

# Compliance in the new era of regulatory proliferation

*Compliance issues are ever more onerous in both their sheer number, and their complexity, creating numerous challenges for private banks and wealth management firms of all sizes. The Hubbis Compliance in Asian Wealth Management Forum in Singapore on January 18 produced some fascinating insights.*

**T**HERE SEEM TO BE EVER MORE REGULATORY ACRONYMS. Whether it is FATCA, MiFID II, CRS, AEOI, GDPR, or yet another acronym, compliance professionals and the firms they work for are grappling with numerous new, or amended, regulations and working out how they, their teams and their enterprises can respond.

The advent of the Automatic Exchange of Information (AEOI) means that tax compliance is now very high on the agenda for private banks and other wealth managers in a world where cross-border regulatory cooperation is becoming the new norm. It adds further weaponry for authorities around the world to advance the implementation of the Common Reporting Standard (CRS), which compliance experts have already been getting to grips with.

Financial markets and instruments regulatory compliance is also very prominent on the radar, with MiFID II, the latest incarnation of the European Union's ambitious regulatory reforms, having arrived this month [January 2018]. With more than 1.4 million paragraphs to digest, that is a gigantic challenge for the biggest compliance teams, let alone the lone compliance professional sitting in an independent wealth management business.

The EU's regulatory machine rolls out its General Data Protection Regulation (GDPR) in May 2018, placing a far greater onus than ever before on the wealth management industry struggling with the challenges





of client on-boarding, data management, storage and dissemination. And at the same time the wealth advisory firms are trying to maintain client privacy and improve the client experience.

There are fresh challenges for the compliance sector from cryptocurrencies and the blockchain. Many countries appear uncertain whether to ban cryptocurrencies completely or try to shepherd them into tidy regulatory enclaves, which are thus far proving impossible to achieve.

There are clearly immense challenges to integrating these new - or revamped - global regulations into the wealth management businesses. And compliance teams must be more collaborative than ever before, as they balance the local regulations with the regional or global regulations.

Can fintech and Regtech solutions help compliance professionals create digital solutions to these

compliance conundrums? How do compliance professionals upgrade their own skills and their team's expertise?

How do compliance professionals ensure that their firms take a holistic view of compliance within the wealth advisory businesses, rather than seeing compliance as a grey discipline with little or no connection to the core business?

Further along the line, how do compliance experts interface with regulators and potentially with lawyers and forensic IT sleuths if there is an investigation that they become embroiled with? And how do the wealth firms protect themselves and their firm's reputations?

The Hubbis event provided an excellent platform for open and in-depth discussion on these and many other topics so vital to the compliance arena in the Asian wealth management industry. ■

