

# **Opening Remarks: Shifting Gears – Embracing the Future of Pensions through Fintech, Artificial Intelligence and Cybersecurity**

*22 November 2023*

## **Salutations:**

Her Excellency, Judith Slater, British High Commissioner to Jamaica,

Distinguished Presenters,

Fellow Regulators, Ladies & Gentlemen,

Good morning!

1. It is a distinct pleasure and honor to extend a warm welcome to each of you, virtually, in my capacity as the Executive Director of the Financial Services Commission (FSC).
2. I express sincere gratitude to the British High Commission and the FSC for facilitating this timely event, providing us with the opportunity to delve into the transformative journey of the pensions industry in Jamaica and the wider Caribbean.
3. Special acknowledgment goes to the speakers who graciously accepted our invitation, and a heartfelt thank you to you, our stakeholders, for your enthusiastic participation. Today, we aim to assess the pulse of the region's pensions sector, exploring current and proposed reforms and opportunities.

## **Introduction:**

4. The world faced the onslaught of the COVID-19 pandemic, yet our pre-pandemic fintech efforts proved resilient, even with exposures to vulnerabilities and new challenges. We enjoyed uninterrupted high-quality financial services during the period, showcasing the power of fintech in filling gaps during crises.

5. COVID-19 revealed that the influence of fintech has endured beyond the pandemic, reshaping customer behaviour. The financial sector continues to grow at pace, resulting in a larger, outward-looking, more complex sector, which includes new business models driven by innovation and advancements in technology. This enduring digital appetite necessitates a continuous adaptation in the pensions industry.
6. In this context, understanding retirement benefits through engagement and awareness becomes crucial, as the pensions industry navigates unprecedented changes in an uncertain climate.
7. Recognizing that the future of the financial industry is intrinsically tied to technology, we understand that the quality of financial experiences is increasingly correlated with their digital nature. Amidst the uncertainties of the future, one constant has been digitalization.
8. Technology is rapidly transforming the operations of the financial sector, and the administration and provision of pensions are no different. While financial services, including the pension funds industry, have embraced digitalization, reliance on technology can also create new risks as we know. Some examples of these in our industry include:
  - a. Pension plan administrators, relying heavily on technology for asset management and data collection, are potential targets for cyber-attacks. There are apprehensions about data protection and security, along with consumer protection issues related to the suitability of the services and products provided,
  - b. Additionally, employees with lower levels of education and income may be left out of technological advancements because they are unable or unwilling to adopt new 'technical' methods, and

- c. Entities from non-regulated sectors might selectively adopt certain aspects of pension provision, leaving traditional players with less lucrative enterprises and introducing regulatory risks.
9. Fortunately, our collective efforts thus far have successfully streamlined operations and enhanced customer experiences using technology. And today, we shall deliberate on how emerging technologies in fintech, artificial intelligence, and cybersecurity can prepare us for the evolving landscape of pension automation.

### **The Future of Pensions - Automation**

10. Disruptive technologies, alongside a shifting member landscape, present both exciting and challenging times for the pensions industry and its members. For pension providers, fintech holds significant promise in enhancing the efficiency of internal processes and advancing risk management.
11. Further, the potential offered by new technologies is reshaping business models and the delivery of financial products to consumers. Such transformations can result in greater member benefits, manifested in reduced costs and enhanced accessibility to pensions.
12. For members, emerging technologies offer opportunities to manage pensions through integrated and automated channels, providing personalized experiences and self-service tools for financial planning.
13. While opportunities are limitless, the adoption of new technologies poses challenges. Legalities, governance, and the cost and complexity of re-platforming legacy systems require careful consideration.
14. With these in mind, we are actively involving stakeholders like yourselves to discern the necessary steps for advancing fintech development. Our purpose is to construct an ecosystem where the benefits of fintech are universally felt. By delivering substantial

advantages to customers, investors, and the public, we aim to establish a positive feedback loop, creating heightened demand for fintech solutions while revitalizing the entire industry.

15. In the process of building this ecosystem, it is imperative to uphold key elements conducive to growth, including data, infrastructure, talent, and funding. This strategic mindset has led us to convene this meeting, among many, where we will delve into the theme of "***Shifting Gears – Embracing the Future of Pensions through Fintech, Artificial Intelligence and Cybersecurity.***"

16. Concurrently, the FSC will continue to offer guidance on fintech areas that may present opportunities or challenges in risk management, facilitating the industry's embrace of innovative technologies with greater assurance. As Regulators, our focus is simple: we want to enable the benefits of change, innovation and competition for consumers, investors, and the economy while ensuring risks are managed.

17. We are eager to support innovative concepts that can bring about benefits for consumers, but we will proceed cautiously to ensure that consumer protection is not neglected.

### **Concluding Remarks**

18. Now is the opportune moment for the industry to intensify efforts in fintech, artificial intelligence and cybersecurity development. Collaboration is essential to unlock untapped possibilities and position fintech as a significant economic growth engine.

19. Collaboration between technological capabilities and human expertise is essential for designing user-oriented communications. Rich data and artificial intelligence are key components, ensuring relevance of content and delivery for a stronger return on investment.

20. The next generation of individuals will exist alongside an aging population that is experiencing extended lifespans during retirement. This increasing intergenerational gap places additional demands on providers to address a broad and varied range of member requirements.

21. For these reasons, I am happy our meeting agenda is as comprehensive and rich as it is, and I eagerly anticipate insightful discussions, recognizing that fintech is still a nascent industry. I encourage all participants to actively participate in our conversations, posing questions not only to our expert speakers but also to each other, fostering a truly interactive and dynamic event.

22. Thank you for your dedication, and once again, welcome to this webinar.