

EIOPA Digital Business Model Analysis workshop | 17-18 April 2023

Learning Objectives

The evolution of technology and its uses in business processes impact all steps of the value chain in the financial sector, including the emergence of start-ups, often in cooperation agreements with incumbent undertakings, technology firms, BigTech companies, and IT - platform providers entering the insurance market.

Digitalisation also leads to the emergence and consolidation of new distribution channels (e.g., online platforms), new ways of engaging with customers that are of potential significance for them (e.g., adopting artificial intelligence tools to interact and evaluate customers), new kinds of competitors and potential disruptors of traditional business models (e.g., Mixed Activity Groups (MAGs) performing financial and other services, etc.). The overall impact on the competitiveness and distribution dynamics of the market due to digitalisation is expected to continue to increase.

To reflect on the ongoing changes, supervisors need to understand new technology-led business models/strategies better, what risks they involve, and whether such business models/strategies will be sustainable in the longer term.

Assessing business models gives National Competent Authorities the opportunity to better understand the opportunities and vulnerabilities in an undertaking's business and, therefore, develop a more idiosyncratic and appropriate supervisory plan that is adapted to the reality of new digital business models. This includes, but is not limited to fragmentation of the value-chain, open finance initiatives or use of data and artificial intelligence, as well as supervision of the increased risks (e.g. profitability and funding risks, climate and cyber security risk) and their correlation for those entities which is crucial from a supervisory convergence perspective. As such, the conclusions reached through the Business Model Analysis will be a useful input to the risk assessment and supervisory plans.

EIOPA is currently reviewing its Chapter of the Supervisory Handbook on Business Model Analysis to support supervisors in this task – contributions within the workshop will be taken into consideration in its review.

The EU Supervisory Digital Finance Academy Digital Business Model Analysis (BMA) workshop is an opportunity for participants to learn from each other and gather insights from financial institutions, other regulators, and supervisors about the analysis and supervision of digital business models.

Duration

1.5 days on 17 – 18 April 2023,

- From 09:45 to 18:00, on 17th of April
- From 09:00 to 13:00, on 18th of April

Location

EIOPA Premises: Westhafenplatz 1 60327 Frankfurt am Main - Germany

Target audience

Composition: In person, with online participation allowed.

Target group: Experienced staff/practitioners who can discuss and share experiences.

Selected speakers will include representatives from industry representatives, National Competent Authorities, European Supervisory Authorities, as well as other European institutions.

Expectations towards participating authorities

Participants are expected to have knowledge and experience on digital business models analysis. Participation of prudential and conduct business experts with knowhow and expertise in digitalisation and SupTech is highly encouraged.

Workshop participants will be invited to share openly their supervisory experience and discuss the tools and practices developed by their national authorities towards digital business model analysis.

Programme

Monday – 17 April 2023

09:45 – 10:30 **Session 1: Welcome remarks and workshop presentation, followed by a tour de table**

- *Fausto Parente, EIOPA Executive Director*
- *Laura Rinaldi, European Commission DG REFORM Head of Unit Financial Sector and Access to Finance*
- *Ana Teresa Moutinho, EIOPA Head of Supervisory Processes Department*

10:30 – 11:00 **Session 2: Keynote on current developments of startup business models**

- *Lucas Schmitt, TechQuartier COO*

11:00 – 12:30 **Session 3: European Supervisory Authorities' Approach to Business Model Analysis and digitalisation**

- *Dessislava Doncheva, EIOPA Senior Expert and Frank Van Steen, NBB Policy Advisor and Digital BMA PG Chair*
- *Elisabeth Noble, EBA Policy Expert, joining online*
- *Alexander Harris, ESMA Senior Risk Analysis Officer, joining online*

This session aims at exploring the different approaches that the three European Supervisory Authorities (EBA – EIOPA – ESMA) have taken with regards to business model analysis and digitalization as well as the work they are currently performing.

EIOPA's presentation will specifically focus on how digitalisation fits and impacts business model analysis as well as a number of considerations for supervisors in the analysis of the digital business models.

EBA's presentation will focus on the potential opportunities that platformisation represents for both European consumers and financial institutions. New forms of financial, operational, and reputational interdependencies are emerging and the EBA has identified steps to strengthen supervisory capacity to monitor market developments and promote convergence in the assessment of opportunities, risks, and mitigating measures.

ESMA's presentation will discuss the developments in retail trading enabled by digitalisation (neo brokers business models, robo-advice and trading platforms, social media platforms, PFOF).

12:30 – 13:00 Session 4: European Central Bank on Authorisation of FinTech Credit Institutions

- *Paolo Mecenero, ECB SSM Authorisation-Division*
- *Nicolas Soemer, ECB SSM Authorisation-Division*

This session will present the work performed by the Authorisation Division within the ECB Single Supervisory Mechanism. The main focus will be put in the following topics:

- General FinTech definition and how all banks have become more digital
- Crypto Assets and its regulation
- Online Deposit Platforms
- Banking as a Service // white label solutions

13:00 – 14:00 *Lunch*

14:00 – 16:00 Session 5: NCA's experience on available tools and practices for analysing digital business models

- *Frank Van Steen, NBB Policy Advisor*
- *Wybe Hamersma, DNB Principal Expert and Laura Deen, DNB Expert*
- *Brian Balmforth, Central Bank of Ireland Insurance Advisory, joining online*
- *Arnaud Heitz, ACPR International Insurance Expert*

This session aims at exploring the different tools that some national competent authorities use to analyse different business models. The examples that we will review are the following:

- National Bank of Belgium (NBB): Digitalisation Analysis and Profitability Analysis
- National Bank of Netherlands (DNB): Data Driven Business Model Analysis
- Central Bank of Ireland: design and preliminary outcome of the digitalisation survey
- French Prudential Supervisory & Resolution Authority (ACPR): Supervisory Approach in the Supervision of Digital Business Model with Focus on Insurtechs

16:00 – 18:00 Session 6: Case Studies on Digital Business Models

The objective of this session is to analyse the business models of companies within three different companies. The objective will lay in understanding the risks and opportunities that arise for companies that use new business models and technologies as well as mapping these risks across the three sectors and compare them to risks for other traditional players in digital finance industry.

18:00 – 20:00 *Walking tour: Frankfurt the Euro and Banking City*

20:00 – 22:00 *Dinner at EIOPA's premises*

Tuesday – 18 April 2023

09:00 – 10:00 **Session 7: Interactive discussion on main risks and implications of digitalisation**

- *Andres Lehtmets, EIOPA Senior Expert on InsurTech*

This session will review the main opportunities and risks for consumers and the industry with a cross-sectoral perspective. In this session the workshop participants would discuss in a “tour de table” format how these risks are mitigated and the tools that are available to supervisors for achieving this.

10:00 – 12:30 **Session 8: Industry Presentations**

12:30 – 13:00 **Session 9: Closing remarks**

- *Ana Teresa Moutinho, EIOPA’s Head of Supervisory Processes Department*
- *Laura Rinaldi, European Commission DG REFORM Head of Unit Financial Sector and Access to Finance*

The objective of this session will be to reflect on the information shared from the industry and discuss how the industry’s perspective feeds into the topics previously discussed by supervisors (e.g. aligned, mismatches in expectations, focus of efforts and resources etc.)

13:00 – 14:30 *Lunch*