

In 2019 RegTech evolved from being an experiment to a reality. FIs realized that RegTech is a tool that fits into a well-defined, broader compliance framework and can help reduce compliance risks when coupled with the right data, people and processes. We also saw global regulators go on the record about RegTech and start to ask FIs questions about how they are leveraging RegTech and exploring SupTech* to manage their own processes. Investment in RegTech grew by 103% and it has matured to its own vertical. At the CRTA, we believe that RegTech will continue to transform Canada's financial services ecosystem and will evolve into a necessary utility. We plan to continue to lead the conversation, drive strategic thinking and mobilize action. Here's what some of our Board and Advisors predict for 2020:

Rosalind Laruccia - Expect increased regulatory focus on the risk spectrum in 2020 – from soup to nuts. This means FIs will need to focus on regulatory change management and automation and drop the spreadsheets! Requirement identification, control mapping, testing across the 3 lines of defense, reporting and trending – the full gambit!

Craig Davis – 2020 will see the rise of the 'as the service' model and in particular 'AI as a service'. Now that FIs are more comfortable with their cloud strategy, they will turn to 'as a service' models to accelerate the roll-out of advanced technologies and innovation. Expect 'AI as a Service' to be used in niche areas such as AML, KYC and trader surveillance.

Sylvia McGratten – Regulators and FIs will be increasingly looking at non-financial measures of how FIs are being good social citizens – whether it's how they manage their relationships with 3rd parties and supply chains (due diligence, ongoing oversight, reputational risk management), donate to or use their influence to contribute to environmental and social causes (climate change, clean water, eradicating human trafficking and modern slavery, etc.) or adopt / adjust / disclose their practices with regard to lending and investment practices and client relationships.

Barb Amsden - Privacy protection and requests for confirmation that financial institutions have deleted all information (or to know what information they have and for what purpose it is being held) will ratchet up geometrically in 2020, with pressure from regulators escalating correspondingly fast. While tech and social engineering often facilitate the problem, look to new RegTech innovations to be part of the solution.

Loren Schwartz - AML will remain centre stage and there will be more findings for banks and firms caught with inadequate AML controls. More fines from regulators such as the NFA for Dodd Frank and the FCA (and others) now that MiFID II has been in force for over a year. Both will need to be addressed, at least in part, through additional investments in RegTech

Donna Bales – Regulators will increase their focus on operational resiliency... and with the RegTech pilot stage over, FIs will focus their efforts on digital transformation of compliance. This will mean taking a serious look at the data that underpins their compliance processes and the customer onboarding journey. As FIs continue to outsource, regulators will enhance their third-party risk assessments – be prepared!

Daniel Leslie – AML will take centre stage in 2020. We will see regulators and industry participants trying to resolve frictions arising out of Canada's new AML requirement and as regulatory expectation increases, FIs will attempt to use more technology. We are likely to see a more defined regulatory framework for Open Banking in Canada along with the challenge of addressing much of the legal issues and implications that follow it, including AML, consumer protection, security, privacy, IP and API infrastructures.

Wendy Rudd – With possible structural changes in the regulatory landscape (such as an IIROC-MFDA merger or even integration of the SROs into the statutory regulators) on the horizon, and the priority now placed on burden reduction by the OSC and others, most regulators will "jump on the bandwagon" and sharpen their focus on RegTech as a compliance boon. Expect more openness and clarity on how/when/where technology is acceptable.



*SupTech - the use of new technologies by regulators – which provides more transparent technology and data driven approaches to reporting and monitoring activities