

# Cut to the Chase

## RegTech

The report provides an insight on RegTech, how and where it can be utilized in compliance along with exploring its relevance to GCC

# WHAT is RegTech?

RegTech (regulatory technology) refers to the companies and technology built to assist financial institutions with compliance. RegTech companies utilize cloud computing and big data for sharing of information and use tools such as predictive analytics to combine the complex information to predict potential risk areas.

The thought process of the market has changed considerably since 2014. RegTech deals saw a 48% increase from 64 in 2013 to 95 in 2014 and funding spiked 115% from USD 403mn in 2013 to a record USD 867mn in 2014. Funding however dipped slightly in 2015 by 3% to USD 757mn and stood at USD 732mn in 2016<sup>1</sup>. In 2016 alone, there were 29 M&A transactions and an IPO among RegTech companies.

## WHICH are the key areas where RegTech companies are working to simplify compliance?

### Interpretation of regulation

- Suade
- Cube
- Quarule
- Fundapps

### Fintech startup

- Contego
- Trulioo
- Met Facilities

### Reporting

- Cappitech
- Viclarity
- Fortia
- Commcise

### Fraud prevention / Detection

- Identity Mind
- Trustev
- FeatureSpace

### Data access, storage & management

- Invoxis
- Trunomi
- Accudelta
- Encompass

### Risk Management

- Percentile
- AlgoDynamix
- Corlytics
- Osis

Source: BI intelligence

<sup>1</sup> CB Insights

## Regulatory compliance automation

Future RegTech platforms will be used to interpret regulations, including upcoming changes. A key challenge is to build a converged regulatory risk and controls management framework, where many RegTech solutions are currently being developed. Robotics are being adopted to perform routine compliance monitoring and testing processes.

## Risk Data aggregation and management

Cryptography, cell-level security, data ingestion and information sharing technology, and potentially block chain can improve data management, security and aggregation in and between institutions and with regulators. Open platforms and networks can help build a robust standard data dictionary across the industry. Better automated and secure online data reporting portals from regulators, running on compliance Application Programming Interfaces (APIs).

## Fraud prevention

These solutions will monitor transactions in real time to identify gaps, issues and trends in financial crime; prevention reduces the risk and associated cost of loss funds due to fraud. Companies include a terabyte analytical capability with billions of different data points in a single transaction to identify potential threats to financial security.

# WHERE Does RegTech Work Best?

It works well for heavily quant based obligations, information based obligations and risk identification and management tools including:

- Legislation / regulation gap analysis tools
- Compliance universe tools
- Health check tools
- Management Information tools
- Transaction reporting tools
- Regulatory reporting tools
- Activity monitoring toolss
- Risk data warehouses
- Case management tools

In the short term, RegTech will help firms to automate the more mundane compliance tasks and reduce operational risks associated with meeting compliance and reporting obligations. In the longer term, it will empower compliance functions to make informed risk choices based on data provided insight about the compliance risks it faces and how it mitigates and manages those risks<sup>2</sup>.

## HOW could GCC benefit from RegTech?

The GCC countries are actively organizing RegTech conference to explore the latest digital innovations in the regulatory technology and risk management landscape and how it can be best used for financial institutions in the GCC.

The financial institutions in the GCC currently face several issues in meeting global compliance requirements. RegTech companies can form the core of a great compliance strategy in the GCC by providing:

1. Expert help: Compliance complexity and financial risks are better mitigated through partnerships with industry experts, established in AML and CTF.
2. Compliance is about business intelligence, RegTech can assist with developments in governance, risk management and compliance (GRC).

The GCC, with its ambition to establish itself as a financial hub, will have to continually work on advancing its financial compliance infrastructure for which RegTech could play a crucial role.

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<sup>1</sup>Deloitte

# References

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4. <https://www.businessinsider.in/THE-REGTECH-REPORT-Global-regulatory-requirements-are-creating-a-huge-opportunity-for-regtech-firms/articleshow/53545243.cms>
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# Research Library

## Capital Market Research

- Most Valuable Companies in GCC
- GCC High Margin Industries
- GCC Sovereign Debt Issuances
- Berkshire Hathaway (2015)
- Apple: 5 Questions (Bilingual) (2015)
- Kuwait's new Law on Preference Shares (2015)
- Mother of All IPOs: National Commercial Bank (Bilingual) (2015)
- Kuwait Investment Sector (2012)

## Economic Research

- SME Startup Stories in GCC
- Bitcoin to Blockchain
- Financing Options in GCC
- Are GCC Businesses Leveraging Social Media
- The What of VAT
- FINTECH in GCC
- Kuwait Projects: KWD 10bn Awarded
- Kuwait Economic Themes
- Qatar Economic Themes
- Saudi Economic Themes
- UAE Economic Themes
- Emerging Markets (MSCI) – Threat of a Debt Crisis
- GCC Liquidity Fall
- Is China Stalling?
- Crowdfunding in the GCC: A New Source of Funding?
- Geopolitical and Macroeconomic Implications of the Iranian Nuclear Deal for GCC (Bilingual)
- Kuwait – Dealing with Construction Permits
- Negative Interest Rates
- Central Bank Shocks: What next? (Bilingual)
- Fiscal Breakeven Oil Price (Bilingual)
- Kuwait Electricity Tariff Hikes (Bilingual)
- Swiss Franc (Bilingual) (2015)
- Rising Fuel Prices in Kuwait (Bilingual) (2015)
- GCC Research Knowledge Gap (2014)
- Cloud Computing (2014)
- GCC Free Trade Zones (2014)
- Disruptive Technology: Bitcoins(2014)
- The Internet of Things ! Big Data (2014)
- Kuwait SME's (2014)
- FIFA World Cup 2022: Qatar (2013)

## Industry Research

- Private Equity: GCC
- Brokerage: UAE, Saudi
- Asset Management: UAE, Saudi
- Banking: Kuwait, Saudi, UAE, Qatar
- Contracting: Saudi, UAE, Kuwait
- Education: GCC, Saudi, UAE
- Investment Banking: GCC, UAE
- Healthcare: UAE, GCC, Saudi
- Insurance: GCC, Saudi
- Petrochemicals: GCC, Kuwait Petrochemicals, Saudi
- Retail: Kuwait Luxury Retail, UAE Luxury Retail, GCC Luxury Retail, Saudi Retail, GCC Retail, GCC Online Retail
- Wealth Management: UAE Wealth Management, GCC Wealth Management
- Media: UAE Media, UAE Social Media, GCC Social Media, GCC Media
- Other Industries: GCC Institutional Investors SWF, Saudi Remittance Industry, Saudi Mortgage, GCC Family Business, Saudi Hospitality, GCC Islamic Finance, Offsets in the GCC, GCC Hospitality, GCC Islamic Finance, Metals and Mining, When GCC Women Invest

## Infrastructure Research

- Power: Kuwait, UAE, Qatar, Egypt, Saudi
- Water: Saudi, Kuwait, Qatar
- Ports: Saudi, Kuwait, UAE, Qatar, Oman
- ICT: UAE, Qatar, Saudi, Kuwait
- Aviation: Qatar, Kuwait, GCC Aviation: Full Service Carriers (FSC), GCC Aviation: Low Cost Carriers, UAE, Saudi
- Roads and Railways: Saudi, Qatar
- Real Estate: Qatar Residential Real Estate, Saudi Residential Real Estate, UAE Residential Real Estate, GCC Office Real Estate, Saudi Office Real Estate, GCC Affordable Housing, Kuwait Real Estate (Bilingual) (2015)

## Policy Research

- An Innovation driven Economic Diversification Strategy for Kuwait (KFAS)
- Kuwait – Starting Business
- Kuwait Reforms (series): Education (2015)
- Oil & Gas Markets and the Emergence of New Resources (2014)
- GCC Countries & Asia: Bolstering Energy Ties (2014)
- GCC Energy Strategies: The Way Forward (2014)
- Blueprint for Public Sector Good Governance in Kuwait (2013)
- Kuwait: Private Labor Market (2013)
- Kuwait: Alternatives for Power Generation (2013)
- Kuwait: Sustainable Power Strategy (2012)
- Tools to Strengthen & Support Kuwait's Private Sector (2012)

## Regulatory Research

- Kuwait's BOT law (2014)
- Land Reforms in Kuwait (2014)
- Kuwait's PPP Law (Bilingual) (2013)
- Bankruptcy Law in the GCC (2013)

## Company Reports

- KSA
  - Al Rajhi Bank
  - Almarai Group
  - Company for Cooperative Insurance (Tawuniya)
  - Jarir Marketing Co.
  - National Commercial Bank Riyadh Bank
  - SABIC
  - Samba Financial Group
  - Saudi Arabian Fertilizer Co.
  - Saudi Arabian Mining Company
  - Saudi British Bank
  - Saudi Cement Company
- Saudi Electricity Co
- Saudi Telecom
- Savola Group
- TASNEE National Industrialization Company
- The National Shipping Co. of Saudi Arabia (BAHRI)
- Qatar
  - Barwa Real Estate Co QSC
  - Commercial Bank of Qatar
  - Ooredoo
  - Qatar Electricity and Water Co
  - Qatar Insurance Co
  - Qatar National Bank

- UAE
  - Abu Dhabi Commercial Bank
  - Abu Dhabi National Hotels Co
  - Air Arabia
  - Aldar Properties PJSC
  - Arab National Bank
  - Arabtec Holding Company




Aramex  
Dubai Islamic Banking  
EMAAR Properties  
Emirates NBD  
Emirates Telecom  
First Gulf Bank  
National Bank of Abu Dhabi




## Periodic Reports

- Daily Morning Brief
- Daily Fixed Income
- Kuwait Daily
- Monthly Market Review
- International Market Update
- GCC M&A Report
- GCC Bonds and Sukuk Market
- GCC Corporate Earnings
- GCC WACC
- GCC Stock & Debt Market Outlook
- GCC Regulatory Digest

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