

# A President's legacy for FinTech: A roadmap for the future?



In between issuing pardons, penning a letter to his successor and handing back the nuclear codes, the outgoing U.S. President Obama has also found time for the FinTech sector. This week, the National Economic Council (NEC), part of the Office of White House Policy, a group set up to advise the President on U.S. and global economic policy, published a whitepaper setting out overarching principles for policymakers and regulators to consider in their efforts to further pro-FinTech policy.

The whitepaper, "A Framework for FinTech", outlines 10 overarching principles which the NEC consider pivotal to the future development of the FinTech sector. The NEC also want these principles to act as a roadmap for ongoing collaboration between policymakers and the industry to achieve laudable policy objectives aimed at fostering innovation, promoting access to capital, strengthening financial inclusion, addressing financial stability risks and achieving national competitiveness for the FinTech sector and financial services more broadly.

## The principles

Positioned as a guiding set of values for how policymakers should look to develop the FinTech sector, the framework's 10 principles also provide a sense of what the outgoing [Obama] administration would want to see in a future FinTech sector.

## A Framework for FinTech : *The 10 Principles*

1. Think Broadly About the Financial Ecosystem
2. Start with the Consumer in Mind
3. Promote Safe Financial Inclusion and Financial Health
4. Recognize and Overcome Potential Technological Bias
5. Maximize Transparency
6. Strive for Interoperability and Harmonize Technical Standards
7. Build in Cybersecurity, Data Security, and Privacy Protections from the Start
8. Increase Efficiency and Effectiveness in Financial Infrastructure
9. Protect Financial Stability
10. Continue and Strengthen Cross-Sector Engagement

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For a sector, which is often forced to innovate based on assumptions of regulatory expectations and policy direction, these self-explanatory principles provide a helpful foundation for not only policymakers but also the FinTech industry. Something surely welcomed by existing FinTech firms and start-ups.

## A roadmap roadblocked?

While the publication of the NEC's FinTech whitepaper is welcomed, a question remains whether the new U.S. President, Donald Trump, will pick up his predecessor's FinTech torch.

Little meaningful detail is really known about Donald Trump's stance towards financial services, not to mention FinTech. However, from what we do know of the incoming President, we expect him to bring forward a period of reform for the financial services sector, potentially tearing up industry regulation such as Dodd-Frank. Such a deregulatory agenda could mean there is little room for any further development of sector specific policy as outlined by the NEC's 10 principles.

Gary Cohn, Donald Trump's newly appointed Director of the NEC, a former Chief Operating Officer of the investment banking giant, Goldman Sachs, is also an unknown quantity when it comes to FinTech. It therefore remains to be seen whether his allegiance to the financial services sector's traditional players will influence his stance towards the new, disruptive, kids on the block.

## A model for the UK?

Here in the UK, a common complaint of the FinTech sector is that they are too often working in the dark, designing products and services without a clear set of regulatory expectations. Nowhere is this more evident than in the development of distributed ledger technology (DLT), where innovative firms are working without any meaningful understanding of what the regulatory opinion is on this technology's application.

As a model for the future, the NEC's framework therefore provides a useful example for our regulators and HM Treasury of how an authority can set expectations without punitively interfering with innovation.

The UK maintains the much-heralded position of 'Global FinTech Capital' and the sector already benefits from a number of governmental, regulatory and economic initiatives aimed at the supporting its growth. However, the nature of the sector means that the UK cannot afford to rest on its laurels and the upcoming inaugural 'international FinTech conference' being hosted by the Department for International Trade in London this April is a welcomed step to plugging the UK's FinTech investment gap. Alongside this, policymakers also need to give real consideration to drafting their own set of guiding principles for UK FinTech and provide the industry with a meaningful framework for future success.



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