

REGULATE FINTECH: MISSION POSSIBLE

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In the background of the constantly offered innovative opportunities, we should not ignore the risks they carry. That is the reason why the Financial Supervision Commission (FSC), as a regulator, should find a balance between promoting innovation and protecting consumers from the negative aspects and business disruptions.

In order to keep up with the new digital environment and expectations of both participants and end-users, we must constantly assess and, where necessary, adjust the regulatory framework to adequately deal with changed risks and business models. In order to ensure and adequately evaluate the new product and business models, we conduct regular surveys on how innovations work and how they are applied and accepted among the companies supervised by the FSC. FSC, as part of the European System of Financial Supervision, is participating in numerous initiatives at European level aimed at monitoring, analysing and developing

new regulatory framework and tools in the constantly evolving field of digital finance. Additionally, the FSC organises and conducts educational programs aimed at increasing the financial literacy of consumers of financial services.

In line with the consistent policy pursued by the FSC with regard to innovation and in response to the digital finance package adopted by the European Commission, the FSC adopted a Strategy for monitoring financial innovation for the period 2021-2024. It builds on the previous strategy and it outlines in the long run the direction in which FSC would be committed to develop its supervisory activities and implement the harmonisation of the national regulatory framework and practices in the field of financial innovation at EU level. The strategy outlines the main approaches of action - monitoring of FinTech development, assessing the possible risks for the market and for the consumers, and potential actions

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and measures to minimise them in order to maximise the benefits of growing interest in innovative financial products and/or technologies in compliance with regulatory requirements.

In addition to the existing Innovation Hub, which contributes to reducing the response time of the Financial Supervision Commission to questions and issues raised by companies of innovative products with regard to the regulatory and legal status and the possibility of easy and fast access to information, the new Strategy provides preconditions for analysis of the need for developing a Sandbox. The possible introduction of this international practice will allow FinTech companies to test the products in a real and secure environment while the supervisory body will be monitoring this process in order to adapt its regulation/supervision to the technological progress.

In conclusion, regulating insurance, investment and pension insurance sectors is a multilayered, complicated task, possible only if the digital transformation of this sector is closely guided with initiatives for promotion by the respective authorities.