



MNB FINTECH STRATEGY FOR A BETTER, MORE INCLUSIVE FINANCIAL SYSTEM



DUE TO INNOVATIONS, BANKING/INSURANCE CAN BE EASIER, FASTER AND MORE ACCESSIBLE FOR CONSUMERS



Present:
Small
penetration
of
innovative
solutions



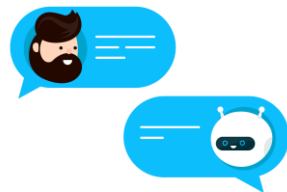
*Time-consuming
administration,
in-person banking*



*„Old fashioned” bank
accounts and
financial/insurance
products*



*Limited financial
knowledge, low savings
willingness*



***Chatbots,
improved mobile
banking***
*Fast, automated,
online administration*



***Personal Finance
Management,
Big Data solutions***
*Optimized decision-making
regarding finances/insurance,
low costs*



***Online, easily accessible
information, Robo-advisory***
*Improved will to invest,
financial awareness and
knowledge*

Future:
Wide use of
innovative
solutions

TECHNOLOGICAL DEVELOPMENT BRINGS ABOUT MANY ADVANTAGES, BUT NEW RISKS ALSO APPEAR



New technologies (partly) fulfil the role of money

- Decreasing effectivity of monetary policy instruments and reaching price stability goals
- Distorted savings and investment decisions by economic actors



A new approach is necessary while handling systemic risks

- Shift to unregulated entities
- Strengthening procyclicality
- Liquidity, funding and operational risks



Increasing risks in profitability and operation

- Wrong, unsustainable incentives
- Higher risk appetite
- Complex IT structure, non-transparent operation



Handling of arising consumer protection issues

- Increased fraud instances
- Client delusion
- Data security
- Cyber risks

Regulators should find the right balance between excessively flexible and overly restrictive approaches in order to facilitate innovation while reducing risks

INNOVATION CAN ENHANCE FINANCIAL STABILITY AND COMPETITION IN A NUMBER OF AREAS



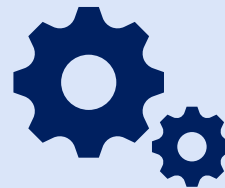
**Technological
innovation**



**More agile
operation**



**Lower cost
base**



**Improved
cost and
operational
efficiency**



**Increasing shock
resistance,
strengthening
financial stability**



**Improving
competitiveness**



**Promoting
sustainable
economic
growth**

THE MNB FINTECH STRATEGY FOCUSES ON 3+1 AREAS



Competitive financial services

- **Personalized services** that are easy and comfortable to access for a wide range of customers...
- ...available at **affordable prices**
- ... and **safe** for usage



Efficient and stable financial system

- Promoting **digital transformation** of incumbents
- Reducing operating costs and **improving efficiency**
- Supporting the implementation of **cutting-edge technologies**



Vibrant FinTech ecosystem

- Creating an environment that supports the growth of the **domestic FinTech sector** and its entry into the global market
- Providing attractive operating conditions for **international FinTech companies**
- Promoting incumbent – FinTech **partnerships**
- **IT talent development**



Improving the overall financial literacy and supporting education of digital competences, developing consumer control and awareness, supporting financial education and encouraging ethical behavior

INITIATIVES BELONGING TO THE COMPETENCE OF THE MNB



- 1 **Fostering services built on instant payment**
- 2 **Unification of the regulation applicable to digital identification**
- 3 **Providing fast track in licensing**
- 4 **MNB's expectations with regard to the digital transformation strategy**
- 5 **Creation of digital standards (e.g. APIs)**
- 6 **Creating a Technology Sandbox**
- 7 **Expansion of partnerships with universities**

- 8 **Cooperation with institutions responsible for cyber- and data security**
- 9 **FinTech Bridges – Development of international regulatory cooperation**
- 10 **Development of MNB Support Programme**
- 11 **Establishment of a FinTech Club**
- 12 **Electronic payment training, directed campaigns**
- 13 **Organising dedicated competitions**
- 14 **Launching expert courses**

RECOMMENDATIONS TO THE HUNGARIAN GOVERNMENT AND THE DOMESTIC FINTECH COMMUNITY



15 Regulatory Sandbox with statutory authorisation

16 Granting preliminary licences within the Regulatory Sandbox framework

17 Developing the regulation of ICO/STO and crowd funding business models

18 Tax incentives to foster digitalisation

19 Simpler and faster online contracting and e-signature

20 Publishing state project lists related to potential digital needs and plans

21 Ensure the accessibility of structured central databases

22 Wider access for new market entrants to existing information sources

23 Establishment of a coordination forum with the governmental export-import agencies

24 Establishment of a FinTech Association

THE MNB'S FINTECH STRATEGY IS AVAILABLE IN PRINT AND ELECTRONIC FORM

