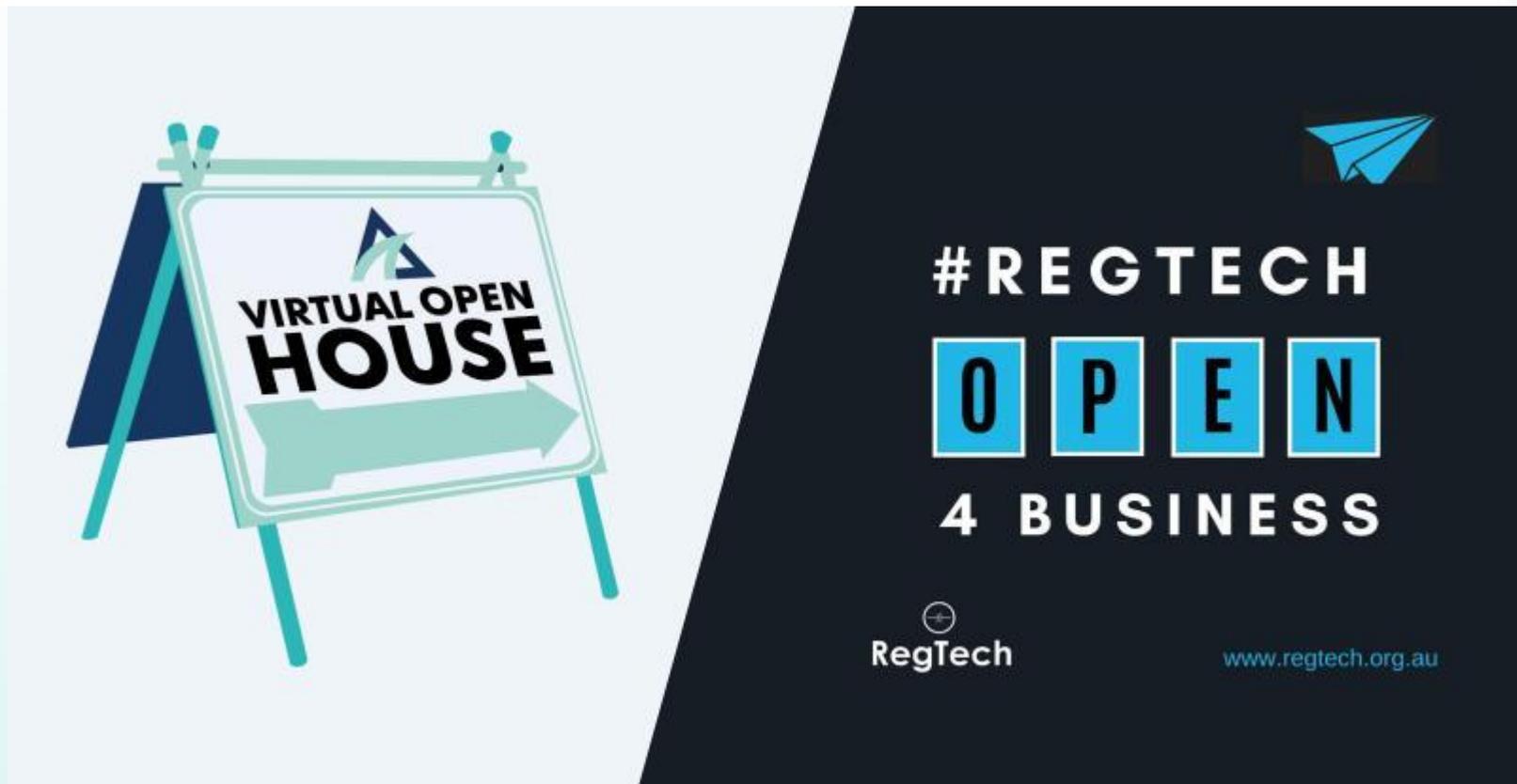


# #RegTechOpen4Business

In the midst of chaos: shifting from reaction to recovery



# Housekeeping

**All on mute please.**

**Q&A will be captured via the chat function – we will try our best to get to everyone.**

**We are recording the session and it will be available on the RegTech Association website and YouTube channel later.**

**ASCENT**

Regulatory Compliance,  
Simplified

# In The Midst of Chaos

Shifting from reaction to recovery in  
RegTech

Brian Clark  
April 15, 2020

# Agenda

## **01 / Reacting**

The effect of the global pandemic on RegTech and financial firms

## **02 / Realigning**

How the crisis will alter relationships between providers and firms

## **03 / Recovering**

Where do we go from here?

# A new crisis emerges

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## One of the longest bull markets comes to an end

Last month, unsettled by a pandemic sweeping across the globe, stocks plunged into bear market territory.



## The world — and funding — hits pause

According to CB Insights, the projected decline of global funding to private companies in Q1'20 will be the second steepest decline in the past decade.



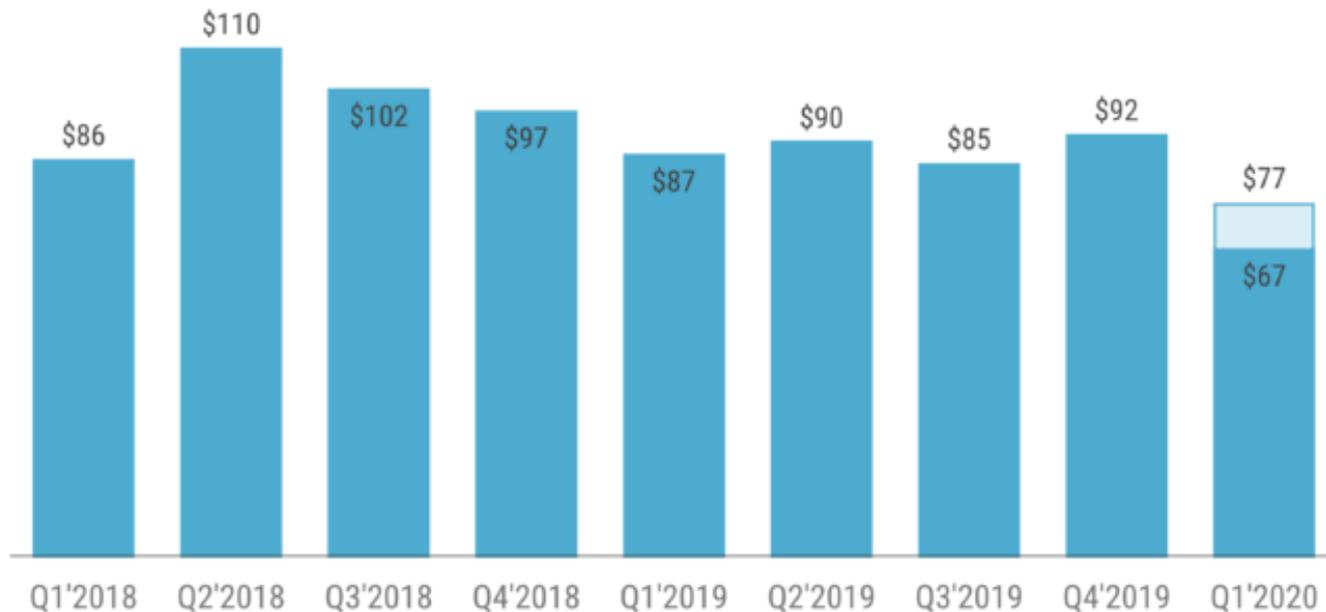
## The financial industry faces a new challenge

Many financial firms will be entering a bear market for the first time.

# Funding takes a hit

## Coronavirus could impact private market funding

Global funding (\$B) to private companies, Q1'18 - Q1'20



Source: cbinsights.com

\*Estimated funding predictions are based on disclosed funding in Q1 to date.

 CBINSIGHTS

 ASCENT

# RegTech: An industry divided

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## Before the crisis —

RegTech was in the midst of crossing a threshold. Providers were beginning to move out of the innovations phase and into a production environment.

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## After the crisis —

For many, this threshold will act as a dividing line. Those already in a production environment should be able to reap the benefits. Those still in an innovations phase will likely suffer from a scarcity of funding.

# The financial services dilemma

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## How to do more with less:



### Now:

A bear market means budgets will have to be trimmed



### But:

The cost of compliance continues to increase



### And:

During the crisis, Risk & Compliance teams serve a more important role than ever before



### Therefore:

Financial firms will have to turn to cost saving tools like technology

# The case for RegTech is now stronger

Using technology as a cost-savings tool was seen as a potential benefit before.

Now, it's a necessity.

Firms will be busy with other priorities and hesitant to take on complicated implementations.

**But there are  
still obstacles  
ahead**

# Where do we go from here?

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## Short Term

Given the new environment, long trials and proofs of concept will be actively harmful to startups. RegTech providers will need to monetize production where possible as they demonstrate value to financial institutions.

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## Longer Term

As financial institutions begin to understand the scope of the crisis and assess the damage, they will need to look to more broadly implement tech solutions across departments.

# The regulatory response

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- The last financial crisis ushered in a massive wave of new regulation. While there are many differences between the Global Financial Crisis and the crisis now emerging, there will undoubtedly be some regulatory response, given the magnitude of the crisis.
- Most immediately, we will likely see a wave of new regulations around business continuity planning and disaster readiness.
- Currently, some regulators have warned that they will not be relaxing or loosening rules amidst the crisis.

# A challenging opportunity

## For those that are prepared

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The looming bear market certainly presents challenges. But for RegTech providers that can maintain their momentum and for firms that can pivot to take advantage of their solutions, this new environment also presents opportunities.

# Q&O



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