Competition and Regulation in the Financial Sector

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Competition and Regulation in the Financial Sector

Prof. Ralph Dahrendorf, London School of Economics:

- Arcane elements of LLB
- How do governments use legal structures to influence economic activity?

PCR

- Fault vs. no-fault in insurance
- Prudential Regulation – banks
- Privatisations

Recognition of Government role in the economy as the biggest actor
Brief Agenda

- On being a challenger – policies / technology
- Approach to regulation by a new entrant
- Promotion of contestability
- Implement activity based regulation
- Technology and regulation biases
- Challenges to delivery
Competition / Regulation in the Financial Sector

On being a challenger or how to deal with incumbents

1990-Today

Competition / Regulation / Technology

- Competition as “Dogma”
- Regulation as “Faith”
- Technology as “Doctrine”
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Approach to regulation by a new entrant.

Three interactions – different rates of change

**Competition**
- Policy changes are very slow
- Either to deregulate OR to regulate

**Regulation**
- Regulatory changes move quickly but are often forward looking and politically driven without proper considerations of implications

**Technology**
- Technology changes very quickly but is extremely like “law”
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Promotion of contestability

Competition, regulation, and technology as a force for social progress and are NOT an exercise in themselves.

- Can markets decide more for citizens than government?
- Do competition and regulation recognise market risks appropriately?
- How do competition and regulation get transformed by technology?
Implementation of activity based regulation

§1. 24 hour regulation

§2. Machine readable regulation

§3. Regulating technology / Regulatory competition
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Closing Remarks

• Open API
• Banking
• Regulation
• Non discriminatory
• Auditable
• Capable of change
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