



## **RegTech Association Welcome Speech**

### **Introduction & Thank You**

Thank you, Simun. It has been great to have such enthusiastic support from Allens Linklaters, both as our host partner for this event and one of our founding corporate sponsors for The Association. We look forward to having a long relationship with your firm.

### **RegTech – The Hype, The Buzzword**

The term RegTech seems to have emerged out of nowhere in the last eighteen months. Many of us have been addressing regulatory & compliance issues for years with our software solutions, well before the term RegTech was created. That said, the term has helped focus attention on the area.

Treasurer Scott Morrison gave a speech on RegTech to the G20. Deloitte, EY and others have produced numerous publications on the topic. Planet Compliance now lists the world's top 100 RegTech firms

Over 1000 people attended the RegTech forum in Singapore in November. Globally we have seen an explosion of new businesses with innovative ideas all looking to help reduce the burden of regulatory compliance for financial institutions and other highly regulated industries.

In his address to the ASIC Annual Forum 2017, chairman, Greg Medcraft said “regulatory technology would change the nature and culture of financial markets, services and institutions.” Following the same speech the AFR reported that *“RegTech offers huge benefits for industry, such as empowering businesses to better train staff and manage their compliance risks.”*

No doubt those affected by Kelly O’Dwyer’s new Professional Standards of Financial Advisers Bill will be pleased to hear that help is on the way.

### **Size of The Market and Problem We Are Addressing**

Regulatory and compliance issues are some of the most important, complex and resource-consuming problems to solve for any organisation. In Australia, there has been a steady increase in the number of employees involved in managing compliance, growing to between 11-12 % of all staff employed.

Globally, it's estimated ~\$80 billion is spent on governance, risk and compliance, and the market is expected to continue to grow to over \$120 billion in the next five years. In Australia compliance costs of National Australia Bank rose from \$A86 million in 2012 to \$A265 million in 2014, and Westpac's compliance costs were similar at \$A300 million in 2015 (Cornell, 2016).

Australia's financial services sector is the largest contributor to our national economy, contributing around \$140 billion to GDP over the last year. It has been a major driver of economic growth and, with 450,000 people employed, will continue to be a core sector of Australia's economy into the future.

Our four major banks are among the world's largest by market capitalisation and all rank in the top 25 globally, not surprisingly they are also some of the most profitable in the world. In addition, thanks to compulsory superannuation, Australia has the fourth- largest pool of investment fund assets in the world and the largest in Asia.

## **Australia and Our Position In APAC**

Australia is recognised globally for its highly-regulated business environment, and in the last 12 months the increasing levels of regulation and a greater focus on data and reporting has brought the emerging area of RegTech into the spotlight. In addition to public statements of support, our regulators have become actively engaged with the RegTech community through a series of innovation initiatives, and many are here to support us tonight.

Australia's financial system is well respected in the Asia Pacific market, only this week, esteemed economist Professor John Taylor, praised the Reserve Bank economic management through the GFC. Our regulators have strong ties with their local counterparts, and there is a high-level of regulatory similarity with regimes in New Zealand, Singapore, Hong Kong, and other countries in our region, meaning that our RegTech's are uniquely positioned to make an impact internationally.

## **The Impact of RegTech**

The RegTech movement has encouraged the proliferation of what were previously called point solutions. These tools are built to address one specific issue and do it incredibly well. The change in attitudes towards integration between vendors and the movement towards open APIs will only push this further allowing for financial institutions to build highly integrated and customised responses made of disparate component parts which can be changed, and upgraded without the huge impact that we have seen with changing highly integrated legacy systems.

RegTech holds the promise of helping to rebuild trust in financial institutions, improving monitoring and enabling cultural change. RegTech has huge potential to reduce costs and improve efficiencies, particularly in large financial institutions.

RegTech also has the ability to assist nimble FinTechs in managing complex and costly regulatory regimes. However, the impact may well be greater than that, to paraphrase Professor Ross Buckley, who is in the room this evening, "RegTech has the potential to enable a close to real-time and proportionate regulatory regime that identifies and addresses risk while also facilitating far more

efficient regulatory compliance.” So, it is vitally important that our RegTech companies have active and open engagement with both the regulators and industry, we hope The Association will provide that forum.

## **The Aims of The RegTech Association**

RegTech is revolutionising the way businesses address increasing levels of risk and compliance. It is creating greater efficiencies and delivering better value from compliance programs across the broader business landscape.

It was with this acknowledgment of the important and growing role of RegTech in further advancing the Australia financial services sector, and the economy as a whole, that a few of us RegTech companies have joined forces to form The RegTech Association.

As an association, our vision is to assist in building high performing, ethical and compliant businesses through RegTech innovation and investment. The Association brings awareness to, and champions, this disruptive yet collaborative movement. The Association is dedicated to enhancing regulatory outcomes and promoting good corporate practice in the management of compliance, whilst improving corporate culture and helping build a resilient corporate environment.

You will have received the brochure which outlines the goals of The RegTech Association

### **COLLABORATE, ADVOCATE, EDUCATE & SUPPORT**

- **Leading a collaborative movement for the greater business community.** As changemakers, we aim to lead the way as key influencers by putting collaboration first at all levels. We will continue to uphold our key player status in the APAC market - as our expertise is supported by the high-level homogeneity shared with Asia’s regulatory environment, which uniquely positions us to make an impact globally.
- **Advocating the use of technology to promote better businesses.** As we continue to challenge traditional methods of regulatory and compliance management, we will endeavour to encourage further support of the governing industry bodies. We will demonstrate how collaborating with RegTechs will help improve the industry as a whole.
- **Educating businesses and other stakeholders to drive growth and efficiency.** As a network, we will drive open-minded and innovative thinking across all stakeholder channels to challenge the status quo. Developing attention in all areas, from internal champions to end customers, investors to government; with a grounded understanding of how all parties are involved, will break down barriers and provide the power to elevate the eco-system.
- **Supporting the networks that will see us succeed.** As advocates for promoting the achievements, partnerships and collaborations of the RegTech sector, we deeply value the determination of our tech forbearers before us and will continue to foster relationships with all stakeholders and deepen relationships with the cross channel eco-systems.

We have a unified focus on succeeding through promoting an inclusive environment that will make an impact together. The Association will stand as advocates for promoting the achievements, partnerships, collaborations, incubations and seeding of the RegTech industry in the Asia Pacific region. We are open to work with to governments, industry bodies, corporates, and the investor community. Above all we will have a particular focus on mentoring and developing regional RegTech Start-Ups and Scale-Ups.

## **Thanks**

It has been an interesting process as we have pulled together the Association over the last few months. We now have 13 founding members, most of whom are represented here tonight. We have two members who are Singapore based and will no doubt continue to grow and collaborate with them and hope to attract more members from around the region.

We also have and a number of corporate sponsors who will be invaluable in assisting our members in growing their businesses.

I would like to thank those four people who turned up to our first Association meeting on December 17<sup>th</sup>. I would particularly like to than Lisa Schutz and Matt Symons who have been incredible in helping martial our resources and refine our goals. I would also like to than Prue and Gemma from Manning & Co who have worked tirelessly to pull this event together.

Lastly, I would also like to thank all of you for attending tonight and would ask that, when you get a chance later in the evening, you seek out one or two of our founders, swap a business card with them and get an understanding of what their ideas could do for your business.

## **Introduction to Mark Adams**

I would now like to introduce Mark Adams to say a few words. Mark is the Senior Executive Leader, Strategic Intelligence at ASIC and leads the ASIC Innovation Hub. Initially the Innovation Hub was set up to assist FinTech's navigate regulatory and licensing regimes, however the Innovation Hub has expanded to assist RegTech businesses focused on the delivery of regulatory requirements more efficiently and effectively.

Mark was also instrumental in establishing the inaugural RegTech Roundtable hosted by ASIC last month.

Please welcome Mark Adams.