

The European Commission's science and knowledge service

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CAL2020 Panel

Marco Petracco Giudici

27 October 2020, Milano



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Structure of the presentation

1. Objectives
2. Digital Finance transformations
3. Perspectives
4. The Digital Finance Package

Objectives

1. Present a perspective for looking at digital finance transformations
2. Discuss the objectives of the digital finance package in light of this perspective

Digital Finance Transformations

Why should we be interested in Fintech? The 2018 view.

- Fintech still has a small size
- Strong potential for growth like all digital innovation
- Finance reportedly could improve efficiency and inclusiveness
- Finance is a systemic sector

→ Opportunities for positive disruption

→ Risks tied to fast growth and unintended consequences

Digital Finance Transformations (2)

Financial products and services satisfy certain fundamental economic needs/functions → they “need” certain features to do so, and they have been very well studied over the years ...

Fintech satisfy same basic needs → will share basic economics and mechanisms



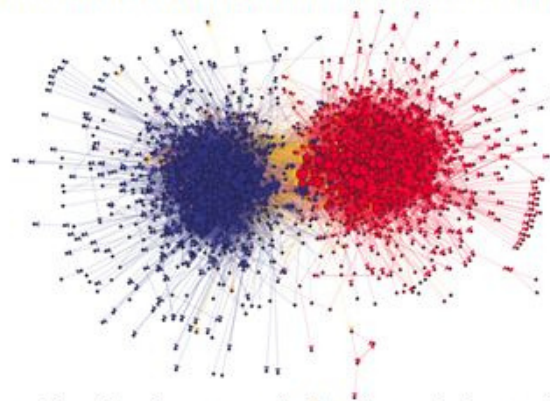
Digital Finance Transformations (3)

It is the different technical nature creates “subtle” but fundamental differences in terms of implementation, which can lead to markedly different or unintended final outcomes

...

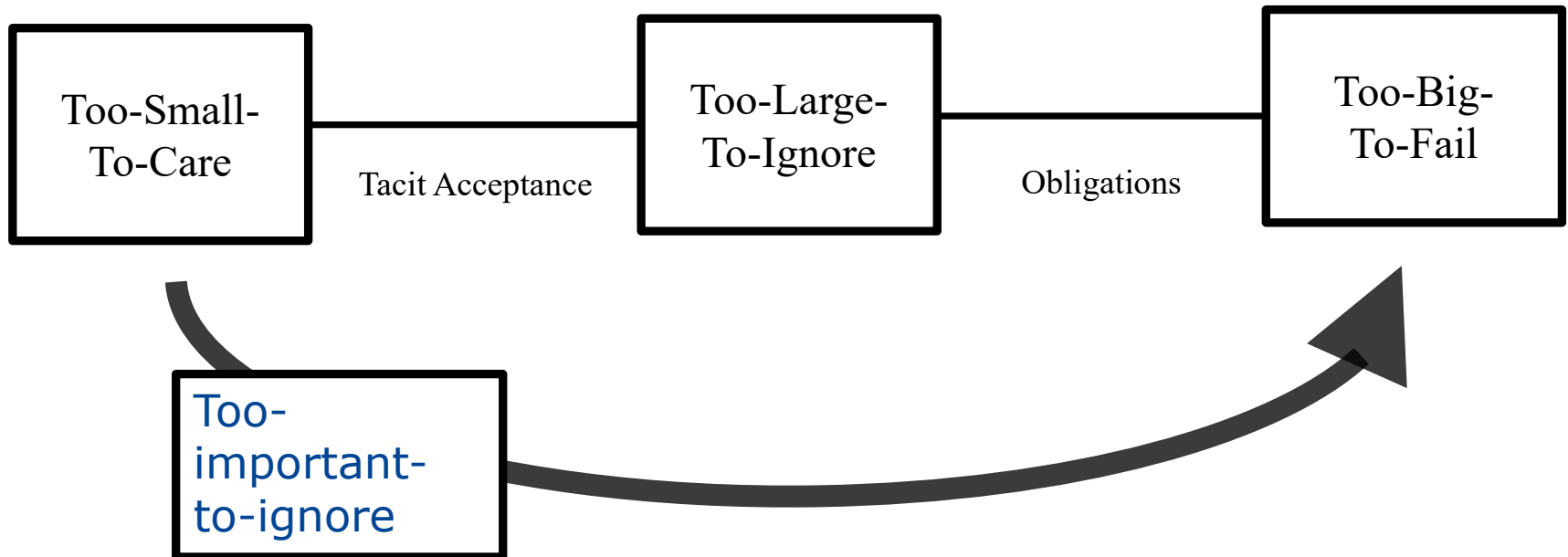
... (think of social networks, social interaction and democracy, or of the sudden explosions of platforms for delivery services, travel services, taxis, shared cycles/cars/mopeds ...)

You might think increased discussion would bring us politically closer but this map of political blogs in America shows otherwise.



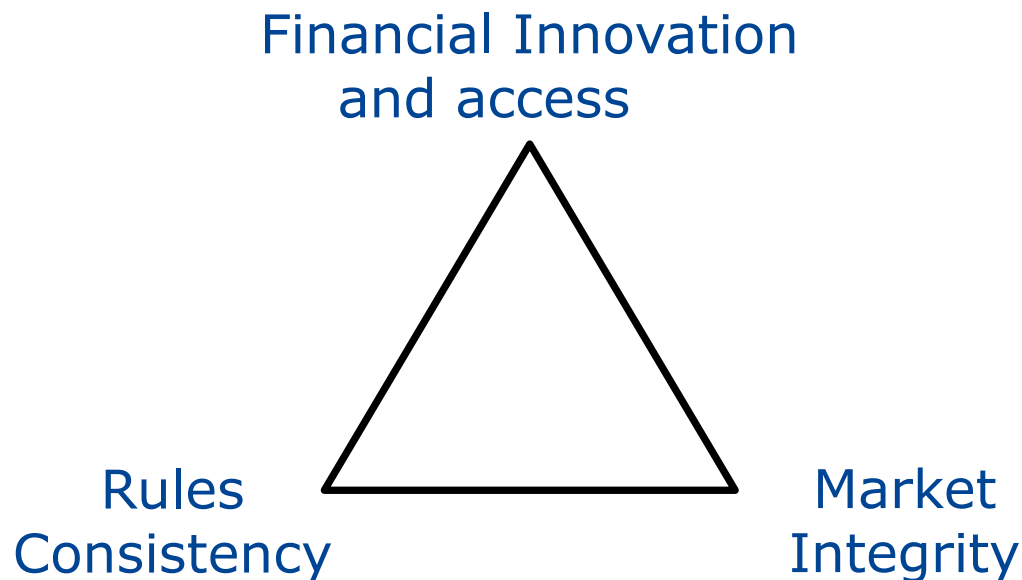
Online social networks appear to be strongly homophilous and polarized.

Perspectives



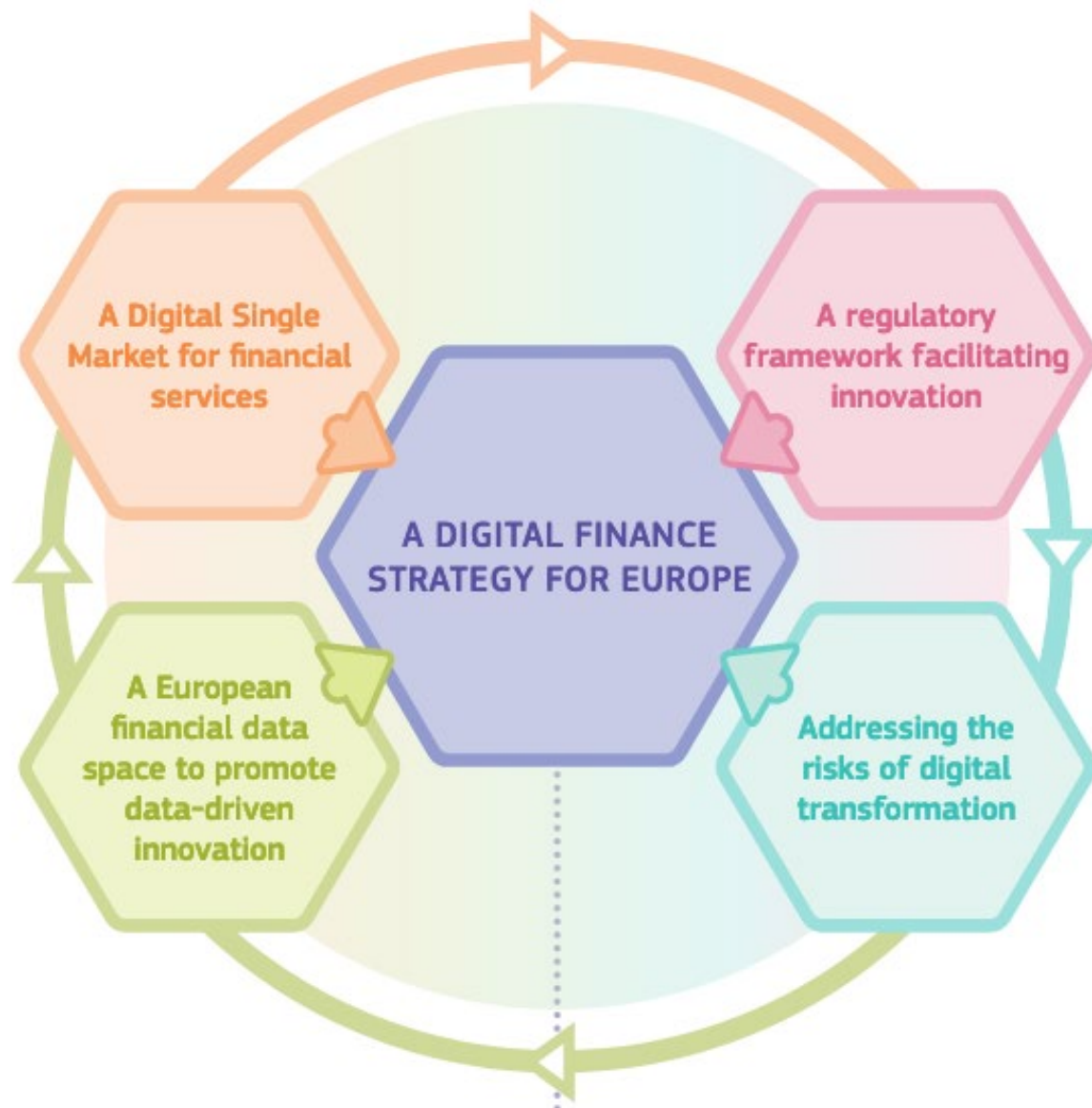
From Too-small-to-care to too-**important**-to-ignore ... at the same time we want to allow growth, not stifle it ...

Perspectives (2)



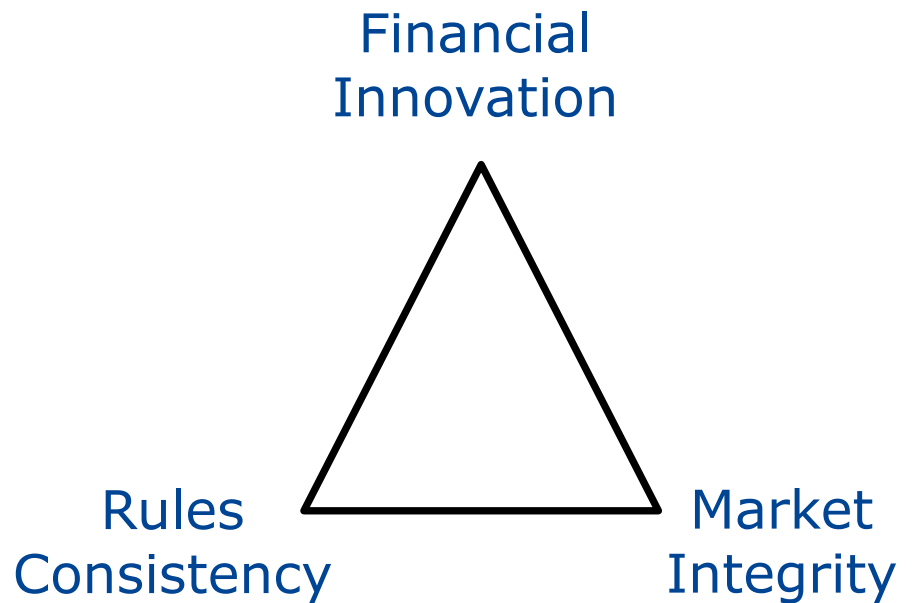
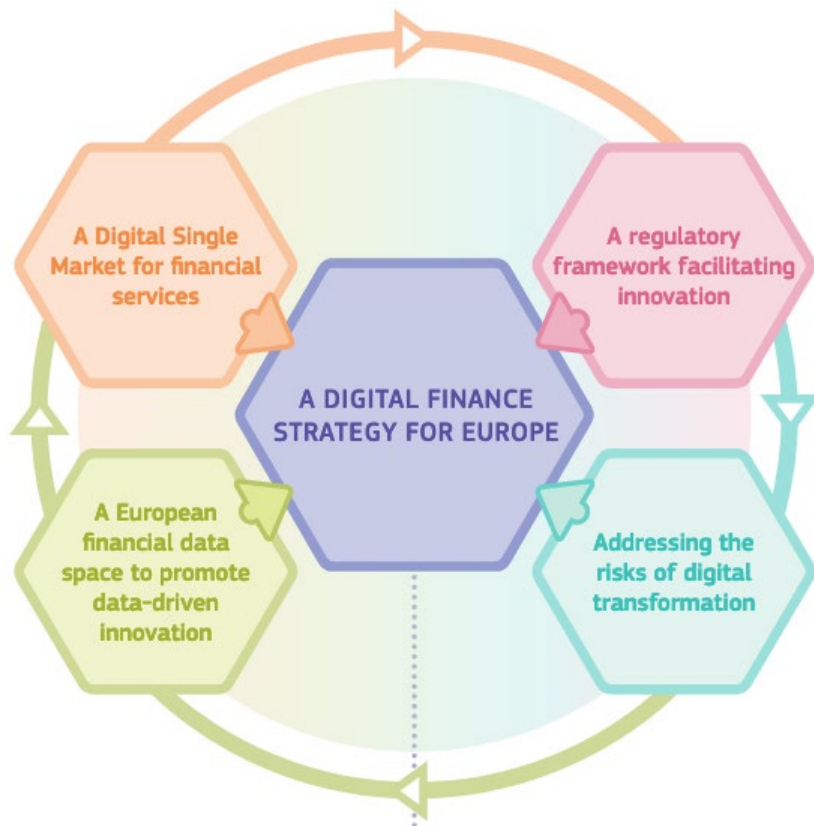
Regulatory trilemma ... need to maintain flexibility while not allowing run-away phenomena ... a balancing act ...

The digital finance package

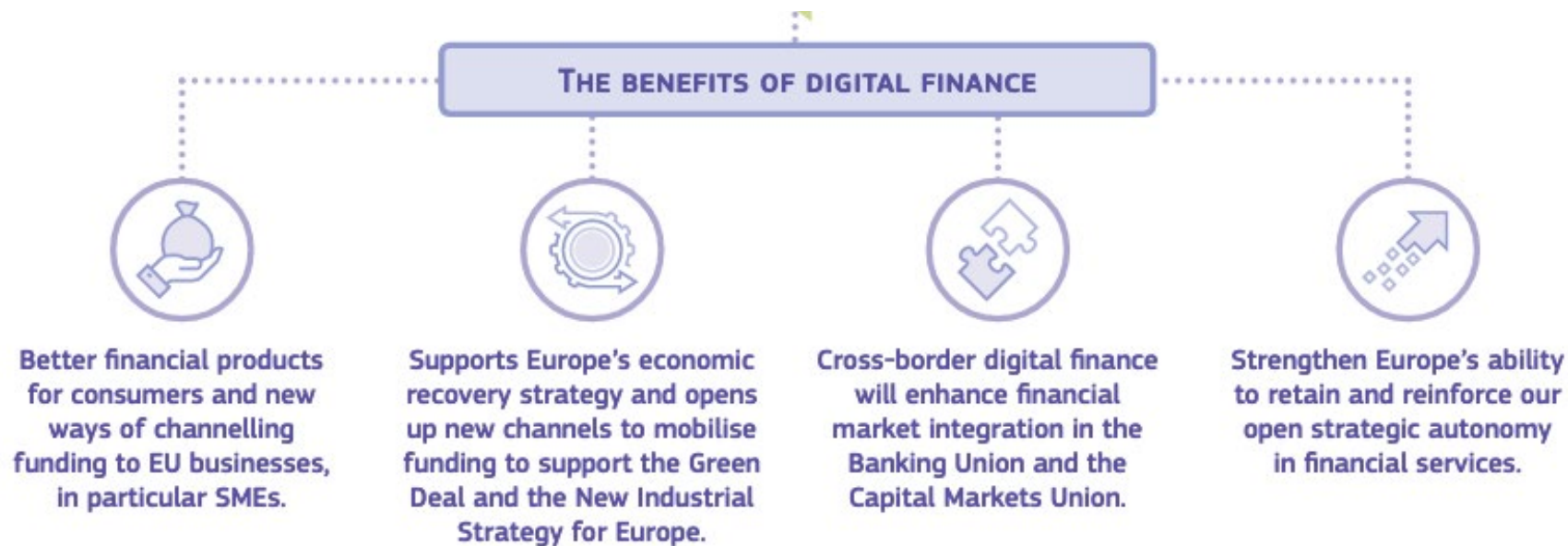


Source: European Commission (2020)

The digital finance package



The digital finance package (2)



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