Template for comments
Public consultation on a guide to assessments of fintech credit institution licence

Institution/Company
Bitkom (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V. / Federal Association for Information Technology, Telecommunications and New Media; Germany’s Digital Association)

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General comments
Bitkom represents more than 2,500 companies of the digital economy, including 1,700 direct members. Through IT- and communication services only, our members generate a domestic turnover of 190 billion Euros per year, including 50 billion Euros in exports. Members of Bitkom employ more than 2 million people in Germany. Among the members are 1,000 small and medium-sized businesses, over 400 startups and nearly all global players. They offer a wide range of software technologies, IT-services, and telecommunications or internet services, produce hardware and consumer electronics, operate in the sectors of digital media or are in other ways affiliated to the digital economy. 80 percent of the companies’ headquarters are located in Germany with an additional 8 percent each in the EU and the USA, as well as 4 percent in other regions. Bitkom supports the digital transformation of the German economy and advocates a broad participation in the digital progression of society.
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<thead>
<tr>
<th>ID</th>
<th>Chapter</th>
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<th>Type of comment</th>
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<tr>
<td>1</td>
<td>Forward</td>
<td>2</td>
<td>Clarification</td>
<td>An general introductory comment to the proposed draft guide we would like to point out that most of the requirements outlined in the draft-guide are not specific to fintech banks. We strongly support applying the principle of “one size fits all” for credit institutions and the principle of proportionality in regulation. The guide deviates from such an approach in particular to the following points:</td>
<td>Most of the requirements outlined in the draft-guide are not specific to fintech banks. We strongly support applying the principle of “one size fits all” for credit institutions and the principle of proportionality in regulation.</td>
<td>Grigo, Julian</td>
<td>Publish</td>
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<tr>
<td>2</td>
<td>Foreword</td>
<td>2</td>
<td>Amendment</td>
<td>We suggest adding the following sentence: “The Guide does not intend to impose additional requirements on fintechs, but only clarifies the meaning of certain terms of the applicable legislation in the context of license applications of fintechs.”</td>
<td>The guide does not intend to impose additional requirements on fintechs, but only clarifies the meaning of certain terms of the applicable legislation in the context of license applications of fintechs.</td>
<td>Grigo, Julian</td>
<td>Publish</td>
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<tr>
<td>3</td>
<td>Structure</td>
<td>5, 10, 11</td>
<td>Deletion</td>
<td>The section on specific requirements for the credit risk approval as part of the review of the organization should be deleted.</td>
<td>The section on specific requirements for the credit risk approval as part of the review of the organization should be deleted.</td>
<td>Grigo, Julian</td>
<td>Publish</td>
</tr>
<tr>
<td>4</td>
<td>Structure</td>
<td>11, 12</td>
<td>Clarification</td>
<td>We suggest the following amendments to this section:</td>
<td>We suggest the following amendments to this section:</td>
<td>Grigo, Julian</td>
<td>Publish</td>
</tr>
<tr>
<td>5</td>
<td>Programme</td>
<td>14, 15</td>
<td>Deletion</td>
<td>We suggest deleting this section on outsourcing.</td>
<td>We suggest deleting this section on outsourcing.</td>
<td>Grigo, Julian</td>
<td>Publish</td>
</tr>
</tbody>
</table>
We suggest deleting the section on the liquidity.

This section regarding the treatment of deposits is not technology-neutral. It effectively leads to a discrimination of a specific medium - the internet. This does not make sense in particular as the internet has become the most important distribution channel for financial services, including deposits.

The proposal further establishes that deposits with higher interest rates cause a higher risk for the liquidity. This effectively seems to lead to a distortion of competition and benefits banks that offer low or no interest rates to their customers - although recent experience shows that in these cases, the risk is effectively higher that customers change as they do not receive interest rates based on the market standard. Such a requirement also is not in the interest of the consumer as it effectively impedes competition.