

QoN 010-08 – Technology to assess AFSL compliance

Is ASIC prepared to consolidate AFSL obligations to enable technology providers to build products that directly align to them? Would ASIC explore the potential of building a platform, in products that directly align to them? Would ASIC explore the potential of building a platform, in conjunction with independent software developers, that monitors exactly what ASIC wants?

Answer:

ASIC considers that the regulatory technology (regtech) sector has enormous potential to help businesses build a culture of compliance, identify learning opportunities, and save time and money relating to regulatory matters.

On 7 August 2018, ASIC received federal government funding for financial years (FY) 2018–19 and 2019–20 to promote Australia as a world leader in developing and adopting regtech solutions to risk management and compliance problems relating to financial services. This funding meant ASIC could build on its existing engagement and collaboration approach in promoting the potential of regtech to financial firms.

ASIC used this additional funding in FY2018–19 to develop a series of regtech initiatives. One initiative focussed on Financial Advice Files and included demonstrations from six technology developers/providers; Advice Regtech, Flexprod, IBM Research, IRESS, K&L Gates, and TIQK. They demonstrated their technology solutions for reviewing financial advice files for compliance. The outcome of that work is documented in Report 653.

In addition to this initiative, ASIC regularly meets with technology providers either through its Innovation Hub or through direct contact with stakeholder teams. While it is not our role to create platforms or design software solutions, we are keen to engage with technology and software providers to understand their solution and its potential application. We note that the financial advice industry is diverse in terms of the nature and scale of participants and our observation is that different solutions might suit different types of businesses, particularly as there is no requirement at law to use software or platforms to demonstrate compliance with obligations.