

Closing remarks delivered by Prakash Mungra, Executive Director at the CBA, on the occasion of the Regtech conference held at the Marriott Resort Hotel in Aruba on November 3, 2017

Distinguished speakers, guests, and colleagues,

My closing remarks on behalf of the CBA will be as brief as possible, knowing that I stand between you and the cocktail reception. Thus, please bear with me.

I think we can all agree that we have had a highly successful and inspirational conference, including a first-time Regathon and mind-boggling presentations and discussions on disruptive, innovative technologies that will shape both the near and more distant futures of the financial industry. We are very grateful to all our speakers.

Crypto-currencies, Block-chain technology, artificial intelligence, and robotization of processes are bringing and will continue to bring enormous changes to our societies and economies. The Regathon demonstrates the enormous potential of our young professionals to develop and design applications that will change the way we conduct and oversee business in the financial sector. A big applause for the Regathon participants for the exciting applications they designed and presented so well.

Let me zoom in a little bit on the banking industry. As noted by many experts and visionaries, the banking industry will undergo dramatic changes in the coming years. To remain competitive and relevant, banks will have to adapt more rapidly than ever to the swiftly changing environment in which they operate. Embracing new technologies remains key in this regard. The massive investments by the large international banks in new technologies and take-over of promising Fintech start-ups are telling. Banking as we know it today probably will soon be something of the past. Banks worldwide are closing physical branches at an increasing pace in view of the digital transformation, if not revolution, currently taking place. The use of cash money in our societies will probably diminish. The very recently announced upcoming discontinuation of bank checks in Aruba also is a sign of our times.

In the area of payments, the impact of disruptive technologies is most visible. Mobile and internet payment options are on the rise. Paypal, Microsoft, Alibaba, and Apple, to mention a few of the larger players, have entered this market and are providing payment services at low cost and high speed. The globalization and the interconnectedness of economies require a

readiness and openness to change now more than ever. Indeed, change also is the new normal for the banking industry in Aruba. The demands of the younger, more technology-driven generations already are bringing significant changes to the global financial landscape.

The area of regulation also faces many challenges ahead. Maintaining a proper balance between regulation to promote financial stability and protect the integrity of the financial sector, on the one hand, and promoting the entry of so-called Fintech companies bringing innovative technologies in areas like payments and loans, on the other hand, is a topic high on the agenda of the regulatory community and the global standard-setters. As you know, the regulatory environment has changed dramatically in the past few years. Banks and other financial institutions are under increasing scrutiny. The additional requirements imposed on banks and other regulated financial institutions definitely have increased the resilience of the global financial system, while at the same time these additional requirements have led to disintermediation or so-called shadow banking, whereby players other than banks (OR nonbanks?) provide financial services that banks traditionally provided. One of the main ongoing discussions in the regulatory community is how to deal with these new players and the products they offer that sometimes are not (fully) captured by the existing legislation or are difficult, if not impossible to regulate and supervise because of, for example, the absence of a physical presence or central databases.

The more demanding requirements in areas like risk management and AML/CFT require banks and other regulated parties within the financial industry to invest heavily in risk management and compliance personnel and supporting technologies.

Therefore, Regtech is becoming more and more a necessity rather than an option. Also, on the supervisory side, the use of Regtech or Suptech is becoming increasingly important to ensure a proper level of oversight over the financial sector. Data analysis needs to be undertaken in smarter ways. The need for more granular information and analysis is expected to continue at an even more rapid pace.

One of the main goals of this conference is to promote dialogue among the different stakeholders on how to ensure that Aruba and its financial sector is ready to meet the challenges ahead. This goal is met if we continue to discuss this topic in the different fora and take decisive action. The CBA certainly will continue its efforts in this regard.

Before closing this conference, I would like to offer -- on behalf of the CBA -- a small token of appreciation to our distinguished external speakers. May I ask the audience to give a big round of applause for:

Rob Polderman of EY

Mohamed Bouker of EY

Isabelle Corbette of R3

Justin Newton of Netki

Rajesh Venkatraman of IBM

Felipe Rincon of Mastercard

Raphik Ouahsine of Mastercard

Varelle Croes of ATECH

Last but certainly not least, I would like to thank Ryan Peterson and his team for the once-again excellent organization of this event, including the Regathon that we all enjoyed. Let's offer Ryan and his team some applause as well!

I hope you enjoyed the conference as much as we from the CBA did, and we invite you to join us for the cocktail event.

Till next year on November 2, 2018, when we meet again for the next CBA conference on innovation!

Aruba

November 3, 2017

