

# Monetary Authority of Singapore Highlights the Vital Links between Technology and Governance

*Delegates at the Hubbis Compliance in Asian Wealth Management Forum were treated to a fascinating Keynote Address by Vincent Loy, Assistant Managing Director (Technology) at the Monetary Authority of Singapore. His role is a new one carved out by an ever-prescient central bank and covering all key areas relating to data, technology, technology regulation, cyber, and digitisation. He offered the assembled wealth management experts a timely piece of advice that as technology becomes ever more central to the key decisions of any financial institution, they must be especially vigilant in controlling digital and data risks with a robust corporate culture, skilled and ethical personnel, and good governance.*

“**AM DELIGHTED TO BE HERE TODAY,**” he began, “and when I was first invited, I began thinking about how to make my technology focus relevant to a room of very distinguished wealth management professionals. Accordingly, I hit on several core themes for my brief presentation.”

## **Digitally enhanced decision-making**

The first, he explained, is the role of technology in financial services. “Every decision we make nowadays at MAS,” he explained, “be it an industry decision, or a regulatory decision or even an investment decision - MAS does investments as well, by the way - always involves a technology element. And we are also continually asking ourselves how to use technology within MAS to make us a better central bank compared to the rest of the world.”

He explained that technology in the world of financial services



VINCENT LOY

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is becoming even more integrated. “From my most recent chairing of a meeting of a group of CIOs from the major banks,” he reported, “it is increasingly clear that technology is ever more central. In the asset management space, there is robo-advisory, there is Robotics Process Re-engineering, and there is the greater use of analytics to better understand your customers.”

### **Beware of the risks**

But he warned that all this innovation introduces risks. “Before you can fully deal with those risks and be compliant with all the rules and regulations, you first need to understand technology,” he advised. “Accordingly, I encourage everyone here today, at whatever level and from whatever discipline, please take your time to understand technology. Go deeper into technology, not just to understand a few soundbites here and there, but truly to learn about technology, so you can help handle the associated risks, and then comply with the regulations.”

And with that, he cautioned that the MAS will henceforth be much more proactive in terms of its expectation of financial institutions with regards to the introduction and use of technology and data.

### **Inculcate the right culture**

His second key area of focus was on the role of culture and governance. “We know that technology is here to stay,” he observed, “and that technology will help us in many areas, but to make sure technology works, then governance, culture and people will play a big role. Technology will very probably replace some of the things that we do, but at the end of the day, at the end of the process, there will be a human element in terms of decision making. And a lot of the decision making requires judgment, which itself will be determined or coloured by the culture within the organisation, and the firm’s ethics.”

The result, Loy extrapolated, is that as digitisation goes ever deeper within an organisation, the firm’s culture, ethics and people will be even more important. “And that,” he asserted, “is why it is very important that every FI spend more time in terms of thinking about the culture within the organisation, and also the incorporation of robust governance, as the organisation transforms in this digital world.”

### **Getting to grips with AI and machine learning**

He moved on briefly to Artificial Intelligence (AI), another area he is responsible for supervising

on behalf of the MAS. “There are many issues that we need to address in terms of using AI and machine learning,” he explained, “and as I always tell my colleagues, the outcome of the AI and machine learning process depends ultimately on the quality of the data input and also the creator that creates the algorithm.”

These are complex issues, and they are difficult to solve,” he stated. “For MAS, we worked with the industry to devise the FEAT Principles, which is basically a set of principles to guide FIs or any institution in dealing with machine learning and AI. It is based on the four principles of fairness, accountability, transparency, and of course, ethics.”

### **Get it right from the start**

He closed his talk by reinforcing the point that technology is going to be even more important to every financial institution in the future. “My final message in this brief talk to welcome you all here today is to reiterate that to deal with technology, you must ensure you have the right culture, conduct, people and governance. I strongly encourage all organisations to look at this seriously, deliberately and deeply. With that, my thanks and I hope you have an enjoyable and enlightening event today.” ■