

Digital Regulatory Reporting video transcript, March 2019

Every year financial firms and regulators face increased challenges around regulatory reporting.

The current manual process is complex with over 20,000 rules across 58,000 firms and it's only growing.

Each firm must interpret the rules and data requirements themselves and when firms are asked to provide data to regulators the differences in interpretation often lead to confusion, duplication and inefficiency, which is costly in terms of time and money.

For the first time, an unprecedented number of firms and regulators have come together to try and solve the problem and prepare for the future.

After initial work on a proof of concept in 2016 at an FCA TechSprint, a further proof-of-concept followed a year later that led to a successful pilot.

The project utilised Agile ways of working to bring together the requirements of Policy, Legal, Analytics, Data and the target operating model.

Working towards a possible solution, they have created Digital Regulatory Reporting.

Using innovative technology it aims to provide clarity and create a shared understanding around rules and data through a collaborative platform.

Connected to banks through Blockchain and API technology, the regulator sits at the heart of this new platform.

Rules are transformed into code, automating the process and allowing regulators to request data and for firms to quickly and simply share it without the need to interpret.

Compliance checks can be completed in near real time and regulators get the information they need when they need it without confusion making the whole process simple, efficient and more effective.

Making the financial industry's data available on demand and digitising rules has benefits.....but there's also challenges.

Not all rules will be suitable for the process, and every step of the way firms and regulators will need to understand how DRR may affect their organisations.

By working together, a strategy can be created to overcome the current issues and move to an easy to use, future proof system.

Regulators will still continue to create rules and supervise, but the solution bridges the communications gap to bring clarity and a shared understanding and is also inclusive for all businesses, large or small.

Any future regulatory reporting changes can generally be met by firms at minimal additional cost and regulators will have access to the data they need to develop analytical insights and design better regulation in future.

The platform and software will be built on open standards allowing commercial bodies to design complementary solutions, encouraging innovation and competition.

The next phase will explore the question of scalability and propose a roadmap for implementation.

Using industry analysis alongside a review of the current regulations we will define the next areas suitable for digitisation.

In order to move forward to a brighter future, collaboration is vital. It will only be achievable through working together.

It's not just time to look to the future. It's time to bring it to us.