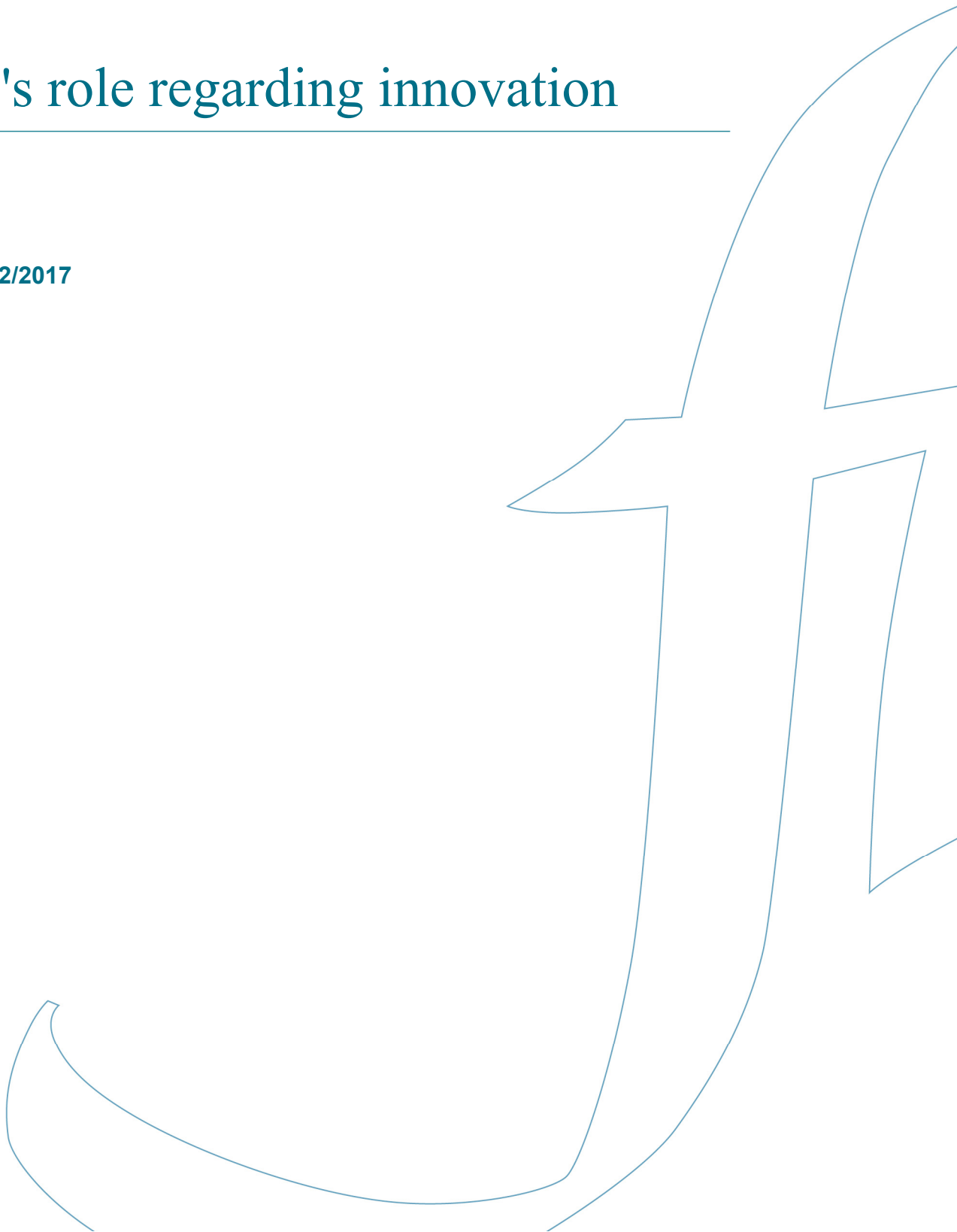




FINANSINSPEKTIONEN

FI's role regarding innovation

01/12/2017



Summary

Finansinspektionen (FI) received an assignment from the Government to map innovations on the financial market as well as the issues and needs of market participants in relation to the authority's core activities: supervision, authorisation and regulations.

Finansinspektionen is tasked with safeguarding stability on the financial market and sound consumer protection. It is therefore inherently part of FI's role not to obstruct innovation. However, FI does not have an explicit objective to promote innovation.

Innovative activities are initiated by either financial companies themselves or non-financial start-ups. FI's efforts to map the companies that work with financial innovation became more about categorising innovations than categorising companies. The innovative forces within these companies are strong, but the companies are experiencing a considerable need for information about rules, processes and principles in order to be able to realise their innovations.

In order to meet this need, FI will establish an innovation centre that will provide information to and maintain a dialogue with companies that conduct innovation-based business. The centre will give companies a point of contact that will allow them to more simple and quickly receive the information they need to progress. The innovation centre will serve as the natural first point-of-contact at FI for companies that are unsure of the rules, processes and principles that apply on the financial market in conjunction with innovation. The centre will also arrange seminars, informational gatherings and FI participation in external events regarding innovation on the financial market.

This will provide FI with better conditions for following the development of the financial market since the authority will become a natural part of the discussion when regulations and FI's processes are perceived as unclear in light of an innovation. This contributes to better supervision and further enhances consumer protection.

The existing regulation and FI's risk-based supervisory approach already currently present excellent opportunities for testing new innovative services and products on the market. Together with an innovation centre, it will be possible to achieve the primary functions – mainly a close and clear dialogue between companies and the authority – that a regulatory sandbox can provide. This also prevents various limitations, such as a selective grouping that can be considered to benefit some companies at the cost of others and conflicts of interest if companies perceive the authority to be standing behind or taking responsibility for certain innovations.

FI intends to adapt the information on FI's website so it is easier for companies to find the information they need. FI will also continue to work with other requests expressed by the companies, for example a more transparent authorisation process. FI also intends to issue guidelines on how to use cloud services.

FI believes that these measures will be able to remove the hinders the companies are experiencing both in the short term and in the long term.