

Press release

15 November 2016

## **Supervisory authorities should focus on emerging fintech risks in order to safeguard consumer interests**

**Chair of FinCoNet, Bernard Sheridan, highlights need for supervisory authorities to focus on emerging fintech risks in order to safeguard consumer interests**

- **Fintech brings new risks and challenges for consumer protection**
- **Supervisory authorities need to ensure compliance standards are not lowered as a result of developments in fintech**
- **Supervisory authorities face significant challenges keeping up with pace and scale of technological innovation**

Opening the International Financial Consumer Protection Organisation (FinCoNet) AGM 2016 today, Director of Consumer Protection and Chair of FinCoNet, Bernard Sheridan, addressed participants on “Consumer Protection and Fintech - the Role of the Supervisory Authority.

Highlighting the positive impacts of Fintech on society in helping to make products and services more accessible, improving service delivery and providing greater convenience for consumers and increasing choice, he also stressed that new innovations can bring new risks for consumers and can present new challenges for supervisory authorities.

Mr Sheridan discussed the important role played by supervisory authorities in helping to protect the interests of consumers and the challenges that the pace and scale of Fintech innovation can present.

He said that “Boards and senior management of firms have primary responsibility for ensuring that they are acting in their customers’ best interests. Innovation cannot be an excuse for lowering standards or for not focussing on consumer outcomes. It is also important that there is close monitoring and oversight of firms’ activities and that supervisory and enforcement actions are taken when necessary”.

Innovators working with regulated firms or developing unregulated financial products or services need to take existing consumer protection standards into account.

Mr Sheridan further added that “there is a growing recognition among supervisors of the need to focus more on product development, oversight and governance in order to seek to pre-empt problems. This is particularly timely as Fintech increases in importance. By developing standards on how products and services should be developed, tested, rolled out and monitored, supervisory authorities are providing the framework within which consumer-focussed innovation can happen”

## **About FinCoNet**

Established in 2013, FinCoNet is a non-profit international organisation of supervisors and public entities with a financial market conduct and financial consumer protection supervision mandate. It was established in response to the growing focus in financial consumer protection worldwide, and the need for better coordination among supervisory bodies responsible for the oversight of the various national financial consumer protection regimes. The work of FinCoNet is currently focused on consumer credit and banking issues, aiming to strengthen consumer confidence while reducing systemic risk.

If you are interested in the work of FinCoNet or becoming a member, please contact [Sally.DAY-HANOTIAUX@oecd.org](mailto:Sally.DAY-HANOTIAUX@oecd.org).