

FinTech regulatory developments

BCBS Sound Practices

On 19 February 2018, the Basel Committee on Banking Supervision (BCBS) published a report on [Sound Practices: the Implications of FinTech Developments for Banks and Bank Supervisors](#). The paper assesses how technology-driven innovation in financial services, or “FinTech”, may affect the banking industry and the activities of supervisors in the near to medium term. The paper focuses on three technological developments (big data, distributed ledger technology and cloud computing) and three FinTech business models (innovative payment services, lending platforms and neo-banks).

European Commission FinTech Action Plan

On 8 March 2018, the European Commission released its [FinTech Action Plan](#) for a more competitive and innovative European financial sector. It envisages to enable the financial sector to make use of the rapid advances in new technologies, such as blockchain, artificial intelligence and cloud services. At the same time, it seeks to make markets safer and easier to access for new players.

The FinTech Action Plan is part of the Commission's efforts to build a Capital Markets Union (CMU) and a true single market for consumer financial services. It is also part of its drive to create a Digital Single Market. The Commission aims to make EU rules more future-oriented and aligned with the rapid advance of technological development. The Commission sets out 19 steps to enable innovative business models to scale up, support the uptake of new technologies, increase cybersecurity and the integrity of the financial system.

ESAs Joint Committee Final Report on Big Data

On 15 March 2018, the Joint Committee of the European Supervisory Authorities (ESAs) published its [Final Report on Big Data](#), analysing its impact on consumers and financial firms. Weighing both the benefits and the risks associated with this innovation, the ESAs have concluded that any legislative intervention at this point would be premature, considering that the existing legislation should mitigate many of the risks identified. The ESAs will

continue to monitor any developments in this area in the coming years and invite financial firms to develop and implement good practices on the use of Big Data.

EBA FinTech Roadmap

On 15 March 2018, the European Banking Authority (EBA) published a [FinTech Roadmap](#) setting out its priorities for 2018/2019 in light of the feedback received and in alignment with the European Commission's FinTech Action Plan. This includes:

- monitoring the regulatory perimeter, including assessing current authorisation and licencing approaches to FinTech firms, analysing regulatory sandboxes and innovation hubs with a view to developing a set of best practices to enhance consistency and facilitate supervisory coordination;
- promoting best supervisory practices on assessing cybersecurity and promoting a common cyber threat testing framework;
- identifying and assessing money laundering/terrorist financing risks associated with regulated FinTech firms, technology providers and FinTech solutions.

The Roadmap also sets out the establishment of a FinTech Knowledge Hub to enhance knowledge sharing and foster technological neutrality in regulatory and supervisory approaches.

FCA global regulatory sandbox

On 14 February 2018, the UK Financial Conduct Authority (FCA) announced it was considering the launch of a [global regulatory sandbox](#). Feedback was sought from market stakeholders “on the merits of creating a global sandbox. This could potentially allow firms to conduct tests in different jurisdictions at the same time and allow regulators to work together and identify and solve common cross-border regulatory problems, through tests. Under such a model, testing could span two or more jurisdictions.” Based on the feedback received, the FCA is due to publish a further update.

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