



LIETUVOS BANKAS
EUROSISTEMA

Bank of Lithuania RegTech initiative

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Board member

Why RegTech?

Post crisis increasing **accountability** requirements / higher regulatory **standards**

BoL is open and proactive in ensuring **competition** and promoting **innovations**

Employ technologies to meet regulatory requirements and reduce compliance costs

We feel **obliged** to take necessary steps **to help** with compliance challenge

RegTech is our answer to FinTech



Adapting regulatory framework and supervisory practices

NEWCOMER PROGRAM

one-stop shop for new market entrants

REGULATORY SANDBOX

adapting the regulatory toolkit

REGTECH / SUPTECH

reducing compliance burden

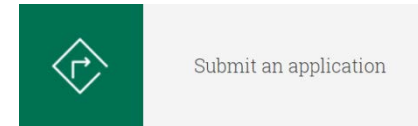
BANK OF LITHUANIA as integrated regulator responsible for prudential and business conduct supervision as well as payment system management

STRATEGIC DIRECTIONS FOR 2017-2020
PARTNER IN INNOVATION AND SUSTAINABLE GROWTH → COMPETITIVE AND INNOVATIVE FINANCIAL MARKET

5 reasons to build your FinTech business in Lithuania

- 1. GUIDANCE AND COOPERATIVE ATTITUDE**
REGULATORY FRAMEWORK - open and clear to venture and entrepreneurs
- 2. SMOOTH AUTHORISATION**
1. Simplified process of application for licence
2. Lower (EU) licence capital
3. Streamlined bank licence for payments services (streamlined capital requirement - 40 million EUR) (EU licence requirement - 100 million EUR)
4. EU licence application submission (once in EU)
- 3. FORWARD THINKING REGULATION**
INNOVATIVE - for emerging technology
LEVEL PLAYING FIELD - for all market participants
- 4. ACCESS TO PAYMENT INFRASTRUCTURE**
CHECKOUT - a payment system established and licensed by the Bank of Lithuania
FULL CITY - availability in all countries
NEW SERVICE PROVIDER - since 2016 on request
DIRECT - technical access for 2017 year
FINANCIAL INSTITUTION - since 2015 on request

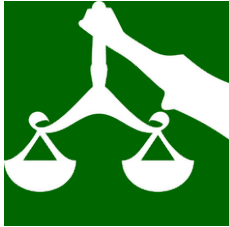
REGULATORY HANDBOOK for testing innovative ideas
LIETUVA - technological needs and solutions for financial market entrants
INNOVATION HUB (e.g. open-innovation hub)



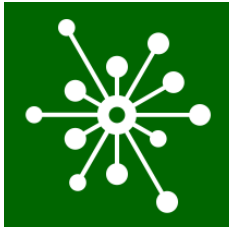
RegTech in action



E-licencing tool



RPA for dispute resolution



Data strategy

Key drivers for RegTech adoption

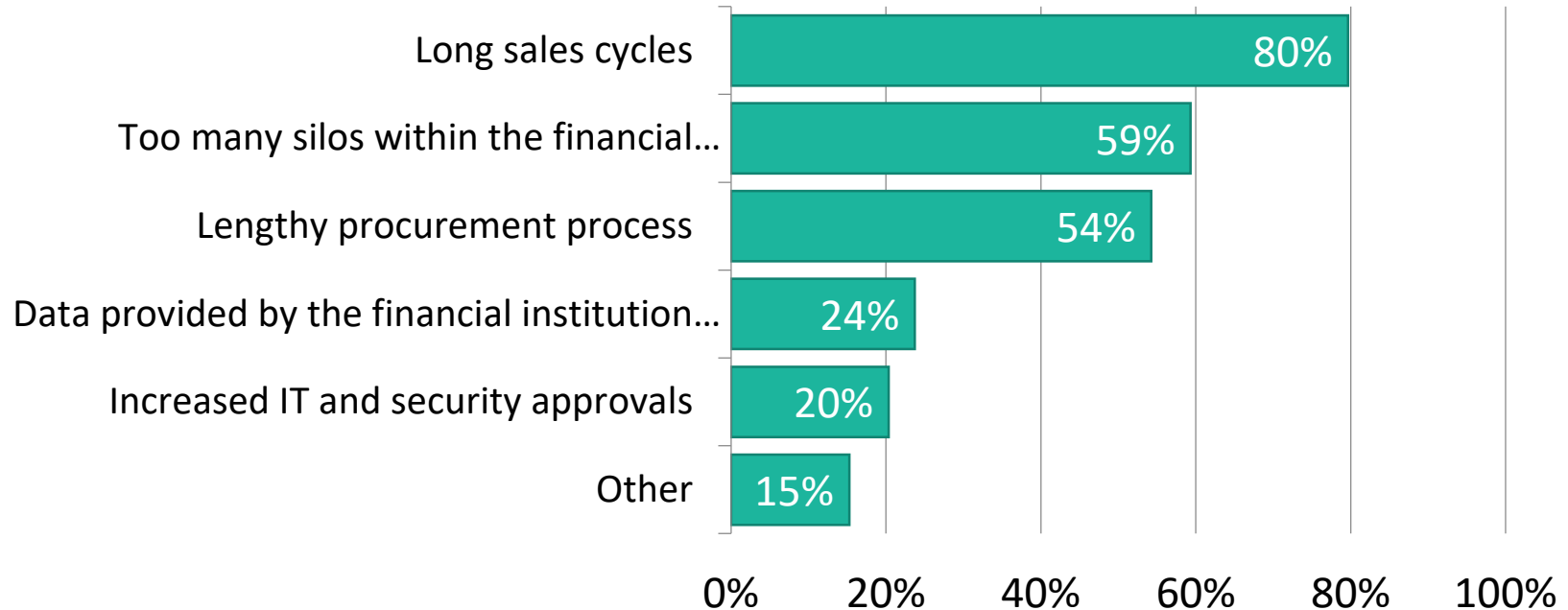
- Quality (compliance)
- Risk (operational)
- Cost (automate / minimize error)
- Do more (regulatory reporting)
- Better governance
- UX

RegTech showstoppers

- Integration, awareness, complexity
- Cost and benefit test of RegTech
- Knowledge of subject matter, budget and time
- Security, data quality, immature providers
- Integration with legacy systems
- Lack of EU standards, large volumes of complex regulations
- We a humans (change is unwelcome, uncertain)



Challenges of RegTech providers

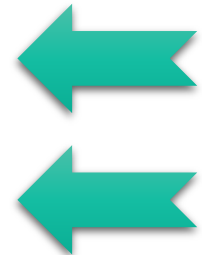
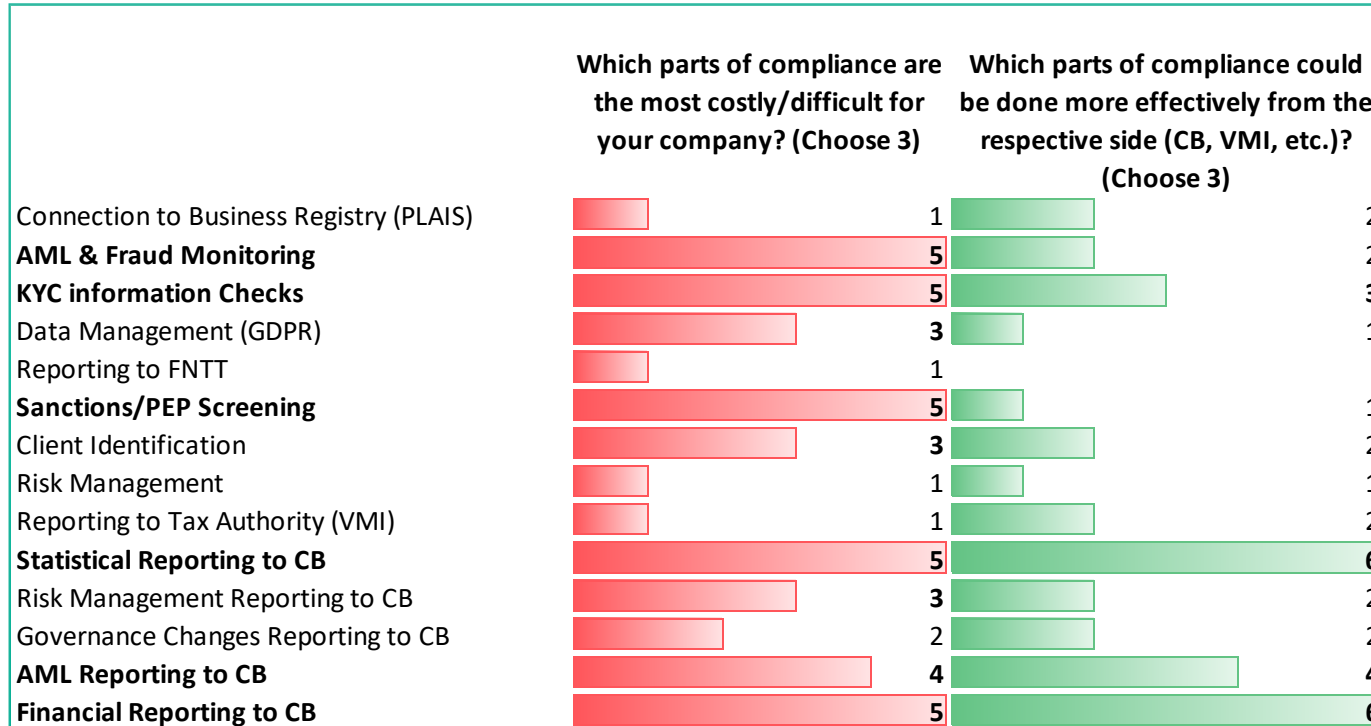


Source: Finance Edge, RegTech survey results; Lietuvos bankas analysis

BoL roadmap for RegTech



FinTech sector pressure points in Lithuania





Next steps



Enhancement of E-licencing tool to full authorisation



E-case for alternative dispute resolution



Chabots / API register

Summary



LIETUVOS BANKAS
EUROSISTEMA

- Committed to promoting **innovation** and technology in the financial sector, including RegTech
- Seek to promote **competition** for the benefit of consumers
- **Compliance** need not impede access to financial services and the market
- Invite open sharing of insights on how to utilize **technology** to **reduce risks** and compliance costs

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