

Linklaters

Singapore
FinTech Festival
2016



Singapore FinTech Festival Summary

FinTech is becoming increasingly mainstream. Fundamentally, FinTech is simply the application of technology to innovate the provision of financial services. The applications range from global tech companies such as Google and Apple branching out into financial payments, to the emergence of entirely new industries, such as peer-to-peer lending.

Singapore is becoming an increasingly important FinTech hub as the industry expands globally. The ease of doing business, an educated workforce and English language proficiency have allowed Singapore to position itself as a “gateway to Asia”, encouraging a large number of international FinTech firms to launch an Asian presence with Singapore as their base. Singapore is also in a strong position to benefit from the increasingly vibrant FinTech industry in mainland China, where players such as Alibaba increasingly lead the way in innovation.

The Monetary Authority of Singapore (“**MAS**”) has increasingly focussed on facilitating the growth of FinTech in Singapore and is committed to developing

a “Smart Financial Centre” as part of Singapore’s “Smart Nation” ambition. Notably, the MAS recently launched a “regulatory sandbox”, alongside similar schemes in the UK, Australia, Hong Kong and elsewhere, where new and existing firms can trial innovative ideas in a relaxed regulatory environment.

Whilst Singapore’s FinTech industry may not be as large as the industries found in the USA and UK, it is certainly growing. The inaugural Singapore FinTech Festival saw 12,000 participants take part from more than 50 countries, showing the high level of international interest in Singapore’s burgeoning FinTech industry. The level of excitement was palpable at the festival, and we were proud to be a

“Friend of FinTech” sponsor. We look forward to continuing to support the growth of Singapore’s FinTech industry.

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50

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.....

Our FinTech Team



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We hope that you find this review of the FinTech Festival helpful, and please do get in touch if you have any questions or ideas you would like to discuss.
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Key Announcements



Regulatory Sandbox Guidelines

The MAS published the final guidelines, giving a greater insight into the criteria for acceptance following the launch of its regulatory sandbox for financial institutions and new FinTech players in June this year.

Improving Digital Financial Advice

The MAS will shortly consult on proposals on the governance framework for the use of algorithms by robo-advisers.

Enhancing Digital Insurance

The MAS will allow insurers to offer the full suite of life insurance products online without advice, and will issue guidance on the safeguards required.



Strengthening Cyber Security

The Financial Services Information Sharing and Analysis Center (FS-ISAC) will set up the industry body's only cyber intelligence centre in the Asia-Pacific region in Singapore.

A National KYC Utility

The MAS, in partnership with the Ministry of Finance and GovTech, will be launching a pilot of a national KYC utility using government collected personal data.

Blockchain Project for Cross-border Interbank Payments

The MAS, SGX and eight banks have embarked on a proof-of-concept project using blockchain technology for interbank payments.



Open API Architecture

The MAS, in partnership with the financial industry and the Association of Banks of Singapore, published the "Finance-as-a-Service API Playbook" to assist in the development and use of Application Programming Interfaces (APIs).

New Grants for FinTech Start-ups

The MAS will provide funding of up to 50% of the costs, and a maximum of S\$200,000 per project, for Singapore-based trials of promising FinTech ideas.

Festival in Quotes

Singapore is in a strong position

“FinTech is the way forward and we are delighted that the festival will create new value and position Singapore as a future-ready financial centre”

Ong-Ang Ai Boon,
Director, Association of Banks in Singapore

“We strive towards establishing Singapore as a Smart Financial Centre and a world-class FinTech hub”

Sopendu Mohanty,
Chief FinTech Officer,
Monetary Authority of Singapore

“I have seen the future of finance, and it's in Singapore”

Huy Nguyen Trieu,
FinTech blogger

FinTech may be the key to a revival of a flagging industry

“In an industry facing the headwinds of lower economic growth and heavier regulatory burdens, innovation must be the way to refresh and re-energise the business model”

Ravi Menon, Managing Director,
Monetary Authority of Singapore

Singapore's regulator keeping pace with international developments

“Regulatory innovations such as the regulatory sandbox and open API architecture show that the MAS is keeping pace with regulators in other leading FinTech jurisdictions, such as the UK, Hong Kong and Australia”

Peiyong Chua, Counsel,
Linklaters

Cooperation between industry players is key

“Partnership between regulators, central banks and the financial services sector will accelerate solutions to maturity”

Tim Grant, CEO, R3 lab
and research center

“Fintechs should think about how they can become partners with banks rather than sticking to the mindset of becoming yet another service provider”

Benny Chan, Executive
Director, UOB

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The obstacles to FinTech firms are not just about regulation

“Differences in business culture between FinTech firms and traditional financial institutions often present the biggest obstacle to FinTech collaboration”

Adrian Fisher, Counsel,
Linklaters

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Festival in Quotes

The cloud is an increasingly useful tool

“Cloud is an effective collaborative tool for start-ups and banks alike”

Karen Cone, General Manager of the Worldwide Financial Services Sector, Microsoft

“Lest there be any lingering doubt, let me reiterate: MAS has no objection to financial institutions using the cloud”

Ravi Menon, Managing Director, Monetary Authority of Singapore



Blockchain is still an area of intense interest

“It is a technology that establishes accountability and transparency while streamlining business processes”

Alan Lim, Practice Lead, IBM Blockchain & Bluemix Garage

Singapore will continue to press forward with its FinTech ambitions

“If you have an idea that could benefit the financial system at large, Singapore is the place from which to launch your idea”

Yasmine Yahya, Assistant Business Editor, Straits Times

Innovation is a mindset

“Not all of us can be entrepreneurs. But we all have to build the skills and expertise necessary to power the digital economy. The financial sector in particular has to build new capabilities.”

Tharman Shanmugaratnam, Deputy Prime Minister and Chairman, Monetary Authority of Singapore

“Innovation is not always about high-tech. It is about seeking newer and better ways to do things, about a spirit of enterprise. It is about hope in the future. The financial industry needs that.”

Ravi Menon, Managing Director, Monetary Authority of Singapore

“Financial services in five to 10 years’ time will be called FinTech”

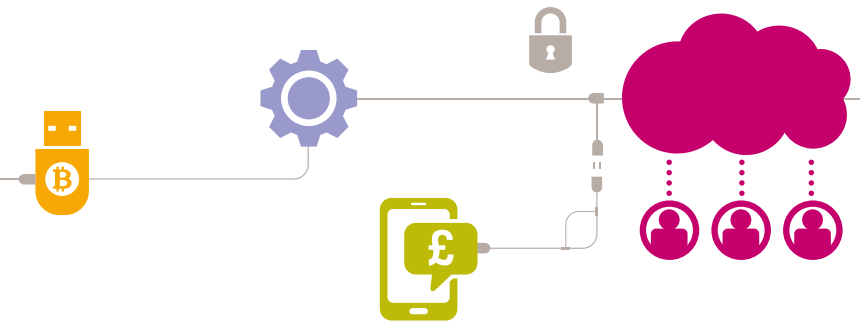
Sopnendu Mohanty, Chief FinTech Officer, Monetary Authority of Singapore

“Accelerator and other innovation programs can present a great way for start-ups to focus on getting their product offerings right early on, but can take away from focusing on core business opportunities at home”

Nick Armstrong, Co-founder and CEO at Identitii



FinTech Enablers Workshop



Linklaters hosted an interactive session on the legal obstacles to FinTech collaboration and how to overcome. The participants were:

Nick Armstrong,
Co-founder and CEO at Identitii

Benny Chan,
Executive Director at UOB

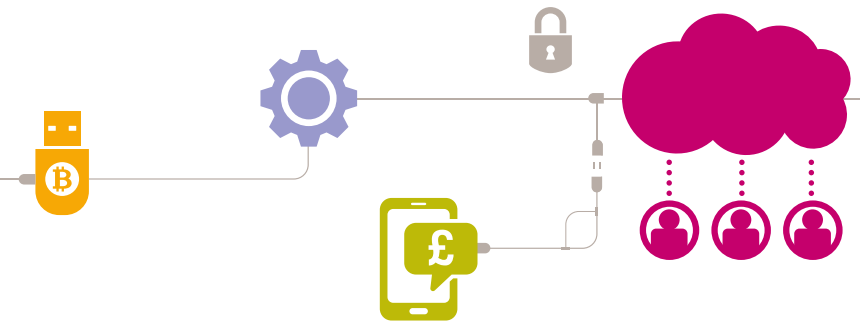
Karen Cone,
General Manager of the Worldwide
Financial Services Sector at Microsoft

Adrian Fisher,
Counsel in the Technology,
Media and Telecomms Group
at Linklaters

Peiying Chua,
Counsel in the Financial Regulation
Group at Linklaters



FinTech Enablers Workshop



Peiyong Chua and **Adrian Fisher** introduced the session with a brief overview of the legal issues facing FinTech collaboration. Adrian discussed the “open innovation” model, and how financial institutions are now increasingly looking to share knowledge from and with external sources to improve innovation. However, he also highlighted some of the issues facing FinTech startups collaborating in these open innovation models, including stringent procurement rules, unequal bargaining positions and fears by financial institutions that they may lose their competitive advantage through collaboration.

Peiyong elaborated on the key issue of regulatory uncertainty and compliance difficulties. She highlighted that FinTech firms often view collaboration with established financial institutions as a way of easing their regulatory burdens, and leveraging the financial institution’s greater regulatory expertise. However, collaboration may not ease regulatory burdens in all cases, as regulatory obligations may be

imposed on the FinTech firms by their collaboration partners or they may be subject to independent regulation.

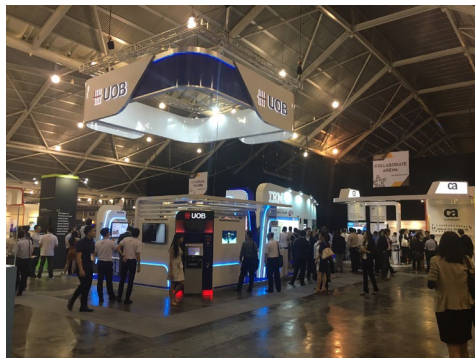
Peiyong asked the room about what they viewed as the biggest obstacle in FinTech collaboration. Interestingly, most audience members felt that differences in business culture between financial institutions and FinTech firms were a bigger obstacle than cybersecurity or regulatory burdens.

A key challenge to collaboration that many start-ups face is navigating a bank's procurement requirements. For **Benny Chan** (who is responsible for UOB's digital channels), an important distinguishing feature for start-ups is being able to position yourself as a partner rather than simply a vendor. Start-ups who are able to show the value they can bring to a bank, rather than talking only about what service they can provide at what price, will rise above the pack.

Karen Cone (who heads the financial services division globally for Microsoft) talked about how she has seen a

significant increase in collaboration as the finTech industry has grown in recent years. Karen talked about Microsoft's own journey towards using open innovation models and how cloud can be used by banks and start-ups alike as an effective collaborative tool.

From the start-up perspective, **Nick Armstrong** from Identitii (an Australian-based start-up that offers a payments information solution based on blockchain technology and that was part of the Fintech Festival's Hackcelerator program) talked about the importance of accelerators and innovation programs to growing profile and opportunities for FinTechs. But there are also challenges presented as these programs can be intensive and, for start-ups with only a handful of employees, take time away from focusing on other opportunities. For Nick, a key for FinTechs is to get their product offerings right as quickly as possible, and to think about partnering with approved vendors or systems integrators as a way to collaborate with a bank.



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