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EDITORIAL

Regulatory Technology (RegTech)

In today's fast-paced financial world, regulation is more important than ever. Banks, Financial Institutions, and Companies are under heavy pressure to comply with complex regulations designed to protect the interest of consumers, mainly to ensure market integrity and to prevent financial crimes. It is here Regulatory Technology or RegTech, comes into play. RegTech uses technology to manage regulatory processes more efficiently and effectively and to transform the way the compliance is handled in the financial sector. RegTech solutions make use of advanced technologies such as Artificial Intelligence (AI), Machine Learning, Big Data Analytics and Blockchain, to streamline compliance tasks. These tasks include monitoring transactions for signs of fraud, ensuring adherence to Anti-Money Laundering (AML) and Know-Your-Customer (KYC) regulations and keeping up with changing regulatory requirements. By automating these processes, RegTech can significantly reduce the time, cost, and risk associated with regulatory compliance and ensure transparency.

RegTech has the ability to improve accuracy and reduce human error. Traditional compliance methods often involve manual processes, which are slow and open to mistakes. But RegTech solutions can process vast amounts of data quickly and accurately, flagging potential issues in real-time. More importantly, it not only ensures better compliance but also it enables the financial institutions to respond more swiftly to potential risks. The key advantage of RegTech is cost savings. It is true that compliance is expensive as financial institutions spend billions of rupees each year to meet regulatory requirements. RegTech can help to cut these costs by automating routine tasks and minimising the risk of costly fines and penalties for non-

compliance. Finally, the efficiency, gained from RegTech, can make more resources available for financial institutions and banks to focus on their core business activities.

RegTech providers must ensure robust security measures, to protect against cyber threats and data breaches. Moreover, regulatory uncertainty can be a barrier to the widespread adoption of RegTech. In short, automating and streamlining regulatory processes can bring about better, collaboration between the financial industry and regulators, facilitating broader adoption. Embracing RegTech is not just about keeping up with regulations, but it is about staying ahead in a rapidly changing financial landscape, ensuring a safer, more efficient, and more resilient financial system for all.

The fortieth Issue (Vol.20, No.2) of the SMART Journal of Business Management Studies consists of ten articles, written by authors of repute, on different themes of contemporary relevance. I hope readers would find the Journal academically challenging and strategically stimulating.

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