

# TECH POLICY TOOLKITS

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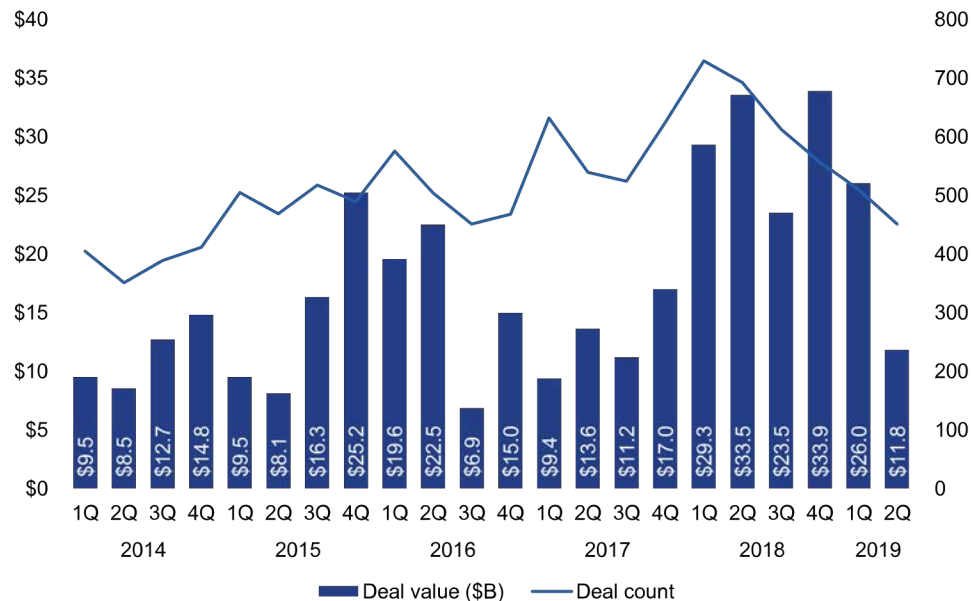


*people don't buy technologies, they buy  
solutions to problems*

# CONTEXT

# Significant private financing of fintech companies

Total investment activity (VC, PE and M&A) in fintech  
2014–Q2'19



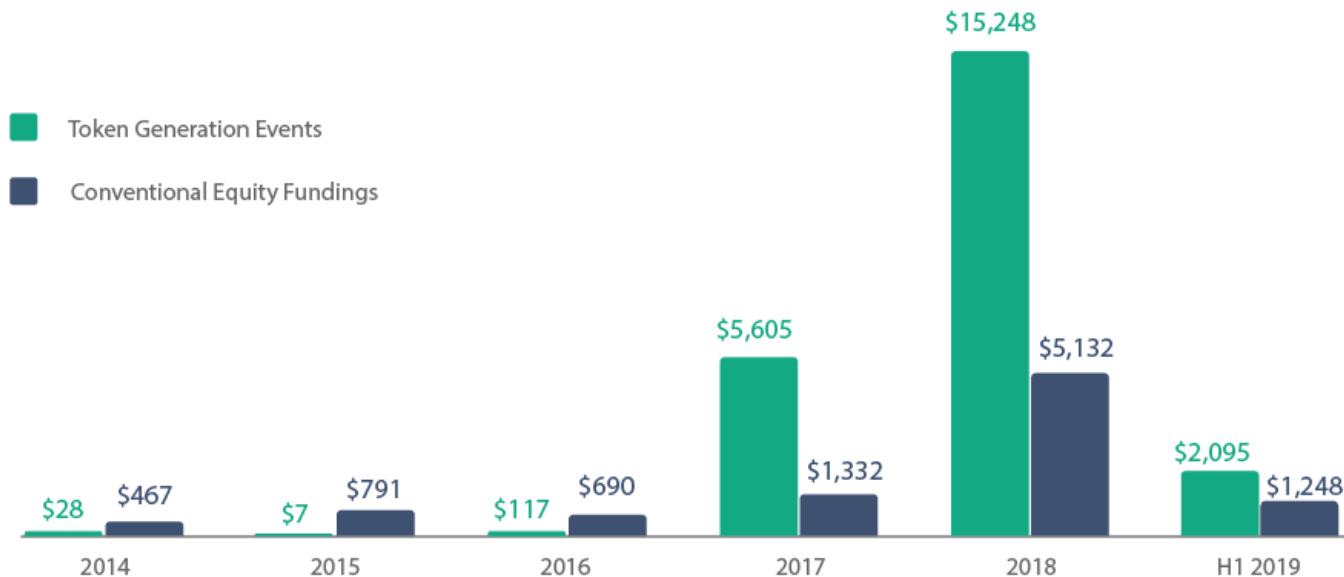
- \$378bn invested in past 5 years
- \$38bn in 1H19 across 962 deals

Source: Pulse of Fintech H1'19, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook) June 30, 2019.  
Note: refer to the Methodology section at the end of the document to understand any possible data discrepancies between this edition and previous editions of The Pulse of Fintech.

# New financing sources emerge

(ICO's, STO's, IEO's Ahoy!)

*\$ invested  
in blockchain  
companies  
(millions)*



Data as of July 2019; Source: teqatlas.com; Conventional Equity Fundings include Angel / Seed, Early Stage VC, Later Stage VC, Other VC Deals, and Private Equity. Early Stage VC deals include Series A, B, and C, while Later Stage - all above Series D venture deals.

teQatlas

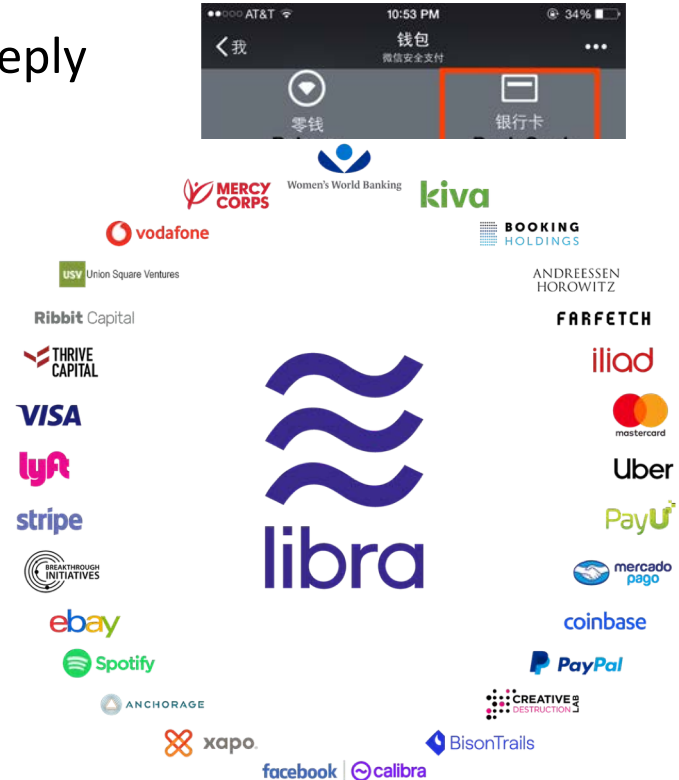
# Context: a time of change

- Identity is a keystone issue
  - 3.5 billion people are underbanked or unbanked
  - Approx. 1 billion lack any legal identity, **mostly women & children**
- 95% of SMEs are underbanked
- But, new forms of credit modeling promote access
- But, new data portability (e.g., GDPR, Open Banking, etc.)
- And, more aggressive hackers



# Rise of the platforms

- Major platform companies are encroaching deeply into Digital Financial Services (DFS) globally
- WeChat has over 1bn active users (source: ZDNet)
- At least 20% of WeChat users are linked to payments (source: a16z)
- Banking regulators and central bankers aren't typically constituted to focus on platforms
- Although, that's starting to change



# Regulatory confusion

- For example in 2018 OECD examined cryptocurrency regulation
- At the time, out of the G20
  - 4 banned crypto outright
  - 7 regulated it through existing rules
  - 2 mandated SAR
  - 11 passed new crypto-specific regulation
- Harmonized policy, this is not
- Since that discussion at least one of those countries, South Korea, reversed its ban

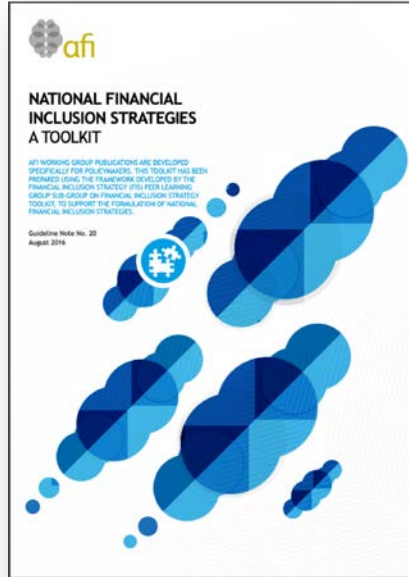


# TECH TOOLKITS



*How do you create an enabling environment  
for technology-driven innovation?*

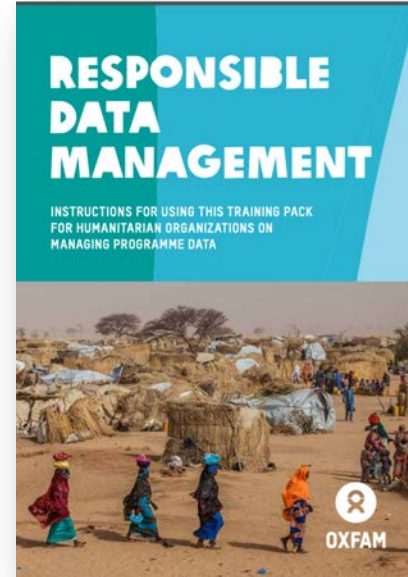
# Toolkits have been used for years to accelerate change...



**Financial Inclusion**



**Circular Economy**



**Responsible Data Management**

# Theory of change for a fintech toolkit

- ✓ *Building capacity through a combination of technical material and how to apply it*
- ✓ *Provide case studies to illustrate implementation*
- ✓ *Discuss nuances related to development and other considerations*

## TECH TOPICS

## POLICY OUTCOMES

## CASE STUDIES

## DISCUSSIONS

- ✓ Economic development stage
- ✓ Legal heritage/context
- ✓ Regional considerations

# Tech topics

*Easily-to-understand explanation for non-technical professional*

**Artificial Intelligence**

**Blockchain**

**Digital Identity**

**Big Data/ Analytics**

**Digital Financial  
Services**

**Cybersecurity**

# Outcome areas for Fintech Toolkit

*Guidance on how tech topics relate to major policy outcomes*

## Greater Financial Inclusion

- Stronger protection of consumers
- Lower cost of AML/KYC compliance
- Greater financial and data literacy
- More identity inclusion and lower rates of identity theft

## Improved Cross-Border Transactions & Trade

- Lower cost of remittances
- Lower cost of AML/KYC compliance
- More robust cybersecurity

## Improved Economic Growth

- Greater transaction speed
- Better access to credit for consumers and businesses

# Case studies (example from Commonwealth)

**Emerging Technologies  
Journey: Blockchain in  
Papua New Guinea**



**Pioneering Mobile  
Money in Kenya**



**Digital Assets  
Businesses in Bermuda**



**Malta's Support for  
Virtual Financial Assets**



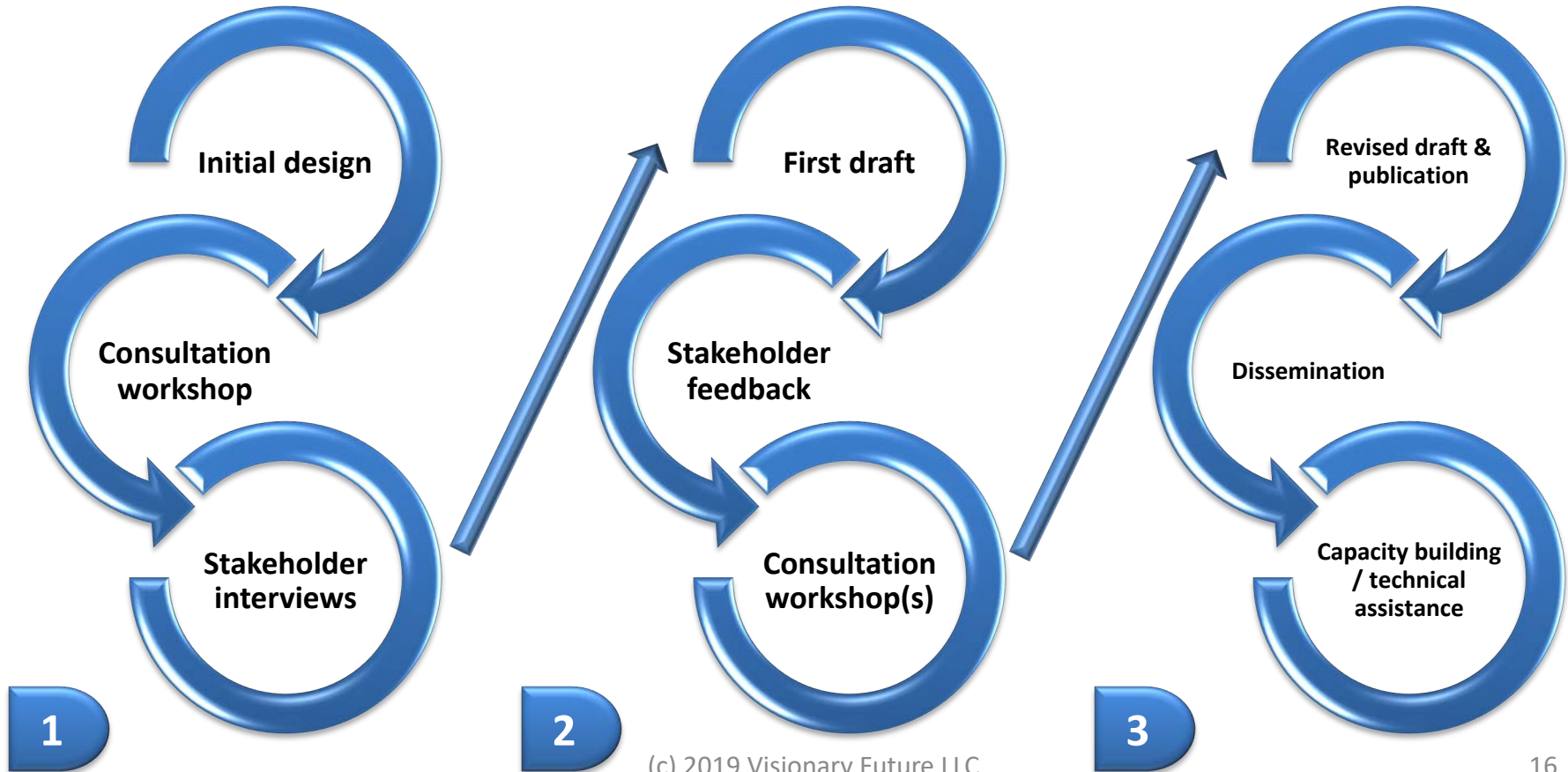
General case of regulating emerging technologies  
Focus on financial inclusion  
Implementing Digital Financial Services (DFS)  
Specific action around blockchain / crypto

# Model laws: for future development

- Develop and deliver model laws and regulations alongside the toolkit
- Can ease adoption by providing “off the shelf” technical assistance for emerging economies
- For Asia-Pacific region: provide callouts on different legal environments
- Could include feedback and commentary from nations who have implemented similar laws, to inform design and deployment



# Highly consultative process for development



# Visionary Future: bringing thought leadership into action

*digital courses in  
130 countries*



**Massachusetts  
Institute of  
Technology**



  
**Department for  
International Trade**



**Frontiers of  
Financial  
Technology**



**New Solutions  
for Cybersecurity**



**Trusted Data**



**Basic  
Blockchain**



**The Commonwealth**

## Contact Information



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