



Global lessons for Australia's regtech sector

By Christine St Anne

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Compliance is a booming area of regtech and Australia's bank need to be more open to the range of tools coming into the market.

This is the assessment made by RegTech Association chair Julian Fenwick (pictured). He highlighted how a number of countries were adopting effective ways to support and grow their regtech industry.

“Singapore is seen as a world leader in the fintech space thanks to vast amounts of government support for the industry there, including significant sponsorship from the Monetary Authority of Singapore.”

Trust in government together with the support of MAS has given rise to opportunities for collaborative projects such as piloting a national know-your-customer(KYC) utility for financial services aimed at reducing duplication of these processes.

Fenwick also acknowledged the positive developments in regtech in countries such as the UK and Ireland.

Regtech businesses Suade and Fenergo, both work closely with their “client communities” such as the banks to collaboratively improve their product offerings.

Global connectivity

“In the US, there is a much more aggressive approach to investing in companies and the systems they are developing so that they can reach scale faster.

“Globally, there is also a movement toward collaboration fostered by organisations such as the newly formed International RegTech Association which is ensuring that there is a global connectivity between the innovators in the industry,” he said.

Australia's regtech industry lobby group was set up in late March to promote better governance in the sector and increase the profile of the regtech industry.

The Association has eight founding members including GRC Solutions and Red Marker, led by former SocietyOne founder Matt Symons.

Fenwick who is also managing director of GNC outlined key priorities for the association in the new year including access to capital and a better framework to trial innovative ideas.

According to Fenwick, forecasts show that the regtech industry is due to grow to US\$20 billion by 2020 and the big four banks are already spending huge amounts on compliance technology.

Key priorities

“Financial services is a key industry for Australia, with over 450,000 people employed in the sector and vast amounts of funds under management.

“We need to highlight the size of this huge addressable market to the investment community and encourage them to broaden their remit to evaluating and investing in Australian regtech,” he said.

Another priority is providing a framework for financial institutions to experiment with their regtech technology.

While ASIC has implemented a sandbox for experimentation with fintechs, Fenwick said a “design box” would better support the regtech sector where ASIC could encourage proof of concept projects (PoCs) trials to be undertaken by financial institutions.

This would enable learning from all parties involved without fear of repercussion.

“We need to create environments where PoCs projects can be trialled in a ring-fenced way. This must include the ability to deploy cloud-based platforms to ensure that PoCs can be done in a cost-effective and time efficient manner,” he said.

Fenwick added that examples that allow financial institutions the freedom to innovate can be found in services such as access to Amazon Web Services and Microsoft Azure.

“These services allow for inexpensive approaches to innovation, and if Australia is going to be on a level playing field with countries like the US, we need to find ways to leverage cloud services without risking data security,” he said.



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