

INSIGHT PAPER

RegTech: Learnings from Government regulators

Leaders in government agencies that have implemented Regulatory Technology solutions reflect on their journey.

Read their advice to help make the process easier when embarking on a RegTech journey.



Objective

Smoothly navigate your path to RegTech – advice from those who’ve been there

Avoid the pitfalls commonly seen when implementing regulatory technology.

Learn from Directors, CIOs and IT managers who’ve successfully steered digital transformation projects in their organisations.

Read what they wished they knew before they started and their advice to peers embarking on a regulatory technology (RegTech) implementation. Through these conversations emerged six pieces of valuable advice:

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Introduction

RegTech solutions help tackle regulatory challenges for both regulators and industry.

Implementing a digital transformation project can often seem complex. And the cost of a failed or derailed digital project impacts more than budget. It affects performance, responsiveness and staff morale.

Set yourself up for success

Successful projects exhibit a number of common, achievable attributes, and deliver benefits such as:

- Improved performance.
- Better user experience.
- Consistent and transparent decision-making.
- Risk-based and data-driven decision-making.
- Advanced reporting with the ability to gain insight and identify trends.

Identify areas for improvement

RegTech solutions are ideally suited to areas where:

- Regulatory environments are complex to navigate and monitor.
- There is scope to improve risk-based regulatory approaches.
- Technology can enable better monitoring and overcome constraints related to physical presence.
- Technology can safely unlock more uses of data for regulatory compliance.

For regulators and regulated entities

For regulators, RegTech delivers more effective approvals, compliance monitoring and proportionate enforcement. For regulated entities, it helps your organisation comply with regulatory requirements. Regulations are here to stay and will continually evolve and change; both regulators and regulated entities need to consider how they can utilise RegTech to better navigate regulation within their organisations.

TIP
1

Configure, not customise

Customisation is costly

Not only in time and resources for the initial project, but also for ongoing upgrades. Costs rapidly add up and leave no funding reserves for continuous improvement. Keeping software and customisations up to date becomes a burden to your IT team, draining time and resources.

Configuration is a better solution

A flexible solution that allows for configuration enables you to move quicker, learn more and deliver higher quality outputs sooner, with better outcomes. Rather than starting from the very beginning, choose software that is already built, to rigorous standards and is proven by your peers.



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RegTech can be customised but **the impact on in-house resources can be quite extensive**, if you're looking to support a highly customised and integrated solution.

Instead, look for more **standard business processes** and get advice on what can be provided 'out of the box'.

Head of ICT

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My advice would be an approach that I've been implementing for over 20 years – **buy off the shelf**.

When you're implementing a system, there's no need to customise. **You should be looking to configure it only.**

Look across the globe for solutions that exist that you can configure to suit your needs. Not only will you be able to go faster, but you'll also learn more and have a **higher quality output and better outcomes** by utilising systems that have already been built, **instead of starting at the beginning.**

Chief Information Officer

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It's surprising how flexible our RegTech solution is. If changes are carefully considered, they can be easily incorporated into the workflows.

This flexibility gives users confidence in the ability to change processes in the future and **not be afraid of getting locked into a fixed system.**

Assistant Director, Information & Analysis

**TIP
2**

Choose cloud

Reduce complexity

Governments are increasingly expected to be at the forefront of change.

With digital services advancing rapidly in recent years in the private sector, the public has not only become more comfortable with it, but they've also come to expect it as standard.

Cloud adoption, accelerated in part by COVID-19 remote work requirements and demand for online services, is changing the game, enabling governments to provide simpler, faster, and personalised service delivery.





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A growing desire to **reap the benefits offered by cloud computing** is leading to more governments pushing it to the top of their technology to-do lists.

As government agencies replace legacy systems, RegTech can be deployed as a SaaS model in the cloud to **minimise the burden on in-house teams** and reduce complexity of upgrades and ongoing support.

Head of ICT

**TIP
3**

Engage stakeholders

Engage broadly, and often

Stakeholder engagement and management are arguably the most important components of successful project delivery.

Yet, they are often regarded as an afterthought or it's assumed they'll just happen automatically.

Project managers depend on people to respond to the outputs and benefits that they deliver. People will only respond if they are engaged.

If an IT team runs a project in isolation, it risks having to rework the project later if they didn't get the requirements right or if stakeholders don't understand what is happening.

Follow this advice to ensure your team embraces your system; that they understand why change has been made, they understand how it works and most importantly, they want to use it.





Advice for success

Key factors to engaging stakeholders, critical for RegTech project success include:

- Communicate with all relevant stakeholders.
- Don't just talk to the business. Engage users, business analysts and solution developers.
- View the product from the perspective of an existing user.
- Consult early and often.
- Create a communication plan and design a project roadmap.
- Ensure you have solid governance processes.
- Set realistic deadlines.

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In preparation for the project, engage with all relevant stakeholders, especially the main users, to assist you in **defining and outlining the necessary business requirements** for the initial project scope.

Information Security Manager

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Agree on a communication plan

and design a project roadmap in which all stakeholders are clearly engaged and of which they have a clear understanding.

Make sure there's a solid

governance process in place from the beginning and that you keep communicating with all your stakeholders so that everyone feels involved and can contribute and have their say.

Information Management Director

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Allocate adequate resources and get the necessary commitment from the stakeholders dedicated to the project. Each project stage requires time commitments and setting realistic deadlines.

Speak about and view the product **from the perspective of an existing user.**

Information Security Manager

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Don't assume that the business has all the answers.

Liaise with users, business analysts and solution developers in the development of the solution.

Talk about what outcomes you want to achieve first, and then have a discussion about the process, both internally and with the vendor.

The biggest issue that we have wrestled with is **turning the implementation of the paper-based processes we had in place into the digital product.**

Assistant Director, Information & Analysis

**TIP
4**

Define the process and requirements

Definition upfront is essential to the success of a RegTech project

From paper-based systems that need to be digitised, to how users engage with the system while working in the field, you need to know your organisation's requirements. Having a clear definition of these requirements before the project commences means you know where the goal posts are so you can deliver your project to meet those goals with minimal distractions and maximum impact.

Common goals for RegTech projects

- How do you take a paper-based system into the digital world?
- What do your key stakeholders want to achieve?
- How can you get additional funding for out-of-scope requests?
- What outcomes are you aiming for?



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I wish I understood more about **what my direct colleagues were wanting to achieve upfront** with the RegTech projects. One project was an entirely manual process that had been done that way for years.

It wasn't a case of simply taking paper forms online. **The whole process needed to change.** We could have responded more quickly if we spent time upfront defining the process, even in a draft form. The team was inventing the process while we were writing code at the same time.

We would have been much better off if we first **designed our processes beforehand** and then went to market with well-formed requirements knowing what we needed to do.

Chief Information Officer





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Envisage what outcomes you're aiming for with the RegTech solution.

Highlight the main pain points and gaps in the process and develop realistic solutions for them.

Get an idea of the **usability, including design, efficiency and effectiveness**. Then think about how this links with the intended process flows and how you want this to be translated into the final solution.

Information Security Manager

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To address your business requirements effectively, determine the difference between **what's essential and what's nice to have**.

Determine upfront how you can incorporate or apply all the available features that RegTech can offer in your current processes for **improvement and efficiencies**.

Factor in that some requirements and requests **may require additional funding outside of the original scope**. Prepare to have relevant discussions with significant stakeholders for funding and approvals.

Information Security Manager

TIP
5

Understand the product

Knowledge is power

A comprehensive understanding of the RegTech product you have chosen and its full capabilities enables you to get the most out of your solution.

A vision for its potential comes from a sound knowledge of its features together with how they can be applied to the processes in your organisation. This knowledge forms the foundation of relevant communication to your stakeholders.





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Understand the product, capability and functionality.

Talk about solutions, not the process.

Assistant Director, Information & Analysis

TIP
6

Don't be afraid

Embrace change

Complex projects can be daunting. But we know that change is essential for growth.

When tackling a large transformational project, it's important to stay focused on the outcomes.

You can even drive a change in culture through a digital transformational project. By making it simpler and easier for people to do their jobs, there can be significant advantages for government agencies, including improved morale and staff retention.





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Don't be afraid to change the culture. You can enable people to change their behaviour and views and get the outcomes you need.

By making it simpler and easier for people to do their jobs, you can **really drive cultural change.**

Chief Information Officer

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I was rather apprehensive in the beginning, because of the complexity of what we were trying to achieve.

But our RegTech project has been such a really good experience compared to a lot of others. **It has been a pleasure to be a part of.** Everyone has worked so well together.

So, I guess I would tell myself that **just because something seems hard, it doesn't mean it won't all work out well in the end,** and I might actually have fun!

Director of Information Management

Conclusion

Successfully navigate your RegTech journey

There's no doubt that in an increasingly sophisticated regulatory environment, both regulators and industry will need to continue to monitor how they navigate change.

By implementing a successful RegTech digital transformation project regulators and regulated entities can be flexible, responsive and better navigate an evolving regulatory environment.

With RegTech implemented right, they can adopt the tools and processes to improve compliance and promote positive community outcomes.

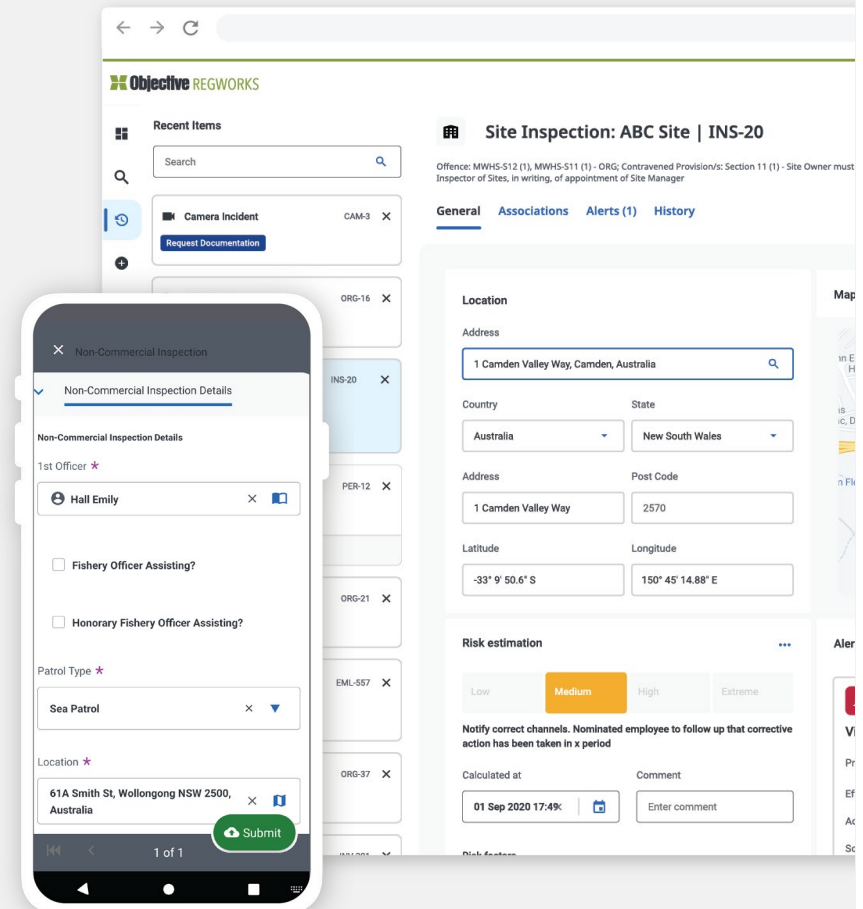


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