



# ***Blockchain and the EU Single Market: What Next?***

## ***Policy Perspective DG GROW***

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- This presentation reflects the personal views of the author and can under no circumstances be interpreted as an official position of the European Commission. -



## Background: SME Access to Finance

- SMEs:
  - More than 98 % of all enterprises in Europe are SMEs...
  - ... which employ 2 out of 3 employees ...
  - ... and create nearly 60 % of all value added;
  - 80 % of new jobs created by high-growth companies.
- Still ca. 75 % of financing by banking sector ...
- ... despite increasing number of alternatives.
- Blockchain-based tokens (ICOs, STOs, utility tokens) have already proven their worth ...
- ... but legacy system is obstacle to meaningful FinTech innovation that benefits SMEs.



# Blockchain Is EU Policy Priority

2016 EPSC report on

## EU innovation priorities

(<http://www.oecd.org/education/ceri/G/EIS2016-MadelinReport-Full.pdf>):

### "European Innovation Mission"

→ *"We will make together ... bold bets on change in tricky areas: education, health, universities, tax; and some bolder bets on potential breakthrough technologies, notably genomics, the brain, **distributed ledgers** and quantum."*

Cf. section on "**Blockchain and its application in fintech and beyond**"





# FinTech Action Plan (and Beyond)

European Commission **FinTech** webpage:

[https://ec.europa.eu/info/business-economy-euro/banking-and-finance/fintech\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/fintech_en)

- **08.03.2018 FinTech Action Plan**

- Scaling up innovative business models;
- Supporting the uptake of technological innovation;
- Enhancing security and integrity of the financial sector

- **EU Blockchain Observatory** (#EUBlockchain)

<https://ec.europa.eu/digital-single-market/en/news/european-commission-launches-eu-blockchain-observatory-and-forum>

Integration of **FinTech/Crowd-X/Blockchain/Tokens**





## #Blockchain4EU

### #Blockchain4EU Blockchain for Industrial Transformations:

- *"A forward looking sociotechnical exploration of existing, emerging and potential applications based on Blockchain and other Distributed Ledger Technologies (DLTs) for industrial/non-financial sectors."*
- partnership JRC/GROW;
- final event on 24 May 2018;
- webpage:

<https://blogs.ec.europa.eu/eupolicylab/portfolios/blockchain4eu/>

➔ mapping, exploring scenarios and preparing policy actions for industrial blockchain applications



# #Blockchain4EU Landscape



**#Blockchain4EU**  
Blockchain for Industrial Transformations

**Final Event – May 24 2018**  
**Berlaymont (Schuman Room), Brussels**





## Cryptocurrencies / Tokens

- Conceptual differences exist between coins / digital assets / tokens but should not be overestimated.
- It is useless to focus policy on each type in isolation, as innovation is too fast and happens at global scale.
- Instead: need to develop a legal landscape plus workable infrastructure that enables creation and secure tradeability of tokens in general (“**token economy**”).
- On this basis, rules can be fine-tuned as regards how close a token is to “classical” financial instruments.
- ICOs are “crowdfunding 2.0” and pave the way for broader uptake of tokens; STOs can be meaningful in the short-term but are not the way forward to a truly crowd-based token economy.





## Blockchain and SMEs/Start-ups

Now needed: Concrete measures to increase uptake of DLT/blockchain by SMEs

- inspire SMEs to use DLT/blockchain;
- encourage intermediaries to develop blockchain expertise; and
- develop (public and accessible) EU blockchain infrastructure

Key issues:

- Interoperability / standards;
- Scalability;
- **E-identity**







# Blockchain and SMEs/Start-ups

## Measures

(on-going and upcoming; *DG GROW priorities in red*):

- Innovation (ICOs/STOs, **move towards "token economy"**);
- Financial support to the extent necessary;
- Well-designed regulation (sandboxes);
- Co-ordination and development of common principles and understanding (at all levels, **including in the European Semester towards Member States**);
- a Road Map;
- **Education (including Guidebook on DLT for SMEs);**
- **Inspiration / use cases / best practices**





Many thanks for your attention!



More information:

[http://ec.europa.eu/growth/access-to-finance\\_en](http://ec.europa.eu/growth/access-to-finance_en)

