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### The European Union should offer new digital opportunities in financial services and payments

At the end of September 2020, the European Commission presented a new strategy for digital finance, which includes a set of measures for the next four years in order to grasp all the potential of digital age across the economy, by fostering competitiveness and innovation of our financial services. The strategy comprises several legislative proposals, on retail payments, crypto-assets and digital operational resilience, articulated around four main priorities: removing fragmentation in the Digital Single Market, adapting the EU regulatory framework to facilitate digital innovation, promoting a data-driven finance and addressing the challenges and risks with digital transformation. After the entry into force of this ambitious package, the European Union will offer new opportunities in financial services and digital payments, while ensuring the protection of data and the resilience of the entire system. France, of course, is fully committed in this ambitious program.

On the issue of crypto-assets, which will be addressed through the MiCA regulation, we hope to develop a harmonized Europe-wide framework to secure the digitization of financial services. The Commission's proposal, currently under discussion, already contains positive elements regarding provisions on crypto-asset service providers, and an experimental approach proposed by the Commission to allow the development of the use of Blockchain for financial instruments. We believe more discussion are however necessary with regard to stablecoins (EMT and ART in the Commission's proposal), for which we support a very ambitious response from the EU. Two priorities seem essential to us: preserving our sovereignty by prohibiting all monetary creation and protecting consumers, with strong requirements on the reserve.

The retail payment strategy is also a step in the right direction. It will make it possible to implement numerous measures in a coordinated and phased manner, such as the improvement of cross-border payments or pan-European instant payment solutions, and thus meet strong expectations on these topics.

The pandemic, with the development of remote working, has highlighted the importance of taking the cyber threat into account in the coming years, and this is why we much welcome the draft DORA regulation. Cyber-attacks against highly interconnected international financial entities could

lead to systemic financial instability or general disruption of economic activity. Recent attacks have illustrated the ability of attackers to intervene by using highly sophisticated methods, on an unprecedented scale. Some service payments can pose cyberrisks, as recent Target-2 incident made it clear. France is fully committed to this fight, which will be essential to foster sound digitization and competitiveness, and has also announced a national strategy for cybersecurity mobilizing 1 billion euros.

Beyond this broad European strategy, it will be important to go further and pursue our reflections in complementary areas, such as open data, artificial intelligence, or quantum technologies. On this last topic, it appears indeed that the financial sector is the area that will be the most rapidly affected by these technologies, with estimated benefits within 10 years. The exponential increase in the computing power of quantum computers could make it possible to envisage several use cases such as predictive analysis for the detection and prevention of fraud, optimization in portfolio management, risk analysis for liquidity management, etc. In France, a national strategy in this area has been announced recently in order to improve our expertise on this technology, foster innovation and develop solutions in a multitude of areas, including financial services.