

## **Statement Richard Nash, ECON hearing on FinTech of 29.11.2016**

### PayPal's vision of the future of financial services

- The interaction of technology and financial services is not something new. The difference today is electronic and mobile technology, driven by the smartphone and the Internet, which makes it a truly global phenomenon, moving at great pace and with the potential to really improve people's lives.
- The real impact of FinTech is not fancy new apps, but rather the meaningful enhancements to the financial system to improve our lives. For instance, technologies such as tokenisation and biometrics can enhance trust and security. FinTech can also democratise financial services, providing a better and more tailored service, accessible even to those who were left out of the financial system before. To name but a few examples:
  - o Technology can help expand and improve financial participation and financial health, through wealth management services, more convenient remittance models or simply by providing the underserved with access to finance.
  - o Through technology, SMEs have access to a global marketplace, thereby granting them the ability to trade cross-borders, which 20 years ago would have necessitated huge investments.
  - o Both customers and small businesses can benefit from a more personalized credit offering, granting them access to funding that they would not usually have access to, thanks to tech-enabled innovation.
- Coming out of the financial crisis, we saw the limits of a rules-based system – since then some regulators have looked to create a more flexible, inclusive and agile framework by developing regulatory sandboxes and FinTech Hubs. Looking forward, financial service regulators are likely to be regulating a wide range of new business models and providers from outside traditional financial services. To remain agile and on the front foot, it is important that we take a principles-based, industry-inclusive approach, that is based on the service provided, not the type of company providing the service. It no longer is relevant to talk about incumbents vs. new players, as new and old companies, not all necessarily in the financial sector, are starting to deliver financial services.