



REGULATORY APPROACHES TO FINANCIAL TECHNOLOGY



National Association of Federally-Insured Credit Unions

EXECUTIVE SUMMARY

NAFCU advocates for competitive equality between traditional financial institutions and fintech companies. At the same time, we have sought to empower credit unions with the tools to innovate and serve their communities better and more efficiently. However, tension sometimes exists between these objectives because credit unions and fintech companies are frequently partners.

In a newly released white paper (nafcu.org/fintech-whitepaper), NAFCU charts a path forward for regulatory coordination in order to achieve an even playing field where the nuances of new business models and

CREDIT UNION TECH INVESTMENTS TO DATE



their systemic impact are well understood, and where consumers' rights are respected and protected. To realize this goal, NAFCU recommends:

1. The Federal Financial Institutions Examination Council (FFIEC) should form a subcommittee on emerging technology (the subcommittee) to monitor the risks posed by fintech companies and develop a joint approach for facilitating innovation.
2. The subcommittee should report its findings to Congress annually.
3. The subcommittee should define the parameters of responsible innovation to ensure consistent examination of emerging technologies.
4. The subcommittee should identify best practices for responsible innovation.
5. The subcommittee should recommend regulatory improvements to allow FFIEC-regulated institutions to adopt new technologies with greater legal certainty.

As new chartering options and regulatory sandboxes come into play, the competitive dynamics within the financial sector could change rapidly. As a result, regulatory agencies will need to work together to allow financial institutions of all types to leverage new technologies for the benefit of their customers. The NCUA should ensure that credit unions are not left behind in efforts to facilitate partnerships and experimentation with fintech.

Read the full white paper at nafcu.org/fintech-whitepaper.