

Richard Doornbosch: Welcome address - 2nd Annual Fintech Conference

Welcome address by Mr Richard Doornbosch, President of the Centrale Bank van Curaçao en Sint Maarten, at the 2nd Annual Fintech Conference, Willemstad, 21 November 2024.

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Ladies and gentlemen, good morning, bon dia,

A warm welcome to everyone attending the second annual Fintech Conference of the Centrale Bank van Curacao en Sint Maarten.

I am pleased to see so many of you at this conference today reaffirming my belief in the importance of Fintech and Financial Innovation for the countries of Curaçao and Sint Maarten.

First and foremost, let me start by highlighting our recently published exploratory analysis: The Rise of Financial Technology in Curaçao and Sint Maarten. The results of this analysis show a very sizeable number of Fintechs and fast expanding activities, particularly in Curaçao. Many of these Fintechs are employing highly skilled local talent and locally developed technologies, and target Curaçao and Sint Maarten but also markets beyond. The weight of the Fintech sector in Curaçao outsizes already by far its expected position in the local economy. It makes us think that we may be on the eve of the island becoming a regional Fintech hub! After having operated as the global hub for investment fund administration for decades, Curaçao's financial sector seems to enter the next level!

Fintech is important for the financial sector on the islands, for the local economies and for the central bank. One of the CBCS's objectives is to promote the soundness and stability of the financial system. And Fintech and innovation impact those objectives: positively in the form of new efficiencies and better choices for consumers and businesses. However, new technologies also bring about new challenges or risks, such as cyber.

We recognize that for some new activities there might be regulatory uncertainty. Most of the laws and regulations in place were written in the pre-Fintech era and might not cover new business models, financial services and products. New regulations are expected to be introduced soon to ensure regulatory coverage. Our aim is to make innovation and the surge of Fintech firms together with all involved parties in Curaçao and Sint Maarten a great value added.

So, what do we do about this?

First, in early 2021, recognizing the early appearance of innovative start-ups in Fintech, we designed an internal strategy on how to handle Fintech and innovation.

Second, acknowledging that legal certainty for these new firms is critical for growth and orderly incorporation in the regulated financial sector, we are extending our framework to those segments with most activity: payments and virtual assets (or Crypto).

We expect new laws on Payments and on Virtual Assets very soon to be adopted by the parliament. Once these laws are adopted, the central bank will fast forward the development of regulations to complete the regulatory framework.

Additionally, as per May 16th of this year, the National Ordinance on Identification when Rendering Services and the National Ordinance on Reporting Unusual Transactions have been amended to ensure all Fintech business also comply with the anti-money laundering, terrorist financing and proliferation of weapons of mass destruction rules. The CBCS will ensure a clean market with high standards of integrity.

Further to this, we organized an extensive and intensive staff training by key global specialists in the area.

And last year, we designed an action plan with a number of concrete steps to support the orderly and smooth introduction of Fintechs in the local financial markets and to provide transparency and insights in the Fintech activities in the countries of Curaçao and Sint Maarten to the practitioners and the public at large.

The execution of the action plan is in the hands of the Fintech Team of the central bank, a new team that is full-time dedicated to Fintech and innovation. You will meet Luzmary Silié-Eleonora from the Team right after my welcome address. She will present our first Exploratory Analysis, which will shed light on the developments in Fintech on the islands. You will also meet Farah de Haas from the Team. Tomorrow, she will present our new Innovation Office to you that is created to assist Fintechs in navigating the regulatory framework and administrative processes.

It is also important to mention Werner Bijkerk who is with us here at the conference. A renowned financial regulation and fintech experts that helped us throughout the process and who I expect will remain on our speed dial list.

Ladies and gentlemen, digitalisation driven by the continuing development of technology is changing our societies profoundly. Digitalisation also changes the financial sector. Financial services and products become increasingly digital. With a touch on the screen of our mobile phone or laptop we transfer money to pay our bills, sent it to family or friends within the country or abroad, invest it in term deposits, stocks, bonds, investment funds or crypto assets, contract an insurance policy or store it in digital wallets for later use. Digitalisation has the potential to make the financial sector more efficient and inclusive, as the lower cost due to technology makes financial services more affordable and accessible to families and firms with lower incomes. That is potentially great news for the society and for the economy.

New innovative firms have entered the financial markets to provide these services using technologies of all sorts. These Fintechs as we call them also provide their services to

the incumbent financial institutions, such as banks and insurance companies. And on their own, these incumbent financial institutions develop and implement new technologies as well.

The Fintechs and the incumbent financial institutions compete and work together, and jointly they make the market more efficient, enlarge the market by offering services to those that were before unbanked by providing new products and services, such as digital assets. Looking into the future, the financial market will become more digital and technology-driven every day, and very soon, no one will talk about Fintech anymore as the large majority, if not all, of the financial services will be largely digital, making it the new normal.

For the conference today and tomorrow, our Fintech team designed a crisp and insightful program for you with top experts and presenters from across the globe.

Today, we will present the insights from our recently published Exploratory Analysis. After that, we will have a Keynote Speech on Open Payments and Open Finance then we will have our first panel discussion on the Impact and Future of Payments.

We will finish the day with a panel discussion on the Good, The Bad and The Ugly in Crypto. Payments and crypto, the themes for these panels, are the largest segments of the Fintech activities in Curaçao and Sint Maarten.

Tomorrow, the conference theme is Launching the Future & Leading the Way. We will kick off the day with the Innovation Office going live. The launch of the Innovation Office will bolster a new era for innovative business in the financial sector. After the launch, we will have a panel of regulators from other, leading jurisdictions in the region, to discuss and learn how regulators can best pave the way for innovation.

We will close the conference with a panel that will consider Curaçao as Emerging Fintech Hub. Following each panel and presentation, we warmly encourage you to pose your questions to the experts.

That being said, after these two days I hope you will share my belief that we are on the brink of Curaçao Financial Hub 2.0!

Ladies and gentlemen thank you very much for your presence and I wish you an insightful and engaging conference!