



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

The necessity of using supervisory technology

33rd Annual Conference of
BSCEE

27 May 2021

Pentti Hakkarainen, Member of the Supervisory Board



Agenda

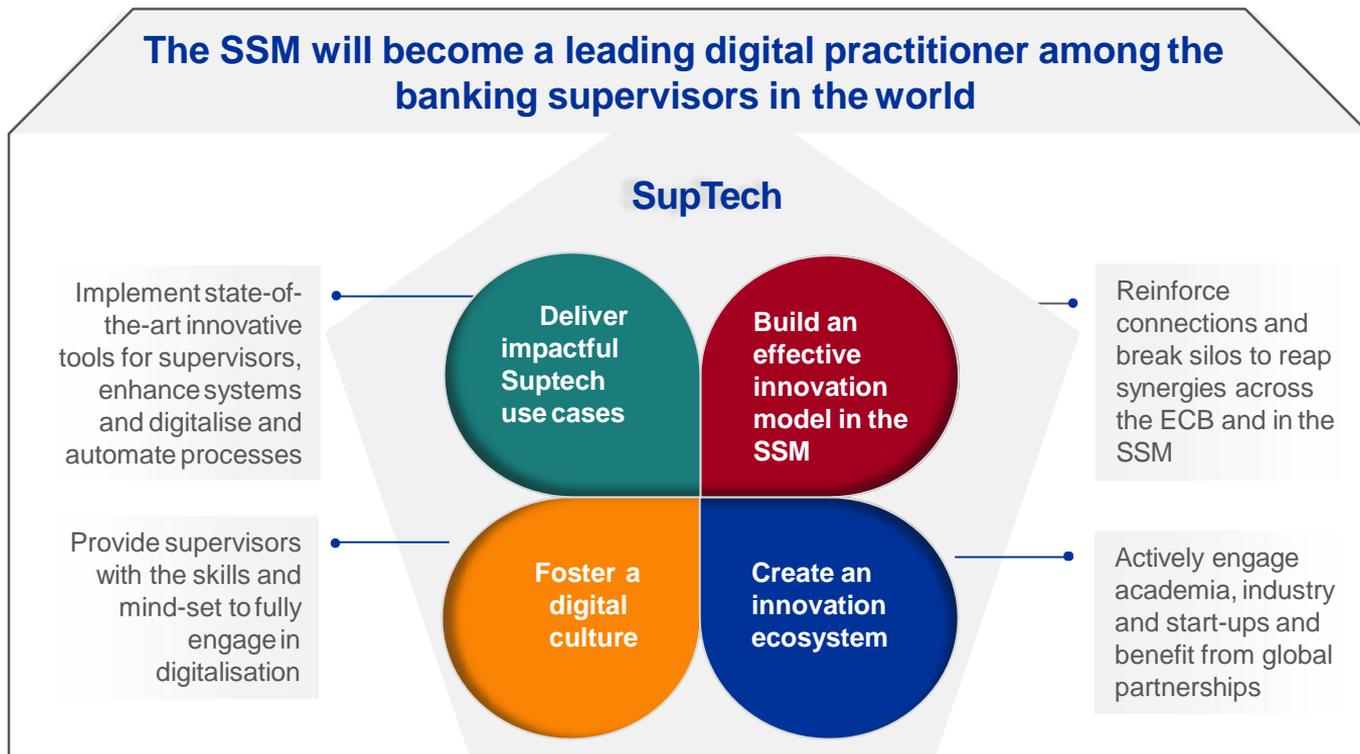
1 The ECB Banking Supervision's "digital innovative house"

2 Conclusions

1

The ECB Banking Supervision's “digital innovative house”

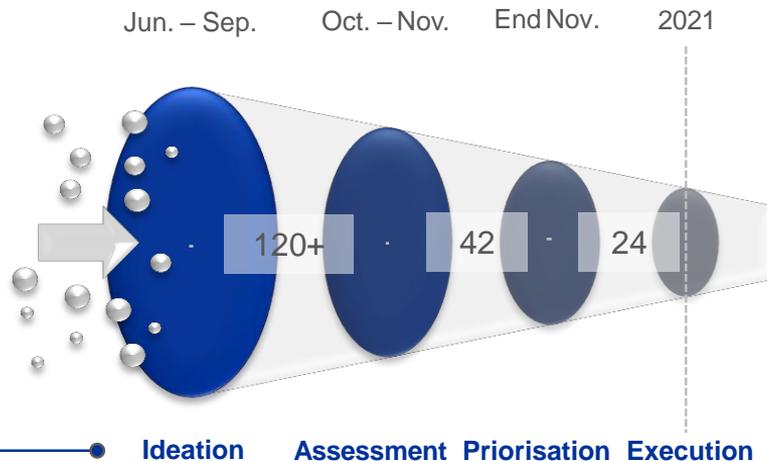
Our vision is that European banking supervision transforms into a truly innovative house based on four building blocks



Implementing an innovation model

In 2020, the SSM Digitalisation Blueprint was developed setting out a clear action plan to build an innovative SupTech portfolio

- **Collection** of a wide range of ideas across the whole SSM resulting in **over 120 use cases**



- **Start of the execution phase** in a staggered approach with agile work in **multidisciplinary innovation teams**

- **Assessment** of all ideas based on a robust **innovation management framework** and **clustering** into **42** high value use cases

- **Prioritisation** of use cases based on business value and ease of implementation drilling down to **24**

We have established a solid organisational model that ensures SSM-wide collaboration to develop the identified use cases



- Provides **strategic guidance** on innovation and digitalisation for the SSM
- Fosters **commitment to the digital transformation**
- Ensures successful project implementation **across the SSM**



- Connects **supervisors and IT experts** across the SSM
- Contributes to the identification of **business needs**
- Facilitates various **SupTech initiatives**



- Gathers together **supervision, IT and SupTech experts** from across the SSM
- Leverages on a diverse **skillset**, flexibility and **agile** composition
- **Develops SupTech** projects

Fostering a digital culture

We are providing supervisors with the right capabilities and mind-set to fully leverage the SupTech potential...

- **Connect skilled people** from various backgrounds
- Provide supervisors with possibilities to **exchange and develop innovative ideas**
- Fully **engage supervisors in digitalisation**
- Build a **shared digital culture** across the SSM

Culture building initiatives



**SupTech Global
Conference**



**SSM-wide
Workshops**

SSMnet
BANKING SUPERVISION

SupTech community page



Virtual Lab



SupTech Blog



SupTech Talks



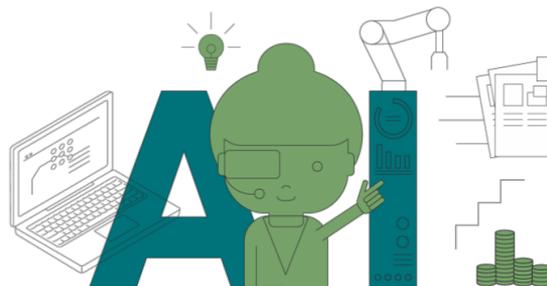
**SupTech
Survey**



**SupTech Innovation
Contest**

... and we train hundreds of supervisors in the use of artificial intelligence for banking supervision

- The programme provides **500+** SSM colleagues with a practical way of **accessing the world of AI**
- Through the **best-in-class format** it gives an opportunity to reflect on AI possibilities and limitations in the SSM context
- This will help to position our **community at the forefront** of SupTech developments



SSM AI training programme



Duration

6 weeks journey



Format

Blended: self paced e-learning and 6 live sessions



Content

Fundamentals on AI application
Workshops on industry and SSM
AI case studies from the ECB and NCAs

Building an innovation ecosystem

At the same time, we are building a powerful innovation ecosystem for the SSM

Academia

- + Joint Research Center (JRC) / University of Parma (UP)
- + Technical University Darmstadt, University of Porto

Start-ups

- + Applied AI & Innovation broker
- + European Commission/start-up Europe

Global Events and Conferences

- + SupTech Global Conference

Other Authorities

- + BIS Hub
- + Financial Stability Board
- + European Commission/JRC



Position the SSM as part of a global innovation ecosystem

Delivering impactful SupTech use cases

At the core of our digital transformation, we are delivering impactful SupTech use cases in six priority areas



2

Conclusion

European banking supervision is taking a major effort to drive the digital agenda further



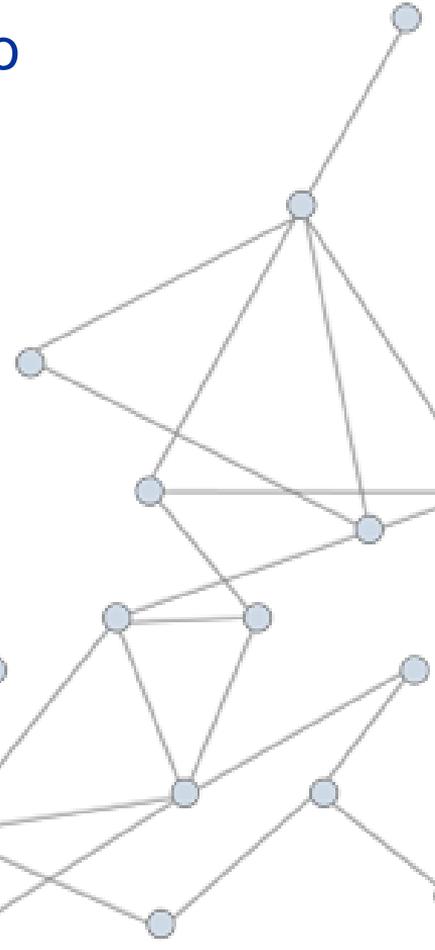
Innovation in Suptech is necessary for banking supervisors

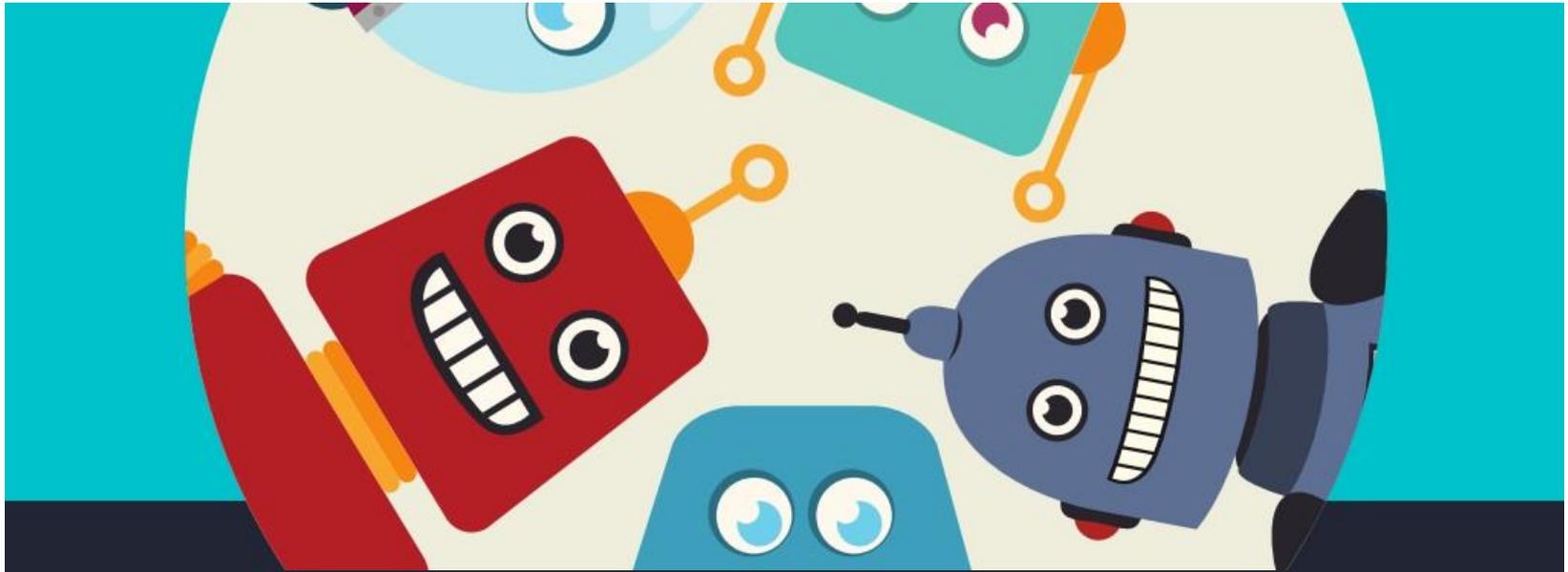
- ✓ As the industry embraces digitalization, supervisors should innovate as well
- ✓ Technology offers opportunities to better and quicker understand banking risks
- ✓ Automating routine tasks will allow supervisors to target their attention



Global collaboration on SupTech benefits all supervisors

- ✓ Open sharing of ideas among supervisors creates synergies
- ✓ Exchange of best practices helps to identify optimal solutions





SUPTTECH IS COMING IN 2021

3+ Tools planned to go live

5+ Minimum Viable Products

10+ Proofs of Concepts