Should Fintech Be Regulated?
A Panel of Experts On The Most Important Topic In Payments

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Should Fintech Be Regulated?

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Is the need for regulation different if a Fintech is holding assets vs. processing transactions?

- Do customers assume that Fintechs promise to safeguard client funds?
- Are Fintechs targeted in criminal attempts to steal client funds?
- Do Fintech’s hold sensitive information about customers?
- Are Fintechs more like “money movers” such as Western Union?
  - Isn’t Western Union regulated?
Many historians believe innovations succeed best if left unregulated.

- If James Watt had been required to follow Glasgow’s municipal code could he have perfected the steam engine?

- Would the Wright brothers have succeeded if regulated by the FAA?
  - Would you fly a non-regulated airline if it was cheaper or more enjoyable?

- Did cities’ banning or strictly regulating the first automobiles seriously hinder the development of the auto industry?
  - Might it have helped it?
Would technology certification rather than transaction regulation be less onerous?

• If Airbnb had been required to follow City zoning codes or hotel regulations in its early days would it have succeeded?

• Would Uber have made the Forbes 100 in just five years if it had been policed at the outset by city Taxi Commissions and the U.S. Department of Justice?

• Would it be an effective approach if some trusted body certified a Fintech’s technology as safe rather than regulating the Fintech as a company?
Should banks and Fintechs team so the Fintech provides the engine but it is the bank who gets regulated?

• Would a banks’ rules and culture threaten to strangle a Fintech that teams up with them?

• Are there examples of banks with the culture of a start-up?

• Would it work for banks to informally “adopt” a promising Fintech?

• When do you think we might see a Fintech buy a bank?
How can banks and Fintechs work together given the differences in regulation?

• Why might a Fintech think twice before joining up with a bank?

• What should a bank consider before teaming with a Fintech?

• Is the public better served if Fintechs and banks remain separate?

• If operating separately from banks, should Fintechs be regulated?
  • By whom? (OCC; FDIC; Federal Reserve; CFPB; state regulators)
What are consumers telling us?

• The latest surveys show that more customers favor large banks now over smaller F.I.'s
  • How much might this be due to banks’ customer facing technology?
  • Might mid to small institutions be wise to team up with Fintechs?
• Is the deeper message that technology is replacing trust or other factors in customer’s satisfaction with financial institutions?
• Should regulators assure that all sizes of F.I.’s get affordable access to new technology?
To follow-up with us…….

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