

FSB Virtual Workshop on BigTech Firms in Finance in Emerging Market and Developing Economies (EMDEs)

Thursday 5 November 2020, 13:00 – 15:00 CET

In October 2020, the FSB published a report on *BigTech Firms in Finance in Emerging Market and Developing Economies (EMDEs)*, which responds to a request from the Saudi Arabian G20 Presidency for further work in this area that included the perspective of EMDEs.¹ The objective of this event is to discuss the main findings of the report and how the report's policy considerations can assist safe financial innovation.

The report finds that the expansion of BigTech firms in financial services in EMDEs has generally been more rapid and broad-based than that in advanced economies. Lower levels of financial inclusion in EMDEs create a source of demand for BigTech firms' services, particularly amongst low-income populations and in rural areas where populations are under-served by traditional financial institutions. The supply of financial services by BigTech firms in EMDEs has been supported by the increasing availability of mobile phones and internet access. Such technology – along with the data it generates and the flow of such data across borders – allows these firms to reach customers who were previously under-served, for example due to their lack of credit history. BigTech firms also make lending decisions based on novel sources of customer data, including from their core technology businesses.

The expansion of BigTech firms in EMDEs has had benefits but can also give rise to risks and vulnerabilities. Use of technology has increased the efficiency with which financial services are provided. It has also given rise to financial services that can be cheaper, more convenient, and tailored to users' needs, thereby offering opportunities to improve consumer welfare and support financial stability. However, the expansion of BigTech activity also gives rise to operational and consumer protection risks and concerns about market dominance. Competition from BigTech firms may, in places, also reduce the profitability and resilience of incumbent financial institutions and lead to greater risk-taking.

The experience of some EMDEs demonstrates the positive role that strong regulation, supervision and other official-sector policy can play in supporting innovation in financial services and mitigating risks. Governments in some EMDEs have also driven the development of financial infrastructures and digital identity. In doing so, they have facilitated the growth of financial technology, including that employed by BigTech firms.

This workshop will be recorded and the contents may be published at a later date.

¹ The FSB published an initial report on this topic in December 2019. See *BigTech in finance: Market developments and potential financial stability implications*.

Agenda

1. Opening remarks (13:00 – 13:10)

Tom Mutton (Bank of England) and **Colin Pou (HKMA)**, co-chairs of the FSB Financial Innovation Network (FIN), will briefly introduce the session.

Harish Natarajan (World Bank and FIN member) will introduce the key findings of the FSB's report on BigTech in Finance in EMDEs.

2. Benefits, challenges and risks of BigTechs in EMDEs (13:10 – 13:45)

Moderator: Colin Pou (HKMA)

Panellists:

- Ahmed Alenazi (stc pay)
- Paula Arregui (Mercado Libra)
- Alissa Davies (FinTech Policy, Google)
- Devyani Parameshwar (Head of Commercial and Strategy, M-Pesa)

3. How can the report's policy considerations assist safe innovation? (13:45 – 14:20)

Moderator: Tom Mutton (Bank of England)

Panellists:

- Jon Frost (Senior Economist, Bank for International Settlement)
- Elizabeth Jacobs (Department of the Treasury, United States)
- Dirk Zetsche (Professor in Financial Law, University of Luxembourg)

4. Q&A (14:20 – 14:55)

Moderator: Colin Pou (HKMA)

Participants are invited to submit any questions on the report via the Q&A box, using the "Send" button (to "all panellists").

5. Conclusion (14:55 – 15:00)

Meshari Alkadhi (SAMA) will discuss the Saudi G20's interest in BigTech. **Tom Mutton (Bank of England)** and **Colin Pou (HKMA)** will summarise the key takeaways from the discussion.