

QUICK STUDY | REGTECH AND THE PROMISE OF DIGITAL TRANSFORMATION

As financial regulatory pressure grows, organizations are increasingly leaning into the smart technology that's transforming the industry: RegTech. Tailor made to tackle all the pain points of compliance and reporting, RegTech can be your gateway to a data revolution.

Security, compliance and data-privacy risks and related issues are the No. 1 concern of financial service executives.¹

In 2019, global regulators issued a **record-breaking 58 AML fines** — nearly double over 2018 — totaling \$2.6 billion in the U.S. and U.K. alone.²

33% of executives reported they spend more than 5% of annual budgets on compliance.⁴

Executives with fully engaged FinTech are more likely to be **very confident about their future revenue growth** and ability to outstrip the competition than those in the development or pilot stages.¹

REGTECH 101

Regulation Technology (RegTech)

Smart technology that reduces costs associated with complying with regulations, both by decreasing the amount of time put toward preventing fines to and by reducing fines completely.

Know Your Client/Customer (KYC)

A financial services industry standard that ensures financial institutions know detailed information about their customers' identity, nature of customers' activities and the customers' money laundering risk.

Regulatory Best Interest (Reg BI)

A revised SEC rule that establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer; it also requires them to provide a relationship summary to retail investors.³

Anti-Money Laundering (AML)

A set of laws, regulations and procedures intended to prevent criminals from disguising illegally obtained funds as legitimate income.²

REGULATORY PAIN POINTS

A complex and ever-expanding regulatory landscape

The cost of doing business in a highly regulated world is immense. It requires a deep knowledge pool as well as the team and technology to keep up with new regulations, which are wide ranging, in constant flux and dependent on your own accurate — and accessible — data.

Tedious administrative tasks

Manual, paper-based processes create bottlenecks that slow down the pace of business, aggravate your team and allow for errors in reporting. Without a sophisticated RegTech solution, your employees are condemned to copious amounts of busy work that would otherwise be efficiently automated and made more secure and accessible.

Disparate data sources

Rigid legacy platforms, ranging from last-century line-of-business systems to complicated spreadsheets, let important data get lost or cut off from the people or systems that need it. Without a 360-degree view and instant data access, your organization's efficiency and compliance suffers.

READY FOR REGTECH: SOLUTIONS FOR YOUR DIGITAL TRANSFORMATION

Centralized content services

A modern content services platform aggregates all your content across multiple repositories, connects disparate applications, provides complete, centralized views of information, and enables the sharing of content with stakeholders, customers and collaborators both inside and outside company firewalls.

Governance Rules as a Service (GRaaS)

GRaaS can revolutionize your reporting process by aggregating all governance policies. Through a unique partnership between Hyland and Iron Mountain® Policy Center, GRaaS provides the legal research behind the scenes so the need for you to gather regulatory information on your own or engage legal firms is eliminated.

Low-code and rapid application development platforms

Technology's tireless march forward has created a paradoxical solution: low-code platforms. As financial services organizations battle — or embrace — FinTech, the need to adapt quickly and efficiently has led to a desire for business operatives without a computer science degree to step up and create technology solutions without custom coding. This allows the IT department to focus on big tech challenges and citizen developers to step in and create dynamic, automated workflows.

The first step in any digital transformation: Ensuring data is housed in a platform or repository that **securely delivers information** through integration with line-of-business systems, web applications or other mobile devices.

One in five

financial services executives say the cost of compliance is the single biggest challenge for their organization.⁴

24%

of financial services executives say the "war for talent" is their single biggest challenge.⁴

RegTech is here to stay. Ready to launch a digital transformation? Download "The 5 most common uses of RegTech," from Forrester analyst Alla Valente.

Sources:
1. PWC | Global fintech report 2019
2. FinTech Futures
3. FINRA
4. Duff & Phelps