

Press Release

ASIFMA Releases Guide for Regulators to Promote Effective Development of Fintech in the Region

10 Best Practices for Developing Fintech in Asia

9 June 2017, Hong Kong – ASIFMA, the financial industry's leading regional trade association, today released its guide "[Best Practices for Effective Development of Fintech](#)". The guide lays out 10 best practices for policymakers and regulators to consider as they seek to support the development of Fintech in the financial services industry. The guide was developed with support from a member working group led by international law firm Herbert Smith Freehills.

"The rapid evolution and development of Fintech is significantly changing the face of the financial services industry and provides vast potential for increased productivity and efficiencies in the way financial services are delivered," commented Mark Austen, CEO of ASIFMA. "But at the same time, this rapid change has created numerous challenges and gaps for regulators around the region, which our best practices aim to address."

"The developments in the Fintech space span a wide variety of financial operations, from peer-to-peer lending and online trading platforms, to big data analytics and artificial intelligence. While it is important for authorities to facilitate these advancements, it is also critical to recognize the challenges confronting Fintech companies as well as the incumbents who are looking into adopting Fintech in their operations in navigating different regulatory landscapes and regulatory uncertainty. Throughout Asia there is development at different paces and without much formal cooperation among the markets, so there's an important and growing need for consistent regulatory standards across all market participants -- including incumbents and start-ups -- and increased coordination locally, regionally and internationally. With this in mind, the guide is designed to provide practical guidance to authorities on addressing these challenges to better serve consumers, businesses and investors," added Mr. Austen.

"In drafting the principles, we recognised that regulators need to maintain a delicate balance, between encouraging Fintech innovation and growth on the one hand, and ensuring system and customer protection on the other," said partner Hannah Cassidy at Herbert Smith Freehills. "Without that balance, cybersecurity fears could overwhelm Fintech growth, particularly when high-profile attacks have already affected even the most critical and well-protected financial systems."

The 10 Best Practices for Developing Fintech in the Region

Best Practice 1: Support the development and adoption of responsible, safe and secure Fintech products and services, by facilitating dialogue between Fintech participants, financial institutions and policymakers.

Best Practice 2: Work with the industry to explore Regtech solutions to create more efficient and effective regulatory supervision and reporting mechanisms.

DEVELOPING ASIAN CAPITAL MARKETS

Best Practice 3: If required, develop regulatory policies that strike an appropriate balance between innovation, safety, and consumer protection.

Best Practice 4: Ensure consistent regulatory standards are applied to all market participants.

Best Practice 5: Ensure inter-agency cooperation to promote consistency nationally across different sectors impacted by Fintech such as banking, securities, insurance and telecommunications.

Best Practice 6: Enhance cross-border cooperation with other regulators to promote use of best practices, recognition agreements and harmonisation of laws and regulatory requirements.

Best Practice 7: Support industry-driven interoperability.

Best Practice 8: Provide a clear framework and guidelines to allow for cross-border transmission of data for processing and storage.

Best Practice 9: Ensure laws support technological developments.

Best Practice 10: Promote cybersecurity and data security in a globally interconnected financial system.

The full guide can be found [here](#).

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About ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 100 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

More information about ASIFMA can be found at: www.asifma.org