

# **The Bali Fintech Agenda**

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# Context

Rapid transformation of financial sector via advances in technology

Given fintech's global nature, country authorities' requests to facilitate information sharing and cooperation

Outline high-level considerations for policy makers and the international community – still at early stages of information gathering

Engagement with Standard Setters

IMF-World Bank interest reflects our universal membership, focused on respective areas of expertise and mandate

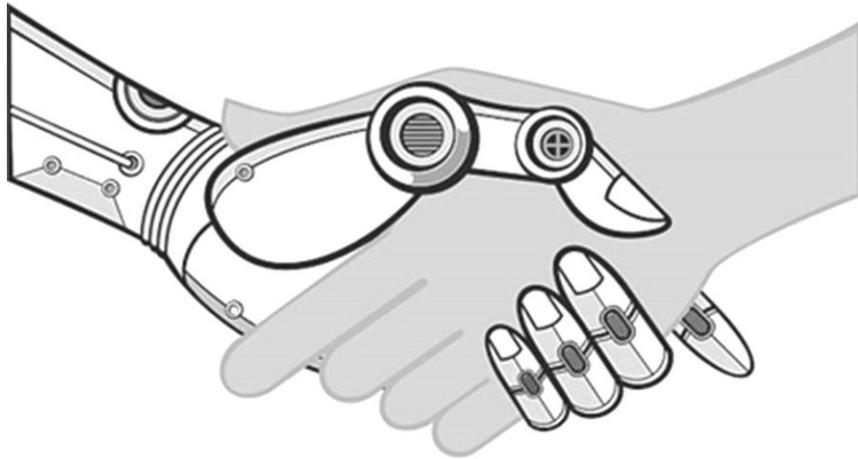
# 12 Elements, grouped into 4 Objectives

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# Fostering enabling environment to harness opportunities

## (I) Embrace the Fintech revolution



**Key issues:** strengthen institutional capacity; improve communication with stakeholders and across agencies; and expand consumer education

## (II) Enable New Technologies to Enhance Financial Service Provision



**Key issues:** facilitate development of and fair access to telecom and internet infra; financial infrastructure, digital IDs; digitize Government data repositories; and leverage technology to make cross-border payments efficient.

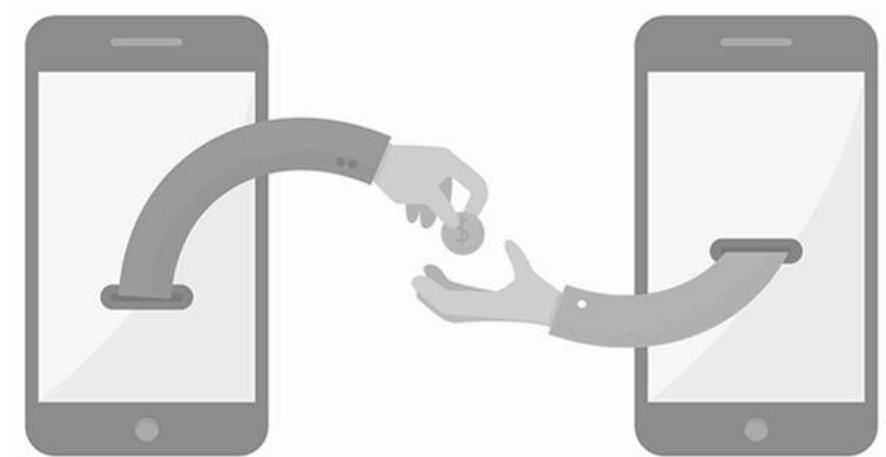
# Fostering enabling environment to harness opportunities

## (III) Reinforce **Competition** and Commitment to Open, Free, and Contestable Markets



**Key issues:** treat similar risks equally, apply laws and regulations proportionately; avoid market concentration and abuse; foster standardization and interoperability

## (IV) Foster Fintech to Promote **Financial Inclusion** and **Develop Financial Markets**



**Key issues:** embed fintech in national financial inclusion and literacy strategies; foster knowledge exchange; digitize government payments; leverage fintech to advance financial sector development

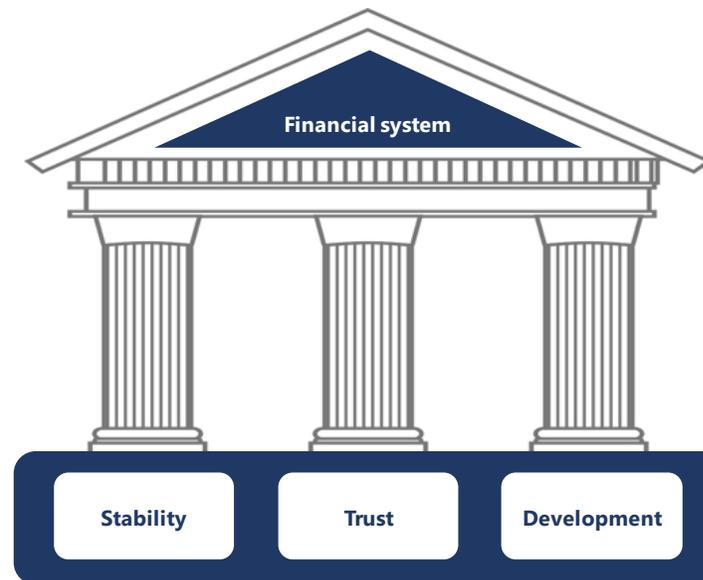
# Strengthen financial sector policy framework...

## (V) Monitor Developments Closely to Deepen Understanding of Evolving Financial Systems



**Key issues:** enable flexible data gathering frameworks to identify obstacles to innovation and new risks

## (VI) Adapt Regulatory Framework and Supervisory Practices for Orderly Development and Stability of the Financial System



**Key issues:** ensure regulation remains adaptable and conducive to development, inclusion, and competition; consider new approaches like regulatory sandbox; address new risks and (cross-border) arbitrage

## (VIII) Modernize Legal Frameworks to Provide an Enabling Legal Landscape



**Key issues:** legal predictability to spur investment; legal basis for smart contracts and electronic signatures; address legal gaps

# Address potential risks and improve resilience...

## (VII) Safeguard Financial Integrity



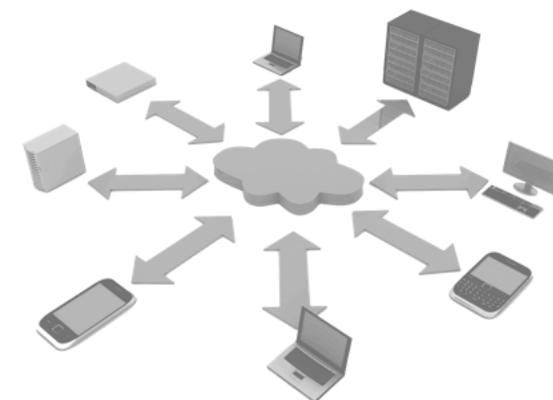
**Key issues:** mitigate AML/CFT risks that crypto-assets and other Fintech developments may pose, potential of Regtech to strengthen AML/CFT compliance

## (IX) Ensure the Stability of Monetary and Financial systems



**Key issues:** Digital currencies, distributed ledger applications to payments, lender of Last Resort and other safety net arrangements

## (X) Develop Robust Financial and Data Infrastructure to Sustain Fintech Benefits



- |                             |                               |
|-----------------------------|-------------------------------|
| Business continuity         | Data ownership                |
| Operational risk management | Consumer protection           |
| Privacy                     | Data security and integrity   |
| Cyber security              | Concentration risk management |

**Key issues:** Cyber security and operational risk management, risk of concentration in third-party service providers, data governance frameworks

# Promote international collaboration

## (XI) Encourage International Cooperation and Coordination, and Information Sharing



**Key issues:** to avoid regulatory arbitrage and a “race to the bottom”, to monitor global risks, to facilitate a global enabling regulatory and legal environment for fintech, and to stimulate sharing of opportunities

## (XII) Enhance Collective Surveillance and Assessment of Financial Sector Risks



**IMF and World Bank can provide capacity development in the areas of financial inclusion, consumer protection, statistics gaps, financial integrity, regulatory and legal frameworks, and cyber security**

**Next steps**

