

European Central Bank
Secretariat to the Supervisory Board
“Consultation on the draft guides concerning the assessment of licence applications and fintech credit institution licence applications”
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1 November 2017

ECB Public consultation to assessments of license applications and the guide to assessments of Fintech license applications

Danske Bank sincerely welcomes the opportunity to provide input to the European Central Bank’s public consultation to assessments of license applications and the guide to assessments of Fintech license applications.

We do not have specific remarks for the consultation documents, however, below we provide a few general remarks on the topic of “Fintech” and its relation to financial licenses.

On Danske Bank

Danske Bank is a Nordic universal bank with strong local roots and bridges to the rest of the world. Our core markets are Denmark, Finland, Norway and Sweden, and Danske Bank is present in 16 countries worldwide.

We serve personal, business and institutional customers and in addition to banking services, we offer life insurance and pension, mortgage credit, wealth management, real estate and leasing services.

Innovation is at the core of our business. Danske Bank operates one of the largest IT platforms in northern Europe, and a “single platform” approach permeates our thinking on products and services.

Our ambition is to make daily banking and important financial decisions easy for our customers. Two examples illustrate this; we were among the first to offer a mobile payment solution allowing our customers to conduct easy and fast P2P transfers, and subsequently for paying when shopping online or in physical stores.

Most recently, we have developed Pocket Money, a new digital solution to help both parents and children keep track of the money in an increasingly cashless society. The solution consists of an app and a pocket money card for children as well as a new feature in Danske Bank's Mobile Banking app for parents.

These are only two examples of several innovative services that we have launched in recent years. Alongside, Danske Bank as other banks focuses intensively on the potentials of applying new technologies to financial services, e.g. Digital Ledger Technologies, Artificial Intelligence (AI), and cloud services.

General remarks

In the light of recent years' rapidly evolving financial market in which digital financial services are increasingly being provided by both incumbent banks and new market entrants, Danske Bank fully supports the initiative of the European Central Bank and other authorities to understand and adjust relevant guidelines etc. accordingly.

Hence, we also support the aim of the ECB to ensure proper authorisations of all banks regardless of origin, size, and business model variations.

However, labelling a company and its services as "Fintech", does not imply a special legal status, business structure or otherwise. It may comprise a multitude of activities taking place inside or outside applicable financial licenses.

Hence, to understand "Fintech" and rather than trying to define an elusive term, and avoiding conflicting/overlapping definitions among institutions, it is important to focus on the activities undertaken, and establish whether the activities in question lie within or outside the applicable scope of existing financial licenses.

While acknowledging that the outset of new market entrants may indeed introduce new business models, the same may be the case for incumbents choosing to change and adjust business models in consequence of changing market conditions/new opportunities.

In our appreciation, existing banks are equally digital, and requirements e.g. relating to the suitability of the management body apply as well. The same goes for IT, cyber related risks and the level of outsourcing (e.g. numerous Danish incumbent banks extensively outsource IT services).

Hence, we suggest taking a comprehensive “digital” approach, considering this a “new normal”, and avoiding a dedicated “Fintech” approach, which in turn may lead to fragmentation of financial licensing.

Secondly, new market entrants may be large, competent organizations wishing to provide financial services to a large customer base. Developments in China, in which Baidu, Alibaba and Tencent have taken out financial licenses as part of their business strategies, supports this (entities that equal US based tech giants such as Google, Amazon, Facebook, and Apple).

For small startups, we acknowledge that separate or adjusted guidelines stressing certain elements may be relevant. However, we suggest incorporating all such adjustments into the general license application guide to avoid confusion and uncertainty as to the reach and scope of European banking licenses.

Yours faithfully
Danske Bank

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