



LIETUVOS BANKAS
EUROSISTEMA

Fintech highlights and the way forward

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Board Member of the Bank of Lithuania

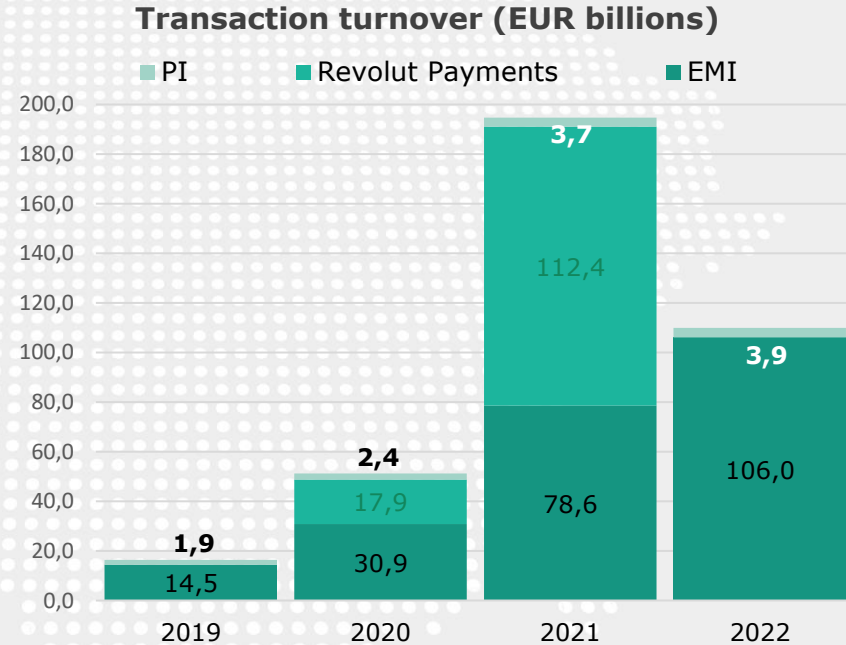
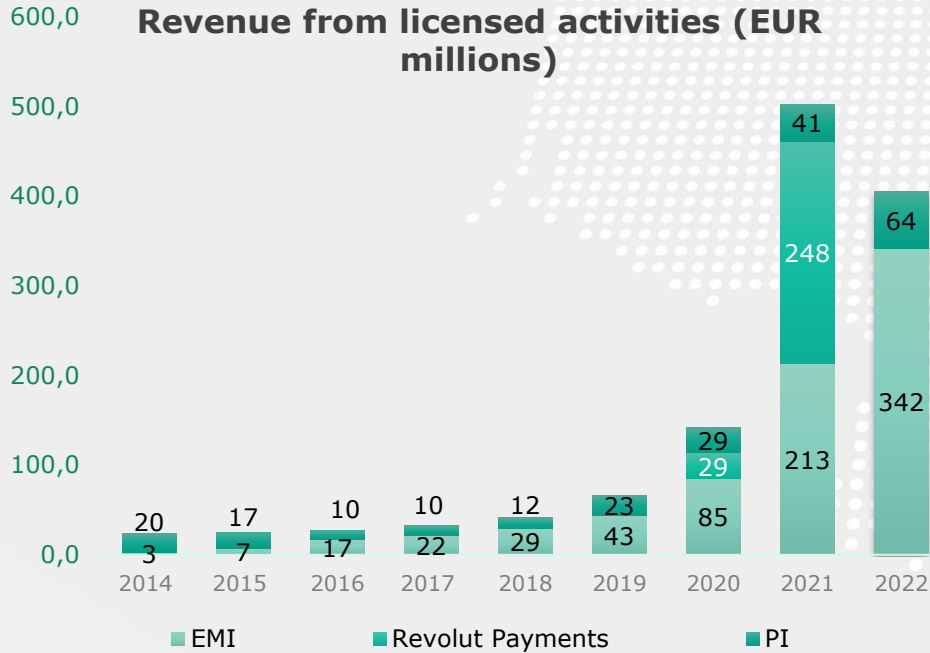
Vilnius, 2 March 2023

The year of accomplishments and hardships

- Over 25 million customers
- Maturity into full-fledged banks
- Growth in volumes and turnovers of services
- 2x instant payments through CENTROLink
- Maturity of compliance culture

**Turbulent
environment**

EMIs & PIs: strong revenue and transaction growth continues, yet profitability remains volatile



**EMI/PI revenue in 2022:
€405.2 million (up 1.6x YoY)**

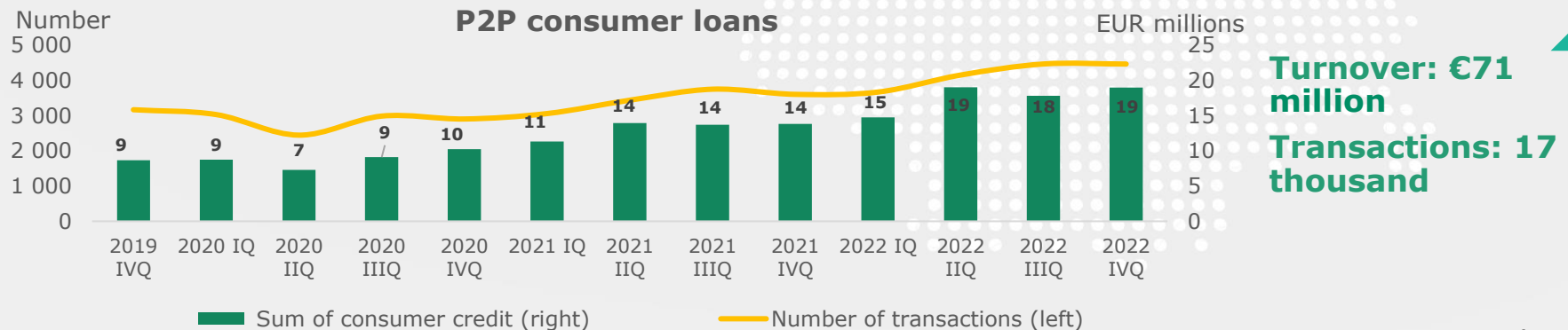
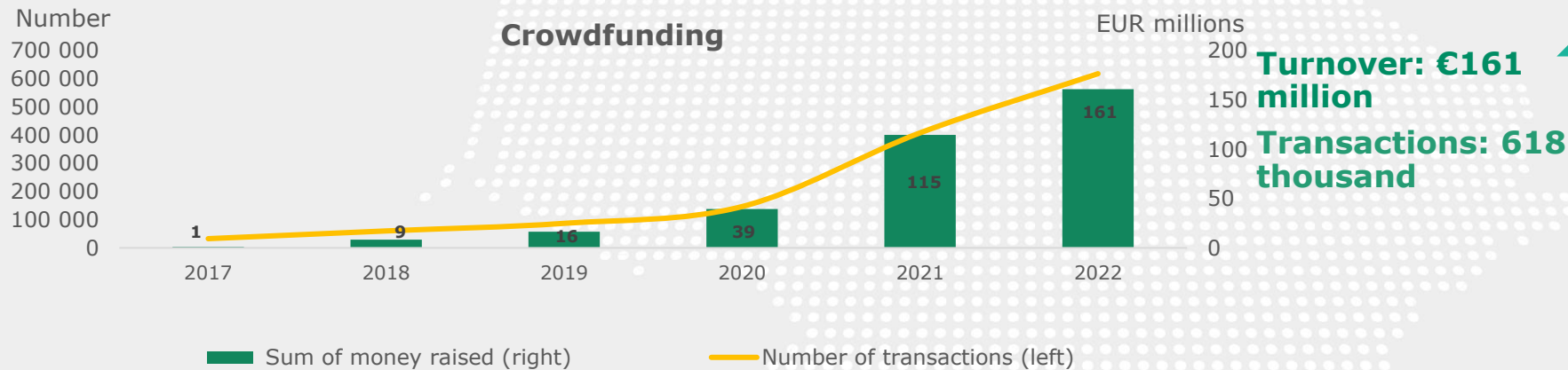


**Payment transactions in 2022:
€110 billion (up 1.3x YoY)**





Crowdfunding and P2P sectors are affected by market growth & regulatory tailwinds



Stronger compliance culture vs better services and products – alternatives or common goals?



ML/TF prevention – OpEx or CapEx?



ML/TF prevention - CapEx

Less compliance issues long term

Less mistakes, less loss
Higher customer trust

More long-term profit

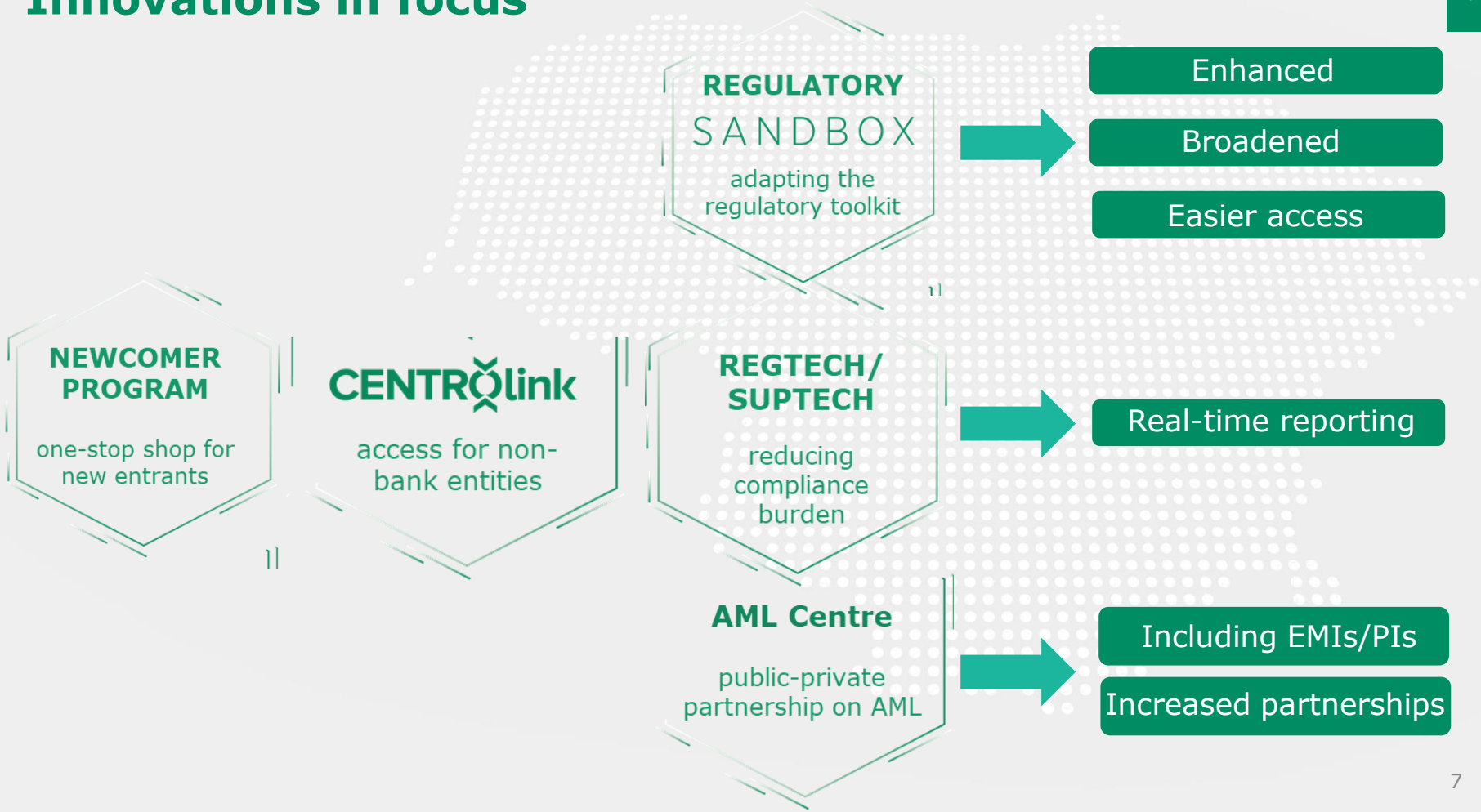


ML/TF prevention - OpEx

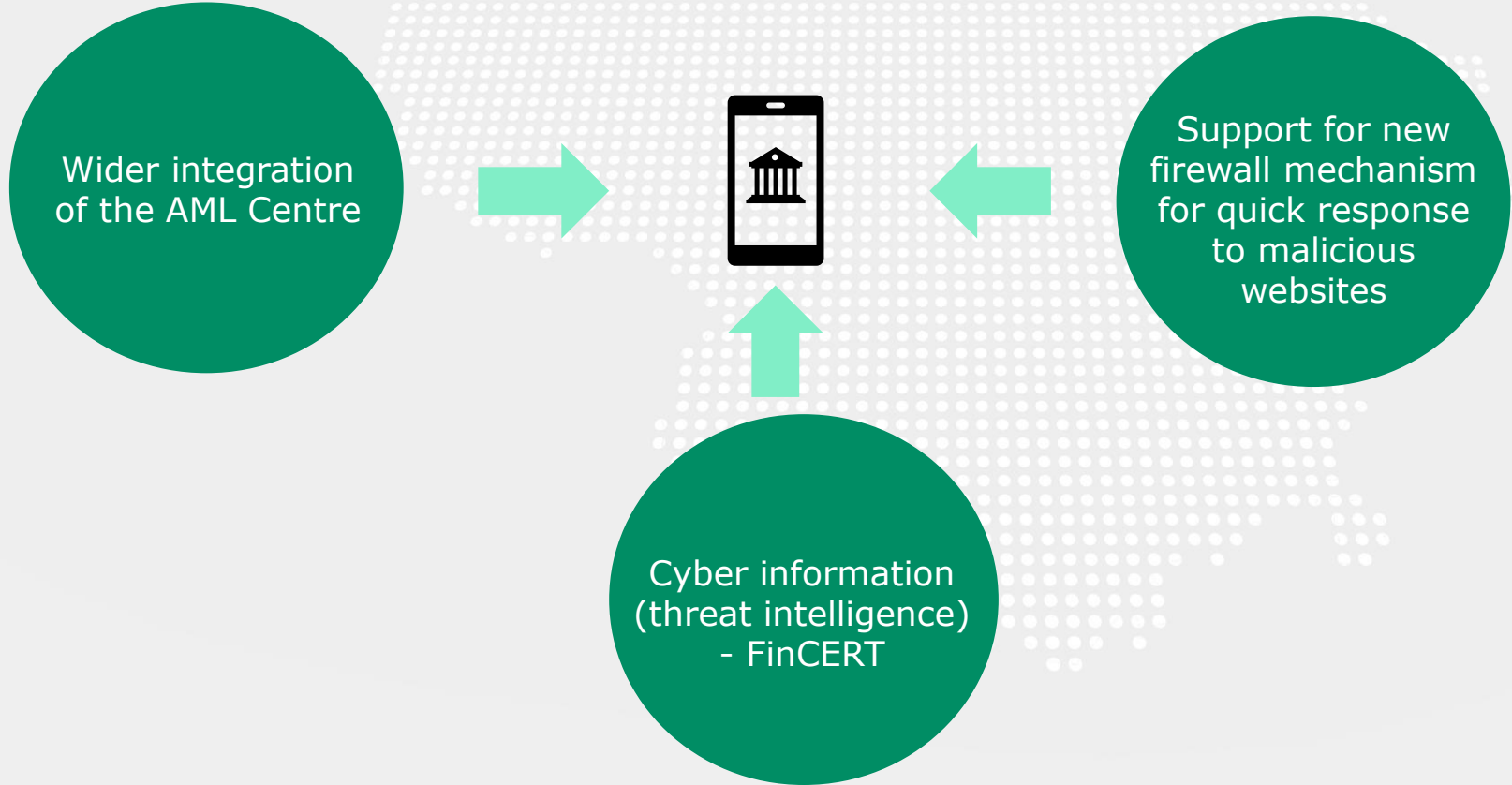
Short-term, minimal costs
Compliance issues in the long run

Less long-term profit

Innovations in focus



Rising cyber security challenge: additional measures are needed



CBDC - comprehensiveness of central bank money

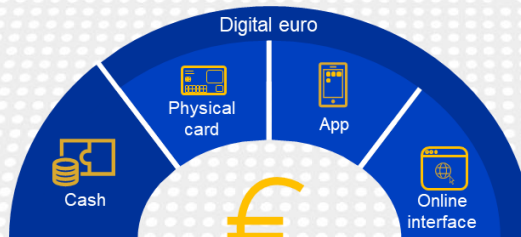


Online & offline

In proximity & remotely

Everyday & emerging use cases

Cash-like: ensured privacy & resiliency



How can an end user pay with central bank money?



Person-to-person payments



Point of sale



E-commerce



Government payments

Active participation of the BoL

Innovative opportunities

Less fragmentation

Opportunities on the world stage

Programmability of payments

MiCA: new merit for services and supervision

**ART - asset
referenced
token**

**EMT -
e-money
token**

**Other
crypto-assets**

Legal certainty for crypto-assets not covered by the existing EU legislation

Protection of consumers and investors

Financial stability

Promotion of innovations

MiCA themed
BoL event for
market
participants

Preparations
for MiCA

Future

Open finance:

- Clarity of definitions, place of provision, nature of payment service
- Clarity of regulatory approach (PSD3)

AI:

- Increased usage in security markets
- Risks yet to materialise
- Limited difference presently

Big techs:

- New approach to services
- Competition for data
- New opportunities to disseminate services

Digital assets:

- New opportunities with MiCA, Dora and EU Digital strategy
- CBDCs

A large, light green map of Lithuania, composed of a grid of small dots, serving as a background for the text.

**Thank you for
your attention**

Simonas Krėpšta

Board Member of the Bank of Lithuania