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Future proofing your bank?

Digital transformation and regulatory reform in the financial sector

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Three forces challenging European banks





What is real and what is hype?

We can divide developments into three categories:

1. Those that increase societal welfare (e.g. mobile and real-time payments)
2. Those that should be watched (e.g. booms and busts in crypto-assets)
3. Those that can be further developed (e.g. machine learning and AI)



PSD2 is making payments more competitive

- Clarifies payments legislation, readiness for digital economy
- Promote competition
- Open payments market to third-party providers
- Banks provide technical interfaces for accessing bank accounts



TIPS is enabling real-time payments

- Instant payment system
- Developed and operated by ECB and Eurosystem
- Final and irrevocable settlement in euro
- Launched in November 2018
- Works across Europe 24/7/365



Monetary policy normalisation has started

- Global imbalances and vulnerabilities remain
- Ensuring effective monetary policy in the next downturn
- Financial stability is vital for the real economy
- Normalisation means a new equilibrium



Towards a European banking union

- Single Supervisory Mechanism (SSM)
- Single Resolution Mechanism (SRM)
- European Deposit Insurance System (EDIS)



Climate change: the biggest market failure of all times

- Climate policies affecting the real economy
- Physical risks (losses as a consequence of extreme weather events)
- Transition risks (adjustment to new climate policies)
- More data and global efforts needed