

# Collaboration between industry and regulators to promote innovation and inclusion: INSURANCE INSTITUTE OF ZIMBABWE

9 November 2020

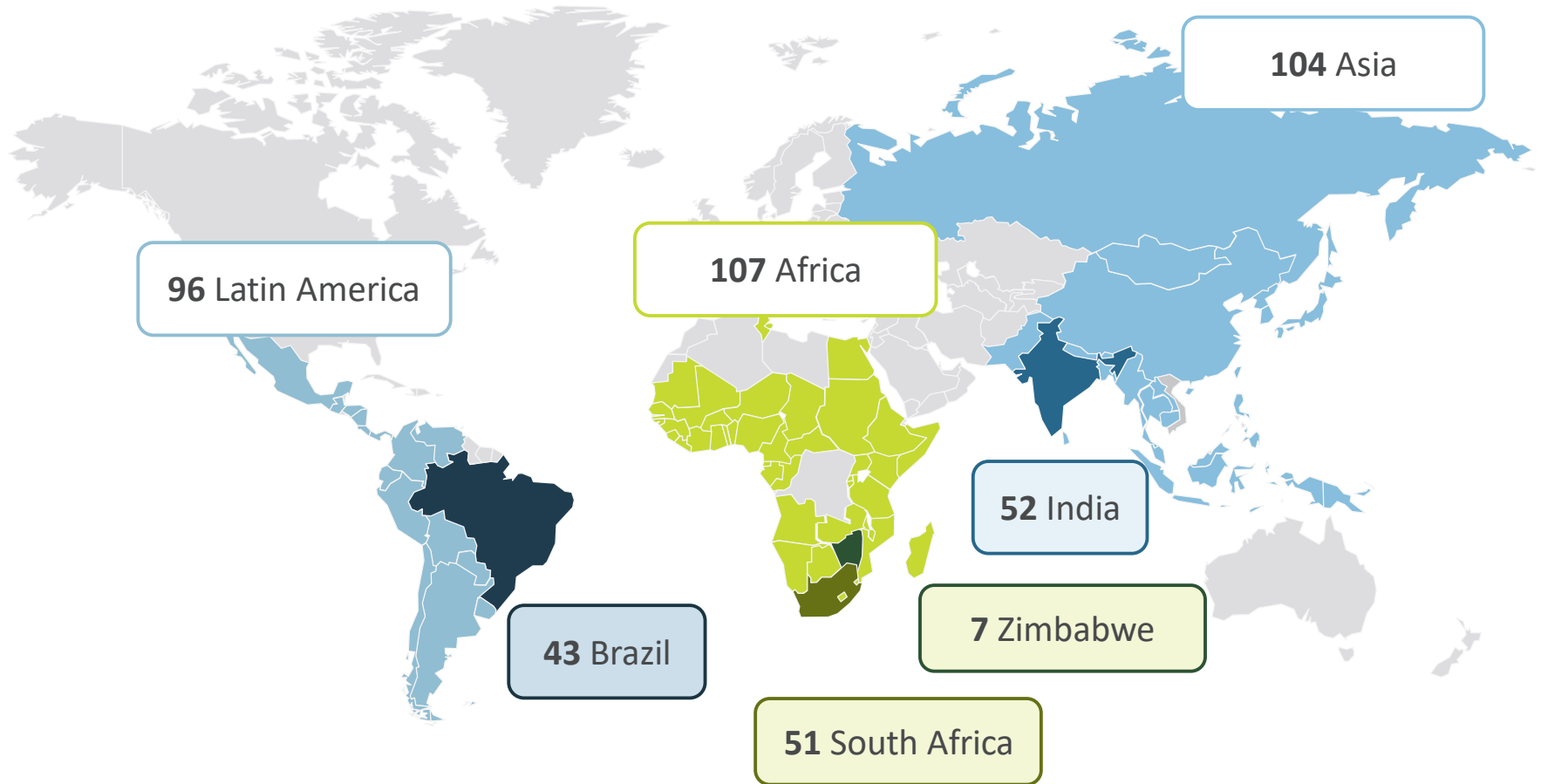


Innovation is happening rapidly  
across global insurance markets

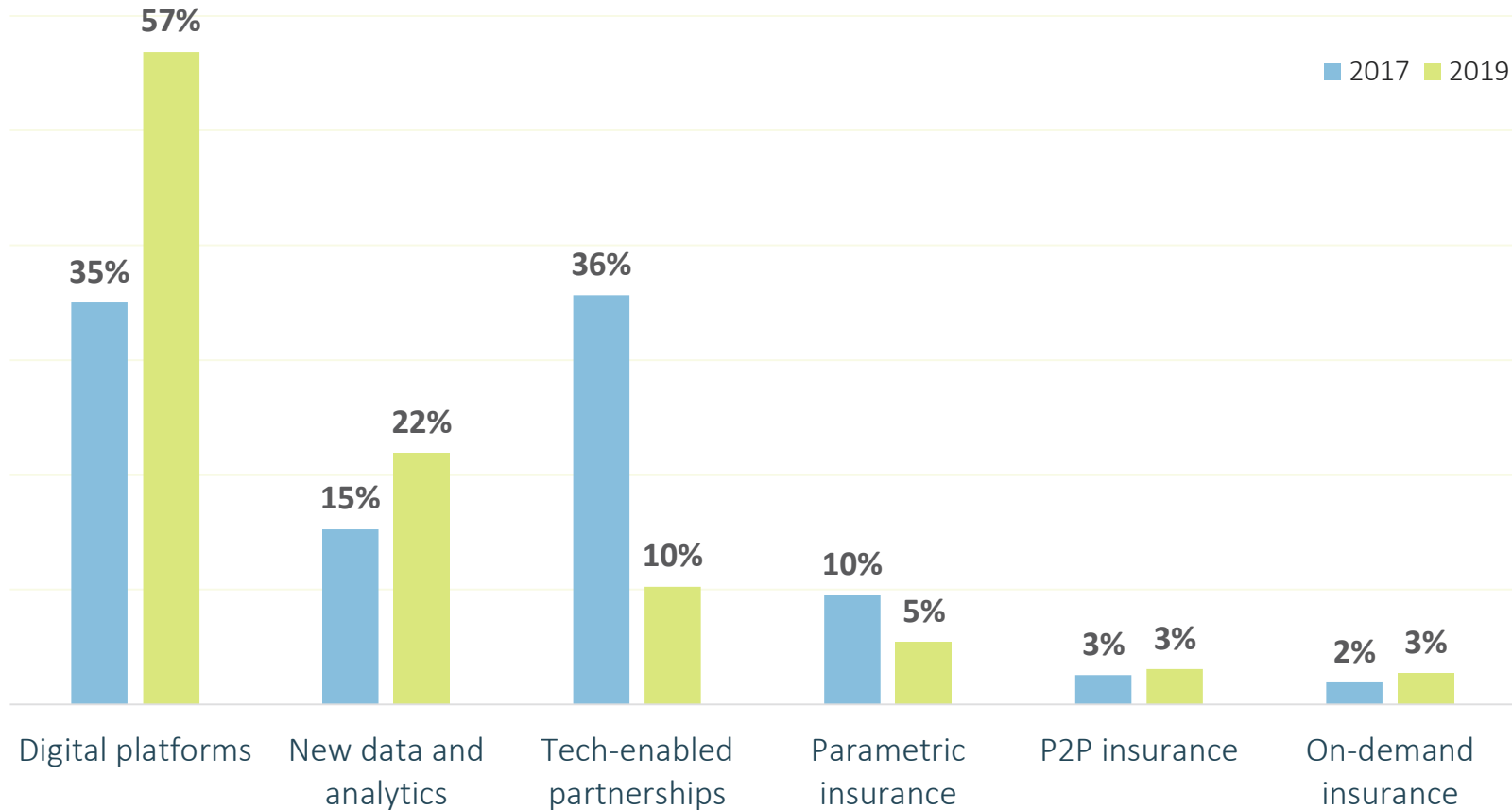


# The insurtech landscape

292 insurtechs in 85 countries



# Insurtech trends



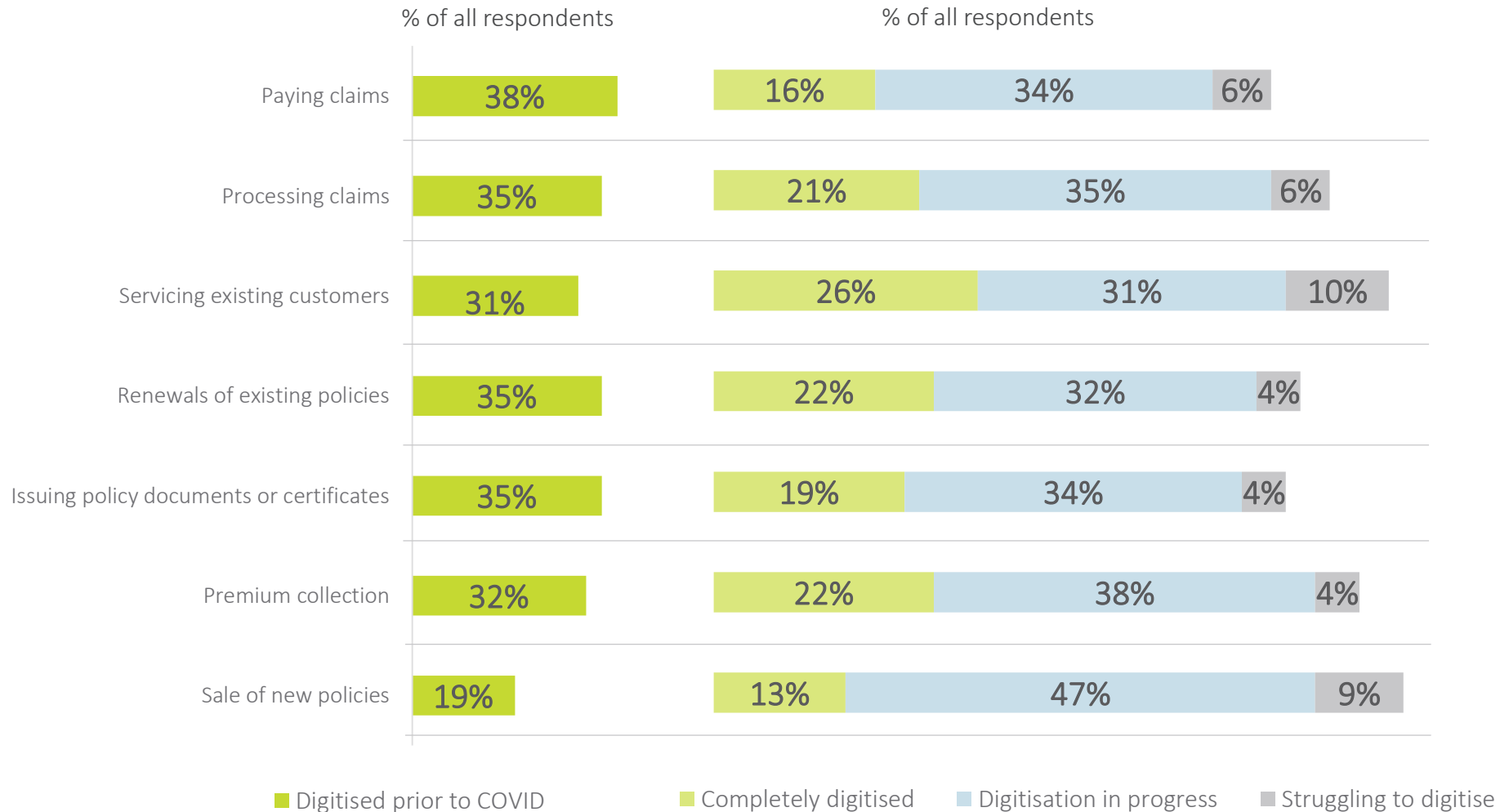
Updated total: 292

Original total: 157



# Covid-19 has fast-tracked the digitalization of insurance operations

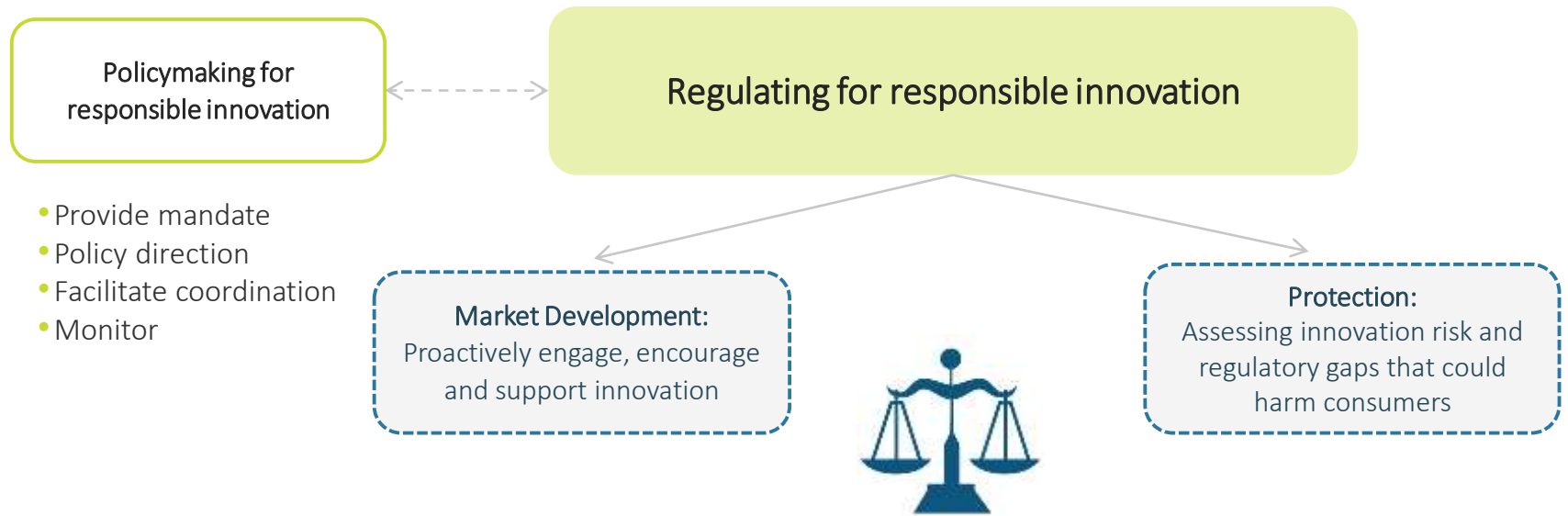
## Extent of digitalisation



For regulators,  
supporting innovation  
creates a tricky balancing  
act



# Managing a regulator's balancing act



# Regulatory sandboxes: Are they a solution?

**Underlying principle:** Allows the piloting of innovative ideas that fall outside of existing regulation in a regulatory safe space

**Growing popularity:** The UK's Financial Conduct Authority (FCA) launched the first formal regulatory sandbox in 2015. Five years later, more than 45 different countries have launched, or will launch, a regulatory sandbox.

**BUT:**

1. Does it address the actual challenges in the market?
2. Is it the most appropriate tool in the specific context?



What are the actual  
challenges?



# Common challenges to innovators and innovation

- Innovators navigating regulation
- Access to capital and partnerships
- Clarity and transparency of supervisory processes
- Enabling of remote onboarding of customers
- Appropriate licenses

# Common challenges to innovators and innovation

## Regulatory sandbox

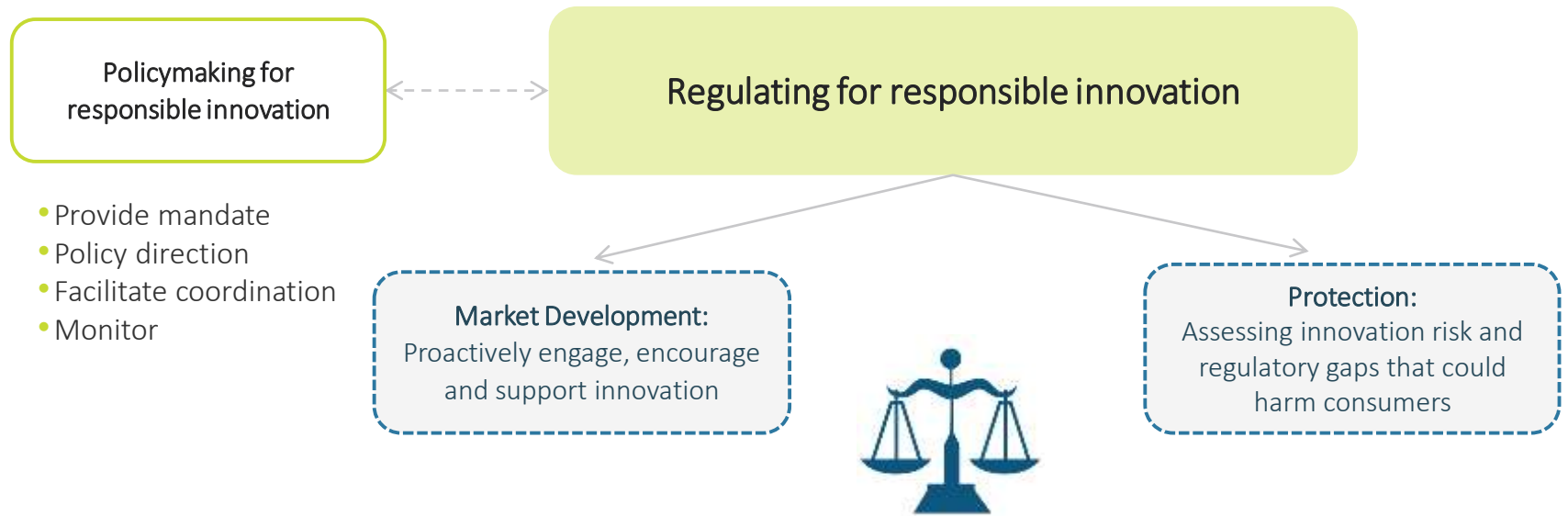
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x

# Common challenges to innovators and innovation

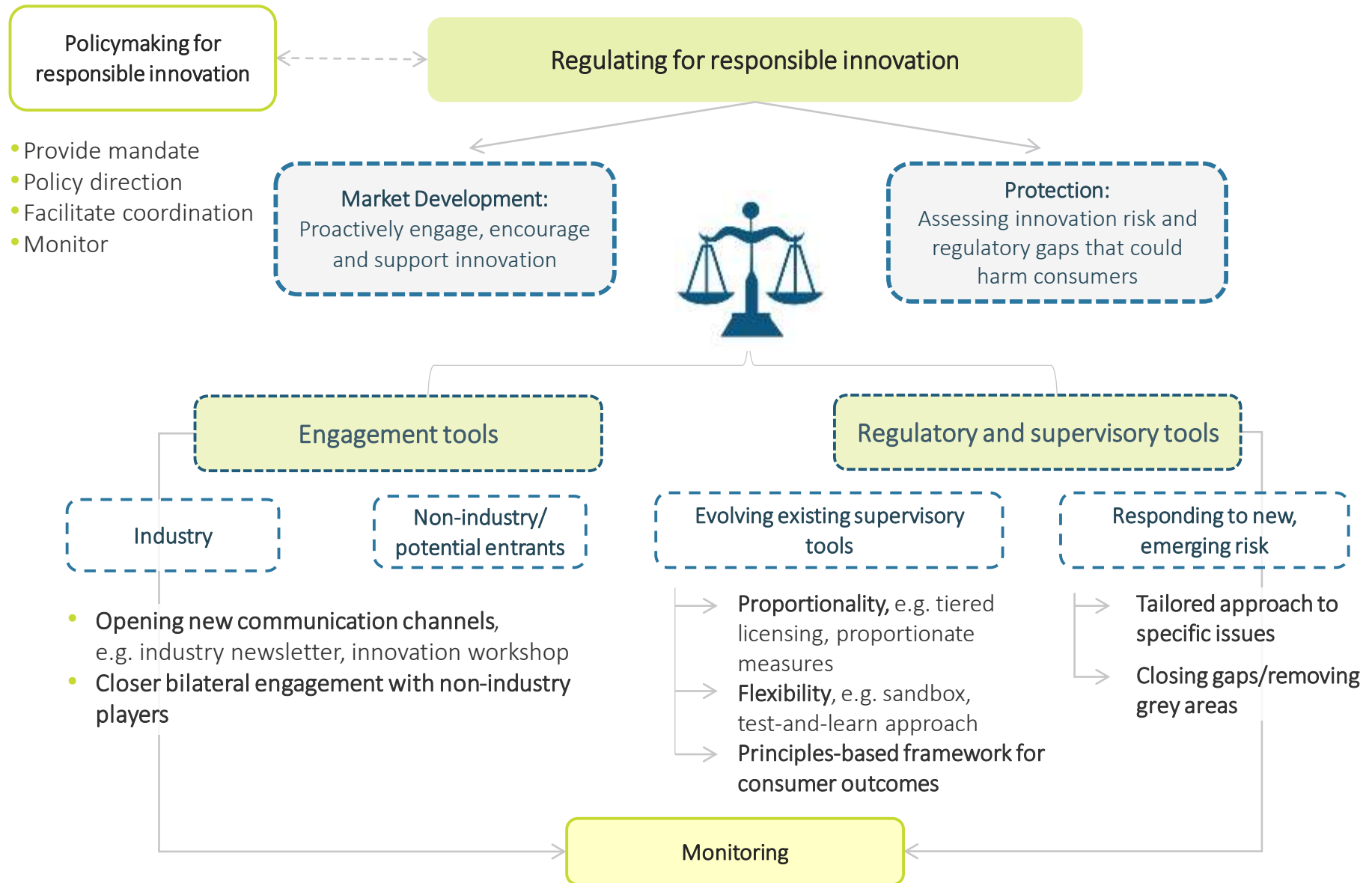
	Regulatory sandbox	Communication, advice and convening	Regulatory change
• Innovators navigating regulation		X	
• Access to capital and partnerships		x	
• Clarity and transparency of supervisory processes		X	
• Enabling of remote onboarding of customers		x	X
• Appropriate licenses	x		X

# Managing a regulator's balancing act: What are the options?





# Managing a regulator's balancing act: What are the options?



An adaptive and appropriate  
enabling environment for  
innovation requires a  
partnership between industry,  
fintechs and regulators



# Roles of key stakeholders

## Regulator

- Open two-way communication channels
- Regulatory clarity
- Clear, transparent product approval
- Application of test and learn principles and flexibility through instruments like letters of no objection
- Expand the menu of available licenses
- Understanding of new, emerging risks
- Refined approach to monitoring market development

## Insurance Providers

- Understand the trade-offs that regulators are required to balance
- Engage proactively on new ideas and emerging innovation
- Customer-centric solutions that meet needs
- Treating customers fairly to build trust
- Engaging risk management technology solutions and insurtech partners
- Shift emphasis towards competing on value – shared infrastructure, open data
- Propose/ build in safeguards when piloting new products
- Effective governance protocols to address new risks

# Contact us

Please engage with us:

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## About Cenfri

Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

## About FSD Africa

FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or "FSDs" across SSA called the FSD Network.

