



## **Digital Banking: opportunities, risks, and related regulatory framework**

### **“Online” Workshop**

**Monday, 9<sup>th</sup> May 2022  
14:00 to 16:30 Abu Dhabi Time**

**Arab Monetary Fund**

## Background

Financial innovation enabled new business models related to deposit-taking, credit intermediation and capital-raising. Digital banking derived new opportunities for reaching low-income customers with more useful and affordable services. These innovations allowed creating more critical financial needs for customers, competitive pricing, using advanced data collection and analytics techniques to customize products, initiating remote and rapid on-boarding, as well as innovative distribution models.

However, these technology-enabled business models raised questions about the regulatory framework and how to legalize them, where authorities assess whether their existing regulatory framework need to be adjusted; particularly in case where authorities usually face the challenge of fostering fintech innovations while mitigating potential risks for the financial system.

Moreover, couple of risk parameters need to be assessed related to, among other factors, whether digital banking activities benefit society and support financial inclusion, the potential risks to consumers and investors, financial stability and market integrity, as well as potential opportunities for regulatory arbitrage that may emerge.

## Objective

The workshop will deep dive into the main concepts, opportunities and risks of digital banking. Similarly, it highlights diverse regulatory approaches for inclusive digital banks, financial and non-financial requirements for licensing, as well as governance and risk-based technology-neutral regulatory frameworks. The workshop illustrates related global and regional experiences and study cases, aiming to close the gaps and mitigate pertaining challenges for the Arab region.

## Target group

The workshop targets staff from regulatory and supervisory authorities, mainly from Arab central banks and monetary authorities, who are engaged in financial inclusion and Fintech mandates, as well as staff from commercial banks, and banking associations in the Arab region.

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#### **Agenda**

##### **Sessions’ Outline**

- 14:00 - 14:10**    **Opening remarks, introduction, and overview – Arab Monetary Fund**
- 14:10 - 15:00**    **Session I: Digital banking for financial inclusion and related regulations– CGAP – IFSB**
- Digital banks to foster innovation and promoting financial inclusion
  - Diverse regulatory approaches for inclusive digital banks.
  - Islamic digital banking, and how to embrace using technology supporting sharia requirements.
- 15:00 - 15:50**    **Session II: Digital banking opportunities, risks, governance, and regulatory framework – FSI - BIS**
- Benefits and risks of extending banking licences to big techs and fintechs
  - Financial and non-financial requirements for licensing
  - Data governance system, risk-based technology-neutral regulatory system
- 15:50 - 16:40**    **Session III: Global and regional experiences and study cases – IFC Accenture- Global Blockchain Business Council**
- Experiences from EU, India, and South Africa digital banks
  - A holistic framework for adopting digital banking, and analysis for success & failure cases
  - Digital banks: Strategy execution framework and cooperation opportunities in the Arab region
- 16:40 - 16:45**    **Concluding remarks – AMF**