

Suptech is upping the game in financial services data analysis

By [Richard Rattue](#)

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A relatively new concept that joins the ranks of fintech, regtech and insurtech, suptech is shaking up data collection and analysis in financial services on a level we've never seen before. This term refers to supervisory technology and more specifically, artificial intelligence that can seamlessly sort through data to detect smoke before there's even a fire.



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By digitising regulatory processes and reporting, suptech stands to complete the picture for regulation in financial services, to meet the needs of the changing world as the fourth industrial revolution (4IR) continues to both rock and settle the proverbial boat.

Sorting through suptech

Suptech is essentially the proactive and intelligent sorting of data and trends in the marketplace that suptech aims to provide, make way for the growing interest in handbooks that are readable by machines and for a boost in developing supervision bots. To illustrate, consider a chatbot that interacts with customers, while also analysing the conversation for smoky signals to flag (areas of concern such as inconsistencies or signs of an unhappy client, or someone who doesn't understand what is needed to be compliant are better to establish early). The ability to pull data directly and analyse it on the fly will be where suptech shines. It encompasses efficient automation.

Through its monitoring capabilities, suptech applications will also be useful to identify dodgy dealings such as money laundering and insider trading. While applications are in different stages of progress or development, more and more digital capabilities will emerge to disrupt what is possible to do, and more quickly. Big data and its applications are making it harder to hide, which can only be a good thing for compliance, as well as for the consumer.

Some global advancement to note

Recent research by the Bank of International Settlements (BIS) indicates that half of the supervisory bodies included in its study are already in the process of implementing suptech in some way, or have it firmly on the agenda. These stats should only increase as the digital age further shapes financial services. Looking at the global picture, the shift towards sustainable

compliance is evident, and necessary. suptech speaks to this as well.

An example from the Philippines sees an automatic retrieval initiative in play, doing away with some manual reporting and easing the process that is often complicated by human error. In the UK, better interaction with chatbots is underway and in Australia, real-time monitoring has been going on for some time, whereby the Australian Securities and Investments Commission monitors the country's primary and secondary capital markets (ASX and Chi-X) flagging any unusual activity automatically.

These and other examples are working towards a better, compliant and tech-savvy space. On the local front, suptech is no doubt on the regulatory agenda but fair to say, at an embryonic stage. We have seen enhanced data reporting requirements being demanded of insurers, which will no doubt overflow into other regulatory sectors, such as asset management and collective investment schemes.

Though it will take time for the suptech landscape to fully develop, it should lead to faster and more effective regulatory oversight, which in turn will lead to more efficient markets; good news for all participants. If technology can make a job easier to do, as well as more efficient in doing so, it stands to massively shift industries like financial services, where regulation and compliance are a basic standard.

South Africa may be further behind than some other developed markets in terms of digital capability, but because of technology, the world is getting smaller and change is taking place all around us at a quicker rate than ever before.

Compliance and risk functions are not immune to disruption and keeping up to speed with suptech trends and its far-reaching potential is essential. The disruptive age is here, and it will not be merciful to those who are unprepared.

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