




WEBINAR

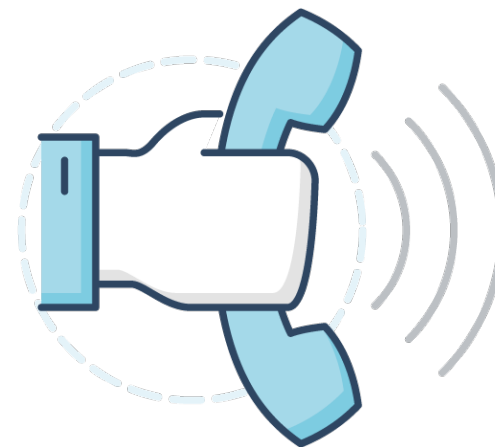
AML regtech roundup

an insightful roundup of all
things **regtech** in 2019

with **Dr Henry Balani**

compliance and AML consultant and academic

webinar brought to you by  **encompass**



meet our speaker



Dr Henry **Balani**

Head of Delivery Services Group

- Global Bank AML/CTF Consultant
- Academic research in bank penalties
- Previously managed delivery and product teams at Accuity, Pegasystems, IBM
- Speaker at academic and business conferences globally

Agenda



Understanding RegTech and its impact



Regulatory drivers and changes to AML regulation



Recent research regarding fines and costs of AML compliance



Advancements in AML technology

What is RegTech (Regulatory Technology)?

When Rules meet Technology



Includes Operations, Audit, Risk, Regulatory Compliance applications

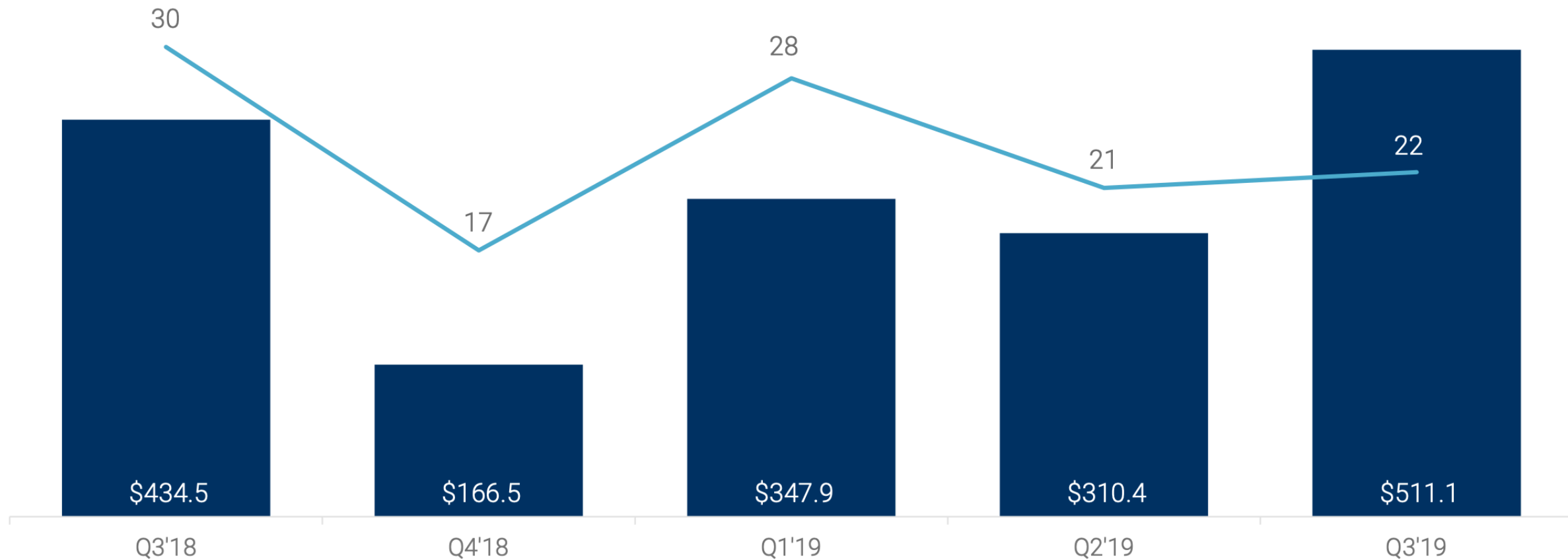
RegTech is advancing.....



Source: <https://www.technavio.com/report/regtech-market-industry-analysis>

RegTech VC funding at an all time high in Q3 2019 with focus on AML/KYC and fraud prevention firms

Global financial services regtech VC-backed financing trends, Q3'18 – Q3'19 (\$M)



Why is RegTech advancing?



Increasing sophistication
of money laundering &
financial crime



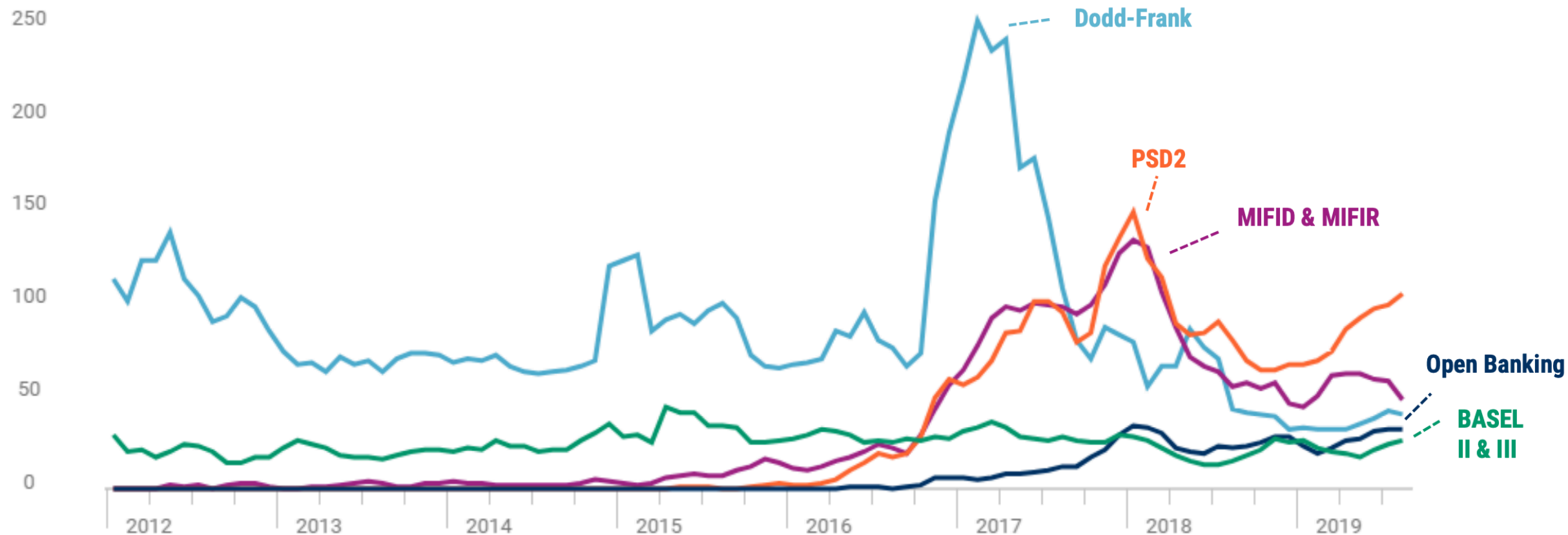
Increasing cost of
Compliance



Regulations &
Enforcement actions

Regulations continue to drive the need for RegTech solutions

Mentions of financial services regulation terms in the media from Q1'12 – Q2'19



UK FCA call for RegTech to address financial crime



Search

About us

Firms

Markets

Consumers

Home / Firms / [RegTech](#)

RegTech

First published: 12/09/2017 | Last updated: 28/06/2019

RegTech applies to new technologies developed for financial services.

Our aim is to encourage the development of these technologies in the financial industry.

We have met with a number of start-ups, incumbent institutions to understand the impact RegTech could have. This helped us to understand what we can develop and test a number of activities and ideas based on this.

[AML regtech roundup](#)



Search

About us

Firms

Markets

Consumers

Home / Events / [2019 Global AML and Financial Crime TechSprint](#)

2019 Global AML and Financial Crime TechSprint

Date: 29/07/2019 – 02/08/2019 | Time: 09:00 – 18:00 | London

In July 2019, we held a week-long Global Anti-Money Laundering and Financial Crime TechSprint to attempt to find better ways of increasing the detection and prevention rates of financial crime.

Financial brought to you by EY

Provision of 'sandbox' environments, innovation hubs, hackathons to test innovative solutions

US Financial Regulators Join UK FCA's 'Global Sandbox'

Oct 24, 2019 at 17:45 UTC ▪ Updated Oct 24, 2019 at 17:59 UTC



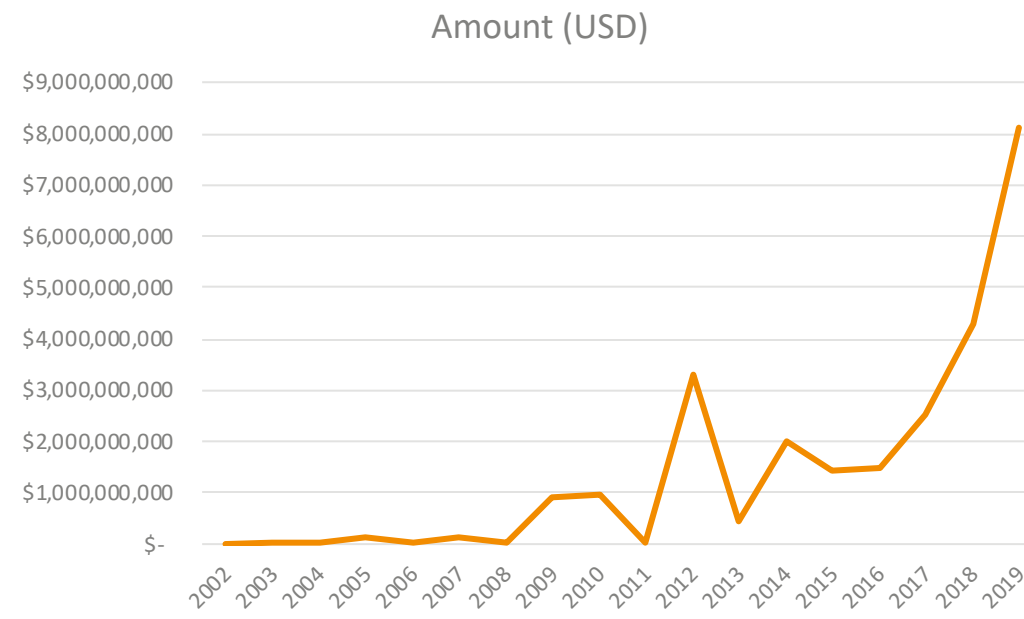
Four U.S. regulators joined the Global Financial Innovation Network, an international alliance of government regulators led by the UK's Financial Conduct Authority seeking to bolster the future of fintech.

The Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) have all signed onto the GFIN, an SEC spokesman confirmed to CoinDesk.



Why is RegTech advancing?

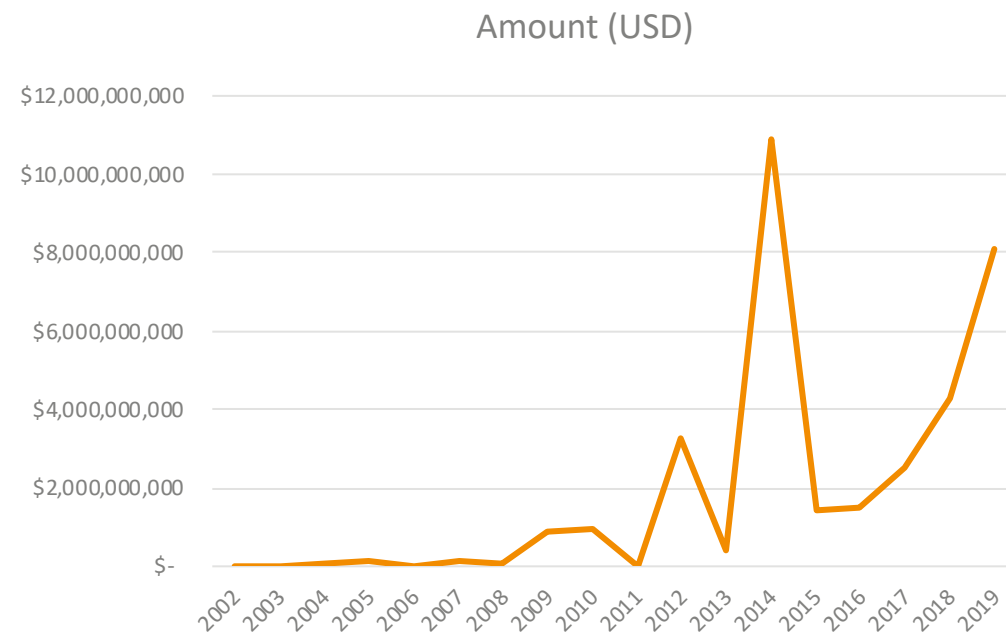
Money laundering enforcement penalties are on the rise



Excluding 2014 BNPP one time penalty of \$ 8.9 B

2019 to be on track for the largest number of AML fines and second only to 2014 for largest amount of fines

Money laundering enforcement penalties are on the rise



Including 2014 BNPP one time penalty of \$ 8.9 B

2019 to be on track for the largest number of AML fines and second only to 2014 for largest amount of fines

5th Money Laundering Directive drives need for RegTech solutions

1. Clarifying definition of Politically Exposed Persons (PEPs) – each member state qualifies ‘prominent public functions’
2. Access by member state’s Financial Intelligence Units (FIU) to access bank and payment account registers
3. Enforcement authorities can request information from Obligated Entities (OE) even when no SARs filed
4. Additional transparency of ultimate beneficial owners (UBO)
5. Inclusion of custodian wallet providers and virtual currency exchanges as OEs
6. Additional prepaid instruments requiring due diligence

Regulators around the world



Bank Secrecy Act/
Anti-Money Laundering
Examination Manual

Federal Financial Institutions Examination Council
Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation,
National Credit Union Administration, Office of the Comptroller of the Currency,
Office of Thrift Supervision, and State Liaison Committee
2010



HONG KONG MONETARY AUTHORITY
香港金融管理局



Where is Reg Tech being used?

RegTech is used across a variety of business functions



Compliance



Risk Management



Anti-Money Laundering/Know Your Customer



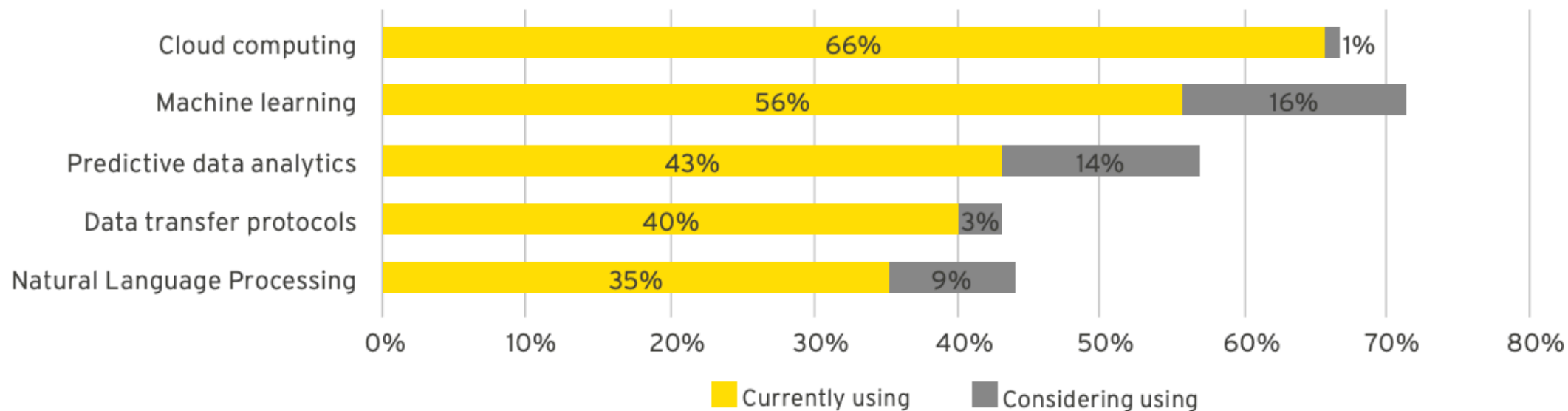
Quantitative Analytics



Reporting & Trend analysis

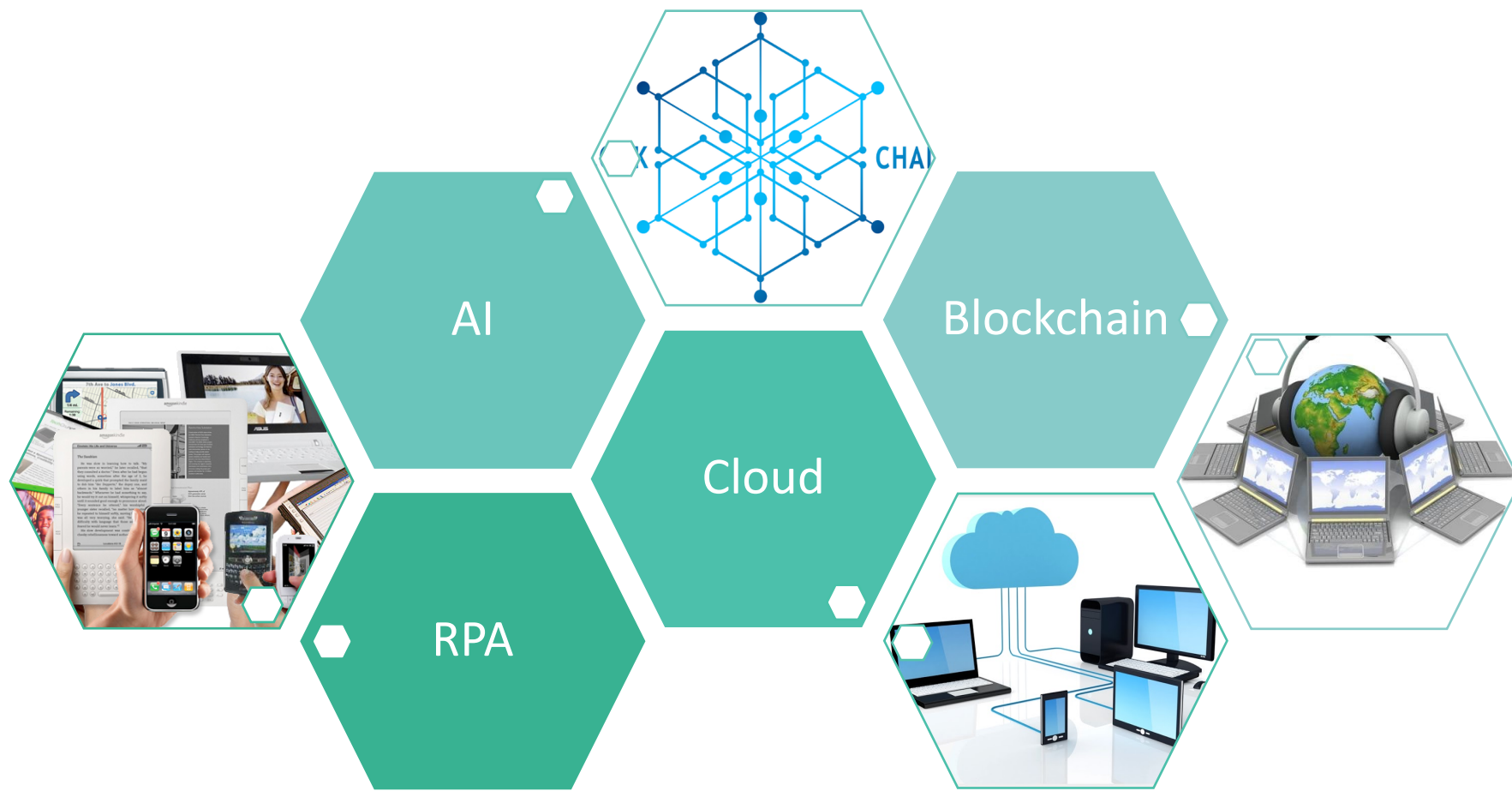
RegTech industry relies on key technologies for solutions

Figure E4: Top 5 technologies employed in RegTech offerings:



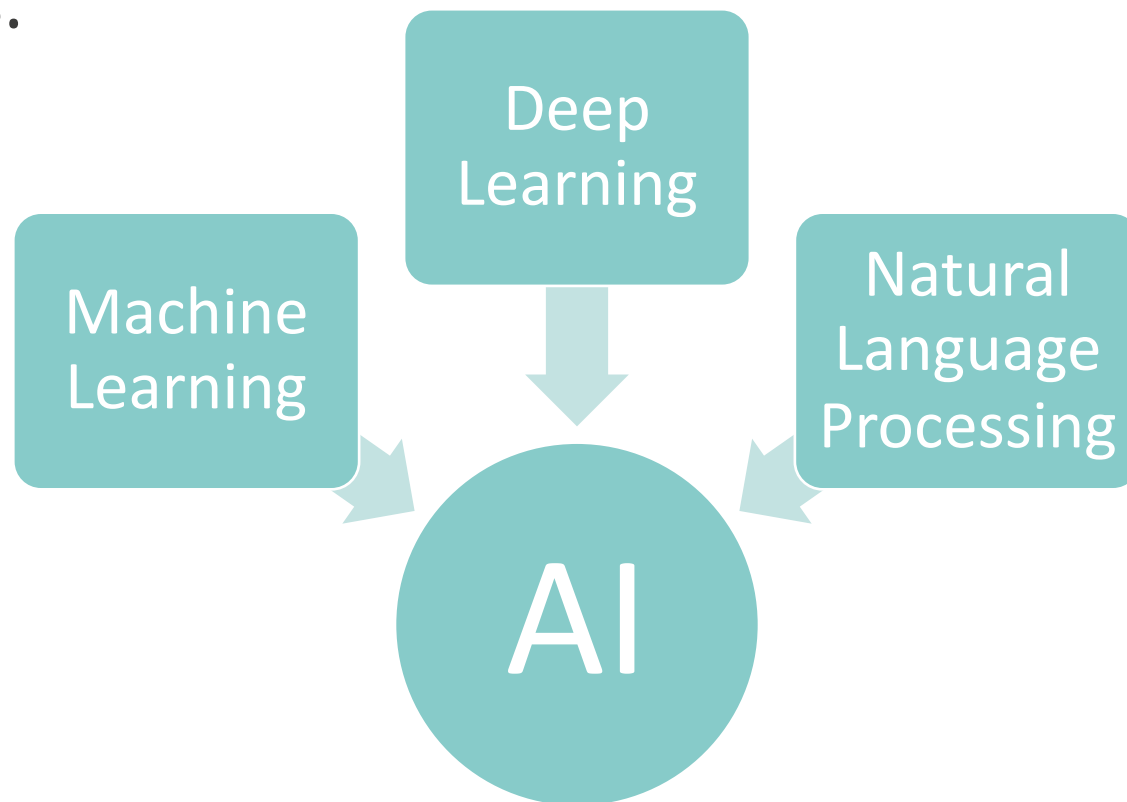
Source: Cambridge Centre for Alternative Finance – The Global RegTech Industry Benchmark Report

Focus on key technologies used in RegTech

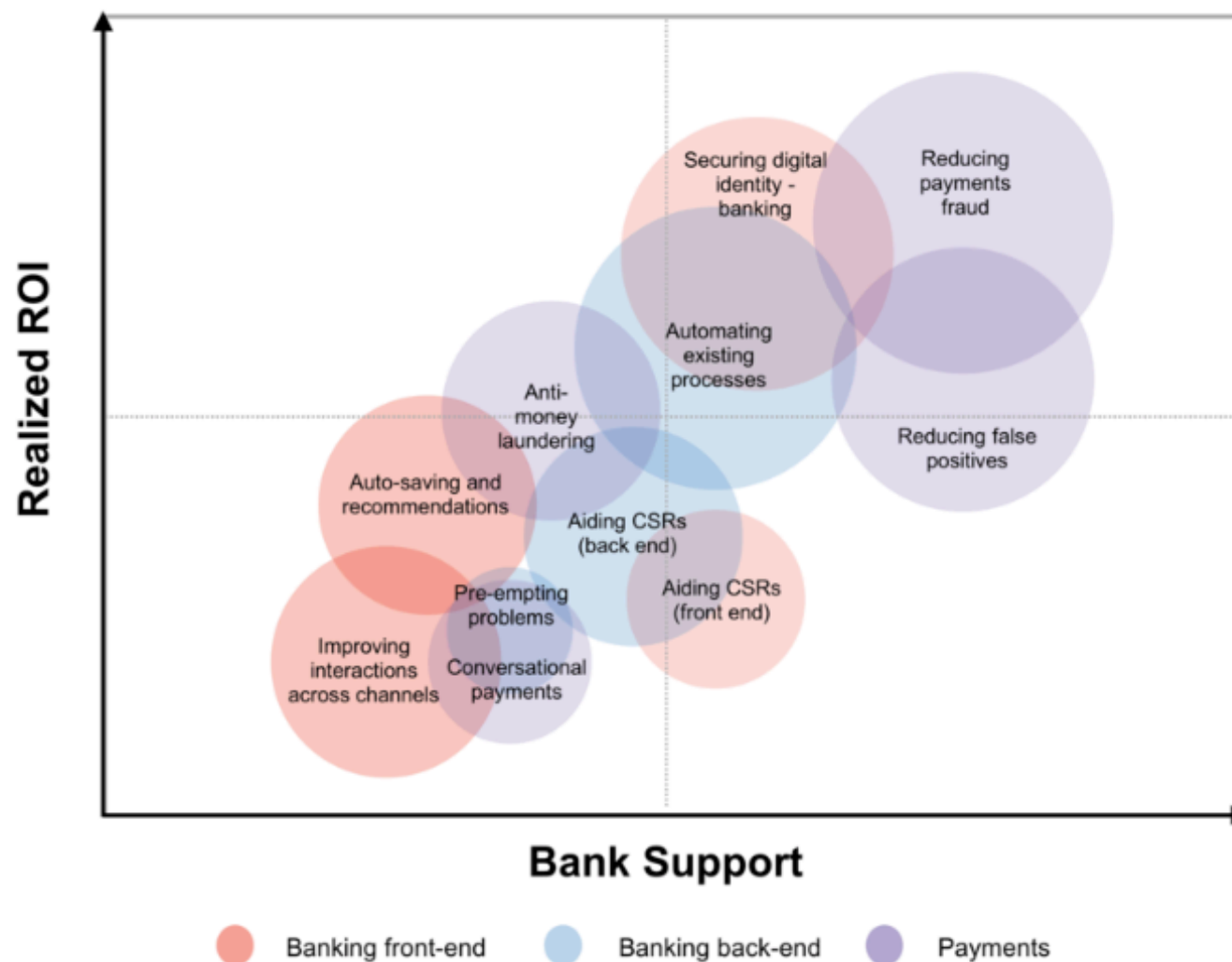


What is Artificial Intelligence?

Computers and robots capable of parsing data contextually to provide requested information, supply analysis, or trigger events based on findings.



Use of AI in Banking and Payments



How the Blockchain works

The transaction is signed and a block is created to represent that transaction

Once validated, the block is added to the chain, providing a permanent, transparent record of the transaction



Alice agrees on a transaction with Bob

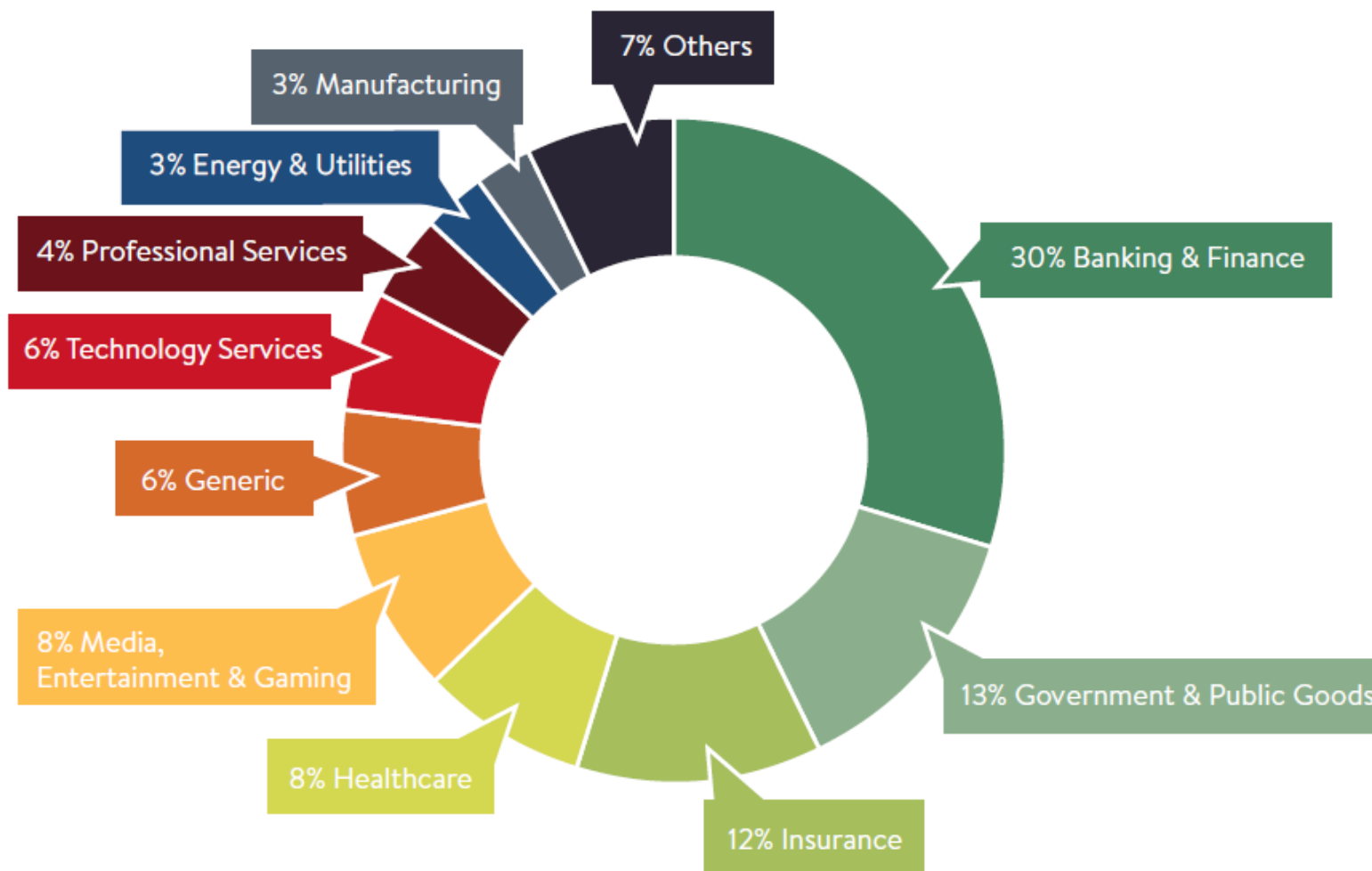


The block is broadcast and validated by the Blockchain network



Provenance & Immutability are key characteristics that support RegTech requirements

Blockchain use cases prevalent in Financial Services



Blockchain use cases in Financial Services



Trade Finance

Securities



Lending



Payments



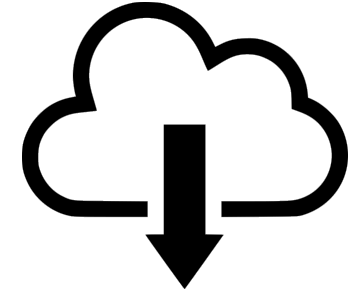
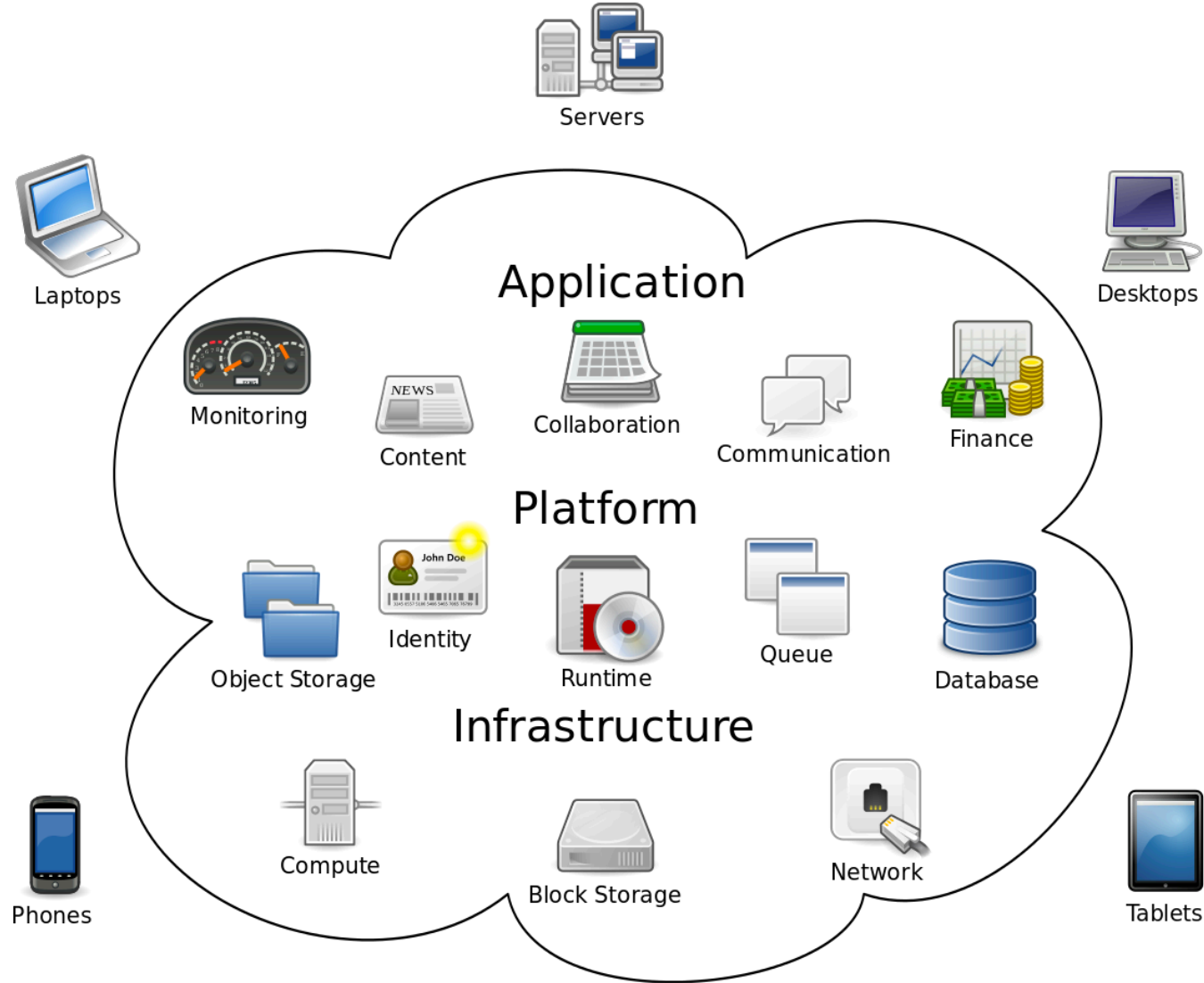
Insurance



Contract Management



Cloud computing continues to become the norm



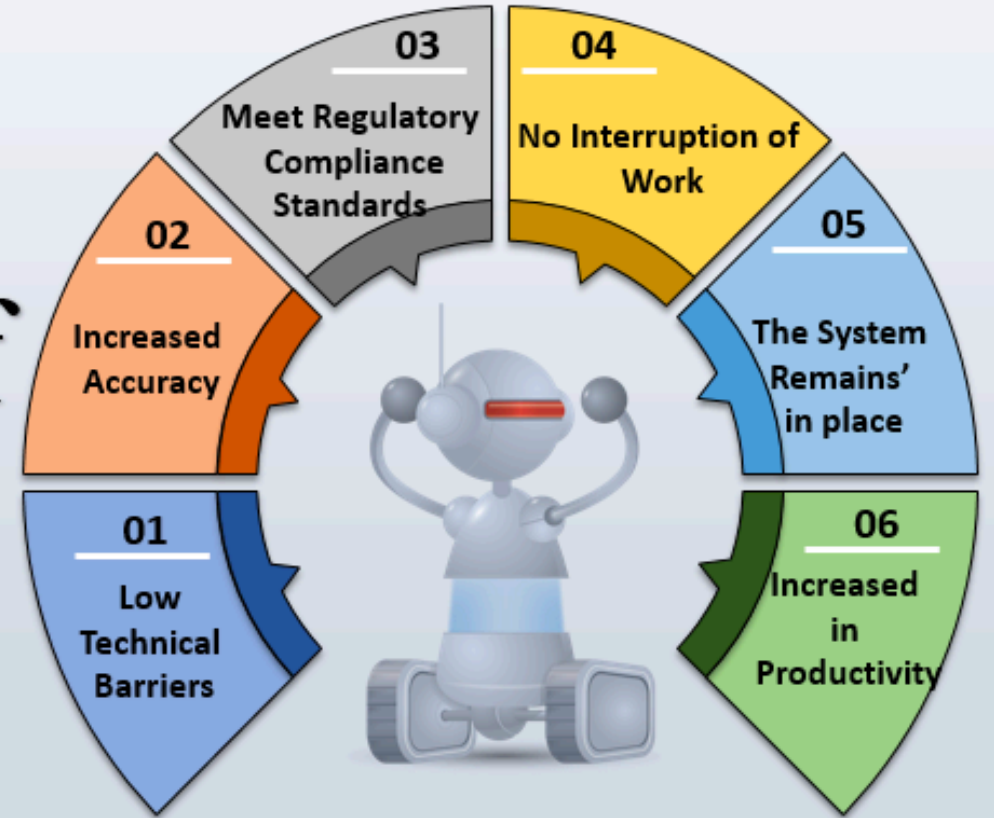
Cloud computing

Robotic Process Automation (RPA)

Also known as
Intelligent
Process
Automation (IPA)

Automating
rules based
workflow
processes

Benefits of RPA



www.educba.com

Summary



RegTech is here to stay



Regulators globally see value in RegTech -
Regulatory compliance requirements is a key driver



Technologies like AI, Cloud, Blockchain, RPA
continue to drive RegTech innovation



any questions?





thank you!

encompasscorporation.com