



PARLIAMENTARY ASSEMBLY OF THE BLACK SEA ECONOMIC COOPERATION  
**PABSEC**

INTERNATIONAL SECRETARIAT

*Doc.: GA55/EC54/REC173/20*

**RECOMMENDATION 173/2020\***

**“Development of Financial Technologies in the BSEC Member States”**

1. The Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) stresses that the financial technology sector (FinTech) is a new industry that emerged at the intersection of the financial services and new technologies. Development of financial technology boosts sustainable development and is capable not only to increase the effectiveness of financial industry, but also to contribute to the achievement of the Sustainable Development Goals (SDGs) and improve the quality of life of people.
2. The PABSEC recognizes that although global financial technology market is relatively new, it is one of the fastest growing in the world. No matter how quickly and efficiently the goals of financial technologies are achieved in various countries, the focus on the use of technologies in providing the best financial products and services completely changes the nature of the financial industry for the better. The high level of IT and contemporary digital revolution provide a wide range of new and potential financial products and services.
3. The Assembly emphasizes that financial technology makes a significant contribution not only to the financial sector, but also to the economic growth. The development of financial technologies helps to reduce the cost of financial services, to improve the quality and efficiency of the financial market. To this end, the development and promotion of financial technologies is one of the priority directions of the economic policy of the BSEC Member States.
4. The Assembly notes that with the development of digital financial technologies, there are also risks associated with the growth of cyber threats, which require prompt and timely detection, evaluation and application of measures to prevent them and to minimize their consequences. Particular attention is paid to the increasing of technological safety and sustainability while using financial technologies for timely response to cyber incidents.

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\* The Assembly debate on 6 August 2020 (see Doc.: GA55/EC54/REP/20, Report of the Economic, Commercial, Technological and Environmental Affairs Committee “Development of Financial Technologies in the BSEC Member States” discussed online on 7 July 2020; Rapporteur: Ms. Sofia Voultepsi – Greece)

*Text adopted at the General Assembly on 6 August 2020 at online meeting.*

5. The Parliamentary Assembly states that the process of forming a policy in the field of financial technologies should be flexible, innovative and interactive. It is also important to establish the right balance between the conditions for the financial innovations and solving the problems related to eliminating threats affecting the integrity of the market and the financial system, as well as protecting consumer rights and financial stability. This balance is crucial for ensuring the social benefits brought about by financial innovations.
6. Therefore, **the Assembly** recommends that the Parliaments and the Governments of the PABSEC Member States:
  - i. *modernize* the legal framework in order to create a favourable environment with greater legal clarity and certainty regarding key aspects of activities in the field of financial technology, and to eliminate unnecessary legal obstacles;
  - ii. *contribute* to the improvement of the legislative framework conducive to the effective introduction of financial technologies with the aim to increase financial accessibility and development of financial markets;
  - iii. *use* the potential of financial technologies in the application of the innovations and consolidate efforts to strengthen the innovative development of the countries;
  - iv. *facilitate* the development of education sector in the field of financial technology;
  - v. *monitor* the developments in order to prepare policies stimulating the use of the benefits of financial technologies and mitigating the potential risks;
  - vi. *take steps* to establish a reliable digital infrastructure that is sustainable against the abnormalities in the operation and maintains credibility and confidence in the financial system;
  - vii. *examine* the possibility of using FinTech innovations in the activities of Central Banks along with maintaining financial stability, expanding (if necessary) security networks and ensuring the effectiveness of transmission mechanisms of monetary policy;
  - viii. *ensure* the integrity of financial systems by identifying, studying, assessing and mitigating the risks of abuse of financial technologies for criminal purposes;
  - ix. *take steps* to provide individuals and FinTech companies with information on the most important aspects and tools, including the risks that facilitate the decision-making in this area, in order to increase financial literacy and awareness of population on financial technologies;
  - x. *take effective decisions* to regulate FinTech, both in the short and long term, to ensure sustainable economic development and growth in the region;
  - xi. *establish* the practice of exchange of views in the field of financial technology development, as well as experience in taking response at national level between the BSEC Member States in the framework of international forums;
  - xii. *support* organisation of a study of FinTech sectors in the BSEC Member States (the methodology of the global FinTech implementation index can be used);

- xiii. *organize* a forum of the BSEC Member States on FinTech and innovation, with participation of traditional banks and innovative FinTech companies and submit the results;
  - xiv. *create* a BSEC sandbox and incubator for FinTech companies of the BSEC Member States;
  - xv. *intensify* the work with the relevant working groups of the Organization of the Black Sea Economic Cooperation on the development of financial technologies in the BSEC Member States.
  - xvi. *use* the available modern technological developments to ensure the stable functioning of national financial systems, the smooth operation of payment mechanisms and settlements of foreign economic operations in order to protect against external threats and risks.
7. **The Assembly invites** the BSEC Council of the Ministers of Foreign Affairs to consider this Recommendation.