Cambridge Centre for Alternative Finance

# The World Bank-CCAF 3rd Global Fintech Regulator Survey

## Summary slides

Cambridge Centre for Alternative Finance

UNIVERSITY OF CAMBRIDGE Judge Business School

WORLD BANK GROUP

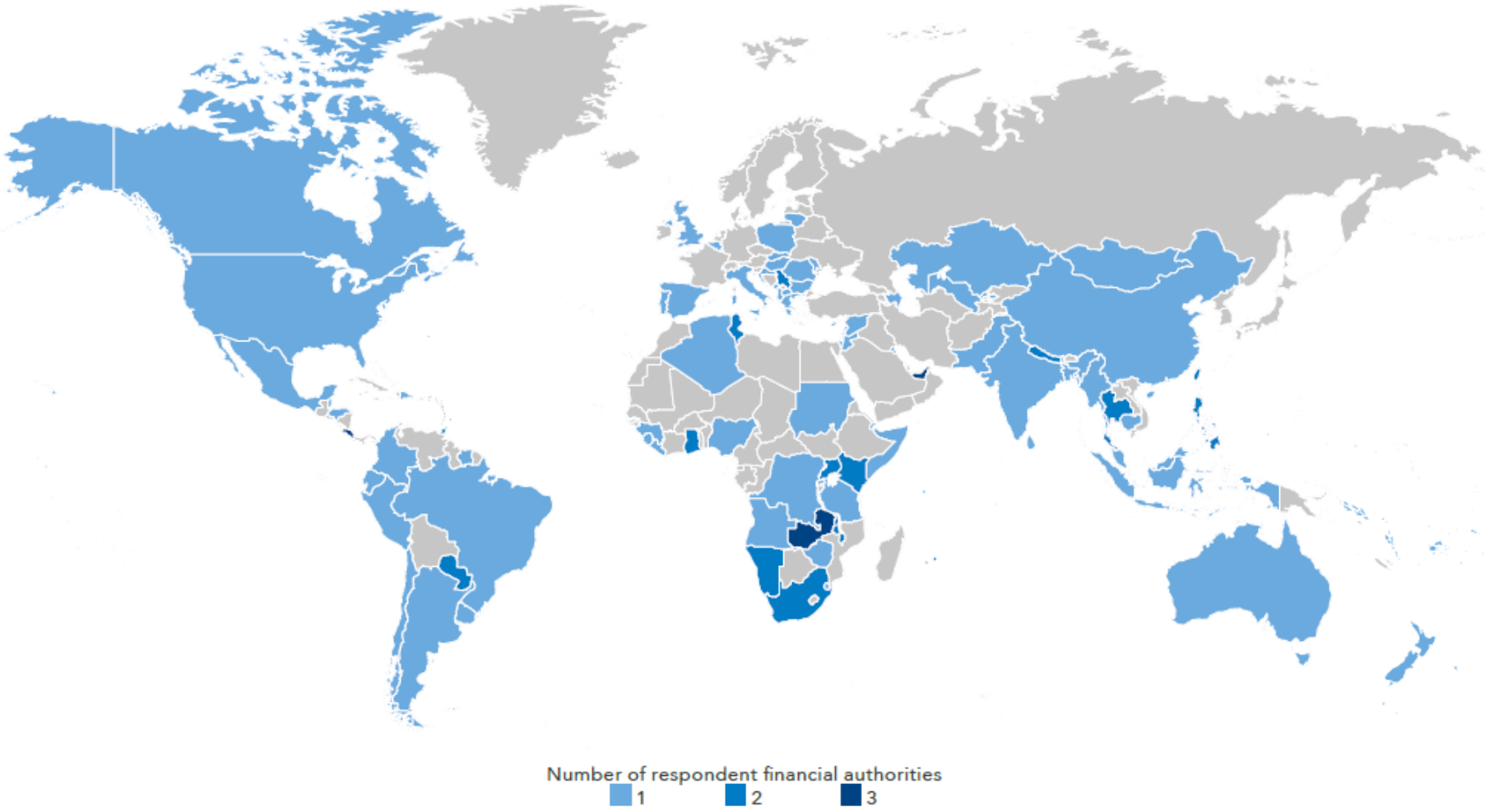
With the support of: UKaid from the British people

BILL & MELINDA GATES foundation

# Presentation of Key Findings

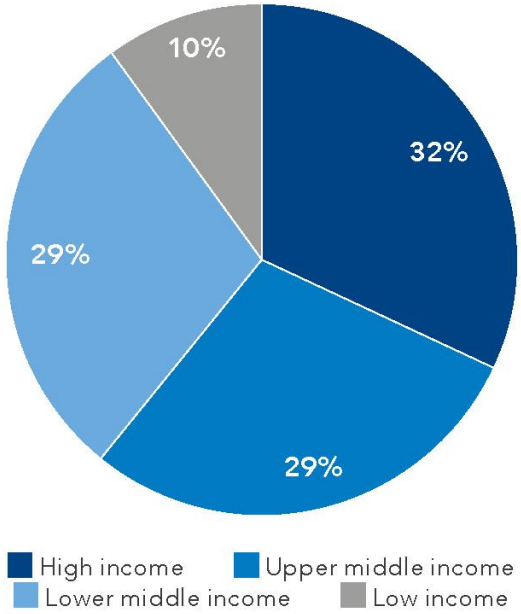
- Research Methodology
- Assessment of the medium-term impact of Covid-19
- Consumer risks concerning fintech activities
- The landscape of digital regulatory and supervisory infrastructure
- Global suptech mapping
- Policy implications and areas for future research

# Geographical distribution of study respondents



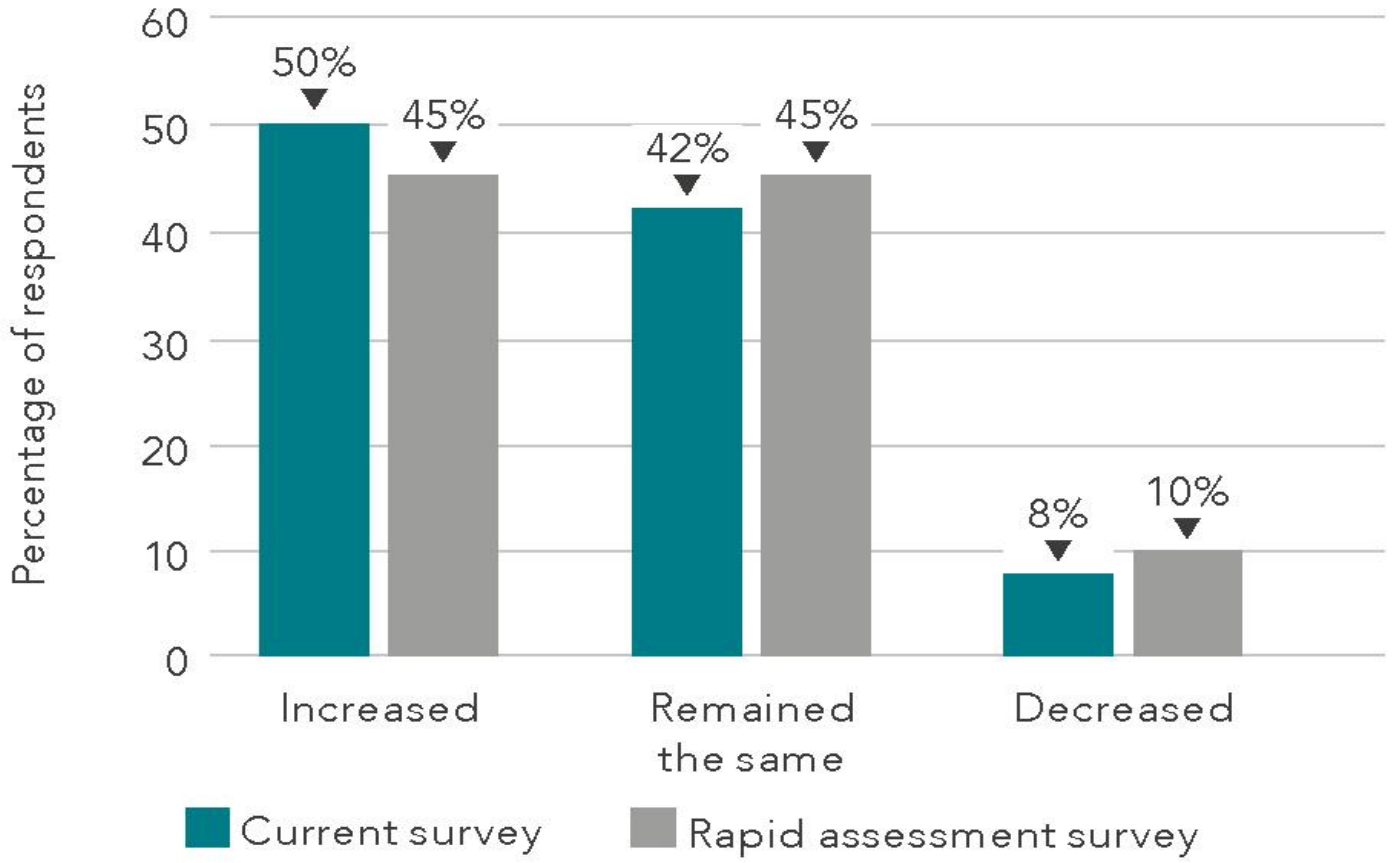
# Geographical distribution of respondents by region and World Bank income groups

| Region | Number of respondents | Percentage of jurisdictions per region in the sample (%) | Percentage of region covered (%) |
|---|---|---|---|
| East Asia and the Pacific | 21 | 16 | 46 |
| Europe and Central Asia | 28 | 22 | 42 |
| Latin America and the Caribbean | 24 | 19 | 44 |
| Middle East and North Africa | 14 | 11 | 46 |
| North America | 3 | 2 | 100 |
| South Asia | 6 | 5 | 63 |
| Sub-Saharan Africa | 32 | 25 | 44 |
| Total | 128 | 100 | |



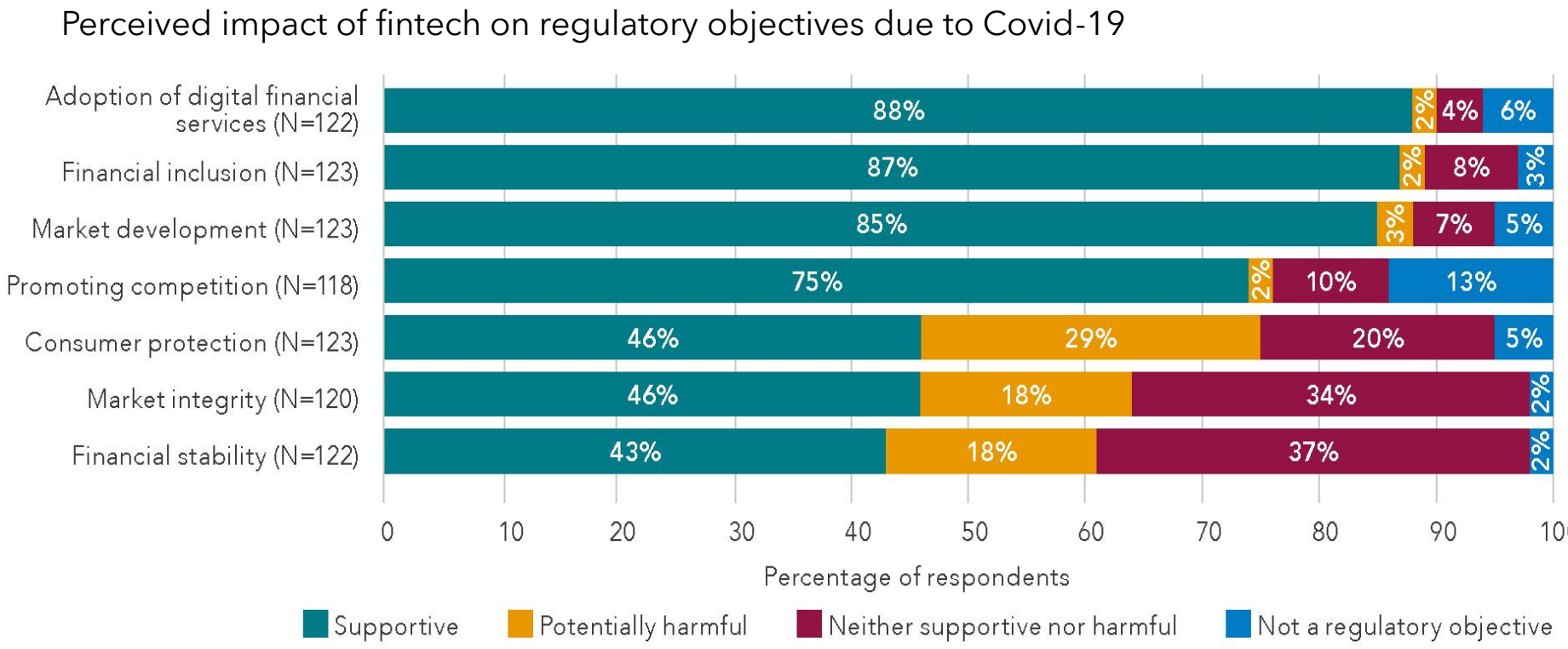
# Assessment of the medium-term impact of Covid-19

Prioritization of fintech due to Covid-19 (N=127)




**There has been an increase in the prioritization of fintech among respondents**

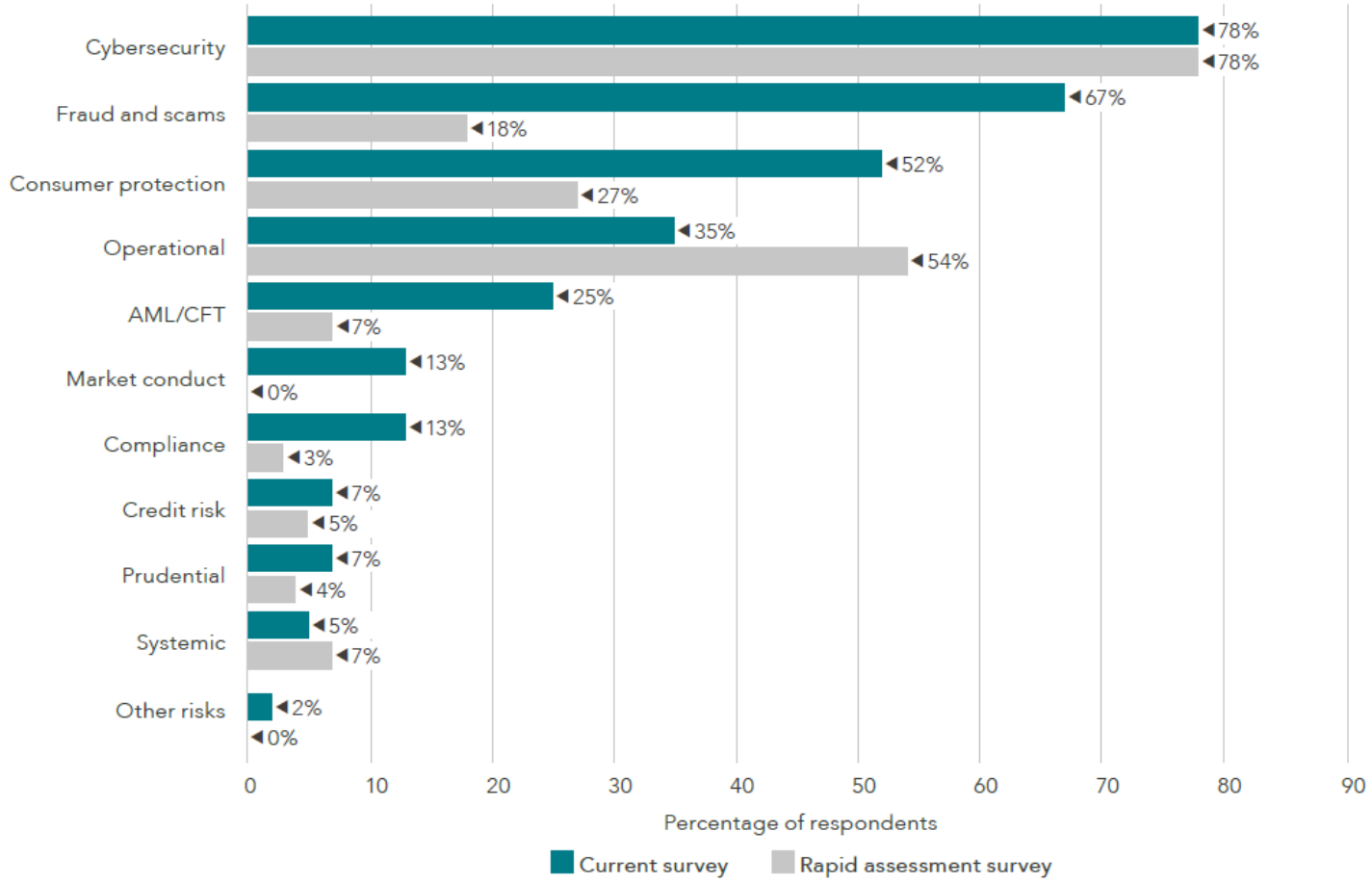
# Assessment of the medium-term impact of Covid-19




**Fintech is seen as particularly supportive of adoption of DFS and financial inclusion**

# Assessment of the medium-term impact of Covid-19

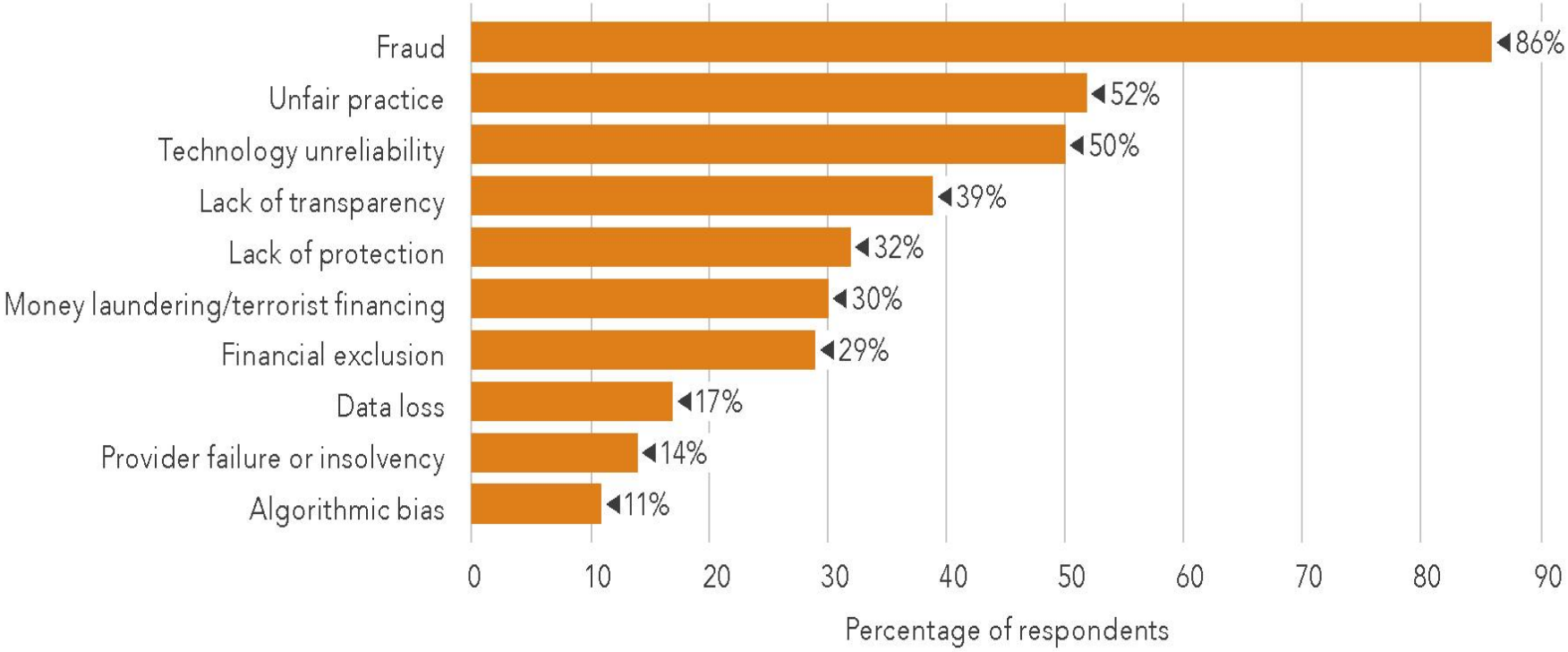
Perceived risks in the fintech market due to Covid-19 (N=126)




**Respondents see cybersecurity and fraud and scams as key risks in light of Covid-19**

# Consumer risk and protection

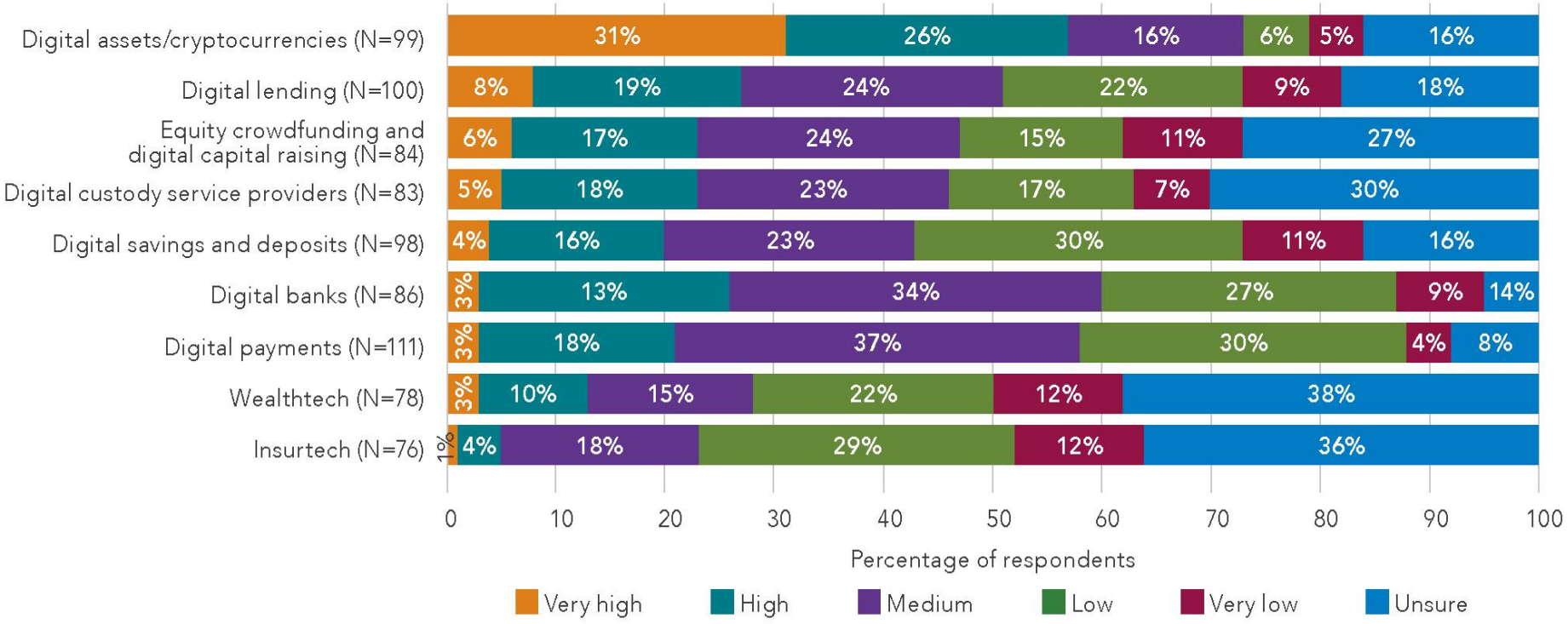
Perceived increase of consumer risks related to fintech/DFS during Covid-19 (N=90)




**Consumer risks relating to fraud and related misconduct are perceived as the top risk that has increased**

# Consumer risk and protection

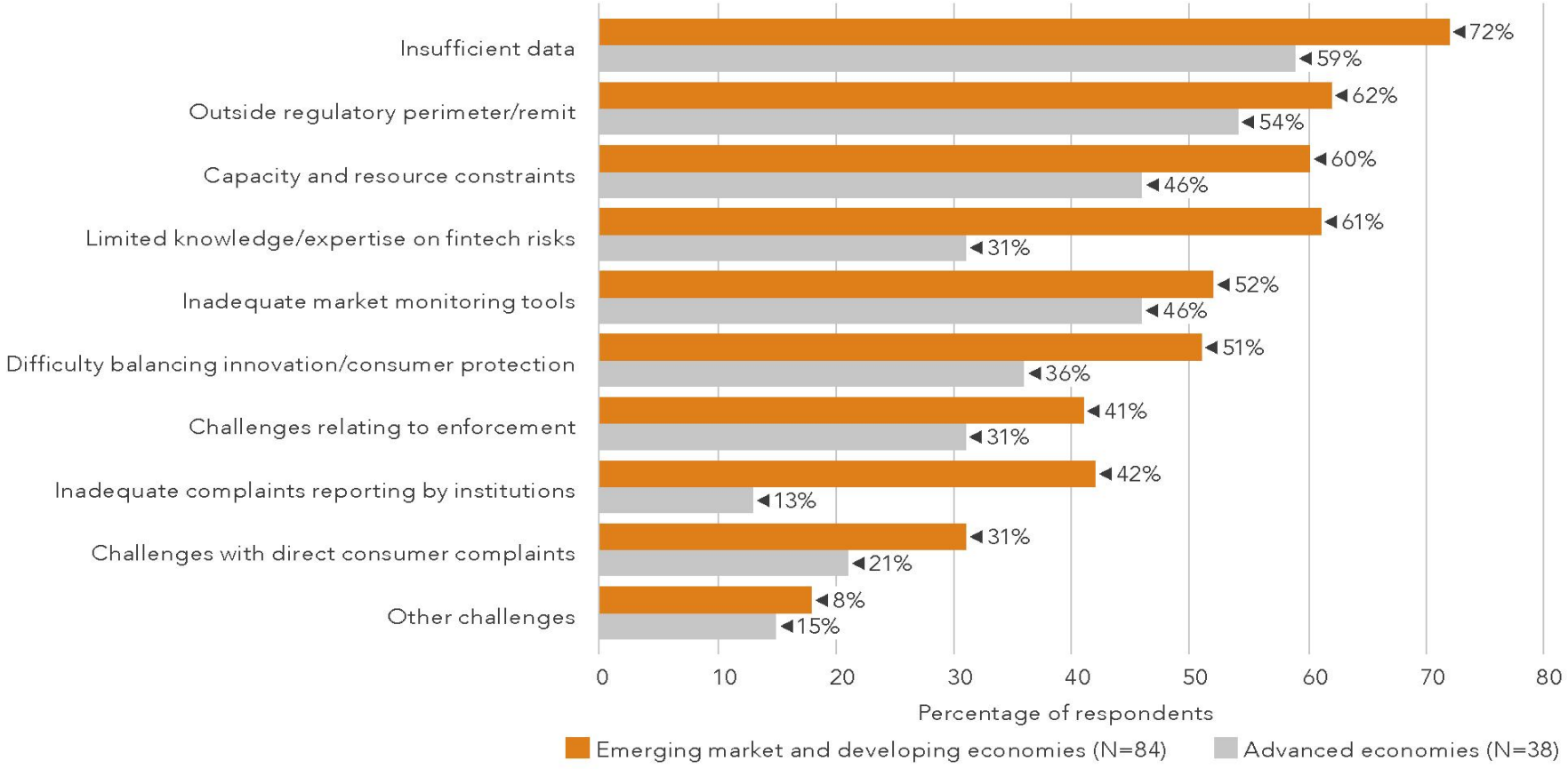
Perceived increase of consumer risks related to fintech/DFS during Covid-19




**Respondents see the growth in fintech and other forms of DFS as introducing <u>new and emerging consumer risks</u>, and most pertinently in the digital assets sector**

# Consumer risk and protection

Challenges in identifying, measuring, and prioritizing consumer risks




**The most frequently cited challenges overall in <u>identifying, measuring, and prioritizing</u> consumer risks are poor quality and/or insufficient data, and unclear regulatory perimeter/remit**

# The landscape of digital regulatory and supervisory infrastructure (DRSI)

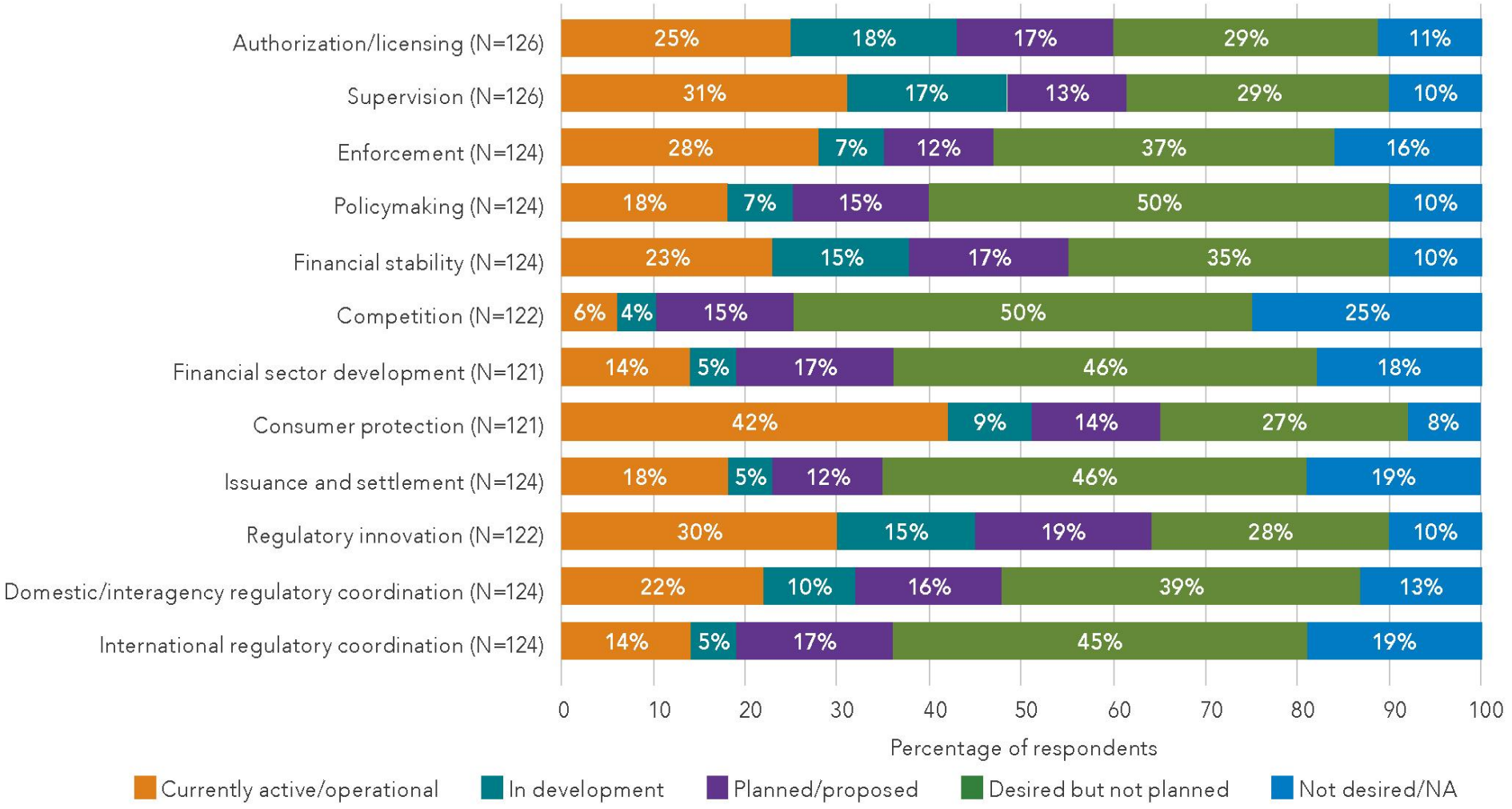
- The survey section is a first effort to consistently evaluate the **current landscape** of DRSI globally.

- The effective regulation, supervision, and oversight of financial markets **requires digital infrastructure** that provides regulators and supervisors with the data and tools they need to carry out their functions.

- DRSI refers to systems that electronically collect, process, and transmit information to help financial authorities effectively regulate and supervise the financial sector including, but not limited to digital financial services. **DRSI provides financial authorities with data and tools to enable them to carry out their functions**.

# The landscape of digital regulatory and supervisory infrastructure (DRSI)

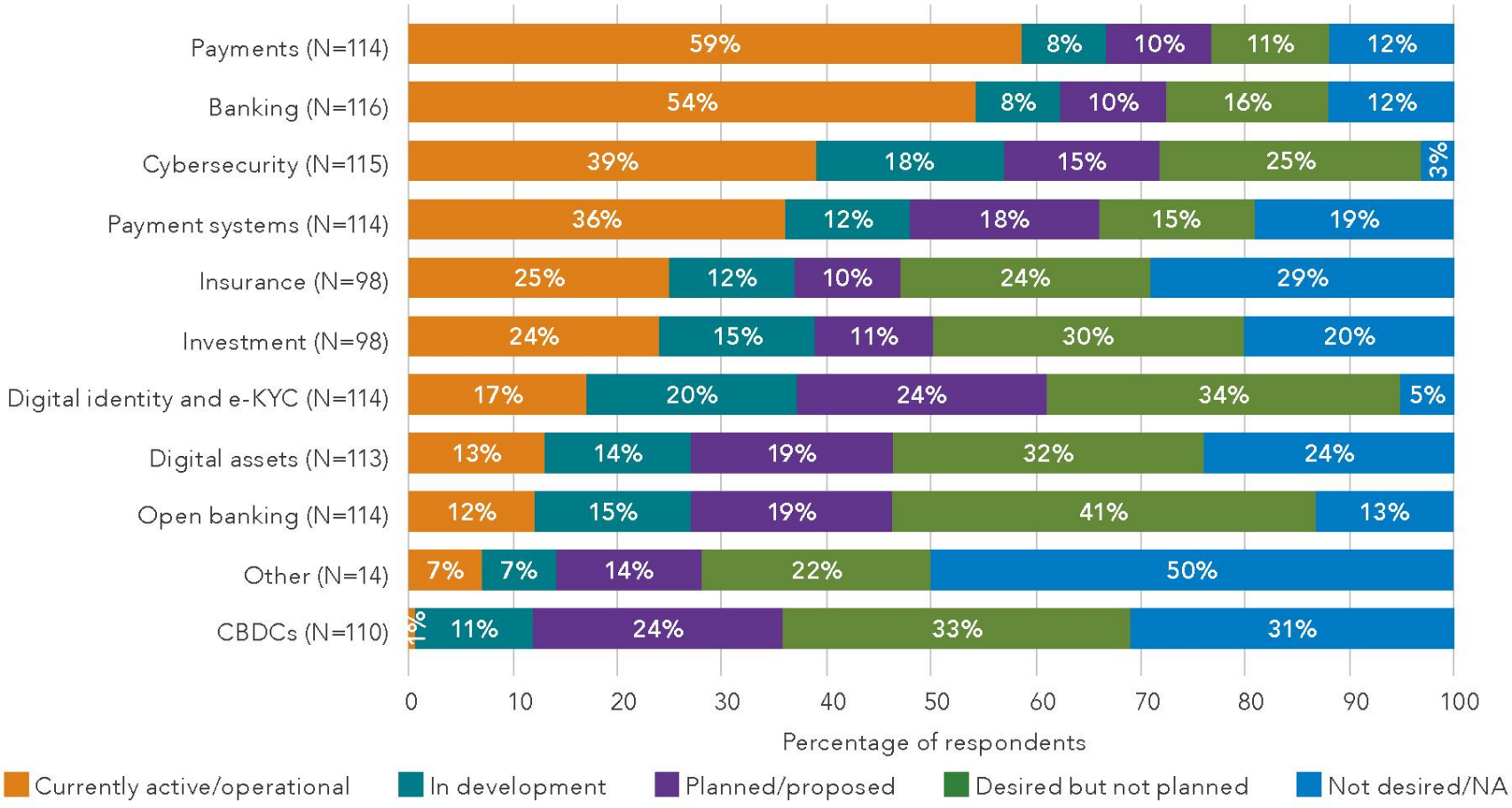
Status of DRSI applications within financial authorities




**Consumer protection and supervisory functions are the most common DRSI applications**

# The landscape of digital regulatory and supervisory infrastructure (DRSI)

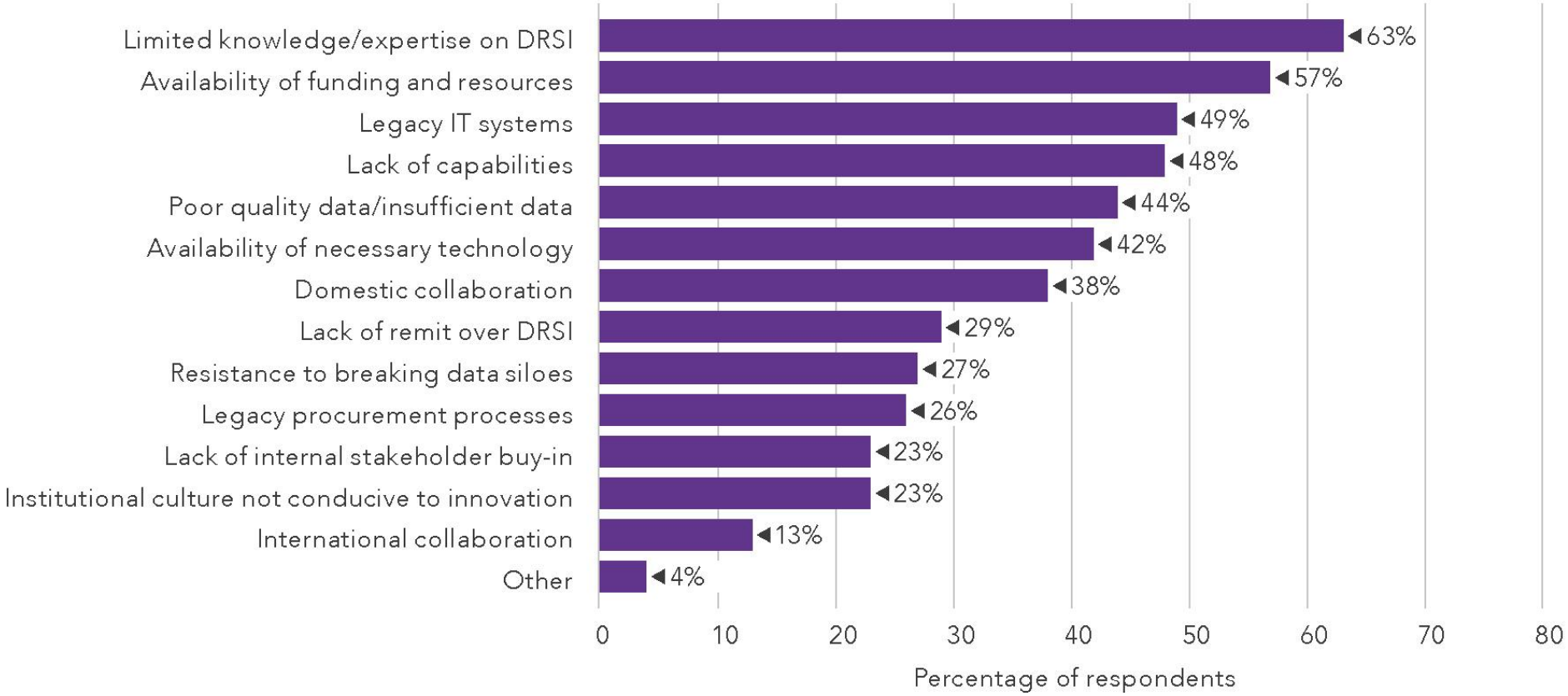
Status of DRSI within financial authorities per vertical




**More respondents in advanced economies have currently active/operational DRSI applications to enhance regulatory and supervisory capabilities in every category compared to those in EMDEs**

# The landscape of digital regulatory and supervisory infrastructure (DRSI)

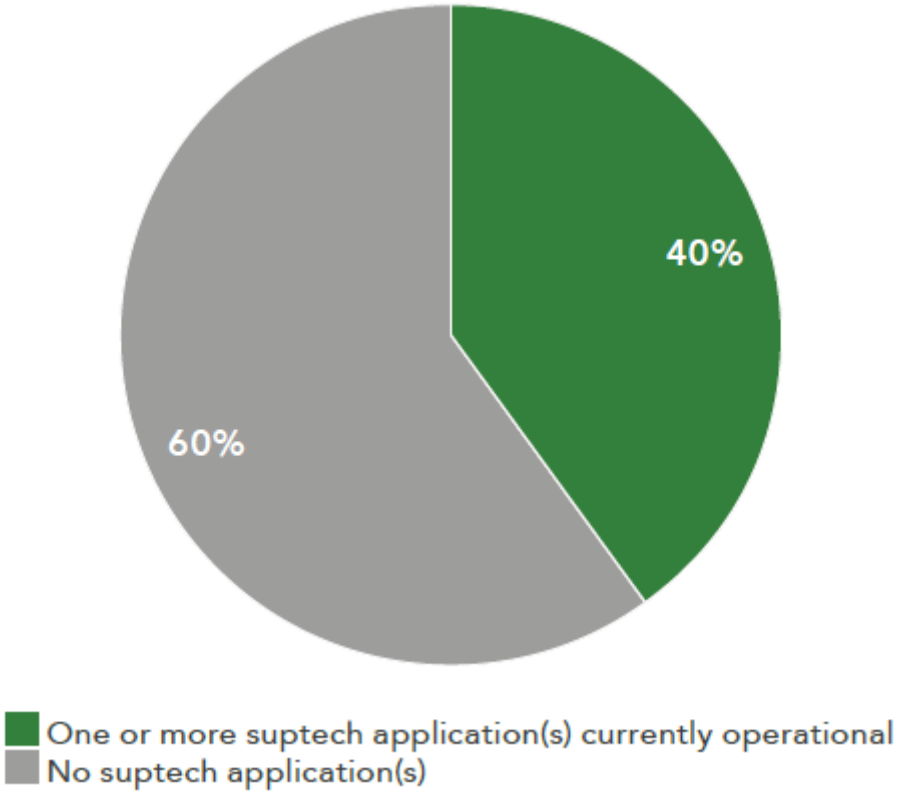
Challenges in developing DRSI (N=128)




**Limited knowledge/expertise, and funding and resources, are the biggest challenges in developing DRSI initiatives**

# Suptech mapping

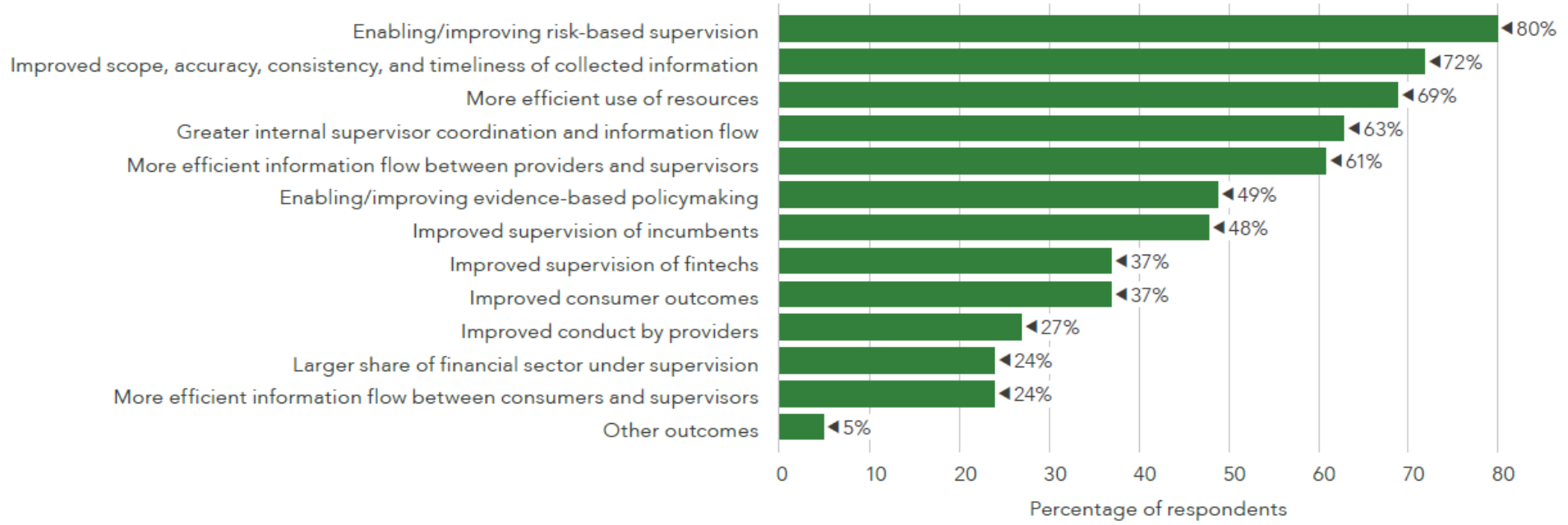
Status of suptech initiatives within financial authorities




**Many financial authorities are also in the process of developing suptech applications, strategies and/or roadmaps**

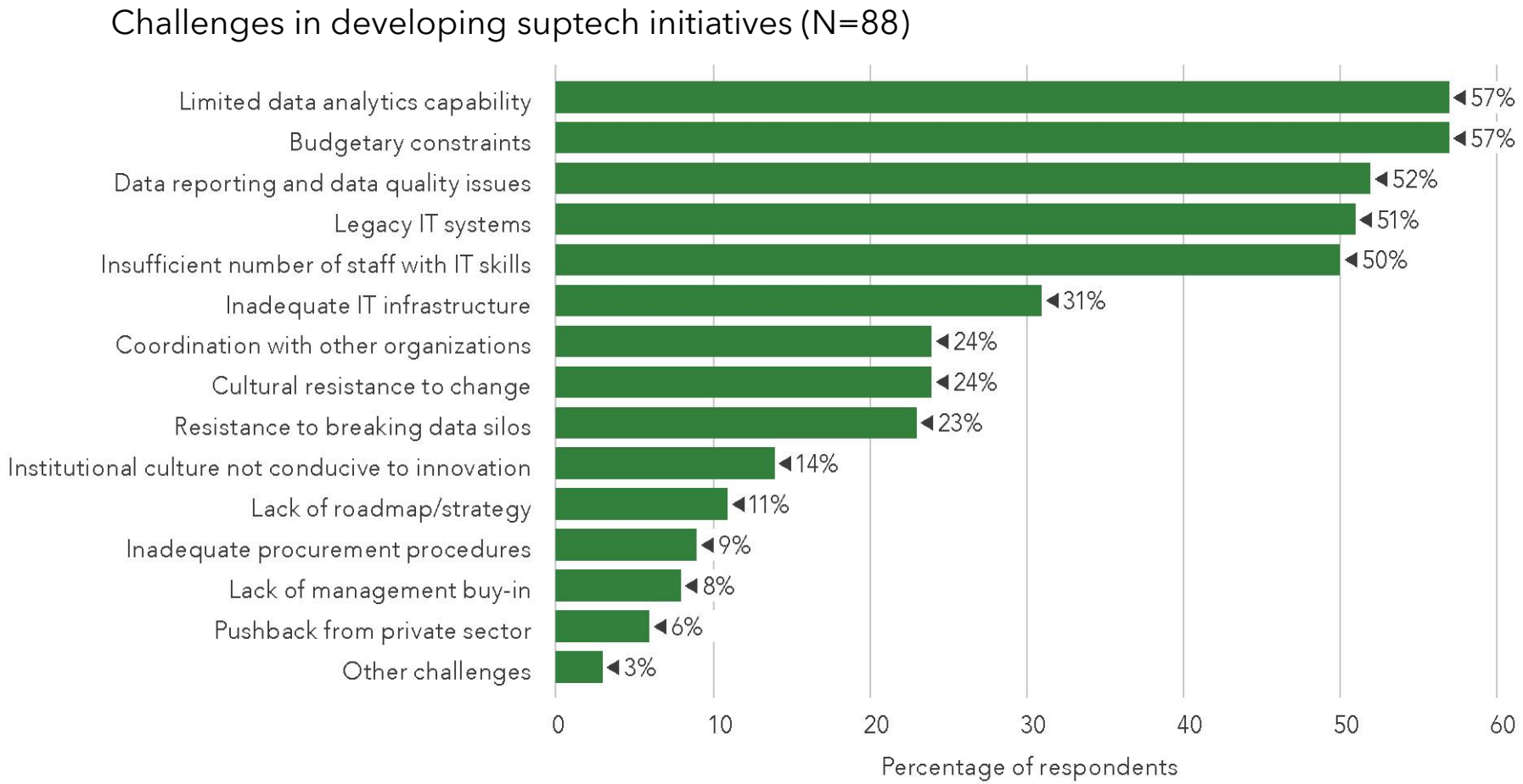
# Suptech mapping

Outcomes supported by suptech initiatives (N=83)




**Financial authorities are leveraging suptech initiatives to support a range of outcomes**

# Suptech mapping



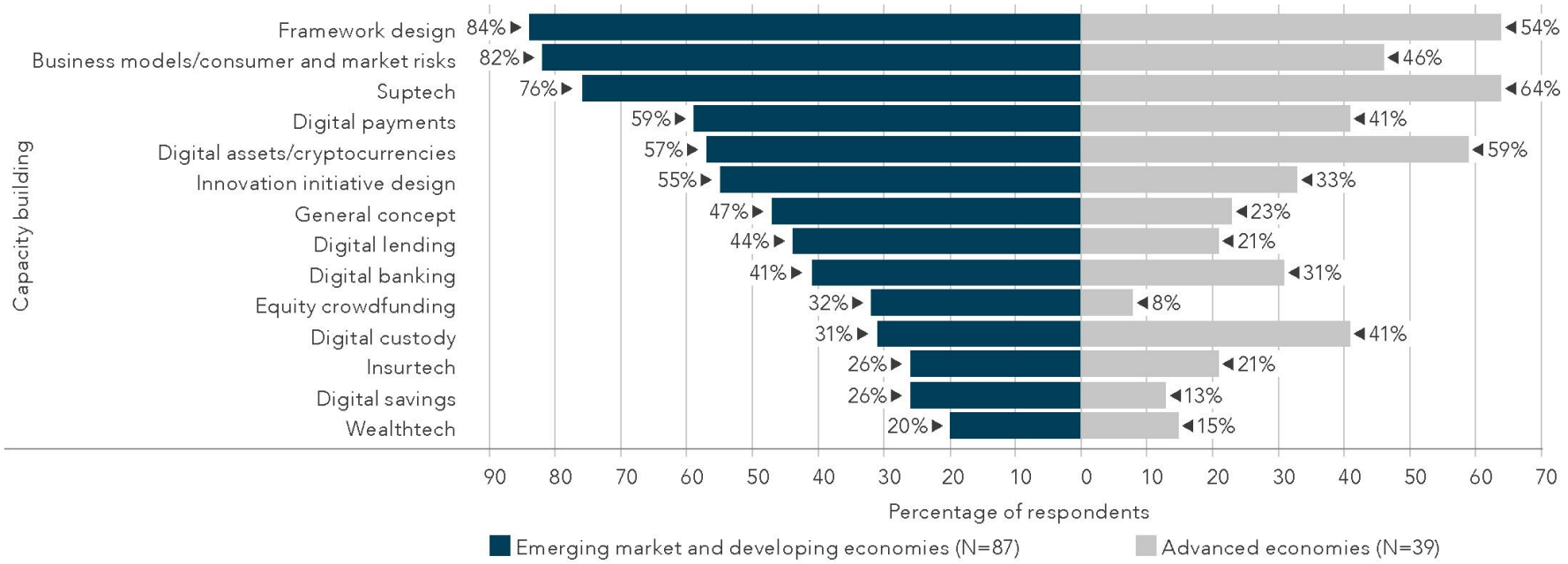

*Note: Only respondents who answered positively (active suptech, planned suptech, and strategy/roadmap) in Figure 6.1 were included.*

**Limited data analytics capability and budgetary constraints are common challenges in developing suptech initiatives**

## Policy implications

- Strengthen and enhance **fintech-related consumer protection** measures
- Develop a policy approach to **digital assets**
- Support enhanced **cybersecurity** frameworks, particularly in EMDEs
- Strategically strengthen **digital and regulatory supervisory infrastructure** capabilities, and realise the potential of **suptech**
- Support **capacity building and technical assistance** in key areas

# Assistance required by financial authorities




**EMDEs in particular are seeking assistance through research, technical assistance and capacity building**