

THE FINANCIAL SECTOR,

a partner for the future



Foreword

The economic, geopolitical and technological environment has changed rapidly in recent years. We are living in a period characterised by high inflation, limited economic growth, increased digitisation, climate transition, geopolitical uncertainty and a significant reshaping of the energy landscape. These are challenges we must face together to secure the future for the coming generations. This will require resilience, flexibility and adaptability from all of us.

More than ever, the public and private sectors must work together for a sustainable future. In this Memorandum, Febelfin puts forward a number of proposals for the concrete cooperation necessary between the Belgian financial sector and the different levels of government in Belgium.

As a representative of the financial sector, we are ready to be a partner in this effort and work together in a proactive and transparent way on the necessary reforms and policy measures that will need to be implemented during the next legislative term. Febelfin proposes six areas in which we consider the financial sector as an essential partner of the government:

- 1. Partners in financing the Belgian economy**
- 2. Partners in the transition to a sustainable society**
- 3. Partners in a reliable, efficient and secure economy**
- 4. Partners in an innovative, data-driven and digital society**
- 5. Partners in an inclusive society**
- 6. Partners in Europe**

Let us together build a sustainable world for the future.



Michael Anseeuw
President Febelfin



Karel Baert
CEO Febelfin

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1

PARTNER IN

**FINANCING THE
BELGIAN ECONOMY**

Action 1

Ensure a stable and transparent tax framework for the financial sector and financial products that support social objectives



▷ RECOMMENDATION 1:

Create a cost framework that does not affect the competitive position of Belgian financial institutions

The international and European competitiveness of Belgian financial institutions is of paramount importance for a robustly anchored banking sector that supports Belgian society under all circumstances. Costs must therefore be kept under control and in line with those of the major financial institutions in the Banking Union.

Taxation and other bank charges are important cost elements that are beyond the control of the financial players. To safeguard the international competitive position of Belgian financial institutions, tax and other government-imposed operating levies (such as the annual tax on credit institutions and DGS contributions) should be set at a similar level as abroad. This also means that the funding of the European Investment Bank (EIB) is no longer subject to the Annual Tax on Credit institutions, to make sure companies can actually benefit from the low EIB interest rate.

▷ RECOMMENDATION 2:

Simplify taxation for the financial sector

Tax rules do not just impose a direct cost on financial institutions; since they have to be implemented via IT systems, they also lead to indirect costs that can sometimes be quite high. Simple, transparent and stable regulations allow these indirect costs to be kept low and under control. A simple and stable tax framework also benefits Belgium's reputation as an attractive investment country.

Therefore, the government should strive to make taxation more straightforward for financial institutions. A digitisation of tax procedures, attestations and returns should be striven for as far as possible, without involving any unnecessary requests for excessive data. Timely consultation with the financial sector is appropriate in this respect.

▷ **RECOMMENDATION 3:**
Keep in mind the importance of a modern remuneration framework to ensure our country remains attractive

Wage costs play an important role in determining a healthy cost-to-revenue ratio for financial institutions. Moreover, the remuneration framework is also a very important element that determines the attractiveness and future of the financial sector in our country. To retain financial and IT talent within the country or draw them from elsewhere to Belgium, one has to be able to offer an attractive remuneration package that satisfies the needs of today's employees. There is a need for a taxation system aimed at making our country attractive as a place of employment. This includes a reasonable taxation of option schemes for variable remuneration as well as the possibility of offering cafeteria plans.



Action 2

Implement policies that support citizens and companies in their future plans

▷ RECOMMENDATION 4:

Develop a framework that allows citizens to make investments for retirement

The pension problem is very acute in our country. Each citizen needs to take responsibility relating to their pension and make their own provisions for this so that they can be as financially healthy as possible during their retirement. It is therefore important to offer every citizen the products that will allow them to manage their savings optimally to ensure their financial well-being after retirement.

In this regard, a number of adjustments can be made to the existing framework and product range. Febelfin recommends that the framework relating to investment companies with variable capital should be modified so that funds can also invest, to some extent, in alternative unlisted products, such as private placements. In addition, tax policies relating to the second- and the third-pillar pension scheme should remain stable, and savings should be promoted through these means. This will further encourage long-term investments and give depositors and investors better opportunities to more efficiently diversify their portfolio risks.

▷ RECOMMENDATION 5:

Ensure that the credit market can continue to operate as efficiently as possible and support social needs

Loans are an important means for supporting our economy. However, within our regulatory framework, there are a number of elements that hamper credit market growth and hinder the development of our economy. It is important to remove these obstacles. Specifically, Article 91 of the Consumer Credit Act (*Wet op de consumentenkredieten*) (linked credit agreements) needs to be amended. Failure to do so could, for example, cause the market for renovation loans to shrink or even shut down. Given the major challenges



related to climate transition, it is crucial to ensure and further strengthen the operation of the credit market.

Our economy is largely composed of small and medium-sized companies. However, because of disproportionate administrative obligations, some of the available financial resources are not accessible to them. With certain interventions, such as adapting the prospectus requirements based on the realities of smaller companies, these SMEs will gain access to a wider range of financing options. It is important for our SMEs, and therefore our entire economy, to have access to the full range of financing solutions.

▷ **RECOMMENDATION 6:**

Apply a policy of ‘same activity, same risk, same regulation’ for new financial service providers³

The financial world has changed significantly as a result of increased regulation, innovation and digitisation. Credit to consumers or companies is no longer being offered only by traditional, highly regulated financial institutions but also by totally new players. Moreover, with the recent rise of cryptocurrencies and platforms, there are completely new players offering completely new financial products for consumers.

The policy principle of **‘same activity, same risk, same regulation’** should be consistently applied to safeguard consumer protection, the application of anti-money laundering rules, cyber security and healthy competition. This is necessary in order to ensure that citizens enjoy the same protection regardless of the financial services provider they use. Moreover, this will also preserve the necessary confidence in the financial world.

2

PARTNER IN

A SUSTAINABLE SOCIETY



Action 1

Support the development of products and tools that help achieve the climate transition



▷ RECOMMENDATION 1: Support the Towards Sustainability label for sustainable financial products

The purpose of the Towards Sustainability label is to direct funding towards sustainable products and provide greater guidance to consumers and non-professional institutional investors looking to invest in sustainable financial products. There is also a realisation that the large-scale transition to a sustainable society is an evolving story in which you need to involve everyone, and so you need to proceed step by step.

The government can help promote the quality standard and the label for sustainable financial products in the European market or put these forward as good examples. The government can position the label as a best practice for a unified EU sustainability label.

Regional and federal governments, public bodies and investment vehicles can also use the label to guide their own investments, as is being done by certain local authorities at present.

▷ RECOMMENDATION 2: Establish a knowledge centre for the circular economy

The circular economy is one of the building blocks of the European Green Deal to achieve climate neutrality by 2050. Although there are some circular projects and private initiatives for promoting circularity in the market at present, there is a need to scale up these efforts more quickly.

The government can play an active role in this regard since the slow development of the circular economy is partly due to the complexity of circular processes. As a result, our knowledge about the circular economy is rather limited and fragmented so far. The government can improve this process by setting up a knowledge centre that develops, collects and provides informa-

tion on the circular economy. This knowledge centre can further help formulate answers to the many of the practical questions that exist today which, if left unanswered, can curb the development of the circular economy.

▷ **RECOMMENDATION 3:**
Support initiatives to make residential and commercial buildings greener

The energy transition requires significant investments by individuals, companies and the government. As a matter of fact, energy-saving renovations to Belgium's existing (and outdated) housing stock are much needed to meet climate goals. However, not everyone has all the necessary resources at their disposal to make these energy-related expenditures. Therefore, the credit market will play a crucial role in making the climate transition a success by developing specific and adapted credit schemes, for example, credit schemes for co-owned properties, such as apartments, which make it easier to make sustainable investments jointly.

The government can play a big role in this by engaging in an open dialogue about this with the financial sector. Within this dialogue, the government and the sector can actively collaborate on the creation and promotion of these customised financial products that will encourage more renovations.

▷ **RECOMMENDATION 4:**
In partnership with the financial sector, create the tools to achieve a 'just transition'

We must keep in mind that not everyone has the necessary resources at their disposal to carry out energy-saving renovations and nor is it possible for them to take out a loan for this. For banks, this may create certain difficulties because, due to regulatory and prudential constraints, they are probably not allowed to or are unable to provide these loans. Therefore, it is necessary for the government to create the tools that can overcome these limitations. This could be done via a modified form of subsidies and guarantees.

Action 2

Help make the necessary data available

▷ **RECOMMENDATION 5:**
Make it possible to use the EPC databases for multiple purposes

Access to data on the energy efficiency of residential and commercial buildings, in the form of EPC scores, is necessary to ensure the proper functioning of credit markets and the financing of the economy and climate transition.

This information is stored in regional government databases but is not consistently available to banks. Credit providers should be allowed direct and automated access to regional files. Credit providers should also be allowed to store EPC information in their internal files at least during the term of the credit (or of the validity of the guarantee) and use this information for managing the file as well as to meet its reporting obligations with respect to the supervisory authority.

Moreover, there is a need to work towards a uniform definition of the EPC framework across the regions, in line with the EU taxonomy.



▷ **RECOMMENDATION 6:**
Communicate and create awareness among companies of the importance of ESG reporting and facilitate access to ESG information

Focused and relevant ESG reporting is an essential tool for companies to manage and monitor their sustainability performance. Moreover, transparency about the sustainability strategy will become a basic expectation of all types of stakeholders. Alongside the usual financial information, the company's ESG information will weigh heavily in the credit and investment decisions taken by financial institutions.

The government has a clear role to play in this area. On the one hand, it must create further awareness among companies and citizens about the necessity and practical implications of the climate transition. It must also clearly inform companies about their obligations are, with regard to reporting and other matters, via transparent and simple communications. On the other hand, the government must also take action. There is a need to develop a national, publicly accessible database of standardised and uniform sustainability information (ESG) relating to Belgian companies. At the legislative level, a coherent transposition of European regulations into Belgian legislation must be ensured, without any 'gold-plating'.

Action 3

Keep in mind certain guiding principles that are necessary for successfully making the shift to a sustainable economy



▷ **RECOMMENDATION 7:**
Proceed gradually and ensure a predictable and uniform regulatory framework

The manner in which the climate transition strategy is rolled out will determine its success. Gradual implementation, risk management and profitability are the guiding principles for this process. Banks can be a driving force in bringing about a sustainable society and a 'just transition', but it is essential to manage the associated risks. If we implement the transition too gradually, it may lead to higher risks and even have an adverse effect on efforts to make the economy sustainable.

Sustainable investments are made with long-term profitability in mind. Therefore, Febelfin calls for a policy and regulatory framework that is predictable, foreseeable and stable. A retroactive review of previously made agreements is detrimental to a sustainable transition.

In line with this, it is important to have sufficient uniformity in decision-making. Contradictions or deviations delay and create legal uncertainty. This is important at every policy level, from the European level to that of the municipalities. Here too, 'gold-plating' should be avoided.

3

PARTNER IN

**A RELIABLE, EFFICIENT
AND SECURE ECONOMY**

Action 1

Ensure an efficient and smooth exchange of information regarding online fraud

Banks want to combat online fraud in the best possible way. Cooperation is essential in the fight against financial crime. Only if we cooperate with one another, can we stay one step ahead of cybercriminals. Hence, there is a need **for more flexibility in exchanging information on cybersecurity and cyber fraud risks** between financial institutions as well as with the government and other stakeholders.

▷ RECOMMENDATION 1:

Support the creation of an incident alert register to facilitate data sharing on payment and cyber fraud

The financial sector advocates the creation of an **incident alert register** within a legal framework for the exchange of specific fraud-related data between financial institutions and the identity information of individuals involved in the payment or credit incident. The sector requests support for a law that will create an appropriate framework for this in view of the privacy issues involved.

▷ RECOMMENDATION 2:

Strengthen collaboration among all stakeholders

In the context of fraud prevention, we have observed new patterns emerging in the area of payment fraud. This creates the need for new rules that allow payment service providers (including banks) to communicate specific information about incidents of fraud and attempted fraud (via funnel accounts of money mules). To make it easier for payment service providers to combat fraud, the exchange of information between public and private actors should be improved and all relevant players, including non-bank payment providers, should be required to cooperate in fraud investigation and prevention. This would help increase trust and security in the payment services market.



Action 2

Provide a framework to apply AML rules as efficiently as possible



▷ RECOMMENDATION 3:

Facilitate the exchange of AML information between entities subject to the Anti-Money Laundering Law

As part of the fight against money laundering, it is necessary to further develop the cooperation between the government and banks. An improved exchange of information is particularly important in this respect. It is therefore important that the Financial Intelligence Processing Unit (CTIF-CFI) is provided with the proper legal tools to share more information, including any feedback concerning its own reports and those of other institutions, with all entities subject to the Anti-Money Laundering Law. Furthermore, the scope of European and Belgian anti-money laundering legislation should be expanded to allow institutions serving as gatekeepers to exchange information among themselves. Such an expansion of scope is also required to allow for the exchange of information between two banks or insurers that have the same customer or are processing the same transaction. This will benefit society because this will allow money laundering offences to be tackled even more efficiently.

▷ RECOMMENDATION 4:

Maintain the UBO identification threshold at 25%

As part of the current European negotiations on new anti-money laundering legislation, there is talk of introducing a lower identification threshold. Currently, only shareholders with a participating interest of more than 25% need to be identified by the banks as ultimate beneficial owners. Reducing this shareholding percentage will increase administrative burdens and make it more difficult for companies to open accounts since it will become more difficult for banks to obtain information about these UBOs. Consequently, we advise that the percentage of shareholder participation should be retained at 25% as presently provided for under the Anti-Money Laundering Law.

▷ **RECOMMENDATION 5:**
Avoid de-risking via adjusted rules, new data sources and modified administrative and criminal penalties

There is a conflict between, on the one hand, maximising the efforts to fight crime, and on the other hand, giving all companies access to current accounts. The government must also recognise this conflict and adapt its regulations accordingly so that the two principles can remain compatible. For this, regulations should always be reviewed and aligned with the following four principles:

- Criminal penalties should remain an ultimate remedy.
- Administrative penalties should be given preference because of the quicker outcome and more efficient procedures.
- The range of penalties should be comparable to those in our neighbouring countries.
- The right of defence and the right to exhaust all possibilities of appeal should be respected before imposing penalties that lead to irreversible consequences.

▷ **RECOMMENDATION 6:**
Provide a limitation period for money laundering offences in the criminal code

Under the current criminal code, a money laundering offence occurs as soon as a person takes any actions relating to the management of assets of criminal origin, in situations where they were or should have been aware of the origin of the assets. This implies that the offence continues until the laundered funds have been seized, returned or forfeited. This makes the offence, in a sense, imprescriptible. This is logical with respect to the perpetrator of the basic criminal offence.

But this should not apply to every legal successor of the perpetrator or any bona-fide third parties. After some time, it can be very difficult for heirs or a bank to trace the origin of funds that have come into their possession or under their control after a long period of time. If they fail to do this, they are liable for prosecution for money laundering if there are serious doubts about the legal origin of these funds. However, they do not have access to the same resources as police or judicial authorities to investigate the origin of these funds. Therefore, we recommend the introduction of a 10-year limitation period for heirs and for third parties that were involved in the money laundering offence while acting in good faith.

▷ **RECOMMENDATION 7:**
Apply mitigating circumstances in case of a breach of AML rules by customers in sectors involving a high risk of money laundering

If credit institutions enter into a business relationship with customers from certain high-risk sectors, e.g. under the new law requiring them to provide basic banking services to such companies, the responsibility should not fall solely on them if this customer is ultimately found to have committed a money laundering offence via the bank.

The increased money laundering risks associated with these business relationships should be taken into account both at the level of criminal and administrative penalties. This pressure can be eased by applying the mitigating circumstances currently provided for in legislation with respect to administrative penalties and by adjusting the stringent criminal-law framework.

▷ **RECOMMENDATION 8:**

Facilitate the development of a database containing the names of politically exposed persons (PEP Database) and do not expand the PEP definition

Under the anti-money laundering legislation, banks are required to verify the identity of customers holding a particular political position or mandate to establish whether they are so-called politically exposed persons (PEP) and to therefore apply enhanced due diligence measures (i.e. include more frequent anti-money laundering checks in their procedures) in their relationship with these customers. However, there are no clear means of verifying whether these customers fall into this category, which results in the blocking of a lot of relationships with PEPs.

Therefore, it is recommended that the government develops a database of individuals who qualify as PEPs and links this to the government's Regimand database. Subsequently, banks should be given access to this database so that they can have a clear means of verification at their disposal. However, the current, broad PEP definition should not be expanded.



4

PARTNER IN

**AN INNOVATIVE,
DATA-DRIVEN AND
DIGITAL SOCIETY**

Action 1

Focus on further digitisation



▷ RECOMMENDATION 1:

As a government, lead by example and ensure that legislation is future-proof

In the context of e-government, the government must lead by example. This should be done both via concrete developments initiated by the government as well as appropriate regulations. The government must focus on implementing mobile identification solutions, payment solutions and digital infrastructure with respect to the services it provides to citizens and companies. For this, the government does not always have to develop these solutions itself but should make maximum use of the services of reliable private players, as was done when developing the Itsme application.

In addition, the government has a role to play in supporting and promoting digitisation by striking a balance between digitisation and existing regulations. It can do this by playing a supporting role in the area of new digital developments and by ensuring that new legislation is future-proof. This can be done systematically through the use of tools such as regulatory sandboxes.

▷ RECOMMENDATION 2:

Support the further digitisation of the payment system

Digital payments are becoming increasingly common in Belgium. This has a positive effect on the reduction of social costs associated with cash, such as costs related to the informal economy and costs for security and surveillance. Therefore, as part of an innovative and prosperous economy, digital payment solutions should be further promoted. However, the intention is not to want to replace cash completely. In the context of digital and financial inclusion, adequate access to cash remains a key objective of the financial sector.

▷ **RECOMMENDATION 3:**
Critically analyse the digital euro and only introduce this if it adds any concrete value for the consumer

Developments in the world of cryptocurrency and the growing popularity of stablecoins are rapidly changing the financial landscape. This brings opportunities as well as risks. Private stablecoins, for example, may undermine the sovereignty of the monetary policy. The ECB's answer to this is to create its own digital currency. However, the introduction of the digital euro is a project involving major and far-reaching technological, financial and economic issues.

It is important that the introduction of the digital euro is based on a cost-benefit analysis that takes into account the financial stability of the banking system, the impact on the current payment landscape, the needs of European consumers and companies and the potential added value of the digital euro. If the added value of the digital euro cannot be clearly demonstrated, it should not be introduced.

Moreover, it is recommended that the above analysis should not be limited to retail applications but should also pay due attention to wholesale use cases, especially given the important infrastructural role played by certain Belgian financial institutions.



Action 2

Create the necessary framework for a strong data economy.

Data occupies a central position in the area of technological development. Indeed, data-driven innovations represent numerous opportunities for society as a whole. To tap into these opportunities, it is essential to improve access to data and allow the data to be reused.

▷ RECOMMENDATION 4:

Base the Belgian data strategy on European regulations and always ensure a fair and level playing field with respect to payment data

Data occupies a central position in the area of technological development. Indeed, data-driven innovations represent numerous opportunities for society as a whole. To tap into these opportunities, it is essential to improve access to data and allow the data to be reused. This is why Febelfin proposes to make use of all European regulations to maximise the access to and reuse of public sector data for the benefit of society. In implementing the Data Governance Act, due consideration must be given to clear data governance and easy access to data for companies and individuals (both at the federal and regional levels). High-quality data and interoperability should also be guaranteed.

Moreover, all stakeholders should be involved in a timely manner to clarify all operational as well as legal uncertainties and ensure a balance between consumer protection and innovation. After all, one does not exclude the other. When sharing data, a level playing field must be ensured so that all parties are treated equally.



▷ **RECOMMENDATION 5:**
Apply the ‘once-only’ principle consistently and facilitate access to customer information (private individuals and companies)

To encourage more simplified administrative procedures, the ‘once-only’ principle should be consistently used as a guideline, either when financial institutions provide data and reports or when using KYC or other information available in public databases. This avoids the need for citizens and companies to repeatedly communicate the same identification or other data in case these data have already been provided to another administrative database.

In Belgium, there is a law that prioritises this principle, and the sector believes that this principle can be applied and rolled out more consistently.

Action 3

Facilitate access to the National Register, Crossroads Bank for Enterprises and UBO Register



▷ RECOMMENDATION 6:

The government should actively contribute to developing initiatives designed to make it easier to access and manage company information/National Register

To fulfil their role as gatekeepers and to implement sound credit risk policies, financial institutions need access to updated information about their customers. For companies, the government has set up the Crossroads Bank for Enterprises (CBE). This database should play a central role in the search for company data.

This database should be developed as an effective and authentic source of information on companies. Information on the agents and mandatories of companies should also be included in the CBE.

In addition, this should be linked to the development of an efficient and user-friendly register of ultimate beneficial owners in the context of the transposition of the Fourth Anti-Money Laundering Directive. The publication of company information should be further digitised and the sources of company information (CBE, Ultimate Beneficial Owner Register (UBO Register), register of articles of association of companies) should be accessible electronically so that the data can be easily transferred (open data).

Integrate relevant information from these CBE sources and allow this information to be used to develop apps through which companies can identify themselves online and manage their proxy holders.

Ensure that these projects become scalable by actively integrating these solutions with e-government applications and in digital interactions with citizens and businesses.

In doing so, actively use the leverage provided by the Itsme application. This facilitates the secure and efficient sharing of data which, in turn, improves the quality of the services provided to citizens and companies.

▷ **RECOMMENDATION 7:**
Facilitate access to the National Register for banks and digital identity providers

In today's digital world, access to accurate and verifiable identification data has become imperative. To correctly identify a person, it is not just necessary to collect accurate identification data but also to update these data regularly. In 2018, the Belgian regulator recognised this need by giving specific private institutions (such as banks and the like) access to updates of certain data in the National Register. This initiative from 2018 should be continued further.

Via an amendment to the National Register Act (*Rijksregisterwet*), it should be possible to ensure, under well-defined conditions and in a manner controlled by the citizen, that the data held by authorised service providers of electronic means of identification always remain up to date. To make sure that these data are always updated in a controlled and secure manner, the sharing of data must be limited to service providers of electronic means of identification that are recognised by the Belgian authorities in accordance with the eIDAS regulation. Updates from the National Register would remain subject to strict conditions, and it should be possible for the government to monitor and enforce each of these updates. Moreover, citizens should retain full control over the sharing of their data.

▷ **RECOMMENDATION 8:**
Ease the rules for the use of the National Register Number to allow efficient reuse of this number for defined, specific and non-commercial purposes

Apart from being able to access the National Register, companies should also be able to reuse a National Register Number, without restrictions, to identify individuals in all their contacts with government agencies. Currently, a separate legal authorisation is required each time the National Register Number is used. This is a burden on consumers. The option of obtaining an authorisation based on strict conditions would remove this inefficiency. Therefore, allow for an efficient reuse of the National Register to identify individuals in all their contacts with government agencies.

▷ **RECOMMENDATION 9:**
Ensure that banks can rely solely on the UBO Register (cf. the EU AML package)

Banks should be able to rely solely on the information coming from the UBO Register. This would help address complaints from entrepreneurs and shareholders who now have to upload their UBO information twice, i.e. via a digital registration in the UBO Register and subsequently by transferring this information to banks if they become customers of a particular bank. This creates an administrative burden and is an inefficient process. Modify the anti-money laundering legislation at the European and Belgian levels to allow banks to rely solely on the information uploaded by the company to the UBO Register.

▷ **RECOMMENDATION 10:**
Enable digital transferable property titles in Belgian law

International trade is very important for our Belgian open economy. It is therefore important for Belgian players to be able to follow the global trend towards the digitalisation of international trade transaction. Transferable property titles are crucial in international trade transaction. However, Belgian legislation only attaches legal value to the paper version of these transferable property deeds. This makes it difficult to digitise the handling of commercial transactions in a legally secure manner. An adaptation of the Belgian legal framework is therefore necessary to enable the digitisation of international commercial transactions.



5

PARTNER IN

AN INCLUSIVE SOCIETY

Action 1

Promote financial and digital literacy



▷ RECOMMENDATION 1: Promote financial literacy more strongly

Financial literacy is essential, and for this, it is important that our young people are given the right tools to improve their level of financial literacy. Making financial literacy a priority is a shared responsibility, where not only the financial sector but also the government, the world of education and all other stakeholders should play an important role. Therefore, provide opportunities for improving financial literacy through appropriate study and training programmes. Also, create platforms with different stakeholders so as to keep a finger on the pulse at all times and be able to integrate new products or phenomena, such as the crypto world, in training programmes.

▷ RECOMMENDATION 2: Invest in digital inclusion

Our entire society is becoming increasingly digital, and it is important to pay adequate attention to those who have not yet caught up. Promoting greater digital inclusion is essential. Access to the internet and the accompanying digital skills are vital for functioning in modern society.

It is everyone's responsibility to ensure that these skills are acquired: from the banking sector to the government, from educational institutions to civil society organisations. Make digital inclusion a priority at the regional and municipal levels and set up a platform with Febelfin and other stakeholders, such as the Association of Flemish Cities and Municipalities (VVSG), the Union of Cities and Municipalities of Wallonia (UWCV) or the association for elderly persons OKRA, in order to exchange information on digital inclusion and related projects that encourage such inclusion.

Digital inclusion also goes hand in hand with online security. As a government, invest sufficiently in raising awareness about the dangers of online fraud.

Action 2

Encourage inclusion and diversity



▷ RECOMMENDATION 3:

Use the example of Wo.Men in Finance and Febelfin to promote and encourage inclusion and diversity

Ensuring inclusion and diversity is a social challenge that will take time to achieve. There is a great deal of knowledge on this subject within the financial sector. The government should draw inspiration from this experience and accumulated knowledge. Promote the Wo.Men in Finance initiative within government administration and make use of their experience. In addition, use and promote the inclusion and diversity toolbox containing 25 tools developed by Febelfin.

6

PARTNER IN
EUROPE

Action 1

Make Belgium a financial forerunner in Europe



▷ RECOMMENDATION 1:

Ensure a stronger and proactive positioning of Belgium at the European level

The regulation of the financial sector is determined almost entirely at the European level. Although these rules primarily affect the financial sector, Belgian citizens and companies are also experiencing the impact of European directives and regulations. It is therefore important to develop a Belgian standpoint as early as possible within the European decision-making process. Where possible, these standpoints should be established in consultation with stakeholders. The Belgian sector is a forerunner in Europe in some areas and we must ensure that national best practices are promoted rather than penalised. A timely and proactive declaration of a standpoint can also ensure that 'gold-plating' and legal inconsistencies between existing legislation and new horizontal rules are avoided.

▷ RECOMMENDATION 2:

Develop Brussels as a financial centre

There is no doubt that Brussels has excellent strengths and potential to develop into the financial centre of Europe. However, the Brexit experience has shown that Belgium is much less successful than its neighbours in capitalising on these strengths. There is a need for a unique strategy, combined with an active promotion of Belgium as a financial centre. This will allow for the development of the potential that is inherently present in our economy.

Action 2

Advocate the creation of an appropriate, proportional European framework for the financial sector

▷ **RECOMMENDATION 3:**

Ensure a level playing field internationally in terms of prudential requirements, both with respect to non-euro area Member States as well as non-European economies

Compliance with regulations and reporting requirements comes at a high cost. To allow Belgian financial institutions to fully play their role in financing the economy in a healthy way, it is more important than ever to ensure a level and proportional playing field in terms of prudential requirements, with respect to other European Member States (banking union vs non-banking union, Brexit). Therefore, sufficient attention must be paid to proportionality in supervision, so that the rules and the costs of compliance are sufficiently adapted to the realities of the diverse Belgian financial landscape.

▷ **RECOMMENDATION 4:**

Apply the principle of ‘risk reduction before risk sharing’ as a guideline for completing the establishment of the Banking Union

It is necessary to continue developing the Banking Union project and finalise it further by fulfilling the necessary conditions for this. But we also have a healthy and stable financial sector in Belgium. So it is important not to expose depositors to risks that lie beyond the control of Belgian banks and policymakers if the economic conditions do not justify this. Transfers of funds or powers, such as under the European Deposit Guarantee Scheme (EDIS), can only take place when the risks in the other Member States have been sufficiently reduced.



▷ **RECOMMENDATION 5:**

Take the ‘define once-report once’ principle as a starting point and criterion

Current reporting requirements for financial institutions are cumbersome, disproportionate and increasingly complex. The ECB aims to integrate its statistical reporting requirements into a single framework. The intention is to standardise, harmonise and integrate, to the maximum possible extent, the existing requirements for collecting statistical information from financial institutions. At the same time, the EBA is evaluating options to redesign and integrate regulatory reporting, with a specific focus on governance and data models. These initiatives for an integrated, standardised and proportional reporting framework deserve to be supported. This will help improve the data quality, reduce the reporting burden and apply the ‘define once-report once’ principle.

Conclusion

Not only does the financial sector play an important economic role but it is almost impossible to imagine a society without financial institutions. Therefore, Febelfin wants to make a commitment, as a constructive and proactive partner, to help build the society of tomorrow.

Based on the recommendations in this document, we want to provide concrete inputs to policymakers and also help in jointly identifying efficient and appropriate solutions for future challenges.

The financial sector can optimally deliver added value to society only within an appropriate legislative framework. Hence, we have proposed a number of concrete pathways and suggestions that we, as a sector, are convinced can help improve the general regulatory framework, and therefore, the sector's ability to finance the economy and support sustainable and inclusive growth. Moreover, this will provide financial institutions with additional tools to help build a reliable, efficient and secure economy, with a focus on further innovation and digitisation.

Febelfin hopes to engage in dialogue with policymakers on this issue. Achieving real progress and growth requires a healthy collaboration.







Belgian Financial Sector Federation

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