

Evolving engagement: governments forge new frontiers with fintech

By **Daniel Tost** - May 6, 2024, 12:53 pm



Global Government Fintech Lab 2024 panel session one: Siobhan Benita (moderator), Karen Cullen, Dominik Freudenthaler, Peter Oakes and Robert Rampre | Credit: Deirdre Brennan for Global Government Fintech

GLOBAL GOVERNMENT FINTECH LAB 2024: PANEL SESSION ONE

The Global Government Fintech Lab 2024's opening panel session explored how public authorities in three European nations are engaging with financial technology, Daniel Tost reports

Public authorities across the globe are increasingly looking to engage with the dynamic fintech landscape, as well as harness the potential of fintech and fintech-related solutions for the delivery of citizen services.

The question of what strategies governments have taken to effectively engage with fintech, while addressing regulatory complexities, was the focus of the Global Government Fintech Lab 2024's opening panel session.

The discussion set the scene for the one-day event, held in Ireland's capital city Dublin on 25 April, by exploring topics including the challenges governments face in structuring their engagement with the private sector and how they can best 'keep up' with the pace of innovation.

The panel for the 'Governments and fintech: on the right path?' session comprised: Karen Cullen, who heads a fintech steering group alongside her principal role as head of international financial services in Ireland's Department of Finance; Dominik Freudenthaler, fintech expert in Austria's Federal Ministry of Finance; Peter Oakes, the founder of independent network Fintech Ireland; and Robert Rampre, undersecretary in the insurance and capital market division at Slovenia's Ministry of Finance.

The session, moderated by former senior UK civil servant Siobhan Benita, was preceded by a [keynote speech by Ireland's minister of state with responsibility for financial services, Neale Richmond](#), who spoke of 'significant opportunities' for the public sector created by fintech solutions.

Ireland's cross-government approach

Cullen kicked off the session by providing an overview of the 'Ireland for Finance' strategy (updated in 2022 after its first issuance in 2019) and its implementation through annual 'action plans' (the [2024 action plan](#) was published in March). The strategy's five (overlapping) themes are: sustainable finance; fintech and digital finance; diversity and talent; regionalisation and promotion; and 'operating environment'. Sustainable finance and fintech/digital finance are priorities.

She emphasised the importance of external involvement, with the private sector and other interested parties invited to "submit proposals" to the Department of

Finance. This iterative process aims to ensure the strategy remains responsive to evolving industry needs and market dynamics.



Karen Cullen (second from left) at Global Government Fintech Lab 2024

Government fintech

engagement structures include a joint-committee overseeing 'Ireland for Finance' strategy implementation (chaired by the minister of state, this meets quarterly); a public sector committee (including representatives from the Department of Finance, Department of the Taoiseach, and further departments/agencies); and an industry advisory committee. "That is where the industry experts talk to government about trends and what they think is good about the system or what maybe needs to be improved," Cullen explained.

The Department of Finance fintech steering group, meanwhile, helps to ensure co-ordinated monitoring of regulation in areas including payments, open banking, insurance and sustainable finance.

Cullen (who also joined the [opening panel of the first Global Government Fintech Lab in 2022](#)) also mentioned specific recent developments such as the proposal for the creation of a '[national fintech hub](#)' – one of six 'deliverables' in the fintech and digital finance section of the latest action plan.

She closed her opening remarks by mentioning 'fintech workshops' involving the private-sector that had been hosted by the previous minister of state, Jennifer Carroll MacNeill ([who gave the keynote address at last year's Global Government Fintech Lab](#) and is now minister of state for European Union affairs and defence).

Austria's digital ID advance



Dominik Freudenthaler at Global Government Fintech Lab 2024

Freudenthaler – also a panellist at the 2023 Lab (speaking about [blockchain](#) and, separately, '[emerging topics](#)') – began by referencing three ways that public authorities engage with fintech innovators.

First, regulation at a European Union (EU) and a national level. He mentioned Austria's Financial Market Authority (FMA)'s regulatory sandbox, which launched in 2020 (sandboxes allow fledgling innovative projects to conduct 'live' experiments under regulatory supervision). Second, government's role in enabling and encouraging individuals to switch to digital ways of using financial and government services. Third, by direct "financial means" (financing) – a "very crucial topic" for fintech companies.

Freudenthaler then expanded on his second point by delving into specific examples of government fintech-related use-cases. He began with digital ID system – 'ID Austria' – highlighting what he described as a recent "relaunch" and "very quick" subsequent growth in user adoption (currently about 2.6 million people, he said).

ID Austria is, he said, an example of a government initiative improving user experience and security standards across multiple sectors. "If you think about your experience when using financial services, it usually is a hassle to remember different passwords and log-ins, and to do the onboarding every time. If you have a well-established and well-used eID system that can be used across sectors, this makes user experience a lot better," he said, adding that services are also much "safer" as requirements for qualified e-signature services under the EU's eIDAS regulation are "very strict".

He highlighted two finance-related government initiatives that ID Austria helps with. First, e-government service FinanzOnline – a flagship product of the Ministry of Finance, for tax filings. “Since its establishment, we have had about 280 million tax filings,” he said. Second, a new initiative (launched earlier the same week): ‘Bundesschatz’ from the Austrian Treasury, which is a ‘bond-like’ retail savings product. He also mentioned ID Austria’s integration into pension-pot tracking. “Our big hope is that the private sector will ‘take over’ the ID Austria system once people are very well used to it,” he said.

The digitalisation of Austrian driving licences and vehicle registrations (so people can immediately access relevant documents via smart-phone) were also provided as examples of state-backed digital initiatives.

Global fintech investment decline

Oakes began by referring to Freudenthaler’s examples, pointing out that the rollout of digital government services would typically involve multiple elements of back-end technology powered by private-sector innovation.



Peter Oakes (second from right) at Global Government Fintech Lab 2024

“I ask: would any of those [innovations] actually have been achievable if there hadn’t been regulatory technology [RegTech] applications that were doing the verification of customers who wanted to open bank accounts? Without that, the innovation in government to improve public services may not have happened at the rate that it did,” Oakes (who also appeared at last year’s Lab: on a panel discussing [data](#)) said.

But his opening remarks were largely focused on investment and regulatory trends across the fintech landscape, including the downward trend over the past year or so in fintech investment volumes (globally); differentiation between different types of companies (“fintech is a broad church”); and referencing an International Monetary Fund (IMF) working paper ‘[Is Schumpeter Right? Fintech and Economic Growth](#)’ – February 2024) that examined the relationship between fintech and economic growth.

He presented data on the number of authorised e-money institutions, payment institutions and account information service providers (AISPs) in the European Economic Area (EEA) and the UK. He highlighted Lithuania (followed by France and Germany) as a surprising leader in the number of ‘regulated fintech companies’ (with ‘fintech’ narrowly defined as per the categories above). The Lab’s host country, Ireland, sat in ninth place.

Oakes concluded by highlighting the IMF working paper’s conclusion on the relationship between fintech and economic growth. The paper, based on analysis of 198 countries’ data between 2012 and 2020, stated that: ‘Looking forward... fast-growing fintech is likely to have a greater effect on economic growth. In this context, maintaining financial stability is sine qua non for sustainable growth and that requires strong regulatory institutions, better use of technology in regulation, extensive cross-border coordination and appropriately calibrated prudential regulations for a level playing field and effective monitoring and supervision of traditional and emerging financial institutions.’

Slovenia looks to ‘enhance’ fintech environment

Rampre, the first representative from Slovenia to speak at a Global Government Fintech Lab, began by providing an overview of his country’s private-sector fintech landscape.



Robert Rampre (right) at Global Government Fintech Lab 2024

Acknowledging Slovenia's relatively small market size (the country's population is just over two million), Rampre said the authorities were looking to "enhance the environment" for fintech companies.

He has observed, he said, what seems to be "stagnation" in the number of companies operating, particularly in the blockchain technology and crypto sectors, after a "surge" from around 2018. "As the market matures, you feel that many companies didn't find the business model to continue operating or they are moving to other jurisdictions maybe somewhere else in Europe," he said.

He highlighted efforts to incorporate fintech-related considerations into the 'Capital Market Development Strategy of Slovenia 2023-2030', for example, digitalisation, improving small- and medium-sized enterprise (SME) financing and promoting digital literacy.

An initiative is underway to develop a 'Fintech Roadmap' for Slovenia. This primarily aims to steer regulatory and supervisory authorities' actions – identifying areas for improvement and proposing concrete initiatives. Challenges include the existence of three regulators ("there isn't a single entry-point for fintechs") and relatively limited use of innovation hubs. There is, he said, a need for potential solutions, such as a regulatory sandbox – although he was aware of occurrences where these have not worked well. Slovenia's Ministry of Finance does not have a dedicated fintech unit but, he said, "this would maybe be something for the future."

He also mentioned plans to launch a distributed-ledger technology (DLT) platform for tokenised securities. "This is something that the private sector has to do but we would like to set conditions," he said.

Seeking to develop partnerships, Rampre mentioned a 'study tour' to Taiwan to explore fintech developments and potential collaboration opportunities.

He concluded by affirming the ministry's commitment to advancing fintech and expressed optimism for the journey ahead.

IRELAND, AUSTRIA & SLOVENIA: KEY FACTS

IRELAND: Population: 5.1 million | Regulatory sandbox? Due to launch this year.

AUSTRIA: Population 9 million | Regulatory sandbox? Yes, launched in 2020.

SLOVENIA: Population 2.1 million | Regulatory sandbox? Not yet.

Sandbox dilemma

To kick off the session's Q&A section, the panel were asked about sandboxes as a way of engaging with the private sector – a topical consideration given that the [Central Bank of Ireland has recently completed a consultation ahead of the planned launch of a sandbox](#).

Freudenthaler highlighted that one challenge of implementing a sandbox, as a European Union (EU) member state, was an inability to provide (national-level) complete regulatory relief while simultaneously complying with EU regulation.

He said that some companies that have already passed through Austria's sandbox were now "on the market" with their services but interest overall in entering the sandbox had "faded a little bit".

He took the opportunity to then mention further ways that state authorities can help the fintech sector, such as by government procuring their solutions – "but procurement is a difficult field, so heavily regulated" – and financing to support companies' growth beyond the start-up phase. He pointed out the difficulty that many start-ups have in securing scale-up funding, often resorting to seeking investment outside of Europe.

Oakes stated that while sandboxes may often benefit nascent innovators, they are also help established companies that "want to keep an eye on younger players that might 'disrupt' them out of business."

"It depends on what the sandbox is going to do, how it's going to be measured and how transparent it will be with its findings," Oakes continued. "I do think that, overall, if there's a budget and resources, it should be created. But I think those who run sandboxes need to prepare [their expectations] that they may not be inundated from day one with applications."

RELATED ARTICLE [Ireland hosts public sector fintech pioneers in Dublin for third 'Lab' – an on-the-day event summary of Global Government Fintech Lab 2024](#)

Irish public sector interest

Asked about use-cases of fintech in government, Cullen shared four examples.

First, she mentioned Dublin-based digital payments firm, CleverCards, which has a partnership with MasterCard. Government authorities could, she said, use CleverCards' technology to "target social benefits" such as school-meal vouchers, job-seeker incentives, housing improvements, health incentives, rewards. "I think it's a very interesting concept," she said.

Second, she mentioned ID-Pal, an Irish company that the Health Service Executive (HSE) has partnered to enhance identity verification and security. This followed a high-profile cyberattack on the HSE in 2021.

Cullen's third example involved her own department's use of Revolut. During the Covid-19 pandemic, the well-known fintech company provided anonymised payments data to the Department of Finance on a weekly basis. This, she said, enabled "real-time" monitoring of consumer spending trends and informing government decision-making regarding economic policies and restrictions.

In her final example, Cullen highlighted the importance of education in fostering fintech skills, citing the launch of a Masters programme in Fintech Innovation at Munster Technological University. "There's already a graduate from that course who has set up at fintech company," Cullen said (the alumni in question, Conor Hall, co-founded a company called ConnectGreen, which has developed a platform for carbon 'management and exchange').

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Co-ordination essential to capitalise

Overall the session provided insight into the challenges faced by governments in evolving their engagement with the private sector on fintech matters.

But as well as 'structuring' for fintech through means of government roadmaps and committees (where applicable), the session also highlighted the growing impact (and potential impact) of fintech- and fintech-related solutions in public service delivery.

There was clear recognition of the need to ensure maximum co-ordination across the public sector, as well as, of course, with fintech providers to navigate the evolving landscape.

Ongoing engagement between the public and private sector will be essential to capitalise on the opportunities as – in the words of the keynote speech by minister Richmond (in the immediately previous session) – the 'wider digital transition' continues to accelerate.

[WATCH BACK \(55min 40sec\)](#)

Source: Global Government Forum YouTube channel

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Daniel Tost is a freelance journalist based in Berlin. Previously, he was editor-in-chief in Berlin for pan-European media network Euractiv. He also worked as an editor for the English-language edition of Germany's largest financial and business newspaper Handelsblatt. Before that, he was part of the team that launched the German edition of Business Insider.

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