# Denis Beau: Fintechs and innovation as a key to controlling our economic destiny

Speech by Mr Denis Beau, First Deputy Governor of the Bank of France, at the "Fintech R:Evolution" summit, organised by France Fintech, Paris, 21 May 2025.

* * *

Ladies and gentlemen,

I would like to begin by thanking France Fintech and its President, Alain Clot, for inviting me to speak here today. This year we celebrate the **10th anniversary of France Fintech**, which also gives me an opportunity to congratulate the association for its considerable achievements over the years promoting the French fintech ecosystem and highlighting its successes.

Unfortunately, the **geopolitical context** is less auspicious, particularly with the **exceptional uncertainty** caused by the new US administration's policy declarations and unpredictability, which is weighing on our economic and financial position. But, as the Governor of the Banque de France recently said in his annual Letter to the President of the French Republic**, we should not let this overwhelm us; on the contrary, it should inspire us to take action and finally regain control of our economic destiny**. France and Europe need **more growth**, and one of the best ways of achieving this is through **faster innovation**.

**The financial sector can and must be at the forefront of this innovation acceleration.** Clearly, the fintechs have a **crucial role** to play – in their short history, they have already shown how skilled they are at leveraging new technologies to invent new business models or make existing ones more efficient.

**Financial authorities** must also help to meet the collective challenge – and the Banque de France and ACPR are already firmly committed to this. To prove my point, I would like to give you **three examples of what is being done, both at the national and European levels**: first, on simplifying regulations (I); second on supporting the adoption of artificial intelligence (II); and lastly on supporting the tokenisation of finance (III).

**I/ My first example concerns regulatory simplification.**

1/ Let's start with a brief reminder of what we have done: over the past 15 years, European regulation has **substantially opened up the financial sector**. The PSD1 and PSD2 directives, the crowdfunding regulation, the MiCA regulation and the Pilot Regime have all allowed **new players to enter the market and** facilitated the creation of numerous fintechs – as many of today's participants can no doubt attest. In parallel, the ACPR, as financial supervisor, has set up a system of **innovative support** for fintechs, which helps them obtain the licences they need Under the best possible conditions. As part of this, the ACPR created the Fintech Forum in 2016, and established its "Fintech Charter" in 2021.

After this opening-up phase, it is time to **simplify the regulation**. The Draghi and Letta reports singled out regulatory simplification as one of the keys to European competitiveness: **more speed means more innovation and more growth. But simplifying does not mean deregulating – lest we forget the lessons of the Great Financial Crisis. Rather, it means regulating more effectively, having fewer regulations but implementing them better and thereby making them more efficient** .

Among the possible avenues for simplification, I would like to underline **two that directly concern the fintech ecosystem**. First, **fewer statuses and registrations**. This means **merging some very similar statuses**, such as payment institution and electronic money institution, which is one of the proposals in PSD3. It also means avoiding the systematic accumulation of statuses – for example between electronic money institution and EMT issuer – and **reducing the number of entities that have to register as payment services agents** – for example by only requiring the network head to be registered.

A second avenue is to lighten the reporting burden. ACPR teams are currently conducting interviews, notably with fintechs, to identify and specify concrete measures in this field, including a reduction in the complexity of nomenclatures and formats, and possible so-called proportionality measures, i.e. reduced reporting requirements for start-ups in the financial sector. Similar efforts are underway at the European level, where the Commission has committed to cutting reporting obligations by at least 25% over its mandate.

**II/ My second example concerns supporting the adoption of AI.**

Europe has proved itself to be a pioneer in this field, with the adoption in the summer of 2024 of the **AI Act**, the first regulatory framework in the world protecting citizens' rights. Less often mentioned is the regulation's second core objective: **to create a single European "trustworthy AI" market**. Despite claims to the contrary, there is no reason to believe the AI battle has already been lost to the US and Chinese tech giants. Personally, **I am convinced that the European way – consisting in reconciling innovation and trust to create innovation that stands the test of time – will prove its worth over the long term.**

However, it is clear that the battle will not be won without the **productive adoption** of AI in different economic sectors. In the **financial sector,** AI can deliver multiple benefits. First, **significant productivity gains**, via increased automation of administrative tasks – think of what the "machine" reading of documents can do for the compilation of credit files, or automated photograph analysis for the processing of insurance claims. AI can also provide **better services** for customers, particularly thanks to increased personalisation. Lastly, it can **improve security**, especially in payments, where it can detect fraud patterns faster and more effectively – something we are working on at the moment with the Observatoire de la sécurité des moyens de paiement (OSMP – Observatory for the Security of Payment Means). Fintechs and legacy players have already started to embrace these new technologies; **it is vital to continue and speed up the process**.

As market surveillance authority, the ACPR should be responsible for enforcing the AI Act in the financial sector. **It shall do so with the intent of reconciling innovation and security, which is consistent with the spirit of the regulation**, and with the usual principles of risk management and governance that we strive to enforce as supervisor. **The ACPR shall also try to add as little as possible to institutions' existing regulatory burden**, by applying a **risk-based approach** – where the means are proportionate to the expected results – and by exploiting all possible synergies with its usual controls. To this end, the ACPR **has included market representatives in discussions on how to implement the regulation.**

**III/ This brings me to my third and final example, supporting the tokenisation of finance.**

First, a reminder: in Europe, we have the benefit of the MiCA regulation and the so-called Pilot Regime, which provide a **harmonised European framework** to support the emergence of new blockchain activities and new players. It is a distinct advantage as it gives us a major tool for **mitigating risks** to users and the financial system.

In this context, the tokenisation of financial assets could deliver efficiency gains in post-market activities, thanks to greater automation, availability and transparency, and better traceability. The tokenisation of non-financial assets – for example, real estate – could increase the liquidity and accessibility of underlying markets.

But the development of tokenised finance is currently being **hampered by the lack of a secure settlement asset**. At the moment, dollar-backed **stablecoins** – the dominant settlement solution for crypto-assets – are not governed by a protective federal framework in the United States, leaving users exposed to various dangers, including liquidity risk. The use of these assets also raises important questions regarding **Europe's sovereignty over its monetary system, especially its payment system**.

This is why the **Eurosystem has committed to providing market participants with a wholesale central bank digital currency by 2026**. The initiative should help foster the development of a robust, integrated European digital asset market. But while financial authorities can establish the framework – and even provide essential services – what ultimately matters is how market participants choose to use it. In this respect, **I am firmly convinced that the French ecosystem has a real card to play in developing high value-added use cases**.

I would like to conclude by saying that, for crypto-assets as well as other assets, the new US administration's economic and financial policy course risks creating multiple setbacks. So, despite the probable turbulence, **now is the time for Europeans to take their destiny into their own hands**.

Obviously – and this will be my final point – this implies solving the **financing** difficulties faced by our firms, and I know how important this is for fintechs. These issues are notably linked to a **lack of sufficient venture capital** in Europe; which is why the Banque de France has long argued for **increasing our capabilities in this area**, notably via the **Savings and Investments Union** project promoted by the European Commission. We still have a lot of work to do. But on this issue, as on others, I am convinced we can find solutions together, because where there is a will, there is a way.

Thank you for your attention.