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# Securing and regulating financial digitization

Financial Digitization: A sustainable development tool for Africa?

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Professor Robert Wardrop

Director & co-Founder, Cambridge Centre for Alternative Finance  
University of Cambridge Judge Business School

Cambridge  
**Centre  
for Alternative  
Finance**

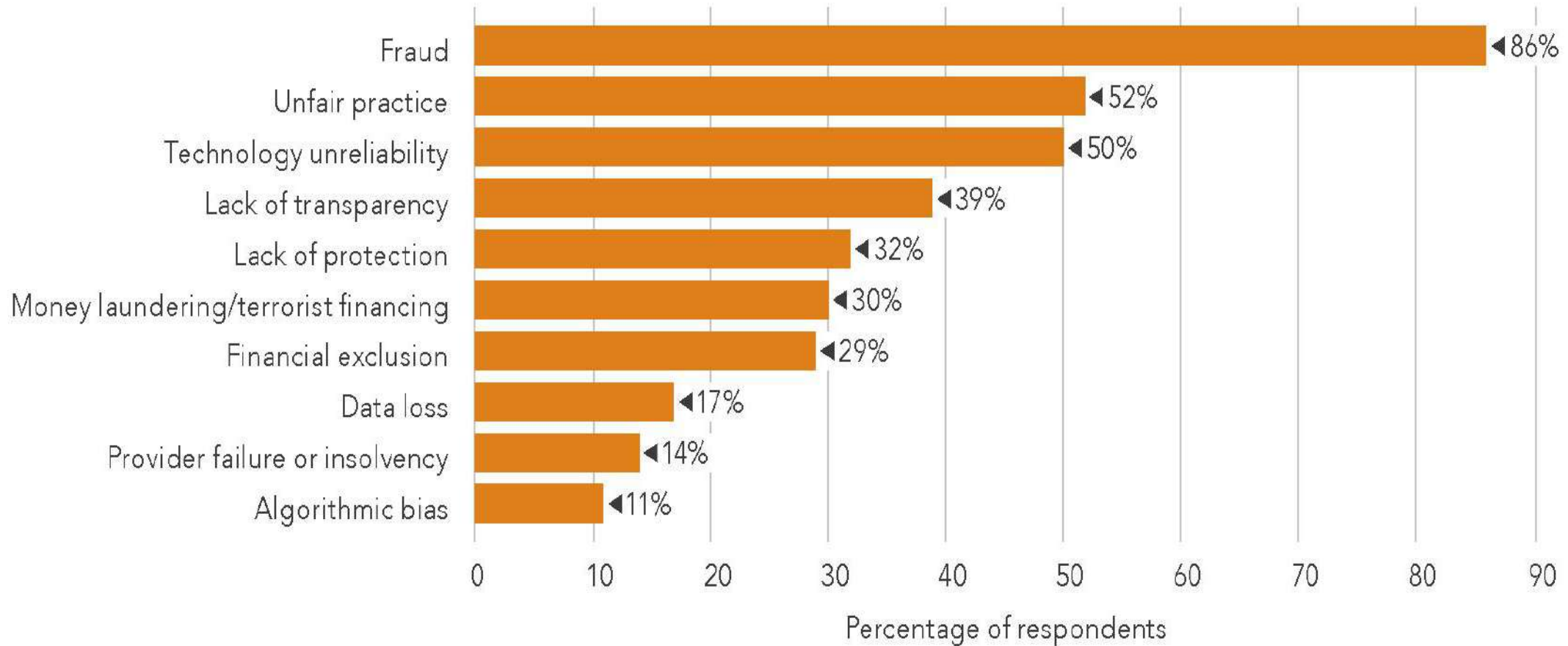


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- Finance digitalisation post Covid has introduced new and emerging risks that warrant regulation
- Effective supervision of digitized financial services requires greater collaboration and coordination among authorities and jurisdictions
- Most regulators want to digitally transform processes supervising consumer protection – but EMDEs face several challenges in achieving this
- The Cambridge Centre for Alternative Finance has several initiatives supporting the digital transformation of policy making and supervision:
  - Capacity building
  - Peer-to-peer knowledge exchange
  - Suptech tools as public goods
  - Digitisation of regulation

# Why is regulation needed?

Growth in fintech and other forms of Digital Financial Services (DFS) following Covid-19 has introducing new and emerging consumer risks - **particularly in the digital assets sector**



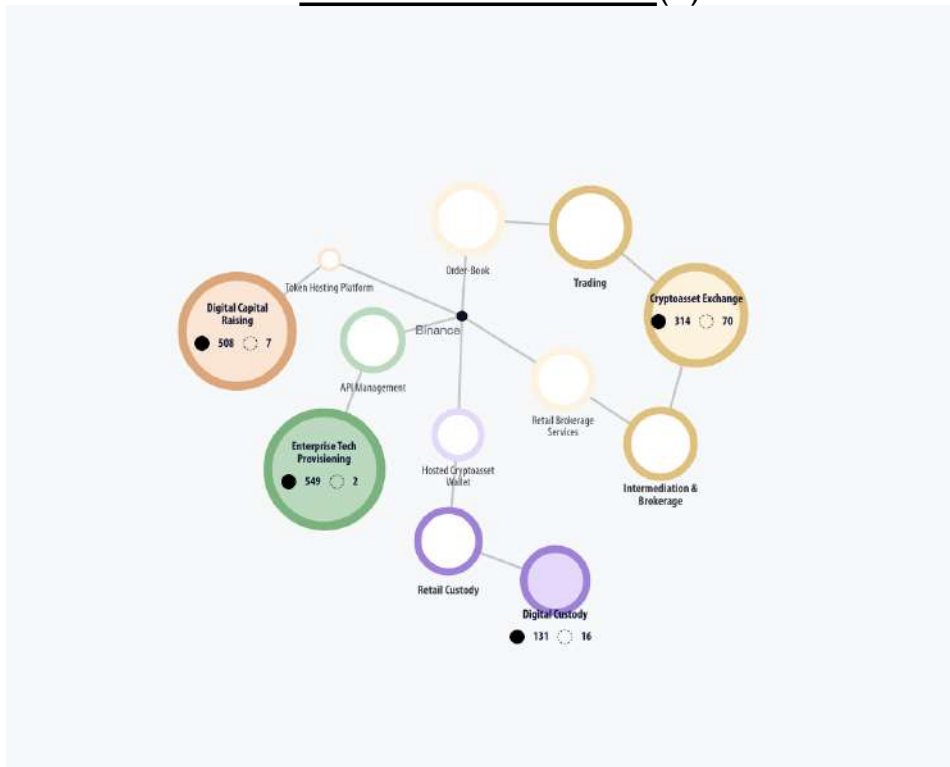
Source: CCAF, World Bank and World Economic Forum (2022) The Global Covid-19 Fintech Market Impact and Industry Resilience Report, University of Cambridge, World Bank Group and the World Economic Forum

# Decentralised tech innovation increases the need for collaboration across jurisdictions

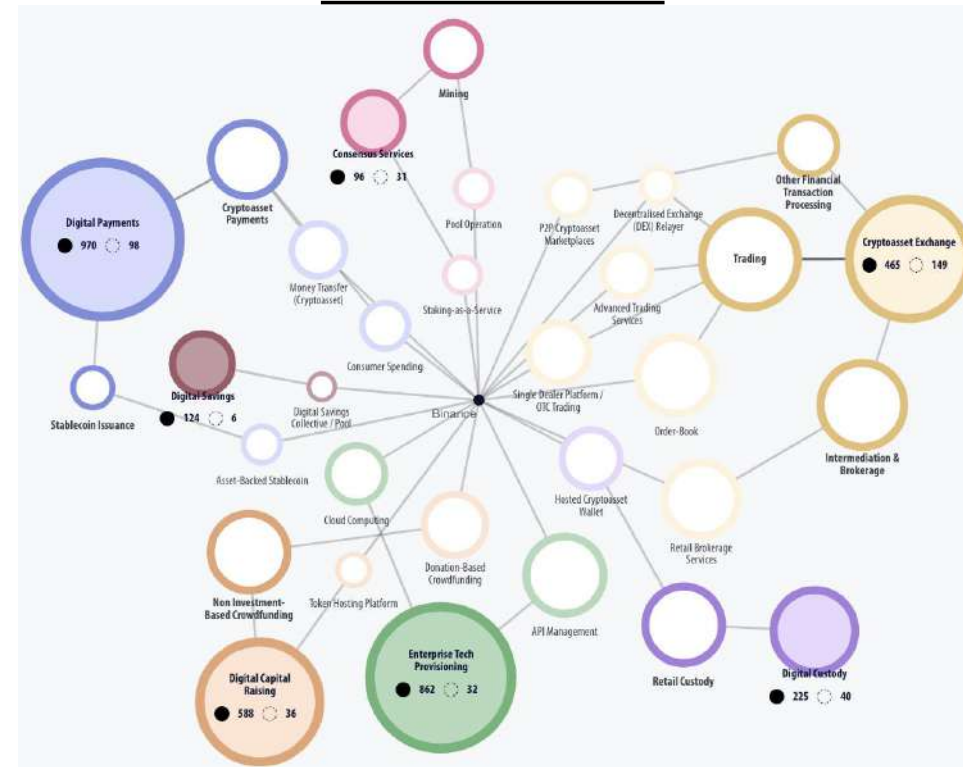
*“The Recommendations in IOSCO’s Consultation Report set expectations and guardrails to regulate and supervise crypto-asset markets, which are inherently cross-border in nature.”*

LIM Tuang Lee, Chairperson of the IOSCO Board-Level Fintech Task Force

Binance in 2017 (1)



Binance in 2023



(1) CCAF Ecosystem Atlas <https://ccaf.io/atlas/>

# Overlapping regulatory perimeters increases the need for collaboration between authorities

## Bespoke frameworks

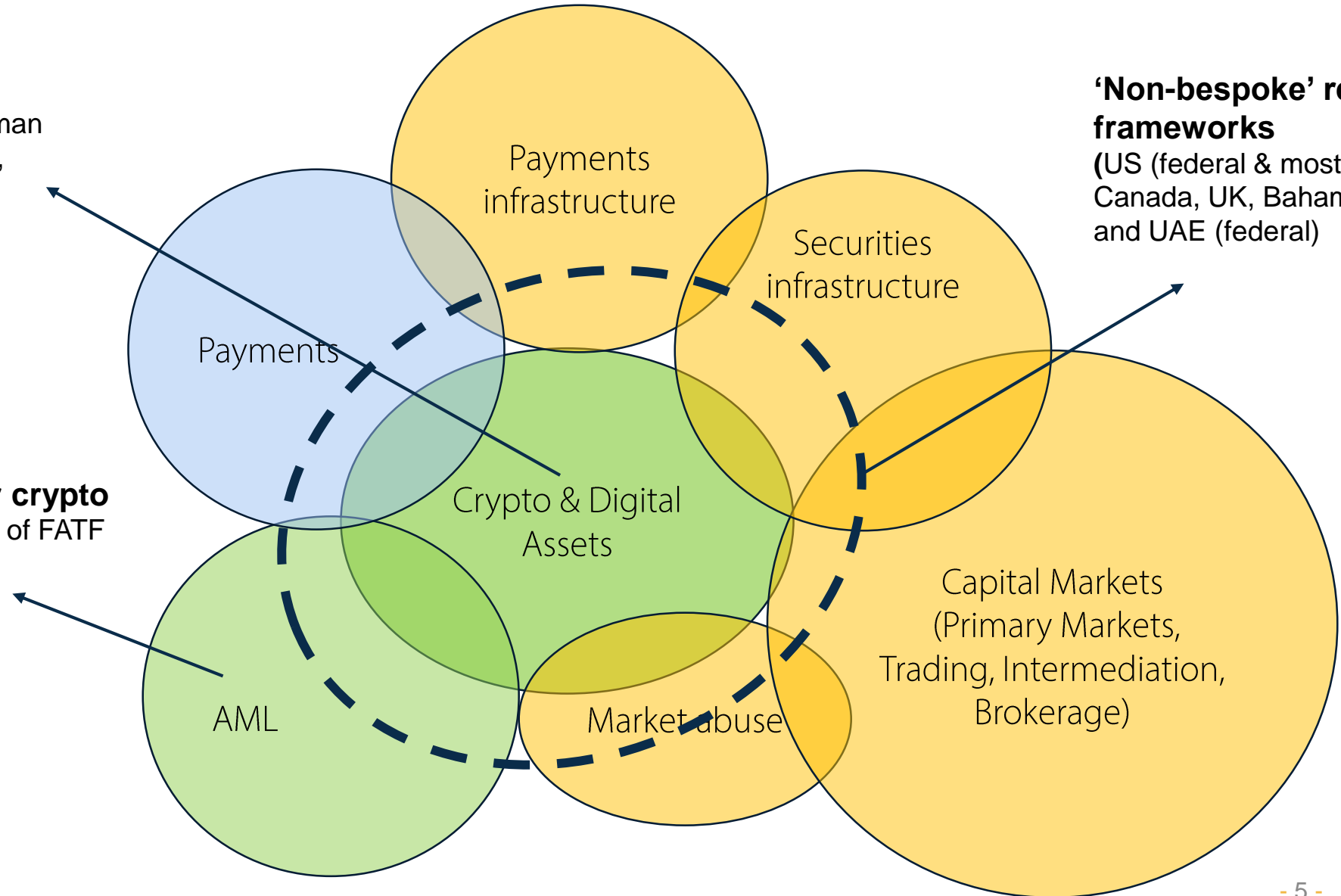
(Bermuda, Abu Dhabi, the Cayman Islands, Hong Kong, Singapore, the EU, and Australia)

## 'Non-bespoke' regulatory frameworks

(US (federal & most states), Canada, UK, Bahamas, Dubai, and UAE (federal))

## Bespoke AML regimes for crypto

(in most jurisdictions as a result of FATF VASP guidance of 2019).



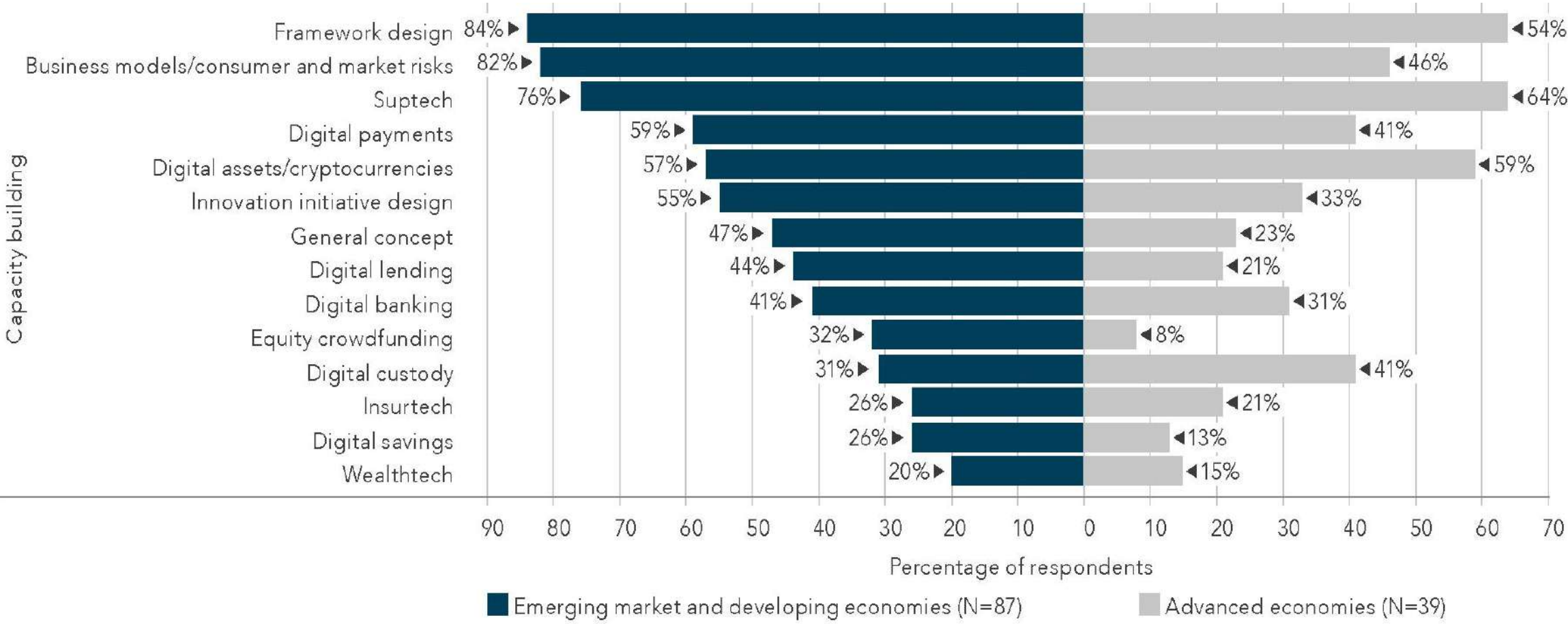
# Structured data is critically important to effectively regulating digital services?

## Regulators' challenges in identifying, measuring, and prioritizing emergent consumer risks



Source: CCAF, World Bank and World Economic Forum (2022) The Global Covid-19 Fintech Market Impact and Industry Resilience Report, University of Cambridge, World Bank Group and the World Economic Forum

# What are the capacity building needs of regulatory authorities?



Source: CCAF, World Bank and World Economic Forum (2022) The Global Covid-19 Fintech Market Impact and Industry Resilience Report, University of Cambridge, World Bank Group and the World Economic Forum

# CCAF Initiative # 1: Capacity building programmes addressing financial digitalisation

## Cambridge Fintech & Regulatory Innovation (CFTRI)

Duration: 8 weeks  
Two Cohorts per year



## Cambridge Digital Assets for Regulators (CDAR)

Duration: 8 weeks  
Two cohorts per year



## SupTech ILP

Duration: 7 weeks  
Two cohorts per year



## Cambridge Open Banking & Open Finance Programme (COBOF)

Duration: 8 weeks  
Two cohorts per year





## Regulator Knowledge Exchange



### Community driven

Scalable capacity building informed by a thriving globally inclusive community of regulators



### Digitized for scale

A platform to host community co-created, and third party, digital public goods, for the benefit of the community members



### Inclusive and trusted platform

An independent, impartial, not-for-profit entity, delivering significant convening power

A peer led and community driven digital platform for financial services regulators and policymakers to enable effective capacity building, seamless knowledge exchange and collaborative problem-solving



### Interactive digital tools

Collaborative problem-solving through diagnostic, intelligence and data sharing tools



### Community-driven online programmes

Interactive and collaborative capacity building



### Digitised Technical Assistance

Targeted, coordinated and cost-effective TA at scale via digital tools and matching services



### Trusted digital resources

Crowdsourced and digitized knowledge products support increased regulatory capacity

# The RKE community today



**1500+**  
Members



**230+**  
Organisations



**120+**  
Countries/jurisdictions

**84%**  
EMDEs

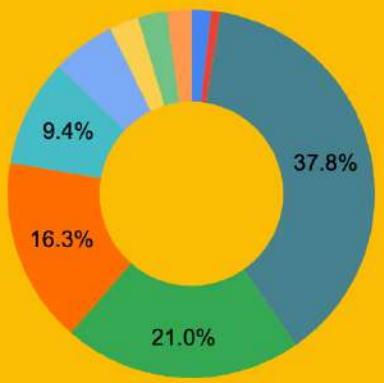


**55:45**  
Male:female ratio

**34%**  
senior management

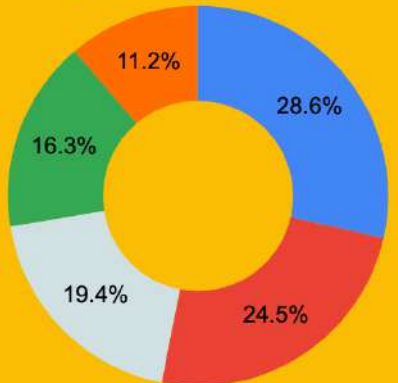
## Organisation types

- International Financial Center...
- Development Organisation
- Central Bank
- Financial Services Authority
- Government Ministry
- Securities Commission
- International Organisation
- Monetary Authority
- University
- Other



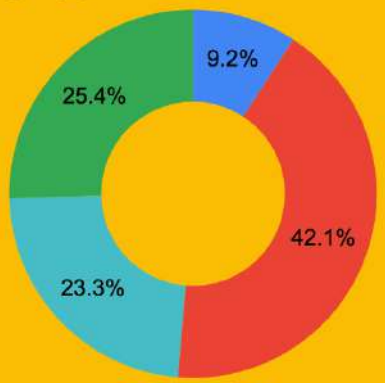
## Membership by region

- APAC
- SSA
- LAC
- EUROPE
- MENA
- NORTH AMERICA



## Members' economy types

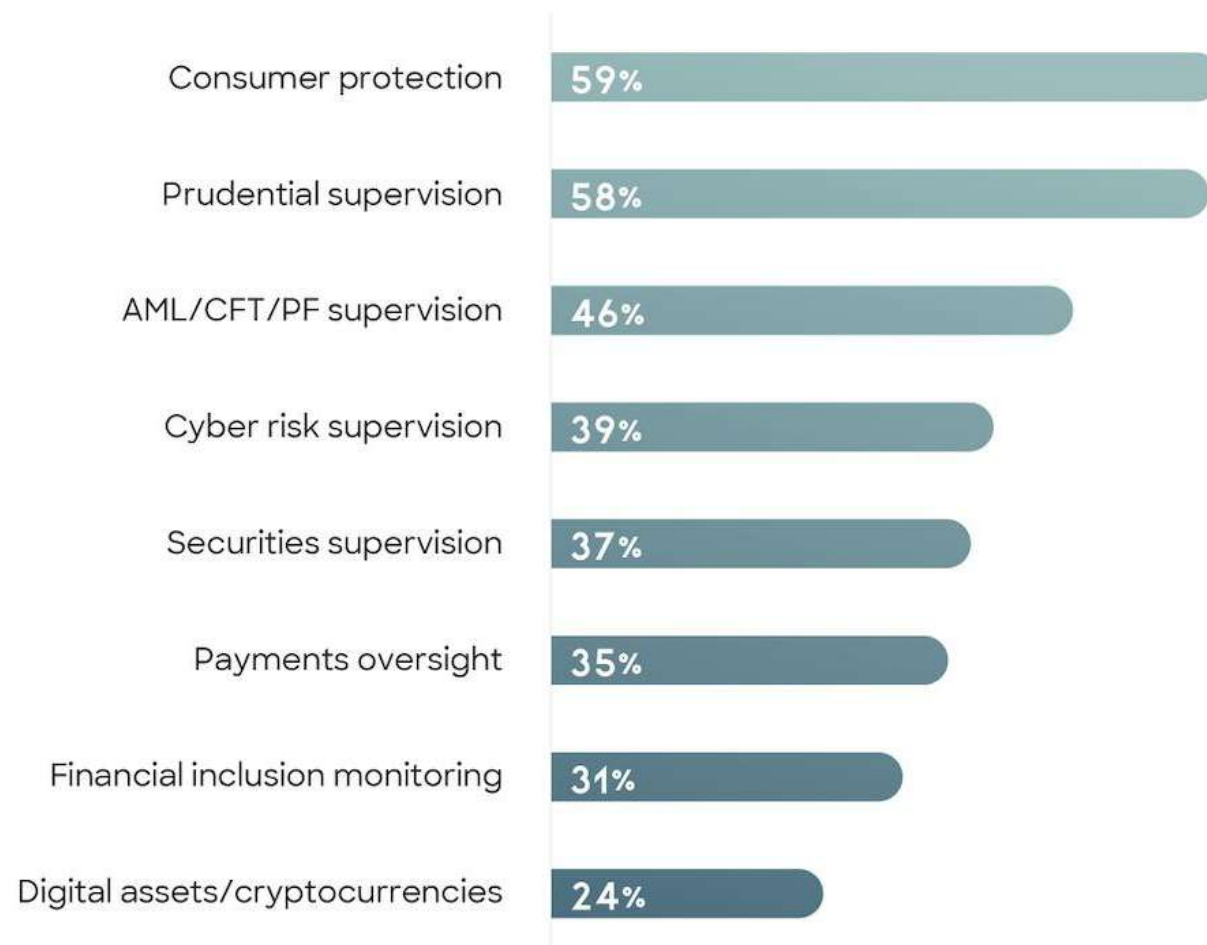
- Low-income economy
- Lower-middle income economy
- Upper-middle-income economy
- High-income economy



Join the platform via [www.rke.ccaf.io](http://www.rke.ccaf.io)

# CCAF Initiative # 3: Cambridge Suptech Lab

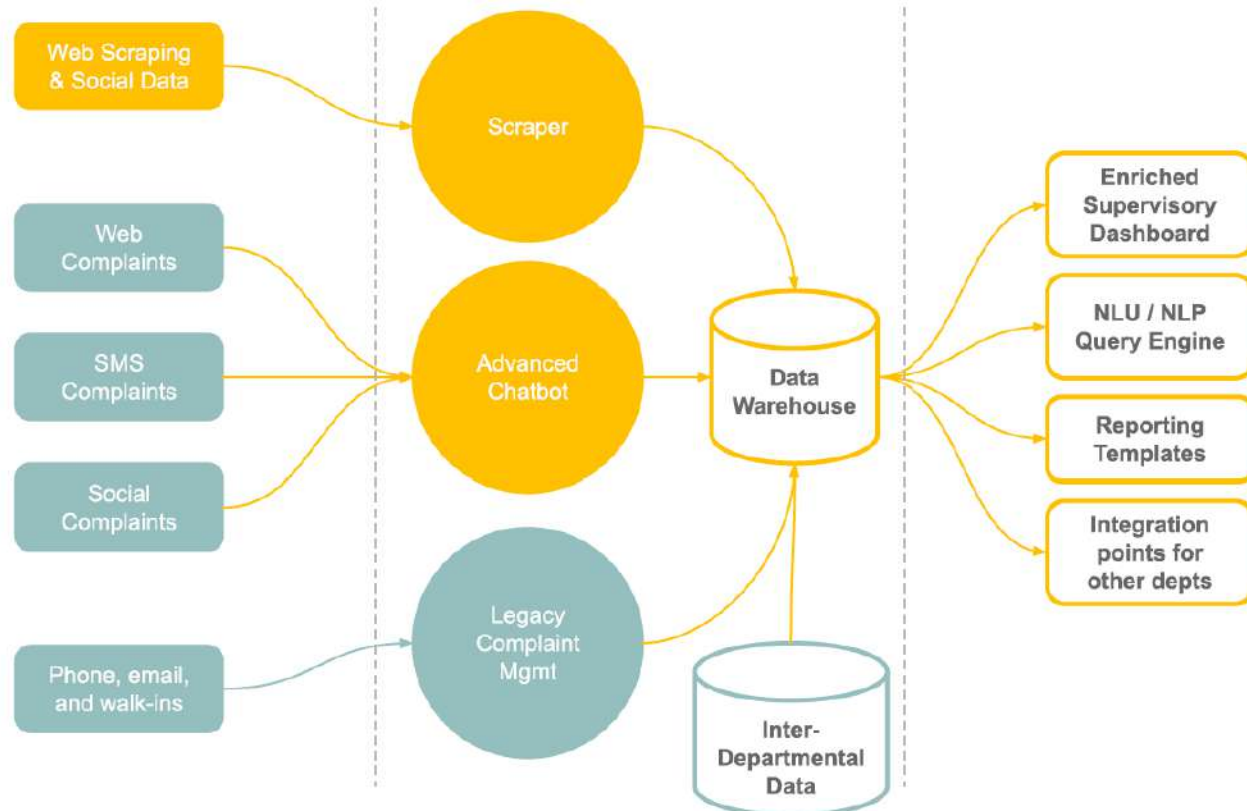
WHAT ARE THE THEMATIC FOCUS AREAS OF YOUR SUPTECH INITIATIVE(S)?



- Authorities need data teams, more data sharing and data synthesis as a foundation.
- EMDEs lag DEs in Suptech adoption: they need training, technical assistance, digital tools, and funding for design & development.

## Next-Generation Consumer Complaints Management System

### Data Sources      Processing & Storage      Analytics & Products



Existing Systems

Working Prototype

Monitoring all complaint channels providing comprehensive visibility



Enabling consumers to file complaints on financial products in mixed language

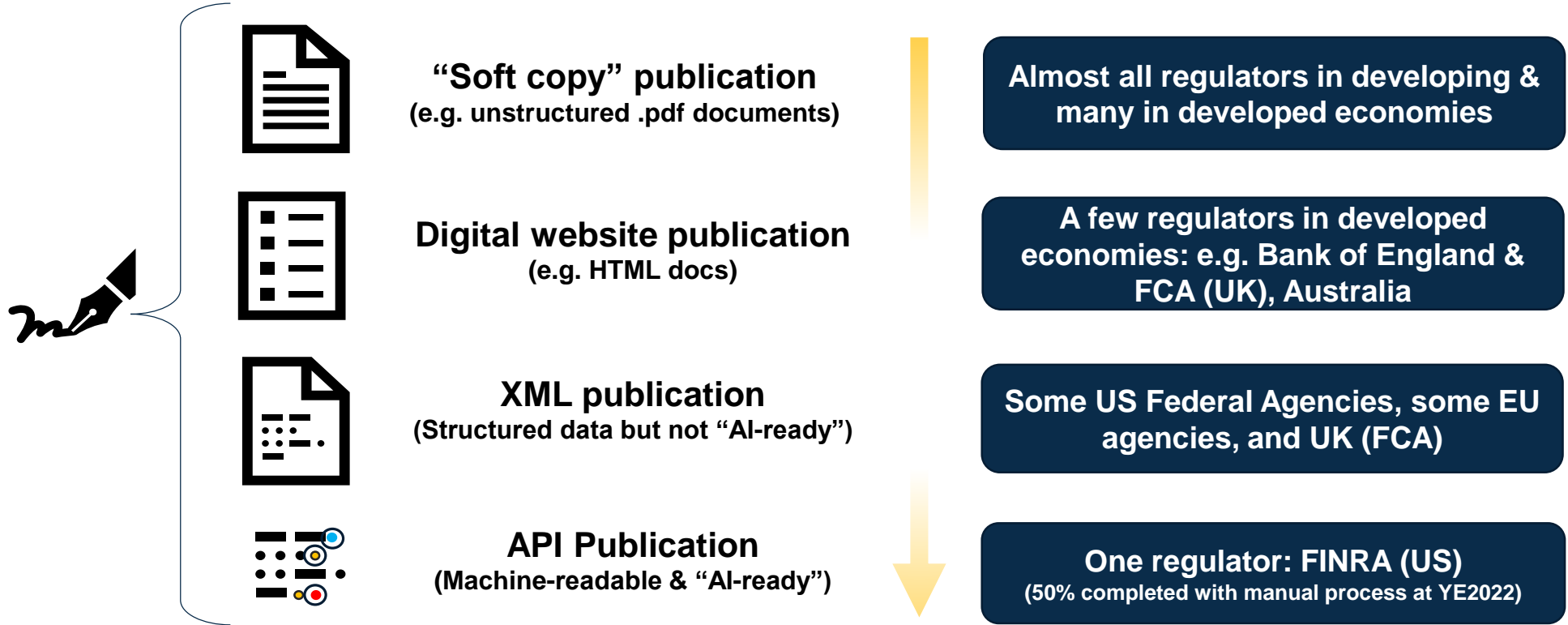


Embedded consumer assistance, rights, protection of data, and 'do's & don'ts'



# CCAF Initiative # 4: Supporting regulators' migration to 'AI-ready' machine-readable rule books

Machine-Readable regulation provides structured data to enable policy and supervision leveraging AI



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