Microsoft Teams Meeting

- **Audience microphones will be muted** for the duration of the session
- Use the **Teams chat function to submit questions** to the Host and Presenters
    - We ask that questions are submitted through the chat only – 'Raise hand' function won't be used for this session
- There will be time allocated at the end of the session for Q&A

This event will not be recorded. Please be aware that your name, surname, image in your Teams profile and any content you include in the Teams chat may be seen by other participants. If the host enables your camera and/or microphone, you will be able to turn on/off your camera and unmute yourself so others can see/hear you.

ASIC
Australian Securities & Investments Commission

19th ASIC Regtech Liaison Forum

11:00am AEDT, Thursday 30 November 2023

Acknowledgement of Country and Welcome

Mark Adams, Senior Executive,
Strategic Planning and Intelligence, ASIC

Agenda

- **ASIC update**

  Mark Adams, Senior Executive Specialist, Strategic Planning and Intelligence, ASIC

- **Business Research and Innovation Initiative (BRII) RegTech Round Proof-of-concept phase update**

  Ross Pearson, Chief Technology Officer, DHI-AI and Kenn Rodrigues, Managing Director, DHI-AI

- **RegTech Association industry update**

  Deborah Young, CEO, RegTech Association

- **Q&A – Open Floor**

ASIC update

Mark Adams, Senior Executive,
Strategic Planning and Intelligence, ASIC

Regtech engagements through the Innovation Hub

March 2015 – November 2023

314 : **108** **206**

Total engagements with regtechs | Regtechs assisted | Regtech demonstrations

Since last Regtech Liaison Forum (Aug 2023)

6 **2**

Regtechs assisted | Regtech demonstrations

Trends observed from engagement with regtech sector

ASIC continues to receive requests for engagement from regtechs through the Innovation Hub.

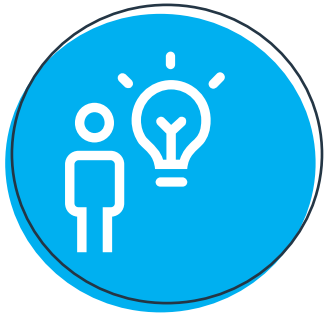
- Some business model observations based on our recent engagement with regtech businesses:
  - **Information provision services** - such as reporting and analytics (some businesses identified as AI analytics while others reflected more traditional models)
  - **Analytics providers** that focus on confirming regulatory status of entities or individuals (with added capability to refer to ASIC guidance)
  - **Market facilitation services** such as tokenisation of traditional assets and ensuring compliance
  - **Reporting services** often connected to workflow management

Business Research and Innovation Initiative (BRII) RegTech Round

Ross Pearson, Chief Technology Officer, DHI-AI

Kenn Rodrigues, Managing Director, DHI-AI

Business Research and Innovation Initiative (BRII) Regulatory Technology Round



BRII is a government program sponsored by the Department of Industry, Science, and Resources (DISR).

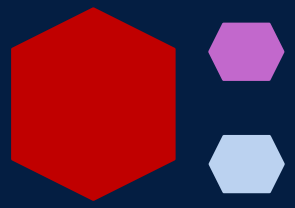
- ASIC's BRII challenge focuses on developing a technology solution to help ASIC analyse corporate disclosures and other datasets to identify and assess compliance by listed companies.
- ASIC is excited to work with DHI-AI to develop a proof of concept for using technology to help identify and assess poor market disclosure by listed companies.
- DHI-AI will develop their proposed solution over a period up to 15 months (i.e. a MVP).
- Visit ASIC's BRII RegTech Round webpage for more information on the program.

The RegTech Association industry update

Deborah Young, CEO, Regtech Association

RegTech
THE REGTECH ASSOCIATION

Accelerating the adoption of RegTech and creating a global centre of excellence



Deborah Young, CEO, The RegTech Association

ASIC RegTech Liaison Forum November 2023

RegTech
THE REGTECH ASSOCIATION

The RegTech Association

- Founded in 2017
- A global community, non-profit and independent
- 160 business organisations
- 20,000 pax from 96 countries since 2020
- Leading engagement, collaboration between regulators, institutions, government and technology companies
- Programs, events, research, consulting, trade
- MOUs with global industry partners to strengthen collaboration

FINOS Fintech Open Source Foundation
CITY OF LONDON
air Alliance for Innovative Regulation
Nordic RegTech Association
CRTA | ACTR CANADIAN REGULATORY TECHNOLOGY ASSOCIATION
INNOVATE|FINANCE
SFA SINGAPORE FINTECH ASSOCIATION
ICA INTERNATIONAL COMPLIANCE ASSOCIATION
InsurtechAustralia INSURANCE INNOVATION + COLLABORATION
FinTech Australia
ACI Australian Compliance Institute
STANDARDS Australia 100 CELEBRATING 100 YEARS 1922-2022
ethBe
HKTDC 香港貿發局
stone& CHALK

Industry Perspectives 2023* sneak peek

General perspectives

Acceleration of adoption of RegTech

2019	2021	2022	2023
13 months	10 months	9.3 months	8.6 months

Investment
Since 2019 70% RegTechs were bootstrapped compared to 32% in 2023. 68% had attracted professional capital up by 7% since 2022.

Key drivers for RegTech adoption
68% said customer expectations followed by regulatory pressure and digitization/automation

Full production deployments
Number of production deployments: 78% of RegTechs have over 10 full production deployments an increase of 38%* since 2022

Vendor Growth
36% of RegTech Vendors experienced more than 30% revenue growth between 2022 to 2023 and 30% experienced 10-30% growth.

Top tech deployed
Ai, ML, NLP, Gen Ai

*Indicative initial data from The RegTech Association Industry Perspectives Report 2023 – full report available in November 2023

Industry Perspectives 2023* sneak peek

Regulatory perspectives

Prioritisation of RegTech/SupTech

80% of regulators have onboarded SupTech/RegTech solutions in the past year
40% give high priority to RegTech/SupTech.

Buy/Build

60% of regulators prefer buying solutions from RegTech vendors, whereas 40% reported they prefer to build their own.

Top Solutions sought by regulators

Compliance and regulatory reporting(67%)
AML and fraud prevention (22%)
Data management (11%)

Engagement with industry

More regulators engaging frequently than '22
Engage often 33%
Engage rarely 17%

Product development trends

Regulatory Reporting (64%)
ESG Reporting (36%)
Automation of supervisory process (32%)
AML/CTF Compliance monitoring (32%)

Appetite

54% of RegTechs/SupTech vendors reported an increase in customer appetite.
Drivers for significant SupTech demand include regulatory, legislative and compliance changes (42%)

Vendor challenges with financial agencies

Procurement
Budget limitations
Lack of visibility on priorities needs
Market size

*Indicative initial data from The RegTech Association Industry Perspectives Report 2023 – full report available in November 2023

Industry Perspectives 2023* sneak peek

Institutional perspectives

Drivers for RegTech Adoption
Customer driven expectations

Buy/Build
40% committed to buy
20% committed to build
20% undecided

Preferred traits by RegTech vendors
Dedicated resource for deployment
Org readiness
Track record

Biggest challenge
Budget constraints are biggest challenge in POCs

Potential for RegTech
75% expected their RegTech budget to grow
50% allocated between 5-10% of compliance budget for RegTech investment
25% between 1-5%

Appetite
Focus on RegTech improved from the previous year
C Suite hold authority to make decisions

*Indicative initial data from The RegTech Association Industry Perspectives Report 2023 – full report available in November 2023

Industry Perspectives 2023* sneak peek

RegTech vendor perspectives

Top risks addressed
51% Compliance risk
44% Regulatory Compliance
27% AML/CTF/Sanctions

Top functional roles
45% Data compliance
45% Reporting
36% Implementation & Governance

Investment
68% reported inflows of professional capital

Biggest challenges
Procurement
Client Budget constraints
Scope creep
Current economic environment

SupTech vendor perspectives

Demand
68% vendors identifying as SupTech say its important to their core offering and likely to increase in demand in 2 years
Areas being developed to meet demand include regulatory reporting and ESG reporting

Drivers
Biggest drivers are regulatory and legislative changes and increased appetite for new solutions

Top SupTech solutions
Regulatory Reporting, AML and Data management

*Indicative initial data from The RegTech Association Industry Perspectives Report 2023 – full report available in November 2023

Vision and Mission

Create a global centre of excellence

Acceleration of adoption of RegTech

Four key strategic pillars

To facilitate connections to drive commercial outcomes

To educate and showcase to promote the industry

To explore and expand new opportunities in new markets or segments

To encourage and facilitate global investment

Our focus for 2023-2026 for RegTech

RegTech
THE REGTECH ASSOCIATION

www.regtechglobal.org

Deborah.young@regtechglobal.org

Thank you

innovationhub@asic.gov.au

asic.gov.au/for-business/innovation-hub