

FinTech: What is the promise for Financial Inclusion?

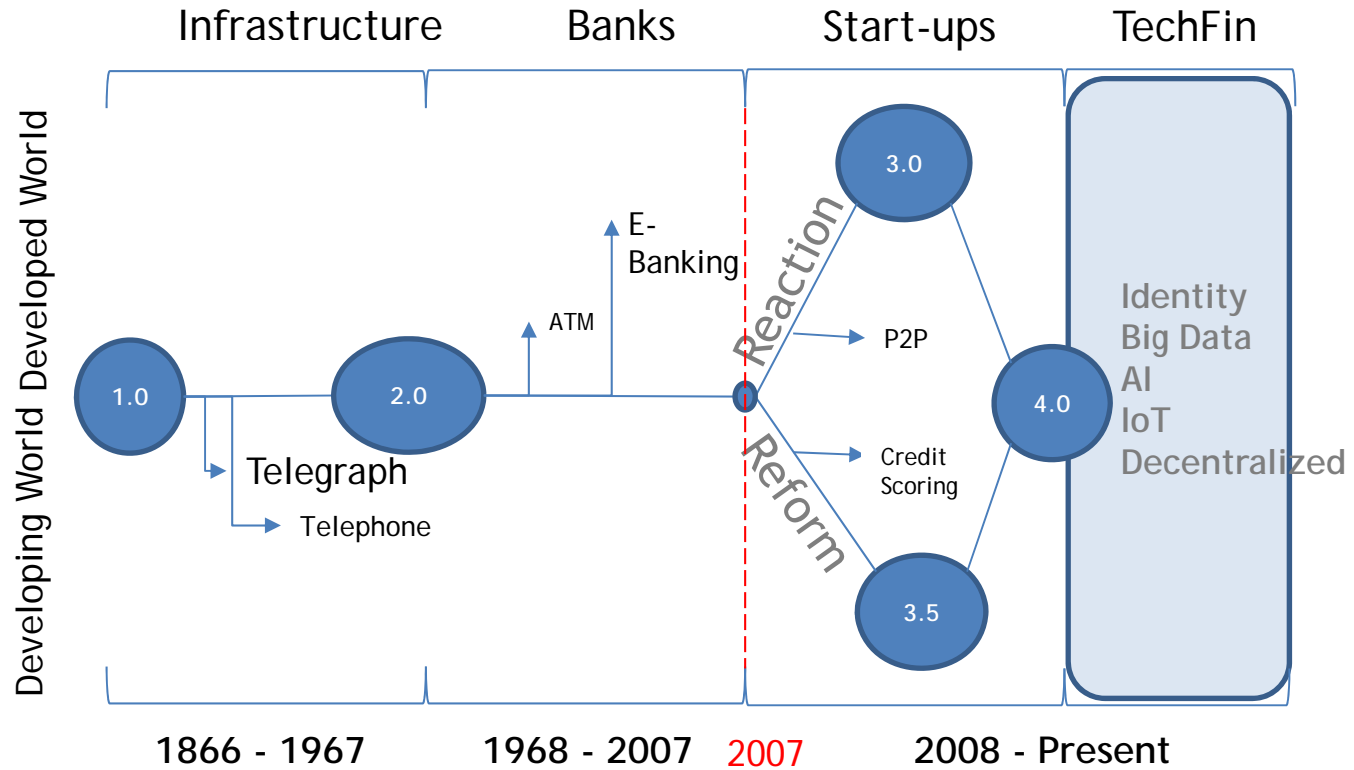


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Mobile vs Banking Penetration



Within developing parts of Asia, mobile phone ownership is more wide-spread than Bank account registration:



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Implications



Main concerns of policymakers and industry arise not from the technology itself but from the question of *who* is applying technology to finance along with the *speed* of development.



G24-AFI Study: FinTech for Financial Inclusion



- Assessing FinTech's relevance to solving key challenges for financial inclusion (e.g. digital identity for the financially excluded)
- Analyzing key policy and regulatory implications emerging out of FinTech based services/business model innovations
- Proposing policy and regulatory responses to manage and mitigate risks related to FinTech for financial inclusion without stifling its growth.



RegTech+ : Smart Regulation



- Information and monitoring
- Systems design
- Digitization
- Datification



Building financial infrastructure

- Clearing / settlement
- Payment
- Cryptocurrencies
- Data storage / transfer / protection
- Finance (ICOs)

India Stack

VISION

Presence-Less

Unique digital biometric identity

Paper-Less

Electronic documentation protected by digital signature and storage

Cash-Less

Single interface to all interconnected payments platform

Consent

Consent-enabled data sharing framework



10 YEARS OF BRINGING SMART POLICIES TO LIFE

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IMPACT

1,000% Efficiency Gain for end-to-end account creation

	Bank	Prepaid Card Issuer
Days	14- 30 days	1 - 2 days
Time	70 - 91 min	6 - 20 min
Costs (USD)	US\$ 5.2 - 8.7	US\$ 0.34 - 1.6

Re-aligns economic viability of financial inclusion delivery

Designing financial infrastructure



- Objectives: financial inclusion, economic growth, financial stability, market integrity
- Pillar I: Digital ID / eKYC
- Pillar II: electronic payments / open API
- Pillar III: account strategy
- Pillar IV: access to finance



Examples:



- EU Big Bang II
 - PSD 2: Payment Services Directive 2 - open API banking
 - MiFID 2: Markets in Financial Instruments Directive 2 - transparency across markets
 - GDPR: General Data Protection Regulation
- Jordan / UN: Iris Guard



Pillar I: Digital ID / eKYC



- Base ID
 - KYC
 - Suitability?
-
- Local / foreign / non-physically present
 - Individual / corporate



Cont'd



- Challenges: domestic context, security
- Structures: Sovereign / Monopoly / Open
- Regulation
- Equivalence



Pillar II: Electronic payments / open API



- Traditional
- New entrants / technologies
- Regulation
- Example: Gates Level One
- Related benefits: ecommerce, empowerment / entrepreneurship



Pillar III: Account strategy



- Pillar I / II
- Strategy: access + savings + efficiencies
- Government salaries / benefits / pensions
- Requirement?

- Related benefits: leakage / taxation / formalisation / market integrity



Pillar IV: Access to finance



- Pillar I, II, III: Payments, transactions, savings
- Infrastructure for traditional and non-traditional access to finance
- Credit: credit analysis, cashflow (SMEs)
- Investment: clearing / settlement / trading, national pensions, debt markets, equity markets, roboadvisory
- Insurance
- Early stage and other financing: building better systems?



Looking Forward



- Cybersecurity
- Digital ID / eKYC
- Blockchain
- TechFin
- International / regional cooperation





THANK YOU

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