



A NOVEL REGULATORY APPROACH TO BIG TECH AND FINTECH CREDIT?

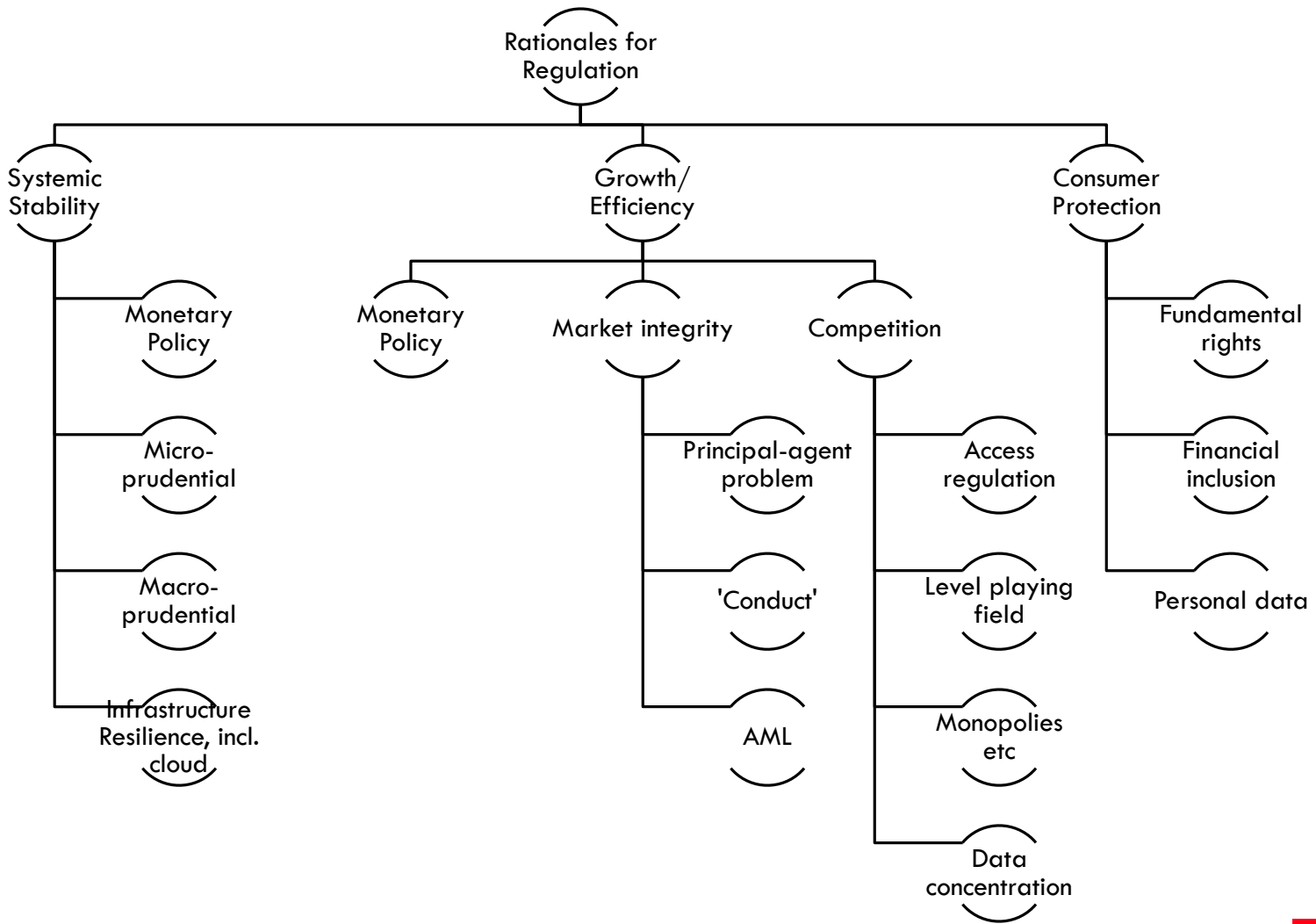
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SECURING MARKET SHARE

Incumbents

- Efficiency gains
- Transformation
- Securing market position

BigTechs

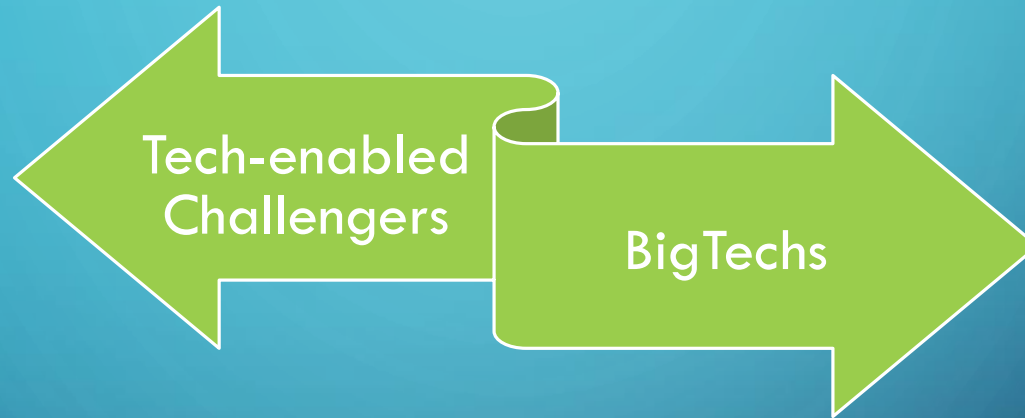
- Move into all parts of the value chain
- Using existing customer base

FinTech enabled Challengers

- Innovation
- Disruption (cutting out intermediaries)

BIG REGULATORY SHIFTS?

Generally regulated as financial institutions (banks, PS providers, E-money inst.)



Partly regulated for services other than financial. Too light given their importance in many fields. Finance: multi-faceted role, various levels of value chain, concentration

BIGTECHS' MULTI-FACETTED ROLE

Infrastructure providers

- Cloud (example: Amazon, Google, IBM, Tencent). Basic infrastructure for others.
- Ecosystems, such as operating systems and app stores.

Provide services directly

- Typically commencing with payments for goods and services, or transferring money between clients.
- Lending to merchants using their platforms, and ultimately to clients (consumers).
 - As a conduit for other service providers, or
 - for their own account/on their own balance sheet.
- Increasingly adding insurance, including health insurance

Details on Platformisation

Re-aggregation of financial services	Built around technological platform Leveraging on existing customer base
Flexibility of business models	Anything from singly to all-compassing bundle of activities (see Tencent/WeChat) ? Intermediation or hub
Convenience	One-stop shop (chatting – payment – pedicure – pizza – ebooks – shopping) Integration of services in one account Smartphone or tablet
Efficiency	Using same infrastructure Easy scaling up across borders (only obstacle: regulation), EU internal market ideal space
Regulation	Consumer protection, Operational resilience, Financial resilience Regulation accommodating and effective in addressing risks? Supervisory structure (national/cross-border? financial/competition/data?)

GENERAL REGULATORY PRINCIPLES

'Same activity, same risk, same rule'

Technological neutrality

Neutrality regarding type of market player

Clarification of applicability of existing regulation

Exceptional: novel type of regulation

STRUCTURAL CHANGE REQUIRES REVISITING FINANCIAL SERVICES REGULATORY FRAMEWORK (GENERAL)

Level playing field

- amongst different types of market participants
- Cross-border

Scaling up of business

- Remove fragmentation between jurisdictions

Legal certainty

- Clarify applicability of regulation to new ways of providing financial services and novel products

Prudential resilience

- interconnectedness and concentration
- Including operational resilience
- Updated requirements for gaining a license

Protect consumers and SMEs

- Personal and non-personal data

Extend regulatory perimeter

- Crowdfunding
- Crypto assets services

Financial crime

Data economy, including non-personal data regulation

Dismantle/avoid dominant position and lock-in effect

(HIGHLIGHTED: IN RELATION TO BIGTECHS)

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REGULATORY APPROACH: INTEGRATED & RISK-BASED (MAINLY SHAPING BIGTECH REGULATION)



QUESTIONS?

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