



The US RegTech opportunity

by Deborah Young, CEO, The RegTech Association

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The growth of the Global RegTech market has continued to expand, with the financial services sector predicted to be worth USD204 billion by 2026¹. This is, in part, being driven by the enhanced adoption of digital onboarding, especially during the COVID-19 pandemic. An estimated 409 million bank accounts will use digital onboarding by then, which will allow for greater financial inclusion and easier access to financial services, with a higher degree of confidence for both institutions and their customers. Digital onboarding has also gained momentum with governments and other industries looking to adopt more secure digital processes and we need to remember that RegTech can be applied more broadly across a wide variety of regulated industries and in compliance contexts so the opportunities for increased productivity, efficiency and lowering of costs is almost endless.

The Ecosystem: Regulators and Trade/Non-profit Associations

Since Accenture highlighted (in April 2020²) evidence of regulators taking a keen interest in RegTech, a growing number of regulators have been participating in new programs, and around the globe organisations have been facilitating a range of collaborations and activities that support this interest. Amongst those activities are the Financial Conduct Authority's global series of Tech Sprints³, the 70 Regulator-strong Global Financial Innovation Network⁴, and Cambridge University's recently launched SupTech Lab⁵, all assisting in creating a community for regulatory innovation.

Last week's Singapore FinTech Festival also played host to showcase to the appetite of regulators and central banks for RegTech. We had the opportunity to address a regulatory round table where we outlined that there's been a recent emergence of not-for-profit industry or alliances/associations to enable connectivity, promote dialogue between stakeholders and showcase the potential of RegTech. As examples of this, The RegTech Association⁶ is helping accelerate adoption of RegTech by creating frictionless access by institutions and regulators to RegTech solutions and supporting a global centre of excellence, the Alliance for Innovative Regulation⁷ which is leveraging digital modernisation to help build a financial system that serves everyone's needs and promotes and facilitates better financial health. Likewise, the Canadian RegTech Association⁸ - is solving regulatory

¹ [Regtech: Market Summary | Infographics \(juniperresearch.com\)](#)

² [Breaking the Hype: RegTech Finally Coming of Age | Accenture](#)

³ [TechSprints | FCA](#)

⁴ [GFIN \(thegfin.com\)](#)

⁵ [Cambridge SupTech Lab \(ccaf.io\)](#)

⁶ [The RegTech Association - Home / 2022](#)

⁷ [Home | Alliance for Innovative Regulation. \(regulationinnovation.org\)](#)

⁸ [Canadian RegTech Association - Home](#)

challenges through RegTech innovation and FinReg Labs⁹ – advancing safe and smart use of technology and data in financial services and FINOS¹⁰, a member community which is creating Open-Source solutions for financial services, providing an independent setting to deliver software and standards that address common industry challenges and drive innovation.

Investment Impact on the North American Market

Of the USD204 billion mentioned earlier, it is estimated that 25% of this will be spent in North America, creating a remarkable opportunity for the world's estimated 1,300 RegTechs. That prediction is backed up by our own survey data from about 7,000 global practitioners attending our online events. It shows that RegTech solution providers are most active in the US and UK/Europe.

To take a closer look at this, Encompass Corporation and BCG recently co-published a report¹¹, entitled *Understanding the North American RegTech market*. The report showed that there was a 202% investment jump from H2 2020 to H1 2021, as the pandemic forced compliance tasks to evolve and as financial institutions promised to put more emphasis (and dollars) behind digital transformation initiatives. Data also showed that RegTechs focussed more on customer experience, and therefore activities more directly linked to revenue, than 'back office' streamlining activity.

From a buyer's perspective, in a Top Banking Trends survey by BAI¹², there were some interesting emerging themes. For example: a disconnect between the strong appetite of younger generations for cryptocurrency offerings versus the few financial institutions that actually have plans to accept or offer crypto products. The report also highlights that younger generations are making choices on financial services providers based on their ESG impacts, which resonates with our belief that RegTech has a key role to play in assisting institutions to meet their ESG objectives.

A Non-Profit Helping you Grow your Margin

While opportunities abound for RegTechs in the US market, it can be challenging for buyers to analyse their needs and identify solutions. This is why The RegTech Association developed an online RegTech directory, built on a risk-based taxonomy, that helps institutions and regulators quickly locate the right solution for their problem statement. Free to access and available 24/7, it's designed as a 'one stop shop' www.regtech.org.au/directory, helping institutions and regulators reduce their search and procurement costs in bringing in established and proven solutions.

The RegTech Association works consistently with many of the top firms in the market and is partnering with Accenture (an RTA member) to host one of our signature Global RegTech showcases at One Manhattan West, New York City on 17 November 2022. This is an opportunity to hear from a series of thought leaders from Accenture including Jonathan Frieder and Jessica McDermott, also from Seema Shah, Acting Deputy Superintendent Innovation at NYS Department of Financial Services, Simone Di Castri, Co-Head Cambridge University SupTech Lab, David Ehrich, Alliance for Innovative Regulation, Brian Clark, a RegTech Founder and Jane Gavronsky, CTO from FINOS.

Plus you will experience a rapid-fire series of five-minute presentations by some of the world's leading RegTechs, including Encompass Corporation, Dekko Secure, My Compliance Office and Arctic Intelligence. We expect that CBDC, Open-Source technology and Crypto will also be on the menu. Do come along, it will be an intimate gathering and a chance to meet and connect with many of the people moving the RegTech dial globally.

⁹ [Advancing the safe & smart use of technology & data in financial services - FinRegLab](#)

¹⁰ <https://www.finos.org/>

¹¹ [Investment accelerates in RegTech solutions in North America \(encompasscorporation.com\)](#)

¹² [The Top Banking Trends and Challenges for 2022 - BAI](#)

Register here.

<https://regtech.org.au/event-4954342>

If you'd like to understand more about our work, please do connect here. www.regtech.org.au
Deborah Young – The RegTech Association CEO

About Deborah Young

Deborah is the founding CEO of The RegTech Association after having been on the advisory board initially when the Association was established in 2017. After a career initially in risk management in financial services, Deborah has deep experience in building bridges in and advocating for the financial services sector, advancing positive change across industries such as superannuation, insurance, OTC markets and now technology. She was one of the Australian Financial Review's 100 Women of Influence for 2019.