

The background of the entire image is a photograph of the Tower Bridge in London at night. The bridge's two massive towers are illuminated with warm yellow lights, and the suspension cables are visible against the dark blue twilight sky. The bridge's reflection is faintly visible in the water below.

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# An Evolutionary Approach to Managing Regulatory Change

Presented by CUBE and MetricStream

# Agenda

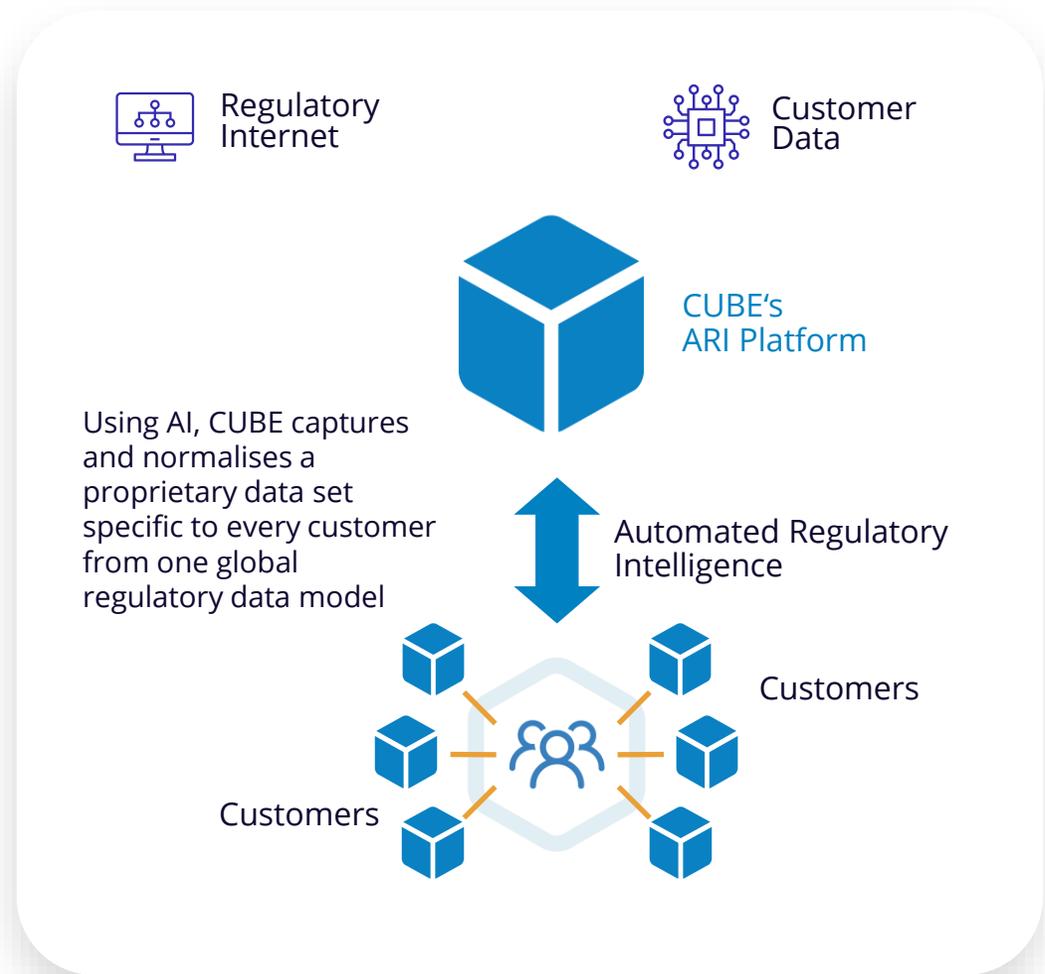


- Introduction
- Evolution and change in compliance requirements
- Where we see it going
- Simplifying Regulatory Change
- Customer case study
- A quick recap and summary

# About CUBE

CUBE is the World's first Automated Regulatory Intelligence (ARI) platform and agnostic to industry or language.

- CUBE machine reads the regulatory internet across **180 countries** processing and automatically translating regulatory data in **60 languages with the highest level of accuracy**
- The **proprietary data model** transforms data into **regulatory intelligence**, providing insights and automation on the impact of regulatory change on customer business activities
- **CUBE** has been developing regulatory intelligence solutions for over **10 years**.



# Evolution of RegTech

RegTech has evolved in the last 7 years since 2015 when the term was first coined.

## Phase 1

### Manual

Information in applications such as Word and Excel.

## Phase 2

### Workflow Automation

Centralized compliance systems including workflow.

## Phase 3

### Continuous Monitoring

Continuous real-time monitoring detecting new regulatory changes.

## Phase 4

### Artificial Intelligence & Machine Learning

Automatic classification, language translation and content extraction.

RegTech represents more than just an efficiency tool and rather is a pivotal change leading to a paradigm shift in regulation.

Source: [City of London, 2021: A critical year for RegTech, 2021](#)

# Industry Challenges

Deeply embedded industry challenges are holding RegTech back from reaching its full potential.

## Diverse Regulatory Information

Each regulator publishes content in their own language, format and structure.

## Lack of Regulatory Standards

No agreed standard to describe common financial terms and concepts.

## Lack of Tech Enablement

Rules cannot be machine read making it difficult to automate workflows.

## Regulatory Stance

Regulators reluctant to recommend vendors or technology.



67% of vendors called on supervisors to encourage regulated firms to increase their adoption of RegTech as part of the supervisory process.

# Making the Business Case

RegTech can help firms reduce their regulatory and reputational risk and improve efficiency.

**10-15%**

of financial institutions' staff work on governance, risk management and compliance

**\$270bn**

Financial institutions' annual compliance spending

**>\$300bn**

Fines paid by banks since 2008

Source: [KPMG, Embracing the Challenge of RegTech 3.0, 2018](#)

## Automation

RegTech can automate repetitive and manual processes.

## Risk Reduction

Significant reduction to the risk of regulatory action including fines and risk of reputational damage.

## Increased Agility

Reducing the time to launch a new product or expand into a new jurisdiction.

## Increased Revenue

Attracting new and retaining existing clients

## Improved Efficiency

Reducing cost and Risk



Analysts today spend 90% of their time only on data collection and organization, and only 10% on data analysis – an archaic disparity in talent and intelligence allocation, leading to mistakes.

Source: [CUBE, How banks can manage regulatory change, Feb 2019.](#)

# The Future of RegTech

RegTech will continue to evolve in terms of capability, adoption and integration.



We have entered the era of RegTech 3.0 – a move from “know your customer” to “know your data” as financial institutions start to view risk and regulation as data and prediction problems that can be addressed by technology.

Source: [FinTech Switzerland, RegTech in Europe - RegTech 3.0 Solutions and more](#), June 2021

## Future Trends

**Market Consolidation**



**Robotic Process Automation**



**GRC Integration**



**Advanced AI Capabilities**



# Compliance as Competitive Advantage

Long seen as a cost centre, a leading compliance program can be a competitive advantage.



Elevating compliance to a position of strategic value can be a game changer in today's world. It can increase not only the top line by attracting customers through trust, but also the bottom line. The organizations who have embraced new technologies such as AI have gained significant competitive and cost advantage.

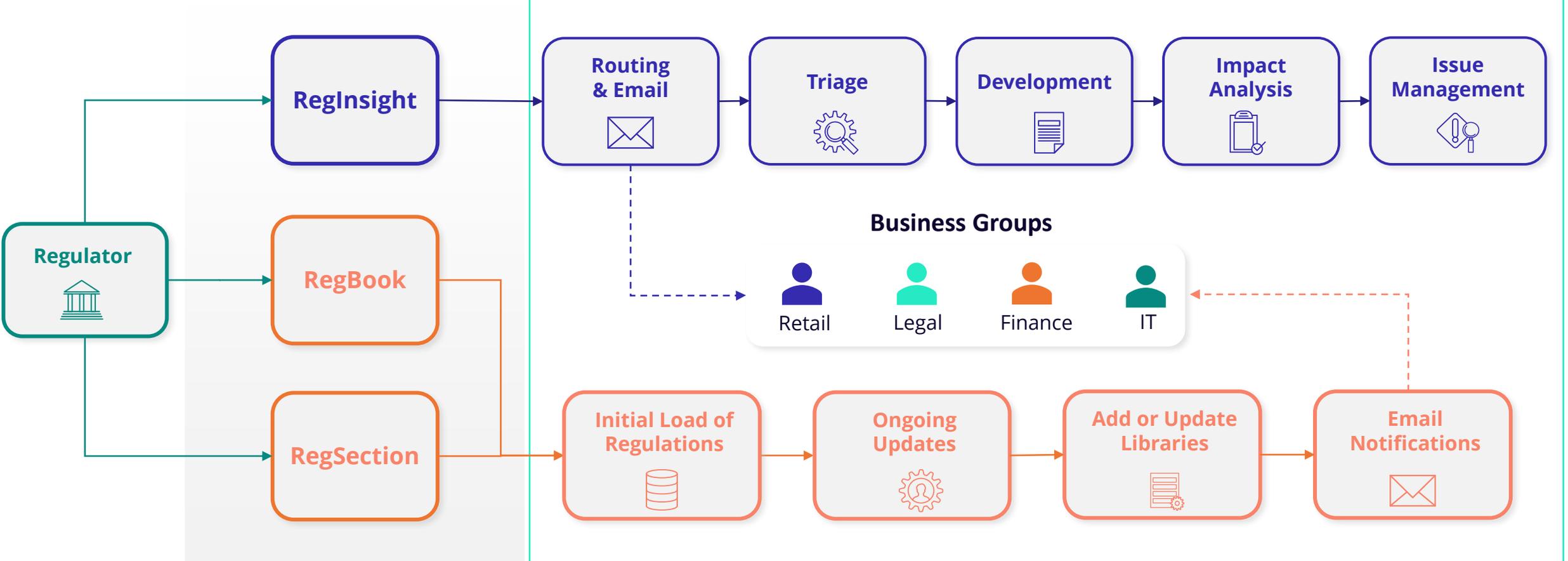
Source: PWC, [The hidden value in getting compliance right](#), May 2020



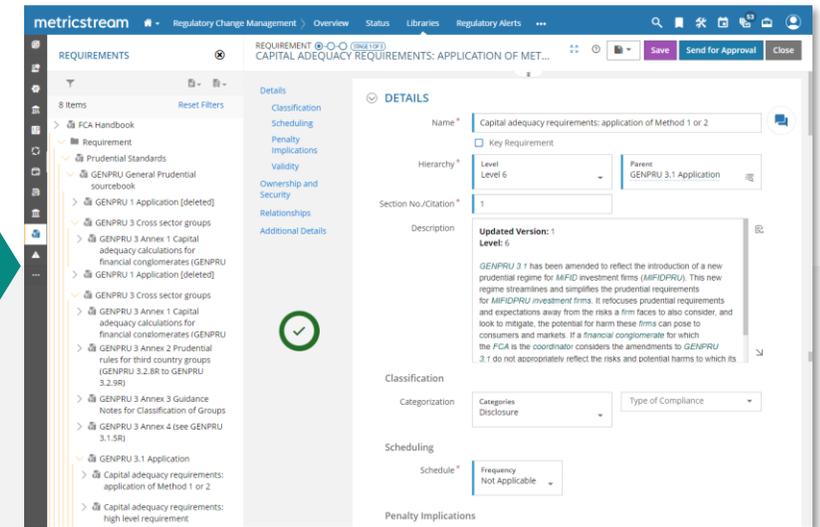
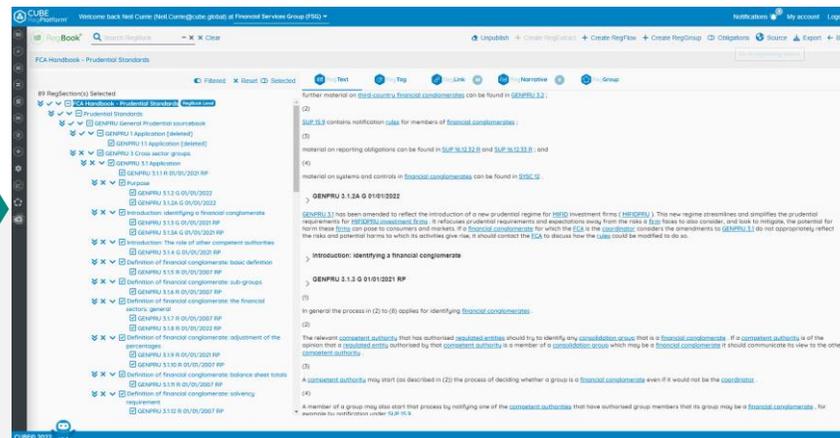
Source: [Thomson Reuters, Cost of Compliance 2021, 2021](#)

# Simplifying Regulatory Change

# Regulatory Change Management Process



# Data Flow - Regulatory Inventory

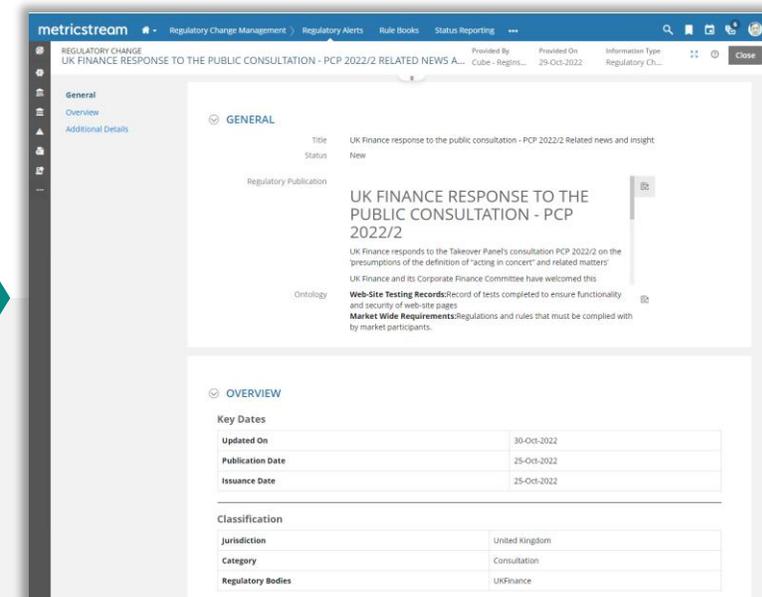
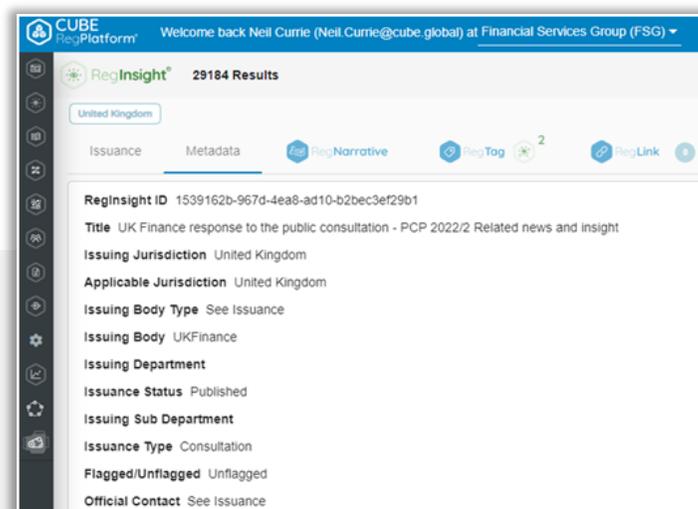
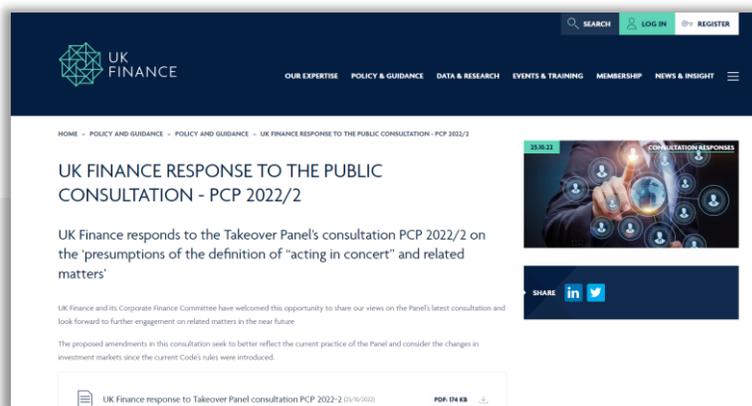


- Content published on the regulator's website is captured by CUBE

- CUBE presents content across all regulators in a consistent format, classifying it and highlighting regulatory obligations

- MetricStream populates the regulatory content into the GRC library and helps establish a relationship with internal taxonomy (Processes, Policies, Risks, Controls etc.)

# Data Flow – Horizon Scanning



- Regulatory changes are captured in CUBE's horizons scanning and delivered to the user's desktop

- CUBE classifies and captures all the relevant metadata for users to determine applicability

- MetricStream classifies and displays the regulatory alerts in a consistent format and allows users to triage, analyze impact and report issues

# Customer Success Story

A prominent British financial institution embarked on an ambitious transformation project to strengthen and simplify regulatory change management in their business. Their goal was to enable and support the business, be a trusted advisor, deliver better compliance insights, as well as provide independent challenge, monitoring, and assurance—all with the purpose of protecting the business and its customers.

To help the bank effectively navigate regulatory changes, MetricStream, integrated with CUBE, a global RegTech offering the world's most comprehensive source of classified, meaningful regulatory intelligence.

The combined solution enabled the bank to access CUBE's automated regulatory intelligence with the MetricStream Platform, allowing them to stay abreast of regulatory changes in a streamlined and efficient manner.

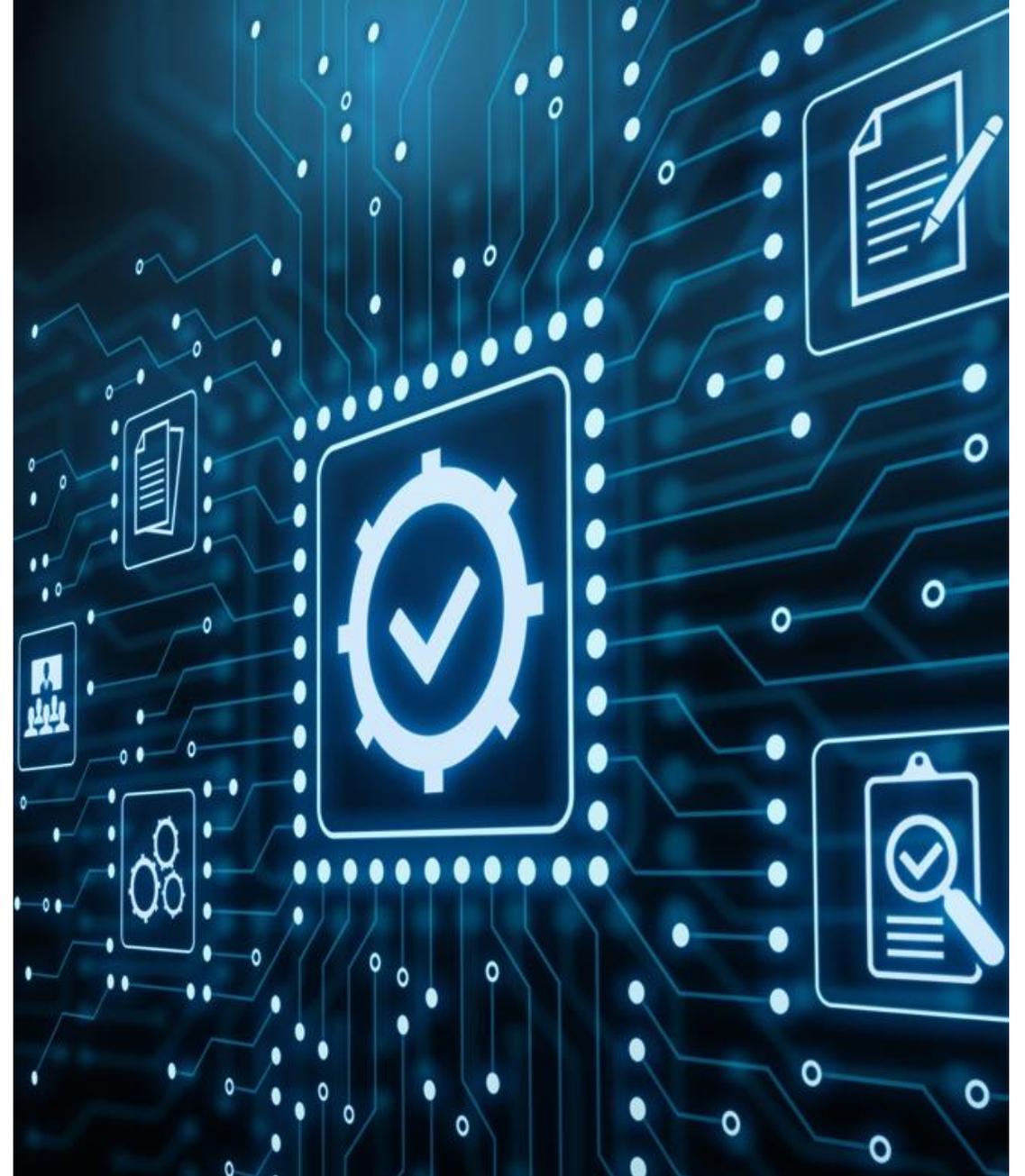


# Challenges

- Track rules from multiple jurisdictions – United Kingdom, EU Supranational (EU level regulations across 28 countries)
- 50+ Horizon Scanning sources – UK and EU
- Copy and paste rule changes from the source into Excel or MetricStream systems.
- Manual inputs lead to downstream impacts on implementation management.
- There was no firm-wide visibility as business units used their own systems for managing regulatory change
- Since this was a manual process, the effort was replicated across all the obligations.
- As requirements will have different sources, maintaining traceability was extremely challenging.

# Benefits

- Ensure comprehensive coverage of regulatory changes, leveraging multiple expert opinions and perspectives
- Build confidence with the stakeholders by creating a structured and standardized process to identify and track multiple complex regulatory changes
- Gain agility by identifying regulatory changes in real time and streamlining the regulatory change management process
- Seamless end to end delivery of regulatory information from the regulator to consumer



# ROI



*\*\* The above numbers are related to the Horizon Scanning connector only*



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