



Regulation helps financial services grow: Deloitte

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REGULATION in financial services has helped the industry to grow, contrary to the oft-heard complaints from bankers on the increased cost from more compliance burdens.

Not only do global financial services executives believe regulation has enabled business growth; they are expecting more to come, according to the results of a Deloitte Touche Tohmatsu survey. Some 57 of these executives said regulation has helped their business grow and half expect much more regulation in the near future, with 69 percent feeling prepared for it, Deloitte said on Monday.

The survey of 200 executives at banking, securities, insurance and investment management firms around the world was conducted to identify the most important issues impacting the industry in the next three to five years. A quarter of respondents worked for firms with more than US\$30 billion in revenue.

Explaining how regulation is helping rather than hindering business, Chris Harvey, Deloitte global financial services leader, said these global financial firms are operating in an increasingly disruptive environment, with new entrants and fierce competition becoming the norm. "Those that stay attuned to market needs and transform their business in anticipation of new entrants and disruptive trends will reap the greatest rewards," he said.

Added Ho Kok Yong, Deloitte's financial services industry leader for South-east Asia and Singapore: "Most financial institutions (FI) have taken a pragmatic and optimistic response towards regulatory changes. For example, a lot of them are taking on digital initiatives across a spectrum of operational areas, with an eye to address regulatory compliance requirements."

"Some of these digital initiatives include analytics," said Mr Ho. "Through this analytics process, they are able to gather new data about their customers never available before and this allows the FIs to transform their customer experience into a far more superior one and thereby possibly leading to increased profitability."

Other key findings from the survey include:

- Disruption is becoming the norm - Nearly two-thirds of executives are seeing new entrants impact their industry segment.

- The banking sector is seeing more disruption - Compared with the insurance sector, respondents in banking are 50 per cent more likely to expect a major impact on their business from new entrants and disruptive trends.
- Innovation is key - Eighty-two percent of executives believe innovation is very or most important in their current environments.
- Regulation varies by region - Respondents in Asia and Europe were two times more likely than those in the Americas to expect a lot more regulation.

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