

Banking innovation, regulation go together says expert

Speaking at AITEC's Banking & Payment Technologies Conference held 4 - 6 May 2009 in Lagos, Barry Coetzee, head of iVeri from South Africa, told delegates that it was crucial for regulation to maintain a level playing field while at the same time allowing innovation to take off.



Referring to the wide range of new mobile banking systems being launched or tested in the African market, Coetzee noted that, "Insufficient or lack of regulation is leading to rampant innovation of mobile financial products, the effects of which are yet to be experienced."

Outlining the rapid growth of the Mpesa mobile payment system in Kenya over the past two years, Coetzee noted that non-bank payment operators start with a lower cost base since they do not have to comply with costly banking regulation imposed by the financial regulator.

"The mobile operators and the banks are all after the same thing - the cash in our wallets. They want to convert it into electronic cash in their systems and networks." To provide the right level of security and confidence among users, fresh regulatory frameworks are needed. "The issue is that old regulatory systems are being used to regulate innovation...both sides of the equation need to change."

Coetzee suggested that rather than the banking regulator or even the telecommunications regulator, an entirely new regulator may be needed to deal with the growing mobile banking industry, combining best practice from both sides.