

OneSumX

The HKMA's Global Regtech Challenge
Winning Solution of
Problem Statement 1: Governance,
Risk and Compliance



Wolters Kluwer

Growing Regulatory Changes - Challenges



Biggest investments are seen in resourcing, and in **Asia** 84% of that investment is allocated to risk, compliance, and regulations. Still **65%** of the organization **has less than 10 full-time people** specifically focused on compliance¹

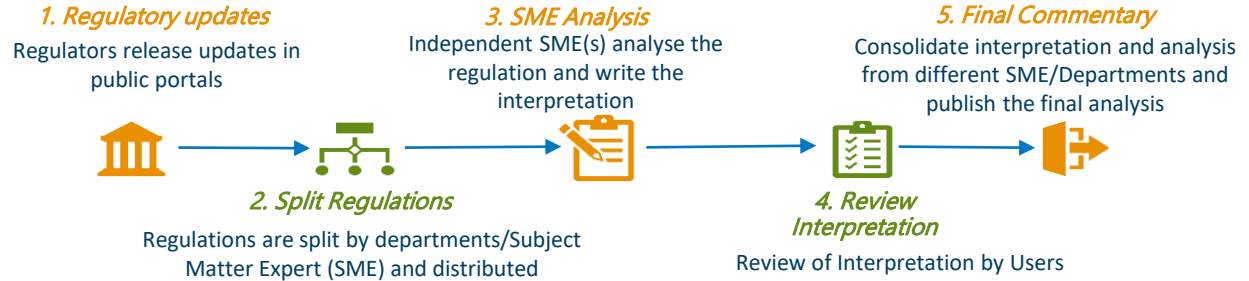


The changes are exponentially increasing. Global banking regulatory changes have increased from **10 per day** in 2004 to **160 per day** in 2017, and **98%** of compliance officers believe it to be **more significant** in the future¹

- The increasing **complexity** of the regulations, results in the larger effort to analyze and access impact of regulatory changes, resulting in the **increased turnaround time**
- Mid-size bank with **4-10 people** takes **2000 man-days (average)** to implement 4-6 regulatory updates



Multiple steps of regulatory update process - increasingly complex, and time and resource consuming



Regtech to Rescue



“The marriage of compliance and technology goes back many years, But back then, it was for mechanical operations. Regtech will morph technology’s role into areas previously considered the province solely of human brains. Regtech will include elements of artificial intelligence, augmented intelligence, robotics, cognitive computing, machine learning, and more. It’s quite conceivable that regulators will expand their own use of technology.”



- **\$345 Billion** in regulatory fines has been collected since 2009
- The changing landscape making it **difficult** to maintain the compliance stature and **minimize Operational and Reputational Risk**

OneSumX Regulatory Compliance Solution

REGTECH ENABLES

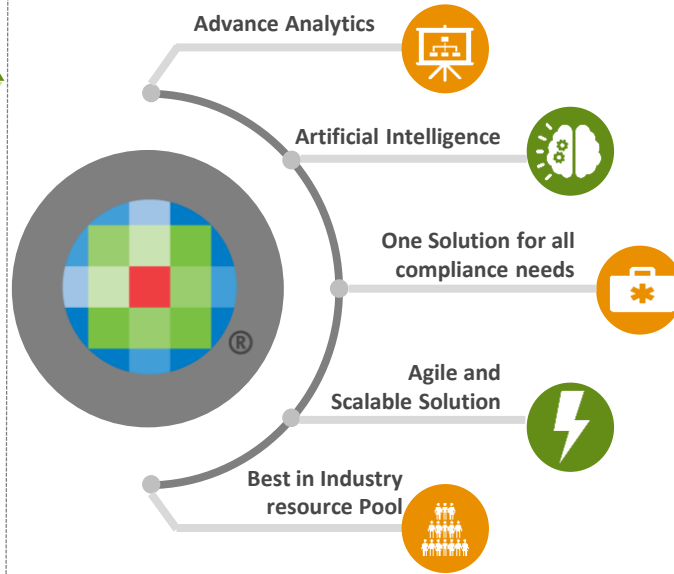


- Regtech is the answer to all your compliance needs and they top it up with plethora of value-added services
- Regtech addresses the most common challenges in relation to turnaround time, resourcing, and risk by reducing/ eliminating it
- Banks can focus on their business as usual (BAU) and let Regtech tackle the compliance issues



OneSumX Regtech solution provides the power of choice, convenience and consolidation of value-added services.

Advantage of OneSumX



OneSumX – Regulatory Update Service

- OneSumX comes with Regulatory Update Service (RUS) where each regulatory change is analysed and consulted, and the prospective users are informed
- Wolters Kluwer consultants analyse and let the end users know how will they be impacted

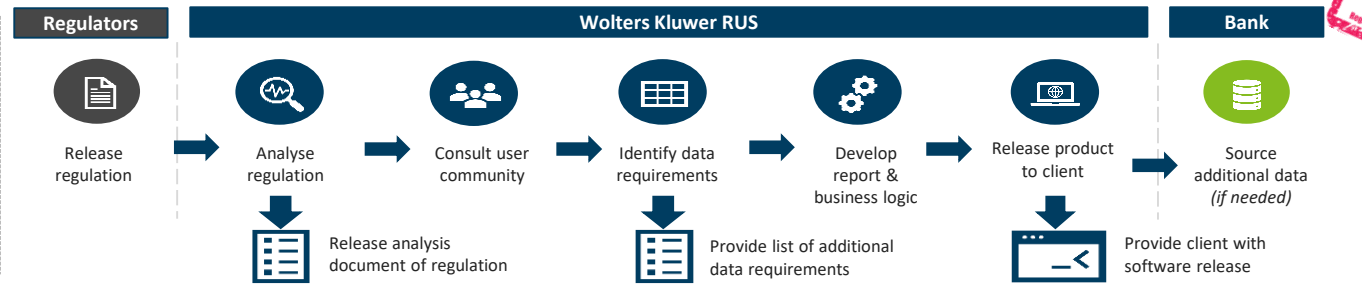
RUS covers:

- Template changes – format and/or content
- Report substitution – where one report replaces another
- Delivery format – where a regulator introduces a new or replaces an existing delivery format (XML, XBRL, XDF, etc.)
- Business Logic

Proof of Value²

Requirement	Manual Process	Advantage with OneSumX	%
EFFORTS/ RESOURCE	At an average 14 Full-time equivalents (FTEs) per organization	Requires 4 FTEs per organization	71
COST	Each bank spends about 32.5M HKD	Each bank spends about 12.5M HKD	62
EFFICIENCY	Hours Per Week (HPW) spent on analysis by a bank (14 people * 40 HPW) = 560 HPW	HPW spent on analysis by a bank (4 people * 40 HPW) = 160 HPW	71
ACCURACY	The process is error-prone as it is fully manual .	RUS is fully automatic and more accurate as all regulatory updates are analyzed by Wolters Kluwer SMEs	100
RISK	Wrong and late submission are possible and attract potential fines .	Once implemented, no late or error prone submission. Close to No Penalties .	100

OneSumX RUS step by step process



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