

FinTech and Financial Consumer Protection: Challenges for Supervisory Authorities

FINCONET / Central Bank of Ireland

Friday 7 April 2017

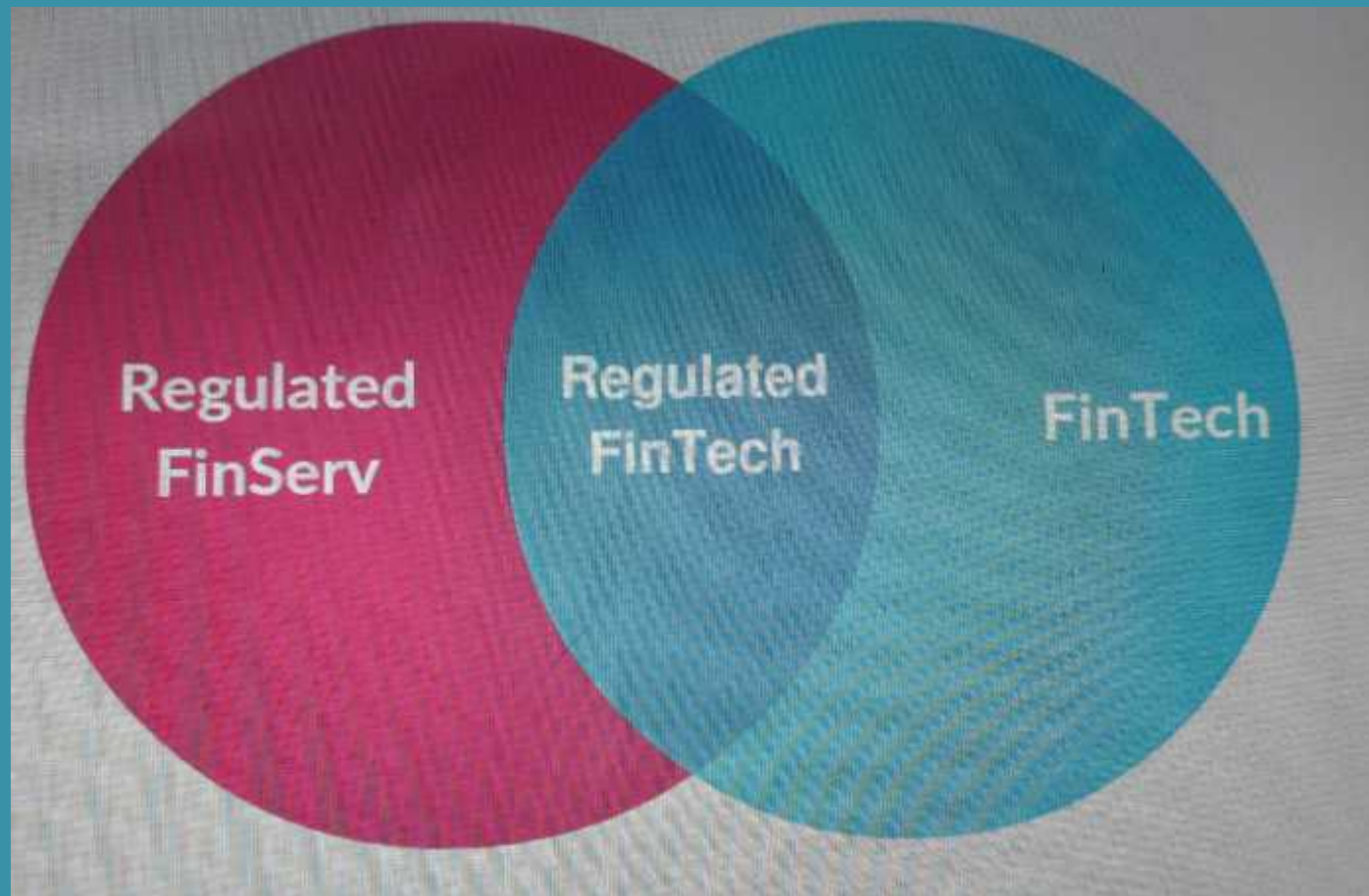
www.fintechireland.com

Topics

- The European FinTech (TechFin) ecosystem
- What should be the supervisory approach for, and engagement model with, FinTech
- Issues to consider balancing the offering to consumers of the widest possible choice through fintech and important consumer & asset safeguarding protections
- The role of RegTech in the supervisory process

Financial Services

Financial Services (FinServ)



EC #FinTechEU Conference, EUP Report & EC Consultation

- *"I have some uncomfortable words for incumbent financial services when it comes to fintech: You are either at the table or on the menu"* Cora van Nieuwenhuizen, EU MEP and Rapporteur on Fintech, Keynote
- *"We have plenty of fintech start-ups in Europe, but what we need to focus on now is helping them scale"*. Claire Bury, Deputy Director-General in the Technology DG



Commission and its priorities Policies, Information and services

English

European Commission

Conference: #FinTechEU

23 March 2017
Liège, Belgium

This event has ended.

Is EU regulation fit for new financial technologies?

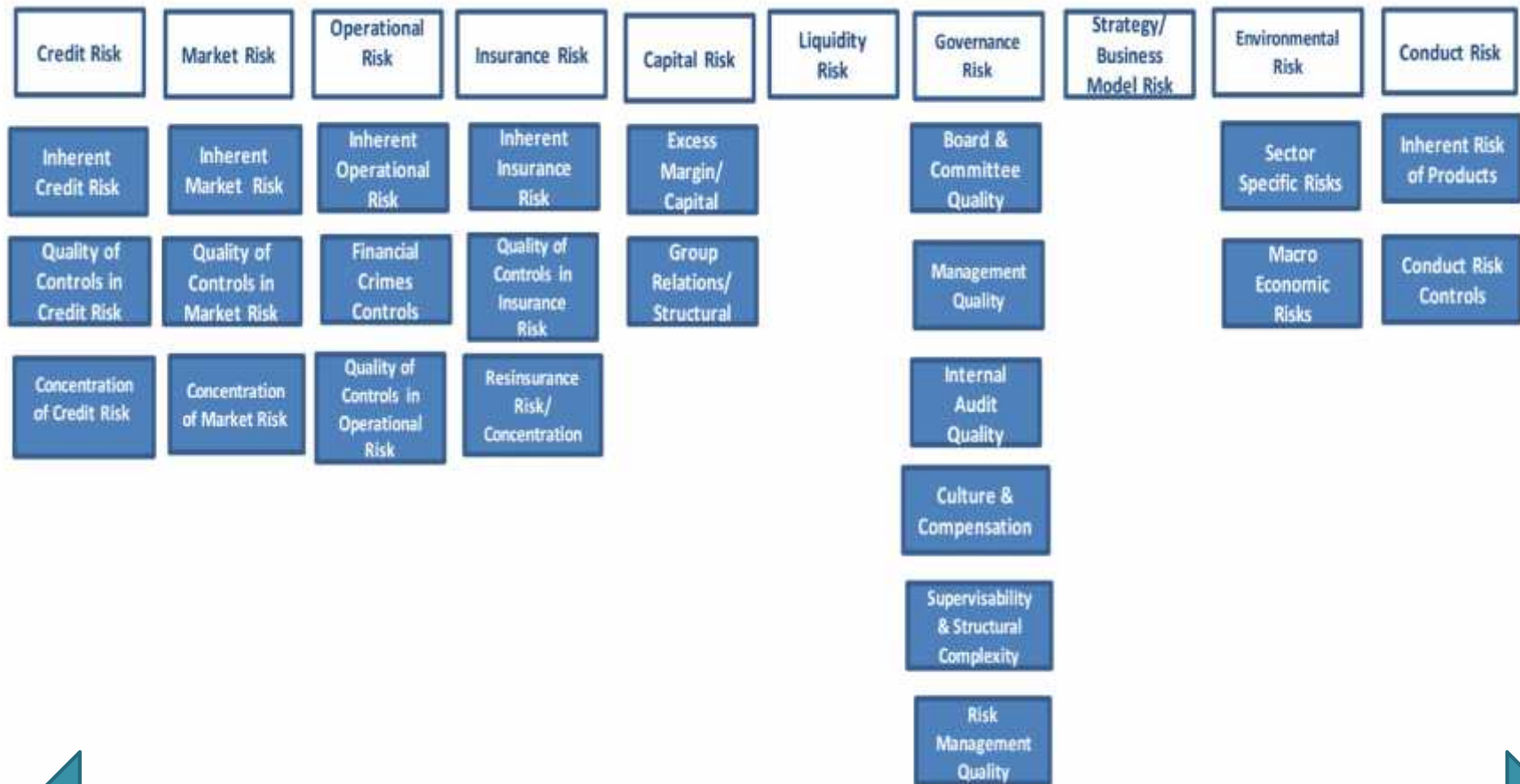
Technology is transforming the financial sector. As the world's largest user of IT products and services, finance stands to benefit from new generations of processing, storage, mobile and authentication technologies, as well as social networks, artificial intelligence or distributed systems. New business models are emerging that could help turn our single financial services market into a practical reality – one where the relationship between customers and supplier is no longer restricted by physical distance or even linguistic differences. This raises important policy and regulatory questions for EU financial services policy. In organising this conference, the Commission hopes to feed into the debate on whether the EU is ready for this digital transformation and identify which specific measures and overall approach will contribute to creating a vibrant EU technology-enabled financial sector.

- [Programme \(457 KB - PDF\)](#)
- [Speakers' biographies \(3.6 MB - PDF\)](#)
- [Watch the conference online](#)
- [Presentations / Speeches](#)
 - [Vice President Věra Jourová](#)

Regulation and FinTech

- Three things Central Banks / Regulators care (*deeply*) about:
 - **Financial Stability**
 - **Market Integrity**
 - **Consumer Protection**
- Let's think about this in terms of regulated fintech
 - *Query: Why the fuss about 'competition' mandates.*

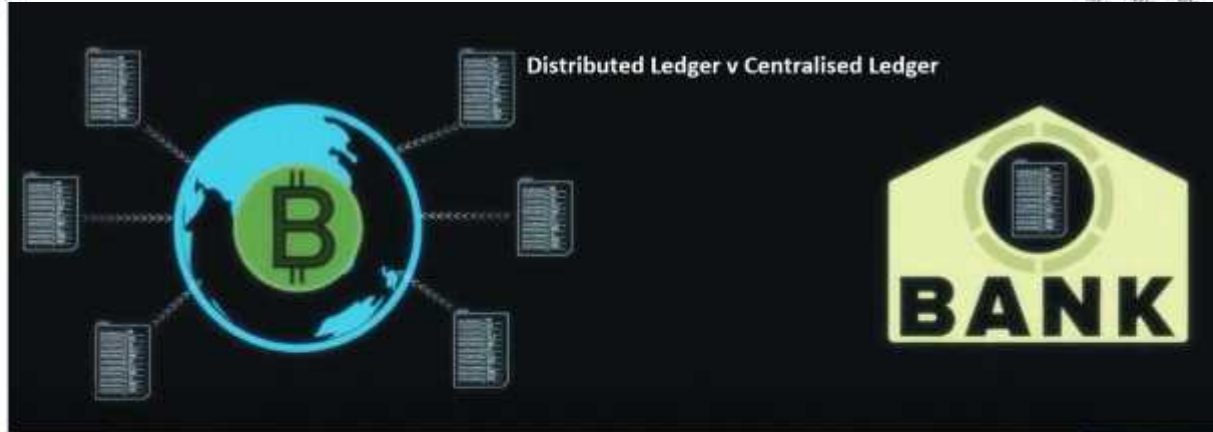
Regulation & Fintech – Probability



Regulation & Fintech – Impact (1/3)

Sector	Financial Stability	Markets Integrity	Consumer Protection
Banking	€	€	€
Insurance	€	€	€
Payment <u>Systems</u>	€	€	€
MiFID	?	€	€
Funds	€	€	€
Intermediaries	-	?	€
Payment <u>Services</u>	-	?	€
E-Money	-	?	€

Regulation & Fintech – Impact (2/3)



distributed ledger technology

Smart Contracts

Nicholas J. Szabo, The George Washington University Law School

<http://szabo.best.vwh.net/>

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Regulation & Fintech – Impact (3/3)

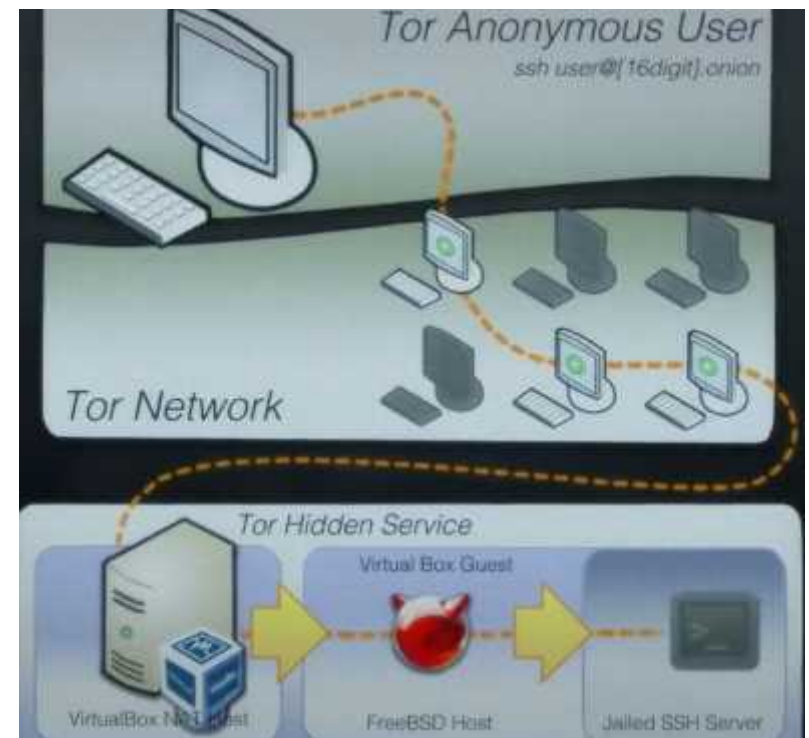
- United Kingdom
- Australia
- Malaysia
- Singapore
- Hong Kong
- UAE
- USA – A House Bill published in late 2016 to compel financial service regulators to establish ‘Innovation Offices’ (but not necessarily sandboxes)



Keep an eye on the phrases ‘regulatory arbitrage’ and ‘race to the bottom’ too

Centralised Regulators v Decentralised Financial System

- How will we supervise in a world of anonymity; where access to an online financial service is not via google, bing, yahoo nor apps by android, apple etc but something like Tor.
- Then consider a distributed ledger where access to a record which is verified by 10,000+ computers (e.g. a client asset register) is gained via 10,000 connected computers denying traceability
- How will centralised regulators operate in a decentralised world?
- What if there is a cyber attach / hack?
- **Financial Stability, Market Integrity** and **Consumer Protection** may be at material risk (and we will not even know it)



Response: RegTech and the Rise of the Digital Regulator?

- Shift to a new breed of:
 - innovative, risked-based, central banks/regulators
 - supervisors, investigative & enforcement officers



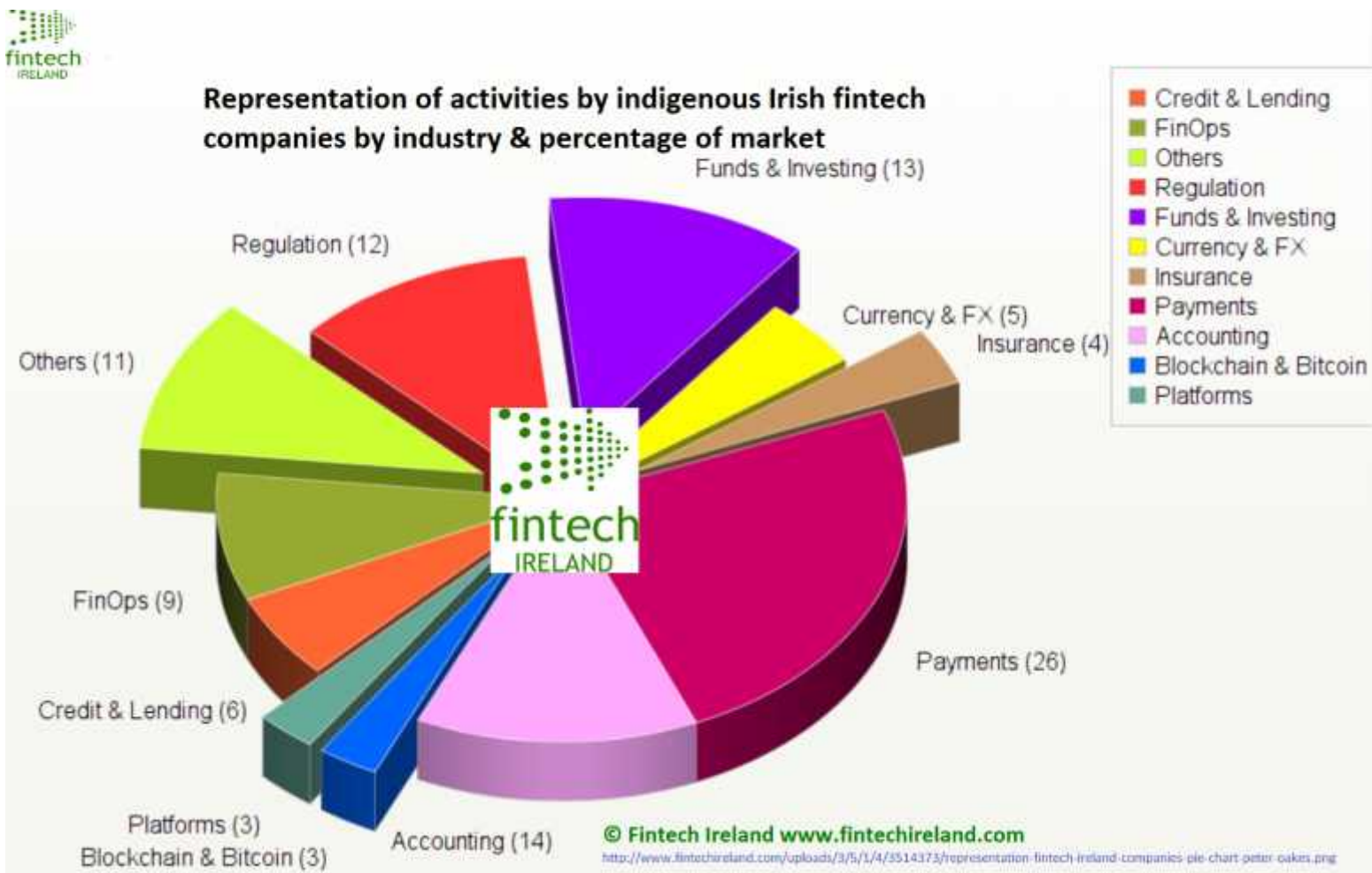
IoT & Financial Services – who is going to regulate the fridge?



All Ireland Fintech Landscape



Representation of activities – Indigenous Irish Fintech



Thank you



<https://ie.linkedin.com/in/peteroakes>
<https://www.linkedin.com/groups/8321352>



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