

Regulators launch hub for fintech innovation

South Africa's financial regulators have launched the Intergovernmental Fintech Working Group (IFWG) Innovation Hub in response to changes in the financial sector driven by fintech and to promote responsible innovation.



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The Innovation Hub is intended to support the sector in introducing innovations that complement the core mandates of regulators, including financial stability and soundness; consumer protection; financial inclusion; and fair lending practices.

Fintech innovation leverages technology to address inefficiencies and other challenges in the financial sector. It embraces agility, adaptability and responsiveness, traits that are essential as local and global economies navigate this period of uncertainty. To help address the expected economic impact of the Covid-19 pandemic, the IFWG believes innovation among fintech firms and other financial sector innovators is required now more than ever and, therefore, must be supported.

Support

The Innovation Hub provides support to innovators in the financial technology space, from the IFWG members such as the Financial Intelligence Centre, Financial Sector Conduct Authority, National Credit Regulator, National Treasury, South African Revenue Service and South African Reserve Bank. The Innovation Hub is open to all financial sector innovators, whether from a start-up, an established fintech firm, an incumbent financial service provider or an adjacent industry entering the financial services market (retail, telecommunications).

The benefits of the offerings of the Innovation Hub include clarification on the regulatory landscape, access to a space for testing the regulatory fit of innovative solutions and participation in initiatives and forums helping to shape the future of financial sector regulation on emerging fintech topics.

Innovation Hub users have access to three avenues for assistance:

- The Regulatory Guidance Unit exists to help market innovators resolve specific questions regarding the policy landscape and regulatory requirements. Financial sector innovators with questions on fintech or innovation-related financial sector regulation are encouraged to visit the IFWG website and submit an enquiry to the Regulatory Guidance Unit at <https://www.ifwg.co.za/regulatory-guidance-unit/>. Regulators will continue to assist queries through digital and virtual means, however, due to the pandemic, response times may depend on the volume and complexity of queries and will be provided on a best effort basis.
- The Regulatory Sandbox provides financial sector innovators with an opportunity to test new products and services that push the boundaries of existing regulation, all under the responsible supervision of relevant regulators. Participants must apply to the Regulatory Sandbox, and the application can be downloaded at <https://www.ifwg.co.za/regulatory-sandbox/>.
- The Innovation Accelerator exists to provide a collaborative, exploratory environment for financial sector regulators to learn from and work with each other – and the broader financial sector ecosystem – on emerging innovations in the industry. Outcomes of these coordinated efforts will be shared on the IFWG Innovation Hub website, and the Innovation Hub's latest reports can be accessed at <https://www.ifwg.co.za/innovation-accelerator/>.

Through the Innovation Hub, the IFWG is committed to providing these resources to fintechs and other financial sector innovators not only as we combat the Covid-19 pandemic, but well into the future. Over time, it is the IFWG's desire that its efforts to promote responsible financial sector innovation could have the potential to generate economic benefit for individuals, businesses and – in sum – the country at large.

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