

Lesson 11: Regulatory Frameworks

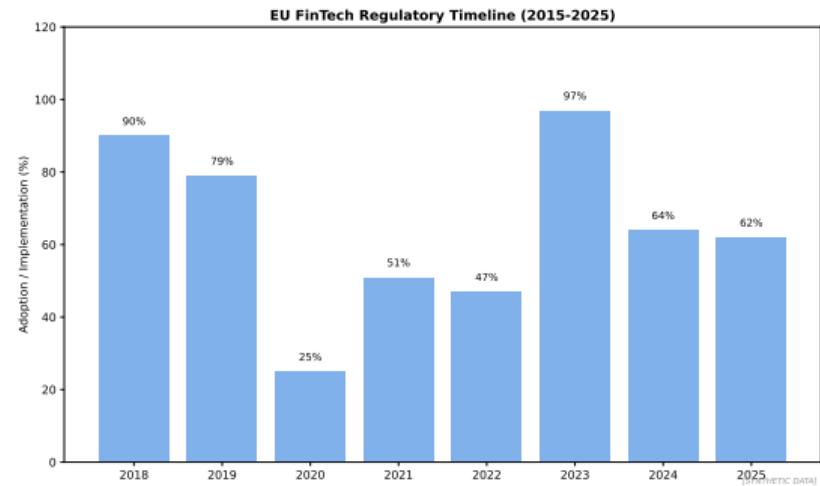
Module 1: FinTech Fundamentals

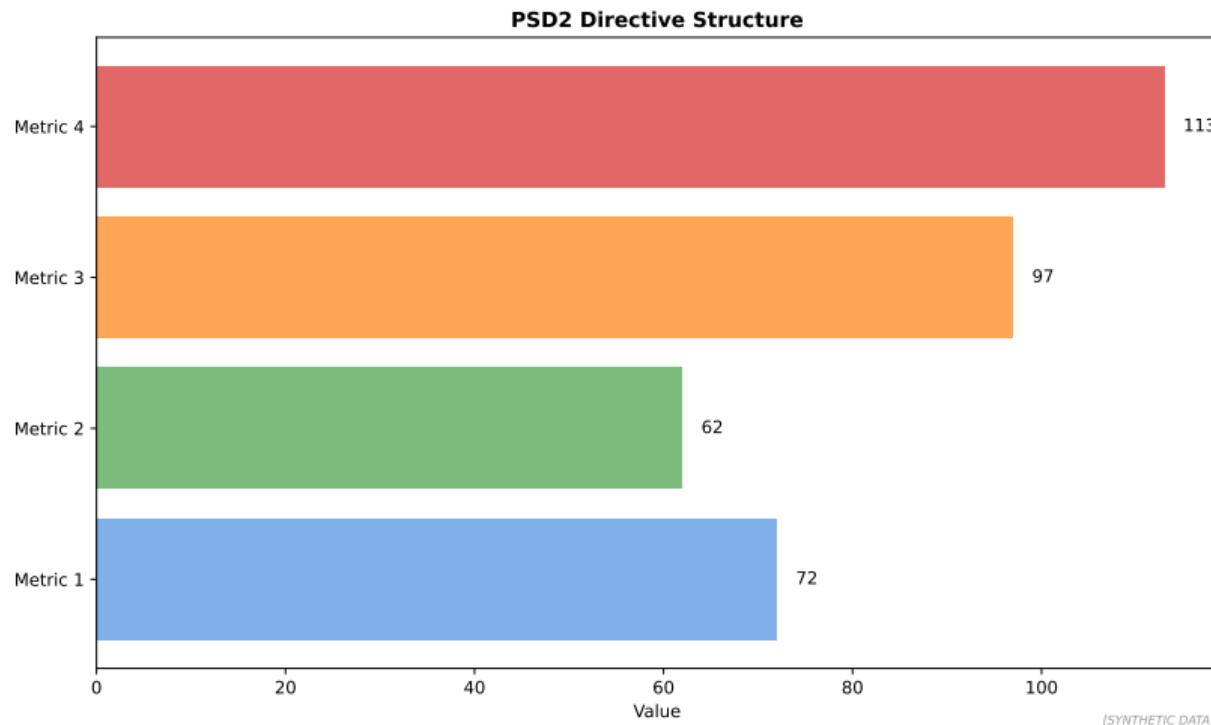
Digital Finance

Regulatory Landscape

Key Frameworks

- PSD2: Open banking
- MiCA: Crypto assets
- DORA: Digital resilience
- GDPR: Data protection

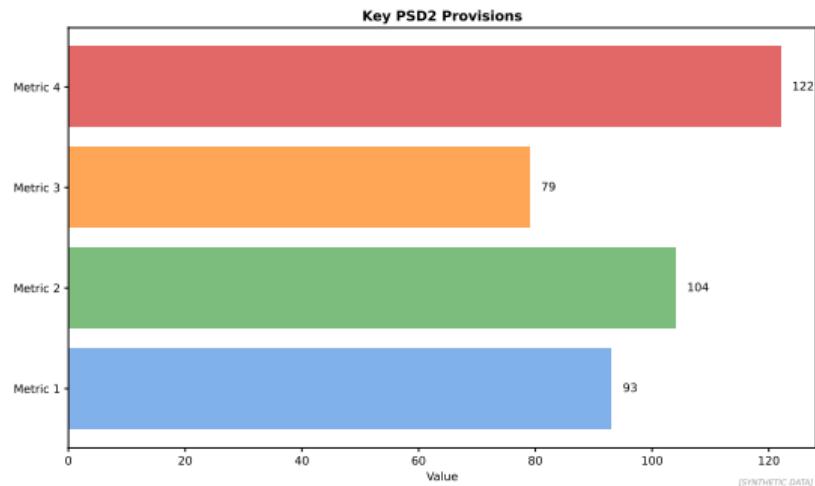




PSD2 Key Provisions

Core Requirements

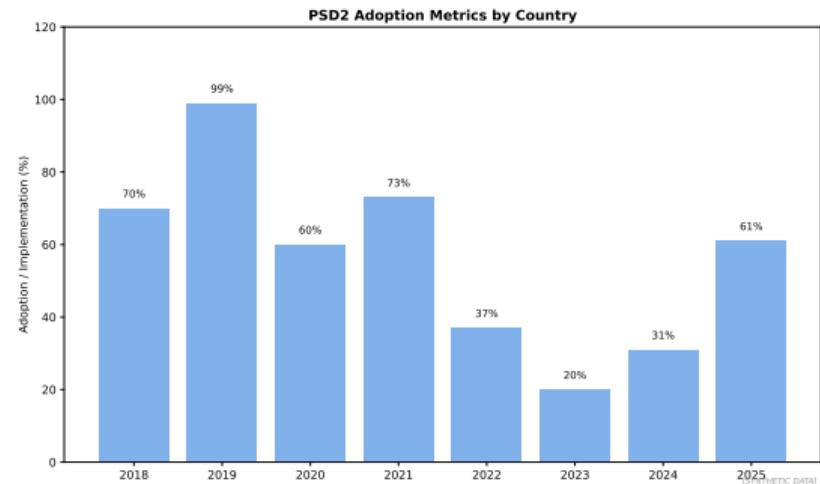
- Strong Customer Authentication
- Open API access
- Third-party provider licensing
- Liability framework



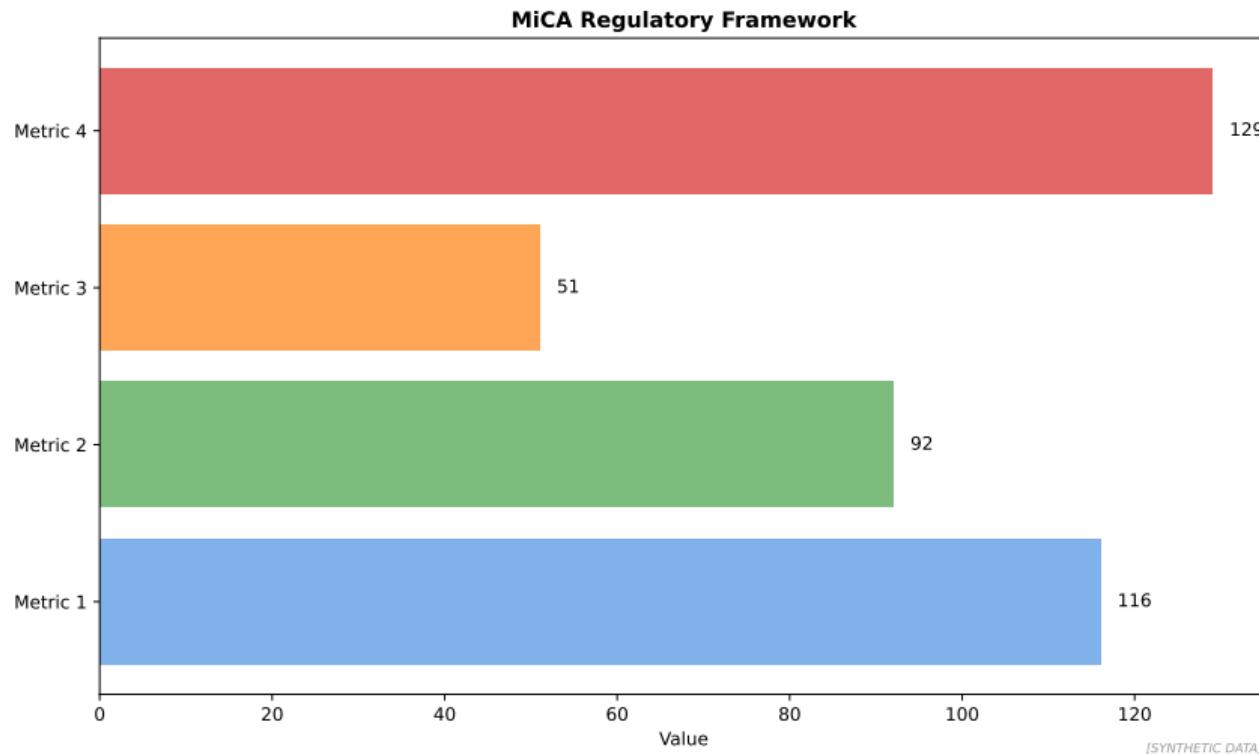
PSD2 Impact Assessment

Market Effects

- 12M UK users (2023)
- 350+ registered TPPs
- £6B transaction value
- Innovation acceleration



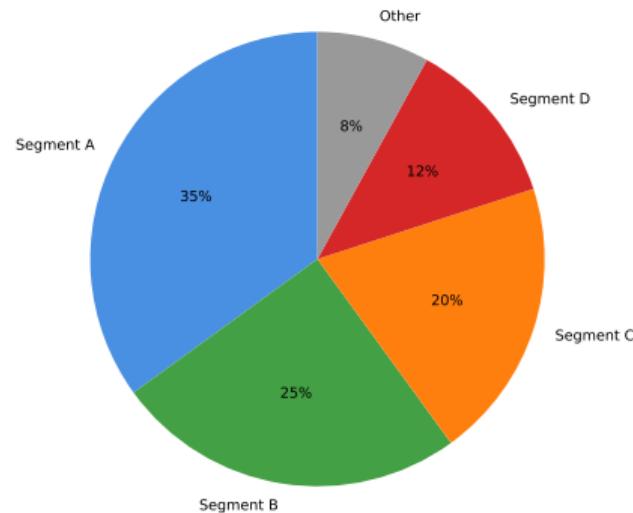
Markets in Crypto-Assets (MiCA)



Three Categories

- E-Money Tokens (EMTs)
- Asset-Referenced Tokens (ARTs)
- Other crypto-assets
- Different regulatory tiers

MiCA Crypto Asset Classifications

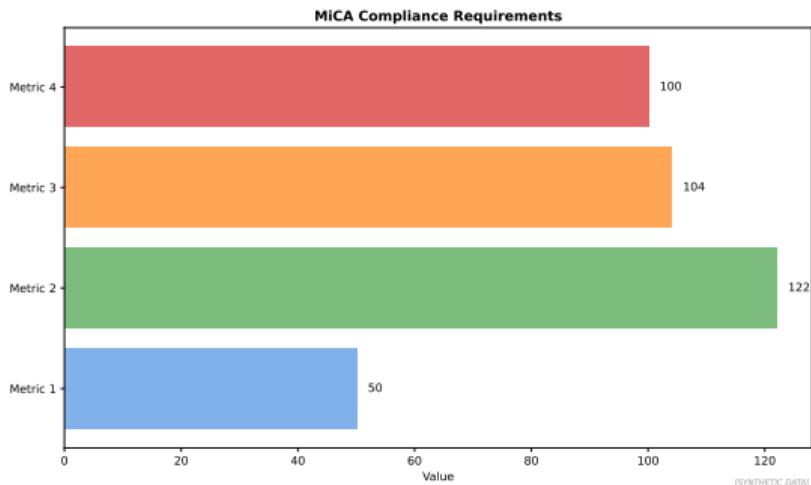


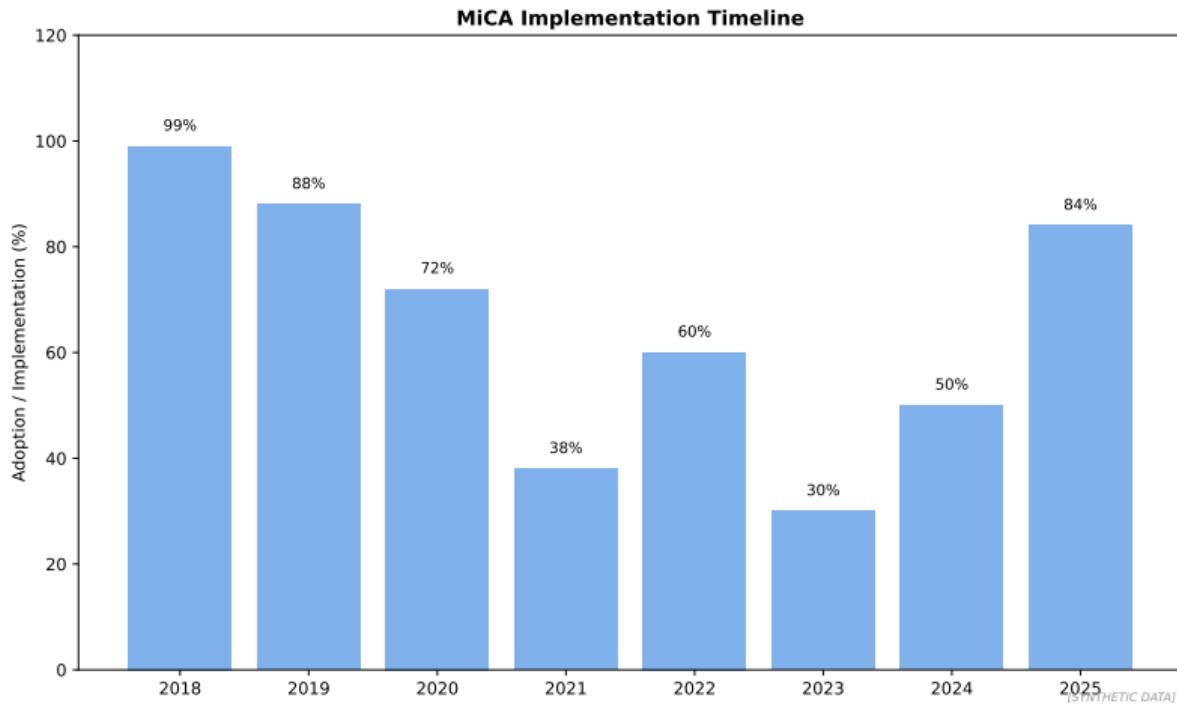
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MiCA Requirements

Issuer Obligations

- White paper mandatory
- Reserve requirements
- Capital adequacy
- Consumer protection

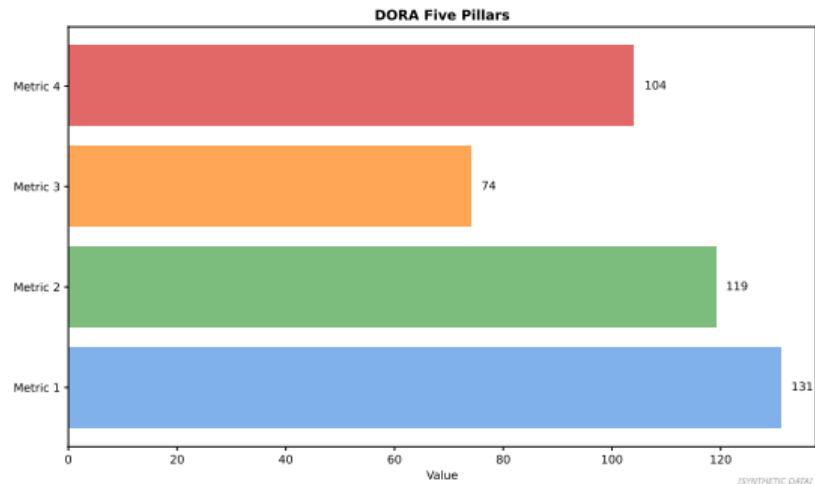


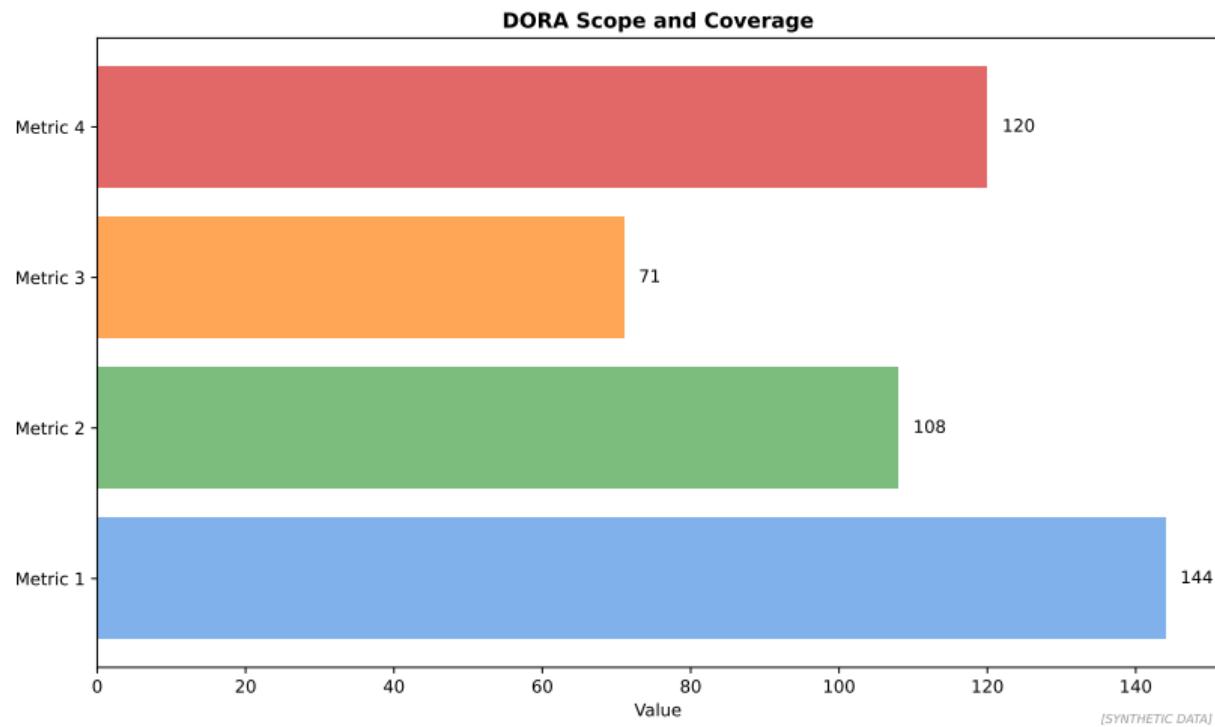


Digital Operational Resilience Act (DORA)

ICT Risk Management

- Cyber resilience standards
- Third-party risk oversight
- Incident reporting (72h)
- Testing requirements

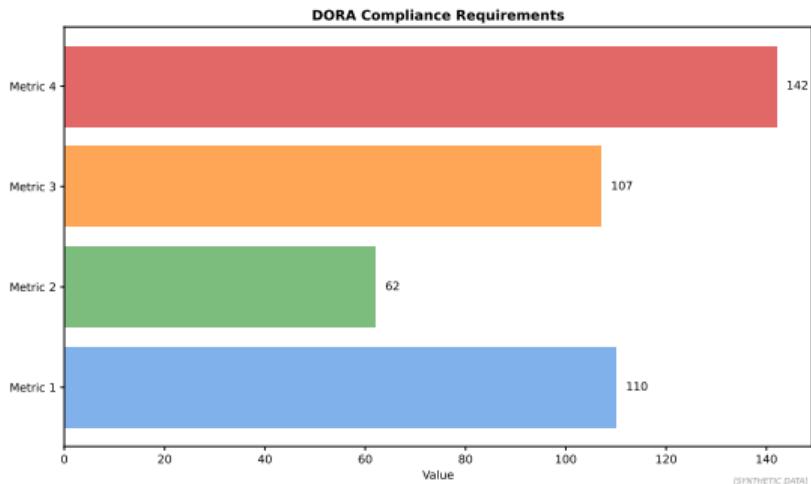




DORA Compliance Requirements

Key Obligations

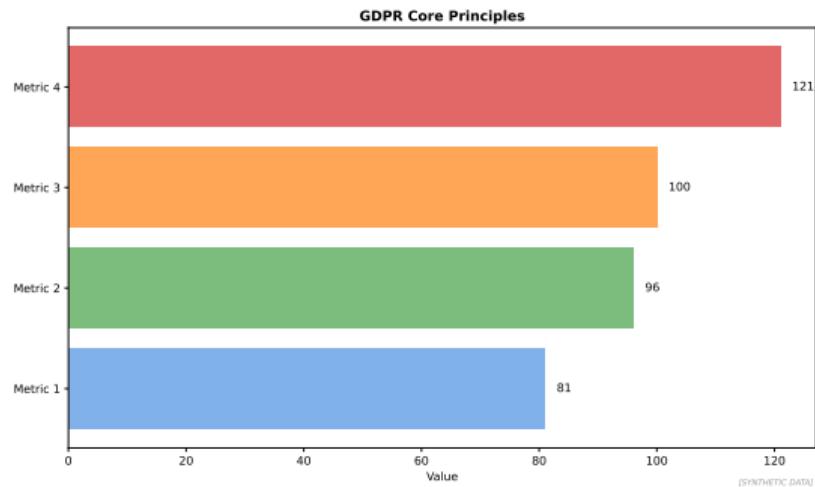
- ICT governance framework
- Threat-led penetration testing
- Business continuity plans
- Critical service oversight



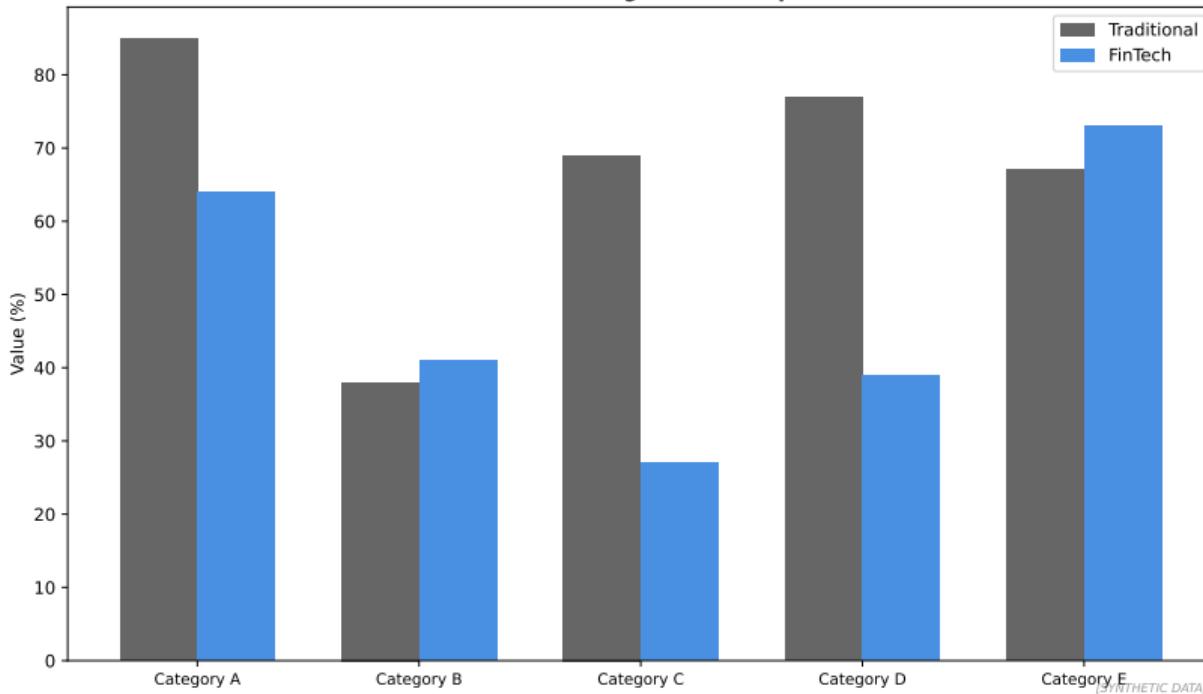
GDPR and Financial Data

Data Protection

- Explicit consent required
- Right to be forgotten
- Data portability
- 4% turnover fines

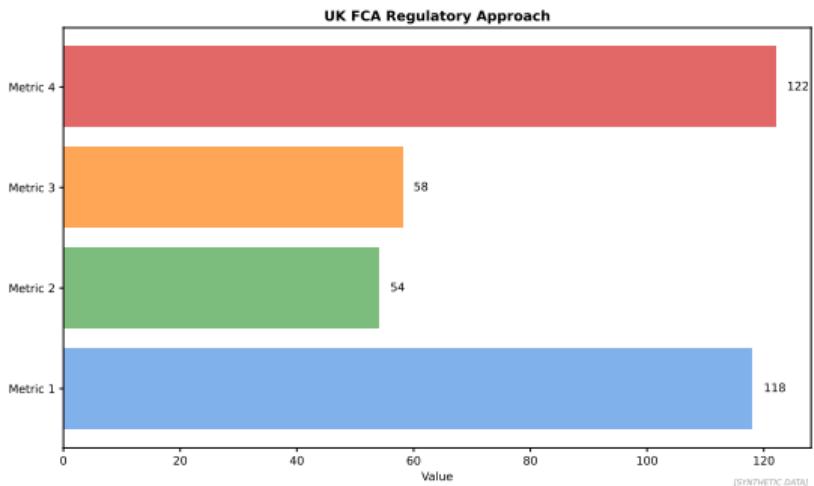


Global FinTech Regulation Comparison



Divergence Strategy

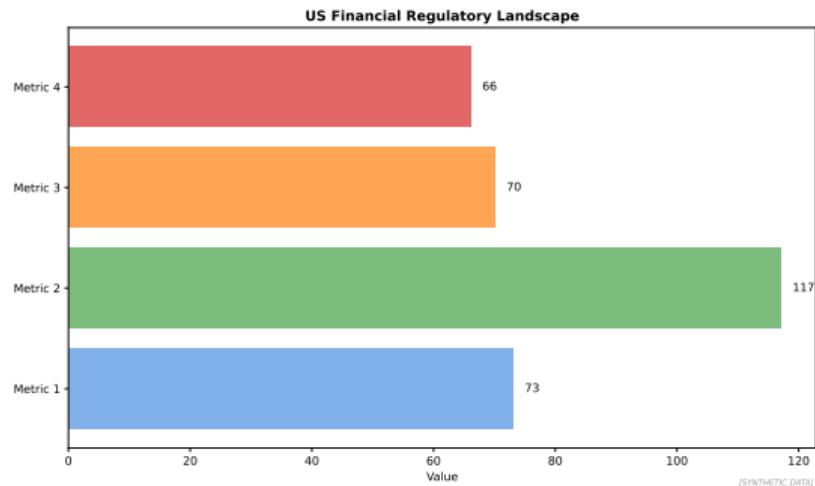
- Financial Services Act 2023
- Edinburgh Reforms
- Sandbox expansion
- Equivalence negotiations



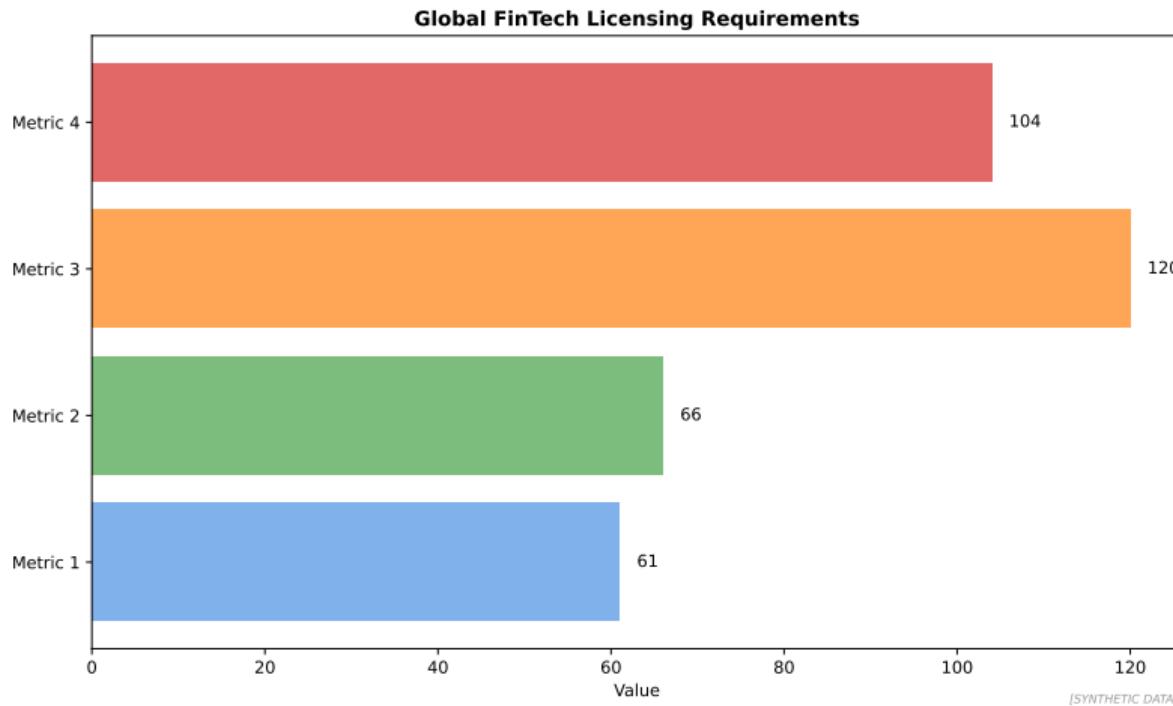
US Regulatory Fragmentation

Multiple Regulators

- Federal: OCC, Fed, FDIC
- State: Money transmitter licenses
- SEC vs CFTC crypto debate
- 50 state compliance burden



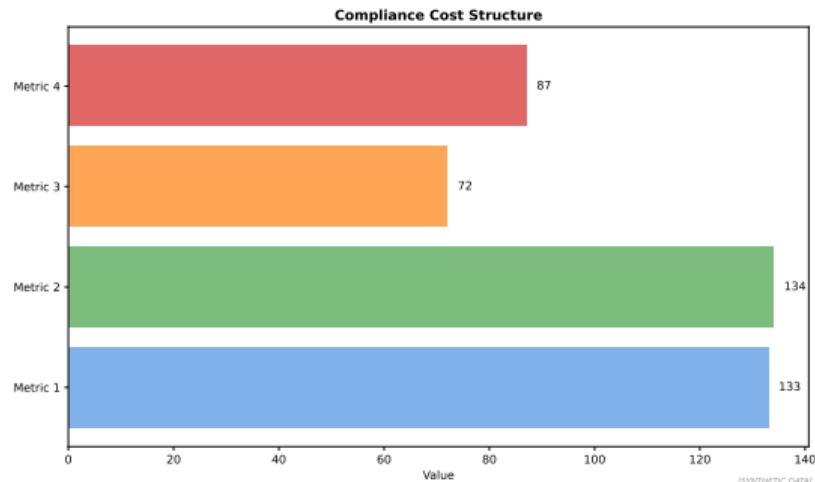
Licensing Requirements



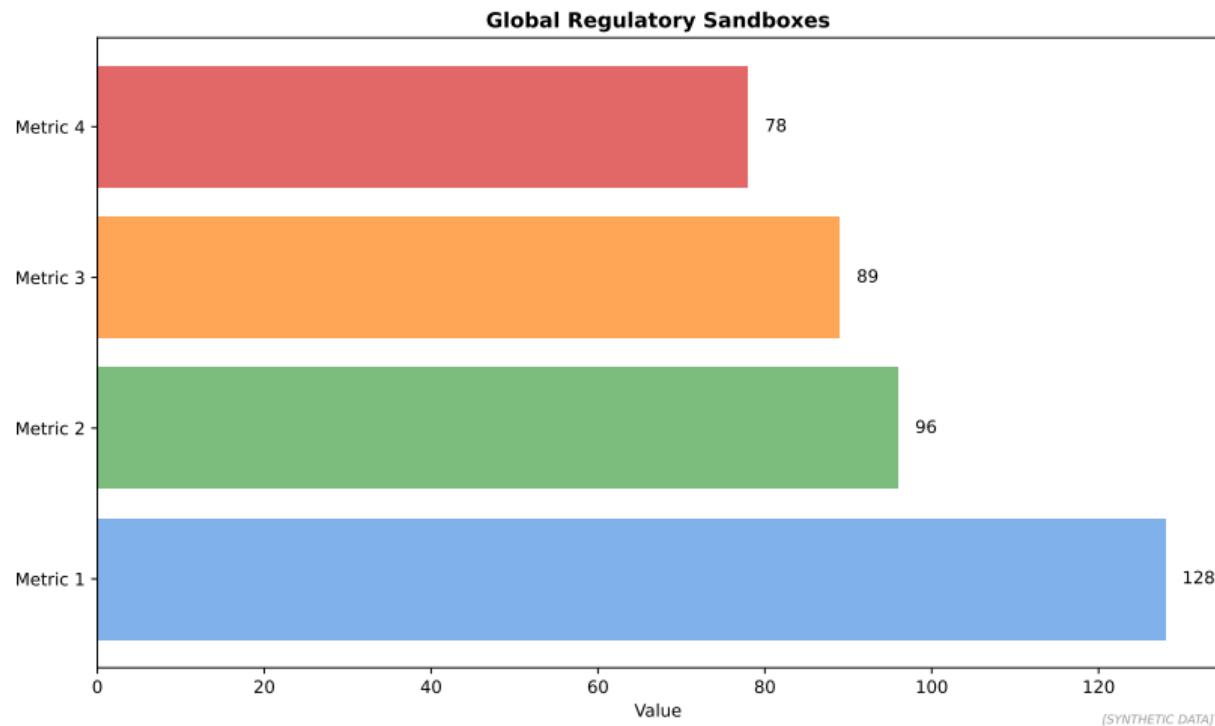
Compliance Costs

Cost Breakdown

- Initial licensing: \$500K-2M
- Annual compliance: \$200K-1M
- Staff: 10-15% headcount
- Technology: \$100K-500K



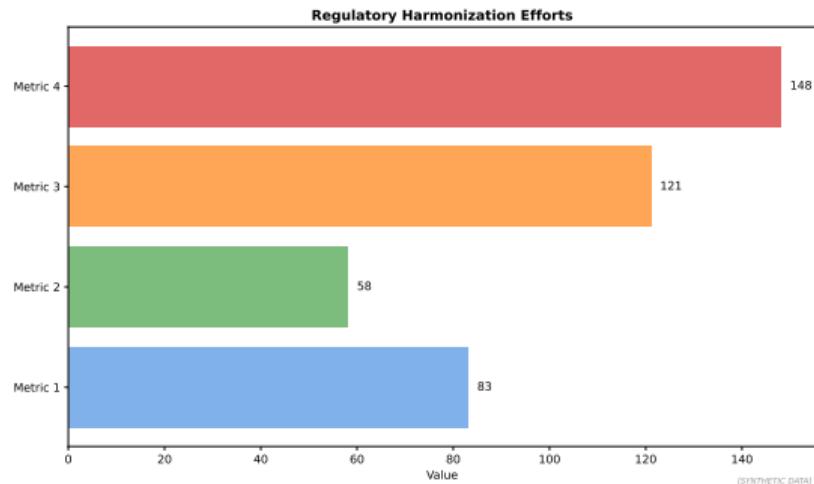
Regulatory Sandboxes Globally



Future: Harmonization Efforts

International Coordination

- Basel Committee guidance
- FSB crypto recommendations
- IOSCO principles
- Cross-border challenges



- **PSD2:** Enables open banking, 12M users in UK alone
- **MiCA:** Comprehensive crypto regulation, 2024 implementation
- **DORA:** ICT resilience, 72-hour incident reporting
- **Fragmentation:** US 50-state vs EU single market
- **Costs:** \$500K-2M initial + \$200K-1M annual