

WIM MIJS ABOUT FINTECH AND BANKING

“FINTECH IS A TRUE BLESSING FOR OUR INDUSTRY”

SLEEPING GIANTS? DINOSAURS? BANKS ARE OFTEN DESCRIBED AS COMPLETELY MISSING THE BOAT WHEN IT COMES TO FINANCIAL TECHNOLOGY. BUT NOT FOR WIM MIJS, CHIEF EXECUTIVE OFFICER OF THE EUROPEAN BANKING FEDERATION (EBF). FOR MIJS IT IS CLEAR: THE SLEEPING GIANTS ARE AWAKE WITH THEIR EYES WIDE OPEN.



“Many startups really have great ideas but are struggling with the heavily regulated environment.”

“**F**inTech is maturing at a fast pace - a development we welcome wholeheartedly. The sector’s potential is not to be underestimated, but at the same time we have to be realistic about the hurdles. Many banks are solving inefficiency problems through the smart use of technology while meeting customer expectations. FinTech is a true blessing for the banking industry. “We see progress with faster credit applications, mobile banking and automated advisory. It is too easy to say technology instantly causes banks to scale down. Banks follow the customer. It is true that the customer does not want to stand in line anymore at the bank, something my parents had to do in their time, but today, most banks already are on your phone, and that is the right place for basic financial services nowadays. “Only life events such as marriage or buying a house require you to actually go to your bank. But for the rest, it is all in your pocket. So, yes there may be fewer banks in the future because some legacy systems are not able to meet today’s demands or are simply too difficult to keep up to date. “In the meantime, FinTech is being scaled up by both startups and banks. It is even being integrated in totally different industries, and that is an exercise in itself. Scaling down is sometimes part of the digital strategy. But

what we also see now is that banks which are integrating more and more new financial technology eventually need new talent and skills - developers, product designers and technology strategists, to name a few. Banking in the cloud is also very promising but can only be in full operation when there is trust and an industry standard in place.

“Banks and startups must cooperate to achieve a single goal: offering modern and reliable financial services. Banks are helping FinTechs accelerate across the financial services value chain by actively investing, educating and developing FinTech products. Many banks have set up platforms to attract entrepreneurs and experiment with banking infrastructures. Now that a financial service has transformed from a legal administrative product to a pure technology product, you need knowledge and expertise from both domains.

“The most successful way to cooperate is to enable the best of both and complement each other where needed. Of course, there is competition but this is only healthy for the market.

“Now that more online devices and channels are connecting us with banking services, the risks are indeed bigger. Cybersecurity is a very important issue for banks and an important part of our work at the EBF. Customers expect banks to protect their data, so banks must put everything

in place to create a safe and stable system in the interest of the end-user. Customers now want to sign their agreements digitally instead of by hand. Biometric technology and e-identification provides great solutions to avoid the paper trail. To protect this new private and sensitive data, we need clear rules and active supervision.

“It is not enough for banks to keep systems up-to-date. They must follow all protocols and always stay alert. Awareness must start at local level and go up all the way to the boardroom. It is also necessary to share security information and best practices in the financial community. Cybercrime is a threat to us all and can affect financial stability. With the emergence of all sorts of hackers and cybercriminals, some outdated technologies also need a revision. Screen scraping, for example, exposes customer data without guaranteeing control. Data protection stays the priority, for industry and regulators. Only then can innovation flourish.

“At the EBF, we are working closely with European cybersecurity agency ENISA and with EC3, the cybercrime unit of law enforcement agency Europol, with whom we signed a memorandum of understanding. We work together on awareness campaigns and help build bridges between police units and banks.

“The rules of the game are complex. At the EBF, we deal with financial regulation every day.

We want to make sure that technology is dealt with properly when it comes to legislation. New entrants also have a role to play and require a fresh look at the law. The regulatory environment remains tightly controlled. Also, the European FinTech environment knows many unique markets, each ecosystem presenting different challenges and potential.

“To overcome this, with the digital transformation in mind, we have launched a FinTech platform where we want a constant dialogue about regulation and innovation at EU level. We saw that many startups really have great ideas but are struggling with the heavily regulated environment.

“Without expensive lawyers’ fees, the EBF can share its knowledge on a wide range of topics. Startups can enrich our work with the latest view of the market. We have expert working streams on cloud, data, cybersecurity, payments, blockchain, e-identification and digital skills.

“In a recently published EBF report, entitled ‘Innovate Collaborate Deploy’, the EBF outlined the most important FinTech positions to date in all working streams. However, the landscape changes fast and collaboration is needed to stay ahead.

“So let me call on FinTechs of all sizes, coming from all corners of the continent, new and old, to help us refresh and refuel the regulatory engines for next generation financial services.” ●