

BILL & MELINDA
GATES *foundation*



ON Omidyar
NETWORK
A WORLD OF POSITIVE RETURNS

BFA

ROCKEFELLER
Philanthropy
Advisors



REGTECH FOR REGULATORS
ACCELERATOR

Review of phase 1 (October 2016 – September 2018)

@r2accelerator | www.R2Accelerator.org

Content



Vision

Approach

Structure and governance

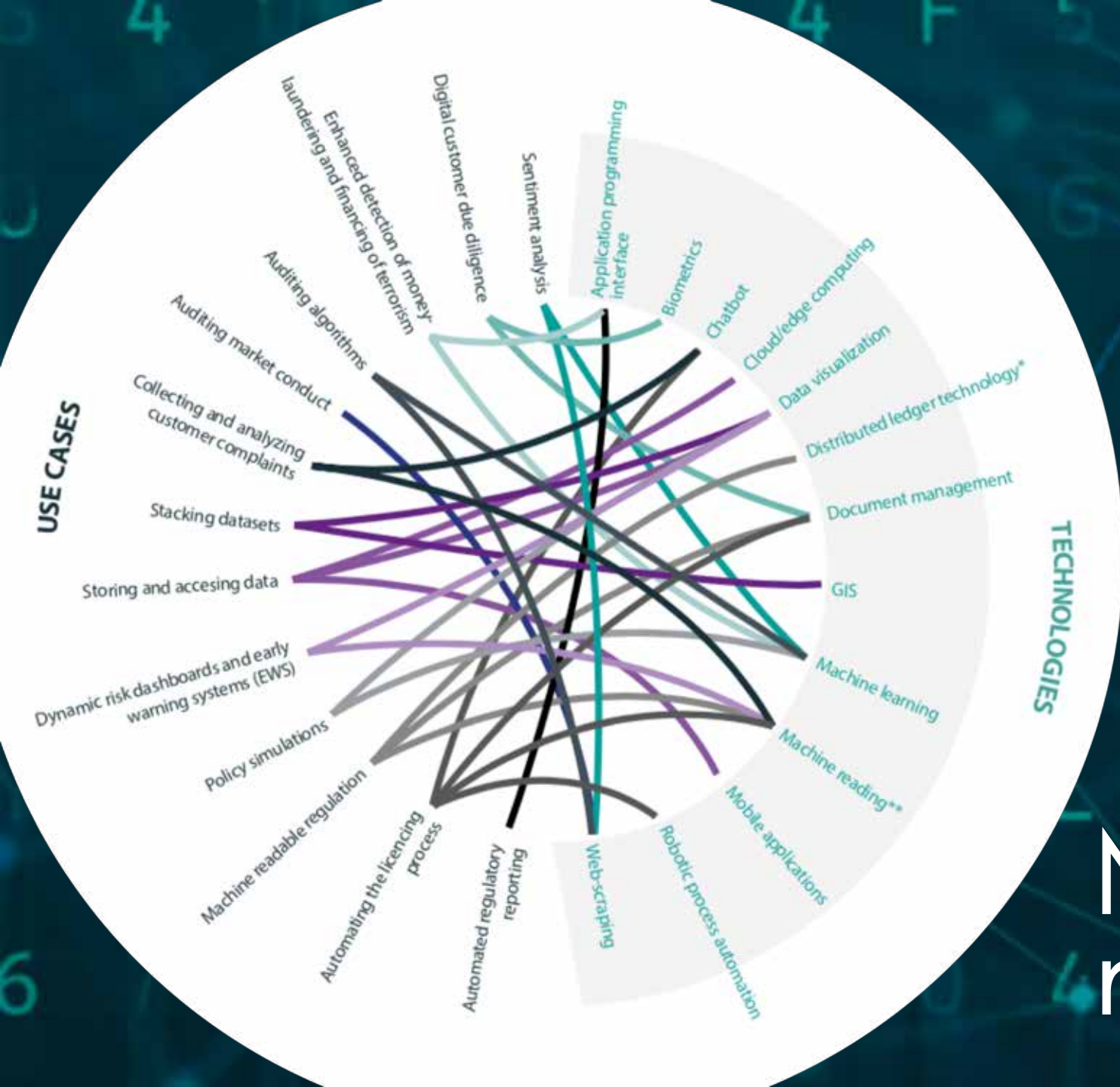
Achievements

Deliverables

Process



The future of financial supervision and regulation lies in using **technology** and **data** to improve the speed, quality, and comprehensiveness of information in support of **targeted, risk-based decision-making**.



New technologies,
new opportunities.



R²A is an accelerator for the deployment of solutions that augment regulatory and supervisory capabilities.

R²A supports a vision of the central bank of the future



INPUTS

Compliance reports

Geo-tagged transactions

Access point locations

Crowdsourced customer information from users

Integration across departments & financial authorities

HOUSING & PROCESSING

CUSTOMER COMPLAINTS

BANKING SUPERVISION

PAYMENTS OVERSIGHT

AML SUPERVISION

FIU

OUTPUTS

Intelligence for risk-based prudential, market conduct, AML and competition supervision

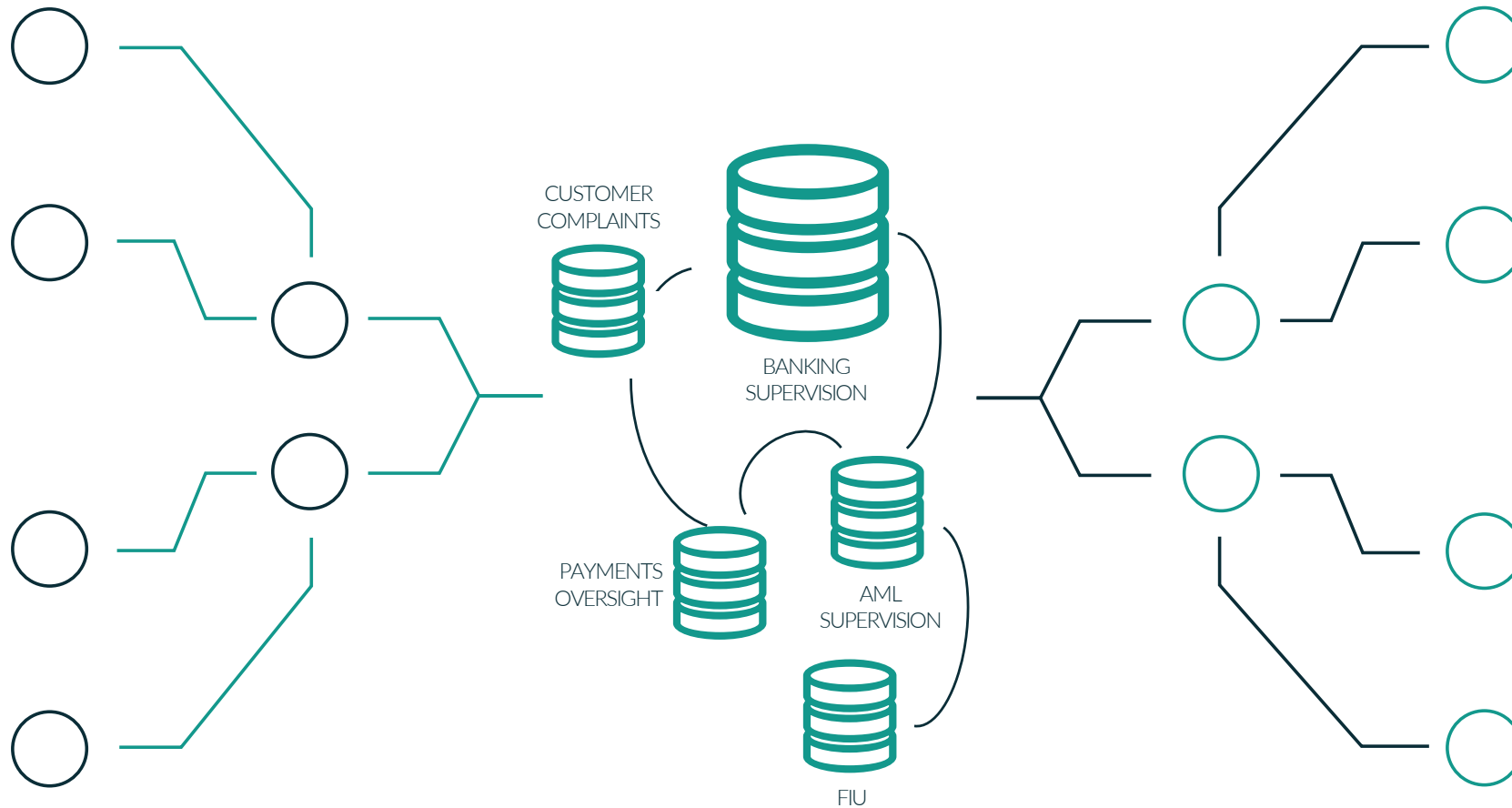
Proportional, lean regulation (e.g., sandboxes, CDD)

Machine readable / searchable / self-executable regulation

Automatized licensing process

Intelligence for smart government & competition authority

Open data



REGTECH FOR REGULATORS/
SUPTECH
THEORY OF CHANGE



RegTech/SupTech
Use-Cases



SUPERVISORS/REGULATORS



FINANCIAL SERVICE
PROVIDER (FSP)



USERS



REGTECH FOR REGULATORS
ACCELERATOR

New insights and processes enhance financial stability, protection, inclusion, bring the 'voice of the user' into supervision and policy development, and create more competitive and innovative markets.

GOALS

Innovation and competition
Improved prudential supervision of financial service providers

Sustainable, responsible financial inclusion
Unserved and underserved people adopt and use financial services

Banking supervision and financial stability
Improved prudential supervision of financial service providers

Payments oversight
Improve the safety and efficiency of payment, clearing, and settlement systems

AML supervision
AML supervisors can implement risk-based supervision

The market place is more secure and competitive. In an enabling regulatory and data environment, innovation flourishes and inclusion is achievable.

Financial authorities are equipped to implement risk-based supervision, test-learn approach, and proportional regulation.

Standardization of processes and tools creates trust between financial authorities easing coordinated cross-country, cross-sector supervision.

OUTCOMES

New entrants enter the market increasing market efficiency and increasing product innovation

Product and channels are accessible and usable

Demand for financial products and services increases. Protection and savings gaps decline, capital is unlocked

Consumers trust in financial services increases

FSPs see a business case and willingness to innovate increases

Compliance costs and regulatory risks are lowered

The regulatory environment is clear & certain. Financial authorities do not block new products, channels, & business models

Better enforcement drives better compliance. Less fraud, less crisis. FSPs share their data better and increase quality of services

Prudential, market conduct, AML, and competition supervisors take prompt and risk-based action on problems

Regulators issue new proportional regulation

Regulators create and monitor sandboxes

Financial authorities apply machine learning.

More accurate, richer datasets are available to supervisors and regulators.

Resources shift from manual duties to analysis and supervision.

Financial authorities collect new and existing datasets more safely and efficiently.

INPUTS & OUTPUTS

Financial authorities make available insights, datasets, and algorithms to help FSPs to innovate

Data, insights & voice of user inform need for new or amended regulation

Feedback loop between oversight and regulatory is enhanced. Analytic and visualization capabilities are augmented. With new tools and data for off-site and on-site supervision, financial authorities can maximize resources to oversee a broader spectrum of providers, services and channels

9. Auditing market conduct

Cost/risk of reporting compliance is reduced

4. Policy simulation

10. Auditing algorithms

11. AML/CFT detection tools

1. Machine readable regulations

2. Automating the licensing process

12. Digital CXO

Reporting is quicker

User's voice & new data are brought to bear

13. Settlement analysis

1. Dynamic risk dashboard & early warning system

1. Automated regulatory reporting

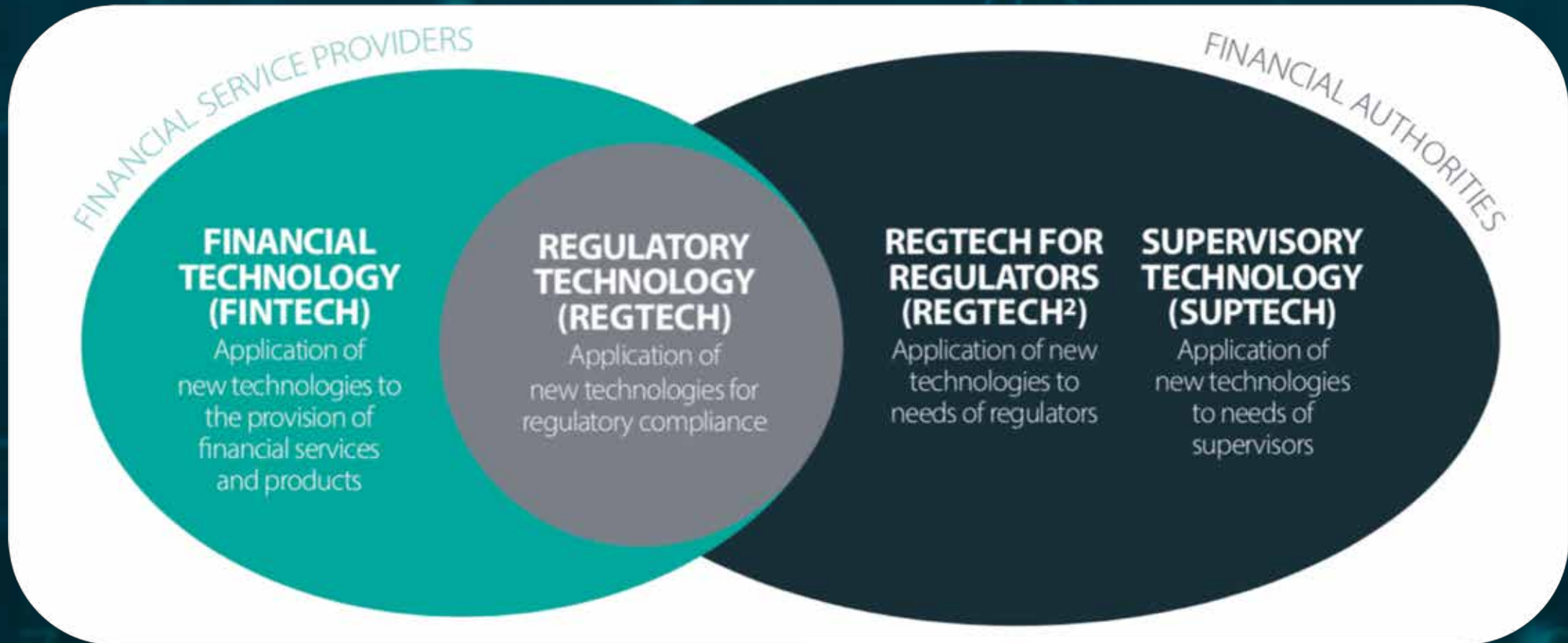
7. Making databases

6. Storing and accessing data

8. Collecting and analyzing customer complaints

Users use new channels for complaints

Terminology



Content



Vision



Approach

Structure and governance

Achievements

Deliverables

Process



User-centered design and development in collaboration with financial authorities



R²A helps to structure a project in a way a vendor can understand and respond



R²A has a vendor database and ability to follow a range of procurement approaches



R²A helps in project monitoring and management on the client side



R²A provides matched funding for development of solutions



Global perspective and peer learning



Content



Vision

Approach



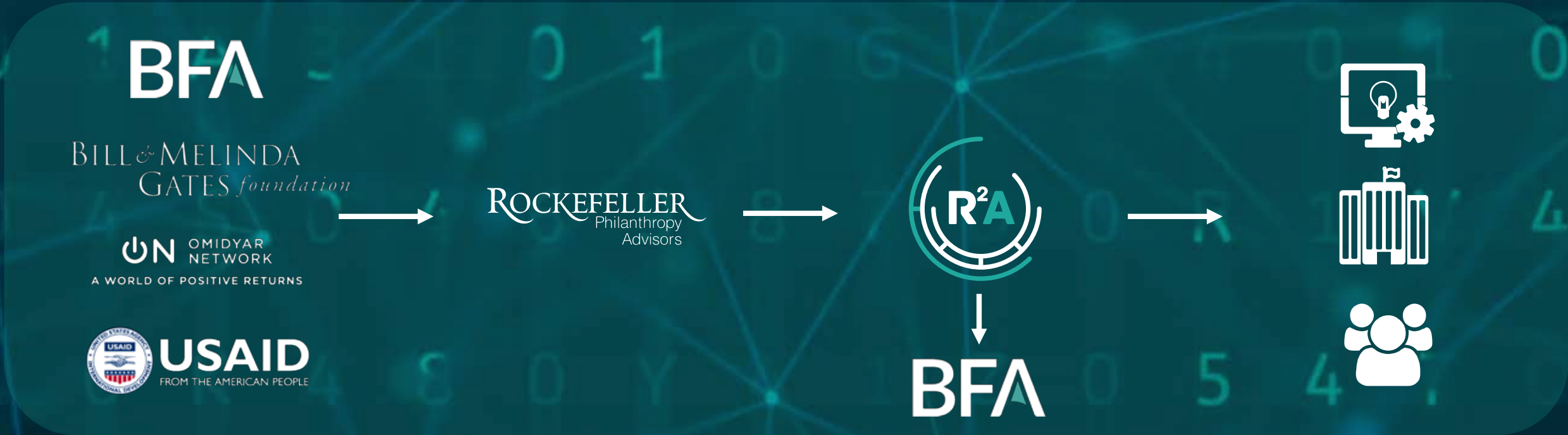
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Deliverables

Process

Structure



BFA, the Bill & Melinda Gates Foundation, Omidyar Network, and USAID conceived R²A in 2016. The program kicked off in October.

R²A was incubated as a special project of Rockefeller Philanthropy Advisors, a U.S. nonprofit.

Consulting firm BFA manages the initiative.

Implementing partners are financial authorities and vendors. Learning partners are other supervisors and regulators, and global standard setting bodies.

Steering committee



SIMONE DI CASTRI



ROSITA NAJMI



KABIR KUMAR



CHRIS PAGE



PAUL NELSON



A team of experts in regulation and supervision, tech, and product and project management lead the implementation of the initiative



ANETH



JERRY



MIRIAM



SIMONE



AREND



MATT



RANJAN

Content



Vision

Approach

Structure and governance



Achievements

Deliverables

Process

Achievements



VALIDATED PROCESS

The R²A approach for the demonstrations is valued by the partner financial authorities and was effective for the selection of the vendors.



UNCORKED DEMAND

There is demand from financial authorities around the world (~20) for a bite-sized intervention package as offered by R²A.



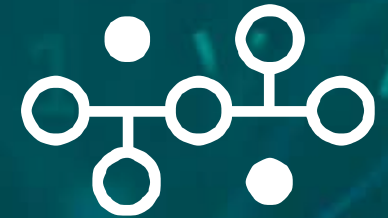
UNCORKED SUPPLY

There are vendors willing to come to the table around the bite-sized intervention.



USE CASES

There are several important RegTech use cases that leverage APIs for info collection, ML for analysis, and NLP, which are of strong interest beyond the two R²A initial partners.



NETWORK

There is a demand for discussion at cross-country and cross-sector levels (e.g., Financial Crime working group).



“R²A has truly connected us with the possibilities that technology can provide to enhance and further support our work in financial supervision.”

“Our RegTech projects will result in streamlined processes, enhanced ability for better data capture and increased bandwidth for our human resources to perform higher quality analytics to support more responsive supervision and development of financial inclusion policies.”

Nestor Espenilla, Governor, Bangko Sentral ng Pilipinas

“As a result of the partnership with R²A, CNBV has strengthened tech-oriented innovation for market supervision.”

Jose Bernando Gonzalez Rojas, President, CNBV





“The Institute recommends that the Department of the Treasury create an interagency RegTech Task Force to [...]

Look to the examples set by the U.K.’s FCA and the R²A Accelerator to drive the adoption of SupTech solutions. This means leveraging the resources of both the public and private sector to create incentives to develop SupTech solutions.”

Milken Institute

Engaged financial authorities



Content



Vision

Approach

Structure and governance

Achievements



Deliverables

Process

Deliverables



BUY IN

2

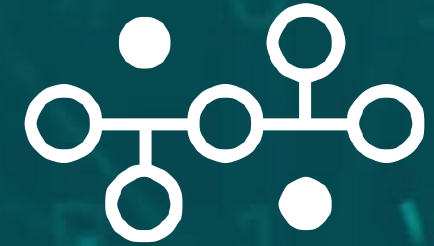
Financial authorities partnering with R²A for demonstrations.
Pipeline of ~15 financial authorities that aim to partner with R²A.



PROTOTYPES

3

Prototypes delivered.



PEER LEARNING

2 in person global **working group** meetings

Virtual **financial crime** working group

Vendor database

Solution tracker

6 **knowledge documents**

Knowledge shared with relevant partners through their **events**

Delivered prototypes



Chatbot and CMS for customer complaints



API and back office reporting and visualization application



Data infrastructure for AML supervision



Three R²A competitions, 31 applications

See R²A vendor database



Three \$100,000 awards



 Sinitic



 CRT LLC & Pinecone Ltd



 Gestell

GESTELL

Delivered prototypes



Chatbot and CMS for customer complaints



API and back office reporting and visualization application

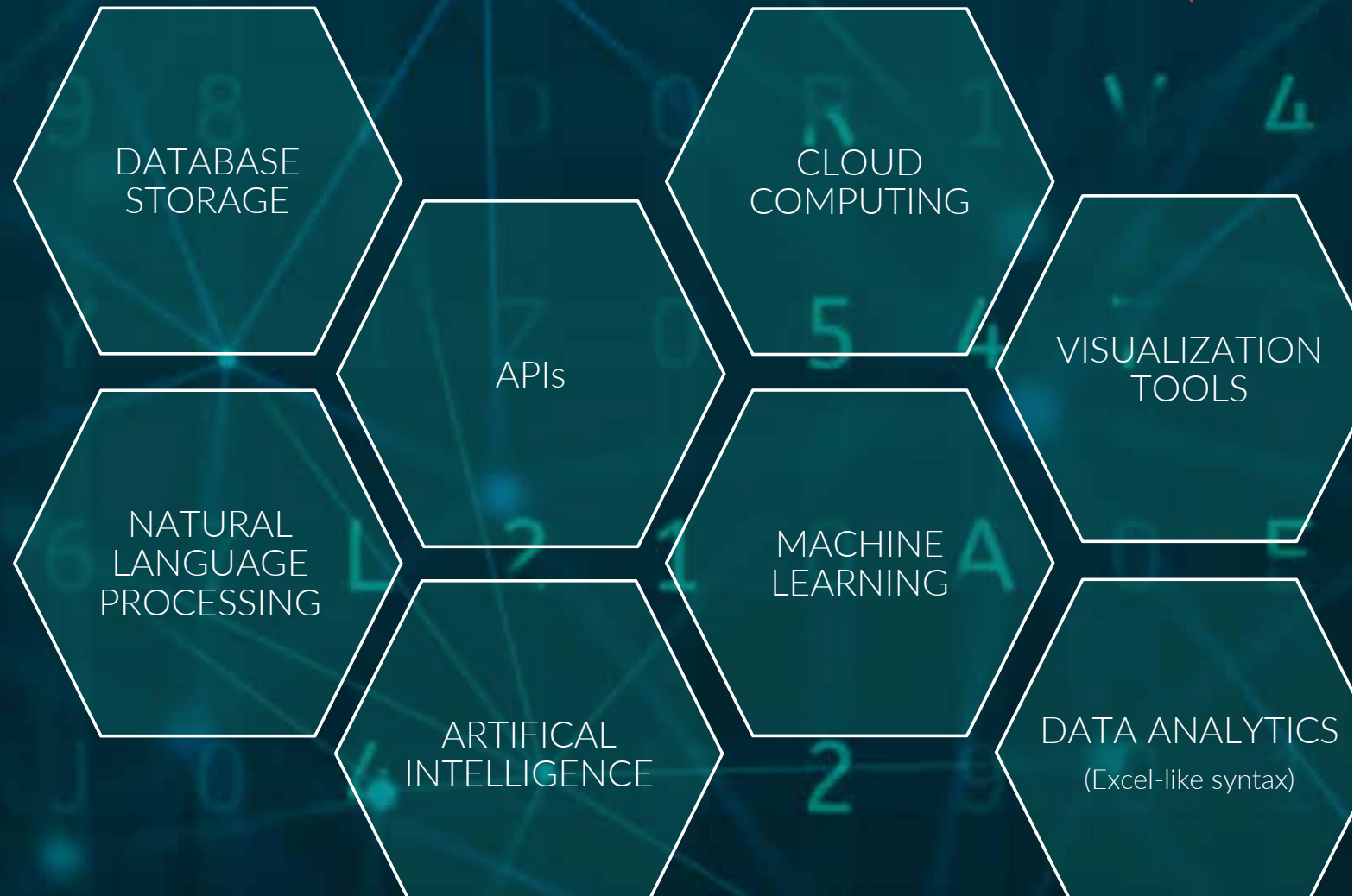
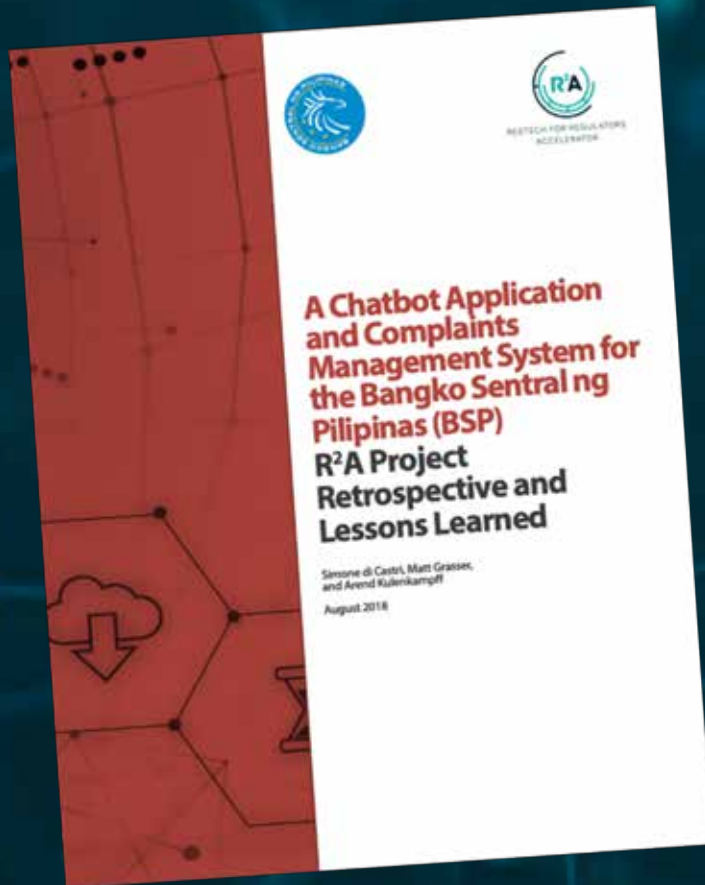


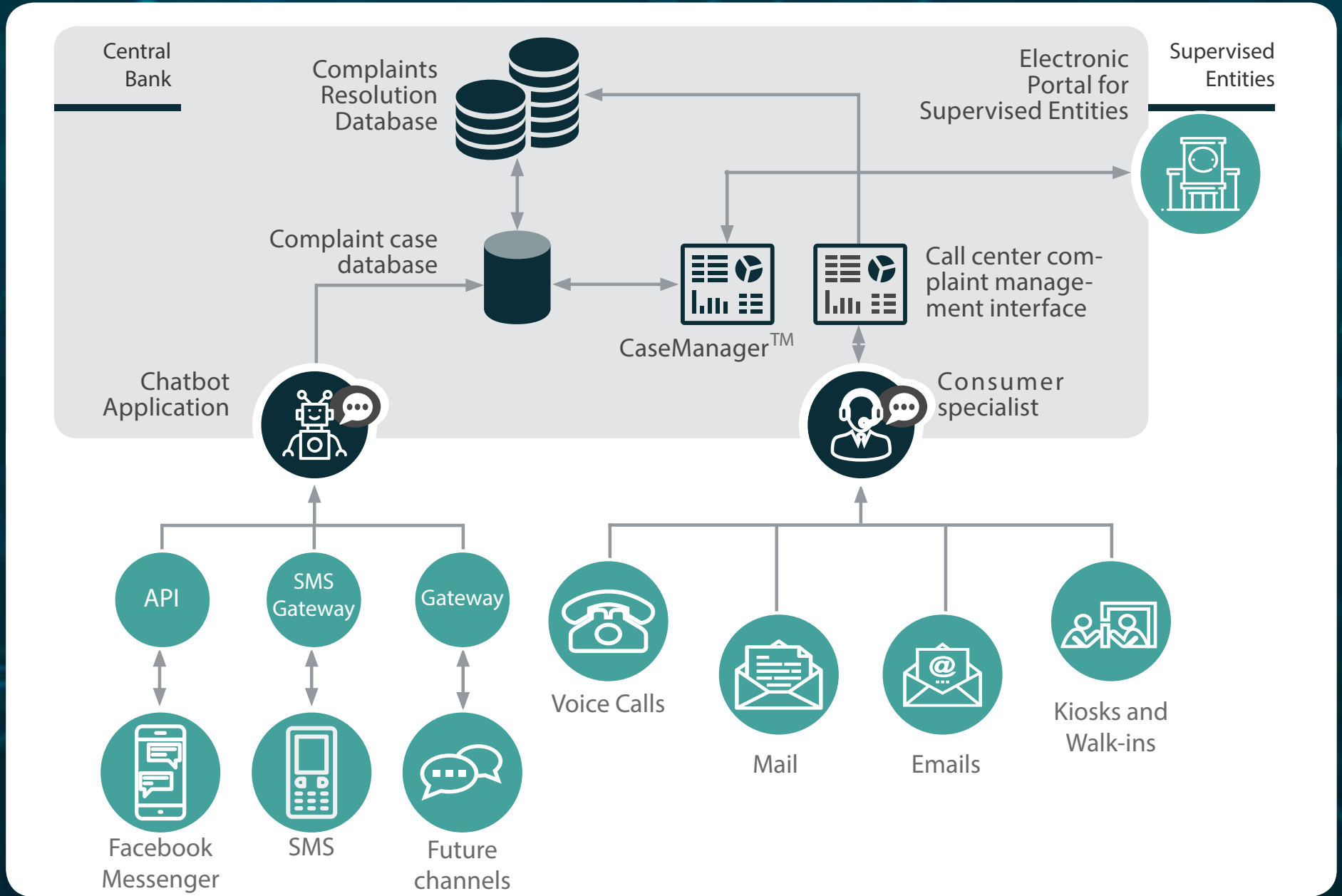
Data infrastructure for AML supervision



PHILIPPINES

Chatbot Application and Complaints Management System







Available to all Filipinos



Estimated 1 to 2 weeks/month
for complaints analysis saved

- BSP has visibility over customers' experience
- BSP can verify providers compliance with consumer protection and resolution mechanisms guidance
- The system could determine patterns and structuralizes complaints for machine learning opportunities

Delivered prototypes



Chatbot and CMS for customer complaints



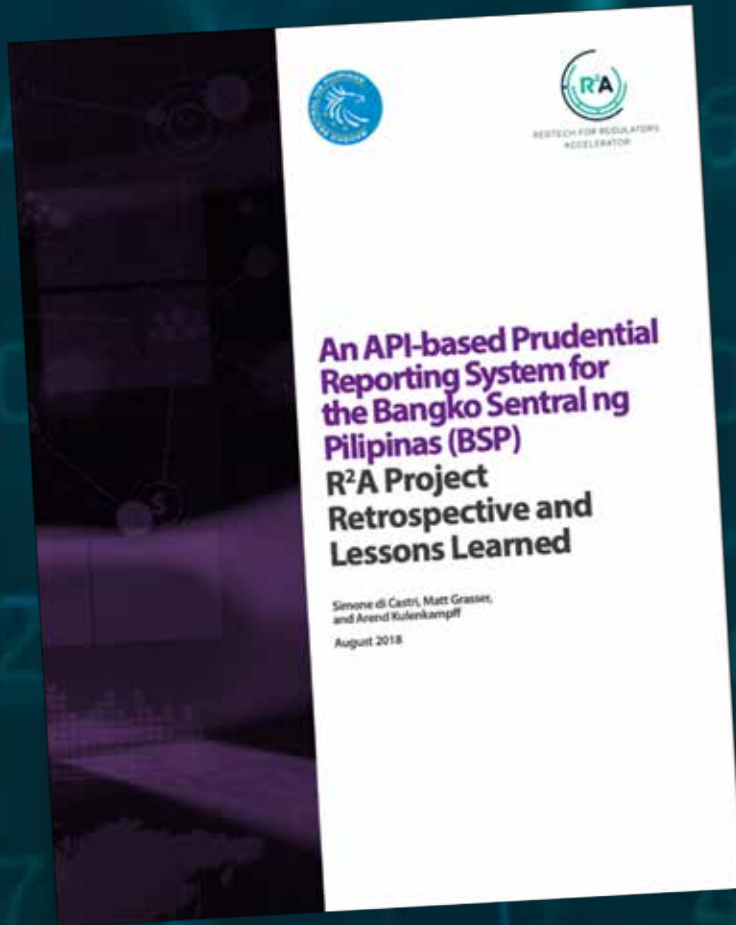
API and back office reporting and visualization application

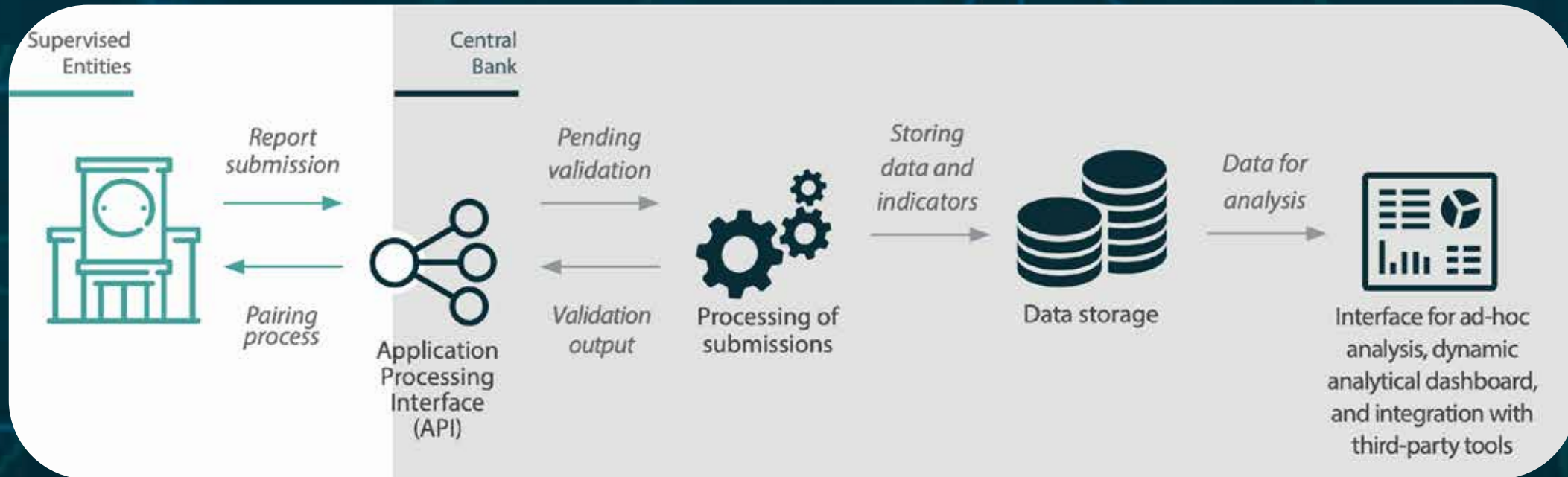


Data infrastructure for AML supervision



PHILIPPINES API Prudential Reporting System





From 29 to 1 reporting scheme



From 107,000 to 50,000 data points



From 30 minutes to 10 seconds processing time

Delivered prototypes



Chatbot and CMS for customer complaints



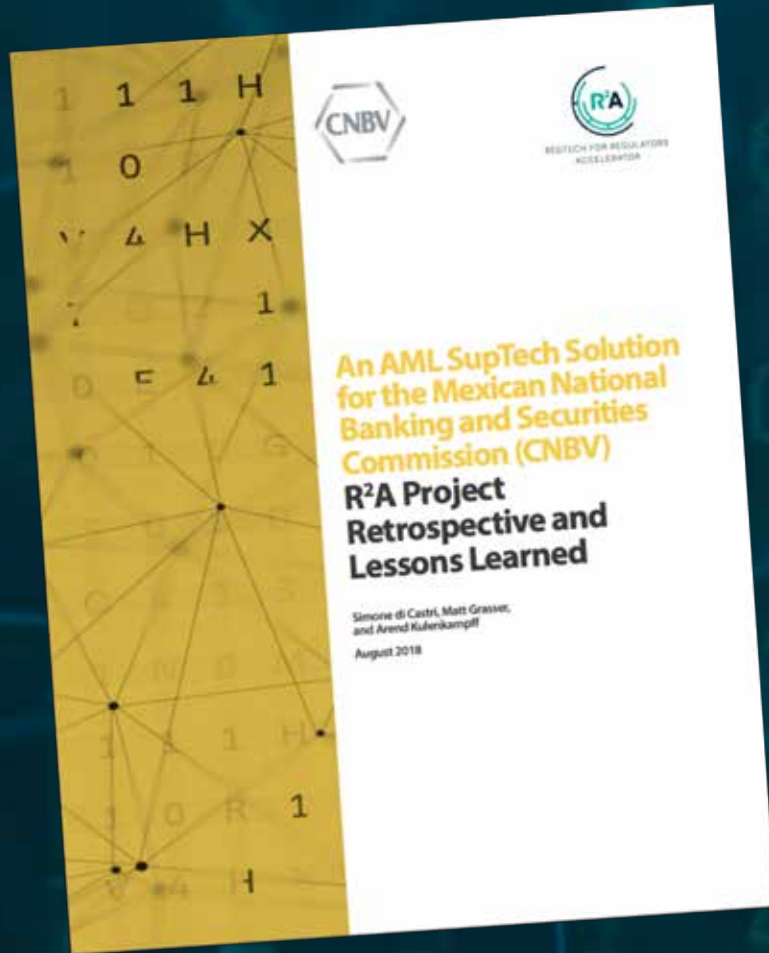
API and back office reporting and visualization application

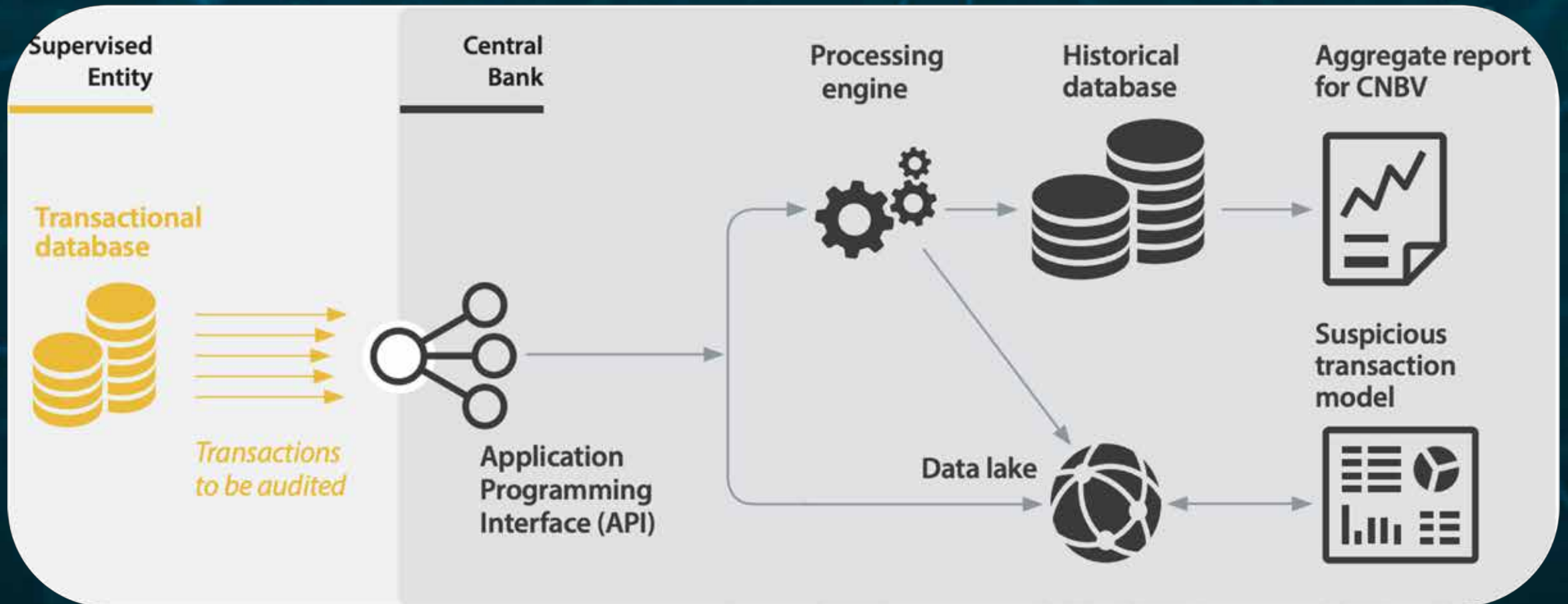


Data infrastructure for AML supervision



MEXICO APIs/ML for AML supervision





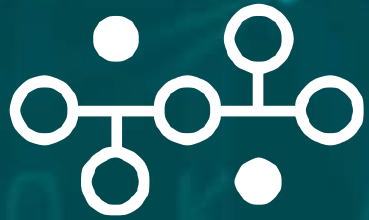


Number of suspicious transaction alerts
45 alerts → 57 alerts (+)



Duration of each on site inspection
3-5 weeks → 3-5 days

Working groups



2

Working group meetings hosted



40 participants



15 countries



3 partner financial authorities



70 participants



18 countries



28 regulators from 16 countries

Working group: Solutions to Strengthen Financial Integrity and Combat Financial Crime



Launched in Aug. 2018 to provide AML supervisors with a shared platform



Active participation from 8 financial authorities representing 6 countries



6 virtual meetings held through 2018



Working together to develop toolkit for tech powered AML/CFT supervision



Australian Government
Australian Transaction Reports
and Analysis Centre



Vendor data base

www.R2Accelerator.org



RegTech for Regulators Vendor Database

Welcome to the RegTech/SupTech vendor database! Find a company that provides a solution for your use case by clicking on the filters to the left, or explore the companies below.

73 companies

- Category +
- Use Cases +
- Technology +
- Location Availability +

8of9 RegTech starts here.™	AbideFinancial Regulatory Reporting Solutions	ACCUDELTA a CIB solution
ADVICE ROBO	AiDA	alyne
amazon web services™	ANCOA	AQM Analysis, Q...

R2A Assistant



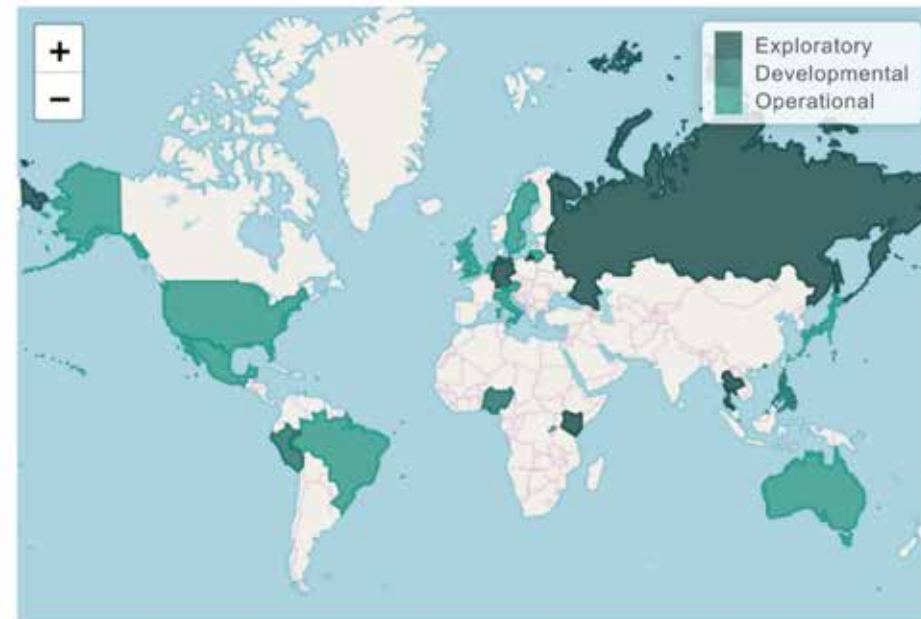


RegTech²/SupTech Solution Tracker

This map will be updated to reflect RegTech solutions around the world. Don't see your country's solution listed? Contact us at R2A@bfaglobal.com.

Use Cases

- Automate regulatory data reporting
- Big Data analytics for market data
- Clarify compliance requirements
- Data visualization
- Detect fraud and AML
- Facilitate complaints handling



70 solutions

R²A Solution Tracker

www.R2Accelerator.org



Knowledge products

- White paper
- Process paper
- Chatbot case study
- API case study
- AML case study
- RegTech² survey results



Presentations



- FinTechStage Financial Inclusion Forum – Indonesia – March 2017
- Meridian Digital Finance Future (World Bank/IMF Spring Meetings) – Washington, DC – April 2017
- Alliance for Financial Inclusion (AFI) 5th African Mobile Phone Financial Services Policy Initiative (AMPI) Leader’s Roundtable and Regulatory Training on Digital Financial Services – Mozambique – May 2017
- U.S. Treasury Brown Bag Session – Washington, DC – May 2017
- Financial Action Task Force (FATF) FinTech and RegTech Forums – San Jose and Berlin – May and October 2017
- AFI Global Policy Forum (GPF) – Egypt – September 2017
- Finovate Fall 2017 – New York – September 2017
- Financial Inclusion Global Initiative (FIGI) – India – November 2017
- First “Agustín Carstens” Annual Open Lectures on Financial Inclusion – Mexico – November 2017
- The Bank for International Settlements’ Financial Stability Institute and the International Association of Deposit Insurers (BIS/FSI-IADI) RegTech and Fintech event – Basel – February 2018
- FSDA conference – London – March 2018
- Special Supervisors Group meeting held at U.S. Federal Reserve – Washington, DC – March 2018
- RBI Banking Regulation department retreat – India – May 2018
- “Reengineering Financial Supervision and Policy Development” at BIS FIS event – Basel – May 2018
- ASEAN Working Committee on Financial Inclusion (WC-FINC) 6th Meeting – Philippines – August 2018
- AFI Global Policy Forum (GPF) – Russia – September 2018



Chaired UNSGSA
working group



Nearly 20 international presentations, including Bank for
International Settlements and Alliance for Financial Inclusion events

Content



Vision

Approach

Structure and governance

Achievements

Deliverables



Process

Challenges



2/3 report receiving incomplete or bad quality data from supervised entities (R²A survey)

Inadequate analytical and visualization tools

The demand is unclear and fragmented

More than half report human or system errors affecting data validation (R²A survey)



FINANCIAL
AUTHORITIES



REGTECH
VENDORS

Smaller vendors may have innovative and cheaper products, but struggle to break in

Limited internal capacity, availability of funds, and difficult procurement cycles to test innovative approaches

They battle with long procurement cycles



User-centered design and development in collaboration with financial authorities



R²A helps to structure a project in a way a vendor can understand and respond



R²A has a vendor database and ability to follow a range of procurement approaches



R²A helps in project monitoring and management on the client side

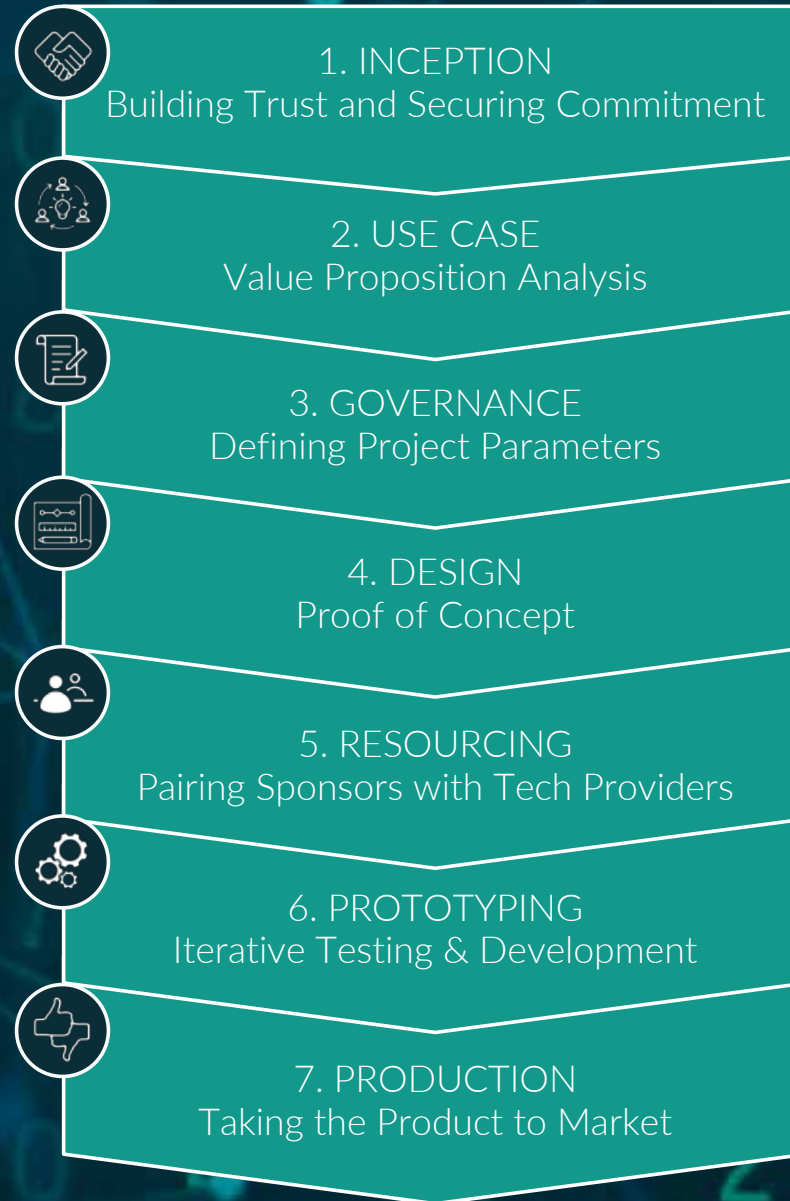


R²A provides matched funding for development of solutions



Global perspective and peer learning

Challenges



Content



Vision

Approach

Structure and governance

Achievements

Deliverables

Process



Financials

Resources

www.R2Accelerator.org



- White paper
- Process paper
- Chatbot case study
- API case study
- AML case study
- Vendor database
- Solution tracker

The image shows a screenshot of the 'RegTech²/SupTech Solution Tracker' interface. At the top, the title 'RegTech²/SupTech Solution Tracker' is displayed. Below the title, a note states: 'This map will be updated to reflect RegTech solutions around the world. Don't see your country's solution listed? Contact us at R2A@tfaglobal.com.' A search bar with a magnifying glass icon and the word 'Search' is positioned to the left of a world map. The map shows various countries highlighted in shades of green, with a legend indicating 'Exploratory', 'Developmental', and 'Operational' stages. Below the map, it says '70 solutions'. At the bottom, there is a grid of logos for various financial authorities, including ASIC (Australian Securities and Investments Commission), the Australian Government, the Central Bank of the United Arab Emirates, Banca d'Italia, and Banco Central do Brasil. Two white papers are overlaid on the left side of the screenshot. The top one is titled 'The RegTech for Regulators Accelerator (R²A) Process Giving Authority Superpowers' and is from the BFA (Banking Federation of Australia). The bottom one is titled 'Financial Authorities in the Era of Data Abundance RegTech for Regulators and SupTech Solutions' and is also from the BFA, dated August 2016.

Contact

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