

Dialogue-to-Action Series: Cost of Compliance for Micro-, Small- and Medium-Sized Financial Service Providers

Background and Rationale

The cost of regulatory compliance is an increasingly significant challenge for micro-, small- and medium-sized financial service providers* (MSM-FSPs), and particularly in emerging economies. As regulatory frameworks evolve in response to rapid technological innovation, many jurisdictions continue to face challenges related to regulatory clarity, proportionality, supervisory capacity, and consistency of implementation.

In addition, differences in regulatory frameworks, licensing requirements, reporting obligations, and compliance expectations across jurisdictions can create significant operational complexity for MSM-FSPs operating in multiple markets. For those MSM-FSPs seeking to scale regionally or internationally, navigating fragmented and sometimes inconsistent regulatory requirements can increase costs, duplicate compliance efforts, and slow expansion into new markets.

These dynamics can create disproportionately high compliance burdens for MSM-FSPs, affecting their ability to enter, operate, compete, and scale sustainably. Elevated compliance costs may also contribute to reduced market competition, higher costs for consumers, and constraints on the expansion of inclusive financial services.

To support informed dialogue and practical recommendations on these issues, the Alliance of Digital Finance and Fintech Associations (AllianceDFA) and the Association of Governance Risk & Compliance (AGRC) will convene a Dialogue-to-Action Series.

The project will combine three components:

- 1) A series of expert roundtable discussions, with industry leaders, regtech and regulatory experts, and ecosystem stakeholders
- 2) Quantitative survey of AllianceDFA and AGRC members
- 3) Development of a public White Paper outlining key findings and recommendations

Project Objectives

The project seeks to facilitate cross-regional dialogue and data on the cost of regulatory compliance for MSM-FSPs that:

- Explores the common challenges and impacts of regulatory compliance costs
- Identifies practical approaches and recommendations to reduce the cost and complexity of regulatory compliance
- Examines how compliance costs affect market competition, innovation, scalability, and consumer costs

Project Coordination and Participants

The project will be jointly led by the AllianceDFA and AGRC. The organisations will facilitate the roundtable discussions and survey, and analyse findings to produce the White Paper.

Participants

The roundtables will convene a diverse group of stakeholders with expertise and experience relevant to regulatory compliance, fintech operations, and financial sector development.

Participants will include:

- RegTech specialists and providers
- Regulatory and compliance experts
- Representatives from MSM-FSPs, including:
 - Heads of Compliance
 - Heads of Digital
 - Chief Executive Officers
- Industry associations and ecosystem representatives

Participation will be limited to approximately 15 participants to support focused and interactive discussions. Efforts will be made to ensure regional representation across Latin America and the Caribbean, Africa, Asia, and the Middle East.

Timeline

- Three roundtables will be held between June-July 2026
- 3 June, 17 June and 8 July have been tentatively set at 12:00-13:30 BST
- The survey will be implemented in July-August
- The White Paper will be released in September
- Webinar and dissemination activities will be conducted between September-October

Topics for Roundtable Discussions

Roundtable	Areas of discussion
Key challenges faced in the market, which will explore:	<ul style="list-style-type: none"> ● Cost ● Regulatory frameworks and their implications ● Technology and infrastructure ● Skills and expertise ● Cost to consumers
Case studies and success stories	<ul style="list-style-type: none"> ● Cross-border and regulatory passporting ● Simplification or proportionate regulation and compliance requirements ● Practical applications operating within markets
Opportunities that support affordability of compliance	<ul style="list-style-type: none"> ● Leveraging regtech ● Enabling policy and compliance requirements ● Opportunities for efficiency - outsourcing, sharing, simplification of processes ● Skills development

Rules of Participation and Confidentiality

- Participants should endeavour to attend at least 2 of the 3 roundtables and be on time
- Participants should come prepared having read pre-reads and with information and perspectives to share
- Participants with allocated tasks should complete these and share at least 3 days before a roundtable
- Any discussion at roundtables and views expressed will not be treated as the formal position of the organisation the participant is representing
- Any information shared in writing or verbally will be assigned an information sharing level of green, unless the participant expresses a different level of sharing
 - **Green** – documentation/information that can be freely shared
 - **Amber** – documentation/information only to be shared with roundtable and participants will not be directly quoted or attributed in public documentation
 - **Red** – non-disclosable documentation/information that is not to be disseminated outside of that roundtable or shared even to other participants
- Any participant failing to abide by the above rules of participation may be removed from the roundtables
- Participants must inform AllianceDFA and AGRC if they wish to be removed from the roundtables. They can nominate a replacement but this has to be approved

- All papers and notes from discussions will be placed in a shared drive accessible to all participants (except any labelled as Red)
- Issues out of the scope of the series will be documented in the notes from the roundtables and raised with other relevant working groups or for future working group discussions
- The White Paper will contain the names and organisations of all those who participated in the working group, unless anonymisation is requested

*Micro, Small-Medium financial service providers are defined as:

	Micro (start-up)	Small	Medium
Number of employees	1-9	10-49	50-250
Size	Founder-led, very small team	Small but growing operational teams	More established with multiple business units
Financial resources	Bootstrapping and limited access to capital	Moderate operational and investment capacity	Greater financial stability and investment capability
License	Early-stage fintechs, payment start-ups	Growing fintechs, non-bank payment service providers, digital lenders	Multi-country operating fintechs larger non-bank FSPs