

The background features a blurred financial candlestick chart with red and white bars, overlaid with a grid of vertical and horizontal lines. On the right side, there are faint, glowing blue binary digits (0s and 1s) and a glowing blue line graph, suggesting a digital or data-driven theme.

**KNF**

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**Presentation of the Report  
on the activities of  
the Special Task Force for  
Financial Innovation  
(FinTech) in Poland**

17 November 2017



# Special Task Force for Financial Innovation (FinTech) in Poland - Introduction

**Start date of the work:** 13 January 2017 (1st meeting)

**Goal:** Identification of legal, regulatory and supervisory barriers to the development of the FinTech sector and the preparation of proposals to eliminate them

**Final result:** A report containing proposals of solutions and recommendations for further actions on the side of appropriate bodies and entities



**The work progress was reported on the KNF website on an ongoing basis**



## Special Task Force for Financial Innovation in Poland – participants

The Task Force was made up of 22 institutions covering: **KNF** | KOMISJA NADZORU FINANSOWEGO

- Office of the Polish Financial Supervision Authority (KNF Office)
- Ministry of Finance
- Ministry of Economic Development
- Ministry of Digital Affairs
- National Bank of Poland
- Inspector General for the Protection of Personal Data
- Office of Competition and Consumer Protection
- Institutions representing market participants (PBA, CDB, NACB, NCSCU, PONBPI, CBH, PIA, CFAM, PALC, WSE, KDPW, FinTech Poland, CPI, CFC, NCH)

**Coordinator of the work:** the KNF Office





# Identification of barriers to the development of the FinTech sector in Poland by the Task Force

**11** institutions representing market players have reported **more than 100** barriers to the development of the FinTech sector, which became the starting point for the Task Force's further work

Part of the analyzed barriers, due to their similar nature, was merged, resulting in the total number of barriers being equal to **85**

# The working procedure of the Task Force

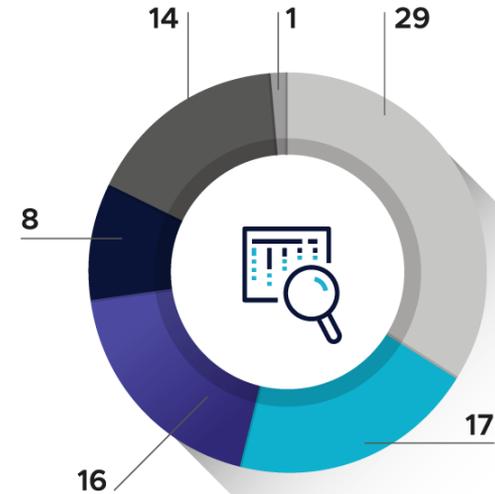
Due to an wide thematic scope of the identified barriers to the development of the FinTech sector, the work of the Task Force was split into 6 Working Sub-Groups:

1. Systemic Sub-Group
2. Payment Sub-Group
3. Capital Market Sub-Group
4. Insurance Sub-Group
5. Consumer and Data Processing Sub-Group
6. Crowdfunding Sub-Group

At the KNF Office, there were a total of **31** working meetings of the Task Force. A large part of the work was also carried out by email.

## Number of barriers analyzed by each of the Task Force's Sub-Groups

- Systemic Sub-Group
- Payment Sub-Group
- Capital Market Sub-Group
- Insurance Sub-Group
- Consumer and Data Processing Sub-Group
- Crowdfunding Sub-Group

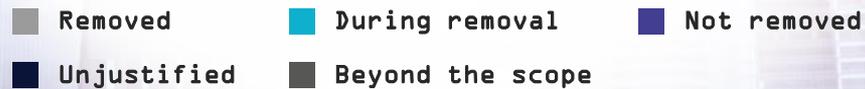
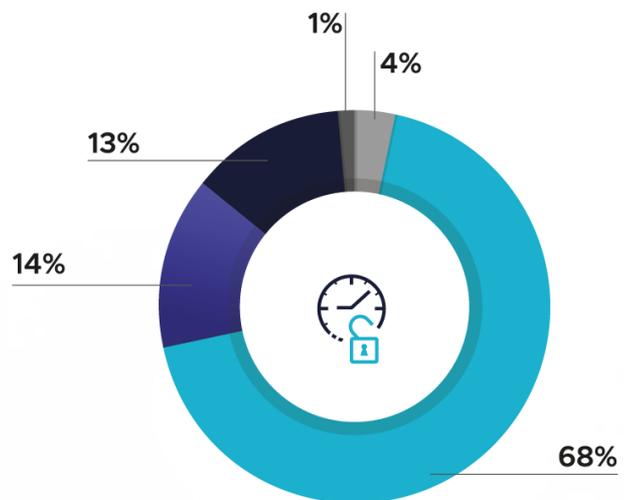




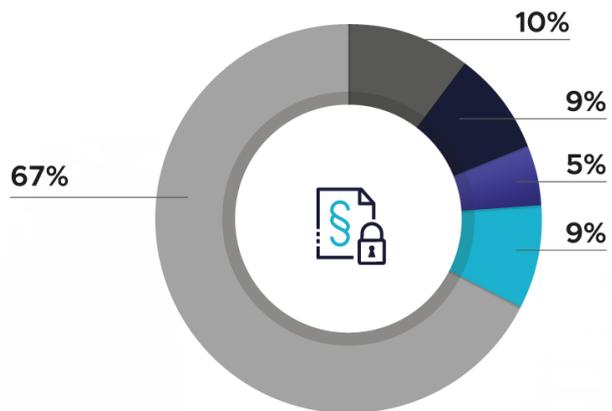
# Statuses of barriers to the development of the FinTech sector

- **Removed (3)** – a barrier has been removed completely, no recommendations for further activities
- **During removal (58)** – certain activities have already been undertaken and/or recommendations for further activities have been formulated
- **Not removed (12)** – a barrier is related to the FinTech field, but no acceptable solution has been worked out in the course of the Task Force's activities
- **Unjustified (11)** – a barrier does not exist
- **Beyond the scope of work (1)** – a barrier does not refer to the FinTech field

## Distribution of statuses of barriers to the development of the FinTech sector



# Barriers to the development of the FinTech sector during removal - fields of undertaken activities



PSD2

MiFID2

AMLD4

GDPR

Other



## Secure FinTech

The work of the Task Force focused on areas that directly impact the growth of innovation, while maintaining the **security** of services on offer in order not to undermine customers' confidence in the financial market



# Structure of the Report on the activities of the Task Force

## Report on the activities of the Task Force is composed of three documents:

- Main part of the Report (summary of the Task Force's results)
- Annex No. 1 - List of identified barriers to the development of financial innovation (FinTech) in Poland, including actions taken and recommendations for further activities
- Annex No. 2 - Models of crowdfunding in the light of applicable provisions of the law



## Selected barriers to the development of FinTech

# 1. Supporting financial innovations as one of the objectives of the supervisory authority

In the course of the Task Force's work, representatives of the market participants pointed out that supporting financial innovations is not one of the objectives of the financial market supervisory authority



### Actions undertaken:

The Ministry of Finance proposed a change to the Financial Market Supervision Act to extend the tasks of the KNF to include supporting the development of financial innovations



### Recommendations for further activities:

The Ministry of Finance should finalize work on the draft Act amending the Financial Market Supervision Act and Certain Other Acts including the extension of the tasks of the KNF to include supporting the development of financial innovations

## 2. Issuance by the supervisory authority of binding positions, the lack of legal certainty as to financial innovations

The results of the work of the Task Force indicate that the biggest problem hindering the development of financial innovations is the **lack of legal certainty** – market participants need to know precisely which provisions apply in terms of innovative solutions



### Actions undertaken:

The KNF Office launched a sub-page of the KNF website which includes information on different types of innovative financial services, including a list of positions of the supervisory authority, binding regulations, and frequently asked questions and answers (FAQ) → [https://www.knf.gov.pl/dla\\_ryнку/fin\\_tech](https://www.knf.gov.pl/dla_ryнку/fin_tech)

The KNF Office changed the approach to inquiries by non-supervised entities



### Recommendations for further activities:

The KNF Office should establish an effective channel of communication (including creating a contact list) between the KNF Office and other public institutions to cooperate in the field of development of financial innovations

### 3. The need to conduct an effective dialogue with the supervisory authority

In the course of the Task Force's work, market participants pointed out the need of conducting a more effective dialogue by the supervisory authority with the FinTech sector, with the aim of exchanging views and opinions in the area of financial innovation and presenting the supervisory expectations in this respect



#### **Actions undertaken:**

The KNF Office has established in its structure an organizational unit for financial innovation (FinTech) responsible among other things for coordination of cases conducted at the KNF Office involving financial innovation, as well as dialogue with FinTech market participants

## 4. Ensuring a favourable legal and organizational environment to test innovative financial services (creating a so-called regulatory sandbox)

In the course of the Task Force's work, market participants pointed out the need to create in Poland a so-called regulatory sandbox where FinTech entities could test their innovative solutions, products and services within a scope that is limited in time and by subject, without a full license



### **Recommendations for further activities:**

The KNF Office should implement the Innovation Hub concept through a dedicated organizational unit for the development of financial innovations (FinTech)

The Ministry of Digital Affairs should implement a research programme dedicated to emerging transactional and financial technologies under the INFOSTRATEG Programme

## 5. Excessive length and formality of proceedings by the supervisory authority

In the course of the Task Force's work, market participants pointed out that one of the main regulatory and supervisory barrier to the development of the FinTech sector in Poland is the length and complexity of the proceedings for obtaining the KNF's authorization to carry out a licensed activity



### **Actions undertaken:**

The KNF Office devised detailed descriptions of the licensing and registration processes (including relevant links to the prepared description on the sub-page of the KNF website devoted to FinTech)

The Ministry of Finance introduced to the draft amendment of the Payment Services Act (as part of the implementation of PSD2) provisions facilitating the operation of small payment institutions (SPIs) in Poland, including a simplified registration procedure

## 6. Problems resulting from restrictive provisions on outsourcing

In the course of the Task Force's work, representatives of the market participants pointed out that the Polish regulations on outsourcing are too restrictive and hinder the development of innovation, in particular as they do not make it possible to restrict the liability of the service provider to the principal (the supervised entity) or to apply sub-outsourcing



### **Actions undertaken:**

In the course of the Task Force's work, an analysis of the provisions on outsourcing applicable to the supervised sectors of the financial market was performed. As a result, it was decided to modify these provisions, given the lack of analogous regulations in other European countries or elsewhere in the world, as well as taking into account the limited possibilities for supervised entities to cooperate with service providers



### **Recommendations for further activities:**

The Ministry of Finance should take into account the proposed amendments in the provisions on outsourcing

## 7. The lack of a strategy for actions supporting the development of financial innovations (FinTech) in Poland

In the course of the Task Force's work, representatives of the market participants pointed out that, unlike many other countries, Poland does not have a coherent strategy for supporting the market of financial innovations, which undermines its competitive position on the international arena. It was pointed out that priority activities in the FinTech sector should be established, the advantages of the Polish economy (e.g. the strong IT sector) should be recognized, and system-based solutions to support the implementation of the strategy should be created



### **Recommendations for further activities:**

FinTech Poland should prepare and publish a report titled „Poland as a FinTech Hub”

The Ministry of Economic Development should prepare a strategy for supporting the development of financial innovation (FinTech) in Poland

## 8. The use of cloud computing services

In the course of the Task Force's work, representatives of the market participants pointed out that to ensure the development of financial innovations, supervised entities should be enabled to use cloud computing services as a more secure, less expensive solution, providing greater availability for customers and recipients of services



### **Actions undertaken:**

The KNF Office published a position on supervised entities' use of cloud computing solutions

## 9. Replacing paper documents with digital equivalents

In the course of the Task Force's work, representatives of the market participants pointed out that a key factor contributing to the development of financial innovations in Poland is the possibility of replacing paper documents with digital equivalents. This aspect is particularly important for entities operating only in an online environment.



### **Actions undertaken:**

In the course of the Task Force's work, legislative proposals were worked out to give financial institutions greater freedom to act through electronic channels



### **Recommendations for further activities:**

Competent authorities should take into account the proposal on the abolition of requirements for maintaining a paper form of documents in the case of:

- activation of a direct debit instrument,
- submitting electronic tax returns to tax offices and electronic archiving,
- concluding agreements governing the third pillar of the social security system (EPS, IPA and IPSA),
- concluding consumer loan agreements

# 10. Limited access of financial institutions to data processed in public registers

In the course of the Task Force's work, representatives of the market participants pointed out that it would be justified to make changes to the rules for publishing data processed in public registers (e.g. PESEL, RIC, CEPiK, TIN, BIN, NHF, ZUS, KRUS, SLI), so that they can be more broadly accessible and used in order to deliver innovative services (e.g. for effective identification and verification of customers) and streamline business processes



## Recommendations for further activities:

In cooperation with appropriate ministries and institutions, PIA, PBA, NCSCU and PONBPI should take actions to address the requests of market participants concerning access to public registers

The Ministry of Digital Affairs should implement a central Platform for the Integration of Services and Data

# 11. The lack of legal certainty as to the operation of crowdfunding platforms in Poland

In the course of the Task Force's work, representatives of the market participants pointed out the necessity to ensure a transparent legal and regulatory environment for the development of crowdfunding platforms in Poland. It was pointed out that crowdfunding, as an alternative to credit, bonds and loans, enables financing of many innovative projects (in particular at their initial stage), which can generate profits and bring favorable effects for the economy in future



## **Actions undertaken:**

In cooperation with the CPF, CPI and FinTech Poland, the KNF Office prepared a description of identified crowdfunding models with an indication of the applicable laws (Annex No. 2).



## **Recommendations for further activities:**

The CFC should work out market best practices with regard to the operation of crowdfunding platforms in Poland

The Ministry of Finance should take into account the legislative proposal of simplifying the procedure for submitting offering with a value of up to EUR 1 million

The Ministry of Economic Development should finalize the work on the Business Law in terms of implementing the so-called unregistered economic activity, which could cover social lending activities



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