EUROPEAN CENTRAL BANK
BANKING SUPERVISION

The necessity of using supervisory technology

33rd Annual Conference of BSCEE

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Agenda

1 **The ECB Banking Supervision's "digital innovative house"**

2 **Conclusions**

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The ECB Banking Supervision’s “digital innovative house”

Our vision is that European banking supervision transforms into a truly innovative house based on four building blocks

The SSM will become a leading digital practitioner among the banking supervisors in the world

SupTech

Implement state-of-the-art innovative tools for supervisors, enhance systems and digitalise and automate processes

Deliver impactful Suptech use cases

Build an effective innovation model in the SSM

Reinforce connections and break silos to reap synergies across the ECB and in the SSM

Provide supervisors with the skills and mind-set to fully engage in digitalisation

Foster a digital culture

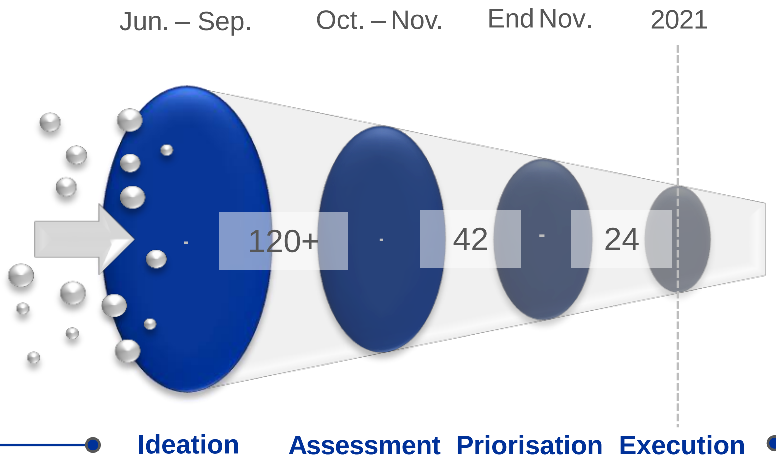
Create an innovation ecosystem

Actively engage academia, industry and start-ups and benefit from global partnerships

Implementing an innovation model

Build an effective innovation model in the SSM

In 2020, the SSM Digitalisation Blueprint was developed setting out a clear action plan to build an innovative SupTech portfolio



- **Collection** of a wide range of ideas across the whole SSM resulting in **over 120 use cases**

- **Start of the execution phase** in a staggered approach with agile work in **multidisciplinary innovation teams**

- **Assessment** of all ideas based on a robust **innovation management framework** and **clustering** into **42** high value use cases

- **Prioritisation** of use cases based on business value and ease of implementation drilling down to **24**

Build an effective innovation model in the SSM

We have established a solid organisational model that ensures SSM-wide collaboration to develop the identified use cases

- Provides **strategic guidance** on innovation and digitalisation for the SSM
- Fosters **commitment to the digital transformation**
- Ensures successful project implementation **across the SSM**

- Connects **supervisors and IT experts** across the SSM
- Contributes to the identification of **business needs**
- Facilitates various **SupTech initiatives**

- Gathers together **supervision, IT and Suptech experts** from across the SSM
- Leverages on a diverse **skillset**, flexibility and **agile** composition
- **Develops SupTech** projects

Fostering a digital culture

Foster a digital culture

We are providing supervisors with the right capabilities and mind-set to fully leverage the SupTech potential…

- **Connect skilled people** from various backgrounds
- Provide supervisors with possibilities to **exchange and develop innovative ideas**
- Fully **engage supervisors in digitalisation**
- Build a **shared digital culture** across the SSM

Culture building initiatives

SupTech Global Conference	**SSM-wide** Workshops
SSMnet BANKING SUPERVISION **SupTech** community page	**Virtual Lab**
SupTech Blog	**SupTech** Talks
SupTech Survey	**SupTech** Innovation Contest

… and we train hundreds of supervisors in the use of artificial intelligence for banking supervision

- The programme provides **500+** SSM colleagues with a practical way of **accessing the world of AI**
- Through the **best-in-class format** it gives an opportunity to reflect on AI possibilities and limitations in the SSM context
- This will help to position our **community at the forefront** of SupTech developments

SSM AI training programme

Duration
6 weeks journey

Format
Blended: self paced
e-learning and 6 live sessions

Content
Fundamentals on AI application
Workshops on industry and SSM
AI case studies from the ECB and NCAs

Picture from Applied AI LMS platform

Building an innovation ecosystem

Create an innovation ecosystem

At the same time, we are building a powerful innovation ecosystem for the SSM

Academia
+ Joint Research Center (JRC) / University of Parma (UP)
+ Technical University Darmstadt, University of Porto

Start-ups
+ Applied AI & Innovation broker
+ European Commission/start-up Europe

Position the SSM as part of a global innovation ecosystem

Global Events and Conferences
+ SupTech Global Conference

Other Authorities
+ BIS Hub
+ Financial Stability Board
+ European Commission/JRC

Delivering impactful SupTech use cases

Deliver impactful suptech use cases

At the core of our digital transformation, we are delivering impactful SupTech use cases in six priority areas

Transform the SSM into a leading digital practitioner among banking supervisors in the world

1 Level-up **supervisory reporting** and exchange with banks via end-to-end digitalisation

e.g. the IMAS Portal

2 Harness the power of data with **advanced analytics** and cutting-edge **data architecture**

e.g. Network analytics

3 Boost **SSM IT systems** by fostering user-orientation, connectedness and SupTech integration

e.g. cloud-based solutions

4 Advance the analysis of documents and unstructured data via AI-driven **textual analysis**

e.g. Textual analysis with NLP

5 Reduce manual tasks and increase information control through **process automation**

e.g. Speech-to-text

6 Provide smart **collaboration tools** for SSM-wide digital exchange

e.g. the Virtual lab

2

Conclusion

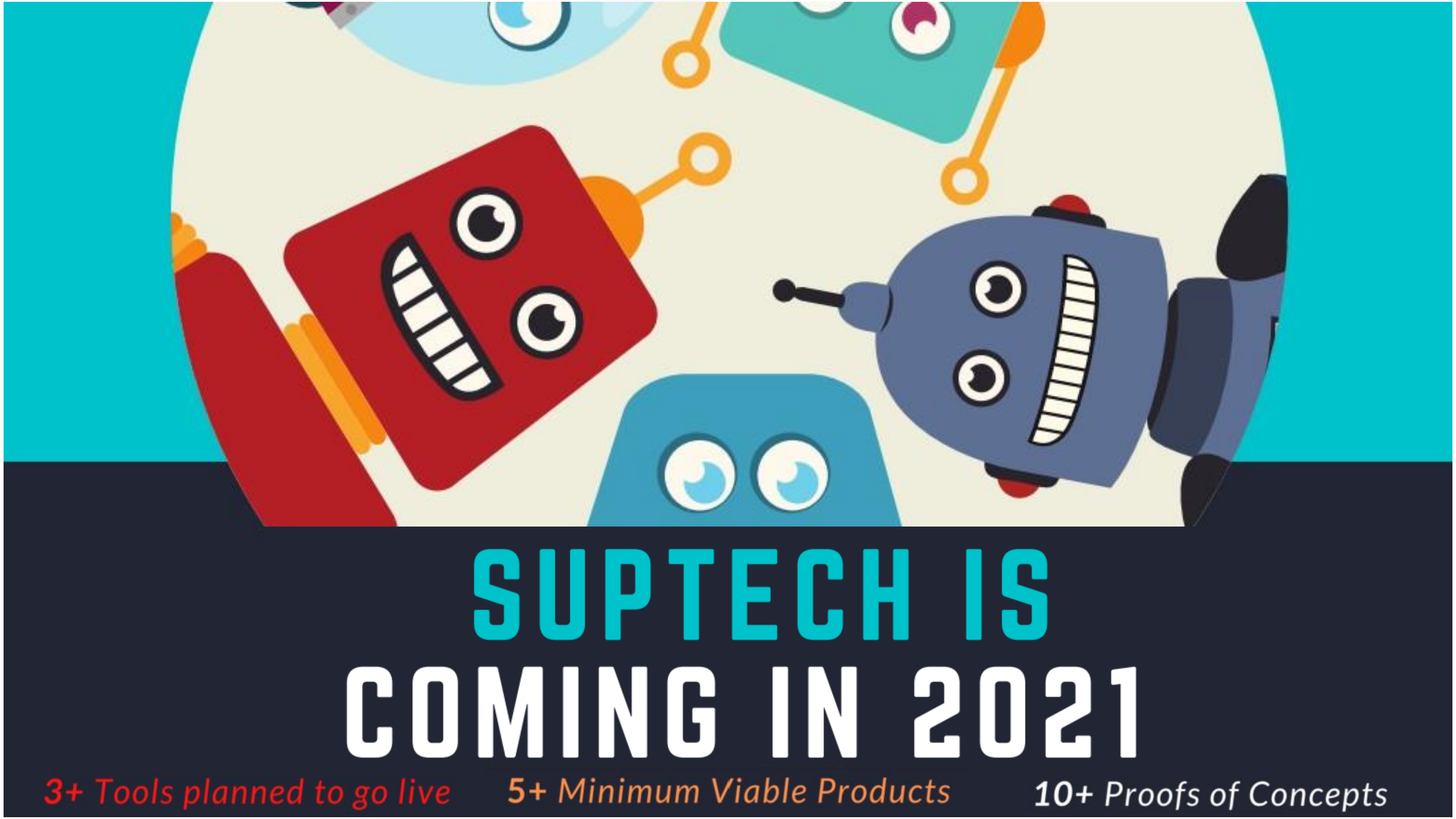
European banking supervision is taking a major effort to drive the digital agenda further

Innovation in Suptech is necessary for banking supervisors

- ✓ As the industry embraces digitalization, supervisors should innovate as well
- ✓ Technology offers opportunities to better and quicker understand banking risks
- ✓ Automating routine tasks will allow supervisors to target their attention

Global collaboration on SupTech benefits all supervisors

- ✓ Open sharing of ideas among supervisors creates synergies
- ✓ Exchange of best practices helps to identify optimal solutions


SUPTECH IS
COMING IN 2021
3+ Tools planned to go live
5+ Minimum Viable Products
10+ Proofs of Concepts