



THE ROLE OF REGTECH/SUPTECH IN CREDIT MARKET

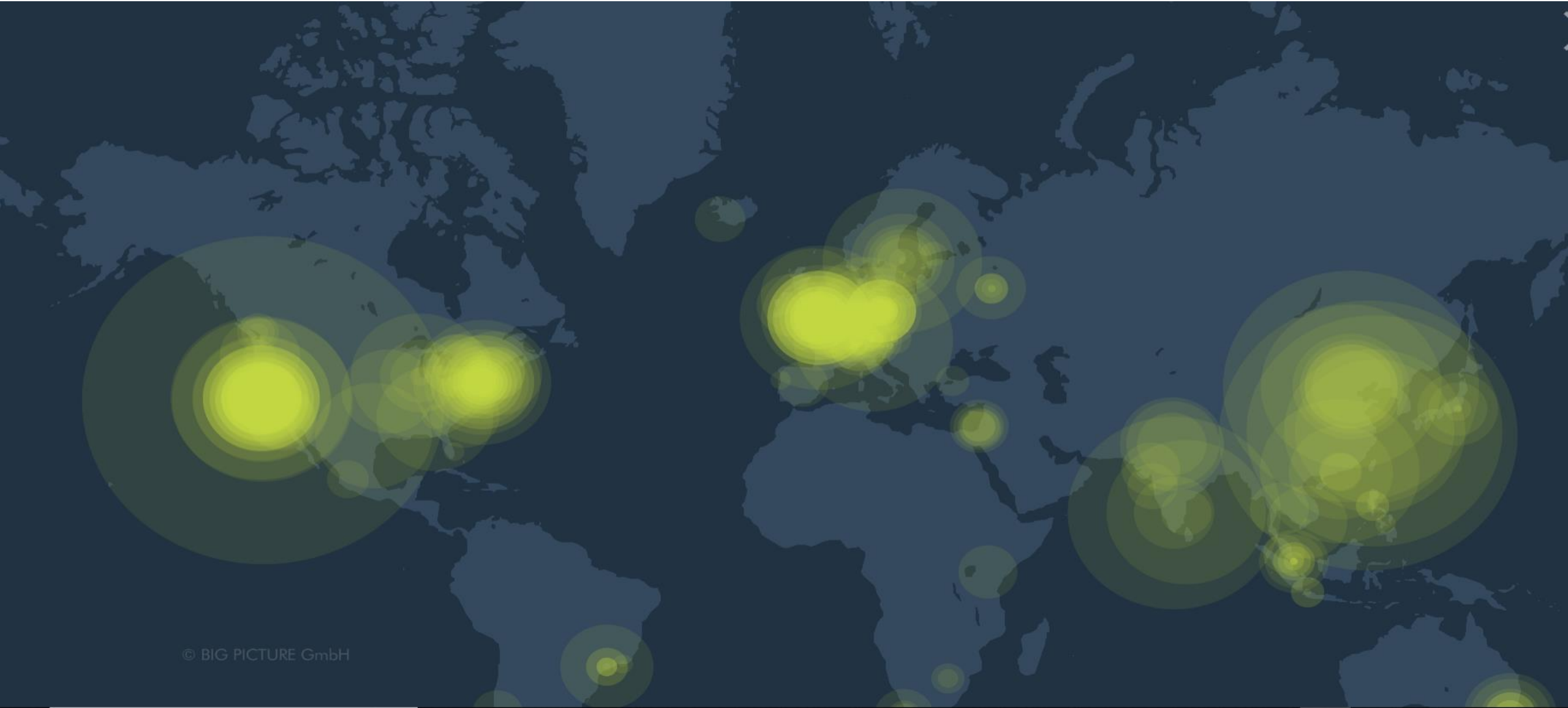
Innocent Africa



OUTLINE

- Fintech development worldwide and Africa specifically
- Attractive VCs and Fintech innovation with open regulatory frameworks
- Overview of RegTech and SupTech
- Regulation: Keeping pace with Fintech innovation
- Role of the regulatory sandboxes in Fintech innovation
- The Role of RegTech and SupTech in the credit market

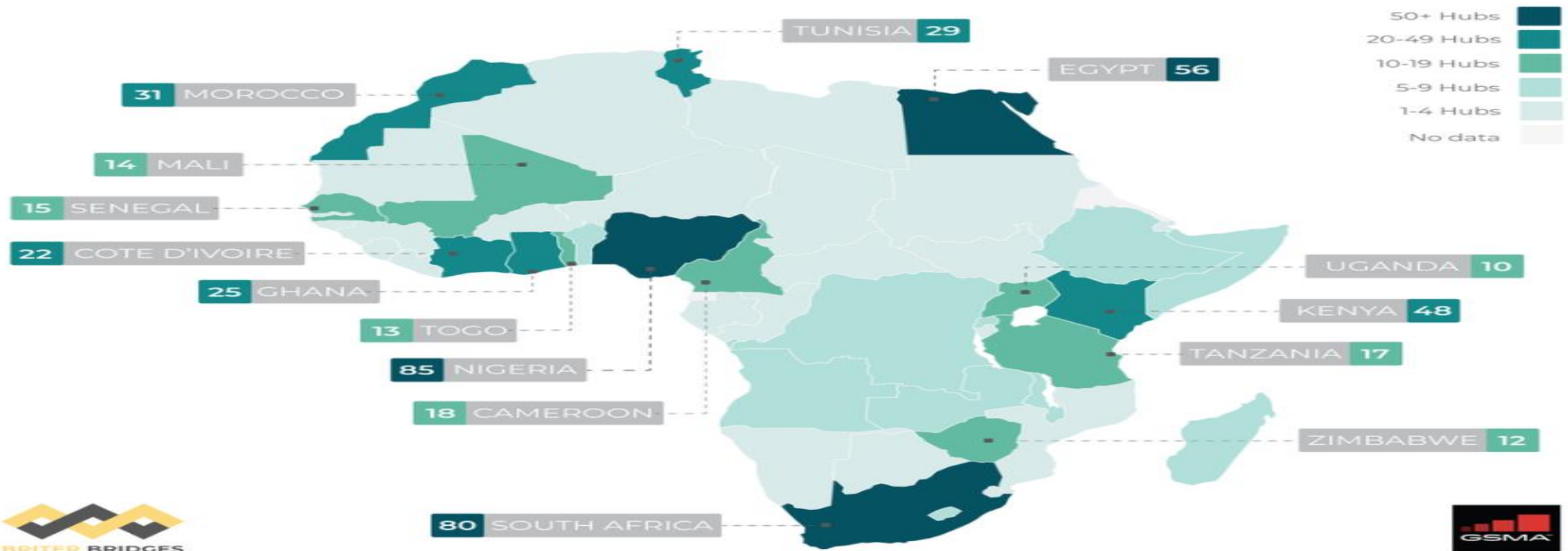
FinTech development worldwide



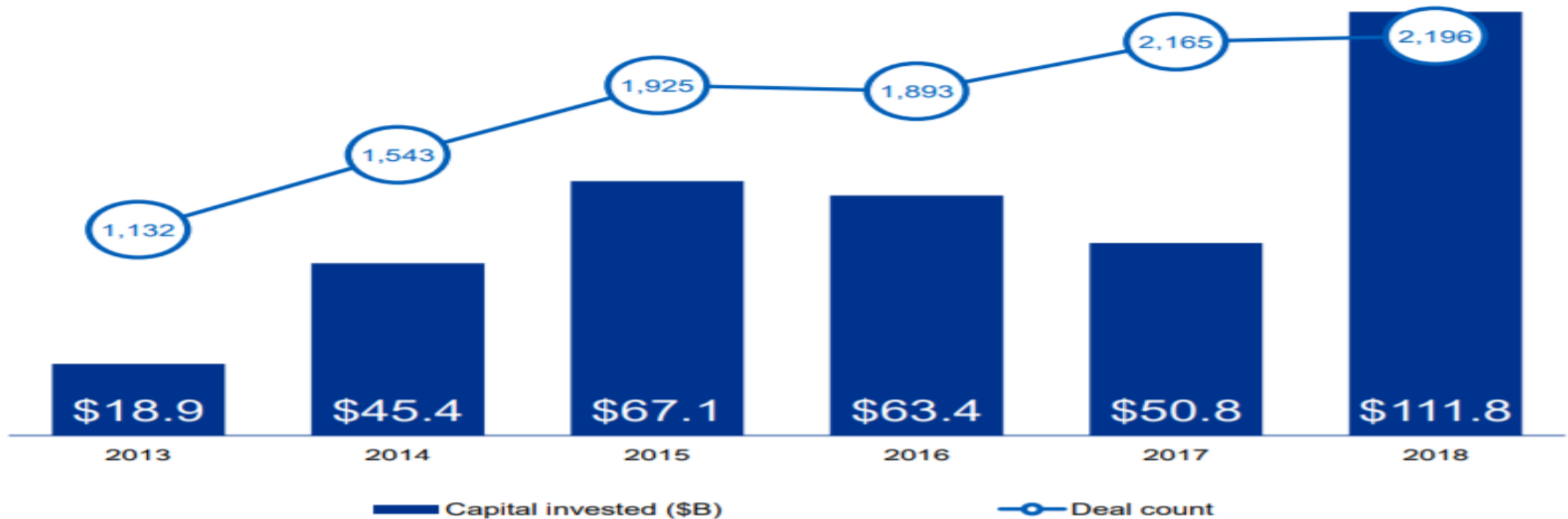
Africa Tech development

618 TECH HUBS

A mapping in collaboration with the GSMA Ecosystem Accelerator programme



Attractive VCs and fintech innovation with open regulatory frameworks



Source: *Pulse of Fintech 2018, Global Analysis of Investment in Fintech*, KPMG International (data provided by PitchBook) January 4, 2019.

RegTech and SupTech back ground

- In much the same way technology is changing the financial industry, it is also changing how the industry and financial authorities implement and enforce regulations. Regulatory Technology (RegTech), defined as a sub-set of FinTech.
- RegTech is not an entirely new industry RegTech includes any use of technology to match data to information taxonomies that are meaningful to both regulators and the firms they regulate, in order to automate compliance and oversight processes.
- The Institute of International Finance (IIF) defines RegTech as “the use of technologies to solve regulatory and compliance requirements more effectively and efficiently”.

The role of regulatory sandboxes in fintech innovation

- The innovation brought by Fintech pose a real challenge to the regulators who has the mandate of reducing uncertainty associated with financials, especially the Fintech.
- To overcome the challenge in other market such as
 1. Latin America and Caribbean
 2. UK,
 3. Australia,
 4. Canada,
 5. Netherland,
 6. Singapore

Regulators have introduced the sandbox Project “**that can serve as space to promote dialogue with companies and understand how these businesses operate from their earliest stages with Regulator**”

- In short, regulatory sandboxes in the region would make it possible to move toward sector-specific regulation

Example of Regulatory Sandbox initiatives



Sandboxes in operation as of June 2019

Abu Dhabi	Mexico
Australia	Mozambique
Bahrain	Mauritius
Brunei	Serbia
Canada	Russia
Columbia	Saudi Arabia
Ireland	South Korea
Isle of Man	Taiwan
Japan	Thailand
Jersey	Uganda
Kazakhstan	UK
Kenya	United States
Kuwait	Vanuatu
Lithuania	Zimbabwe
Malaysia	

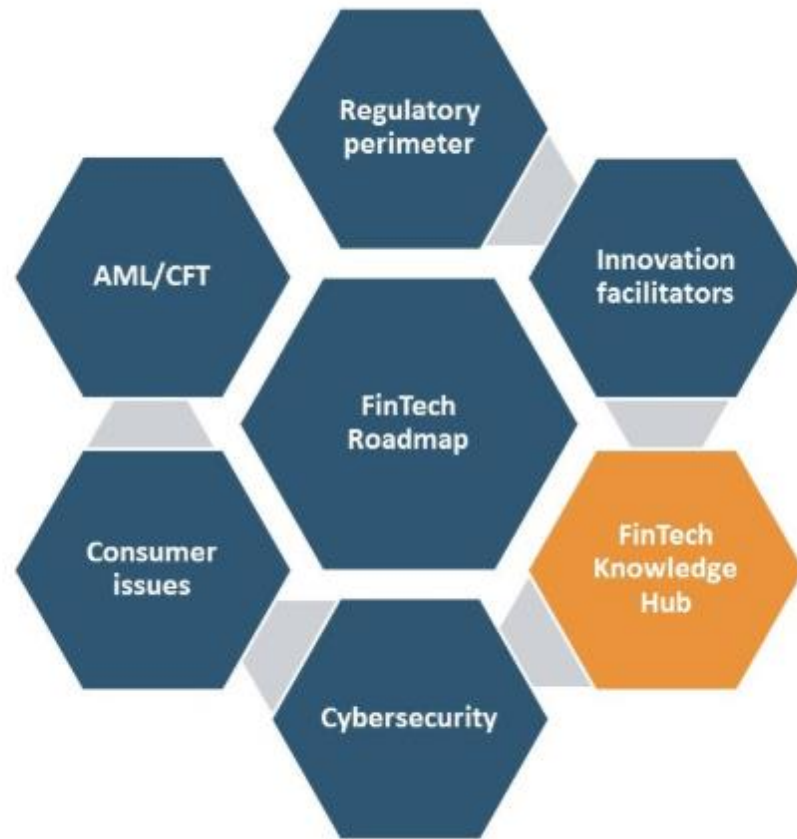
Forthcoming Sandboxes

Austria
Brazil
Chile
Congo
Estonia
Fiji
Malta
Mauritania
Nigeria
Norway
Qatar
Tajikistan
Romania
Spain

Proposed Sandboxes

Bulgaria	Portugal
China	Rwanda
Guinea	Samoa
India	South Africa
Italy	Tanzania
Madagascar	Trinidad and Tobago
Morocco	
Papua New Guinea	
Paraguay	
Peru	

International market, Regulatory Fintech support (EBA road map)



- European Economic and Social Committee
- European Supervisory Authorities
- European System of Central Banks
- G20 etc.

United Kingdom *Innovation Hub*

- The United Kingdom has been a pioneer in supporting new business creation through government policies. The program is structured around three pillars:
 - (i) Innovation laboratories,
 - (ii) A specialized business advisory unit, and
 - (iii) Regulatory sandboxes.

Regulators role in Fintech

- Use RegTech to improve their supervisory processes
- Facilitate developments in the industry
- Supervise technology providers
- Foster collaboration across the regtech ecosystem
- Create rules and processes to encourage and guide innovation and engagement
- Facilitate the competition of fintech company through regulatory framework

Concern of the Regulator

- The regulator is mostly concerned about the management of data protection, bank secrecy, cyber security and data management from “3 V’s”:

1. High velocity,
2. Large variety,
3. and big volumes of data,

And how firms enforce customer consent when any type of data can be used

Regulations already published in accordance with FinTech development

- Cyber security (attacks)
- General Data Protection Regulation ('GDPR'),
- Money laundering and terrorist financing operations (remote KYC).
- Consumer Protection.

REGTECH: REGULATORY DERIVE IT SOURCE FROM FINTECH

- As Fintech help banks to connect with it's customer and achieve it objective via technology
- RegTech help banks and underwriting companies to meet Regulatory requirements via technology
- SupTech assist regulator to accomplish it mission in:
 1. **Real time supervision** such as industry capital management, non performing loan that may hinder the global economy, loan per sector of investment
 2. **Exception based supervision** to analyze data and identifie and trigger outlier, exception on financial institutions
 3. **Automat supervisory measure** etc.

Global RegTech investment 2014-2018

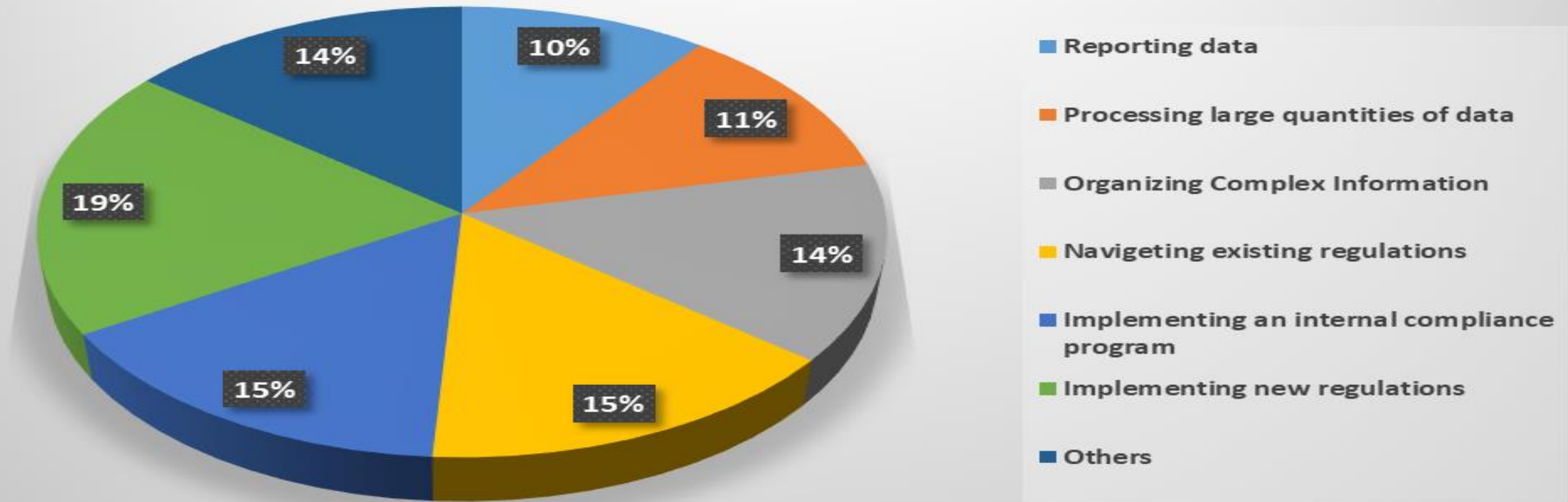
Global RegTech investment, 2014 - H2 2018

(USD, The RegTech sector shows no signs of cooling, with \$2.5bn already raised this year

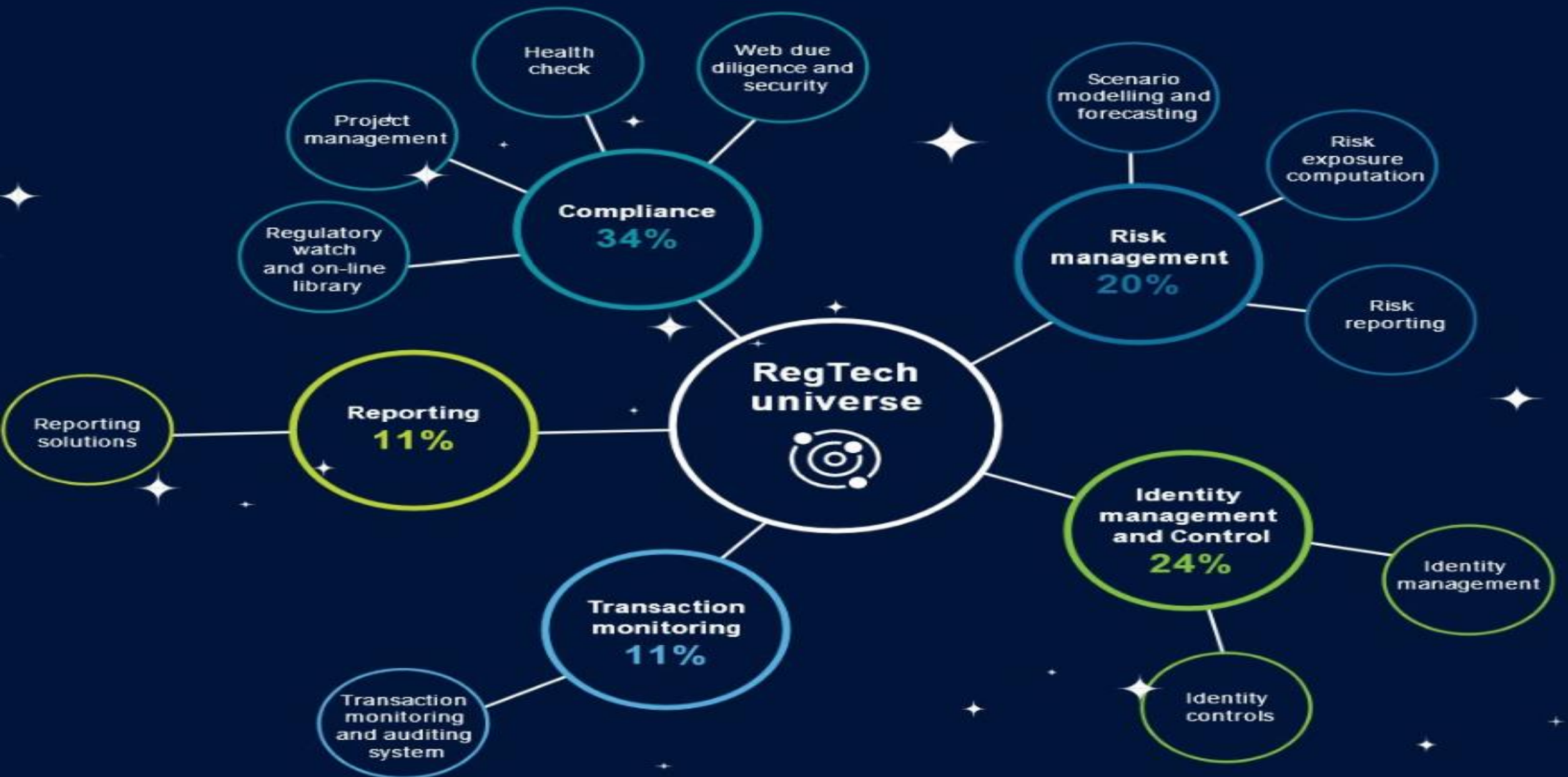


Primary RegTech/SupTech buyer Motivation

Primary Buyer Motivation



RegTech Map & Role of Reg/Suptech in credit market



Future Regulatory Them



END

Thank You!