



## **Governor Choe Heungsik Delivers Opening Remarks at the International Fintech Seminar in Seoul**

*The following is the full text of the opening remarks Governor Choe Heungsik delivered at the “International Fintech Conference: Fintech Landscape and Supervisory Challenges” that the Financial Supervisory Service hosted on November 15, 2017, in Seoul.*

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Ladies and gentlemen,

Welcome to our seminar. Let me begin with my thanks to everyone for joining us today. I know many of you took long flights to come to Seoul for this seminar. So we very much appreciate the trouble you took to be here.

And we are so glad to have you with us. We organized this seminar to help promote knowledge sharing among fintech professionals in public and private sectors. We are also looking forward to some fresh perspectives on fintech’s promises and pitfalls that will help clarify fintech policy issues and challenges ahead.

Today, fintech innovations are disrupting and unbundling services that have long been the domain of the traditional financial service providers. For consumers, fintech is opening the door to more, better, and cheaper financial services than ever before.

Policy makers across countries have taken mostly a “wait-and-see” attitude toward fintech. The judgment seems to be that consumer choice and market competition should be sufficient to effectively guide fintech development and growth.

But in some countries, policy makers are taking a more proactive stance and looking to lend a helping hand to encourage the fintech industry. One underlying motivation for this approach is that fintech’s “first mover advantages” will be substantial.

Despite fintech’s many great promises, there are those who also voice concerns about new risks that fintech innovations will bring. One is that, as more big data sellers collect huge amounts of personal information for profit, our privacy will be compromised. Some even imagine risks from companies bound by DLT (or distributed ledger technology) entering into a “smart contract” that bypasses human decision making all together.

So, given the wide array of risks at hand and emerging on the horizon, what are some of the guiding principles that will help us keep risks at bay? Let me quickly suggest a few ideas.

First, financial firms and fintech service providers should acknowledge and honor the obligation of “responsible innovation.” In essence, this means putting safety and soundness, consumers, and financial inclusion ahead of technology.

Second, regulators should work to cultivate a fintech-friendly regulatory environment. Such an environment does not preempt innovation or competition. Instead, it continually encourages investment in new technology and service development.

Third, the principle of “technology neutrality” should be honored and observed in order to minimize the risk of distortion from regulatory interference. To this, I would add that we need to actively promote regtech because it employs technology to improve regulatory compliance at low cost.

The last guiding principle I would note here is the principle of cross-border and global cooperation among regulators and international organizations. The principle of cooperation is particularly relevant in the fintech era because fintech services can cross national borders at a far faster speed than non-fintech services.

All in all, it must be said that we do not yet have a firm grasp or a strong consensus on fintech risks and principles that are needed to contain risks without preempting innovation. So my hope is that today’s seminar will address some of the risks and principles I just outlined and further clarify the key issues and challenges for the market and regulators.

You know, Louis Gerstner, the former CEO of IBM, insisted and proved that the whole of IBM was greater than the sum of its parts despite much uncertainty and heavy skepticism.

In the face of rapid, forceful changes that are being unleashed by fintech, what we need to bring together, I believe, is the whole of our wisdom and strength, not just some of it. I think it is only when we engage each other that our whole becomes much bigger than the sum of our individual parts, and fintech can deliver its promises for the good of all of us.

Ladies and gentlemen,

We are very much looking forward to your thoughts and ideas today. It’s great to have you with us today. And I once again thank everyone for joining us today.

Thank you.

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