
Release of report: Inaugural Intergovernmental FinTech Working Group Workshop

The Intergovernmental FinTech Working Group (IFWG) has today released a report on its inaugural market outreach workshop, held 19 – 20 April 2018. The workshop gave a platform for regulators and policymakers to engage with industry, and to identify key considerations, working toward developing a harmonised approach to FinTech-driven innovations for the benefit of all South Africans

The infusion of technology within financial services presents significant potential benefits, including improving financial inclusion and enhancing the value of financial services to society. However, it can also pose risks to consumer protection and overall stability. The IFWG, comprising members from National Treasury, the South African Reserve Bank, the Financial Sector Conduct Authority and the Financial Intelligence Centre, was formed to develop a common understanding among regulators and policymakers of FinTech developments and relevant policy and regulatory implications for the South African financial sector and economy. It aims to develop a co-ordinated approach to FinTech policy making in the country.

The inaugural workshop provided a platform to identify risks and benefits involved in financial services innovation driven by technology, the regulatory challenges faced by FinTechs in South Africa, and the input on the response that regulators in South Africa should take to develop appropriate policies and to implement effective regulatory frameworks for this emerging industry. The workshop drew a mix of FinTech firms, incumbent financial institutions, academic institutions, regulators and policymakers, and other stakeholders with a vested interest in the financial services sector in South Africa.

The report summarises the discussions held in the three open sessions of the workshop. It also provides an overview of discussions during the fourth closed session between policymakers and regulators. The sessions were:

- 1. PRIVATE CRYPTO-CURRENCIES¹:** the session aimed to gain insight from the industry on broader crypto-currency activities such as the existing and emerging

¹ Private crypto-currencies are still a relatively a novel concept and therefore different interpretations and terminology have been used in the public domain. This report uses both of these terms 'crypto-assets' and 'crypto-tokens' as reference to these financial technology innovations.

use cases, the role of crypto-currency exchanges and more specific activities relating to initial coin offerings (ICOs).

- 2. FINANCIAL INCLUSION:** the session aimed to achieve greater understanding of the existing and potential future impact of FinTech on financial inclusion, as well as an understanding of risks, including consumer protection risks, regulatory challenges and possible policy or regulatory solutions. Innovations such as digital identity were also discussed.
- 3. INNOVATION FACILITATION:** the session aimed to identify learnings from the experience of other regulators that have implemented innovation facilitators and/or policy positions conducive to innovation facilitation as well as improved engagement between regulators, FinTech providers and incumbents.
- 4. REGULATORY AND POLICY RESPONSES:** the closed session aimed to provide the IFWG and its members with the opportunity to reflect on the feedback provided by workshop participants. Input received from participants was contrasted to work-in-progress on respective focus areas.

The workshop was an important step towards achieving the objective of regulator and private sector engagement and collaboration. The IFWG plans to host one other workshop during 2018, and is working on a policy paper setting out the South African policy position on FinTech and innovation in the financial sector, targeted to be released in 2019.

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