FPSB EUROPE®

FINANCIAL PLANNING STANDARDS BOARD

15 June 2017

Directorate General Financial Stability,
Financial Services and Capital Market Union
European Commission
1049 Bruxelles/Brussel, Belgium

Via Response Form Re: Consultation Document on FinTech: A More Competitive and Innovative European Financial Sector

Dear Sir/Madam:

Financial Planning Standards Board Ltd.'s (FPSB[1]) European member organizations (collectively, FPSB Europe) are pleased to provide comments on the European Commission's consultation document, entitled "FinTech: A More Competitive and Innovative European Financial Sector." FPSB Europe consists of eight nonprofit professional financial planning bodies located in Europe and neighboring countries, including:

1. Österreichischer Verband Financial Planners (Austria)
2. Association Francaise des Conseils en Gestion de Patrimoine Certifies (France)
3. Financial Planning Standards Board Deutschland (Germany)
4. Financial Planning Standards Board Ireland
5. Federatie Financieel Planners (The Netherlands)
6. Swiss Financial Planners Organization (Switzerland)
7. Finansal Planlama Derneği (Turkey)
8. Chartered Institute for Securities & Investment (United Kingdom)

Established in 2004, FPSB's mission is to benefit the public by establishing, upholding and promoting worldwide professional standards in financial planning. Working through our member organizations, represented in Europe by the organizations above, FPSB and its member organizations develop, promote and enforce internationally consistent, locally relevant investment advice, financial advice and financial planning standards so that:

- The public can identify qualified, competent and ethical financial advisers and financial planners;
- Practitioners can distinguish themselves as qualified, competent and ethical financial advisers and financial planning professionals; and
- Consumers, regulators and other key stakeholders can have confidence in the financial planning profession and in professional financial advisers and financial planners, and recognize the benefits financial planning offers to individuals and society.

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[1] FPSB develops and operates certification, education and related programs for financial planning organizations to benefit the global community by establishing, upholding and promoting worldwide professional standards in financial planning. FPSB demonstrates its commitment to excellence with the marks of professional distinction – CFP, CERTIFIED FINANCIAL PLANNER and CFP Logo Mark. FPSB has a nonprofit member organization in 26 territories: Australia, Austria, Brazil, Canada, Chinese Taipei, Colombia, France, Germany, Hong Kong, India, Indonesia, Ireland, Israel, Japan, Malaysia, New Zealand, the Netherlands, the People's Republic of China, the Republic of Korea, Singapore, South Africa, Switzerland, Thailand, Turkey, the United Kingdom and the United States. For more, visit fpsb.org.

FPSB owns the international CERTIFIED FINANCIAL PLANNER certification program outside the United States, and has licensed the member bodies of FPSB Europe to oversee the administration, promotion and enforcement of CERTIFIED FINANCIAL PLANNER certification in each of their countries in Europe.

CERTIFIED FINANCIAL PLANNER professionals meet rigorous competency, ethics and practice standards, qualifying them to develop financial planning strategies that assist clients in achieving their financial and life goals. CERTIFIED FINANCIAL PLANNER professionals are part of a growing global community of financial services practitioners who place clients' interests first as part of their commitment to financial planning professionalism, and who embrace FPSB's Code of Ethics and Professional Responsibility and Financial Planning Practice Standards.

As of 31 December 2016, there were 170,101 CFP professionals in 26 countries and territories worldwide, with close to 9,000 CERTIFIED FINANCIAL PLANNER professionals practicing in Austria, France, Germany, Ireland, the Netherlands, Switzerland, Turkey and the United Kingdom.

About FPSB's Standards
FPSB's standards are based on a global framework that includes empirical research of the abilities, professional skills and knowledge needed to practice financial planning. FPSB and its member organizations have developed initial education, assessment, experience and ethics requirements, as well as continuing professional development standards for financial planning professionals globally. FPSB Europe's member organizations have localized these global standards and certification requirements for applicability in each of their countries, and maintain the relevancy of these standards through regular analyses of the practice of financial planning in Europe.

What is Financial Planning?
FPSB and its member organizations define financial planning as the process of developing strategies to assist clients in managing their financial affairs to meet life goals. The process of financial planning involves reviewing all relevant aspects of a client's situation across a large breadth of financial planning activities, including interrelationships among often conflicting objectives. At the end of the financial planning process, a financial planner may or may not recommend products to a client.

While financial planning is gaining prominence as a professional practice globally, in many countries, people who call themselves financial planners often do so with little or no training or oversight. FPSB seeks to position financial planning oversight and models of professionalism within, or adjacent to, existing or proposed regulatory frameworks, whereby regulators and professional financial planning bodies work together to clearly distinguish and protect financial planning as a professional practice for the benefit of the public.

FPSB Europe's Point of View
FPSB Europe's responses to the European Commission's questions are presented through the rubric of financial planning – a client-centric, process-driven professional practice that can help (re)build trust and restore the public's confidence in the marketplace and financial intermediaries. We provided answers to those questions relevant to the financial planning profession, not the entire list of questions. If you would like clarification on our submission, or would like additional information, please feel free to contact me at +31 (63) 002-4862, or marc.van.poeteren@vffp.nl, or contact FPSB's CEO, Noel Maye, at +1-720-407-1902 or nmaye@fpsb.org. We appreciate the opportunity to participate in the European Commission's comment process.

Respectfully submitted,

Noel Maye

Marc van Poeteren
FPSB Europe Chairperson

Noel Maye
FPSB Ltd. Chief Executive Officer

Section 1: Fostering Access to Financial Services for Consumers and Businesses

1.1 What type of fintech applications do you use, how often and why? In which are of financial services would you like to see more fintech solutions and why?

Financial Planning Standards Board's (FPSB) European member organizations see many examples of fintech platform, tool and application use by CERTIFIED FINANCIAL PLANNER professionals and financial advisers in their practices on a daily basis, including:

- Risk profiling tools, including optical character recognition to capture personal data
- Financial planning / cash flow modeling software
- Portfolio construction (asset allocation) tools
- Client relationship management (CRM) software
- Investment platforms that provide wide access to a range of products and trading functionality, including shares and exchange traded funds (ETFs)
- General banking, including deposit and loan applications
- Client data aggregation and oversight
- Online payments
- Insurtech
- Personal financial management
- Corporate finance and accounting

FPSB Europe's member organizations noted the increased use of peer-to-peer money transfer services, which may be used on a weekly basis. When asked about the specific software programs and products used for daily and weekly fintech transactions within professional financial advice and by CERTIFIED FINANCIAL PLANNER professionals in their financial planning practices, FPSB Europe's member organizations cited the following B2B and B2C brands:

- Figlo (a goal-based financial planning application with the flexibility of cash-flow planning)
- Omniplan (project management software)
- Opal (administration software for investment protection, wealth management and other administered products)
- FinaMetrica (risk-profiling software)
- Navigato (practice-oriented software for holistic asset structure analysis and optimization)
- Go George Go (digital personal finance management)
- ZEK.AI (focused on asset allocation in pension funds)

FPSB Europe's member organizations say these fintech applications are popular because they help to make financial advice, financial planning and other financial solutions more accessible at less cost to the consumer. In the U.K., however, FPSB Europe's member organization, the Chartered Institute for Securities & Investment (CISI), commented that it would like to see more firms use technology to be able to provide advice on regulated products to less-wealthy segments of the advice market, a market CISI believes was inadvertently disenfranchised as a result of U.K.'s Retail Distribution Review (RDR).

In Turkey, where the population is generally young and in the wealth accumulation phase, Finansal Planlama Derneği (FPD) sees great potential for the increased use of fintech platforms, tools and applications in the insurance and pension fund asset allocation sectors. FPD also expects to see an increase in the number of automated-advice offerings in Turkey in the coming year.

FPSB Ireland noted that, at present in the Irish financial services marketplace, most available fintech platforms and tools are either generic in nature and provided by software specialists, or developed in-house by large financial institutions, leaving some financial planning and advice practitioners with no choice but to cobble together a set of disparate software programs and resources to create a holistic solution for delivering professional advice and financial planning to clients. According to FPSB Ireland, demand by financial services practitioners providing holistic advice and financial planning for a “joined-up” solution is high, and experts in that market anticipate that the Irish banking sector will be the first to deliver such a fintech-enabled advice delivery model. This comment reflects findings presented by Financial Planning Standards Board in its 2016 report, *Fintech and the Future of Financial Planning*, in which CERTIFIED FINANCIAL PLANNER professionals globally saw future fintech innovations evolving to create a more integrated, online, end-to-end solution that can onboard clients; aggregate information from every aspect of a client’s financial situation; track and adapt to the client’s ongoing needs; and provide a more complete, interactive, real-time financial advice experience for the client.

1.2 Is there evidence that automated financial advice reaches more consumers, firms, investors in the different areas of financial services (investment services, insurance, etc.) and at what pace? Are these services better adapted to user needs? Please explain.

FPSB Europe’s member organizations report anecdotal evidence that fintech tools in Europe are mostly used by the banking and insurance sectors to reach consumers directly, for things like insurance policy comparisons or mobile banking applications. While some direct-to-consumer investment advice platforms exist, FPSB Europe’s member organizations find most fintech offerings for advice are directed at practitioners instead of consumers. Of the platforms that target consumers directly, most tend to deal with investments or execution-only transactions, not the entire breadth of financial planning/advice services.

Federatie Financieel Planners (FFP) commented that financial planning and advice practitioners in the Netherlands almost always use some form of fintech solution to help develop a plan or advice for a client, and that new tools for both firms and consumers arrive almost on a daily basis. The investment advice market is less well-served by fintech in the U.K., according to the Chartered Institute for Securities & Investment (CISI), possibly because the cost of software development is difficult to recover when less-wealthy consumers are not prepared to pay for advice explicitly.

While increasing consumer access to financial advice tools may be useful in some cases, FPSB’s member organizations in both Austria and Germany expressed concern over how they could be used by consumers, and whether they are appropriate for consumers with complex financial situations. The answers are consistent with those provided by nearly 1,700 CERTIFIED FINANCIAL PLANNER professionals in FPSB’s 2016 report, *Fintech and the Future of Financial Planning*. Several respondents to FPSB’s survey feared that, by default, automated advice tools could drive consumers to focus more on short-term, tactical decisions (predominantly in the area of investing), at the expense of long-term, integrated financial strategies focused on achieving financial and life goals. In the words of one respondent, “Investors have a limited scope of knowledge and a focus on immediacy. They have difficulty projecting a future different from the present or immediate past. A personal sounding board is one of the most important aspects of financial advice." Ultimately, FPSB's survey found, financial planners hope that fintech and automated advice tools will get more people to access some type of financial advice, which will provide a stepping stone to working with a human adviser, as personal situations gain complexity.

1.3 Is enhanced oversight of the use of artificial intelligence (and its underpinning algorithmic infrastructure) required? For instance, should a system of initial and ongoing review of the technological architecture, including transparency and reliability of the algorithms, be put in place? What could be effective alternatives to such a system?

Respondents to FPSB's global fintech survey listed the "ability of automated questionnaires, risk analysis tools and algorithms to generate suitable recommendations," "inadequate testing or supervision of the advice provided by an algorithm" and "inadequate training or competency of those developing algorithms" as priority issues for regulators/legislators to consider when evaluating the impacts/opportunities of fintech. To strengthen consumer protections, CERTIFIED FINANCIAL PLANNER professionals proposed a due diligence function to regulators and fintech developers to evaluate the algorithms and recommendations provided by fintech and automated advice tools and platforms.

FPSB Europe's member organizations overwhelmingly agree that oversight of the use of artificial intelligence should be required, and that automated advice tools (and their related algorithms) should be held to the same regulatory standard as human advisers. In addition, FPSB Europe's member organizations believe that financial planners and advisers who use fintech tools should understand how the technology works, its strengths and limitations, and what appropriate controls and processes should be in place to ensure suitable client outcomes.

For example, Österreichischer Verband Financial Planners (OVFP), FPSB Europe's member organization in Austria, recommends that disclosures address the limitations of fintech-based financial advice (e.g., that the advice provided is not based on a holistic approach). In addition, Finansal Planlama Derneği (FPD) recommends system layers for cyber security and automatic circuit breakers for predefined parametric levels to ensure the capital markets in Turkey remain reliable and efficient.

In considering enhanced oversight, however, FPSB Deutschland, FPSB Europe's member organization in Germany, suggests that regulators take into account the potential cost impact of additional oversight on both consumers and the financial services industry. As part of FPSB's 2016 report, *Fintech and the Future of Financial Planning*, FPSB's 26 member organizations around the world advocated that any additional regulation or legislation being considered or put in place had to be drafted in a manner to stay relevant in a rapidly changing technological environment. FPSB member organizations also mentioned that oversight requirements and standards for automated advice tools should include:

- Preventing false or misleading claims by automated advice tools;
- Protecting consumers' interests by ensuring products recommended by automated advice tools are suitable;
- Protecting consumers (and the market) from cybersecurity threats; and

- Preventing the concentration of risk, if too many consumers in a given market are in the same portfolio allocation.

In the majority of countries with a CERIFIED FINANCIAL PLANNER certification program, since fintech and automated advice tools are in their infancy, use of these tools is subject (at the moment) to existing regulations for investment advice, financial advice or financial planning. CERIFIED FINANCIAL PLANNER professionals believe that the evolution of fintech may be too dynamic and complex for regulators to adequately address. FPSB research respondents suggested regulators and legislators consider the following issues:

- Fintech will likely have the greatest impact on the trading/mutual fund industry and could replace the traditional broker-dealer model.
- Fintech will have a large impact on the banking model – online/digital banking will substantially alter the retail banking model.
- Regulators/legislators will need to update requirements and practices to fit with "realtime/paperless" financial advisory engagement experiences.
- As cloud computing allows clients to maintain more information online, the threat of cybersecurity becomes an even bigger issue. Also, the physical location of servers that store cloud data will have implications with regard to financial client privacy obligations and enforcement of regulations.
- Investors in economies whose markets are underperforming may feel the need to invest "overseas" using automated investment tools, where available, without adequate protection.
- Fintech will pose a challenge for regulators in the area of foreign currency exchange (forex) and overseas remittances.

As innovations emerge, FPSB Europe's member organizations believe regulators and legislators will also need to clarify how "automated advice" will be defined and regulated. This could include:

- Distinguishing between what constitutes "advice" and "information" delivered by automated advice tools;
- Regulating "advice" provided by an automated tool in the same manner as human advice, following the same consumer protection rules, including suitability and/or fiduciary requirements; and
- Requiring that any output from an automated advice tool be reviewed prior to implementation by a human financial adviser who is appropriately licensed to conduct such reviews.

1.4 What minimum characteristics and amount of information about the services user and the product portfolio (if any) should be included in algorithms used by the services providers (e.g. as regards risk profile)?

While regulators in many jurisdictions have already set forth some requirements in this area, at least one of FPSB Europe's member organizations believes more academic research is necessary to determine the minimum characteristics and information needed to be provided by algorithms, because of the differences in scope and types of solutions and investment advice recommendations provided by the technology. For example, the U.K.-based Chartered Institute for Securities & Investment (CISI) suggests that in the area of risk profiling, some providers require answers to as few as 10 questions, while others require answers to 25 questions or more. While fewer questions may make a tool easier for consumers to use, the output may or may not be as valid as a tool that mandates answers to more questions. Finansal Planlama Derneği (FPD) in Turkey believes all service providers should have a clear understanding of their clients' identities, preferences (risk profile), capabilities, objectives, need and/or ability to take profit/stop loss limits, etc., and that customers should agree, either online or in writing, to accept the consequences of the provided service, with some level of assurance that the customer understands what they are agreeing to.

FPSB Ireland observes that the question is not so much one of quantity as it is of relevance. FPSB Ireland cites behavioral finance research that shows that self-determination in financial matters is fraught with risks, and recommends that more research is needed to determine how to ensure that algorithm writers are gathering and using the right information. FPSB Ireland points out that consumers who constantly change portfolios generally tend to underperform the market, while providers are more profitable as a result of higher trading volumes. A Wall Street Journal article citing an academic study of the accuracy of the recommendations provided by 36 online retirement planning tools concluded that "in most cases, the available offerings are extremely misleading and generally not helpful to consumers trying to figure out if they will have enough money to cover their expenses for the rest of their lives."[1]

1.5 What consumer protection challenges/risks have you identified with regard to artificial intelligence and big data analytics (e.g. robo-advice)? What measures, do you think, should be taken to address these risks/challenges?

FPSB Europe member organizations are concerned about how client data, once gathered, may be used by the fintech platform or product provider. They suggest that regulators restrict the use of such data for the specific purpose requested, and that clients be informed about any potential consequences of submitting their data.

FPSB Europe member organizations see a potential risk in situations where a fintech provider has not adequately addressed the limitations associated with its service. For example, a robo-investment adviser could fail to redirect a consumer for whom the service is not appropriate, or where a flawed robo-advice flowchart could lead clients to receive a solution or advice that would have been considered unsuitable if the clients had answered additional questions about their risk appetite.

In Turkey, for example, Finansal Planlama Derneği (FPD) reports that a risk profile assessment is mandatory before opening a trade account, but that customer representatives may mislead clients, causing them to provide spurious answers to risk profile questions. FPD advocates including cross-checks into this process, as well as regular internal and external audits mandated by regulators, to ensure clients are well-served.

Federatie Financieel Planners (FFP) in The Netherlands suggests that another measure to address consumer protection issues would be to more clearly differentiate advice related to a product, versus advice related to an individual's entire financial picture (i.e., financial planning). This is consistent with FPSB's research with approximately 1,700 CERTIFIED FINANCIAL PLANNER professionals in 2016, and with FPSB's tenets for oversight of the financial planning profession, which calls for use of the title "financial planner" to be protected in law or regulation to avoid the ability of financial services practitioners to self-select the standard of care they will

[1] https://www.wsj.com/articles/new-study-questions-retirement-planning-calculators-accuracy-1455822613#

provide to consumers during what is communicated as being financial advice or financial planning engagements.

Financial Planning Standards Board's 2016 report, *Fintech and the Future of Financial Planning*, identified that financial planners found more challenges than opportunities for consumers when it comes to the use of fintech tools and platforms, particularly in the area of consumer protection. Financial planners' concerns ranged from the increased potential for cybersecurity issues and scams to an inability for consumers to conduct due diligence on recently introduced automated advice and fintech services. Financial planners also cited low levels of financial literacy and financial capability among the general public, which could cause some consumers to make poor choices or to receive incomplete or poorly conceived recommendations based on the data they input into the tool or platform. Repeatedly, CERTIFIED FINANCIAL PLANNER professionals responded that the greatest potential for harm to consumers was the likelihood that automated advice tools would churn out standardized, "cookie cutter" solutions for consumers who are forced to fit into broad consumer profiles.

1.11 Can you please provide further examples of other technological applications that improve access to existing specific financial services or offer new services and of the related challenges? Are there combinations of existing and new technologies that you consider particularly innovative?

FPSB Deutschland found the following technological applications to be useful in improving access to specific financial services:

- https://de.scalable.capital (FPSB DE found it easy to use, and its risk management questions to be interesting)
- https://cringle.net/de/ (FPSB DE found this website provides easy access to transferring money)

Turkey-based Finansal Planlama Derneği (FPD) believes that crowd funding (donation or reward-based), B2B (prepaid cards, order screening), B2C (prepaid and discount cards), collection, digital wallets, insurtech (comparison, data, policy management, risk management), financing (supply chain, credit scoring, credit comparison), and personal financial management products all improve access to existing services, particularly if they can be accessed via smartphone.

Overall, however, FPSB Europe member organizations noted that a key barrier to providing more complex automated advice models is the lack of availability and ready portability and compilation of data on the financial products and policies held by a client. Allowing data aggregators access to clients' full portfolio (with the correct permissions) could be of great assistance to consumers, who would be able to see their entire financial picture in a dashboard format, and to holistic financial planners, who would need to take into account all aspects of a client's financial holdings. However, this raises the issues of adequate data protection and cybersecurity risks.

Section 2: Bringing Down Operational Costs and Increasing Efficiency for the Industry

2.1 What are the most promising use cases of fintech to reduce costs and improve processes at your company? Does this involve collaboration with other market players?

FPSB Europe's member organizations see a variety of promising use cases of fintech within the broader financial services industry:

- FPSB Ireland notes that the banking and insurance sectors in Ireland continue to gain traction with consumers with convenient, easy-to-use applications that allow them to transfer money or choose policies;
- In the U.K., the Chartered Institute for Securities & Investment (CISI) sees white-labeled, limited-product advice tools developed for financial advice firms as the most promising use case. CISI states that product success depends on cooperation between the fintech provider/host and the financial advice firm to populate the tool with the advice firm's range of regulated investment product solutions, but also on the integrations by the fintech host direct to the relevant leading investment platforms (such as Standard Life Elevate, Transact, Cofunds, etc.). CISI explains that these integrations provide seamless data pre-population into the application process on the platform, reducing the application submission time, and eliminating the risk of human error from rekeying client details and recommendations.
- Federatie Financieel Planners (FFP) in The Netherlands views the best use cases as data gathering, streamlining administrative processes, and improving the digital infrastructure. FPSB Deutschland and Österreichischer Verband Financial Planners (OVFP) also listed these use cases, as well as better analysis of risk preferences by using multiple methods (such as FinaMetrica), and (to some extent) advice and asset management.
- Finansal Planlama Derneği (FPD) in Turkey cites a specific use case in the development of TROY, a national payment system launched by BKM, the interbank card center, which launched during the Feb. 2017 Fintech Istanbul initiative. FPD notes that a synergistic relationship between financial institutions and IT providers resulted in a US$29 million fintech investment in Turkey last year.

Financial Planning Standards Board's 2016 report, *Fintech and the Future of Financial Planning*, featured eight ideal use cases for fintech cited by 1,700 CERTIFIED FINANCIAL PLANNER practitioners worldwide:

1) **Increased Efficiency** – Financial planners view increased levels of efficiency as the greatest benefit that fintech tools, and technology in general, can provide. Financial planners cite the greatest opportunities fintech presents as the ability to: automate back-office and administrative tasks; speed up reporting to clients; and provide real-time, up-to-date information to respond to client questions more efficiently.
2) **Accuracy** – Planners use fintech to improve the accuracy of analysis of large amounts of data, with regard to information input, calculations and recommendations. They cautioned, however, that recommendations provided by the fintech tool assume the data input is correct and sufficient, and that the algorithms are programmed and functioning properly.
3) **Compliance and Disclosure** – Planners see fintech as a way to manage "know your client," transparency and disclosure requirements through automation to ensure that all requirements have been met.
4) **Bias, Conflicts and Emotions** – Planners see fintech as a way to reduce the potential for biases and conflicts of interest in the products or allocations chosen, or recommendations made, by financial planners. (Several research respondents cautioned that biases of the creators of the fintech applications will need to be similarly managed to ensure systems generate appropriate client recommendations

and products.) Financial planners suggest that fintech can take the emotion out of the decision-making process for both the adviser and the client, and do a better job of providing an impartial recommendation that best suits the client's needs.

5) **Engaging Clients –** Financial planners cited the opportunity to better engage clients as another positive aspect of fintech. More specifically, financial planners said fintech can make the client experience effective and engaging; it presents excellent opportunities to interact and engage with clients; it leverages the power of technology to more fully include the client in the planning; and it enables financial planners to spend more time with clients in a meaningful way. In a nod to the power of including clients more in the financial planning process and their willingness to engage with fintech tools, a recent study from a U.S.-based financial planning software company (MoneyGuidePro) found that when advisers input goals on behalf of the client, they included an average of 2.5 goals; when clients input their own goals into the software, they included an average of 7.5 goals.
6) **Real-time Big Data –** Planners see Big Data (i.e., extremely large data sets that can be analyzed computationally to reveal patterns, trends, and associations, especially relating to human behavior and interactions) as a key support to clients and financial planners in terms of understanding real-time market and client changes, and adjusting strategies and tactics accordingly. Planners welcome the ability to automate portfolio rebalancing, and prompt clients to act in response to real-time risks and opportunities.
7) **Scenario Planning –** Planners see value in the ability to use fintech to collaborate with clients, real-time, in discussing a wide range of strategies and cash flow scenarios.
8) **More Empowered and Financially Literate Clients –** Financial planners use fintech to provide clients access to their own information, allowing clients to track the progress of their financial plans real-time, through user-friendly applications. Financial planners see fintech promoting a more collaborative type of engagement with clients, with a fintech-enabled financial planning engagement being client-driven rather than adviser-driven. Financial planners are also open to clients taking a "do-it-yourself" approach to manage some aspects of their finances.

CERTIFIED FINANCIAL PLANNER professionals who responded to FPSB's 2016 survey said they felt the practice of financial planning relies on human interaction and that the "personal touch," the listening, feeling, exploring and interpreting of qualitative information that is central to the financial planning process, cannot readily be replaced by automated advice tools.

2.3 What kind of impact on employment do you expect as a result of implementing fintech solutions? What skills are required to accompany such change?

FPSB Europe member organizations expect that the processes that can be automated will be automated (such as underwriting insurance and loans, or certain accounting functions), and that the demand for administrative and clerical roles within financial planning, wealth management and advice firms will likely be reduced. To some extent, FPSB Europe member organizations believe the sale of financial products will also become more automated as a result of client-centered investment advice, financial advice and financial planning provided by competent, ethical financial planners. Some FPSB Europe member organizations predict a possible increase in demand for financial advisers and financial planners who can provide financial coaching and explain complex terms to clients. The global CFP professional community posited that the future of financial advice and financial planning was bionic, rather than automated, with technology tackling the aggregation, quantitative analysis and tracking of the financial recommendations, with the human adviser freed up to be "more human" and focus on the qualitative aspects of helping clients identify and achieve their financial and life goals.

2.4 What are the most promising use cases of technologies for compliance purposes (RegTech)? What are the challenges and (if any) are the measures that could be taken at EU level to facilitate their development and implementation?

While FPSB Europe member organizations had limited comments in this area, at least one member organization observed that meeting regulatory requirements is generally costly and time consuming, and that a promising use case could include any RegTech application that could reduce costs and time spent on compliance.

The U.K.'s Chartered Institute for Securities & Investments (CISI), an accredited body that provides "statements of professional standing" for regulated advisers to be authorized by the Financial Conduct Authority (FCA), is developing some integrations with large providers of Continuing Professional Development (CPD) courses to automatically upload CPD data to CISI's CPD system. In this use case, the FCA would be able to audit the CPD data through CISI's system. CISI cites that a possible challenge could be the impact of new EU data protection measures which might not permit such data transfers.

Finansal Planlama Derneği (FPD – Turkey) suggests that the EU consider the operational risks and impact of its decisions based on RegTech output, preparing confirmation steps and detailed procedures in the implementation process.

Since fintech and automated advice tools are in their infancy in many countries in Europe, use of these tools is subject to existing rules for financial advice or financial planning. However, FPSB Europe member organizations noted that as automated advice innovations emerge, regulators and legislators will need to develop guidance and standards for these tools and clarify how "automated advice" will be defined and regulated. This could include:

- Distinguishing between what constitutes "advice" and "information" delivered by automated advice tools;
- Regulating "advice" provided by an automated tool in the same manner as human advice, following the same consumer protection rules, including suitability and/or fiduciary requirements;
- Requiring that any output from an automated advice tool be reviewed prior to implementation by a human financial adviser who is appropriately licensed to conduct such reviews.

Section 3: Making the Single Market More Competitive by Lowering Barriers to Entry

3.7 Are the three principles of technological neutrality, proportionality and integrity appropriate to guide the regulatory approach to the fintech activities?

FPSB Europe member organizations generally agree with the three principles, but note that it is the activity that should be regulated, not the technology or process through which the activity is conducted. Fintech is too large of a container for a "one size fits all" approach.

One principle that is missing from this list is a focus on serving consumers' best interests and ensuring that consumer outcomes are protected. The three principles are a means to an end, which is consumer protection, and FPSB Europe member organizations believe that principle should be stated by the ESAs, rather than implied.

Section 4: Balancing Greater Data Sharing and Transparency with Data Security and Protection Needs

4.10 What other applications of new technologies to financial services, beyond those above mentioned, can improve access to finance, mitigate information barriers and/or improve quality of information channels and sharing? Are there any regulatory requirements impeding them?

FPSB Europe member organizations agree that data transfer between a client's different service providers could not only make it easier to gather all relevant financial data to determine advice recommendations, but also make it easier for clients to switch to a different provider, if necessary. FPSB Europe member organizations suggest European legislators and regulators consider a universal data format. FPSB Europe member organizations are concerned that data protection standards within the EU could adversely impact firms' abilities to use or share relevant data in outsourcing situations.

A possible future state for fintech will involve the integration of "Big Data" with "Bio Data" from non-financial aspects of a consumer's life (i.e., online social media, health, behavioral or job-related information) that will enable predictive modeling and the nimble execution of adjustments, in real-time, to a client's financial recommendations or financial plan.

Possible positive implications of the Big Data/Bio Data integration will be: Improved ability for consumers to track success with achieving their financial and life goals, providing real-time positive reinforcement for current behaviors; Improved ability to track risks and tailor recommendations and appropriate products to manage them; Improved access to financial products based on more accurate client information; Better ability for advisers to understand actual client behavior in various circumstances and develop a more holistic approach to achieving the client's financial and life goals.

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