

## **Observations of the Association of Finnish Cities and Municipalities on the European Commission's Proposal on European Business Wallets**

*The Association of Finnish Cities and Municipalities (AFCM) is a national organisation with all 308 municipalities and cities in Finland as its members. Finnish municipalities have extensive responsibilities for public basic services, including education, employment and economic development, environmental matters, and technical infrastructure. In Finland, we have 238 base registries. We also have national Suomi.fi services which help organisations implement better electronic services. Suomi.fi services are e-Identification, Messages, Data Exchange layer, Finnish Service Catalogue, Payments and e-Authorization.*

**AFCM considers the European Business Wallets and the interoperability enabled by them to be generally positive and recognises the significant role of municipalities in enabling their use.**

**However, in the final form of the regulation, overlap with existing and well-functioning systems should be avoided, and implementation should be targeted where the benefits are most significant.** The current proposal of the Regulation would potentially require municipalities to maintain parallel and overlapping service channels and to make investments disproportionate to the benefits attainable without certainty of the scale of uptake by economic operators. This kind of situation should be avoided. Business wallets should be deployable in an appropriate and cost-efficient manner at the local level. Municipalities and the public administration in general adopt solutions when they are useful, of high quality and improve operational efficiency. What matters is not the mandatory nature of adoption but the usefulness and usability of the tools.

### **Obligations must be balanced with the needs of and costs for public sector bodies**

AFCM notes that business wallets are expected to generate considerably fewer benefits for public sector bodies than for economic operators, despite the extensive obligations placed on the former and the public sector's significant role in enabling their use. AFCM further emphasises that **the costs of deployment for municipalities, and the relationship between these costs and the benefits achieved, vary significantly also between municipalities.** The variation depends not only on municipal size, but also on transaction volumes, the level of digitalisation of services, the systems already in use, and the extent to which companies in actuality adopt business



wallets. In line with Finland's national position, **AFCM stresses the need to ensure an appropriate and cost-effective balance between obligations imposed on public sector bodies and the requirement to enable the use of business wallets.** AFCM concurs with Finland's view that the deployment obligation should be use-case-driven.

**AFCM proposes that the obligation should not apply where the annual number of business-relevant transactions related to the core functions defined in Article 5(1) between a public sector body and economic operators does not exceed a threshold defined by the Member State based on a cost-efficiency analysis and the principle of proportionality.**

### **A roadmap to support implementation and development**

**Successful deployment of business wallets requires adequate guidance and support measures targeted also at public sector bodies.** In AFCM's 2024 digitalisation survey, the main barrier to digital development identified by municipalities was a lack of internal resources and expertise (86% of the 153 responding municipalities). Resource constraints are particularly critical in small municipalities. AFCM therefore proposes that the Commission, in coordinated cooperation with the Member States, draws up **a forward-looking roadmap to support the development and implementation of business wallets.** Support measures should be directed not only at the business sector but also at the public sector. For example, **working groups and other structures through which the implementation of business wallets is planned, best practices are shared, or other communication on the opportunities offered by business wallets is carried out, should also include representation and perspectives from the municipal sector.**

### **Overlaps with ongoing development initiatives must be taken into account**

**Coordination and development of business wallets must be consistent with other EU-level digital initiatives and must take into account Member States' more advanced systems and ensure their continued usability.** Procure-to-Pay processes and electronic invoicing are already well advanced, and further developments continue—such as the possible introduction of the European standard as a mandatory format in public procurement. For example, the Peppol network, initiated through EU funding, has supported the use of invoices compliant with the European standard. Any overlap between such ongoing initiatives and the business wallet creates uncertainty in investment decisions. To enable municipalities to proceed appropriately and cost-effectively, it must be clear whether the systems are alternatives or whether they complement each other. **AFCM proposes that, when assessing compliance with the obligation, existing digital services already in use should be taken into account, provided that they enable interoperability with business wallets and EUDI wallets.** Accordingly, where a functional national system already exists that fulfils the objectives of the Regulation in terms of promoting digitalisation, the obligation should be considered fulfilled. **When combined with a volume-based approach, the obligation would thus be targeted at the most significant use cases, supporting those actors that do not yet have effective digital solutions in place for business-related transactions.**

## Proposed Amendments to the Regulation of the European Parliament and of the Council on the Establishment of European Business Wallets

### Article 16, 4

Text proposed by the commission	Amendment
<p>4. By [Publications Office, please insert the date 24 months after the entry into force of this Regulation] public sector bodies shall enable economic operators to take the following actions by using the core functionalities of European Business Wallets as set out in Article 5(1):</p> <p>(a) identify and authenticate;</p> <p>(b) sign or seal;</p> <p>(c) submit documents;</p> <p>(d) send or receive notifications.</p> <p>The actions listed in points (a) to (d) of the first subparagraph shall take place for the purpose of meeting a reporting obligation or fulfilling an administrative procedure.</p>	<p>4. By [Publications Office, please insert the date 24 months after the entry into force of this Regulation] public sector bodies <b>which do not, through their existing processes, fulfil the objectives of this Regulation</b>, shall enable economic operators to take the following actions by using the core functionalities of European Business Wallets as set out in Article 5(1):</p> <p>(a) identify and authenticate;</p> <p>(b) sign or seal;</p> <p>(c) submit documents;</p> <p>(d) send or receive notifications.</p> <p>The actions listed in points (a) to (d) of the first subparagraph shall take place for the purpose of meeting a reporting obligation or fulfilling an administrative procedure. <b>If the annual volume of transactions between the public sector body and economic actors for which the core functionalities set out in Article 5(1) are relevant does not exceed a threshold to be determined by the Member State based on a cost-efficiency calculation and the principle of proportionality.</b></p>

### Justification

The objective of the regulation is to promote digitalisation and interoperability within the EU while also maintaining simplicity and avoiding unnecessary administrative burdens. If the objective of efficient digital services for economic operators which are available internationally using a European Business Wallet is already met using current systems, it does not promote simplicity and efficiency to force the uptake of a new overlapping system to uphold. The business wallet has been estimated to bring significantly fewer benefits to public sector bodies compared to economic operators, even though the obligations are extensive. Enabling business wallet transactions means adapting to several systems at the organizational level and for each municipality, individual cost and change requirements. If a business wallet needs to be deployed without considering the benefit-cost ratio and need, the cost and change requirements will become disproportionate compared to the achievable benefits.

### Article 16, 5

Text proposed by the commission	Amendment
<p>5. For the purposes of paragraph 1, points (c) and (d), public sector bodies shall have European Business Wallets, including the qualified electronic registered delivery service referred to in Article 5(1), point (i).</p>	<p><b>Deleted.</b></p>

### Justification

If a public authority already uses a digital service that meets the regulation's objectives and is interoperable with the Business Wallet, this should be considered sufficient to meet the obligation. The obligation should focus on meeting the objectives instead of a tool-led approach.

## DRAFT REPORT Committee on Industry, Research and Energy Rapporteur: Eero Heinäluoma - AFCM support

Amendment 40

Recital 48a(new)

Text proposed by the commission	Amendment
	<p><b>47a. To support efficient and productive implementation of the Business Wallet in all Member States, The Commission should develop, in close cooperation with Member States, a comprehensive and forward-looking implementation roadmap that extends beyond the initial deployment, identifying key milestones for the gradual expansion of functionalities and use-cases as well as cross-border interoperability and stakeholder onboarding.</b></p>

Amendment 128

Article 21 - paragraph 1

Text proposed by the commission	Amendment
<p>The Commission shall review the application of this Regulation and shall, by [Publications Office, insert the date – 3 years after entry into force], submit a report to the European Parliament and to the Council. The report shall evaluate the effectiveness of the provisions of this Regulation with regard to facilitating the submission of electronic documents and electronic attestations to public sector bodies, by the usage of the European Business Wallets, as well as technological, market, and legal developments. The report shall also assess whether it is necessary to modify the scope of this Regulation or its specific provisions to set out an obligation for the use of the European Business Wallets to address the risks of legal fragmentation.</p>	<p>The Commission shall review the application of this Regulation and shall, by [Publications Office, insert the date – 3 years after entry into force], submit a report to the European Parliament and to the Council. The report shall evaluate the effectiveness of the provisions of this Regulation with regard to facilitating the <b>secure digital identification and authentication of businesses</b>, the submission of electronic documents and electronic attestations <b>and the overall uptake and usage of the European Business Wallets within B2G, G2B and B2B interactions</b>, as well as technological, market, and legal developments. <b>The report shall assess whether the Regulation has reduced administrative burdens and compliance costs, especially for SMEs and smaller public sector bodies, supported cross-border business and competitiveness, as well as, facilitated fraud reduction and environmental sustainability. The report shall also evaluate the cross-border interoperability of the Business Wallets and interoperability with existing digital solutions at both Union and Member State level, including identifying any duplication or parallel systems.</b> The report shall also assess whether it is necessary to modify the scope of this Regulation or its specific provisions to set out an obligation for the use of the European Business Wallets to address the risks of legal fragmentation.</p>

## From Draft opinion from Committee of Regions (CoR): Branislav ZACHARIDES (SK, ECR) - AFCM support

### Recital 6a (new)

Text proposed by the commission	Amendment
	<b><i>The Union and the Member States shall provide adequate technical, capacity-building and financial support to public authorities, in particular local and regional authorities, to help them comply with the obligations laid down in this Regulation and to ensure interoperability with the European Digital Identity Wallet ecosystem. Providing support to public authorities should help ensure consistent implementation across the Union, reduce administrative burdens and foster a favourable environment for businesses to fully benefit from European Business Wallets.</i></b>

### Recital 6b (new)

Text proposed by the commission	Amendment
	<b><i>The Union and the Member States should promote targeted awareness-raising activities to ensure proper uptake by economic operators of European Business Wallets. Clear information and guidance for businesses, intermediaries and public authorities are essential to promote trust in the system, encourage early adoption and ensure that the benefits of European Business Wallets are widely distributed across the Union.</i></b>

