Welcome to the formal launch of the Cambridge Alternative Finance Collaboration Network
The Cambridge Alternative Finance Collaboration Network (CAFCN)

Hunter Sims, Director of Operations
10 December 2020
What is the CAFCN?

The CAFCN is a network of regionally embedded resources and capabilities engaged in the creation and exchange of knowledge needed by policy makers, regulators & industry to navigate the digital transformation of the global financial system

Theory of change

Accelerate the creation & exchange of FinTech knowledge

Inform & enable the work & practice of:
- Practitioners & Firms
- Consumers & Investors
- Advisors & Institutions
- Regulators & Policymakers

Facilitating FinTech market development

Effecting evidence-based regulatory changes

Financial inclusion
Economic growth
Poverty reduction

with the support of
How does the CAFCN work?

**Physical Infrastructure Layer**
- Established regional research collaborations

**Data Infrastructure Layer**
- Building a global data infrastructure

**Programmatic Layer**
- Research, digital toolkit, & capacity building
CAFCN – Physical infrastructure layer

Activated (2020)

Future Collaborations

Sub-Saharan Africa  Middle East, North Africa  Euro-Mediterranean  Asia-Pacific
CAFCN – Data infrastructure layer

Developing global, accessible and collaborative data infrastructure
CAFCN – Programmatic layer

The CAFCN has three **interconnected** and **mutually reinforcing** programmatic pillars.
### Evidence of impact to date

#### Knowledge Creation

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
<td>Global Covid-19 FinTech reports (with the World Bank &amp; World Economic Forum)</td>
</tr>
<tr>
<td>1,385</td>
<td>unique institutions</td>
<td></td>
</tr>
<tr>
<td>114</td>
<td>jurisdictions</td>
<td></td>
</tr>
<tr>
<td>118</td>
<td>regulatory authorities</td>
<td></td>
</tr>
<tr>
<td>30,000</td>
<td>global audience for launch events</td>
<td></td>
</tr>
<tr>
<td>3,000</td>
<td>combined downloads to date</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>regulatory obligation taxonomies trained in</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>countries</td>
<td></td>
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</tbody>
</table>

#### Knowledge Exchange

<table>
<thead>
<tr>
<th>Metric</th>
<th>Number</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>645</td>
<td>regulators trained in</td>
<td></td>
</tr>
<tr>
<td>118</td>
<td>countries</td>
<td></td>
</tr>
<tr>
<td>+40</td>
<td>Unique engagements for technical advisory support</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Country-level diagnostic reports</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Cross-regional regulatory TechSprints (with BFA Global 2021)</td>
<td></td>
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</tbody>
</table>
Panel 1: FinTech Market Development Across Regions
Panel 1 Intro: The Global Covid-19 FinTech Market Rapid Assessment Study

Tania Ziegler, Global Benchmarking Lead
10 December 2020
Introduction – overview of methodology

Geographical Distribution of Survey Respondents
Introduction – overview of methodology

Survey Sample Distribution Among Primary FinTech Verticals

- Digital Lending (n.305) - 21%
- Digital Payments (n.251) - 18%
- Digital Capital Raising (n.200) - 14%
- Enterprise Technology Provisioning (n.130) - 9%
- WealthTech (n.111) - 8%
- InsurTech (n.100) - 7%
- RegTech (n.90) - 6%
- Digital Banking (n.86) - 6%
- Alternative Credit & Data Analytics (n.45) - 3%
- Digital Identity (n.41) - 3%
- Digital Asset Exchange (n.38) - 3%
- Digital Savings (n.21) - 1%
- Digital Custody (n.10) - 1%
The global FinTech market is growing, but performance is uneven across verticals.

- Digital Lending: -8%
- Digital Payments: 21%
- Digital Capital Raising: 16%
- Enterprise Technology Provisioning: 13%
- WealthTech: 24%
- InsurTech: 13%
- RegTech: 10%
- Digital Banking: 10%
- Alternative Credit & Data Analytics: 14%
- Digital Identity: 9%
- Digital Asset Exchange: 33%
- Digital Savings: 26%
- Digital Custody: 36%

- Negative Impact
- Positive Impact
The global FinTech market is growing, but performance is uneven across markets. The chart shows the percentage growth in FinTech across different regions:

- APAC (n=301): 6%
- China (n=72): 10%
- Europe (n=315): 8%
- LAC (n=201): 13%
- MENA (n=45): 40%
- North America (US & Canada) (n=141): 21%
- SSA (n=170): 21%
- United Kingdom (n=175): -3%
FinTechs are making adjustments to their existing products, services and policies

Changes to Existing Products & Services, All FinTech Verticals (% of respondents who reported “Yes” and “In Progress”)

- Changes to Qualification/Onboarding Criteria (n.1022): 29% Yes, 11% In Progress
- Fee/Commission Reduction (n.1369): 29% Yes, 9% In Progress
- Payment Easements (n.1215): 25% Yes, 8% In Progress
- Fee/Commission Waiver (n.1371): 23% Yes, 8% In Progress

New or Updated Products/Services/Features, All FinTech Verticals (% of respondents who reported “Yes” and “In Progress”)

- Value Added Non-financial Services (n.1196): 31% Yes, 11% In Progress
- Enhanced Fraud and/or Cyber-security Features (n.1195): 28% Yes, 12% In Progress
- Disbursement of Covid-19 Relief/Assistance Funds (n.1201): 18% Yes, 7% In Progress
- Hosting Covid-19 Specific Funding or Relief Campaigns (n.1192): 16% Yes, 6% In Progress
- Credit or Micro-Credit Facility (n.1192): 14% Yes, 7% In Progress
- Launched a Voucher System (n.1179): 8% Yes, 5% In Progress
- Insurance Related to Covid-19 (n.1191): 7% Yes, 5% In Progress
FinTechs indicated a need for more regulatory support, particularly in e-KYC, CDD and remote onboarding

**Regulatory Responses & Interventions, All FinTech Verticals (% of respondents; currently using, urgently needed, needed in the long term)**

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Currently Using</th>
<th>Urgently Needed</th>
<th>Needed in the Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Support for e-KYC (n.1360)</td>
<td>17%</td>
<td>31%</td>
<td>15%</td>
</tr>
<tr>
<td>Simplified Customer Due Diligence (n.1355)</td>
<td>13%</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>Regulatory Support for Remote Onboarding (n.1343)</td>
<td>12%</td>
<td>30%</td>
<td>16%</td>
</tr>
<tr>
<td>Streamlined Product or Services Approval (n.1340)</td>
<td>7%</td>
<td>31%</td>
<td>22%</td>
</tr>
<tr>
<td>Less Burdensome Supervisory/Reporting Requirements (n.1351)</td>
<td>6%</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td>Exemption to Operate New Financial Services or Products (n.1340)</td>
<td>5%</td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td>Extension of Interim Permissions (n.1331)</td>
<td>4%</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Faster Authorisation or Licensing Processes for New Activities (n.1354)</td>
<td>4%</td>
<td>36%</td>
<td>23%</td>
</tr>
</tbody>
</table>
FinTechs are facing operational challenges, especially in jurisdictions with higher lockdown stringency

% Changes in Operational Indicators according to Covid-19 Stringency by Jurisdictions (H1 2020 in comparison with H1 2019)

Impact of Covid-19 on the Fiscal Year 2020 Turnover Target & Number of FTE Employees, All FinTech Verticals (% of respondents by Lockdown Stringency)
Panellists

Tamara Cook
CEO, FSD Kenya

Nameer Khan
Chairman, MENA FinTech Association

Peter Morgan
Senior Consulting Economist & Vice-Chair, ADBI

Maelis Carraro
Director, Catalyst Fund

Moderator: Herman Smit
Associate Director, Data & Analytics, CCAF
Panel 2: Regulating FinTech & Regulatory Innovation
Panel 2 Intro: The Global Covid-19 FinTech Regulatory Rapid Assessment Study

Philip Rowan, Regulatory Innovation Lead
10 December 2020
Covid-19 has increased the prioritization of FinTech within regulators.

FinTech prioritization within regulators in light of Covid-19 – EMDEs versus Advanced economies (N=72)

- **64%** of respondents in EMDEs reported an increase in FinTech prioritization.
- **59%** reported a high level of prioritization.
- **27%** of respondents in advanced economies reported an increase.
- **17%** reported a high level of prioritization.
- **4%** of respondents in EMDEs reported a decrease.
- **7%** of respondents in advanced economies reported a decrease.
- **4%** of respondents in EMDEs reported a low level of prioritization.
- **17%** of respondents in advanced economies reported a low level of prioritization.

Emerging market and developing economies are denoted in green, and advanced economies are denoted in gray.
FinTech is seen as particularly supportive of financial inclusion and market development

Perceived impact of FinTech on regulatory objectives in light of Covid-19 (N=88)

“So many companies are now doing e-commerce and they are largely supported by FinTech, e.g. (digital) payments. However, there is no clear framework for dealing with consumer protection issues.” (Regulator in Sub-Saharan Africa)
Covid-19 has significantly impacted regulatory innovation initiatives

The impact of Covid-19 on regulatory innovation initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation office (N=59)</td>
<td></td>
</tr>
<tr>
<td>Introduced new initiative(s)</td>
<td>20%</td>
</tr>
<tr>
<td>Accelerated planned initiative(s)</td>
<td>36%</td>
</tr>
<tr>
<td>Delayed planned initiative(s)</td>
<td>8%</td>
</tr>
<tr>
<td>Modified planned initiative(s)</td>
<td>19%</td>
</tr>
<tr>
<td>No change to initiative</td>
<td>17%</td>
</tr>
<tr>
<td>Regulatory sandbox (N=75)</td>
<td></td>
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<tr>
<td>Introduced new initiative(s)</td>
<td>16%</td>
</tr>
<tr>
<td>Accelerated planned initiative(s)</td>
<td>36%</td>
</tr>
<tr>
<td>Delayed planned initiative(s)</td>
<td>9%</td>
</tr>
<tr>
<td>Modified planned initiative(s)</td>
<td>19%</td>
</tr>
<tr>
<td>No change to initiative</td>
<td>20%</td>
</tr>
<tr>
<td>RegTech/SupTech (N=51)</td>
<td></td>
</tr>
<tr>
<td>Introduced new initiative(s)</td>
<td>25%</td>
</tr>
<tr>
<td>Accelerated planned initiative(s)</td>
<td>33%</td>
</tr>
<tr>
<td>Delayed planned initiative(s)</td>
<td>10%</td>
</tr>
<tr>
<td>Modified planned initiative(s)</td>
<td>24%</td>
</tr>
<tr>
<td>No change to initiative</td>
<td>8%</td>
</tr>
<tr>
<td>Digital infrastructure (N=54)</td>
<td></td>
</tr>
<tr>
<td>Introduced new initiative(s)</td>
<td>20%</td>
</tr>
<tr>
<td>Accelerated planned initiative(s)</td>
<td>52%</td>
</tr>
<tr>
<td>Delayed planned initiative(s)</td>
<td>4%</td>
</tr>
<tr>
<td>Modified planned initiative(s)</td>
<td>20%</td>
</tr>
<tr>
<td>No change to initiative</td>
<td>4%</td>
</tr>
<tr>
<td>Other (N=21)</td>
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<tr>
<td>Introduced new initiative(s)</td>
<td>24%</td>
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<tr>
<td>Accelerated planned initiative(s)</td>
<td>43%</td>
</tr>
<tr>
<td>Delayed planned initiative(s)</td>
<td>19%</td>
</tr>
<tr>
<td>Modified planned initiative(s)</td>
<td>14%</td>
</tr>
<tr>
<td>No change to initiative</td>
<td></td>
</tr>
</tbody>
</table>

“Covid-19 has accelerated the need to put innovation initiatives in place faster.” (Regulator in MENA)

“Our sandbox is already operational but we have to modify our strategy to create a new pipeline for sandbox testing (in light of Covid-19).” (Regulator in higher stringency jurisdiction in SSA)
Regulatory coordination is the biggest regulatory challenge in EMDEs

Internal challenges to developing regulatory responses to FinTech (N=83)

“Of our core activities, the most affected by the lockdown are authorization processes, on-site supervision and imposition of sanctions, because of the restricted access to essential information as well as limitations in the physical inspection of intermediaries’ operations.” (Regulator in LAC)
Skills development is a consistent theme highlighted by all regulators, while technical support is particularly desired by regulators in EMDEs.

Types of assistance regulators would most benefit from in order to support their work on FinTech in light of Covid-19 - Emerging market and developing economies versus Advanced economies

"Information and examples of policies on the development of FinTech in capital markets, such as crypto-assets." (Content expertise request, Regulator in Sub-Saharan Africa)
Panellists

Rachel Turner
Director for Economic Development, FCDO

Brian Yeoh
Senior Manager of FinTech, Abu Dhabi Global Markets

Njuguna Ndung’u
Executive Director, African Economic Research Consortium

Wei Min Chin
Head of Digital Strategy & Innovation, Malaysia Securities Commission

Moderator: Patrick Conteh
Regional Lead, Sub Saharan Africa, CCAF