

# Apiax Co-Founder Ralf Huber Unveils Some Remarkable Insights on the Evolution Compliance and RegTech in Asia

An influential panel of leaders and COOs from Asia's wealth management market and technology firms assembled for a virtual discussion on October 12 to drill beneath the surface of how the private banks and/or EAMs and MFOs are adapting their approaches, technologies and platforms to cater to the evolving needs and expectations of their private clients. The discussion was driven by a focus on their increasing client-centricity and greater personalisation, both of which are key targets, while automation and other digitally-enhanced missions are, theoretically at least, becoming more 'hygiene'. But are they? Ralf Huber, Co-Founder of Apiax, was one of the technology experts on the panel and offered some detailed analysis on the key challenges – and too often hesitance – around expediting digital transformation in the vital and complex field of compliance in wealth management. Ralf's insights were highly perceptive, which is hardly surprising for someone who profiles himself as 'Lawyer, Founder, Lecturer and RegTech Enthusiast', as well as being a dynamic leader of Apiax and having worked for more than 15 years in the world of compliance. We have re-modelled some of Ralf's insights into this Q&A, so as not to lose any of the depth or import of his ruminations.

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**RALF HUBER**  
Apiax

**What are Apiax’s key missions in this region?**

Very briefly, through digitisation, Apiax helps financial institutions around the world to overcome regulatory and compliance challenges, realise business opportunities, and reduce the cost of compliance by embedding compliance into their applications and processes. Our customers essentially use Apiax to bridge the gap between compliance, business, and technology. We therefore mostly help wealth managers in modernising their compliance frameworks, monitoring and enhancing the control protocols.

All of this helps with other key areas of progress that we are seeing in the region, such as improving the client experience, greater personalisation of the wealth management offering, enhancing RM efficiency, and making internal processes as efficient as possible.

**There are many hurdles to overcome on the road to digital transformation, so how do you help clients approach these journeys from where they are to where they could or should be?**

I am a lawyer by trade, and my own history and that of Apiax is entirely legal and compliance, and of course, it used to be entirely paper-based, PDFs of all the rules, and so forth. With each country having its own very country-specific regulations, and different rules and nuances; it is all incredibly complex and centred on very country-specific topics, making it extremely difficult to effect change.

In the past, any changes needed or wanted were on a case-by-case and on a tool-by-tool basis, and implemented or partially implemented into the core system, which ends up with the

business employing five, 10, or even 20 different systems, making it incredibly difficult for all, including the RMs and advisors. Moreover, each system would have several regulatory restrictions embedded, confusing the issue as to who then maintains everything.

However, we are today in an era of greater flexibility and agility, with APIs and a service-based approach. However, in our experience, the regulatory teams in the banks and other firms are somewhat less familiar with all that. This means there is a big shift required on behalf of the legal and compliance teams, as they start to adopt those technologies.

All the restrictions and suitability requirements, ESG rules, prospectus restrictions for investment funds, cross-border offerings, and other restrictions, are then defined in a central repository, which is then maintained and kept up-to-date. And then, as other panellists have observed, with service-based, API-based approaches and tools, they can start to connect those restrictions to the respective systems.

This is the development that we see that wealth management leaders are adopting right now. In the past, you’d take the rules and put them into one system, or put

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them into another system, and after two or three years, no one had the overview anymore. They would lose track of which rule was checked in which process and faced other key issues.

But now we see a lot of development that we can describe broadly as the arrival of the rule repository or an API kiosk. More and more compliance departments and regulatory departments are heading in this direction.

And that means the lawyers, who are generally not really used to dealing with the latest technology, need to adapt and change. That in turn means what is happening requires a transformational process within the organisation; the key participants need to buy into and support all this to improve the processes and outcomes for everyone concerned, and to significantly improve the control framework in the organisation.

### **Does AI yet play a role in elevating compliance practices and governance, or will AI come to play a major role in all this?**

We all know the magnitude of the arrival of AI and it will certainly impact certain roles in any business. But banking and private wealth management are intensely regulated, with multiple lines of defence, and the regulators want to have a clear vision of protocols and actual practices, including what the RM might have offered, what the client signed, and which controls have been put into action.

What we are seeing now is really a shift from a more rule-based approach into an AI-based approach or a generative AI-based approach.

However, there is a very big 'but' here - because we are in perhaps the most regulated industry, the challenge will always remain in being able to explain to any parties, especially the regulators, what has happened. And with a generative AI-based approach, that outcome is not that clear and it can change over time because you're training the model and with every answer the system is providing, the next answer can be slightly different.

That in turn means what we will need and what we are working on already is basically what we call a verification layer. On the one hand, leveraging the incredibly powerful AI technology and models which are out there. And on the other hand, giving the organisations the control functions and the capabilities to assess and monitor the answers the AI model has provided. Without this verification element, it will be extremely difficult to use those technologies.

In summary, this is a hugely powerful technology coming up, but to use it effectively for compliance, it must be harnessed. And that is right now still far from clear in our incredibly highly regulated and accountable industry.

### **Technology is helping with standardisation, but does this mean wealth management competitors are becoming less unique and less differentiated, from your viewpoint?**

Open banking at the end of the day is about standardisation. You're using standard connections, connectors, and standard terminology for the same things. Banks will theoretically want to use these standard solutions if they are available.



However, the reality from our perspective remains slightly different from that. When we speak to banks and wealth managers, we see that many of them really do not want to standardise.

That might be in the legal department area where there is a standard legal opinion available for a particular topic, but where the bank decides to go with a custom legal opinion, based on support from their law firm, and then requiring a lot of interpretation from the legal team. That might also be on the IT side, where as we see it, most IT teams would prefer to use their own expertise to build something in-house rather than adopt standardised tools and approaches.

So the challenge here and for the COOs on the panel is to manage these changes and evolutions internally, in order to leverage the standard solutions which are out there, but first and foremost in areas which are less relevant to where they actually provide the real USP to the clients. Whether it is legal opinion A, B or C, we would hope that is not a driver of USP.

The private bank's USP is around investment solutions, portfolio formation, wealth protection

and wealth generation. That's why the client is with you, that is where the relationship is truly centred. Accordingly, as we see it, that is not the right area for standardisation. This is the area where you personalise, where you create in-house.

But whereas standardisation seems to be so valuable and useful in those other areas, including, of course, compliance, it is still surprising to me that here we are in 2023, and banks often remain reluctant, for whatever reasons, to adopt standardisation and for team members to buy into these changes. From my point of view, there is actually still a lot of freedom for the respective subject matter experts to build an individual in-house solution.

**In the world of compliance, could the 'silver bullet' be far greater standardisation of regulation across different jurisdictions and regulatory bodies around the world?**

I think the simple answer is no. In my view, it is not going to happen. Yes, there is cooperation, and to a certain extent regulator A looks at what regulators B and C are

doing, and there is some copying of frameworks, but it always ends up with a local flavour. That is why compliance solutions must address these country-specific complexities when conducting cross-border business, as they do so very often in the world of wealth management.

It's easier if you're purely a local player in your domestic market, but that is now rare - the wealth industry, especially offshore, services clients across many different markets. And in the world that we have today, clients are mobile, they are not just staying in the domestic market. This is the problem you need to solve. It is extremely unlikely that regulation will ever be standardised to make all this simpler.

And my final word is that this all means that the solutions must be enhanced, standardised and better expedited within each bank and wealth manager. After all, how can the RM manually manage hundreds of different restrictions while trying to handle their client's investments and other matters? That is why we are actually slowly moving towards the right approach, which makes absolute sense. ■

Hubbis has worked closely with Apiax in recent years. For more detailed insights into Apiax, its solutions and its mission in Asia, please click through to the following Hubbis articles: [Apiax's CEO on Building Upon Past Tribulations, Successes, and the Developments on the Horizon](#), [RegTech Apiax on Digital Solutions and Rising to the Global Regulatory Challenges](#), and [The Hubbis/Apiax Survey on Data and Cross-border Compliance for Asia's Wealth Management Community](#).

