

Digitalisation and Fintech

- Fintech: The digitalisation of our financial services
- Luxembourg is one of the leading e-payment and e-commerce hubs in Europe
- Through Fintech, new types of job profiles related to IT technology are created in the financial sector

Since the 1990s, the Internet has enjoyed increasing success and is developing steadily. More and more aspects in our lives are carried out and managed online. A process that has gained even more momentum since the rise of smartphones with almost unlimited possibilities (compared to the first Nokia and Motorola mobile phones) to help us in our daily lives. Financial services are no exception. The Internet, and online and mobile banking, has become an indispensable factor of modern life, especially during the Covid-19 crisis.

In Europe we see an emerging “new” trend, Open Banking, where

banks are constantly offering their clients new possibilities, more choice on how and with whom to share their bank data and how they wish to make payments. This trend has led to a strong development of payment services (for example in Luxembourg where Digicash / Payconiq allow us to pay bills using a QR code or transfer money to another person directly by mobile phone).

These digital financial services providers face fierce competition. They have to constantly evolve and innovate to offer the best and the most efficient services, at least better than those of the competition! However, these providers must also ensure that their prices remain competitive. They therefore need to constantly invest in more efficient technologies in order to allow for more cost-effective service. This leads to the creation of new job profiles in the financial sector.

Technology is also increasingly used to ensure that regulatory requirements and rules on the safe handling of clients' money are complied with in an effective, cost-effective and customer-friendly manner. This is a strength of the Luxembourg financial centre and it's unsurprising that many Fintech companies have established themselves in Luxembourg with the aim of addressing the regulatory and compliance requirements of the global financial sector.

As financial service providers play a key role in the management of money that often belongs to clients, they must also ensure that changes are implemented in a secure way to prevent the emergence of new and **aggressive cyber risks**. Those are **currently the biggest threat to our digital financial management**.

