

COST OF COMPLIANCE IN UNCERTAIN TIMES

Compliance has been on the edge of innovation for banks and financial service providers with instant growing technologies; due to increase in global financial risk. Industry leader banks and financial institutions are making smart partnerships with technology providers to broaden the resiliency of their compliance infrastructure. According to the research study in 2019 by Thomson Reuters Regulatory Intelligence, results promise more efficiency and secured automation for financial institutions with some costly challenges in return. The financial ecosystem will converge in ten years with more stringent and cost-effective compliance technologies as inclusion of RegTechs strikes in the financial eco-system.

The top three challenges for compliance teams for 2020

- 1 Regulatory changes and keeping up with them
- 2 Budget and resource allocation
- 3 Data protection and privacy

Culture & conduct risk concerns



of firms discard a potentially profitable business offer because of the culture- or conduct-risk concerns.

Regulatory alerts



56.624
number of regulatory alerts during 2019

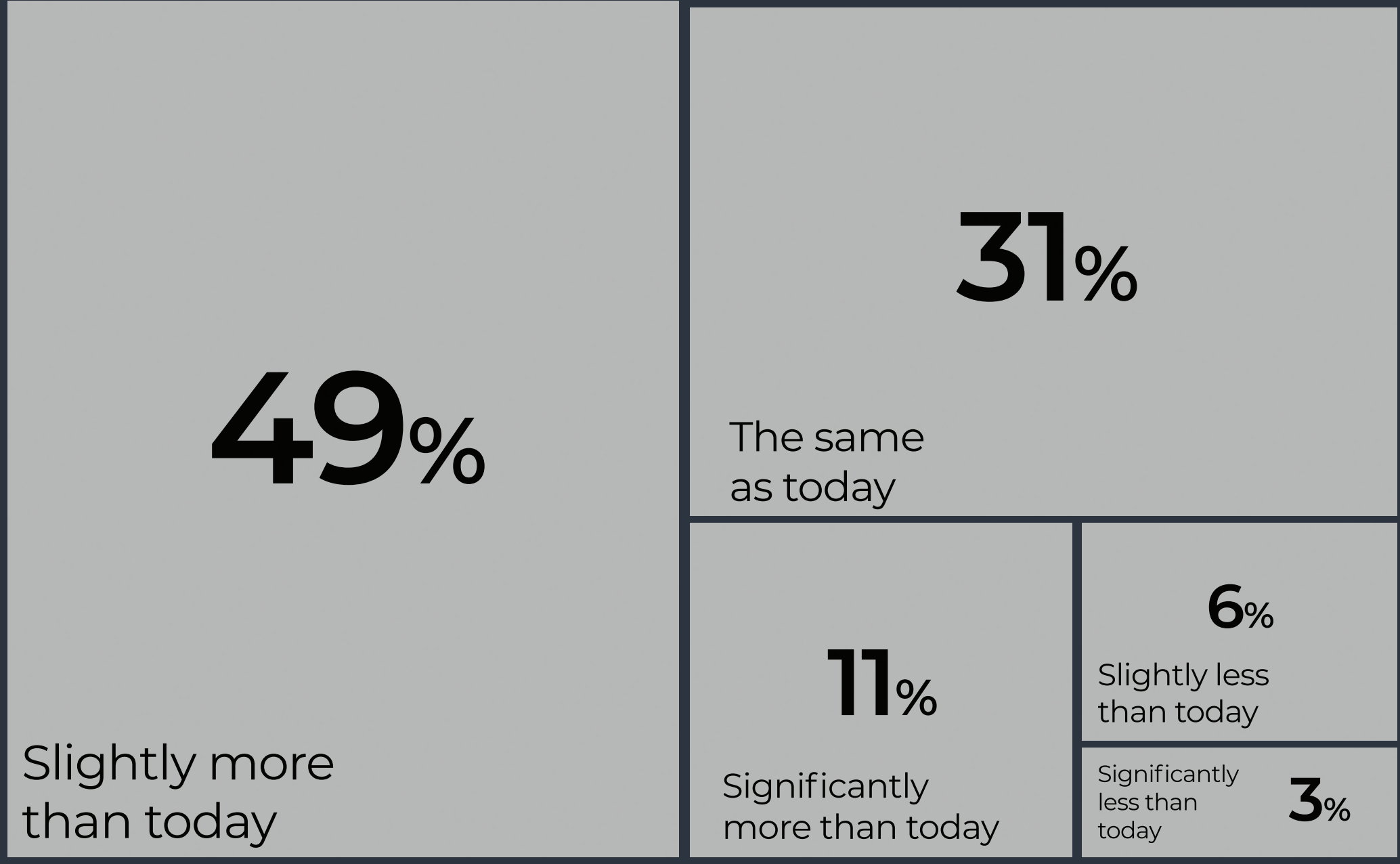


New regulatory alert issued every

10 Minutes

Budgets

The expectations on the compliance budget for 2020



Outsourcing

The main reasons to outsource compliance functionalities are; cost-efficiency, the need for additional support on ever-evolving compliance processes and a lack of or insufficient in-house compliance skills.



of the firms reported that they have outsourced a part of or all of their compliance-related businesses.



it is not unusual for financial institutions to have 20% to 30% of their staff within legal and compliance functions.



RegTech start-ups are approaching a market that now represents billions in spending.

USD 1 Billion

has been invested in the RegTech industry. Investments heavily rely on the AML side to enhance AI related technologies, instead of KYC, which is happen to be focus of RegTech because it is a client facing process for FIs.

Future expectations

1. Identity verification and customer onboarding
2. Adverse media screening
3. Self-sovereign identity
4. AI driven risk assessment and CDD
5. Regulators embracing technology

References

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