

Lesson 11: Regulatory Frameworks

Module 1: FinTech Fundamentals

Digital Finance

Key Frameworks

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

`figures/eu_regulatory_timeline.pdf`

`figures/psd2_structure.pdf`

Core Requirements

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

`figures/psd2_provisions.pdf`

Market Effects

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

`figures/psd2_adoption_metrics.pdf`

figures/mica_framework.pdf

Three Categories

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

`figures/mica_asset_types.pdf`

Issuer Obligations

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

`figures/mica_requirements.pdf`

`figures/mica_implementation.pdf`

ICT Risk Management

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

figures/dora_pillars.pdf

`figures/dora_scope.pdf`

Key Obligations

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

figures/dora_compliance.pdf

Data Protection

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

`figures/gdpr_principles.pdf`

`figures/global_regulatory_comparison.pdf`

Divergence Strategy

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

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Multiple Regulators

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

`figures/us_regulatory_landscape.pdf`

figures/fintech_licensing_map.pdf

Cost Breakdown

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

`figures/compliance_cost_structure.pdf`

`figures/sandbox_global_map.pdf`

International Coordination

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

`figures/regulatory_harmonization.pdf`

- **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