

## DIGITAL ASSETS AND REGISTERED EXCHANGES BILL

The Role of Regulation in Facilitating Opportunities

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The Case For Regulation



The Commission's Digital Asset Regulatory Philosophy

**Opportunities** 

The Commission's International Initiatives

**SCB FITLink** 

### The Case For Regulation

### What Is FinTech? (History)

#### 1950s

•Credit cards were introduced (Diners Club)

#### 1960s

- ATMs were introduced to retail banking (Barclays)
- Quontron
   Systems was
   introduced as
   the first
   electronic
   system to
   provide selected
   stock market
   quotations

#### 1970s

- •Electronic stock trading began on exchange floors (Nasdaq)
- •Swift was established
- •The term "FinTech was coined"

#### 1980s

- Online brokerage services (E-Trade)
- Online banking introduced (Nottingham Building Society)

#### 1990s

 Transactional websites for online banking were introduced

#### 2000s +

- Version 0.1 of bitcoin was released
- Crowdfunding platforms became popular
- Digital asset exchanges and DLT platforms were introduced



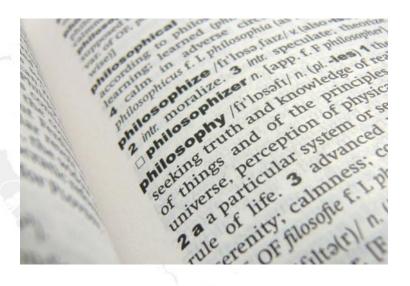
### The Case For Regulation

### Why Regulate Fintech?



- Speed of transaction processing
  - Cross Border / Ease of Retreat
- Changing Demographics
  - The Danger of "Financial Inclusion"
- Cyber Security
  - Where is my data?
- Promise of opportunities for "unrealistic" returns
  - Watch out for scams!
- Entrepreneurial growth and opportunities

# The Commission's Digital Asset And Digital Asset Business Regulatory Philosophy



- Appropriate Regulatory Environment
  - No consensus/ Taxonomy of Digital Assets
- Internal Regulatory Diverging
   Framework
- No Friction / "Well Intentioned"
- Activities-Based
- Not Adversarial

### Opportunities

### **Opportunities**

- Stable Coins
  - Volatility of Digital Assets
  - Scalability and Interoperability
  - Basket of assets / RegulatorySafeguard Concerns
- Digital Networks
  - COVID-19
  - Digital Asset "Track"
- Alternative Business Capital
  - Post-2008 / Small business risk
  - New money!
  - Robust ITO market



#### The Commission's International Initiatives

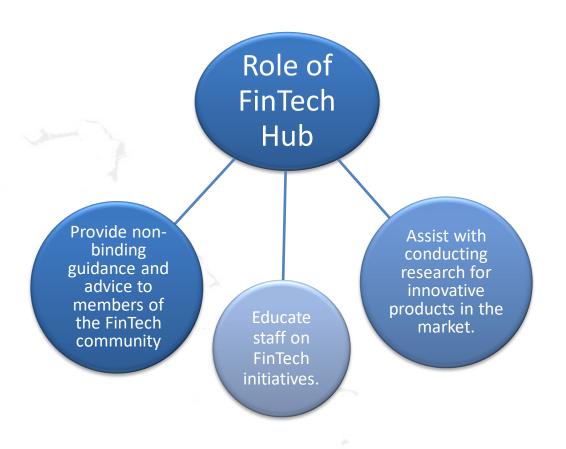
### **Fintech Capacity Building Initiatives**

- IOSCO FINTECH NETWORK
- GLOBAL FINANCIAL INNOVATION NETWORK (GFIN)
- CARIBBEAN GROUP OF SECURITIES REGULATORS' FINTECH WORKING GROUP



#### The Commission's FinTech Hub

#### **SCB FITLink**



#### SCB FITLINK

- "FINTECH HUB"
- Financial Innovation and Technology Link
- Launched 2019
- Central point of contact
- Bridge regulatory gap
- Contact Information
  - o fitlink@scb.gov.bs

#### **Final Points**



- FinTech is rapidly evolving
- Risks are high
- Collaboration!
- Encourage innovation (protect markets)

