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Keynote Speech on Financial Innovation in Capital Markets

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It is a pleasure to address you today on a subject that is transforming the foundation of global finance: financial innovation.

Innovation is, of course, not new to finance. But the pace, scale, and complexity of change we are witnessing today are unprecedented. From digital brokerage platforms to decentralised finance, from tokenisation to artificial intelligence, these developments promise efficiency, inclusion, and new opportunities. Yet, they also pose profound challenges to market integrity, investor protection, and systemic stability.

IOSCO's mission remains clear: to ensure that innovation strengthens, rather than undermines, trust and resilience in our markets. Our guiding principle—*same activity, same risk, same regulatory outcome*—is more relevant than ever.

Part I: The Changing Landscape of Capital Markets

Over the past decade, technology has begun to democratise access to markets. Retail participation has surged in some countries, driven by digitally native platforms and zero-commission trading. At the same time, decentralised finance has introduced new paradigms for value transfer and market organisation. Tokenisation has been promising to re-engineer settlement and clearing processes, while artificial intelligence is reshaping trading, risk management, and compliance, to name a few.

These innovations are not isolated. They intersect, amplify each other, and create new ecosystems. For example:

- A retail investor using a neo-broker may be offered tokenised products.
- Liquidity in DeFi protocols often depends on algorithmic strategies powered by AI.

This convergence means that risks are not confined to one domain—they cascade across systems.

IOSCO has identified digital finance as a priority. Since 2020, we have published 24 reports on this matter, from DeFi to Neobrokers and including of course our landmark Recommendations to regulators on Crypto and Digital Assets, from 2023. Let me share some of the key elements of our work.

Part II: Linking IOSCO's Reports – A Unified Narrative

1. Neo-Brokers and Retail Platforms.

Our [Final Report on Neo-Brokers](#) (November 2025) highlights the transformative impact of digital brokerage platforms. They have lowered barriers to entry and shaken up an ecosystem that was dominated by traditional participants and imperfect competition, with high transaction costs. That is good news for the development of financial markets, but concerns persist around gamification, opaque revenue models such as Payment for Order Flow, and inadequate disclosure.

The IOSCO report provides regulators with a clear view of the risks and opportunities posed by these evolving business models, and offers practical recommendations to strengthen transparency, manage conflicts of interest, and protect retail investors.

This report is the final milestone of IOSCO's Roadmap to Retail Investor Online Safety, concluding more than a year of spotlight on the new challenges to retail investor protection.

Among all these initiatives contained in the roadmap, I would like to mention one in particular: I-SCAN. This is an example of the use of technology by regulators to combat financial fraud. This year, for the first time, all the alerts that national regulators issue on suspicious firms or unlicensed firms are gathered in one single global database, operated by IOSCO, which offers to the private sector the chance of connecting to a real-time API and embedding in their systems checks and controls to avoid the spread of financial fraud. With this tool, for instance, search engines, like Google in some countries, are able to stop fraudulent advertisements from being published in their systems, protecting better their clients from being scammed. It also allows banks to warn their customer before they complete a bank transfer to a company included in the warnings issued by the regulator in a different country. This has proven so much more effective than asking retail investors to apply self-defence and check the licensing status of the brokers that approach them. Instead of that, or better said, on top of that, gatekeepers and service providers use robust supervisory information to implement automatic controls that protect those investors. And all this is thanks to technological innovation.

2. Artificial Intelligence in Capital Markets

Let me turn to Artificial Intelligence. While the use of AI technologies in capital markets is not a new phenomenon, AI technologies have recently experienced significant innovations, investment, and interest, for which generative AI is a key gamechanger. As market participants explore and test new possibilities, and as AI technologies continue to advance,

the range of AI uses in capital markets will continue to expand. None of us has full clarity about how the final picture look like, but the trends are clear.

The IOSCO [Consultation Report](#) (March 2025) explores AI's role in algorithmic trading, robo-advisory, and surveillance.

We advocate for governance frameworks that ensure accountability, transparency, and some degree of human oversight in AI-driven processes.

It identifies five key findings:

- Firms are increasingly using AI to support decision-making processes in applications and functions such as robo-advising, algorithmic trading, investment research, and sentiment analysis. AI is also being used to enhance surveillance and compliance functions, particularly in anti-money laundering (AML) and counter-terrorist financing (CFT) measures.
- Firms are using recent advancements in AI to support internal operations and processes through task automation; to enhance communications; and to improve risk management functions.
- Risks most commonly cited with respect to the use of AI systems in the financial sector include: malicious uses of AI; AI model and data considerations; concentration, outsourcing, and third-party dependency; and interactions between humans and AI systems.
- Industry practices are evolving, with some financial institutions incorporating AI into existing risk management and governance structures, and others establishing more bespoke frameworks.
- Regulatory responses to the use of AI in the financial sector are also evolving, with some regulators applying existing regulatory frameworks to AI activities, and others developing new regulatory frameworks to address the unique challenges posed by AI.

3. Crypto Assets

The third development is around the world of cryptoassets. In recognition of the rapid development and growth of crypto-asset markets, IOSCO and other relevant bodies, including the Financial Stability Board (FSB), have developed comprehensive policy frameworks for the regulation and oversight of crypto-assets and global stablecoins.

At IOSCO we like to walk the talk: when we develop principles or recommendations, we test later on if they are implemented at national level. Two years ago, in 2023, we published the IOSCO [Policy Recommendations](#) and this year, in 2025 we reviewed their implementation in several jurisdictions. It showed progress, but uneven implementation, which creates risks of regulatory arbitrage and can undermine global stability.

The [Review](#) highlights both the progress made in regulating crypto-asset markets and the key areas for continued progress, such as promoting greater consistency in implementation, reducing risks of regulatory arbitrage, and strengthening enforcement practices.

The Review notes that the fast-evolving crypto-asset ecosystem still harbors risks related to investor protection and market integrity. The Review is a call for action for jurisdictions to take steps to monitor the existing and emerging risks and seek to fully implement the CDA Policy Recommendations, as early as possible. To this end, IOSCO will look to enhance its capacity building program, with the goal of facilitating knowledge sharing and assisting jurisdictions in their implementation efforts.

As jurisdictions are still developing and implementing their regulatory frameworks for cross-border cooperation, the use of existing mechanisms for sharing information across borders remains relatively limited. With most major crypto-asset service providers (CASPs) having a global footprint, there is an increasing need for closer international cooperation and IOSCO, as the holder of the most used cooperation tool (the MMoU) has a clear role to play on this front.

A parallel phenomenon is the influence of the crypto world on traditional finance. Instant access, 24/7 operation, instant settlement and the simplicity of operating with these products is so appealing that is starting to induce change also to traditional stock exchanges. For instance, 5 years ago there were discussions to reduce trading hours in a coordinated manner across geographies. Now, the talk, probably influenced by the appearance of continuity that cryptomarkets convey, is whether and how to expand those trading hours to a place closer to continuous trading. This has had an influence also on the level of fees or service that asset managers offer to clients. Many younger investors would only consider investing in low or zero commission products and that is behind the rise of ETF demand in some jurisdictions, which has its own set of challenges.

All this poses a risk of dismantling necessary controls just to “go with the hype” but it also introduces an interesting competitive pressure that, well framed and regulated, can benefit the investor.

4. Tokenisation of Financial Assets

To me, there is a clear line between the tens of thousands of cryptoassets and meme coins we have seen in the last few years, which were not financing the real economy or granting any meaningful rights to investors, and the use of cryptology to enable distributed ledgers that represent real financial assets in tokenised form. The former has done, to my mind, very little for improving finance. The latter has the potential of transforming it and making it more accessible and efficient.

Our [Final Report on Tokenization](#) (November 2025) recognises tokenisation’s potential for efficiency and for opening up markets to players that would otherwise not have access to them. But it also flags interoperability and legal uncertainty.

Our key Findings are that:

- Tokenization is growing but remains nascent. Commercial interest is rising, but adoption is still limited. Interoperability challenges and the lack of widely accepted digital money hinder scalability.
- Efficiency gains are uneven. Tokenization can shorten settlement cycles and improve collateral mobility, but many market participants still bet on traditional infrastructure for trading and post-trade processes.
- Risks are familiar but evolving. Legal uncertainty, operational vulnerabilities, and cyber risks mirror existing risk categories but manifest differently under DLT, requiring tailored risk controls.
- Regulatory approaches vary widely. Some IOSCO members apply existing frameworks; others have issued new guidance, sandbox programs, or bespoke requirements.

IOSCO urges regulators to apply existing crypto and DeFi frameworks to tokenised assets and to foster dialogue on standards for interoperability and resilience. This is a field in which we have not seen the level of regulatory convergence that we have seen in so many others. To an extent, this is only natural but it remains one of the areas in which future dialogues at global level can be more promising.

Part III: IOSCO's Integrated Response

Across these reports, three common themes emerge:

1. Accountability is key in Complex Ecosystems: Whether decentralised protocols or AI-driven platforms, IOSCO insists on identifying responsible persons and ensuring governance frameworks.
2. Transparency and Disclosure should be non-negotiable: from fee structures in neo-brokers to AI-assisted decision-making.
3. Global Coordination is essential. Fragmentation breeds risk, so global peer reviews and capacity-building initiatives are vital to have robust standards across jurisdictions.

Part IV: The Road Ahead – A Connected Vision

So, to conclude, what is ahead of us?

Financial innovation is converging. The boundaries between brokerage, crypto, tokenisation, and AI are blurring. However, in times of technological disruption one needs to remain at the same open-minded and calm, concentrate on the principles and avoid jumping at the first occasion. If we look backwards, many would have said a few years ago that the future of finance were ICOs or the metaverse. And reality has proven that wrong (at least so far).

This area will continue to be a top priority for us in 2026. IOSCO's challenge, and opportunity, is to craft a regulatory architecture that is principles-based, technology-neutral, and globally coherent.

Our vision is to pursue:

- Resilient markets that withstand technological shocks.
- Inclusive markets that empower investors without exposing them to undue risk.
- Trustworthy markets where innovation serves the public interest.

In this context cross-border cooperation remains key to manage systemic risks and I strongly encourage collaboration among regulators to share best practices.

Innovation is inevitable. Integrity is a choice. Let us choose wisely. Let us ensure that the future of finance is not only digital but also fair, transparent, and resilient.

Thank you.