Fintech for compliance: #RegTech
Dr. Maciej Piechocki
Partner, BearingPoint
@PiechockiMaciej
RegTech: the origin
The term **RegTech** was coined by:

a) Sandra Hering @ BearingPoint  
b) Sir Mark Walport @ UK Treasury  
c) Dr. Johannes Turner @ OENB
“RegTech is a sub-set of FinTech that focuses on technologies that may facilitate the delivery of regulatory requirements more efficiently and effectively than existing capabilities.”

1

“RegTech is the use of new technologies to solve regulatory and compliance requirements more effectively and efficiently.”

2

1 Financial Conduct Authority (FCA) UK
2 Institute of International Finance (IIF)
RegTech: the problem
There is no end in sight to the global regulation flood

**BCBS PUBLICATIONS SINCE 1975**

- Number of publications
- Standards
- Guidelines
- Sound Practices
- Implementations
- Others
- n/a

1975: Basel I
1980: Basel II
1985: Basel III
Banking regulation is increasingly restricting banks’ business models

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Cash</td>
<td>I Deposits</td>
</tr>
<tr>
<td>II Loans</td>
<td>II Debentures</td>
</tr>
<tr>
<td>III ....</td>
<td>III ....</td>
</tr>
<tr>
<td>IV Own Funds</td>
<td></td>
</tr>
</tbody>
</table>

Pillar I
Capital requirements
Liquidity requirements

Pillar II
Internal Capital Adequacy
Internal Liquidity Adequacy

Basel III
SREP
EMIR
MIFID
Basel 2.5
Basel 3.5
Dodd-Frank
Markets
Competitors
Hardly anybody is even close to BCBS 239 compliance

**BCBS 239, Principles for effective risk data aggregation and risk reporting**
- Corporate Governance
- Data architecture and IT infrastructure
- Risk data aggregation capabilities
- Risk reporting

**Self-assessment ratings by Principles (31 G-SIBs/D-SIBs, BCBS 307)**

<table>
<thead>
<tr>
<th>No. of Banks</th>
<th>0</th>
<th>5</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>P2</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>P3-SIBs</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>D-SIBs</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**BCBS 239, Key requirements**
- Data governance
- Data consistency
- Adaptability
- Agility

**BCBS 239 Deadlines**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-SIBs</td>
<td><img src="chart" alt="G-SIBs" /></td>
<td><img src="chart" alt="G-SIBs" /></td>
<td><img src="chart" alt="G-SIBs" /></td>
<td><img src="chart" alt="G-SIBs" /></td>
<td><img src="chart" alt="G-SIBs" /></td>
<td><img src="chart" alt="G-SIBs" /></td>
</tr>
<tr>
<td>SIBs</td>
<td><img src="chart" alt="SIBs" /></td>
<td><img src="chart" alt="SIBs" /></td>
<td><img src="chart" alt="SIBs" /></td>
<td><img src="chart" alt="SIBs" /></td>
<td><img src="chart" alt="SIBs" /></td>
<td><img src="chart" alt="SIBs" /></td>
</tr>
<tr>
<td>All</td>
<td><img src="chart" alt="All" /></td>
<td><img src="chart" alt="All" /></td>
<td><img src="chart" alt="All" /></td>
<td><img src="chart" alt="All" /></td>
<td><img src="chart" alt="All" /></td>
<td><img src="chart" alt="All" /></td>
</tr>
</tbody>
</table>
Regulatory topics are tapping into architectures of dependencies
RegTech: the panacea
RegTech
When the whole is greater than the sum of the parts
RegTech can do more than ‘just’ reduce the cost and complexity of compliance within the confines of a financial system that is increasingly acknowledged to no longer fully serve its purpose.

What problem is RegTech solving?

Reducing the costs and complexity of compliance?
The role of RegTech is to recreate trust, confidence and transparency.
Regulation and Technology evolve organically

The geo-political, economic and social environment determines the direction their development takes
RegTech is about the entire the Regulatory Value Chain

Regulated institutions, supervisory authorities, regulatory utilities

- Robust, multi-tenant platforms for intermediaries
  - Enabling intermediary regulatory platforms providing services to the industry

- Data collection, regulatory analytics, and dissemination solutions for regulators
  - Award-winning platform for central banks and supervisory authorities

- Risk, valuation and reporting solutions for financial services
  - Market leading risk, valuation, tax and regulatory reporting solutions

Risk, valuation and reporting solutions for financial services
- Market leading risk, valuation, tax and regulatory reporting solutions
Thank you

http://reg.tech
https://reg.tech