

## Relationships with Regulators Could Help in Mobile Rollouts

**Knowledge@Wharton:** Banks are often seen as being in opposition to regulators. But banks have also been quite good at getting regulators to cooperate – better than tech firms for example. Can you discuss why this is so and how that affects banks’ future prospects for mobile money?

**Steven Beattie:** Banks are uniquely positioned to understand not only current, but future expectations of the regulatory authorities. And it has been at times a combative relationship. That being said, when you’re talking about cooperation, I would describe it more as collaboration. Organizations very often are working very closely with their regulatory authorities. And while they may not agree on all matters, there has been open industry dialogue within financial services. That’s because at the end of the day, I think everyone recognizes some of these points, whether they’re related to mobile money or other products, offer unprecedented challenges for them.

Banks over the years have had to focus on insuring that they meet certain regulatory mandates. It certainly is critical for them to keep their banking licenses within the U.S. And this has forced them to develop the skill set, the experience and the prospectus for how to work well and collaboratively with regulators. This is further evidenced by the fact that most large banking organizations have hired in individuals from different regulatory authorities just to expand the base of their skill set and their understanding of expectation.

I don’t think you can characterize the other industries in a similar fashion in terms of having that broad regulatory overlay, a highly collaborative dialogue and at times contentious dialogue between the different organizations. So as a result I don’t think the other industries are going to have a full understanding of the breadth and depth of challenges of what it will mean to operate under the stringent requirements of the financial services industry as they start to enter the mobile money markets.