**Why is FINTECH potentially Disruptive?**

**DISRUPTION** is not necessarily a bad thing – it speaks to a "disruption" or change in the business models and value chains of financial services and products.

**BALANCING ACT -** FinTech has the potential to improve the quality, speed and price for financial services and products but there are greater risks associated with the use of FinTech. We have to regulate FinTech in such a way so as to maximize the benefits and reduce (though not eliminate the risks).

**Regulatory Considerations & Challenges**

- . **International Challenges** – FINTECH can be accessed across borders – risk of regulatory arbitrage.
- 2. **National Challenges** – FINTECH products cross different industries and sectors. Multiple Regulators may need to collaborate.
- 3. **Complexity -** Difficult to regulate due to complexity of product offerings.
- 4. **Digital onboarding of Clients** – this raises some AML-CFT Concerns.
- 5. **Cyber-Security & Data Protection Risks** – Cyber-attacks can cause platform disruption and exposure of sensitive personal info.
- 6. **Misrepresentation in Advertising**
- 7. **Investor literacy and Education** – *these new models have to be incorporated in the landscape of investor education since the indicators are that younger persons in particular are more likely to access them.*

**Key Considerations for Regulators in the Caribbean**

- FINTECH has benefits for SME Growth in the Region and should be encouraged;
- FINTECH has to be regulated differently from the current regulation of securities activities – must balance regulation (investor protection)with the need to encourage growth;
- Regulators must work together to avoid regulatory arbitrage;
- Regulators must educate themselves and then investors on FINTECH – knowledge may assist in reducing risks;
- Regulators must be adaptable in the regulatory approaches – FINTECH is here to stay.