# Executive Summary

ASIC is seeking regtech solutions to analyse the contents of financial advice files to identify indicators of compliant advice. Iress believes that technology should help people perform better everyday.

Iress's proven data analytics software Lumen aggregates data from multiple sources and alerts for Key Risk Indicators (KRIs). Lumen provides an end-to-end capability to help identify, manage and mitigate business and compliance risks.

For this showcase, Lumen augments Iress Xplan data with data points from the ASIC client files, using Sintelix machine learning software, and client feedback data from MyNextAdvice.

This solution successfully demonstrates the value of combining client file and adviser data from multiple sources to undertake a compliance evaluation of individual advice cases, with the advisers overall compliance risk as an overlay to determine treatment of any possible compliance breaches.
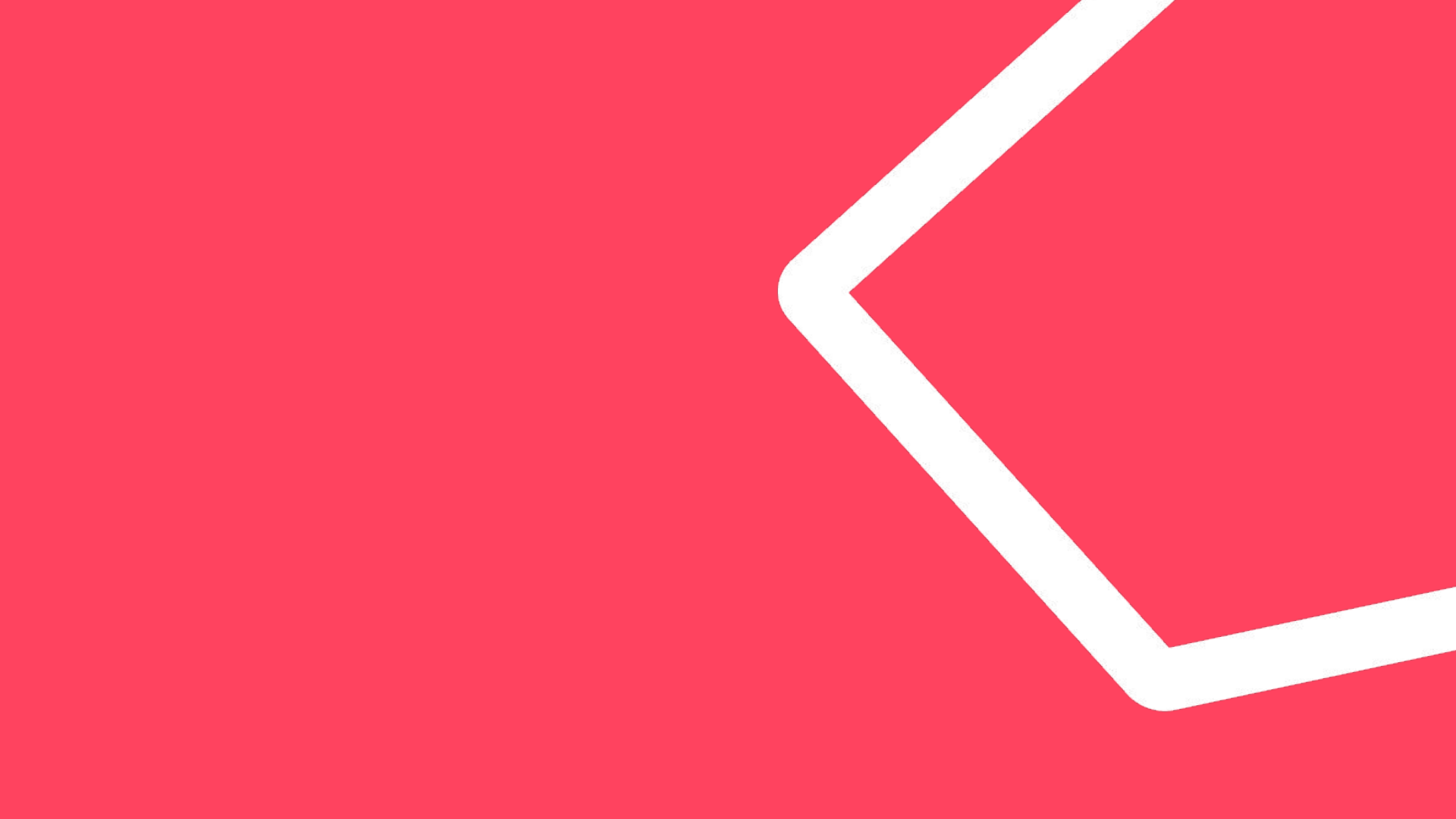
Data-driven continuous compliance...
Iress + Sintelix + MyNextAdvice.

Presenters:

Stuart Frith, Sales & implementation director, Lumen

Chris Stafford, Senior solutions consultant, Lumen

iress

iress

Market-leading financial software
for better performance, everyday.

Xplan

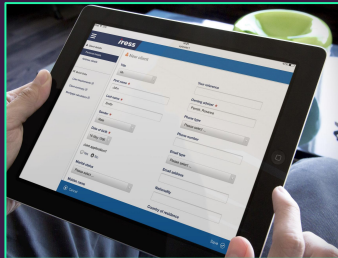advice software platform

Lumen

data analytics software

100,000+

advice software users globally

What

we design, develop and deliver

1,880

Iress people

55%

of our people in product and technology roles

CommPay

revenue & remuneration management software

17 Offices

Asia-Pacific, North America, Africa and Europe

Iress Labs

Xplan users co-designing functionality

trusted by

9,000

businesses worldwide

Market-leading financial software for performance, every day.

iress

What you'll see

Data-driven Continuous Compliance

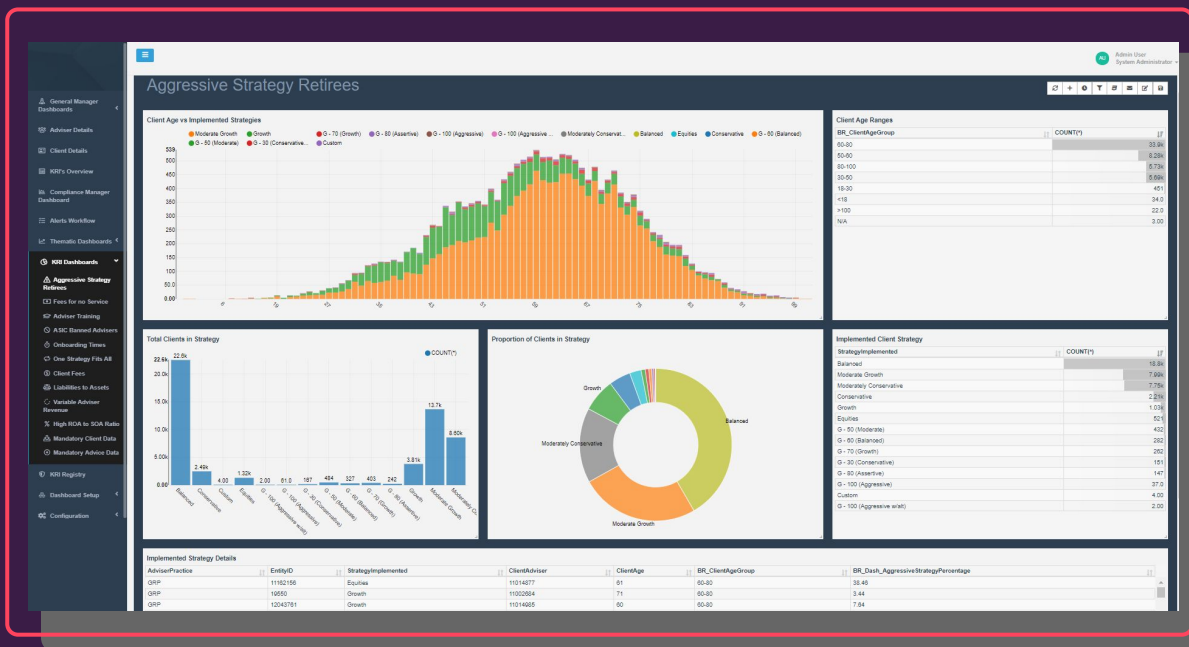Licensee Key Risk Indicator Monitoring (REP515 KRI's)

Advice Case Best Interest Monitoring (Advice Alerts)

Data analytics.
Actionable intelligence.

This is real today
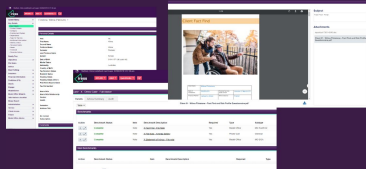
7+ licensees monitoring 2,000+ advisers.

Data analytics.
Actionable intelligence.

- 30+ KRI's.

- Licensee monitoring & risk identification.

- Ability to quickly drill into risks.

- Manage the resolution of risks.

Iress

- Xplan (CRM)
- CommPay

Sintelix
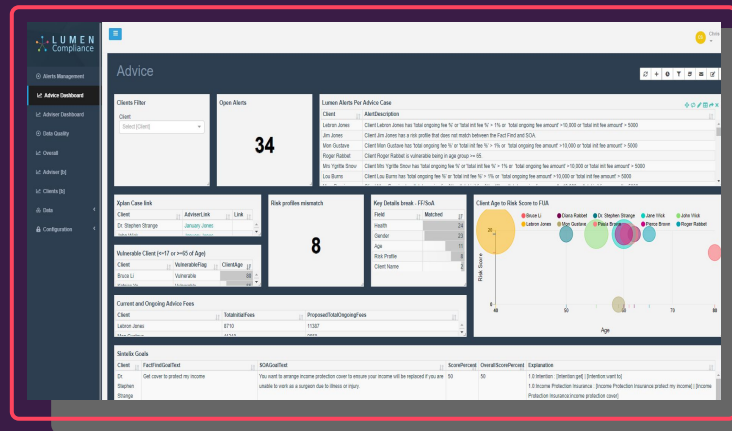
Machine learning data extraction

MyNextAdvice

Client satisfaction

Rules engine

Lumen
Data analytics & compliance
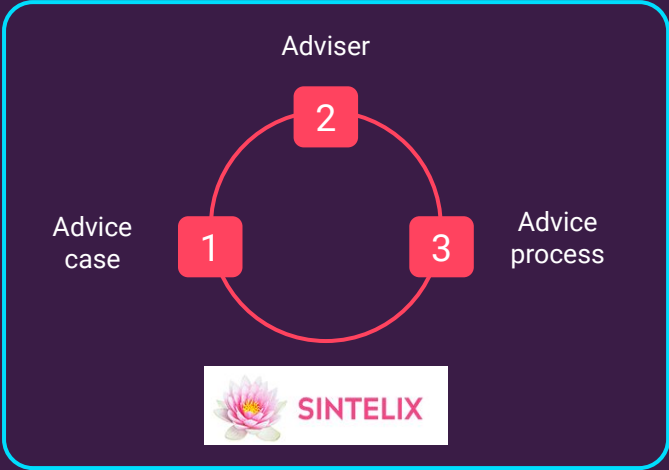
Advice Case Best Interest Monitoring

Advice Process - Iress Xplan

Iress Lumen

Adviser

Advice case — 1

Advice process — 3

2

Advice Outcome

SOA OK

SOA Back to Adviser

SOA to paraplanning

Adviser to Investigations

What did we find?

We focussed on these common Best
Interest Duty risks:

- Goals consistency over advice process

- Advice process is evidenced by complete
  and consistent data

- Risk Tolerance ⇔ Profile

- Advice that is aligned to the commercial
  interest of the adviser and not the clients
  best interests

Risk	*Alerts
Goals Consistency	6+
Advice Process is evidenced by complete and consistent data	Around 384 Adviser January Jones biggest culprit
Risk Tolerance ⇔ Profile Risk	11+
Advice that is aligned to the commercial interest of the adviser and not the clients best interests	9+

*Advice is a complex data set, so precision requires time to back-test algorithms.

Demo

Summary & Insights

Data-driven Continuous Compliance

Iress Lumen brings the power of data to Licensee compliance staff, to efficiently meet regulatory obligations.

- Licensee Key Risk Indicator Monitoring (REP515 KRI's)
- Advice Case Best Interest Monitoring (Advice Alerts)

Today

- Key Risk Indicators - successfully identifying and managing risks today
- Advice case compliance - Indicators of possible non-compliance
- Machine Learning - can be very effective extracting content from advice documents

Observations

- The high-risk Best Interest Duty scenario's can be monitored, however….Principle based regulation ultimately requires human judgement
- RegTech has a role to support compliance officers to apply their expertise efficiently
- Advice Data is complex - requires deep expertise in Advice business
- Algorithms need to be repeatable and explainable - Do you trust an unknown algorithm?
- Machine Learning has a role, but is not the answer to every question

Summary & Insights

Challenges

- The data in documents are unstructured and across different formats. It's one thing to solve for single field reconciliation it's another to solve for 'meaning' across documents formats.

Opportunities

- Consolidate tools toward an end to end to end solution.
- Target an industry data standard.

Future

- Advice Licensees across the industry are currently investing to systemise the advice process, thus enriching the consistency of data in their advice systems e.g. Xplan.
- This will substantially address the industry data challenge, whose root cause is the traditional high collaboration outside the 'system' in word processing documents across multiple stakeholders. This has resulted in a divergence between the information a client receives and that held by the Licensee.
- With more advice generated " in the system", this creates a data asset to drive the business, monitor and understand and serve adviser clients better.

Thank you

For more information
please get in touch

Stuart Frith, stuart.frith@iress.com
Chris Stafford, chris.stafford@iress.com

iress.com