BLOG: FOUR TAKEAWAYS FROM THE FINTECH AND FINANCIAL INCLUSION ROUNDTABLE

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By David Symington and Eric Duflos

The Special Advocate and Governor Klaas Knot of the De Nederlandsche Bank (DNB) decided in October 2016 that it would be valuable to gather regulators and fintech innovators in the same room to discuss the key prerequisites and regulatory approaches needed for fintech to thrive and further financial inclusion.

So on May 12, they co-hosted an informal discussion at the DNB in Amsterdam examining these questions. The meeting brought together leading regulators and fintech companies from across the globe—Canada, China, India, Mexico, the Netherlands, the Philippines, Singapore, and the UK—joined by the FSB and the UNSGSA's partners including AFI, CGAP, the Gates Foundation, and the World Bank.

At the end of this long and intense day, what were some the main ideas that surfaced?

**Key preconditions:** There was a consensus that a set of public and private policies and infrastructure needs to be in place for technology-enabled innovations in financial services to flourish and be inclusive. These typically go beyond the financial sector and include data privacy, cyber-security, digital IDs, connectivity, interoperability, digital and financial literacy, fair competition, and physical infrastructure.

**More and better data:** Central banks usually do not collect or produce official data on fintech activities. Most analyses by regulators and standard-setting bodies rely on non-official surveys often produced by consulting companies. Regulators need to pay more attention to data availability and quality to improve monitoring and supervision of fintech.

**Improved regulatory capacity:** Regulators have limited staff and capacity to follow and understand fintech's rapid development. Typically, central bank staff are not experienced in artificial intelligence, big data analytics, and distributed ledger technology. This makes it challenging for regulators to decide when and how to regulate. They need to find ways to acquire people with these skills, although they mostly work in the private sector and may be difficult to attract.

**Close dialogue between regulators and fintech.** Regulators, supervisors and fintech innovators need to have a regular dialogue with each other and learn from approaches used in different jurisdictions. Only by doing this can they improve the collection, availability and quality of data, and develop best practices and evidence-based methodologies to regulate new products and institutions.

We hope that the results of this discussion will feed into governments' and private companies' plans as they construct the policies and infrastructure needed for fintech to prosper, as well as informing global standard-setting bodies and initiatives on fintech regulation and supervision.

Already, we are thrilled to see the ideas of the discussion incorporated in the newly released G20 Hamburg Action Plan. Encouragingly, the action plan calls for improving regulation of fintech and enhancing regulators' capacity.

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