



HELLENIC REPUBLIC
National and Kapodistrian
University of Athens
Faculty of Political Science and
Public Administration



Jean Monnet Network
Crisis - Equity - Democracy
For Europe and Latin America



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Finance Governance after the Crises: Challenges to EU, Latin America and the World

Consumer protection and financial innovation

The international economic and policy perspective

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2. Microeconomic foundations of consumer protection in the innovation economy
3. Policy intervention and global cooperation on CP issues
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1. Overview

1. Importance of financial innovation

A. Products: New digitally-enabled products / services

- New technologies and platforms to access investment opportunities

B. Systems: Improved connectivity

- Better and faster analysis of information
- Big data and platformisation
- Internationalisation

C. Audience: Wider retail investors participation

- Fintech accessibility and affordability: robo-advisors, peer-to-peer lending, and crowdfunding, etc.
- Diversification opportunities and high return potential

1. Overview

2. Necessity for consumer protection in the innovation economy

A. Products: New digitally-enabled products / services

- New technologies and platforms to access investment opportunities

➤ Complexity for consumers / regulators

B. Systems: Improved connectivity

- Better and faster analysis of information
- Big data and platformisation
- Internationalisation

➤ Enhanced cross-border linkages / contagion risks

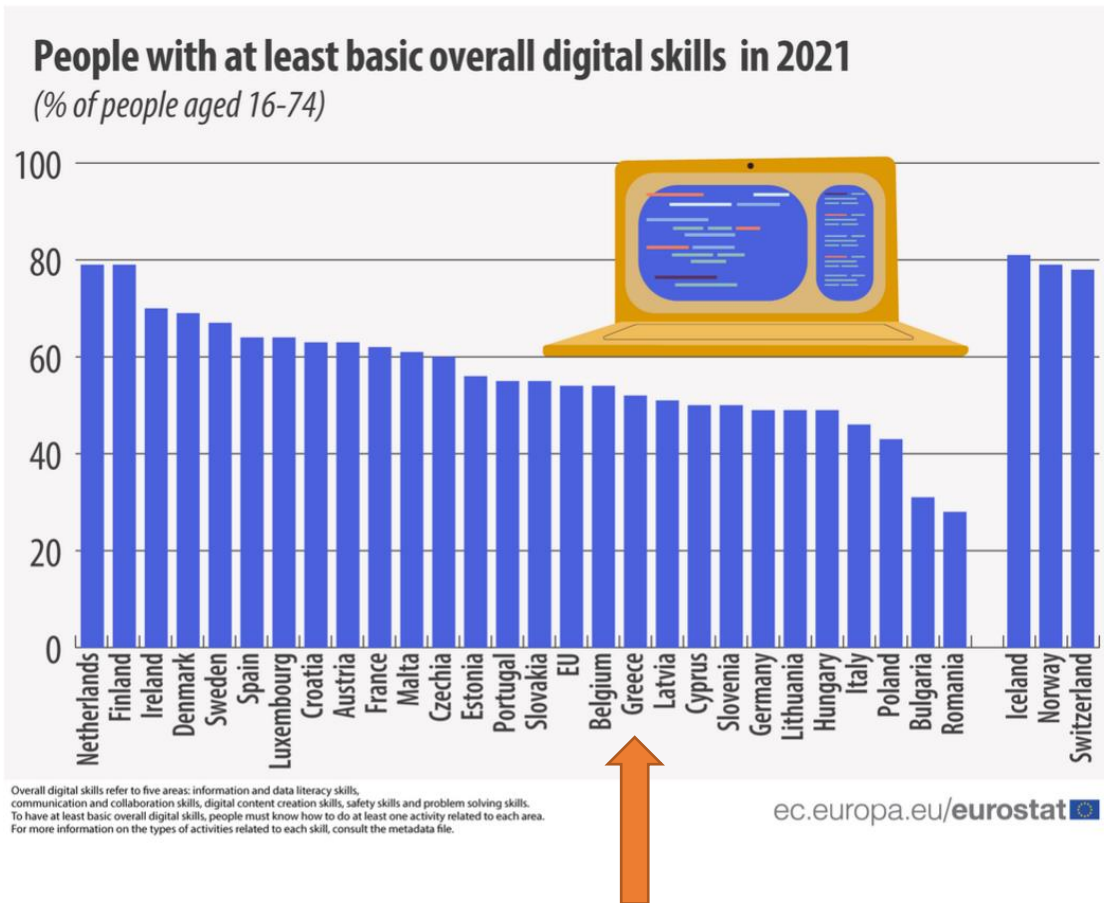
C. Audience: Wider retail investors participation

- Fintech accessibility and affordability: robo-advisors, peer-to-peer lending, and crowdfunding, etc.
- Diversification opportunities and high return potential

➤ Redress cost / compliance / risk understanding

1. Overview

3. Digital skills



In 2021, 54% of [EU](#) population aged 16 to 74 had at least basic overall digital skills.

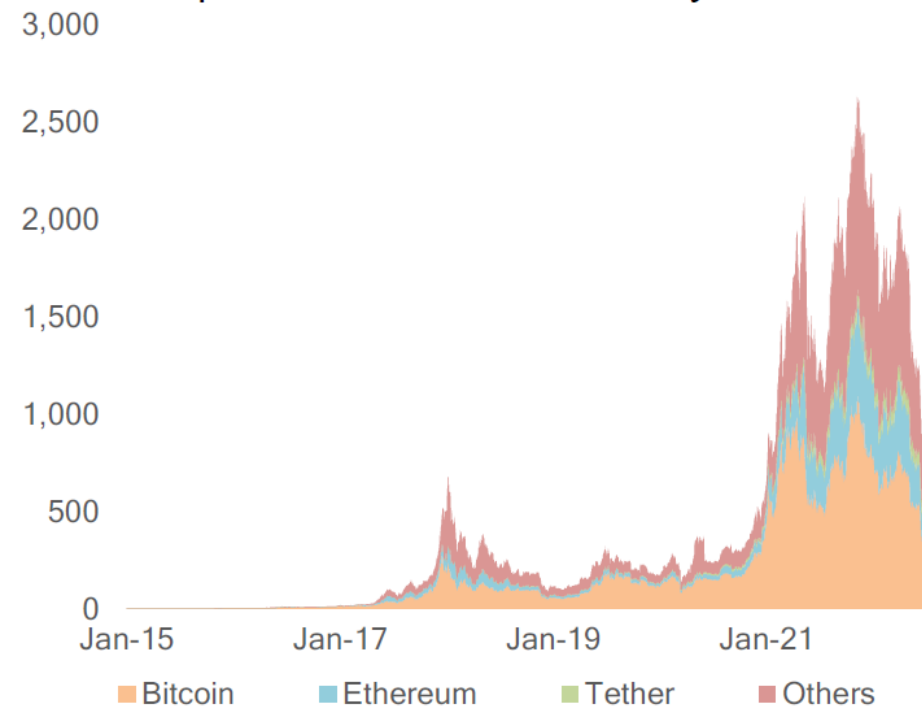
Individuals' level of digital skills	
EU 27	2019
Individuals who have basic or above basic digital skills	56%
Individuals who have low overall digital skills	29%
Individuals who have no overall digital skills	1%
<i>Eurostat</i>	

1. Overview

4. Crypto Markets and MiCA

*The EU is the first major jurisdiction worldwide to provide a comprehensive, dedicated regulatory framework for crypto-assets, the **EU Markets in Crypto-Asset Regulation (MiCA)**.*

Crypto-asset market capitalisation
Market capitalisations are extremely volatile



Note: Market capitalisation of Bitcoin, Ethereum, Tether and other crypto-assets, in EUR bn.

Sources: CoinMarketCap, ESMA.

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2. Microeconomic foundations of consumer protection in the innovation economy

Asymmetric Information:

1. Firms know better their own costs, risks and benefits than their rivals or than consumers.
2. Citizens know better their willingness to pay for a public good than the central planner.

Consumer Surplus:

1. Financial innovation increases choice, lowers costs, and enhances access to financial services.
2. Externalities: systemic risk, fraud and predatory practices.

Market Power:

1. Platformisation and dominant position

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3. Policy intervention and global cooperation on CP issues

3.1. Policy intervention

Asymmetric Information:

Regulatory Disclosure

1. Disclosure requirements
2. Guidelines or standards

Consumer Surplus:

Regulatory Disclosure

1. Transparency in costs and charges
2. Complaints handling mechanisms
3. Financial education

Market Power:

Regulatory Intervention

1. Price controls
2. Quality standards

3. Policy intervention and global cooperation on CP issues

3.2. Global cooperation



Protect consumers from fraudulent or predatory practices



Ensure that financial innovations are safe and sound



Ensure that benefits of financial innovation are shared widely



3. Policy intervention and global cooperation on CP issues

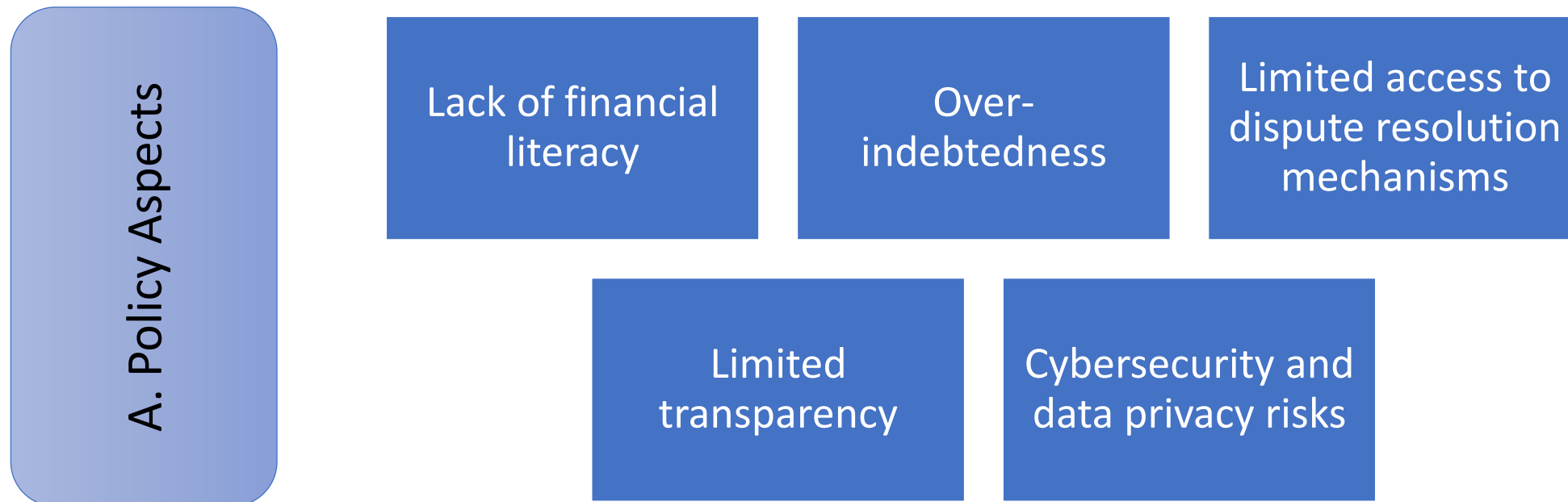
3.2. Global cooperation

Coordination on regulatory standards	Sharing information and best practices	Addressing cross-border disputes	Promoting financial inclusion
<ul style="list-style-type: none">✓ Consistency across jurisdictions✓ Prevent regulatory arbitrage✓ Regulatory certainty and stability for financial firms and consumers	<ul style="list-style-type: none">✓ Among regulators and other stakeholders✓ Keep abreast of developments✓ Better understand new risks✓ Adoption and implementation of best practices	<ul style="list-style-type: none">✓ Consumer access to appropriate remedies and redress mechanisms✓ Cross-border cooperation of authorities	<ul style="list-style-type: none">✓ Render financial innovations accessible and beneficial across countries✓ Bridge financial skills and education gap with developing economies
ESMA, EBA, EIOPA, IOSCO, etc	OECD, ESAs, other Fora	NCAs, BUL, WTO-DSB, ICJ	OECD-INFE, WB UFA2020, Microfinance, Mob. Network

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4. Behavioural challenges of digital finance affecting consumer protection



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Concluding remarks

1. Consumer protection and financial innovation are important and complementary goals.
2. Regulatory frameworks need to strike a balance between encouraging innovation and protecting consumers.
3. Protecting consumers is crucial for the sustainable growth and success of the financial innovation industry.
4. Collaboration between regulators, industry, and consumers is key to achieving these goals.
5. *Encourage innovation for people: It is a process of Schumpeterian waste, a “process of trial and error and error and error...”. As we continue to innovate, let us keep in mind the importance of designing products and services that are transparent, accessible and inclusive.*

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Thank you!

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