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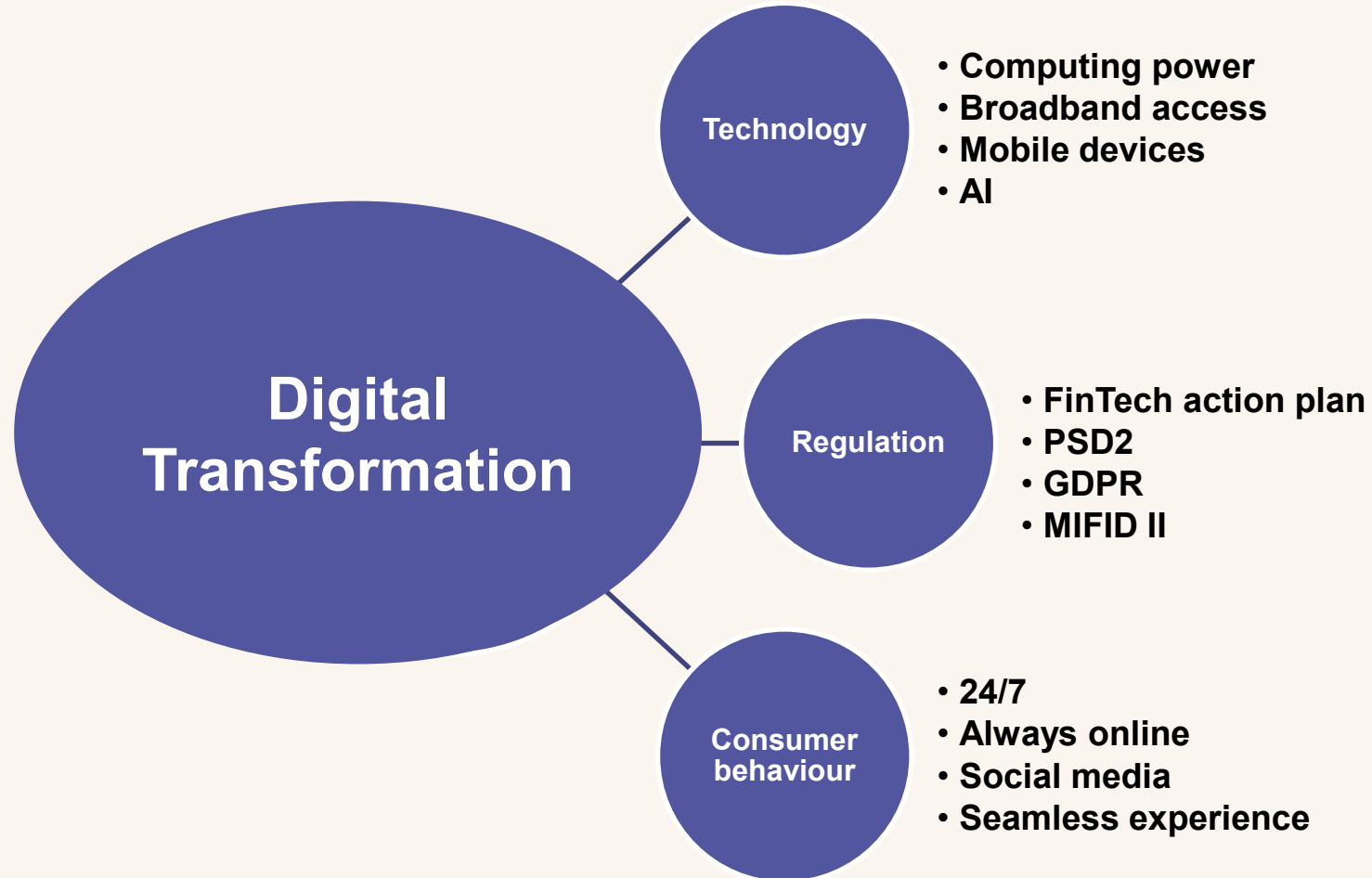
# Digital transformation in the financial industry – potential and challenges

2nd Annual Conference on FinTech and Digital Innovation:  
Regulation at the European Level and Beyond





# Digitalisation creates new business models and increases competition





# The playing field of payments is changing: Is it an old game with new rules – or an entirely new game?



Photo: Wikipedia/Official Olympic Report



Photo: Kari Kemppainen



## Importance of payments for Finnish banking sector

**EUR 0.5 billion**  
Net income from  
payments

**8 %**  
of total income

**19 %**  
of operating profit

**What if**  
half of net income  
from payments were  
to vanish?

**- 4 %**  
in total income

**10 %**  
increase in net  
interest income  
would be required to  
compensate



## Importance of digital skills and financial literacy

- Financial literacy skills are a necessity in the digital age
- Financial inclusion – nobody must be left behind
- All citizens need at least basic knowledge on cyber security and data security
- Cooperation among the promoters of financial literacy is extremely important



## Blockchain vs. centralised payment systems

- Blockchain is of interest for financial sector actors from the perspective of new applications
- Promising applications in the financial sector:
  - Interbank international money transfer
  - Securities clearing and settlement
- Central banks developing centralised systems for real-time payments
  - TARGET Instant Payment System (TIPS)
  - TARGET2-Securities (T2S)



## Summary

- Europe has the potential to become a leader in the digital transformation of the financial industry – for the benefit of the whole society
- This calls for strong innovation and a flourishing FinTech ecosystem
- Balance act between innovation, and consumer protection, and financial stability
- Underlines the growing need for digital skills and financial literacy