

GOOD POLICIES FOR FINTECH IN LATIN AMERICA: *Controlling Risks and Enabling Growth*



Camila Perez Marulanda
Western Hemisphere Department
International Monetary Fund



MAIN TAKE AWAYS:

- Fintech is growing rapidly
- Fintech is innovation
 - Fintech is improving inclusion
 - Fintech is also boosting competition
 - Fintech helped the region weather the COVID-19 shock
- Fintech also brings risks
- Regulators are trying to address risks
- Policymakers are supporting fintech development but could do more

Regulators need to address risks

Financial stability

Financial integrity

Regulatory risks

Market integrity risks


Cybersecurity risk

Data privacy risk

Fintech' financial stability risk: bank runs at lightning speed

- SVB example:
- Attempted withdrawals on March 9, 2023: \$42 billion.
- Withdrawals per second: \$500,000.



Mohamed A. El-Erian 

@elerianm

More [#SVB](#) takeaways:

The supersonic speed of information flows and deposit flight in this tech-enabled banking



At the same time, fintech makes regulatory compliance easier

Firms use regtech for managing regulatory compliance.

Authorities use suptech to fulfill certain regulatory tasks.

Mexico (CNVB and Bank of Mexico), Brazil (BCB)
developed suptech tools.

Regulators are providing enabling policies

Open Finance Regulation:

- Brazil and Mexico with a mandatory models.
- Recently approved in Chile and Colombia (2023).

Innovation Facilitator:

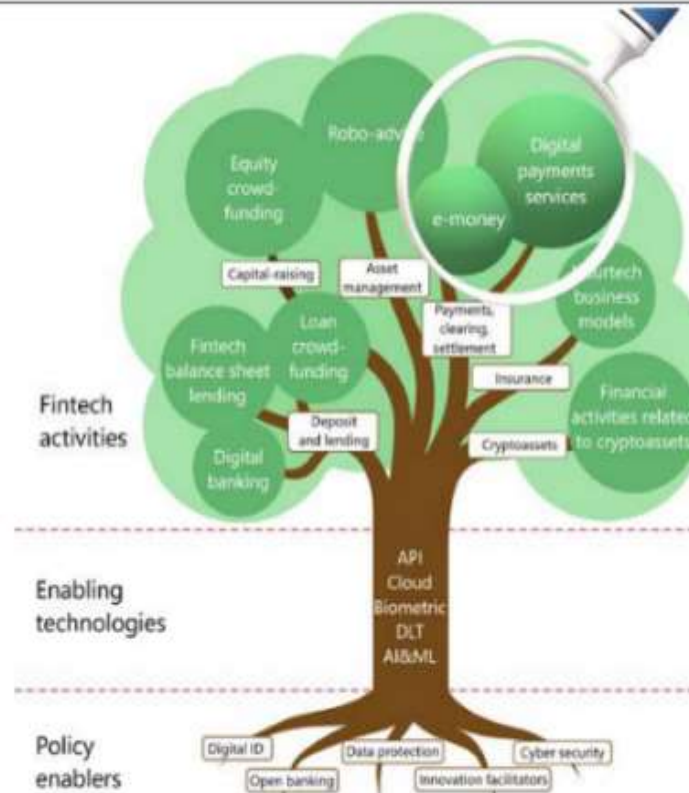
- Brazil - LIFT supported by the Central Bank

Digital ID:

- Launched in Argentina during Covid for requesting and processing national IDs in a mobile app

Fintech tree: a taxonomy of the fintech environment

Chart 1



Source: Adapted from Ehrentraud et al (2020).

Authorities have launched and accelerated Innovation Hubs and Sandboxes



Innovation Hubs in Latin America and the Caribbean

Country	Promoters	Year
Argentina	National Securities Commission	2022
The Bahamas	Securities Commission of the Bahamas	2019
Brazil	Securities and Exchange Commission	2016
Colombia	Financial Superintendency	2020
Costa Rica	CONASSIF, SUGESE, SUGEVAL, SUPEN, SUGEF, Central Bank	2022
El Salvador	Financial Superintendency	2021
Guatemala	Banks Superintendency	2019
Dominican Republic	Central Bank, Bank Superintendency, Capital Markets Superintendency, Pensions Superintendency, and Insurance Superintendency	2022

Sandboxes in Latin America and the Caribbean

Country	Promoters	Year
Barbados	Central Bank of Barbados and Financial Service Commission	2018
Brazil	Central Bank of Brazil	2020
Brazil	Private Insurance Superintendency	2020
Brazil	Securities and Exchange Commission	2020
Colombia	Financial Superintendency	2020
Jamaica	Bank of Jamaica	2020
Mexico	National Commission of Banking and Securities	2018
Peru	Banks and Insurance Superintendency	2021
Trinidad and Tobago	Central Bank, Financial Intelligence Unit, and Securities Exchange Commission	2021

Thank you!

