

# Need to ease norms for fin-tech sector: Pratibha Jain

Lawyer Pratibha Jain had argued that the government should look to regulate, not ban new technologies in the fin-tech sector

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At the World Economic Forum, delegates had discussed how financial inclusion is key to meeting the UN's Sustainable Development Goals.

Regulations are critical to ensure fin-tech solutions are not used for money laundering or terror financing, but banning new technologies will prove to be counterproductive, lawyer Pratibha Jain said at the 2020 World Economic Forum.

Jain's pitch to regulate rather than ban, comes amid the ongoing debate over a ban on crypto currencies. The Reserve Bank of India prohibits banking entities from dealing in or settling crypto currencies, a decision that has been challenged in the Supreme Court.

“As technologies are still evolving, prescriptive laws will keep becoming obsolete as technologies change, and banning technologies like crypto-currencies will only push the market for them to develop outside India,” Jain, who heads the Delhi office Nishith Desai Associates, said, according to a statement by her office. She was speaking at the WEF session on anti-money laundering and counter terrorist financing system.

In the absence of a unified code of laws governing fin-tech, these activities are primarily regulated by the central bank.

Jain argued that such regulations need to be balanced and principle-based rather than rule-based, and we should seriously consider three issues: first, the efficacy of fin-tech companies to provide solutions for financial inclusion; second, myriad of laws that don't allow for effective transfer between nations or stop technological development and third, the safeguards against abuse of such laws by governments is also an area of concern.

She expressed concern that the definition of proceeds of crime under the money laundering law was so broad that even a genuine purchase of property by a bank in an auction could run the risk of being accessed to by authorities as proceeds of crime.

“When laws don't have the checks and balances to ensure basic fundamental rights are protected, such laws are susceptible to be misused for political motivated prosecutions. Unfortunately, the efficacy of these laws is not yet proven,” she said.