

Recent Development of FinTech Regulation in China

Budapest, April 2018



Catalogue

- Definition, drivers and regulatory framework of FinTech
- Regulation of P2P lending
- Regulation of Non-bank Payments
- NIFA: Self-discipline Approach
- Central Bank-Issued Digital Currency
- Comments & Thoughts

Definition of FinTech

Internet finance

Internet payment
Investment management
Internet lending
... ..

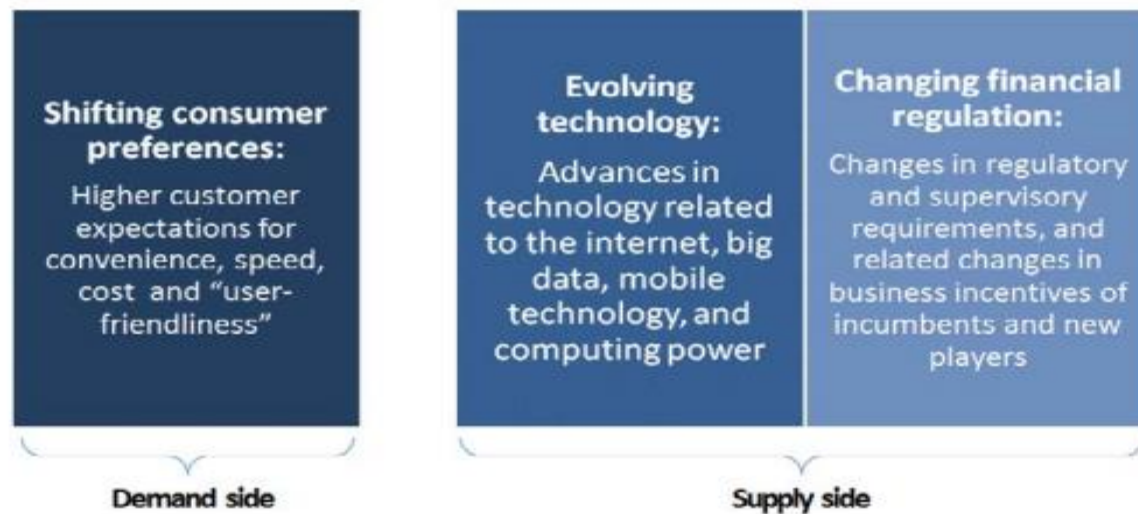
Digital
currency

Infrastructure (market provisioning),
cloud computing, blockchain, big data,
robot adviser, ID verification

New coming activities...

FinTech

Drivers of FinTech Innovation



However, the drivers of FinTech innovation vary significantly across the world.....

Regulatory Framework of FinTech

	Payment	Online lending	Online Investment	Online Insurance
Description	Non-bank payment	-Online micro lending -P2P lending	-Online Fund Distribution -Equity crowd funding	-Online Insurance
Regulatory Authorities	PBoC	CBIRC	CSRC	CBIRC
Regulation Approach	Licensing management	-Activity regulation -Institution registration	Licensing management	Licensing management
Industry Self-discipline	National Internet Finance Association			

Regulation of P2P lending

CBIRC



Activity regulation

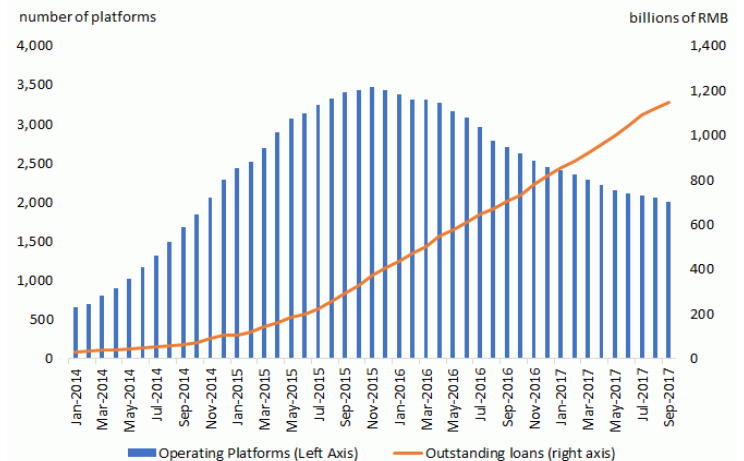
**Local
government**



Registration and supervision

- Information intermediary
- Fund custodian
- Information disclosure

Figure 1 More loans, fewer platforms



Sources: Wind, Wangaizhijia.

Regulation of Non-bank Payments

- Stricter KYC Requirements

3 types of accounts which have escalating regulatory requirements

- Tiered Regulatory Regime

better rated PIs will be subject to fewer regulatory scrutiny

- Emphasis on Small Transactions

spending limits in accordance with the *PRINCIPLE*

National Internet Finance Association

- A Self-discipline approach
- A Bridge between Industry and Regulators
- An association to create and enforce industry standards

Central Bank-Issued Digital Currency

Initial Considerations and Latest Development

- Why needs the central bank-issued digital currency?
- Two-tier delivery model
- Controllable anonymity-complement to cash
- DLT is the only option?

Comments & Thoughts

- There is no unified regulation approach on FinTech activities
- Improve the ecosystem of FinTech can help mitigate some significant risks
- Incorporate new ideas and approaches to improve regulation efficiency