Financial Compliance Beyond 2022

In the face of exploding customer touchpoints and an ever-expanding number of digital engagement channels, financial firms in Asia are faced with significant challenges as they endeavour to stay compliant with fast-changing regulations while ensuring they continue to deliver seamless omnichannel user experiences. "I think the financial challenges and compliance challenges have grown exponentially over the past year in the face of digital transformation," says Philip Fry, a 35-year veteran in the Financial Services industry who is now leading the Go-to-Market strategy for Financial Compliance with Verint. This challenge is even greater in light of Asia's complex compliance environment, which means that firms operating across borders and jurisdictions must track and ensure compliance with multiple regulatory systems.

Key takeaways:

1. Staying ahead of the compliance curve requires constant reassessment and overhaul if necessary.

Complacency can be the biggest reason for compliance vulnerabilities in financial institutions. It's easy for organisations to assume that what has worked in the past will continue to work in the future but the reality is, there are always new emerging risks constantly reshaping the compliance landscape.

"When we first transitioned to work from home, the first thing we did from a risk management and compliance perspective was to ask ourselves, 'How does this change our risk profile?'" shares Esther Raynsford, Line 1 Operational Risk and Controls Executive Manager for Asia at Commonwealth Bank. "We went back to basics from a BCP perspective and had to rethink certain things we did or took for granted before."

2. To get the most out of regtech solutions, organisations need to tackle fragmentation.

There are many good "point" solutions that address one single pain point very well, but implementing multiple "point" solutions while neglecting to align or coordinate them with a broader strategy means that financial services firms end up with siloed, disparate data, which hinders smarter, more seamless controls and analysis. To avoid this, institutions should look at regtech solutions in a more holistic way, asking themselves whether or how a particular solution can be integrated into the company's wider tech ecosystem before implementing it.

> "Fragmentation can't be solved until we get tools that are flexible enough for us to do what we need to as an individual customer, yet generic enough to meet global regulatory requirements."
>
> **Emily Wright,**
> Global Head of Compliance Surveillance at Standard Chartered

VERINT

3. But the regtech industry also has a part to play in this.

Because of the highly unique and constantly evolving nature of their business and services, financial institutions need digital solutions that can be customised to their unique needs.

Most of the currently available tools designed to help with compliance, however, make too many assumptions to be useful in the hands of financial institutions. "Some tools try to tell me what market abuse is based on the parameters set for it by the vendor, who does not do surveillance for banks and is not licensed in the financial industry themselves. That's crazy," says Emily Wright, Global Head of Compliance Surveillance at Standard Chartered.

4. Omnichannel communications means stronger identity authentication measures are required.

COVID-19 has accelerated digital transformation and increased the use of digital communication channels for customer engagement, including WhatsApp, Zoom, Microsoft Teams and more. Financial services firms need to ensure that the person they're speaking to is indeed who they say they are, which means implementing strong real-time verification processes; for example, biometrics or AI-powered speech analytics to flag potential impersonators.

5. Financial institutions can play a more active role in shaping regulatory policy.

With fast-changing and constantly evolving regulations in Asia, financial services firms should adopt a more proactive approach to compliance. Rather than simply waiting for regulators to issue policy, institutions should instead consider having a collaborative relationship with regulators.

"It's really important at the beginning of that policy development cycle to have an open dialogue with regulators, to understand what they're concerned about or if they're starting to think about certain new policies," shares Genevieve Noakes, APAC Compliance Lead at Wise. "I think having those early conversations with regulators help them better understand the practical challenges that we're facing as compliance officers, and can really help them craft better, stronger, principles-based regulation." This will benefit the entire industry.

> "Real-time identification of fraud risks is critical, because waiting till a fraud case happens before starting an investigation is too late."
>
> Sheldon Goh,
> Financial Service Industry Director
> for Microsoft Asia