

Good Morning, Dear Colleagues, experts and believers in financial innovation!

I'm delighted to see so many members of the Lithuanian FinTech community and international guests gathered here today.

On my way to this conference, I had a thought: people say that private markets are the locomotives of change moving towards progress faster and better. And that is the reason why private sector initiatives tend to dictate new trends and behavioural patterns, while authorities can only do their best to try and keep up.

Such a perception often seems to reflect reality. Yet this is **not** quite the case when talking about the FinTech situation in Lithuania. I will not be overly modest in this regard: surely, it was **the regulator** who was the frontrunner in leading this process. Today, the Bank of Lithuania keeps pace with the latest innovations - and often is at least half a step ahead. Indeed, it is the very nature of Fintech to modify the rules of the game, including those that have existed between the market and the regulator for decades.

We deemed last year as the year of breakthrough in FinTech in our country, with the number of licences granted tripling. In light of the ongoing interest, we can reasonably assume that this wave will continue this year as well – and perhaps even in the year after. In my humble opinion, this might suggest that we are not only doing something new and modern, but also that we are doing it **right**.

To be more precise, a few years ago, we set ourselves a goal: the Bank of Lithuania would act not only as a supervisor (which is always part of our duty) but as a financial sector **partner** as well. Today, we offer to FinTech companies one of the quickest and most flexible licencing regimes in Europe. Our consultations facilitate the start up of new businesses. We have opened our payment infrastructure to non-banking institutions, and now FinTech companies can directly, without intermediaries, access the entire SEPA area through the CENTROLink platform. The freshly launched 'regulatory sandbox' provides favourable conditions to construct and test innovative business models while enabling us to upgrade **our own** array of regulatory tools.

I could go on about the benefits of the regulatory environment in Lithuania. But I will stop here because many of you know them, or perhaps have already taken advantage of them. Instead, I will explain why we are working so hard.

I must admit that we are creating favourable conditions for the development of FinTech **not** because of our blind love. Quite the **contrary** – we offer something that I would call a “partnership of **convenience**”, as we have a clear and measurable interest. We are aiming for two things: first, tighter

competition, and then, its possible outcome – a better price-quality ratio for consumers. In other words, we are moving forward with an incentive to achieve greater public benefit.

Are we achieving our aims? Are we satisfied with our results?

The answer is both *yes* and *no*.

Yes, because FinTech has managed to loosen the grip of stagnation. Let's take, as one remarkable example among many, the emergence of mobile payment platforms. This innovation has changed the face of the sector. Furthermore, market developments are also reflected by the growing share of non-banking institutions in electronic transfers. Consumers increasingly choose innovative payment applications because of their convenience, tailored to the specific consumer needs – something that traditional market players do not always deliver.

What are we **not** satisfied with? In our view, the opportunities have not yet been fully exploited – neither those provided to the FinTech sector nor those that the sector offers to the public. The level of competition remains insufficient, while the market share of innovative financial institutions has a definite potential for expansion. On top of this, Lithuanian consumers often receive financial services that are less attractive than those offered in other markets. In short, we still have plenty of room to grow. Therefore, the Bank of Lithuania will seek to further ensure a FinTech-friendly regulatory environment and will consistently promote not only the **quantitative** growth of this sector, but – I would like to emphasize – **qualitative** progress as well.

That is what we are hoping for when giving you a **huge credit of trust**.

Such trust, however, does not mean that we turn a blind eye. Although the Bank of Lithuania is a financial sector partner, I wish to reiterate that, as designated by the **law** and the **citizens**, it is a supervisor as well.

This means that criteria of transparency and integrity will remain crucial in the future, and we can uphold these principles employing the tools provided by FinTech as well. We are committed to maintaining a high bar in terms of quality – our goal is not the greatest number of market participants. Rather, our goal is to help the highest quality and most reliable FinTech companies offer **real** solutions that produce **added value** for the public.

By believing in and supporting you, we have assumed responsibility. Today, we share it together – for we all are in the same boat. One of the oars is in the hands of the regulator and the other is in the hands of the market participants. Let's row in the same direction, so that we all move forward with confidence and success.

Thank you. I wish you all a fruitful conference.