

## 5 KEY TAKEAWAYS

# What's Hot in Financial Technology: Latest and Greatest Developments and Fintech Trends

Kilpatrick Townsend's [Michael Breslin](#) recently moderated a panel of leading experts who discussed "What's Hot in Financial Technology: Latest and Greatest Developments and Fintech Trends." The panel gathered at the [American Bar Association's 2019 Section of Litigation & Solo, Small Firm and General Practice Division CLE Conference](#) in New York.

Key takeaways from the discussion include:

1

**Emerging Fintech Trends:** Open banking & APIs, artificial intelligence & chat-bot technologies, digital assets, banking ubiquity, and the use of data analytics to personalize service offerings are some of highest trending areas of innovation and regulatory focus in Fintech today.

2

**Adopting New Digital Strategies:** Organizations considering a new digital strategy should fully understand the regulatory schemes that will be implicated by the technology and processes being considered, whether the technology aligns with the organization's risk tolerance, and the impact that new disclosures and regulatory obligations will have on their existing business methods and procedures.

3

**Challenges to Implementation:** When implementing a new digital strategy, expect heavy investment in compliance and control systems, plan for regulatory and consumer scrutiny of privacy and cybersecurity concerns, and get ahead of limitations that may be imposed by licensing and permissible activities restrictions.

4

**Regulatory Focus Trends:** For 2019, FINRA announced it would focus its examination and monitoring priorities on Online Distribution Platforms operating under public offering registration exemptions, the use of Regtech to satisfy regulatory compliance obligations, and supervision of digital asset businesses. The SEC has also recently affirmed its intent to continue monitoring ICOs and the sale of digital assets, providing guidance and bringing enforcement actions when appropriate. And in a recent joint statement, several regulatory agencies encouraged banks to evaluate and, where appropriate, responsibly implement innovative approaches to meet their Bank Secrecy Act/anti-money laundering (BSA/AML) compliance obligations. However, those agencies cautioned that banks should not expect leniency if there is a lapse in their continued BSA/AML compliance in connection with evaluation of a pilot program. Thus, banks should consider requests to FinCEN for exemptive relief under 31 CFR 1010.970 to facilitate the testing and potential use of new technologies.

5

**Staying Informed is Critical:** The law is a lagging indicator, particularly in the rapidly-evolving Fintech industry. Organizations considering Fintech innovation need to stay informed as to the various and sometimes piecemeal guidance issued by multiple regulatory agencies, and the implications of emerging enforcement actions and examinations. Forming internal technology and governance committees is recommended, as well as joining or creating industry working groups. Many regulatory agencies also encourage financial institutions to take advantage of collaboration resources, such as FinCEN's Bank Secrecy Act Advisory Group.