


Big Opportunities in Fintech



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Gibson Hotel, Dublin 1
Peter Oakes

Presenter



- Peter Oakes is Chief Risk Officer for Bank of America Merchant Services Europe based in London, a non-executive director and supports 'fintech' initiatives through Fintech Ireland (registered with the CRO) www.fintechireland.com /  [@fintechireland](https://twitter.com/fintechireland)
- Peter was appointed as the Central Bank's first Director of Enforcement and AML/CTF Supervision in October 2010. In this role Peter was a member of the Senior Leadership, Operations, Policy and Supervisory Risk committees. He is a solicitor admitted in Ireland, the United Kingdom and Australia. Over the past 25 years Peter has worked as a regulator (Ireland, UK & Australia) and in the investment management and funds industries (UK & Ireland). Peter has established a number of successful consultancy and training firms in Ireland. He has advised Central Banks, Regulators and their senior management on a wide range of supervisory and enforcement issues.
- This presentation, all comments and the views expressed today are my own, and do not necessarily reflect the views of other organisations or persons referenced.

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- How big is Fintech Investment
- Bubbles
- Regulatory Jurisdictions

How big is Fintech Investment

- Global investment in fintech companies tripled in 2014
\$4.05 billion (£2.7bn) in 2013 to **\$12.2 billion (£8.2bn) in 2014**
Europe = the fastest growing region
 - up 215% to **\$1.48 billion in 2014**
 - [source: Accenture's new report 'The Future of FinTech and Banking' uses CB Insights 25/03/2015]
- Asset Bubbles
 - Bond bubble?
 - 'fears grow that a fixed income bubble will collapse in a disorderly sell-off' [source www.ft.com (25/03/2015)]
 - Property bubbles (international)
 - Equity bubble (global)
 - fears of impact of quantitative easing and low interest rates on share prices generally

Fintech & E-Commerce Bubbles?

© Financial Times



Fintech & E-Commerce Bubbles?

- Fintech ‘bubble’

What does a ‘bubble’ look like?

- comments going back to at least April 2014
- recently reported in Ireland: comments by Bill Gurley Partner (Benchmark) in “Is Silicon Valley’s investment bubble about to burst?” www.irishtimes.ie 23/03/2015
 - “I do think you’ll see some dead unicorns this year;”
 - “There is no fear in Silicon Valley right now,” he said at the South by Southwest music and technology conference. “A complete absence of fear.”
- “In my experience, most Irish venture start-ups are focused on making money,” says Paul Quigley, chief executive of Irish news aggregator NewsWhip
- This time is different: Eight Centuries of Financial Folly (by Carmen M. Reinhart & Kenneth Rogoff)

Fintech & E-Commerce Bubbles?

- We're fundamentally an ecommerce company' José Neves CEO, Farfetch

Fintech & E-Commerce Bubbles?

- Dotcom crash March 2000
Nasdaq Composite **lost 78% of its value**. Fell 5046.86 to 1114.11
prices of technology issues within the S&P 500 **more than tripled in 1998 and 1999**, but **declined** over the next **2 ½ years by 82%**
- Not raising for ‘doom and gloom’
- If there is rapid and deep decrease in valuation or indeed a ‘crash’, won’t this make it *harder* in aftermath *for future ‘fintech’ companies to raise much needed capital?*

Australia – Regulatory Regime

- “Digital disruption offers new forms of access, greater competition and greater efficiency. It provides business with new ways of creating and sharing value with their customers.”
- “Digital disruption does not change the outcomes we achieve, but it will change how we achieve them.”

Greg Medcraft, ASIC Chairman (November 2014)

United Kingdom – Regulatory Regime

- “That’s how we’re going to make the [UK the FinTech capital](#) of the world – as part of our long term economic plan to cement Britain’s position as the centre of global finance and global technology ... We’re giving you the backing you need to thrive”. [George Osborne, UK Chancellor \(August 2014\)](#)
- “in July, we set out our proposals for [Project Innovate](#) ... One of the big differences between the FCA and the FSA is that we have an objective to [promote competition](#) ... Today is the first day for the Innovation Hub.” [Martin Wheatley, CEO FCA \(November 2014\)](#)
- Announcements - ‘Sandboxes’, ‘RegTech’ and virtual currencies to fall under AML law. [UK Government Chief Scientific Adviser \(11 March\)](#), [Budget Announcement and Digital Currency report \(18 March\)](#)
- “Specifically, regulator monitored ‘sandboxes’ for innovators to experiment with virtual environments or real people”. [UK Government Chief Scientific Adviser](#)

Ireland – Regulatory Regime

- “In particular, I must mention the **very exciting opportunities FinTech presents for Ireland**. Ireland is uniquely positioned to **become a leading global centre for FinTech** – where global multinationals can develop and implement their innovation strategies, side by side with Irish-owned start-ups who will scale and succeed in global markets.”
- “I don’t need to tell this audience that many of **the world’s leading and emerging technology and financial services companies are located in Ireland**. And Ireland is also establishing a **strong global reputation for innovative FinTech start-ups**.”
- “This Strategy contains a number of actions to ensure we have an effective ecosystem with the ultimate aim of **making Ireland a global leader for FinTech**.”

Simon Harris, T.D. Minister of State (March 2014)

Ireland: Action 18 Operational Metrics for Central Bank IFS2020

Stakeholder engagement and consultation

The CBI is committed to having clear, open and transparent engagement with stakeholders in fulfilling its financial regulation and supervisory objectives and, in particular, when introducing new codes, regulations, standards or guidelines.⁶ This is reflected across the broad range of the CBI's regulatory and supervisory interactions with industry:

- the operation of a risk-based supervisory framework with clear processes and levels of engagement⁷;
- setting out its annual programme of supervisory themed-inspections and enforcement priorities at the beginning of each year; and
- the period of open consultation operated by the Central Bank is, in general, 12 weeks.

Action 18 Operational Metrics for Central Bank

The Central Bank and Department of Finance will, in accordance with their respective legal roles, review the authorisation service standards reported by the Central Bank in 2015.

Responsible: D/Fin

Timeline: Q3 2015

Ireland – Regulatory Regime

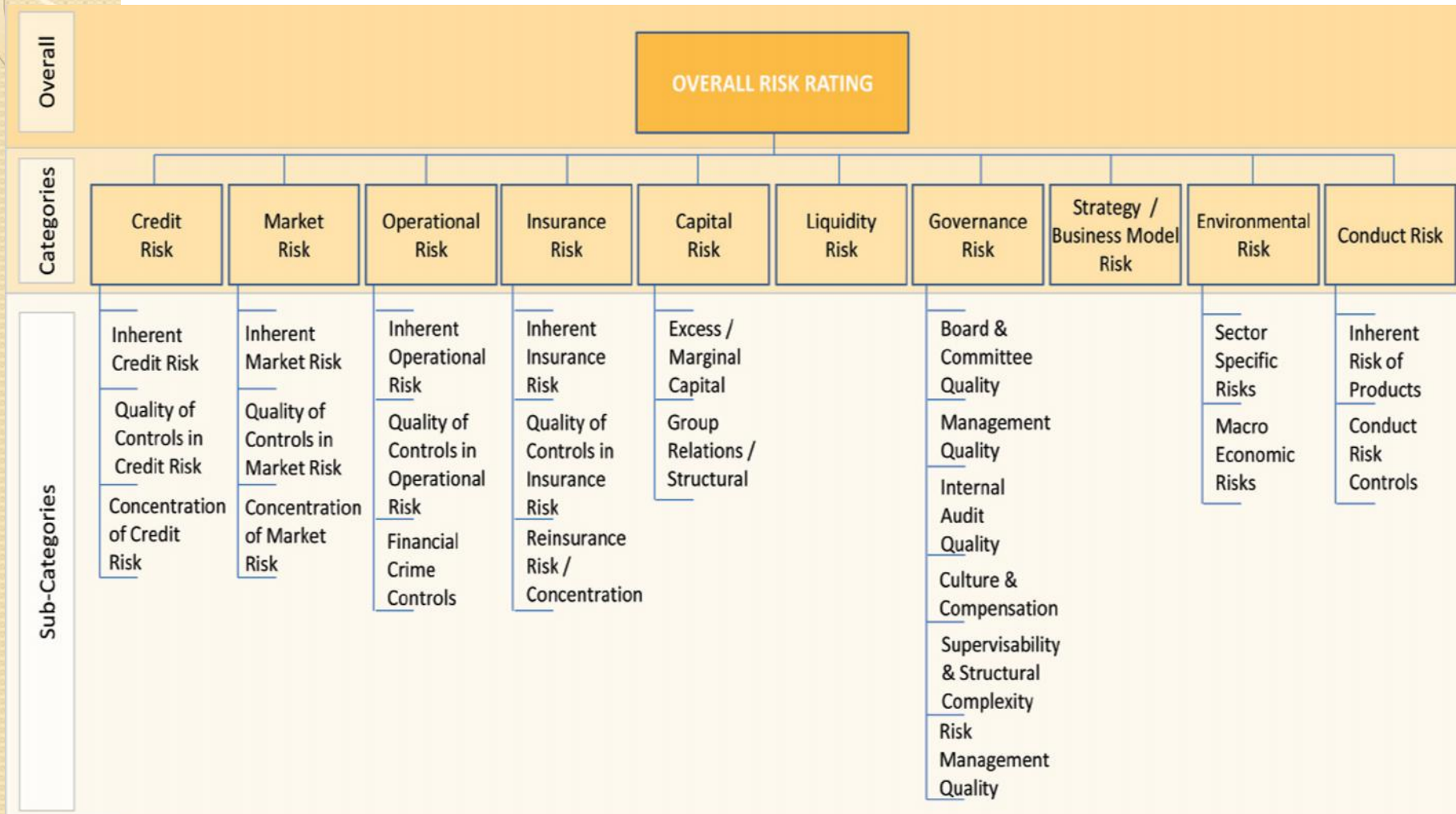
- We need to move beyond the narrative (*and fast*)!
- Authorisation metrics are a start. But they must capture pre-application submissions
- No regulated E-Money firms
- 11 regulated Payment Institutions
last firm added to register in December 2013
Majority are money transmission. Only a few payments execution firms
- What can be read into these statistics?
- see <http://www.fintechireland.com/1/post/2015/03/are-operational-metrics-enough-for-the-central-bank-of-irelands-stakeholder-engagement-model.html>

What to think about

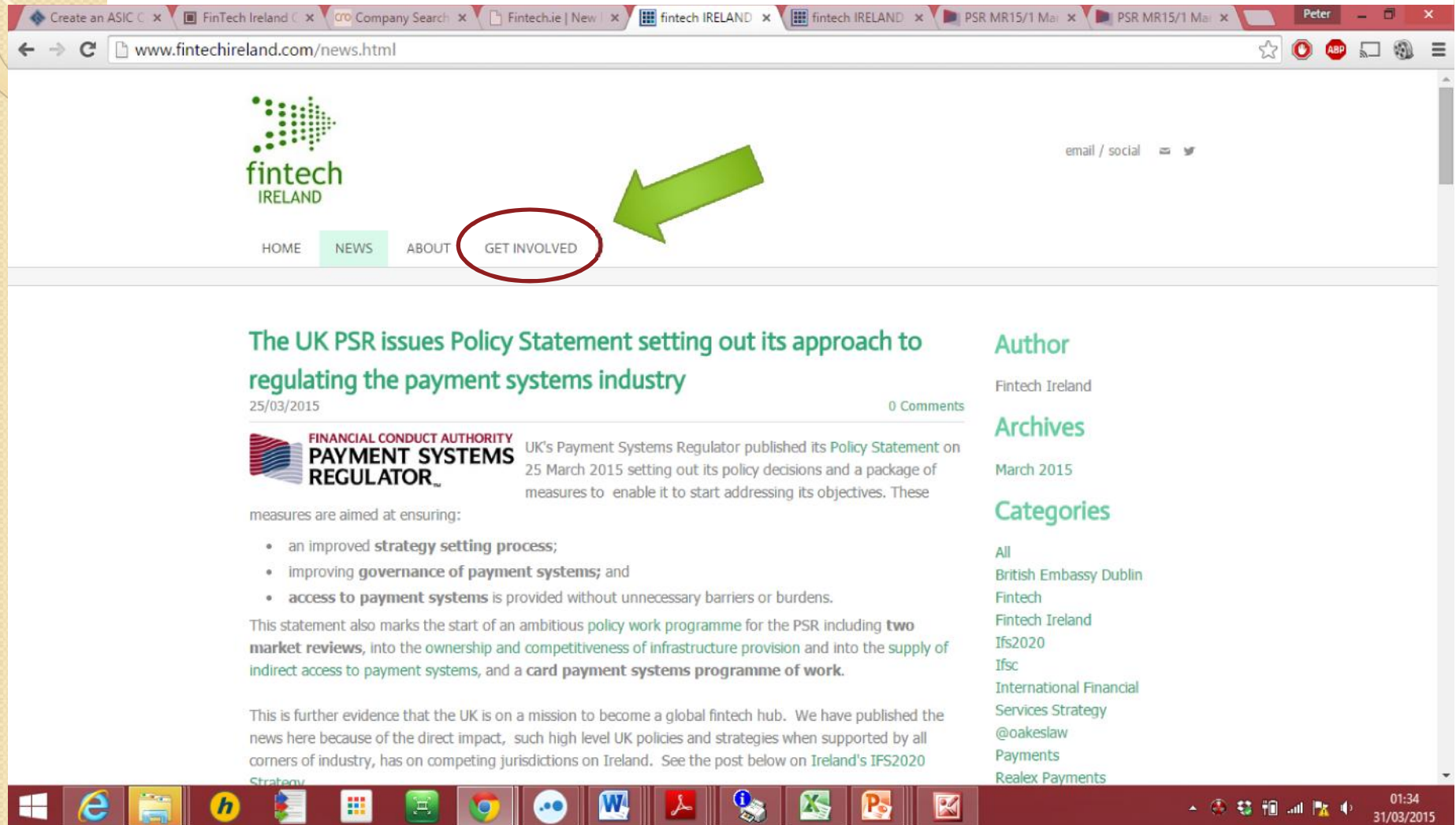
- General discussion on experiences of getting regulated in Ireland and abroad

PRISM - engagement & assessment

Probability Risk Impact System



Fintech Ireland – *Get Involved!*



www.fintechireland.com/news.html

email / social

HOME NEWS ABOUT **GET INVOLVED**

The UK PSR issues Policy Statement setting out its approach to regulating the payment systems industry

25/03/2015 0 Comments

**FINANCIAL CONDUCT AUTHORITY
PAYMENT SYSTEMS
REGULATOR**

UK's Payment Systems Regulator published its **Policy Statement** on 25 March 2015 setting out its policy decisions and a package of measures to enable it to start addressing its objectives. These measures are aimed at ensuring:

- an improved **strategy setting process**;
- improving **governance of payment systems**; and
- **access to payment systems** is provided without unnecessary barriers or burdens.

This statement also marks the start of an ambitious **policy work programme** for the PSR including **two market reviews**, into the ownership and competitiveness of infrastructure provision and into the supply of indirect access to payment systems, and a **card payment systems programme of work**.

This is further evidence that the UK is on a mission to become a global fintech hub. We have published the news here because of the direct impact, such high level UK policies and strategies when supported by all corners of industry, has on competing jurisdictions on Ireland. See the post below on Ireland's IFS2020 Strategy.

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Archives
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Thank you



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