



BANK OF ENGLAND

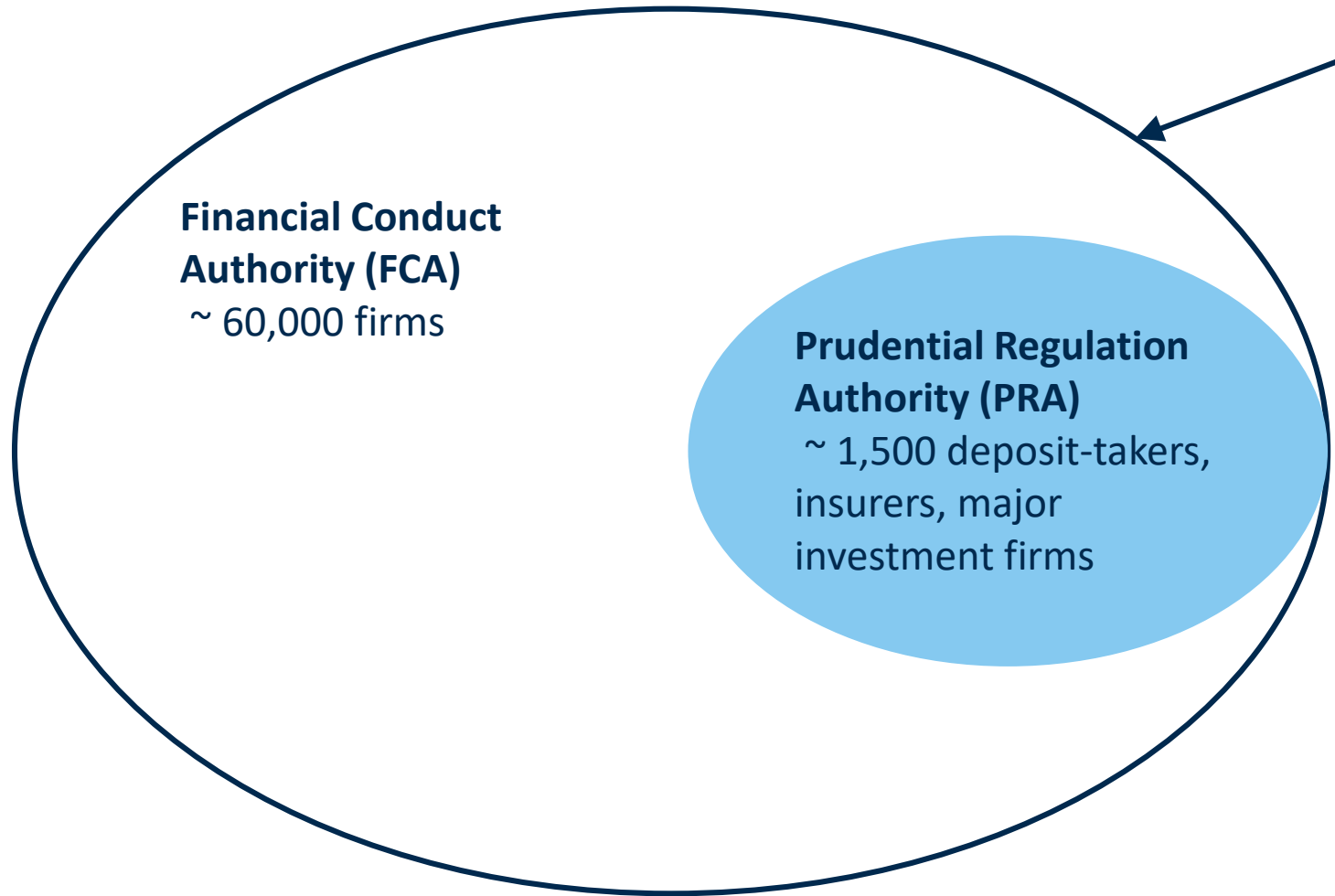


Regulatory approach to fintech in the UK

March 2021



UK regulatory perimeter – a primer



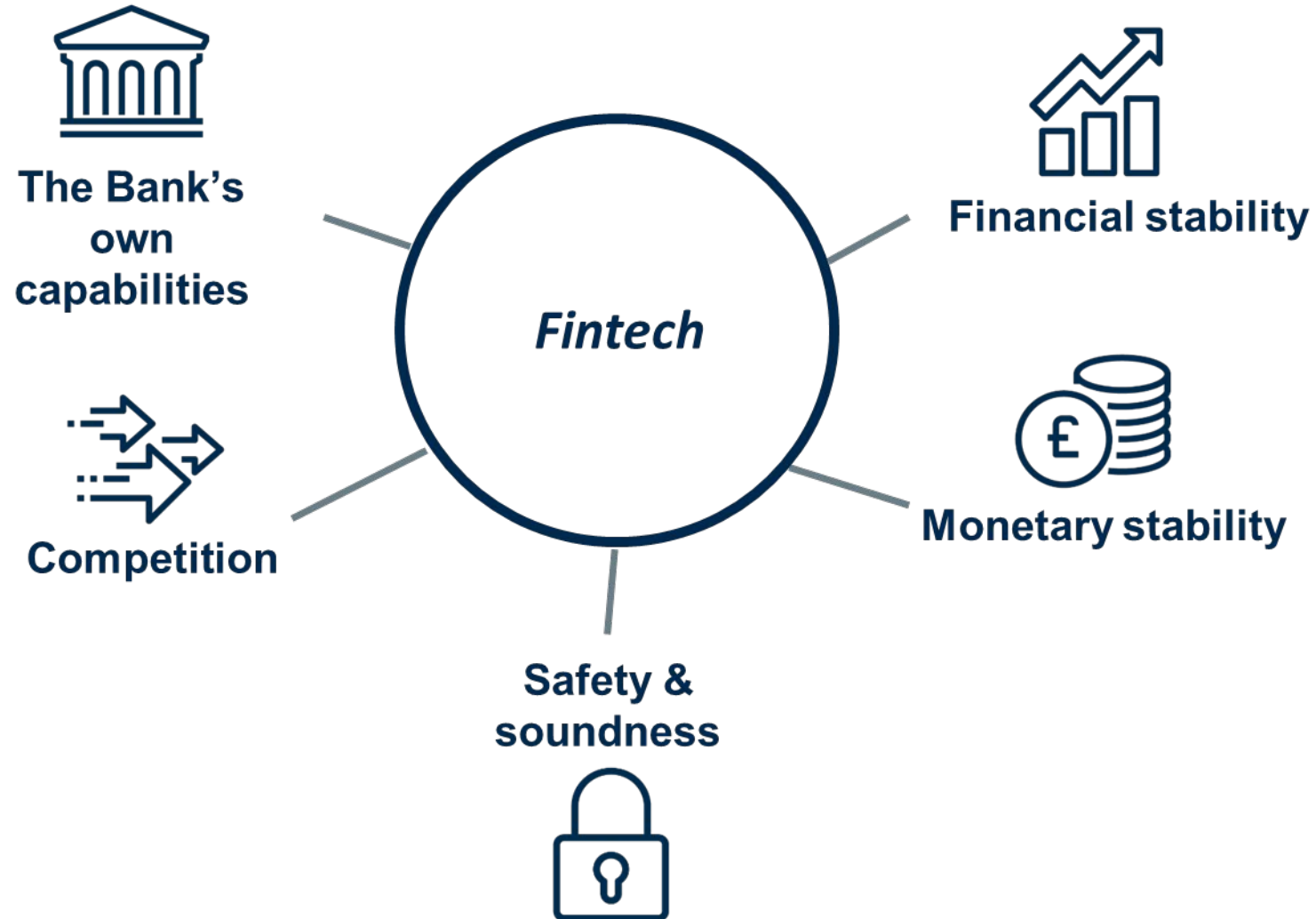
Perimeter set by **HM Treasury**

Financial Policy Committee (FPC)
can make recommendations for change



Bank of England
Monetary policy
Financial stability (FPC)
Supervisor of systemically important payment systems
Safety and soundness (PRA)

Fintech matters across all parts of the Bank of England's mission



How our approach has matured



- **Experimentation**

- Fintech Accelerator, 2016-2018
- Improved Bank understanding of new technologies
- New contacts in fintech community
- Insight to Bank for novel stakeholders

- **Deepen understanding through analysis**

- 2018 Fintech Hub created
- Spokes embed fintech awareness throughout the Bank
- Broad engagement and an open mind

- **Shaping policy debates**

- 2020 onwards
- Bank policy-makers equipped to influence the financial system's readiness to serve UK households and businesses in a digital age, through regulation and other policy interventions
- Aim for Bank as role-model in being open to innovation and competition, both internally and in the financial system

Three priorities in building a platform for innovation



Supporting the safe
adoption of new
technology in finance



Enabling payments fit
for the digital age



Influencing the
interaction between
the digital economy
and finance

These remain more relevant than ever amid the Covid-19 shock



- **45% of surveyed banks and insurers reported an increase in the importance of AI and data science applications** for their future operations due to the COVID crisis. 55% reported no change.



- In October 2020:
- **ATM withdrawals in the UK were 27% lower** than a year earlier.
 - **29% of retail sales were online**, versus 19% a year ago.



- An **Open Data platform for SME finance** could support economic recovery, including to help manage the debt overhang from this crisis.