



RegTech: A Vision For Adoption Across the Arab Region 2021

**Arab Regional Fintech WG Sixth Meeting
24-25 November 2021**

Agenda



RegTech Landscape and COVID-19 impact



Opportunities & Challenges for both regulators and market participants



How are regulators/supervisory authorities encouraging the adoption of RegTech/SupTech



A proposed framework to increase RegTech Suptech adoption in the Arab region

REGTECH VISION

RegTech: **A Vision for Adoption Across the Arab Region** was created in collaboration with the **Regional Arab RegTech Working Group** and the **MENA FinTech Association RegTech Working Group**

COLLABORATORS



Arthur D Little



RESPONDING COUNTRIES

REGULATORY AUTHORITIES

Arab Central Banks & Monetary Authorities

1. Central Bank of Jordan
2. Central Bank of UAE
3. Central Bank of Bahrain
4. Central Bank of Tunisia
5. SAMA
6. Central Bank of Sudan
7. Central Bank of Oman
8. Palestine Monetary Authority
9. Qatar Central Bank
10. Kuwait Central Bank
11. Banque du Liban
12. Central Bank of Libya
13. Central Bank of Egypt
14. Banque Al Maghrib

Capital Markets

1. Algeria
2. Oman
3. Palestine
4. Kuwait
5. Egypt
6. ADGM
7. DFSA

Insurance

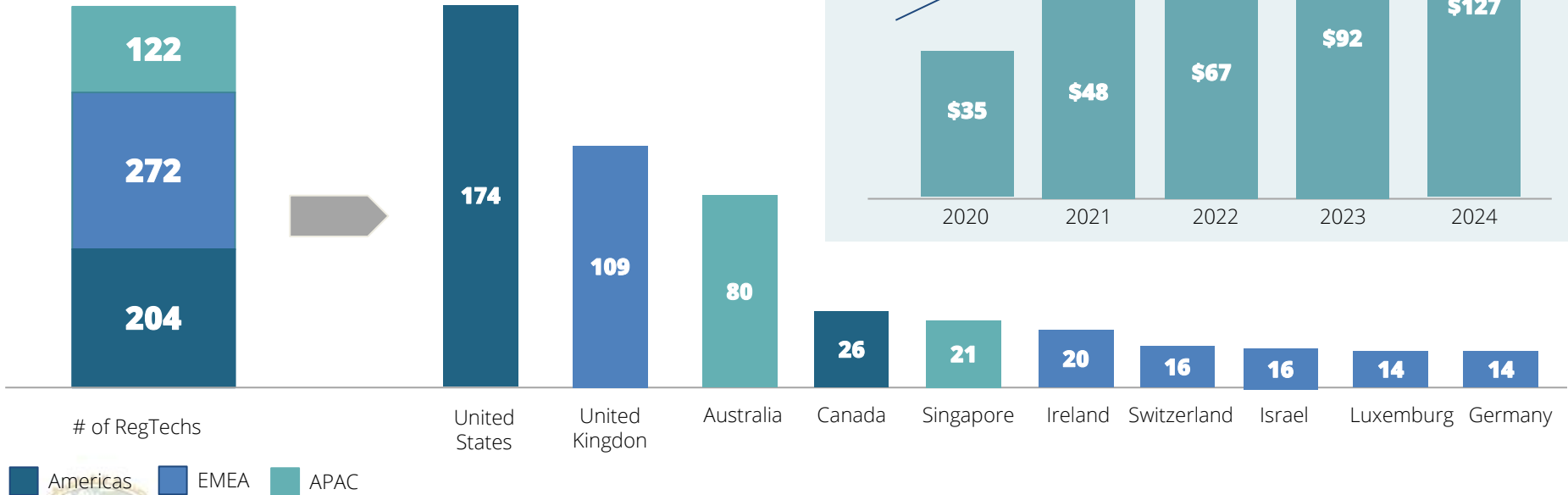
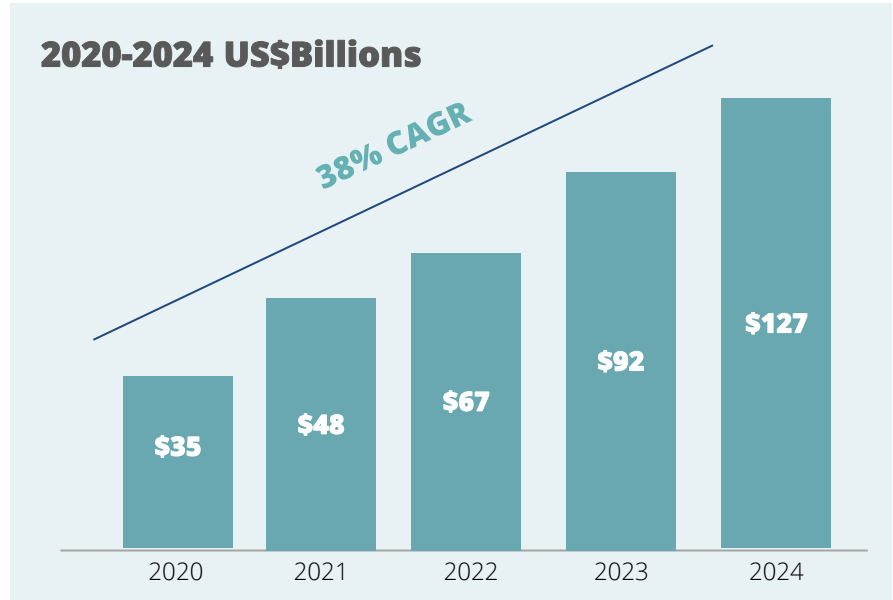
1. Tunisia
2. Sudan
3. Kuwait

MARKET PARTICIPANTS

145 Commercial Banks from the respective countries:

1. Jordan
2. UAE
3. Bahrain
4. Tunisia
5. Algeria
6. Saudi Arabia
7. Iraq
8. Palestine
9. Qatar
10. Kuwait
11. Egypt
12. Morocco

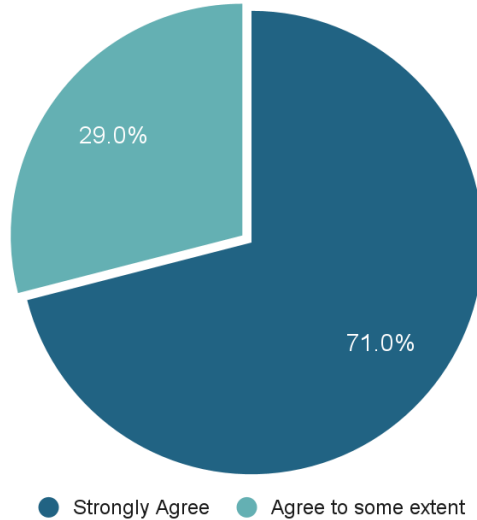
RegTech is expected to grow to \$127B worldwide by 2024. (Pitchbook 2021)



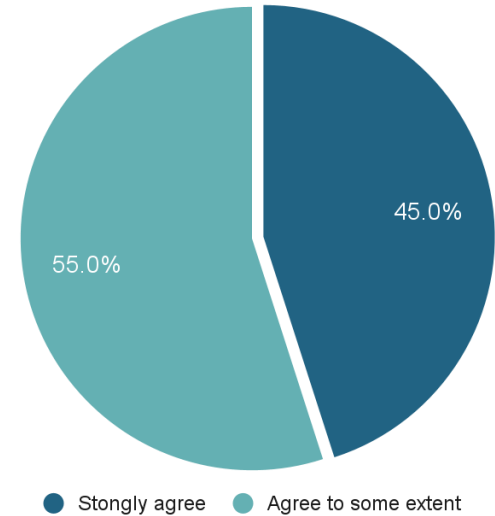
According to [BCG](#), the U.S. and the UK lead RegTech adoption. Australia follows with more than 80 RegTech of the approximately 600 RegTech's globally

Has the Covid-19 pandemic provided a “watershed moment” for the RegTech ecosystem, Regulators & Supervisory Authorities’ perspective? Has Covid 19 compelled the financial services sector to see the value of digitalization?

Regulatory Authorities

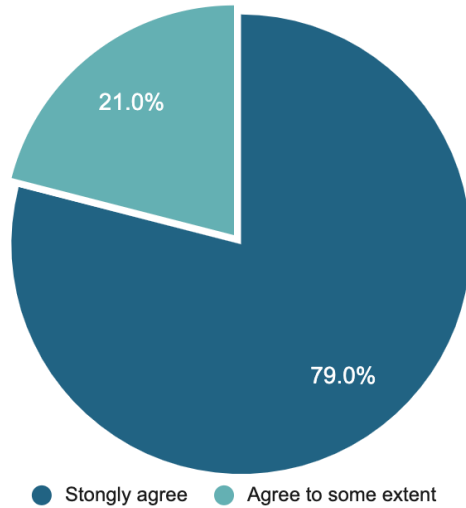


Market Participants

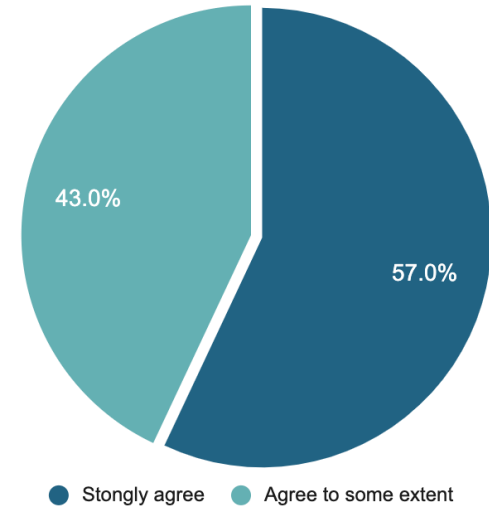


RegTech solutions have an important role to play in helping regulated firms and supervisory bodies, navigate the challenges presented by COVID-19.

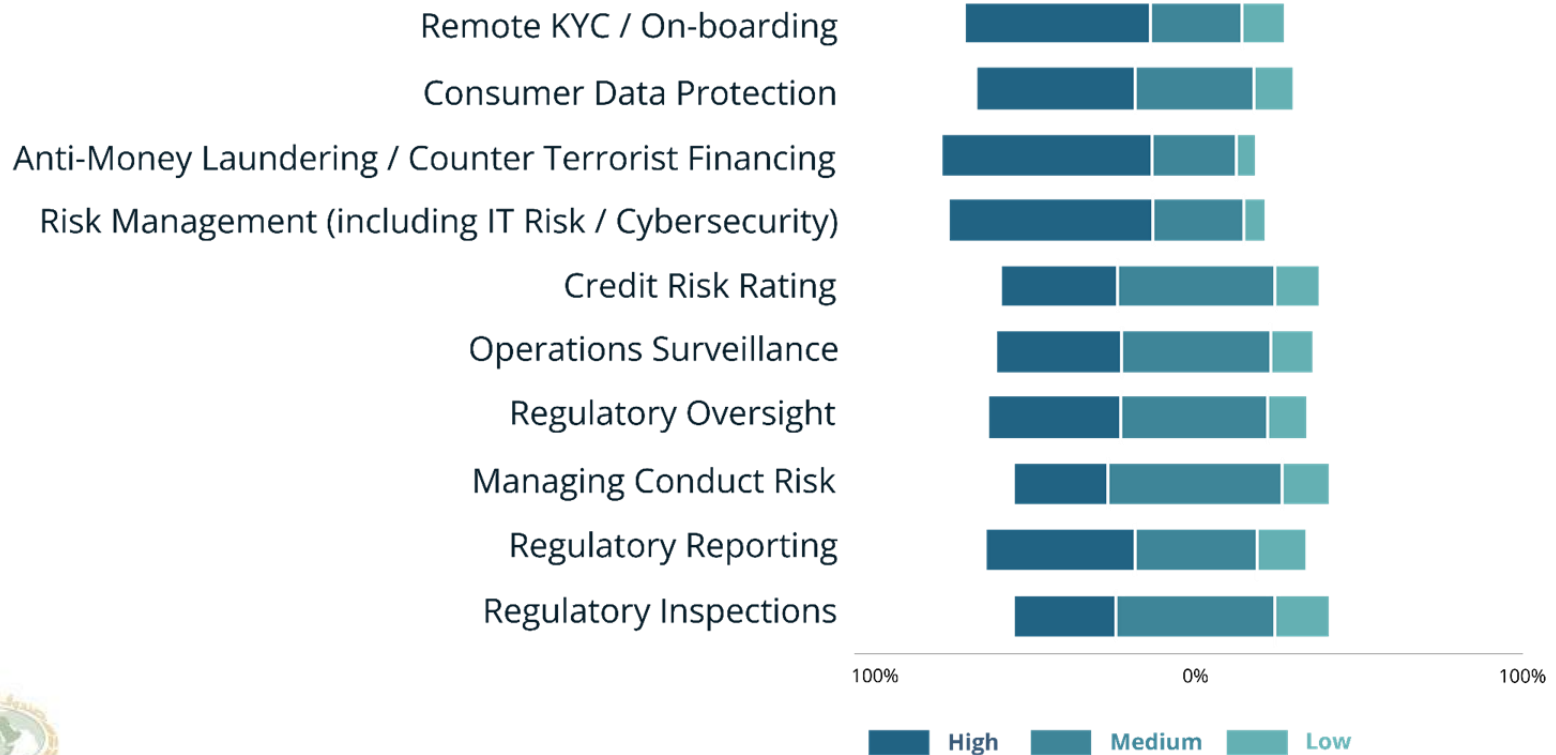
Regulatory Authorities



Market Participants



What are the main RegTech trends that provide an opportunity for market participants to engage with solution providers?

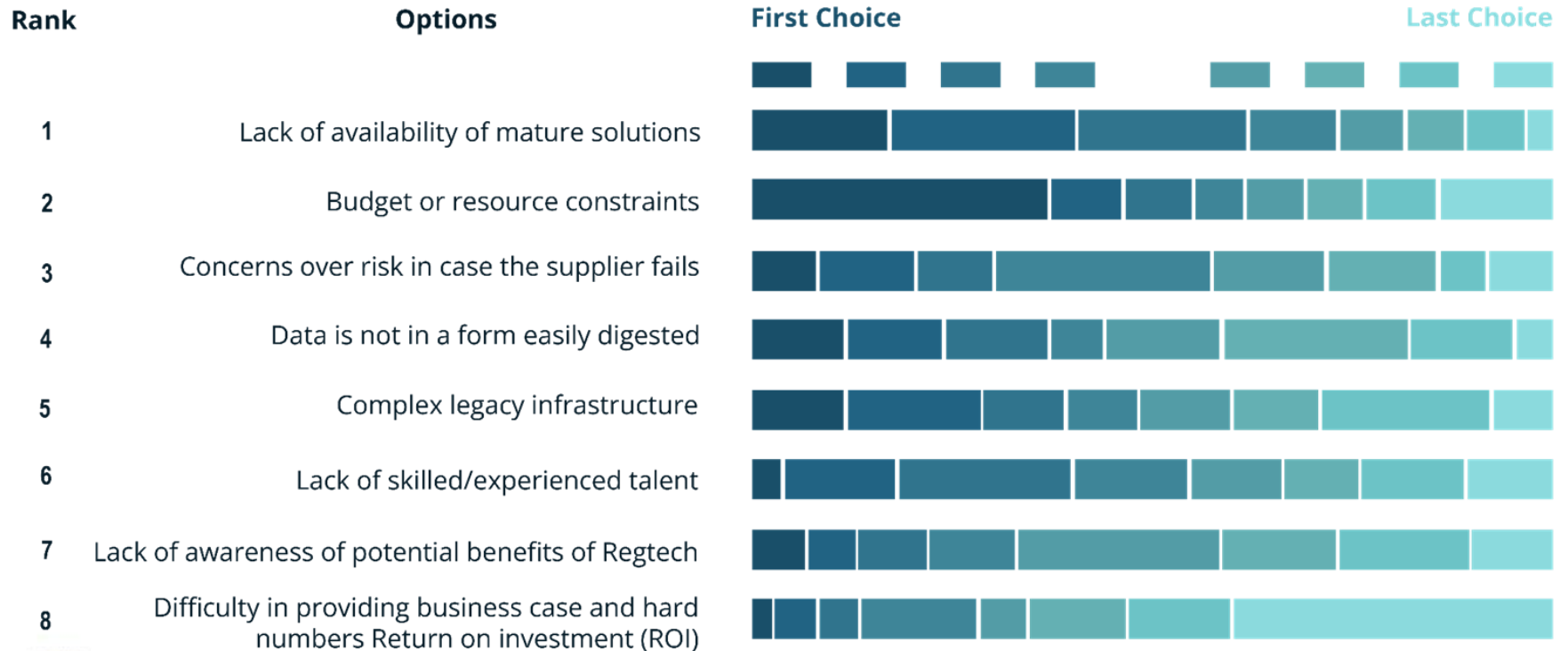


From a regulator supervisor perspective what are the main benefits and challenges of increased adoption of RegTech/SupTech. The top 6 considerations:

**Benefit
s**

1. Reduce time and costs of compliance by automating and digitising tedious workflows
2. Improve prudential supervision and monitoring
3. Enhance risk management, including the timely detection of risks using early warning indicators
4. Improve data quality, operational and data processing as well as document retention
5. Reduce human error and risks associated
6. Enhance overall governance in the Arab region

The top 8 major challenges for adoption of RegTech/SupTech by market participants.



How are regulators/supervisory authorities facilitating or encouraging the adoption of RegTech/SupTech solutions? There is a significant amount of activity across the entire region. Some jurisdictions are more advanced than others, sharing of best practice will be key to future successful adoption across the region.

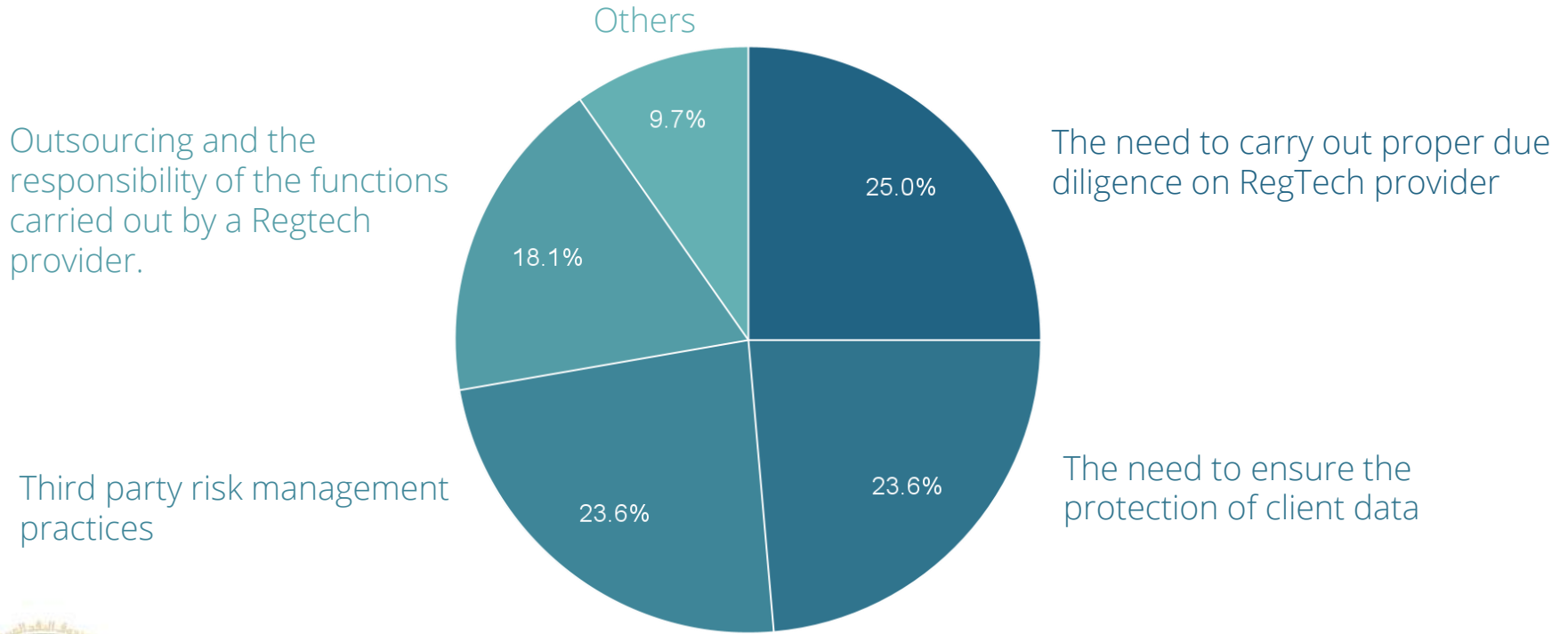
1. Continue building knowledge and raising awareness about RegTech among the regulatory and supervisory community and build convergent supervisory practices, primarily through workshops, forums, and targeted events.
1. Continue the effort to identify where there is a need to harmonize the legal and regulatory framework across the Arab region on identified priority issues by issuing guidance on RegTech-related matters
1. Leverage role and expertise of the Arab Monetary Fund (AMF) and the national Regulatory Sandboxes and Innovation Hubs to facilitate innovation by fostering collaboration and dialogue between financial institutions, RegTech providers and competent authorities.

In general, further leveraging innovation facilitators should both help to improve understanding of RegTech and to identify supervisory and regulatory issues arising. This engagement will also provide supervisors with first-hand experience and knowledge that can be leveraged when supervising FIs' activities or developing own SupTech solutions.

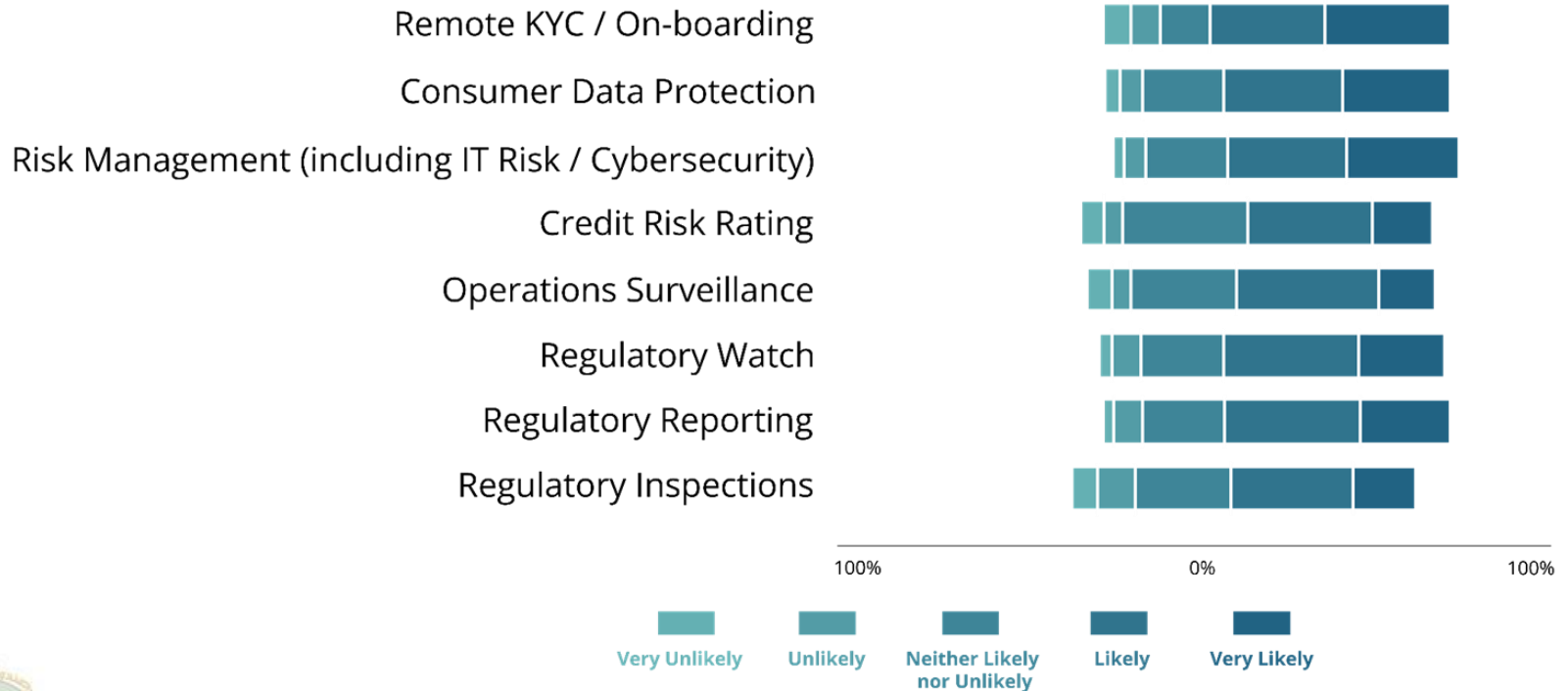
What factors do market participants believe have the greatest potential to drive future growth in RegTech/Suptech in the Arab region? The top 5 factors in order of priority:

1. Supervisors encouraging financial institutions to increase their adoption of RegTech as part of the supervisory process.
1. Better education around RegTech for boards of financial institutions.
1. Greater acceptance and adoption of cloud technology.
1. Creation of more safe-spaces (Sandboxes) to experiment, test and scale new RegTech solutions.
1. Amendments to prudential regulation to encourage greater investment in software assets

What concerns do regulators/supervisory authorities have regarding financial institutions adopting RegTech/SupTech solutions?



What RegTech/SupTech use cases would market participants consider in the near term?



What RegTech/SupTech solutions are ready for deployment now versus what should be investigated

	Ready Now	Prepare To Implement	Monitoring & POCs
Regulatory Compliance Obligations		Maintaining inventory of all internal & external compliance obligations (i.e. GRC)	<ul style="list-style-type: none"> • Cross-border regulatory compliance • Regulatory horizon scanning • Operational resilience from regulatory change
Financial Crime	<ul style="list-style-type: none"> • Customer on-boarding • Name screening • AML transaction monitoring • Ongoing monitoring of customers 		Customer off-boarding
Conduct & Customer Protection		<ul style="list-style-type: none"> • Sales practice and suitability • Product disclosure • Customer data and privacy • Monitoring and surveillance of employees 	<ul style="list-style-type: none"> • Product due diligence • Best execution / pricing
Regulatory & Tax Reporting	<ul style="list-style-type: none"> • Regulatory reporting • CRS / FATCA 	Tax Compliance	
Risk Management	<ul style="list-style-type: none"> • Cyber risk management • Liquidity risk management • Market risk management • Credit risk management 	<ul style="list-style-type: none"> • Third-party monitoring and risk management • Stress testing 	Model validation
Governance & Accountability			Governance and accountability

A proposed framework to increase RegTech SupTech adoption in the Arab region

To help stimulate RegTech development across the Arab region under the direction of the AMF by:



Boosting Awareness



Promoting Solution Innovation



Enhancing Regulatory Engagement



Developing Talent pool



Sustaining Adoption