

Press release

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FINMA reduces obstacles to FinTech

The Swiss Financial Market Supervisory Authority FINMA has published a new circular facilitating video and online client identification. In addition to removing a number of unnecessary obstacles from its regulations, FINMA also supports the introduction of a new licensing category for financial innovators and a licence exempt area for start-up companies.

An increasing number of financial intermediaries interact with their clients via the internet and mobile devices. In this context, FINMA's new circular on video and online identification (FINMA Circ. 2016/7), which comes into force on 18 March 2016, sets out the anti-money laundering due diligence requirements for digital business.

Digital client identification now possible

A key aspect of FINMA's new rules is the establishment of business relationships (onboarding) via digital channels. Subject to compliance with certain requirements, financial intermediaries can onboard clients by means of video transmission, putting this form of identification on a par with in-person identification. As other forms of online identification, apart from video identification, are also permitted, the circular covers a range of methods of onboarding via digital channels.

Technology neutrality requires only minor regulatory adjustments

FINMA regards innovation as key to the competitiveness of Switzerland's financial centre, but adopts an essentially neutral approach to certain business models and technologies. It therefore reviewed whether specific provisions in its ordinances and circulars disadvantaged some technologies and concluded that very few such obstacles existed. The new video and online identification circular is an important step towards eliminating them. The written client identification requirement for certain contracts contained in the "Guidelines on asset management" circular (FINMA Circ. 2009/01) is being removed to make the regulations fully technology-neutral.

FINMA supports new licensing category and sandbox

FINMA further supports the introduction of a [new licensing category](#) for financial innovators and a licence exempt area (sandbox). This licensing category would be for business models which carry out some banking activities, but with limited acceptance of client assets and no lending activity. Because the risks are lower and the scope of business limited, the licensing requirements would be less

extensive than for a banking licence. For example, financial services providers who do not accept more than CHF 50 million in deposits could apply for this type of financial innovators' licence provided they hold 5% of the deposits and at least CHF 300,000 capital as collateral. The issuance of such licences would lower the entry threshold for providers of payment systems, applications for managing assets digitally and crowdfunding platforms. A fully licence-exempt environment would be conceivable, particularly for start-up companies, up to a deposit threshold of CHF 200,000 and irrespective of the number of depositors. FINMA is currently discussing a range of ideas with the banking sector and the competent authorities.

Regulatory guidance can be found in a section of FINMA's website devoted to FinTech. In addition, a central email address fintech@finma.ch has also been created for FinTech companies.

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