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Ladies and gentlemen, it is a pleasure to be here today.

For years, as the tsunami of global regulation, EU regulation, UK regulation and yes, even Welsh legislation has passed my desk, I have delivered speeches and met with firms talking about the end of business models, job losses and red tape.

Speaking to the newly branded "Fintech" world is a breath of fresh air.

Instead of bringing me problems with regulation and expecting me to come up with solutions, Fintech is an industry built on providing solutions.

In many cases regulation is actually driving the industry forwards.

Legislation like MiFID 2 and CRD 4 necessitate automation and standardisation forcing companies to look at new technology solutions instead of patching up old legacy systems.

So it really is a pleasure today to speak at a conference concerning "Digitisation, Regulation, Market Change and Efficiency – What next?"

I'm looking forward to hearing about the many different ways in which technology is going to improve efficiency of markets and ultimately cut costs for investors.

At the moment all of the governments of Europe are keen to attract Fintech firms, appointing envoys and Tsars to encourage bearded hipsters to their jurisdictions.

However, it is going to take a lot more than that to truly encourage the development of Fintech.

The financial services sector is a heavily regulated sector, while technology may not be directly regulated, the entities that use it will be.

Therefore, the regulatory framework and its level of flexibility in accommodating new solutions will be a huge component of where Fintech finally settles.

For this reason I believe one of the key challenges for politicians and regulators at the moment is to look at how we can improve existing legislation, and examine the evidence on overlaps, in order to make changes to improve the current regulatory framework.

It is now time to use the EU and UK regulatory process to accommodate new innovations and technologies.

Instead of fighting back the Tsunami of regulation, we all have time to get excited about new innovations and new opportunities for financial services – including exploring the potential of technologies like blockchain.

I think it's on the agenda of every conference, roundtable and panel I attend at the moment.

Like many in this room, my first interaction with blockchain was via Bitcoin – perceived by many as this dark ominous cryptocurrency, established by shadowy and up until recently anonymous figures from the cyberpunk movement.

With a reputation for being used by drug dealers on the dark net via Silk Road, money launderers and even paid assassins - if you believe some of the hyped up claims that are out there on current uses for Bitcoin.

Yet the transformation over the past few years from that shadowy world into respectability and mainstream uses has been nothing short of meteoric.

The list of services in the financial sector that could be replaced or made more efficient by blockchain – or to be more formal using distributed ledger technology, is constantly growing.

Clearing, securities settlement, collateral management, custodian services not to mention reporting, reconciliation and corporate actions.

And with new technologies – or in this case more accurately as with new uses for existing technology – as DLT has been around for decades – it is hard to separate out the hype from genuine use in future processes.

Yet already we are seeing a maturing of the debate as practical use cases are being developed instead of just discussions around potential.

It's also hard from a regulatory perspective to know when to treat new innovation with suspicion and when to welcome the new efficiencies they may bring.

Fintech will have its scandals - be it through cyber crime or data breaches, or worse, investor protection issues.

Yet how both the industry and regulators react to them will have a huge effect on the development of the Fintech space.

Will the sector be seen as a way of avoiding regulation and be demonised by the left in the way that Uber has been?

Or will a more collaborative approach be developed?

On the other hand, I'm not sure whether the Robo-advice sector would have grown so quickly if it hadn't been for the many mis-selling scandals over the past few years.

While historically one would have assumed that most retail investors want to deal with a person - now, computers are seen as more trustworthy.

The idea of inputting your criteria and an algorithm works out the best solution for you is very attractive.

There is no corruptible human being to taint what many people see as a transactional process.

But of course that's just what's on the surface - the reality is that algorithms can be written to manipulate outputs just as the incentive structure for staff can ensure a certain outcome.

Assuming that technology can solve all of the governance issues in the financial services sector would be rather naive.

The medium may have changed but the profit motive is still at the heart of the financial services world.

However the efficiency savings could be huge.

Oliver Wyman and Morgan Stanley have estimated that costs in global post trade processing range from 17 billion US dollars to 24 billion US Dollars, as well as an annual cost of 12 billion US dollars in compliance costs related to Anti Money Laundering and Know Your Customer compliance costs.

They claim that 50% of the costs associated with capital market transactions could be removed if DLT was utilised efficiently.

Saving 18 billion dollars is a pretty big incentive.

Yet a lot of the costly inefficiencies in post trade in Europe have nothing to do with limitations in the current technology.

They are actually there because someone is making money out of the inefficiency and is in a position to prevent other solutions from coming to the fore.

While those huge headline savings are providing an incentive for people to invest in DLT solutions, they are also revenue and profits that will have to cannibalise someone else's core business.

As Peter Norman, the great post trade writer says – "Qui bono?" - "Who benefits?" – is always the key question to ask when looking at seemingly illogical inconsistencies in the post trade space.

More broadly, when looking at new technology we should look at lessons from the past and try to avoid previous mistakes,

Open Industry Standards and common protocols need to be developed.

And I have been encouraged by the work of entities like ISTIC Europe that are working to come up with common protocols and languages to new systems will hopefully start out in a more compatible way.

As these new systems and protocols are being developed, for me it's really important that the principles of MiFID around open access are taken as a template.

No discrimination against those wishing to participate, even if those participants have to meet a strict set of criteria to join.

Equality of opportunity

EU regulation already mandates ISOs like ISO 20 022 in Target2Securities, CSDR and MiFID2, as well as the use of identifiers such as the LEI, but in each case industry has had to work together first, before the regulation mandated one system.

I think if a large enough and broad enough group of industry is able to come together to agree the building blocks of the protocols then regulators globally – or at least in the EU – will be keen to interact and endorse them.

Financial institutions came together to create third parties to stand between them, not just to manage credit, counterparty or settlement risk, but because they needed a neutral trustworthy entity to perform a service.

That logic still holds, but the nature of the entity that stands between them is clearly changing.

Existing entities are going to have to innovate to survive and clearly show their value in the new high tech world – but I am confident that many intermediaries will rise to the challenge.

And no one will mourn the loss of those intermediaries that turn out to be solely cost centres that when eliminated from the system yield a much needed round of efficiency savings that will benefit investors.

The other big challenge that the Fintech world is likely to come up against is what seems to have been discussed ad infinitum in Davos last week - are robots going to take all our jobs?

Will the social cost of frictionless electronic systems that require a fraction of the people to operate them be too high?

This isn't a new debate.

The industrial revolution was also accompanied by those who feared automation would destroy the fabric of society.

Yet there were always counter views.

Interestingly, Karl Marx in his early work thought automation would allow people more leisure time to do what they actually wanted instead of toiling to sell their human capital.

Not sure the socialists of today would take that same view.

The risk is that changes come too fast for people to react to and they will seek to stop or slow it down.

Maybe we've already reached that point.

Benoit Hamon, the Frenchman who came first in the first round of the Socialist primaries last week has proposed a specific tax on robots.

One assumes to make it as expensive to use a robot as it is to employ people in France currently.

And the best analyses of the Donald Trump phenomena identify those who feel they have been left behind by globalisation as the core of their support.

Failing to recognise the wider implications of the advances all of the people in this room are so excited about, would be a big mistake.

I don't pretend to have the answers - I wasn't at Davos.

But it is clear that there are winners and losers in every revolution, and how we seek to mitigate the effects on those who may lose out will shape how future society operates.

Don't worry, I'm still hugely enthusiastic about Fintech.

I really enjoy speaking with people like yourselves about the cool new projects you are all working on and how they are going to turn financial markets on their heads.

The benefits could be huge.

And I am looking forward to participating in the rest of the conference today to hear what else is out there than the millionth block chain solution.

I'm happy to take questions, and I'll be on a panel later this afternoon to discuss the topic I have enjoyed avoiding this morning - Brexit.

Thank you