



## RegTech Can Make Compliance Easier, Faster, and Cheaper

regulatory risk management regtech

**Summary:** RegTech can help CFIs handle compliance-related tasks, manage vendors, and arrange records so they're easily searchable and accessible. We look at RegTech and its uses that you might consider for your own institution.

Commuting to work is one of those things that, for most workers, is unavoidable. The average daily commute for American workers, according to U.S. Census data, is [just under an hour each day](#), and for workers that have to take public transit, that number jumps to over an hour and a half. That's between 240 and 360 hours a year that workers give up to just commuting. Now, more workers are able to have hybrid work schedules, where they work from home one or two days a week, to lessen the toll that commuting takes.

Finding ways to ease an unavoidable reality is worth the effort, and the same is true of another inevitable task that financial institutions face: compliance. Complying with state and federal regulations is a critical responsibility for community financial institutions (CFIs), and in a sense, it's a thankless task. It costs a lot and involves multiple, highly skilled employees spending hours of time ensuring that their institution meets compliance requirements. That's where RegTech comes in — fintech dedicated to regulatory compliance — to help do the job at a lower cost, with less of a toll on staff.

### RegTech and Its Uses

A RegTech solution has the potential to automate and streamline some of your institution's compliance processes, which should ultimately save you money over time. These savings can even trickle down to customers, in the case of Deloitte's partnership with fintech Finform. Deloitte added Finform's [automated Know Your Customer \(KYC\) solution](#) to open new bank accounts to Deloitte's third-party financial services platform. This solution helps Deloitte with:

- Video or web-based identification
- Document and data collection
- An automated media search
- An attempt to match the person opening the account to a list of politically exposed persons and sanctions
- Background information on people and businesses
- An audit trail

The RegTech being used collects this information automatically, then the tool provides a risk assessment based on the customer's profile. Having this process be less arduous for your staff means they can focus on any potentially high-risk activity that the RegTech flags, while the less risky accounts are handled quickly and efficiently.

In some cases, RegTech can inform a CFI's staff about the compliance requirements that apply to a prospective customer, such as if their industry has particular compliance risks that could affect the CFI.

Potential RegTech Benefits

KYC isn't the only place RegTech can be useful. Onboarding vendors and determining reserve levels for CECL compliance, among other areas, are additional opportunities for it to shine. RegTech is also beneficial for electronic record-keeping. A digital process creates a digital record, which can, in turn, be handed over to auditors or a potential purchaser much more easily than a stack of papers. All told, the use of RegTech gives employees more time and energy to perform other important duties, because it relieves them of multiple time-consuming tasks.

The Human Touch

The one thing that RegTech doesn't do, however, is remove the ultimate responsibility for understanding and complying with finance regulations.

*"You can outsource the work or the tasking side of things, but you can't outsource the responsibility for vendor management and all of the pieces that go into it,"* says Erik LeMay, [who has used RegTech](#) to onboard and manage vendors in his role as chief information officer at WI-based Charter Bank. RegTech is a set of tools for leveraging human capabilities. People still need to set strategies and make decisions.

RegTech can make vendor management, KYC, and other compliance-related activities easier and cheaper for CFIs. But RegTech can't steer itself. Humans still need to set strategies and make decisions. With a good balance between your CFI's expectations and the RegTech's capabilities, technology to help your team manage compliance that has the potential to help your staff could prove to be a very good investment.

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ECONOMY & RATES

Rates As Of: 02/17/2023 06:40AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.84	0.14	0.42
6M	4.98	0.18	0.22
1Y	4.99	0.33	0.29
2Y	4.67	0.46	0.24
5Y	4.10	0.48	0.09
10Y	3.89	0.38	0.01
30Y	3.94	0.30	-0.03
FF Market	FF Disc	IORR	
4.58	4.75	4.65	
SOFR	Prime	OBR	
4.55	7.75	4.57	

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