



**ASIC**  
Australian Securities &  
Investments Commission



# Financial Innovation: Regulator Meet-up

Thursday 28 July 2022, 4:30pm



# Microsoft Teams Meeting

- **Audience microphones will be muted** for the duration of the session
- The session is being **recorded**. The recording and slides will be distributed at a later date
- Use the **Teams chat function to submit questions** to the Host and Presenters
  - We ask that questions are submitted through the chat only – ‘Raise hand’ function won’t be used for this session
- There will be time allocated at the end of the session for Q&A

# Opening Statement

Danielle Press, Commissioner, ASIC

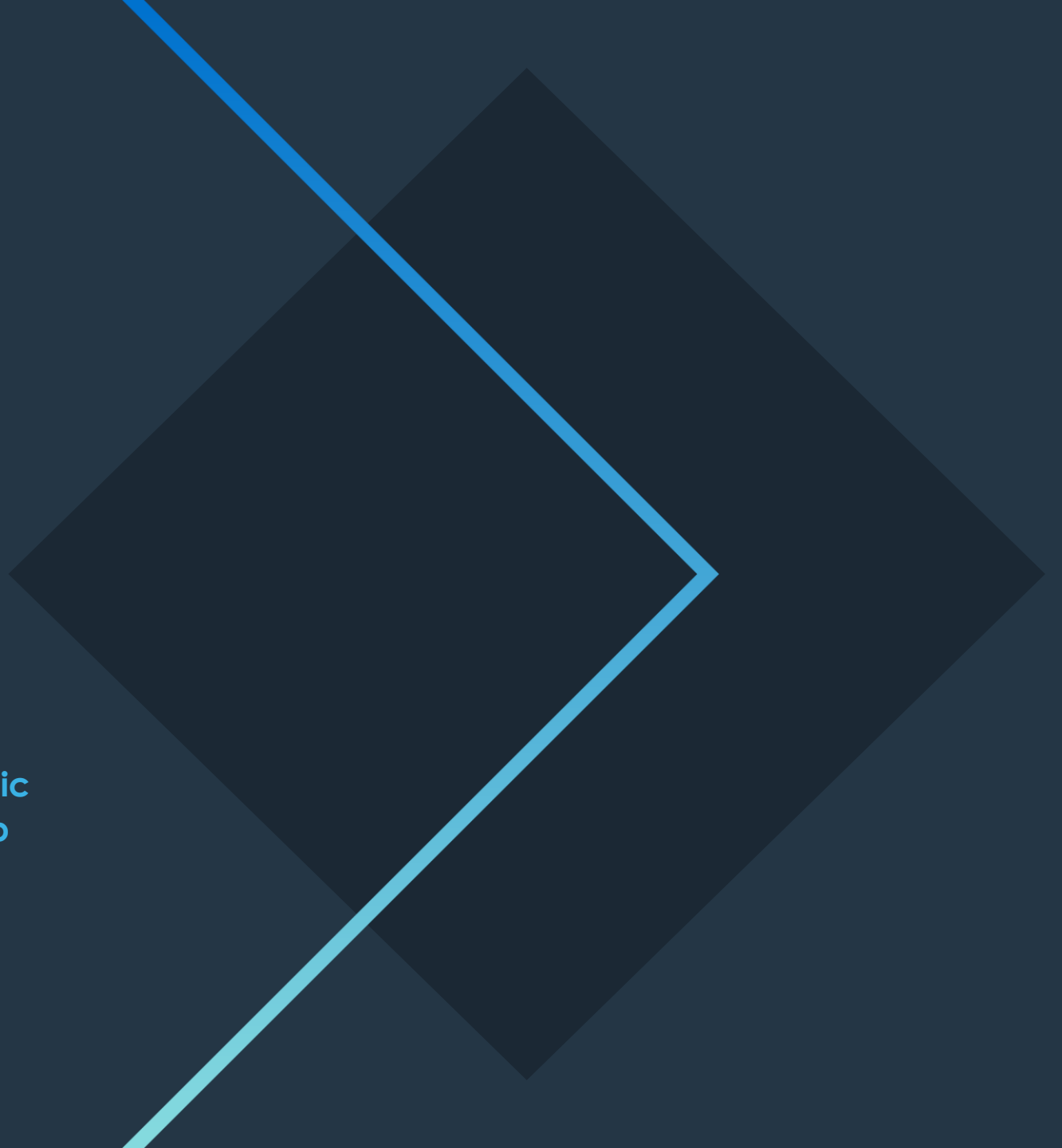


# Agenda

- **Opening statement**  
Danielle Press, Commissioner, ASIC
- **ASIC and financial innovation**  
Mark Adams, Senior Executive Leader, Strategic Intelligence
- **Consumer Data Right (CDR)**  
Paul Franklin, Executive General Manager, Consumer Data Right  
Sheridan de Kruiff, Executive Director, Regulatory Branch, Consumer Data Right, ACCC
- **Innovation in Payments**  
Chay Fisher, Senior Manager, Payments Policy Department, RBA
- **Panel discussion – Artificial intelligence and crypto-assets**  
ASIC, ACCC, APRA and Austrade
- **Audience Q&A – all presenters**

# ASIC and financial innovation

Mark Adams, Senior Executive Leader, Strategic  
Intelligence and Co-Ordinator, Innovation Hub



# ASIC's approach to financial innovation



ASIC **recognises the potential** of innovative products and services in improving consumer choice and outcomes

ASIC continues to **support financial and regtech innovation** through our Innovation Hub function and the administration of the Government's 'regulatory sandbox'.

Our role is to **balance innovation** and, at the same time, monitor and **uphold market integrity** and **protect consumers**.

# What is the Innovation Hub function?

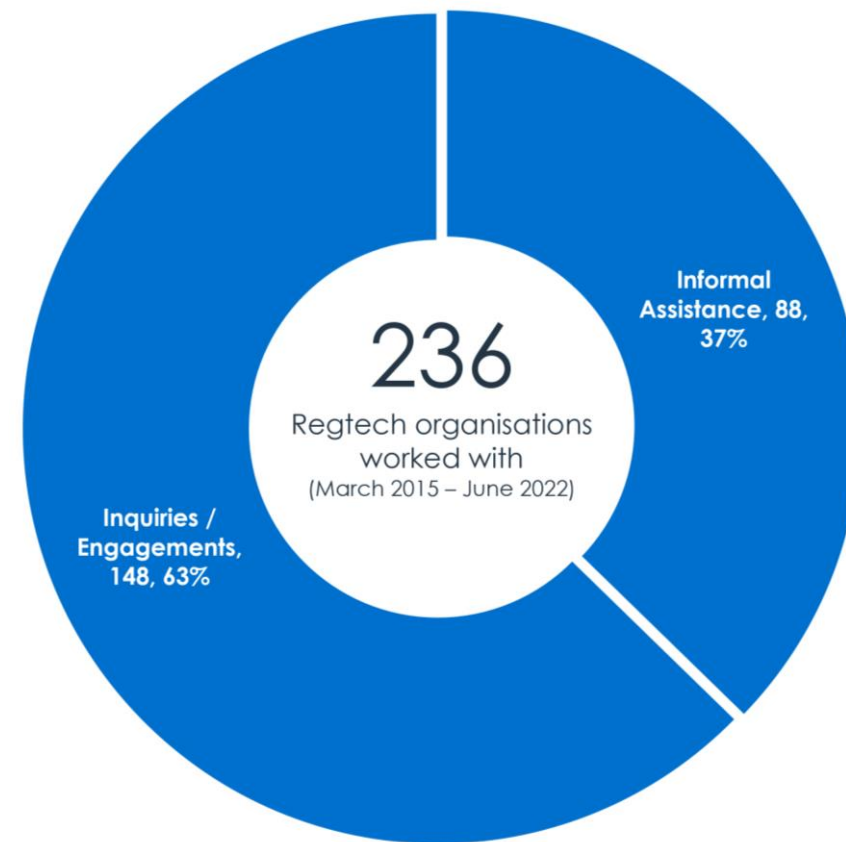
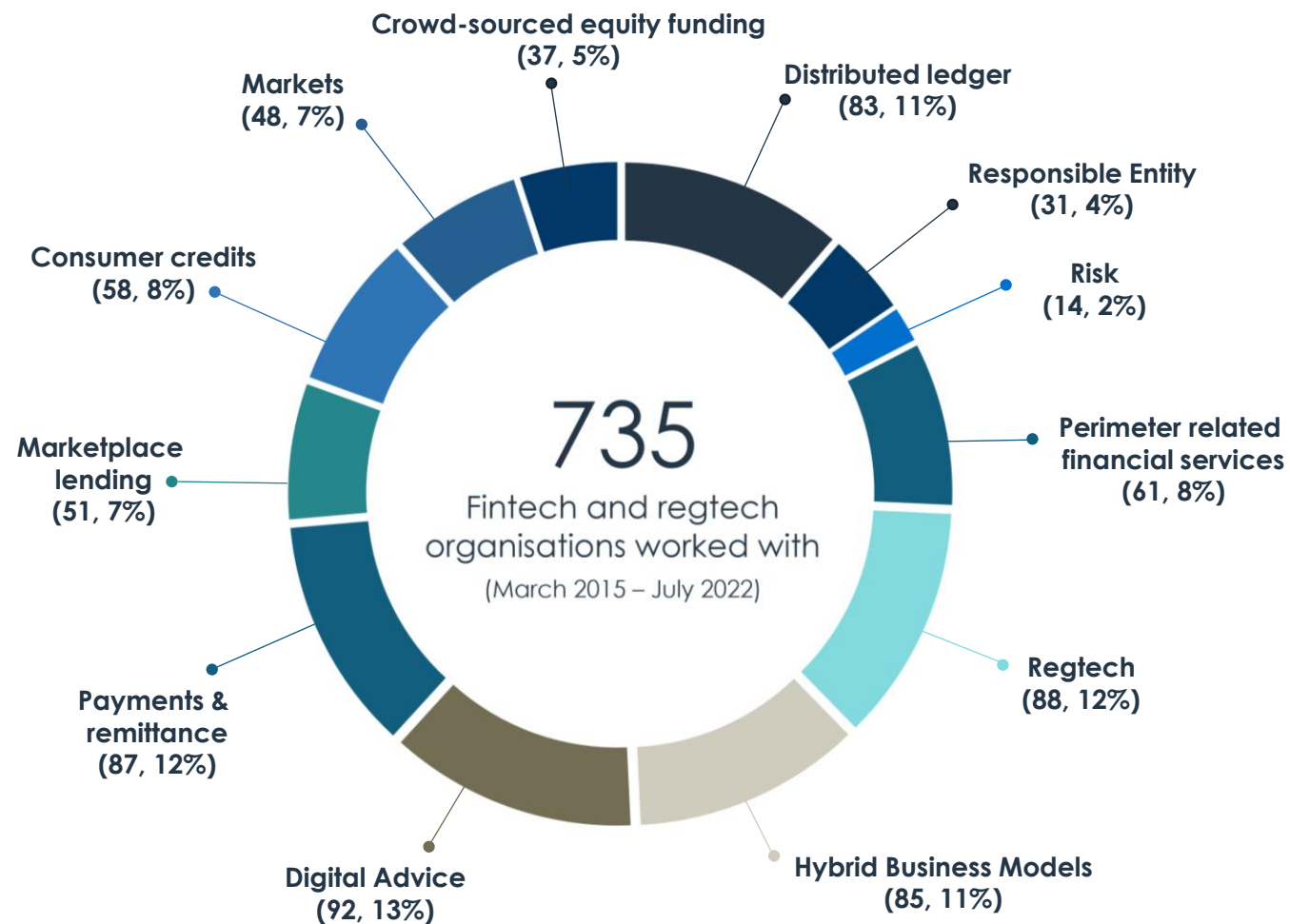


- Help innovative businesses navigate the regulatory system.
- Help fintechs and regulatory technologies (regtechs) understand how regulatory framework affects their business.
- Help ASIC understand innovative development and related risks.

## ASIC's 5 Point Approach

- **Engagement** – ASIC events, fintech meet-ups, Regtech Quarterly Liaison Forum, industry conferences; domestic and international regulators
- **Streamlining** – providing innovative businesses informal assistance
- **Enhanced communication** – designated website and tailored resources and guidance
- **Coordination and internal networks** – small core team (agent for ASIC business teams); internal senior committee, internal network
- **Digital Finance Advisory Panel** – fintech community, academia, other regulators

# Informal assistance overview



Note: small differences in numbers come about due to timing differences in reporting processes

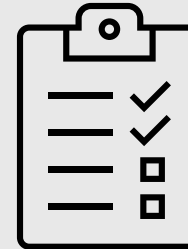


# How to seek assistance through the Innovation Hub



## Check if you're eligible:

- Are you a start-up/scale-up?
- What is your innovation and business model?
- What kinds of consumers or businesses are you helping?

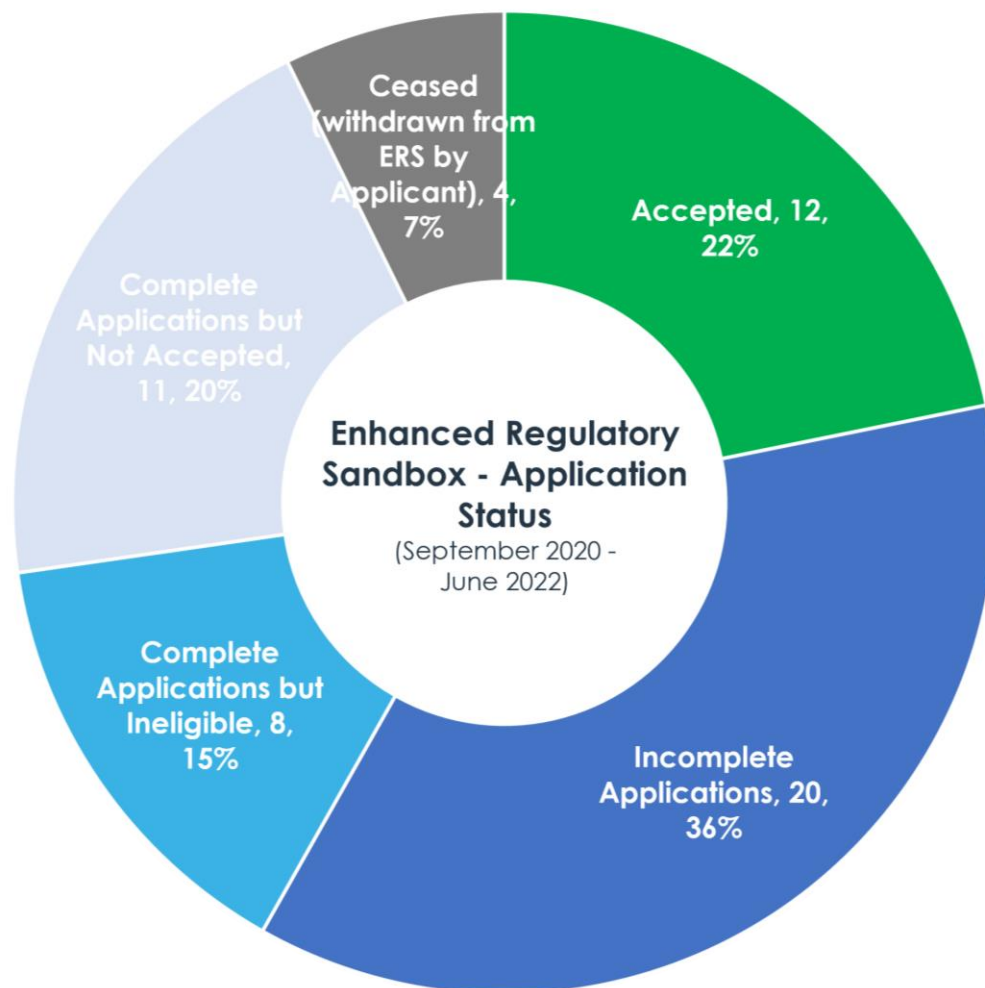


## Complete the '**Request for assistance**' form

- Prepare clear information about your business/business model
- Outline your innovative solution and its impacts
- Consider what regulatory issues you think you'll be facing
- Consider the benefits and risks of your solution

Visit the [Innovation Hub website](#) for more information.

# Enhanced Regulatory Sandbox (ERS)



- The Innovation Hub continues to receive regular queries and requests for assistance in relation to the ERS, some of which translate into ERS applications.
- This reflects ongoing interest by fintechs in the ERS although the sufficiency of information provided is an issue which the Hub has tried to address by making **recent amendments to the ERS Notification Form**.
- The amendments urge prospective applicants to contact the Innovation Hub prior to lodging an application in order to obtain informal assistance regarding their eligibility and **improving the quality of their application**.

# How to apply to use the sandbox



## Notify ASIC of intent to use the sandbox using the prescribed notification form

Consider and provide ASIC with sufficient information on requirements including:

- Fit and proper (probity) requirements
- 'Net public benefit' test
- 'Innovation' test
- Australian Financial Complaints Authority (AFCA) membership
- Professional indemnity (PI) insurance



## ASIC to assess the notification with relevant business teams

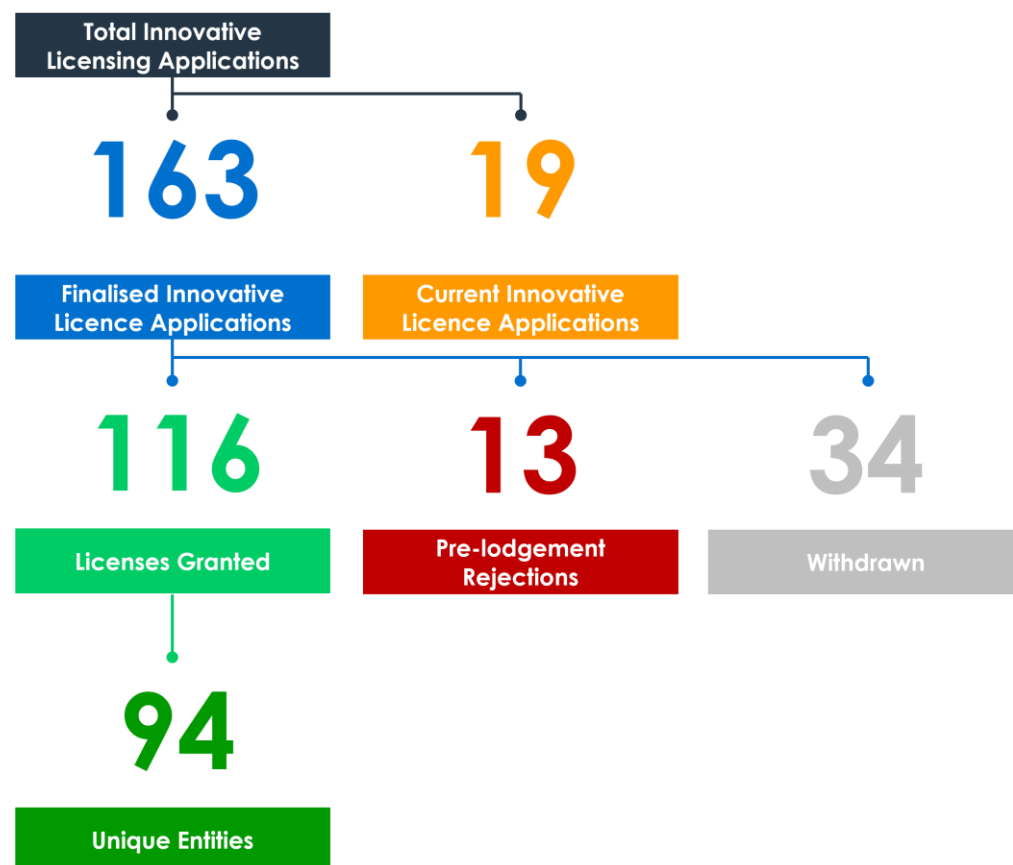
- ASIC adopts a pragmatic approach to assessing notifications, relying on information provided (ordinarily we will not requisition)
- ASIC has **30 days** to assess a notification and provide a decision in writing

Visit the [Innovation Hub website](#) for more information.

# Licensing statistics and trends – May 2022



182



- Since 2015, we have received 182 AFSL or ACL applications from **170 businesses**.
- Fintech businesses that received informal assistance from ASIC's Innovation Hub prior to submitting their licence applications were **approved faster** than those that hadn't sought assistance.
- The licence applications cover a wide spectrum of FinTech business types and include:
  - 20 marketplace lending;
  - 15 digital advice; 26 NCP;
  - 7 cryptocurrency;
  - 20 consumer credit;
  - 44 crowdfunding intermediaries;
  - 8 neo banks; and
  - 23 'other' which includes, for e.g. insurance services.

# Key considerations for an efficient licensing assessment

## Getting a licence more quickly

Businesses that received informal assistance from the Innovation Hub prior to submitting licence applications were found to be **approved faster** than those that hadn't sought assistance. We encourage you to contact the Innovation Hub prior to submitting an application.

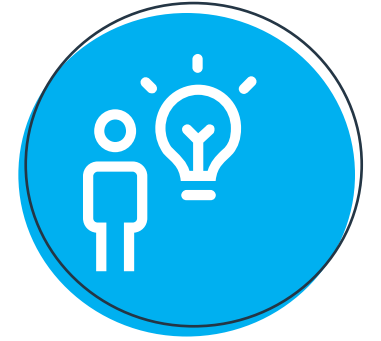
## Useful licensing guides

- AFS Licensing Kit: Regulatory Guides 1-3: [RG 1 AFS Licensing Kit: Part 1 – Applying for and varying an AFS licence | ASIC - Australian Securities and Investments Commission](#)
- INFO 240: [AFS licence applications: Providing information for fit and proper people and certain authorisations | ASIC - Australian Securities and Investments Commission](#)

## Preparing for an assessment

- Clearly articulate business model/activities
- Provide a transaction flow (product and/or service) and money flow diagram
- Tell us why you think you need that activity authorisation and/or product
- Responsible Manager competence (RG 105, and RG 206 and if providing financial product advice, RG 146)
- Key outsourced functions that are essential to your financial/credit services
- Provide evidence for how you will comply (risk management, conflicts, training and supervision)
- Read relevant regulatory guides and information sheets

# Business Research and Innovation Initiative (BRII) Regulatory Technology Round



## BRII overview

- Managed by the Department of Industry, Science and Resources (DISR)
- Opportunity for Government agencies to seek innovative solutions in public policy and service delivery
- SMEEnterprises develop an innovative technology
- Solution streamlines or enhances regulatory compliance
- Solution is to make it easier, faster and cheaper for businesses to comply with regulation
- ASIC proposed 3 challenges

## How does it work?

1. Government agencies **proposed challenges**
2. SMEs apply, proposing **a new solution**
3. Best 5 (approx.) **funded for feasibility** for each challenge
4. Best 2 (approx.) **funded for proof of concept** for each challenge
5. Agencies/Industry consider **buying the solution**
6. SMEs go on to sell the **new solution worldwide**, utilising their own IP



# ASIC BRII challenge: Listed company compliance

**This ASIC BRII challenge focuses on developing a technology solution to help ASIC analyse corporate disclosures and other datasets to identify and assess compliance by listed companies with a range of requirements, including:**

- continuous disclosure (price sensitive disclosure) and other disclosure obligations to the market
- financial reporting obligations
- the prohibition against misleading or deceptive disclosure (such as misleading categorisation of market announcements)
- the prohibition against practices that manipulate the pricing of securities.

# BRII Regtech challenge - Next steps...

Timeline	Action
6 – 13 May	Feasibility presentations conducted by five regtech firms <b>First phase of regtech challenge complete</b>
19 July – 1 August	Proof of Concept (POC) applications assessment period (ASIC)
1 August – 7 October	DISR processing and assessment of POC applications
17 October	Proof of Concept phase begins (up to 15 months)
January 2024	Proof of Concept phase ends
February – April 2024	Potential Trial period (of any solutions) – but could be earlier (if joint agreement between regtech and ASIC)

Visit the [Innovation Hub website](#) for more information.



# Regulatory interventions

- ASIC balances support for innovation with promoting market integrity and consumer protection.
- ASIC will act to detect, disrupt and respond to unlawful conduct including if from innovative businesses.
- This involves the use of ASIC's broad range of regulatory tools including surveillance, engagement with industry and stakeholders, guidance and education, and enforcement.
- Our aim is to prevent and deter actual and future misconduct, improve standards and behaviours within our regulated population, and reduce the risk of harm to Australian consumers and investors.

## Examples of interventions involving technology/innovative businesses:

- [ASIC Media Release 18 Oct 2019](#) – Lime FS Pty Ltd agrees to shut down digital advice tools
- [ASIC issues warning 18 Aug 2021](#) – Trading crypto-asset related financial products through unlicensed entities
- [ASIC Media Release 21 March 2022](#) – ASIC issues information for social media influencers and licensees
- [ASIC Media Release 5 May 2022](#) – Court finds RI Advice failed to adequately manage cybersecurity risks
- [ASIC Media Release 7 June 2022](#) – Gabriel Govinda pleads guilty to market manipulation of 'pump and dump' activity



# Consumer Data Right (CDR)

Paul Franklin, Executive General Manager,  
Consumer Data Right

Sheridan de Kruiff, Executive Director, Regulatory  
Branch, Consumer Data Right, ACCC



Australian Government



Consumer  
Data Right

## Financial Innovation Regulator Meet-up: ACCC Consumer Data Right updates

- How to apply to become an **accredited data recipient** or register as a data holder under Consumer Data Right: <https://www.cdr.gov.au/for-providers>
- Data holders' reported **performance and availability** information: <https://www.cdr.gov.au/performance>
- ACCC **software tools** that support the design, build and testing phases of a participant's CDR solution (sandbox, mock register, mock data recipients, mock data holders banking and energy): <https://www.cdr.gov.au/for-providers/participant-tooling> and <https://www.cdr.gov.au/for-providers/participant-tooling/consumer-data-right-sandbox>
- For CDR stakeholders - we are conducting a survey to better understand **regulatory guidance** needs, it is open to 12 August: <https://consultation.accc.gov.au/accc/4774ea4a/>
- Subscribe for CDR updates [here](#)

# Innovation in Payments

Chay Fisher, Senior Manager, Payments Policy  
Department, RBA





RESERVE BANK OF AUSTRALIA

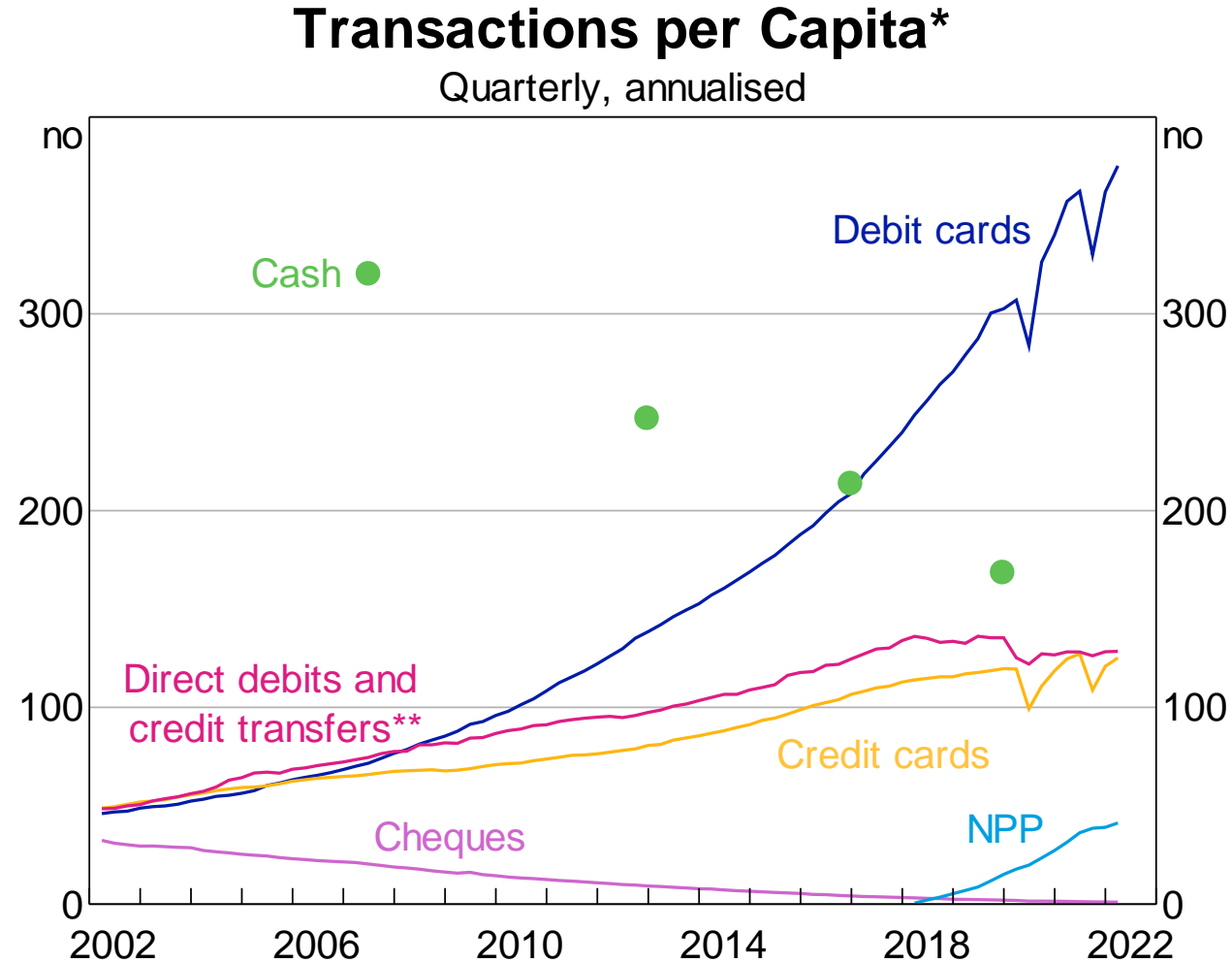
# Payments Innovation and the RBA

Financial Innovation: Regulator Meetup  
28 July 2022

# Overview

1. Trends in retail payments
2. Payments innovation: the role of the RBA
3. Policy priorities
4. Industry engagement

# 1. Trends



\* Seasonally adjusted.

\*\* Includes BPAY; data prior to a reporting change in May 2018 have been adjusted downwards to be more consistent with the current definitions of the direct debit and credit series.

Sources: ABS; AusPayNet; BPAY; Colmar Brunton; Ipsos; RBA; Roy Morgan Research

# 1. Trends

- Decline in cash use accelerated through the pandemic, but cash remains important
- Greater use of digital wallets
- Bigtech firms are increasingly involved in payments
- Fintechs are changing the payments ecosystem, e.g.
  - Buy now, pay later
  - Cross-border payments
  - Point-of-sale acceptance and online payments
  - Account to account payments
- Growing use of the NPP



## 2. Innovation and the RBA

- RBA's mandate is to promote an efficient, competitive and safe payments system
- RBA Strategic Review of Innovation (2012) – NPP
- Review of NPP functionality and access with the ACCC (2019)
- Recent focus areas have included mobile wallets, BNPL, cross-border payments, NPP functionality (PayTo), stablecoins, CBDC

### 3. Some payments policy priorities

- Implementing the conclusions of the RBA Review of Retail Payments Regulation (e.g. least-cost routing)
- Assisting Treasury implement the recommendations of the Review of the Australian Payments System
  - Strategic plan for payments
  - Changes to the Payments System (Regulation) Act
  - Common access requirements for PSPs
  - Oversight of industry standard-setting bodies
- Enhancing cross-border payments
- Addressing de-banking of fintechs and non-bank payments providers
- Regulatory framework for crypto-assets, focus on payment stablecoins
- CBDC research
- NPP use and functionality

## 4. Industry Engagement

- The payments ecosystem is rapidly changing
- A priority for Payments Policy Department is to enhance industry engagement
  - Understand how the landscape is changing
  - Issues of importance to a wide range of participants in the payments ecosystem
  - Identify issues for competition, efficiency and safety
- Paytech industry engagement program
- [RBAinfo@rba.gov.au](mailto:RBAinfo@rba.gov.au)

# Panel discussion

Mark Adams, Senior Executive Leader, Strategic Intelligence and Co-Ordinator, Innovation Hub

Jane Lin, General Manager, Specialist Advice & Services Division, ACCC

Renée Roberts, Executive Director Policy and Advice, APRA

Stan Roche, Assistance Director, Global Business and Talent Attraction Taskforce, Austrade

Questions





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**INNOVATION  
HUB**

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**[asic.gov.au/for-business/innovation-hub/](https://asic.gov.au/for-business/innovation-hub/)**