

CONDITIONS FOR A SUCCESSFUL DIGITAL TRANSFORMATION



MARIA TSANI

Head of Financial Services Public Policy and Regulatory Affairs EMEA - Amazon Web Services (AWS)

Enhancing digital resilience through simplification and smarter supervision

It's hard to overstate the changes technology is bringing to the financial sector and the unprecedented pace at which they are happening. Each time I return to Eurofi, the conversation has further evolved, with fresh breakthroughs and new use cases reshaping the landscape both for the industry and regulators.

Technologies from generative AI to quantum computing are setting new standards when it comes to enhancing cybersecurity and resilience, optimizing costs, combating financial fraud, deploying sophisticated risk-management strategies and facilitating compliance processes. As a cloud service provider, we see this process firsthand as we enable and assist financial services firms closely in their digitalization journeys while helping them harness the power of innovation to get ahead and remain competitive.

With each technology advancement, new challenges arise as regulators who rely on traditional supervisory models struggle to keep pace. As the EU is undergoing a process of reviewing its rulebook to make it leaner and more competitive, we have an opportunity to achieve a supervisory and regulatory framework that is not just efficient but also fit for the digital age.

Some opportunities can come from the technology itself – both regulators and financial entities are beginning to tap into the potential of AI and machine learning to improve supervision and compliance of cyber threats. For instance, applications like automated regulatory compliance and AI-driven anomaly detection promise to be a game-changer in this regard.

Looking at the regulatory landscape, DORA is a milestone in both harmonization of regulatory requirements and strengthening the approach of financial regulation when it comes to ICT risk. For the first time, operational resilience requirements have been consolidated into a single, robust, harmonised framework for all regulated financial entities, replacing a patchwork of national provisions.

So far, these early months of DORA's rollout have marked a period of adjustment for the financial sector. As many financial institutions are still grappling with incorporating the new provisions into their existing risk management strategies, there are still some issues to iron out – including

overlaps with existing frameworks like NIS2 and the GDPR and the myriads of implementation guidelines issued by both EU-level and National Competent Authorities (NCAs). As we are reviewing our broader EU digital framework to rid it of unnecessary complexities, this should be high on the minds of policymakers.

We are often hearing that simplification is not about “de-regulation”, but about regulation being “smarter” – the same holds true for supervision. Strong supervisory practices are what got today to a relatively strong position in terms of resilience. However, if supervision is to be truly effective it needs to be laser-focused on risk and avoid any unnecessary frictions. Adding new layers of additional and/or clashing expectations compared to DORA would run counter of the very efforts we are making elsewhere to reduce complexities for financial firms – as well as put at risk the simplification achieved with DORA.

In the same vein, the ESAs should also continue to foster supervisory convergence across the EU and ensure consistency in DORA supervisory approaches. This would help create clearer expectations and greater consistency for financial institutions, ICT service providers, and supervisors alike – supporting a more resilient, transparent, and competitive EU financial ecosystem.

Efforts to simplifying the regulatory landscape for firms should also take into account the global and tightly interwoven nature of the financial sector. Cyber resilience is and will remain a global challenge – not something that we can successfully tackle in isolation. Regulators, institutions, and ICT providers must join forces – this requires aligning supervisory practices, sharing best practices, pooling threat intelligence and forging robust public private partnerships.

Simplification and resilience are not a trade-off. On the contrary, avoiding frictions and complexities in EU regulation and supervision will result in a stronger, more dynamic and more resilient financial ecosystem. AWS stands ready to play its part and will continue to be a committed partner to the financial community on the journey there.



STEPHANIE ECKERMANN

Member of the Executive Board, responsible for
Post-Trading – Deutsche Börse Group

Lights, camera, action: Why digital thought-leadership is an unique opportunity

With the Savings and Investments Union (SIU), the EU is currently developing a key roadmap to underpin its growth and competitiveness agenda. In light of profound changes in geopolitical realities and enormous financing needs, the exercise has moved to the top of the priority list as an urgent must have.

Reducing the high level of fragmentation across the EU's capital markets remains a key ingredient to fully unleash the potential of the single market – and it is highly welcome that a lot of work focuses on how existing single market barriers can be tackled. Especially digitalization constitutes a critical ingredient in this context. The EU has come a long way in setting a globally leading regulatory framework – but other jurisdictions are catching-up quickly. Notably the US has demonstrated how swiftly a general approach can shift, ranging from crypto ETF approvals to the establishment of stablecoin frameworks.

In order to stay ahead of the curve, the EU should therefore continue to challenge itself in a rapidly evolving and changing digitalization reality in capital markets. Setting the global benchmark at the technological layer has the potential to provide for a unique competitive advantage as we enter a new era in global market realities.

An impactful initiative in this regard is the continuation of the ECB's DLT-based trials for wholesale settlement in central bank money. After the successful participation of over 60 participants and the application of over 40 use cases, the ECB's move towards the creation of a wCBDC is highly welcomed. Strategically, guaranteeing a permanent wCBDC capacity as a unique global differentiator has never been more important.

Strong public-private partnerships and building on the success and thought-leadership of the EU's key market infrastructure players will be key to making this journey a real success story. Clearstream's D7 platform stands out as a prime example at global level, enabling the issuance of electronic securities and offering a DLT solution for securities' tokenization.

However, scaling and implementation of innovative products and platforms can only be effectively realized if the EU reduces fragmentation. Currently, regulatory and operational barriers at national level, such as different legal definitions, non-harmonised market standards and the lack of a golden source for securities data, hinder the internal market's effectiveness structurally.

Yet, while national barriers and fragmentation between EU Member States has been a long-standing discussion, time has come to deploy technological advancement as a means to find new solutions. One aspect in this concerns a 28th regime, which could unlock harmonization in areas such as tax law, insolvency law, securities law, and corporate law.

This could be paired with necessary next steps around existing success stories that have the potential to structurally boost the EU's potential. In post-trade, T2S already offers a pan-European settlement platform. It represents a strong basis for an integrated infrastructure that should act as the backbone of a more integrated market.

Concretely, this means populating T2S further by incentivizing more participation and introducing volume-based pricing to reward contributions, thereby boosting efficiency, supporting consolidation, and reducing cross-border friction. Importantly, however, this will also imply finding the right balance on the technological layer to foster globally leading industry approaches while maximizing efficiency through common standards.

This also holds true for regulatory discussions around technologies such as cloud or AI. The EU has to ensure that we find the right balance structurally, including when it comes to supervisory approvals, external audits, and other elements that play into the digitalization and technology picture and the underlying question of attractiveness.

**Clearstream is proud to serve as the
entry gate to all of the EU's market.**

As a truly pan-European infrastructure provider and digital thought leader, Clearstream is proud to serve as the entry gate to all of the EU's market. We remain committed to serve as the central hub, increasing the attractiveness of the EU from an issuer and investor perspective – bolstering the growth and competitiveness agenda and driving the next generation of operational excellence in the post-trade universe.

Building on the more recent increased attractiveness of the EU as an investment jurisdiction, time has come to seize the momentum on the digitalization front to truly gain competitive edge at global level by setting the benchmark and leading regulatory framework.



DAVID DECHAMPS

Senior Vice President, Digital Partnerships – Mastercard

Beyond transactions: How trust fuels resilient digital innovation

Europe is well advanced in digitization and innovation in financial services. As we navigate the incredible opportunities but also the challenges that digitization brings and reflect on the best way to further unlock its potential, a few fundamental lessons can be drawn from Mastercard's experience in building a successful global payment network. We process in excess of 150 billion transactions annually and provide certainty for transactions within milliseconds, while continuously fighting cyber-attacks and fraud attempts. At the heart of this is continuous investment in security and user experience.

The story of payments is one of connecting people, businesses and governments through trust. As payments evolve and become more digitized, trust is, and always should be, at the centre. Our society and economy benefit from digital payment solutions, providing access to goods and services around the world.

At the same time, risk and security concerns are inherent to technological developments. The challenge for industry is two-fold: to always stay one step ahead of bad actors, and to ensure that security does not come at the expense of convenience. As the digital transformation of financial services in Europe continues at pace, delivering on both fronts is key to ensure resilient and innovative digital finance ecosystems. Innovations in payments have allowed the industry to make significant leaps in security and fraud prevention without sacrificing user experience. These conditions together have also driven greater resilience, ensuring that defences are cutting edge to withstand evolving and more sophisticated types of threats. In turn, resilience maintains trust in payment systems.

Convenience and security – and seamlessly combining both – come with investment. As a global company with a strong European footprint, we are intimately familiar with the requirements to invest in our infrastructure to support Europe's vision and ambitions. Mastercard is constantly investing to adapt to evolving customer expectations and technological advancements, driven by the need to remain competitive and relevant in a rapidly changing landscape. The cost of building and maintaining resilient infrastructures is significant, but it is necessary to ensure the stability and security of our financial sector. For instance, since 2018, we have invested over 10 billion Euros in improving our cybersecurity and fraud prevention capabilities. Last year, we opened our European Cyber Resilience Centre (ECRC) in Belgium—a hub whose objective it is to bring together Mastercard with other industry players and the public sector to jointly fight cybercrime. The importance of public-private partnerships and collaboration cannot be emphasized enough as we look to protect European citizens and business from fraudsters. Protecting the ecosystem requires all of us working together to collectively increase the overall level of protection. A rising tide lifts all boats.

As Europe pushes ahead with its digitization agenda, it is crucial that the legislative framework remains simple, coherent and predictable across different legislations. We need regulation to be future-oriented and to enable the industry to innovate in order to keep pace with new use cases and types of fraud and security threats. Card payments, for example, have evolved from chip and PIN, to contactless, biometrics and to more recent innovations like agentic commerce. Regulation should have the task of providing a level playing field for market actors, for instance ensuring common levels of security, focusing on the outcome rather than prescribing specific rules on how this should be achieved. Leadership in digital innovation and the resulting boost to European competitiveness cannot be achieved with compliance only. It's about fostering an environment where the industry is empowered to invest in the robust digital infrastructure we all need.

**Successful digital innovation
requires continuous investment in
security and user experience.**

The future of digital financial services in the EU hinges on one critical element: trust. To build a truly resilient and competitive system, we absolutely must deliver security without ever compromising the user experience. In practice, this means taking a simple, consistent, and predictable regulatory approach that not only looks to the future but actively champions innovation.