



Role of

Reg-Tech

in Fintech Industry



Ultimate Ease of Fintech Business



About

Enterslice

We are an Award Winning Legal and CPA Information Technology Enabled Services (ITES) concern.

We at Enterslice are committed to provide assistance to the entrepreneurs in legal registration procedures and in managing their business globally.

Be it a startup business or a well established concern, our dedicated professionals are resolved to provide bespoke solutions as regards business registration and legal compliance.

Our bevy of competent business advisers help to trace, decode and execute key business growth strategies.

Our wide range of legal & business registration services includes GST Registration, Company Registration, ITR Filing, ESI & PF Registration, NBFC & Microfinance Company Registration, FEMA Advisory and much more.

Our Core Operations:

- **Business solutions**
- **Fin-tech Solutions**
- **ITES Systems**
- **LegalTech Solutions**
- **Management Advisory**
- **HR Services**
- **FEMA Advisory**

From a strategy review of the Business development to the complete hands-on implementation, Enterslice Advisory can be truly your legal companion to grow your venture to a level further.

RegTech- An Overview

Today, we are living in the digital era, where the IT industry has penetrated every business domain. In recent times, many financial institutions (FIs) have collaborated with IT-enabled Fin-tech companies in order to provide more seamless and smooth financial services to their customers. Nevertheless, these IT-enabled Fin-techs are governed by various regulators at the pan-India and international levels. Often there's a huge burden on the emerging Fin-techs as regards various IT-related compliance from these apex regulatory bodies. Luckily, there's another new-fangled domain to ease the overall IT and data compliance requirements, i.e., Regulatory Technology or **RegTech**.



Future of Fin-Techs
Reg-Tech...

RegTech is a novel segment within the IT sector that is now penetrating the FinTech ecosystem, where it is perhaps needed the most. Since the emergence of the Internet, the global IT-enabled entities have faced many setbacks, one of them being the **dot-com bubble** of the early-2000s.

However, the background of the RegTech domain can be exactly traced back to the **Global Financial Crisis of 2008**, which triggered drastic regulatory updates and technological advancements. All this fundamentally transformed the way the financial markets worked, their services, and their assets. Importantly, this has also led to the collaboration of 2 major sectors – the banking and the fintech sector, and has led to the emergence of the new sphere called “**Neo-banking**”. Now, at the junction of these two sectors lies the root of the regulatory technology also called ‘**RegTech**’.

RegTech platform involves the meticulous utilization of avant-garde technology, mainly the information technology for end-to-end assistance in monitoring and reporting compliance.

Background of the RegTech scenario

Surely in the coming years, we would be witnessing the boom of neo-banking and other such FI-FinTech partnerships, thanks to the growing RegTech platforms..

Significance of

RegTech platforms

The Financial sector has always been governed with many stringent regulations in place. The central focus of most of the fintech entities has been hitherto on customer satisfaction. However, nowadays the fintech companies have begun to devote their efforts to their back-end operations side by side. This gradually leads to acceleration in the service execution and in turn leads to high levels of client satisfaction.

- Keeping track of all the regulatory compliances is indeed not a cakewalk! So, in a bid to mitigate the vast and ever-increasing burden of such regulatory compliance, the financial institutions have now begun to employ new RegTech solutions. The key objective behind this is to gear up their operations and deliver accurate services in a nick of time.

- As we have discussed before, the banking and the fintech sectors have by now amalgamated and given birth to a new sphere called “Neo-banking”. This shall be an integrated domain wherein the fintech will take care of the digital and mobile-first smart financial solutions for online payments and cash transfers, whereas the banking segment will execute the accurate services apropos money lending, deposit and allied services employing the tech-savvy fintech solutions. Hence, they are also referred to as smart-banks, digital banks, or mobile-only banks. Currently, in India, there are 3 such smart-banks viz. NiYO, 811 by Kotak and InstantPay.
- Around the world, this business model is flourishing. However, in India and elsewhere the Regulatory updates of the financial sector have swelled at an alarming pace.



- Indeed, the sheer volume of these new regulatory changes further increases the complexities along with the tight deadlines, thus entirely overburdening the financial institutions.
- In the 2010's decade, global regulators have recommended the financial institutions to employ certain several advancements in their work cultures. As a result, many entities have now felt the need for technological transformations. At the helm of these lies the Regulatory Technology (RegTech). In India, this business model is operating within the FinTech ecosystem so as to cope with the new and complex requirements related to regulations, litigation, and regulatory rectification. The prospects are indeed high owing projected overall reduction in compliance costs.
- As a matter of fact, presently there are above 1600 RegTech entities worldwide that are providing end to end solutions and regulatory assistance to the firms throughout their business journey. Currently, these RegTech firms are providing IT support as regards various key regulations such as the PSD2, MiFID-II, 4MLD, and EU-GDPR compliance.



Ease of Fin-Tech Business with
Reg-Tech...

Key Benefits of

EMPLOYING REGTECH SOLUTIONS

By employing the cutting edge RegTech Solutions, the Indian FinTechs can experience the evident benefits listed below:

- High levels of operational efficiency
- Enhanced data quality
- Minimized data risks
- The decrease in risk of manual ethical fallout

As a result, the entities shall have more time for core operations, which they can use for providing the value-add activities to their clients.



RegTech

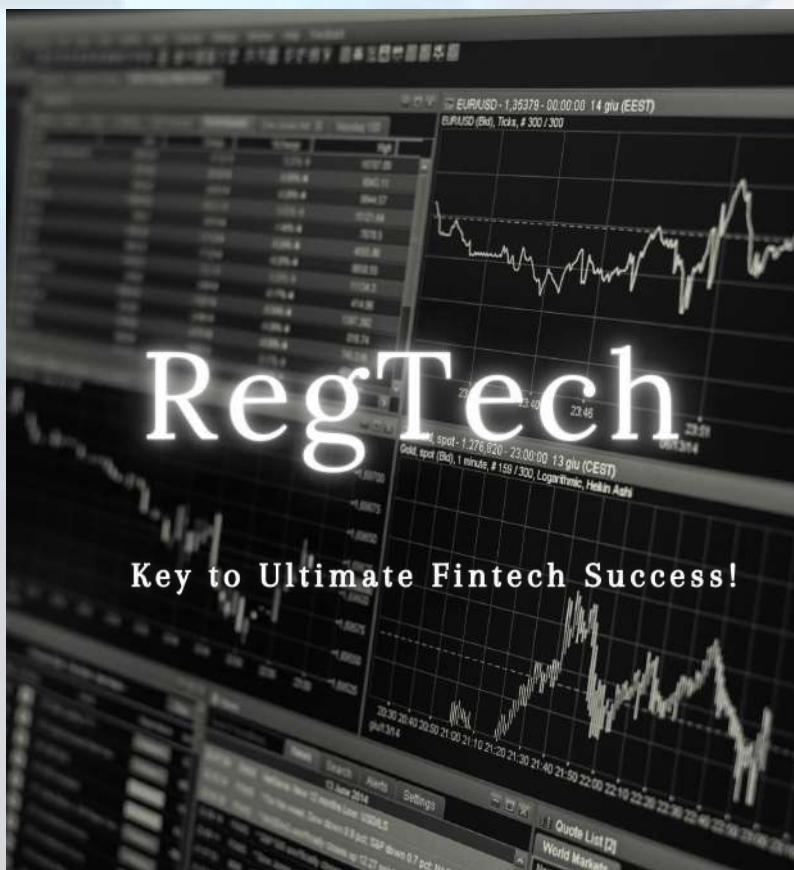
An Emerging Business Opportunity

Prospects of

REGTECH INTO FINTECH INDUSTRY

Indeed, there are high prospects of employing RegTech into the fintech ecosystem. The future of RegTech shall be witnessed with increased levels of automation with more use of AI, complying with standardization requirements, and the resultant ease of doing across the fintech organizations and partnerships.

- The RegTech will continue to expand with the constant advancement of the financial institutions as regards their new products and processes. These in turn will boost the potential of the fintech concerns for coping with new regulations in the future and manage the compliance costs.
- Furthermore, smart approaches shall be made towards the reduction of these compliance costs. This is essential as the fintech industry is facing a huge burden of regulations, something that has driven the organizations to look out for new and innovative solutions to tap the technological potential so as to satisfy the huge regulatory requirements.



- Apart from that, the RegTech shall expand its sway from the back-end operation its capabilities and to the front-end office operations, including strategic support.
- The overall focus is right now on the adoption of the RegTech within the fintech industry. In near future, these organizations can potentially leverage the RegTech solutions for better business management and addressing of the regulatory requirement.



Untapped Potential of the

REGTECH PLATFORMS

Anti-money laundering & KYC

- Verify identity of clients/ employees
- Continuous monitoring for financial crime
- Store, protect and provision ID information

Vendor Risk management

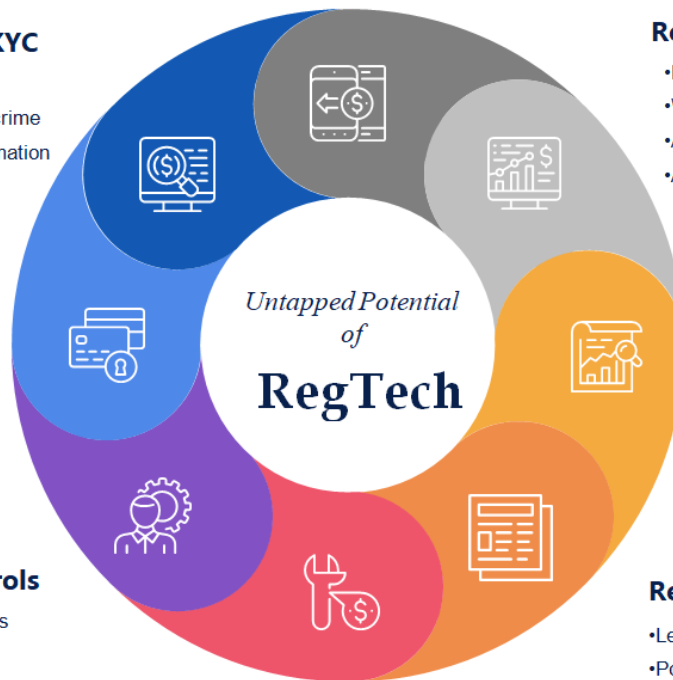
- Vendor risk management governance
- Proofing/risk assessments
- Vendor issues management

Business continuity

- Business impact analysis
- Disaster recover plan
- Crisis management

Reconciliations & controls

- GL to sub-ledger Reconciliations
- Account reconciliations
- Journal entry management



Reporting & data analytics

- Report automation tools
- Web-based streamlining for reporting
- Analytics validation & modelling software
- AI-enabled analytics tools

IT management

- Configuration management
- Incident and problem management
- IS operations
- Application security

Information System Management

- Information and asset inventory
- Information & asset classification & profiling
- Information and asset monitoring

Regulatory policies & standards

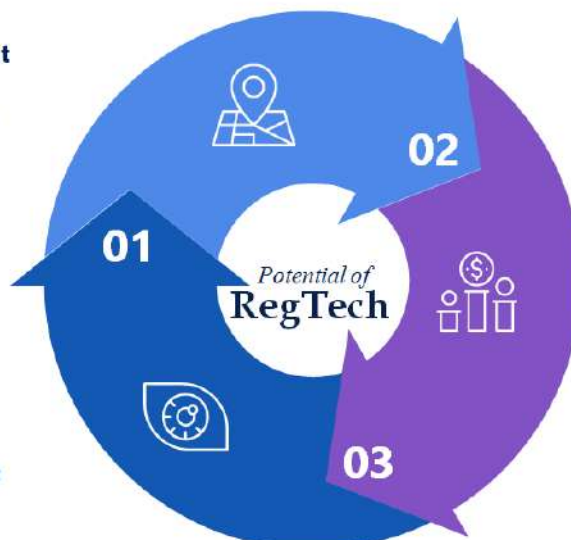
- Legal and regulatory requirements
- Policy, standards, procedures, monitoring
- Policy management metrics

Enterprise, IT risk management

- Board reporting
- Enterprise risk & control assessments
- Operational risk quantification.

Data Security management

- IS program management
- IS security metrics
- Threat and risk-exposure management



Market, credit, liquidity risk

- Capital allocation
- Capital transparency
- Quantitative modelling
- Stress testing
- Cash flow projections
- Country risk
- Risk assessment

REGTECH

As a Business Opportunity...

Entering into the RegTech ecosystem can be a great opportunity in itself. However, there are endless challenges involved in the same, owing to the vigilant approach of the regulators.

- Currently, the apex regulators, the RegTech firms, fintech concerns, and the banks & financial institutions, all need to collaborate and evolve new strategies for innovation, and reduction of the overall compliance cost, and accurately and efficient reporting to the regulatory bodies.
- As a matter of fact, the Regulators these days are becoming more aware of the potential of the RegTech firms, and are imparting the same to fintech.
- The benefits of data analytics and management of sustainability of organizations on a real-time basis make the RegTech solutions a feasible strategy for the Indian regulators.
- However, the RegTech firms will have to continue to evolve their technologies through better innovation and perception of the coming regulations, in order to take it as a lucrative start-up opportunity.



Thank you!

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