

The University of Hong Kong
Faculty of Law

COPING WITH LEGAL CHALLENGES ARISING FROM THE PANDEMIC:
A HKU WEBINAR SERIES

Digital Finance and Crisis

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SSRN:

https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=524849

Crises, Epidemics and Digital Finance

- **Digital Finance and the COVID-19 Coronavirus Crisis: Strategies and Tools**
- https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3558889
- Health / human crises
- Economic crises
 - Real economy, shocks
 - Pandemic + oil price shock: demand / supply / confidence
- Financial crises

Finance: Responses & digital finance

- Preventing a financial crisis
 - Financial infrastructure: payments, securities, intermediaries, regulators
 - Liquidity
 - Solvency
- Response
 - shock / economic crisis / financial crisis – breaking the chain
 - Information / communication / resources: payment, digital ID, government services
- Funding: crowdfunding, blockchain
- Tracing / isolating: Ecommerce, healthtech, edtech
- Support: transfers

Financial crises: This is not 2008

- Financial crises
 - Currency
 - Banking / financial
 - Debt
 - Current account
- Liquidity / solvency
- Private / sovereign
- Domestic / international

TechRisk

- But: TechRisk
- https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3478640

- Cybersecurity
- Data: protection / security / privacy
- Infrastructure: data / cloud
- TechFin

- Approach: plan early, maximise existing systems, engage private sector

Core infrastructure

- Alliance for Financial Inclusion:
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3245287
- Four pillars:
 - Digital identification / Simplified account opening
 - Electronic payments: open access, interoperable
 - Digitisation of government payments
 - Financial infrastructure: securities settlement, secured transactions etc
- FATF

FATF

- President's Statement:
 - <https://www.fatf-gafi.org/publications/fatfgeneral/documents/statement-covid-19.html>
 - “With people around the world facing confinement or strict social distancing measures, in-person banking and access to other financial services is difficult, and unnecessarily exposes people to the risk of infection. Use of digital/contactless payments and digital onboarding reduce the risk of spreading the virus. As such, the use of financial technology (Fintech) provides significant opportunities to manage some of the issues presented by COVID-19. In line with the FATF Standards, **the FATF encourages the use of technology, including Fintech, Regtech and Suptech to the fullest extent possible.** The FATF recently released [Guidance on Digital ID](#), which highlights the benefits of trustworthy digital identity for improving the security, privacy and convenience of identifying people remotely for both onboarding and conducting transactions while also mitigating ML/TF risks. **The FATF calls on countries to explore using digital identity, as appropriate, to aid financial transactions while managing ML/TF risks during this crisis.**
 - **When financial institutions or other businesses identify lower ML/TF risks, the FATF Standards allow them to take simplified due diligence measures, which may help them adapt to the current situation. The FATF encourages countries and financial service providers to explore the appropriate use of simplified measures to facilitate the delivery of government benefits in response to the pandemic.**
- Digital ID paper:
 - <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/digital-identity-guidance.html>
- Financial inclusion paper:
 - <http://www.fatf-gafi.org/publications/fatfgeneral/documents/financial-inclusion-cdd-2017.html>

Building Better Systems

- Longer term implications?
- Building better systems?

Looking Forward: Finance in the 2020s

- 1919 or 1929?
- Sustainability
- Technology
- Globalisation vs fragmentation

Globalisation vs fragmentation

- Travel
- Geopolitics
- International frameworks

Technology is no longer the constraint in an increasing range of cases.

- BigTech
- Testing / Tracking / tracing
- CBDCs?

Sustainability

- https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3387359
- Existing framework: financial stability / consumer protection / market integrity / development
- Risks: new / old
- Finance: new / old
- System design: SDGs / 4 pillars – digital ID / simplified account opening, interoperable electronic payment systems, digital government services, infrastructure

- Video summary
- <https://www.youtube.com/watch?v=5488U6n6FwU&feature=youtu.be>

- **edX Introduction to FinTech online course:**
- <https://www.edx.org/course/introduction-to-fintech>

Financial Operating Systems
www.ssrn.com/abstract=3532975



TechFin / Data-driven Finance
www.ssrn.com/abstract=2959925



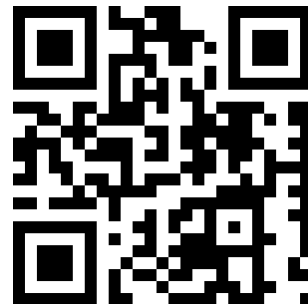
Regulatory Sandboxes
www.ssrn.com/abstract=3018534



FT4FI Roadmap
www.ssrn.com/abstract=3245287



Corporate Technologies (AI etc.)
www.ssrn.com/abstract=3392321



Regulating Libra
www.ssrn.com/abstract=3414401



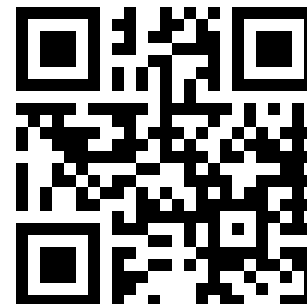
Future of Data-Driven Finance
www.ssrn.com/abstract=3359399



Rise of Tech Risk
www.ssrn.com/abstract=3478640



ICO Gold Rush www.ssrn.com/abstract=3072298



AI in Finance: Putting Humans
www.ssrn.com/abstract=3531711



Distributed Ledgers / Blockchain
www.ssrn.com/abstract=3018214



eID / KYC Utilities
www.ssrn.com/abstract=3224115

