



Summary Note

Date and time: Tuesday 21st January 09:30-11:00

Location: Room O, Portcullis House, SW1A 2JR

Session Title: Regulating the Future of Financial Services

1. Opening Remarks - Luke Charters MP, Chair

- The Chair and co-Chair introduced themselves and welcomed attendees to the meeting, which will focus on how regulation can unlock growth in the FinTech sector.
- Attendees introduced themselves and their organisations.

2. What does FinTech need from the government and regulators?

Question for discussion: What should regulators stop doing? What rules need streamlining/removing?

Attendees shared the following thoughts:

- An increase of the MREL threshold to £50 billion by the PRA would keep the UK in line with the US and EU and help challenger banks to scale. This will also benefit the wider economy as circa 60% of all SME lending is done by challenger banks and alternative lenders.
- The importance of incentivising data sharing within financial services, but also with regulators was raised.
- It was suggested that a coordinated outcomes based approach to payments regulation would help to avoid incremental changes.
- Proposals to reduce the regulatory burden are welcome, one example of outdated, prescriptive legislation is the Consumer Credit Act 1974.
- Streamlined credit affordability rules between regulators and the Financial Ombudsman Service were also raised, as well as concerns on the unpredictability of the FOS and the impact of this on scaling firms.
- The lack of public-private relationship between industry and regulators is leading to log jams in the regulatory system and open banking is a test case on solving this.
- The velocity of decision making by regulators needs to increase and the Data (Use and Access) Bill will underpin the decision making that regulators must take.
- It was suggested there is the opportunity for the UK to be a leader again in open banking.
- HMRC proposals to remove the VAT exemption for financial services firms on outsourcing are seen as a potential threat to growing the UK's FinTech sector.
- There is a more challenging environment in the UK for stablecoins in comparison to other forms of digital money and other jurisdictions. There is concern over whether stablecoins will be able to operate on a level playing field.
- It was suggested regulatory stasis in open banking means the FinTech sector cannot progress, cannot offer new products and cannot contribute to growing UK plc. More resources, clearer timelines and steers from the government will be important in overcoming this.



Question for discussion: How should regulators act and engage differently?

Attendees shared the following thoughts:

- Connectivity between FCA departments has fallen apart with teams working in silos and to improve this, innovation needs to be woven into every team in the FCA. It was suggested that new clarity from the government on the FCA - PSR relationship and subsequent action to strengthen the links between each organisation's leadership could break silos.

3. Closing remarks and summary of recommendations for policymakers- Luke Charters MP, Chair

- The Chair summarised the discussion and thanked attendees for their time and insights.

–END–



Appendix- Final Attendee List

Industry/Regulators

Financial Conduct Authority
Payment Systems Regulator
Bank of England
Starling
ClearBank
Klarna
Block
PayPal
Coinbase
TrueLayer
Ripple
Stripe
Revolut
OpenPayd
GoCardless
EuroClear
Henham Strategy
GSR
Chainalysis
Northpoint Strategy

Secretariat

Innovate Finance	Adam Jackson	Chief Strategy Officer
Innovate Finance	Megan Jenkins	Policy and Public Affairs Manager

Parliamentarians

Commons	Luke Charters MP	Chair of APPG
Commons	Samantha Niblett	Co-Chair of APPG



All Party Parliamentary Group FinTech

	MP	
Commons	Dan Aldridge MP	Member of APPG
Lords	Lord McNicol	Member of APPG