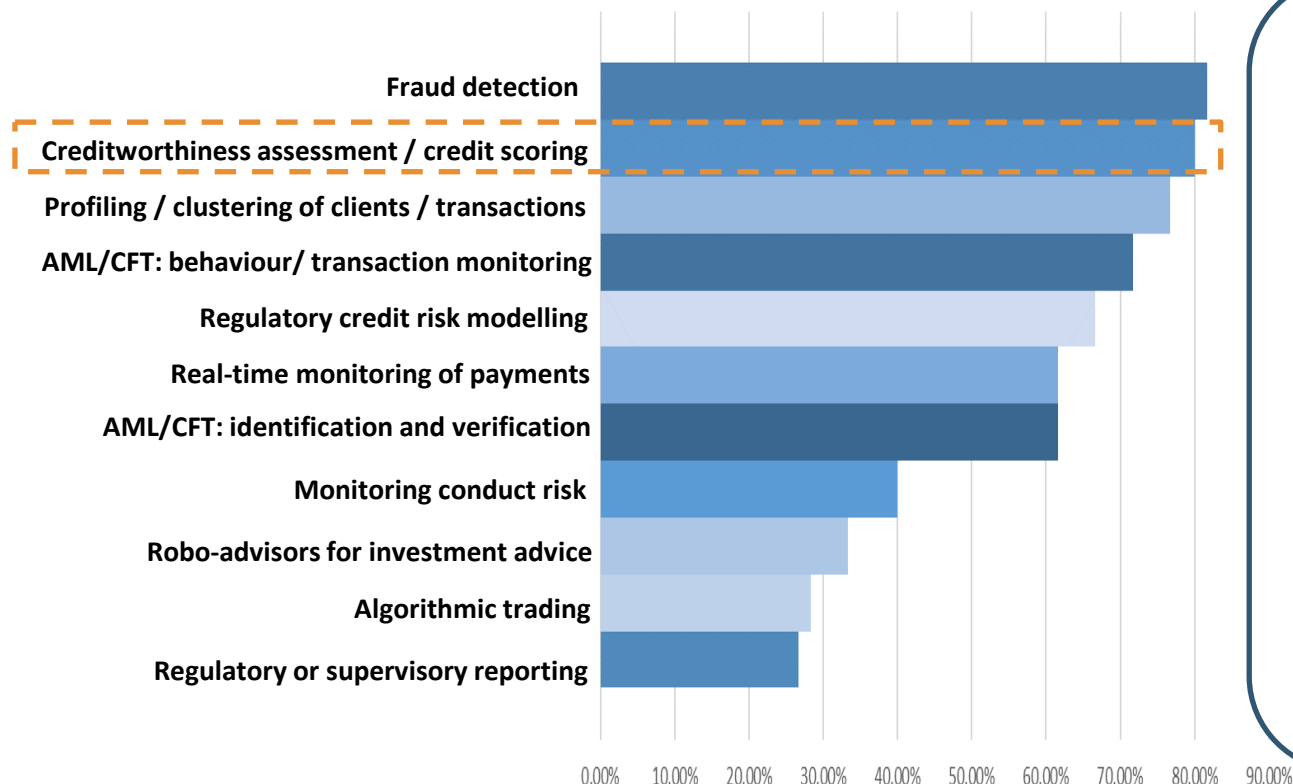


Raising consumer
awareness

ONGOING ACTIVITY



EBA: Monitoring of AI/ML use cases in banking and payments



- AI applications are gaining popularity among banks and other types of financial institutions.
- 4 use cases have been adopted by >60% of banks:
 - fraud detection
 - AML/CFT purposes
 - client or transaction profiling/clustering
 - credit scoring
- The AI methods used are increasingly diverse and encompass wider, more sophisticated data use across a broad range of sources including 'non-traditional data' e.g. social media data.

EFIF (joint-ESA): Monitoring focus in '23

Report

Update 2019 **Report on innovation facilitators**:

- Reflecting on the innovation facilitators established in the EU since the 2019 report, and identify good practices;
- Analyse and assess latest practices in the design and activities of innovation facilitators (e.g. digital sandboxes, 'tech sprints', thematic cohorts);
- Assess the new perspectives brought to the field by the DLT Pilot Regime, AI sandboxes or green sandboxes.

Mapping

- **Assess mixed activity group (MAG) (specifically) BigTech direct financial service provision in the EU.**
 - Leverage on previous platformisation and digital finance work.

Taxonomy

- Update the **EFIF Financial Innovations Mapping**, which includes an Innovations Taxonomy and a corresponding Glossary.
 - Integrate Taxonomy and Glossary into ESAs work (& website).

Turning now to focus on MiCAR...

Crypto-assets

MiCAR does not use the term 'stablecoin' but ARTs and EMTs could be considered as such:

a digital representation of a value or a right which may be transferred and stored electronically, using distributed ledger technology or similar technology

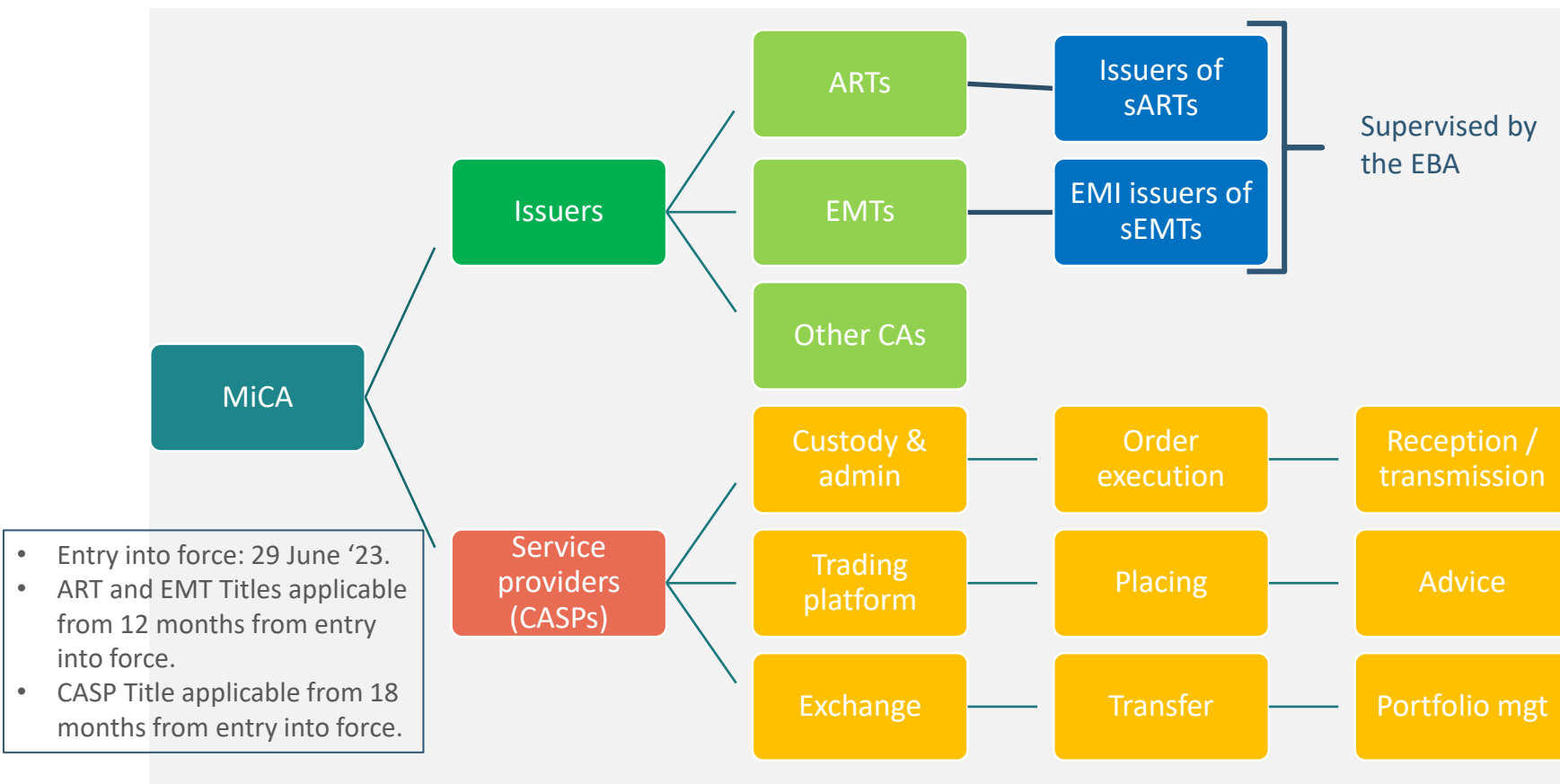
Asset-referenced tokens (ARTs)

a type of crypto-asset that is not an EMT and that purports to maintain a stable value by referencing to any other value or right or a combination thereof, including one or more official currencies

E-money tokens (EMTs)

a type of crypto-asset that purports to maintain a stable value by referencing to the value of one official currency

MiCAR: Regulated activities



MiCAR: EBA tasks related to ARTs and EMTs

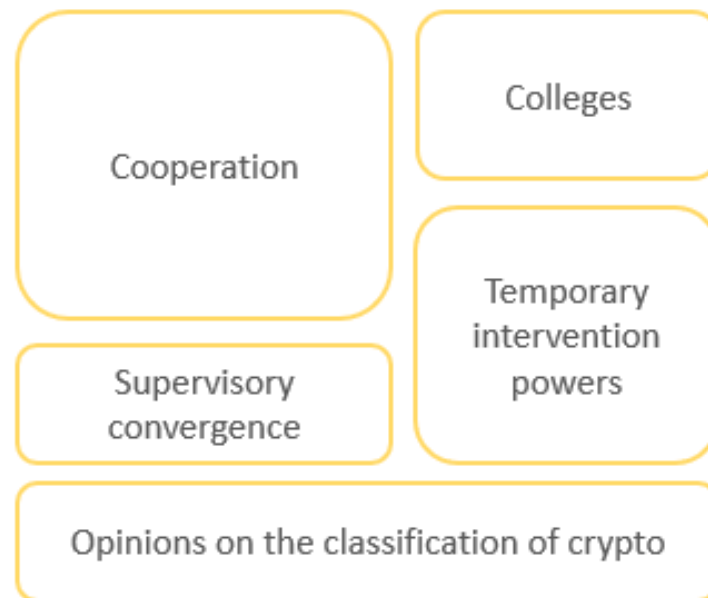
- Large number of **policy mandates** (technical standards and guidelines).
- Role to promote **supervisory convergence** between the 27 national supervisors of the EU regarding issuer supervision.
- Role to promote **convergence in the classification** of crypto-assets:
 - under MiCAR;
 - in the context of the implementation in the EU of the BCBS standard on the prudential treatment of banks' exposures to crypto-assets.
- **Direct supervision** role over ARTs and EMTs that are determined by the EBA to be 'significant'.

MiCAR: Supervision overview



MiCAR establishes a **new supervision framework for issuers of ARTs and EMTs**. While issuers of ARTs and EMTs will be authorised and initially supervised by national authorities, the powers are transferred to the EBA once ARTs and EMTs are significant.

- EBA supervision role more limited for sEMTs than for sARTs.
- EBA responsible for establishing colleges for all sARTs and sEMTs.
- In addition, EBA (and ESMA in relation to CASPs) have roles to promote cooperation between NCAs and supervisory convergence.
- EBA and ESMA also have temporary product intervention powers.
- All ESAs can be requested by NCAs to issue Opinions on the regulatory classification of crypto-assets under MiCAR.



MiCAR: EBA actions in 2023/24

Q1 2023-Q2 2024

Policy development

- EBA prepares **20** technical standards and GL (2 joint with ESMA, 1 joint-ESA); EBA responds to the EC's CfA

Q2 2023-Q4 2024

Supervisory capacity build-up

- EBA sets up procedures/methodologies for supervision
- EBA develops IT capabilities needed for supervision

Q4 2024

Commencement supervision & 'other' tasks

- EBA's supervision tasks for sARTs and sEMTs and 'other' tasks (e.g. product intervention) are activated

Transition phase and other actions

Monitoring market developments

Promoting convergence in supervisory expectations toward issuers of ARTs/EMTs

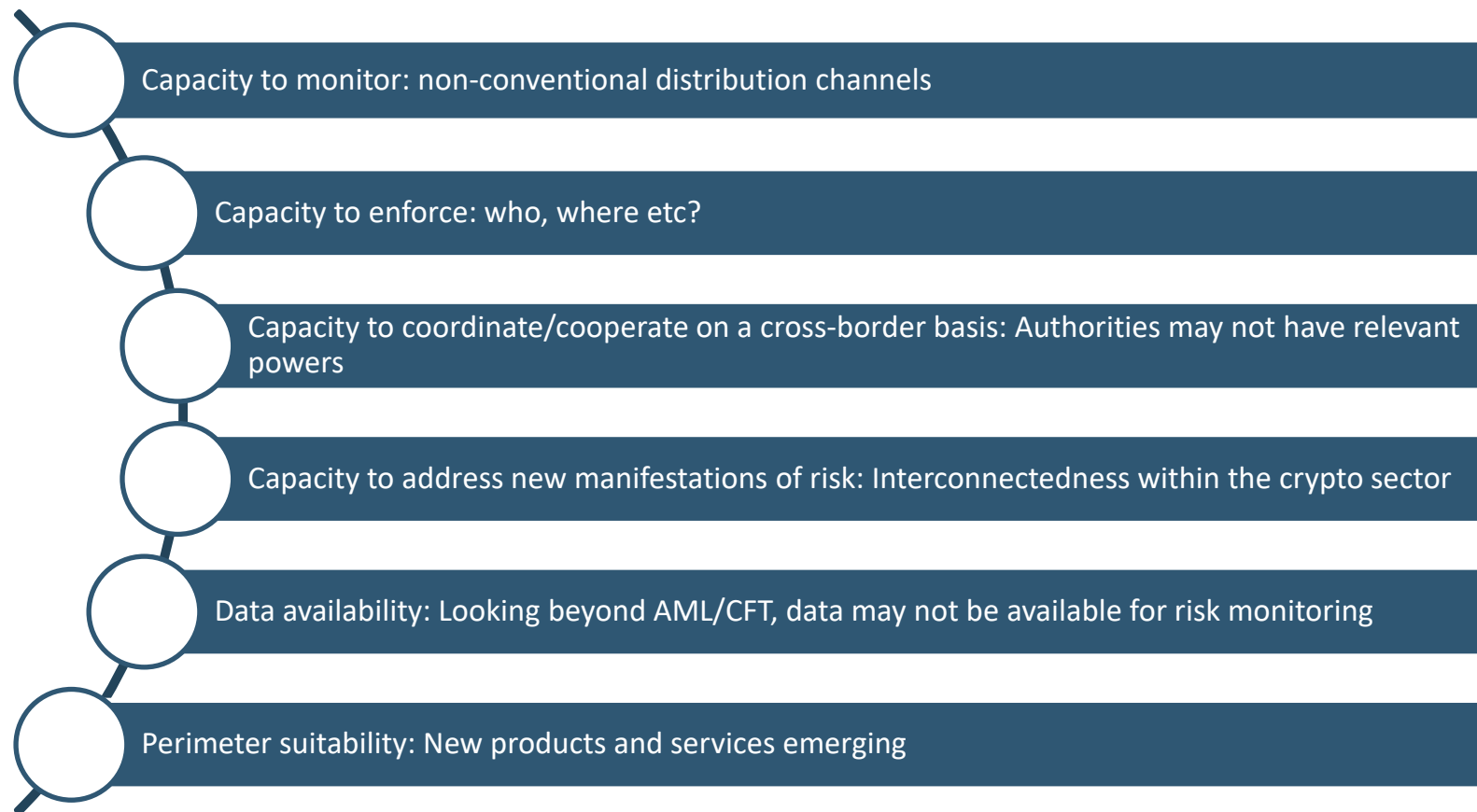
Promoting convergence in supervisory expectations toward crypto-asset services of CIs, PIs, EMIs

Strengthening supervisory dialogue & mitigating risks of forum shopping

Supporting convergence at the international level (FATF, FSB)

Maintaining under review the regulatory perimeter (e.g. lending and staking; DeFi)

Horizontal challenges: Capacity-building and beyond...



Resources

- EBA FinTech Knowledge Hub: [FinTech Knowledge Hub | European Banking Authority \(europa.eu\)](#)
- DORA: [Operational resilience | European Banking Authority \(europa.eu\)](#)
- MiCAR: [Markets in Crypto-assets | European Banking Authority \(europa.eu\)](#)
- EFIF: [European Forum for Innovation Facilitators | European Banking Authority \(europa.eu\)](#)

Thank you!