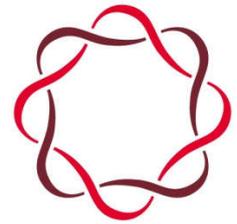


European Central Bank
Secretariat to the Supervisory Board
60640 Frankfurt am Main
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**FINANCE
DENMARK**

ECB public consultation on the guide to assessments of licence application and the guide to assessments of fintech licence applications

We hereby submit our response to your public consultation on the guide to assessments of licence applications and the guide to assessments of fintech licence applications.

November 1, 2017
Doc. no. 575027-v1

General remarks

We support that the ECB wishes to enhance transparency and ensure that applications are; assessed consistently; considered appropriately and proportionately; and that the ECBs general banking licence requirements apply to both traditional banks and fintech banks that chooses to apply for a banking licence.

It is important that the regulatory framework can handle the new fintech opportunity without unnecessary hindrances to innovation, and at the same time ensures that new market entrants do not result in increased risk for the customers and decreased financial stability.

Finance Denmark is very positive towards what is happening at the moment with respect to fintech. We believe that fintech can promote growth and employment. As a result of this, we have together with the municipality of Copenhagen and the Financial Services Union in Denmark established Copenhagen Fintech.

Copenhagen Fintech has three main focus areas: 1) Establish Copenhagen as a fintech hub and maintaining a strong network for both established banks, financial sector service companies and the fintech start-up community. 2) Running a Fintech lab with presently more than 150 people and more than 40 fintech start-ups. 3) Running the Innovation Network for Finance IT, with the goal of promoting research cooperation between Danish universities and companies within the financial sector.

With that said, we will point out, that the financial sector is currently undergoing very substantial changes, due to the current technological development especially when it comes to finance and it.

In order to succeed in the future established financial companies as well as fintech start-ups must be able to change and adapt their business model in order to handle the "material effect" that "technologically enabled financial innovations" is expected to have¹.

Therefore, it is our belief that over time it will be very difficult to distinguish banks that initially started out as a fintech bank from those that started out more traditionally.

On the basis of this, a split between a normal application guide and a fintech application guide is contrary to our thinking. We would suggest a more comprehensive digital approach and try to steer free of any short lived fragmentation. We believe that new technology and innovation will change and affect all banks, no matter how they started out. Maintaining a comprehensive digital approach to future licence applications, will also help ensure a level playing field; that is technology neutral; has a risk based approach; focused on regulating the activity not the company and; no special national rules to avoid regulatory arbitrage.

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A second issue that is worth to keep in mind is the fact that it is very likely, that some of the new entrants that will take out banking licences, will be large and resourceful companies that have a strong digital presence, and a very large non-financial customer base.

Lastly, we acknowledge that for small start-ups, the issues that the ECB have sketched out in the 'Guide to assessments of fintech credit institution licence applications' are relevant. However, we suggest that they are incorporated in the general licence application guide.

Kind regards

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¹ The texts marked in quotations come from the fintech definition that the ECB have chosen to adopt.

