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A united Europe can become home to global leading fintech

Europe has the potential to establish itself as the ideal location and as an enabler for leading companies for fintech and the digitalization of finance, be it start-ups or established players. Digitalization and scalability are highly interdependent – so European policies need to enable both in order to ensure international competitiveness for European companies.

While it seems unlikely that, for example, another social network with global relevance will be founded and headquartered in Europe, there are massive opportunities in other sectors for Europe – particularly in fintech. Here Europe offers a unique combination of competitive advantages:

1. A proven track record in finance over many centuries and a high availability of talent with financial expertise.
2. A strong domestic market with a significant global market share based on volumes as well as on transactions, both key drivers for revenues.
3. Europe's outstanding reputation for trustworthiness and its competence in data protection in particular, setting global standards in this area.

To leverage the potential for Europe and to become the major location for leading players in the fintech sector, the Fintech Council at the German Ministry of Finances proposed several key actions, published in the *Fintech Roadmap for Europe*:

1. Strengthening initiatives to eliminate obstacles to cross-border activities: we must ensure a single, strong and homogenous home market for innovative digital services to achieve the economies of scale needed to deliver customer benefits. Concrete obstacles to cross-border services like insufficient harmonization, gaps in the passporting system or discrimination against foreign IBANs, must be removed.
2. Establishing uniform European identification and authentication standards: user-friendly, uniform and standardised ID & KYC processes that are accepted in all countries without compromising on quality will provide customers with real access to the entire European market.
3. Creating a legal basis for comprehensive implementation of digital end-to-end processes: Digital identities and contractual agreements concluded digitally must be legally effective.
4. Harmonising standards and responsibilities to strengthen a single ecosystem: the financial market is turning into an ecosystem, where services are conducted through the cooperation of different market participants along the value

chain. The historical principles-based approach needs to be developed further to meet the demands of an efficient ecosystem. Consistency between actual and regulatory responsibility, based on clear standards and interfaces, should be the core principle for all areas of the ecosystem. This must apply uniformly throughout Europe.

5. Greater effort on the part of regulators and policymakers to promote innovation: successfully developing financial technologies will be underpinned by the pillars competence, networks, speed and security.
6. Enhancing customer confidence and customer responsibility with respect to data use: ensuring the data sovereignty of customers should be the primary consideration. The obligation to provide suitable interfaces should be extended to all providers across all industries and data management tools for customers should be supported.

Europe has the opportunity to actively shape the ideal framework to become home to global leading fintech companies. The moment to make this happen is now. ●