



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

**The digital transformation of the European
banking sector: the supervisor's perspective**

Institute for Financial Integrity and Sustainability

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Pentti Hakkarainen
Member of the Supervisory Board of the ECB

Digital transformation and the platform economy

- **Need for communication through digital channels**
 - Increase in the COVID-19 pandemic
- **New market entrants**
 - Fintech and big tech firms
- **Convenience and user-friendliness**
 - Tailor-made options based on behavioural data
 - Better availability of services
 - New layers between banks and customers
 - Not always a success story

Risks add opportunities for banks?

- **Changes in the market**
 - Competitive pressure
- **Assessment of risks**
 - New risks: IT and cyber
- **Expertise banks**
 - Mitigation of risks
 - Expertise in regulation and compliance
 - Loyalty customers

Role of the supervisor

- **Main supervisory activities**
 - Horizontal picture on digitalisation process banks and continuous dialogue
 - Involvement external parties: e.g. cloud computing
- **Transformation supervisor**
 - Strengthen skills and resources
 - Insights from market participants
 - Improving internal procedures: reporting lines and frameworks
- **Regulator**
 - New regulatory proposals: DORA, MiCA, TIBER-EU

Conclusion

- Needless to say basic elements of banking, which is long-term business, are trust, sustainability and integrity
- Banks need to continue investing in technology
- It is too early to tell whose efforts will be enough, the market will decide