



## Regulating for innovation

How to encourage responsible  
market innovation?



Innovation is changing the insurance game in the emerging world



# How to regulate the unknown?





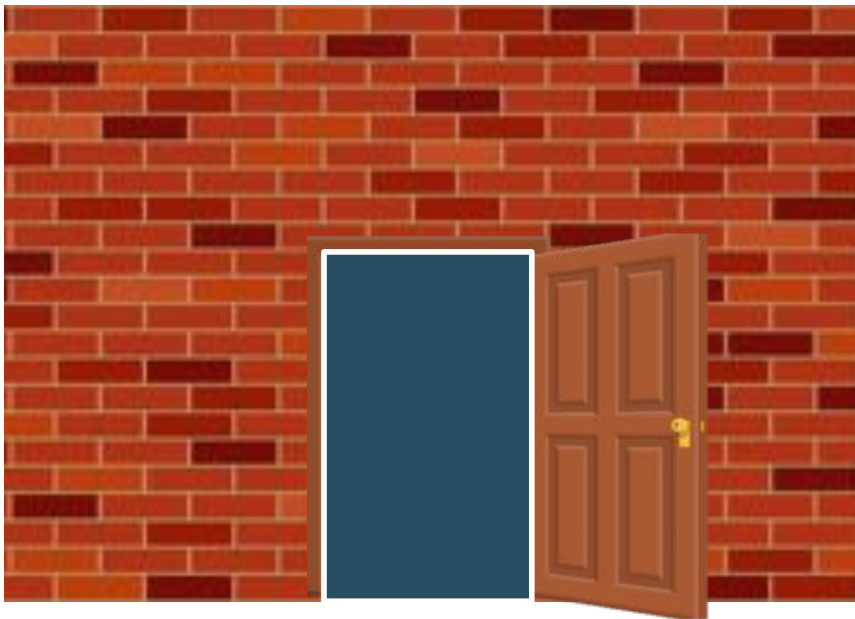




# How does regulation for innovation fit within an inclusive insurance approach?

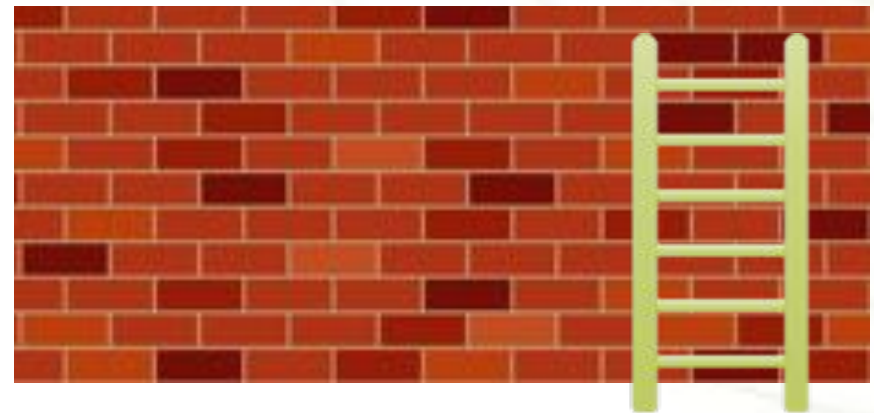
## Regulating for innovation:

- Temporary measures to allow innovations to be tested
- Learnings can inform amendment of regulatory framework as/if appropriate



## Proportionality:

- Lowering the wall aligned with risk
- Can enable entry point and graduation path for new, innovative firms

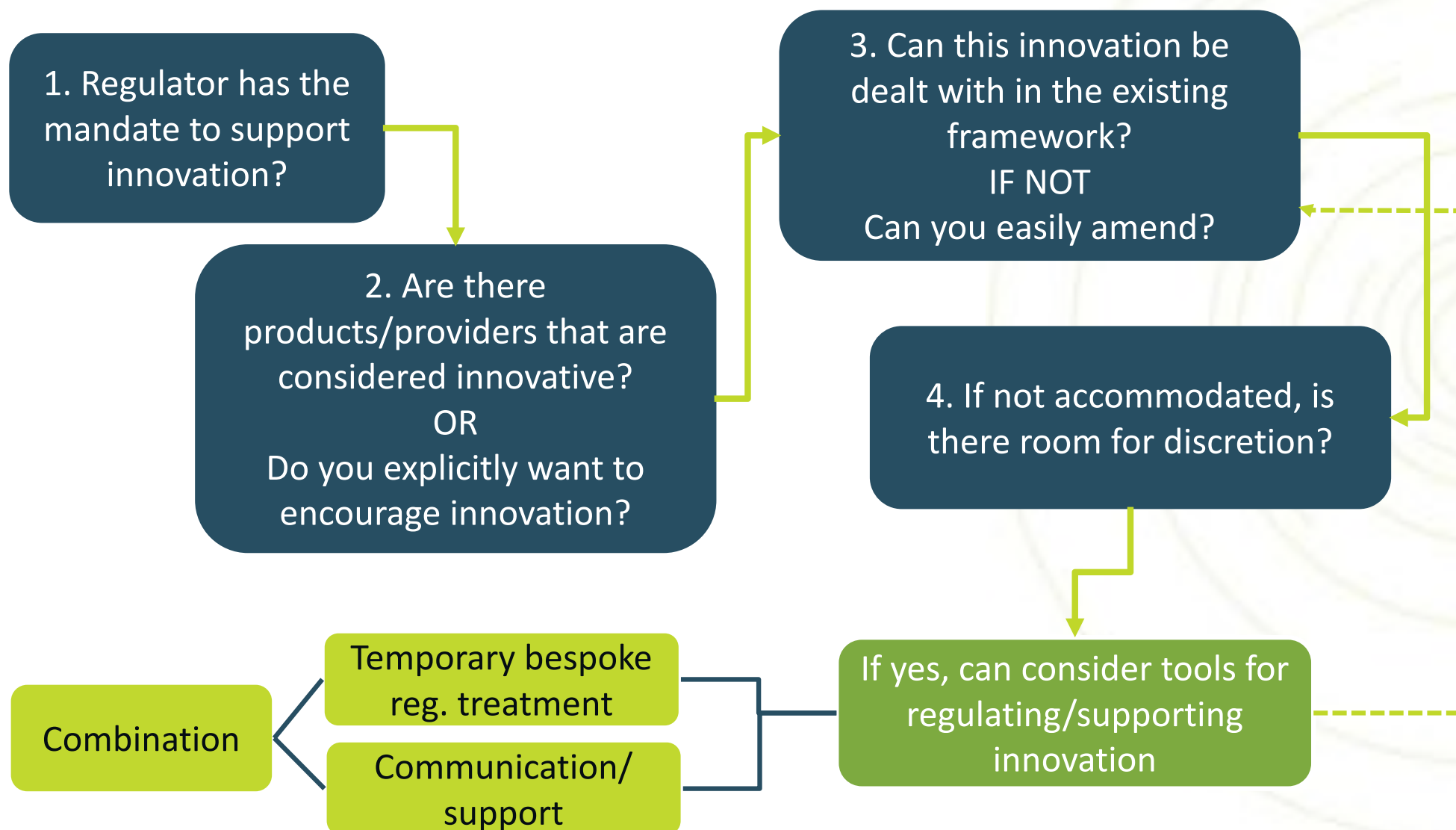


How do you decide what  
approach and tools to use,  
when?





# Navigating the “decision path”



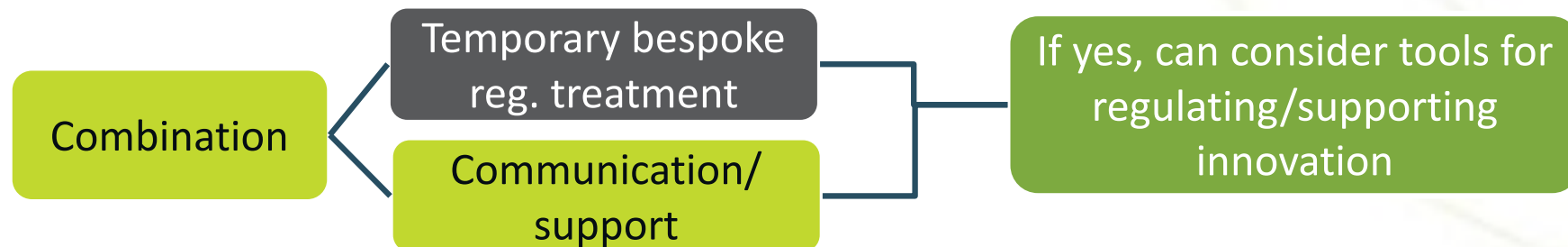
# Innovation support tools: unpacking the options

Temporarily reduced requirements for testing and learning:

- Restricted authorisation/reduced licensing requirements
- Waivers or exemptions
- No enforcement action letter/letter of no objection

Examples:

- BNM Malaysia, CMA Kenya, IPEC Zimbabwe, UCC Uganda, FCA UK, NIC Ghana





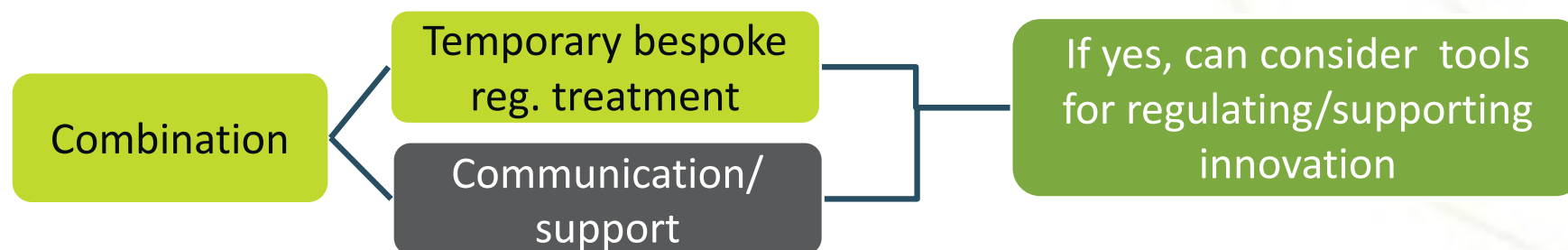
# Innovation support tools: unpacking the options

## Explicit:

- Advice unit
- Innovation hub
- Innovation accelerator, industry/data sandbox
- Incubators
- E.g. Australia, France, Hong Kong, Japan, Korea and UK

## Implicit:

- “Open door”



# Critical considerations in applying innovation support tools

## Coordination



- Innovations often cut across authorities
- Options to address
  - MOUs
  - Cross-cutting entity or separate unit
  - Be limited to products that fall within single regulator's mandate

## Capacity



- Required for monitoring, advice, understanding risks
- Determines which tools can be implemented and how extensively



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- Pragmatic approaches given mandate and scope for discretion
  - Tools relevant to market context and regulatory architecture, capacity and coordination realities

❌ Whether to implement a sandbox or what is and is not a sandbox

➡ Going through the decision path in a deliberate way, being clear about the objectives, considerations and reality checks

# *Thank you*

*Please engage with us:*

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## **About Cenfri**

The Centre for Financial Regulation & Inclusion (Cenfri) is a global think tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors seeking to unlock development outcomes through inclusive financial services and the financial sector more broadly.



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FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in Sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK Aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or "FSDs" across SSA called the FSD Network.

