Bank- Fintech collaboration and outsourcing arrangements:
The case for a mentorship regime

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Key takeaways:

- **Bank- Fintech partnership agreements**: problems with enforcement and effective supervision;
- **Regulatory sandboxes**: selective, limited (short) period of time, focusing on promoting innovation and competition not regulation;
- **Microprudential and macroprudential risks** arising from Bank-Fintech collaborations;
- **The Fintech Mentorship Programme:** complementary to regulatory sandboxes; the regulatory licence becomes a part of the partnership agreement in exchange for consideration

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Risks: Macroprudential & Microprudential

„*I think the big quota of* (the name of the company) *is "fake it till you make it".* *Because we fake so much, you know we say "yeah, everything is done" and nothing is done. Especially for example, the last* (one)*, with* (the name of the bank)*."*

„*So, I didn't lie, but I also didn't say like, this is not true (...). And people say, ehh yeaah, they don't even understand the difference, so it was just kind of "we released something". Yeah. But I don't like it. But, on the other hand, I see that we're here because we banned the truth. We tell the people what they want to hear. And in the end it might also be that everyone is happy."*

„Me*: So you say you don't feel that bad with lying because it is not connected to your work, or did you have to lie about that as well?*
X: *Well, not saying that something was wrong, yes, this kind of stuff* (...).
Me*: Knowing that, do you believe that everyone else does the same?*
X: *It's what they tell me."*

The Mentorship Regime

- Why/which banks would be interested in participating, why/which Fintechs?
- What with medium-sized Fintech companies?

- Problematic: further delegation of the public (supervisory and regulatory) powers into the hands of private incumbents