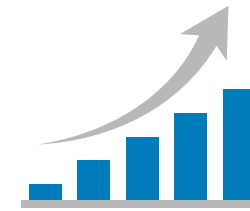


FINTECH, REGTECH AND THE ROLE OF COMPLIANCE

83% of global firms reported a positive view of fintech in Q4 2017, almost double the the previous year's results (42%)



THREE QUARTERS of global firms reported a positive view of regtech and digital disruption in Q4 2017, up from 40% in the previous year



Over a third (38%) of firms expect their **budget** for regtech

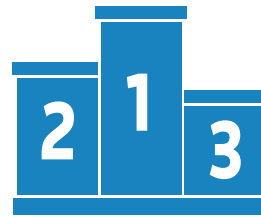
solutions to **increase** in the next 12 months



BIGGEST CHALLENGES

in the coming year:

- upgrading legacy systems
- cyber resilience
- balancing commercial & compliance needs



THE TOP 3

compliance and regulatory risk management areas most

likely to be **impacted by regtech** in the coming year are:

- interpreting regulations and their impact
- implementation of regulatory change
- capturing regulatory change

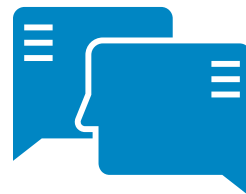
Nearly three quarters of G-SIFIs believe

the successful deployment of fintech/ regtech will **drive up efficiency and effectiveness**,

allowing more time to focus on value-added activities



The **biggest investment in skills globally** was seen in **Asia** with **84%** of risk and compliance functions investing to accommodate developments in fintech, regtech innovation and digital disruption



81% of respondents report **substantially more engagement** in assessing the implications of fintech innovation



“In the current context in which the drivers of innovation are facilitating rapid growth of the fintech industry, firms may develop without the necessary risk management expertise and under-estimate the level of risk they are taking on.”

Financial Stability Board Report - “Financial Stability Implications from Fintech: Supervisory and Regulatory Issues that Merit Authorities’ Attention” (June 2017)