

3 Guiding Principles for RegTech Success



This is the first blog post in a series on RegTech.

When it comes to regulation, the financial services industry has faced an unrelenting increase in the number of rules and obligations over the past several years, including Know Your Customer (KYC) / Anti-Money Laundering (AML), fraud protection, trade monitoring, privacy, and more. At the same time, the overall financial ecosystem has become more complicated, global in reach, and forever faster and faster.

As a result, the regulatory technology (RegTech) industry has emerged to offer new technology solutions that help financial services organizations address these challenges. These solutions are fed by the explosion of data that emanates from increased activity and new, nontraditional sources. Modern application development practices, expanding capabilities in data analytics, including AI and machine learning, and fast and flexible technology solutions like cloud are also driving the need for RegTech solutions.

As with any new technology initiative, success with RegTech solutions isn't a given. The stakes are high as monetary fines, reputational damage, and even criminal liability may be consequences of poorly implemented efforts. With this in mind, the principles of agility, simplicity, and flexibility can help guide you to success when implementing RegTech solutions.

- **Agility:** Existing environments are often characterized by siloed systems and data that restrict the free flow of information to risk managers and other decision makers. New solutions need to free up data so that both current and future operations can adapt and flow as conditions change.

- **Simplicity:** Legacy solutions have generally been implemented in a piecemeal fashion, leading to overly complex systems. This leads to redundant workstreams, inefficient processes, and long lead times for both existing and new reports. A focus on untangling and rationalizing data, processes, and outputs can help to both reduce headcount and improve efficiency.
- **Flexibility:** New regulatory requirements are continually emerging and the pace of change in business is unrelenting. It's essential that all levels of business—from operations up to the C-suite—have as much latitude as possible to respond to both new challenges and opportunities. New RegTech solutions can deliver this flexibility.

Financial services organizations need the ability to improve existing functions, as well as to develop new capabilities and products to meet future needs and challenges. New RegTech solutions that leverage technologies such as [advanced analytics](#) and [artificial intelligence](#) are delivering this ability to innovate. Paying close attention to agility, simplicity, and flexibility when undertaking RegTech implementations can help you achieve better results.

In our white paper, [Making Sense of RegTech for Financial Services](#), we explore this exciting new area from the ground up. In addition to these three principles that underpin success, the white paper defines current developments in the practice, examines promising areas of growth, and details the most prevalent challenges to RegTech success.

Find out how [financial services organizations](#) can accelerate innovation with Pure Storage.