



EDBS/KH/C/58/2017
3 December 2017

Chief Executive Officer
All Bank Licensees
Manama
Kingdom of Bahrain

Dear Sir,

Investing in Fintech

The rapid changes in technological landscape globally are having their impact on the financial sector. This is causing significant disruption in the traditional banking business models. The consensus is that disruption is here to stay as a phenomenon and there is no going back to simpler, more predictable and more stable times. In view of this the CBB would like to encourage the banks to allocate resources and management time to study the Fintech phenomenon and its potential impact on their institutions. We would also like to encourage banks to invest in relevant Fintech initiatives, leading to more automation and digitization of the bank and the services it offers.

I would also like to urge you to play a more proactive role in assisting Payment Service Providers (PSPs), Card Processing companies (CPs) and other ancillary service providers involved in Fintech. A more robust ecosystem of Fintech will indirectly benefit the banks as they launch their Fintech initiatives.

Another important area where banks should continue to focus their efforts on is enhancing the quality of banking services. The objective is to achieve higher levels of customer satisfaction through reduction in errors, decrease in the number of customer complaints, etc. You should regularly measure customer service levels through market surveys and other mechanisms. The investment in Fintech can also help improve service quality and provide the customers what they want in the manner that pleases them most.

Lastly, I would encourage you to cooperate with the Fintech companies working under the Regulatory Sandbox initiative of the CBB. These companies are obligated to engage local retail banks to open their accounts and route all money transactions through the banks.

Looking forward to your cooperation on the above.

Yours sincerely,


Khalid Hamad