

Financial Regulatory Change Management Process Intelligent System

CONTEXT

Eastspring Investments (“Eastspring”) is the asset management business of Prudential plc (UK) operating in Singapore since 1994 and in 12 markets in Asia. It offers equity, fixed income, multi asset, quantitative and alternative strategies to institutional and individual investors.

Eastspring operates in a highly regulated industry across multiple locations. It is thus crucial for the compliance team to be aware of regulatory change with the ability to respond to it and assure compliance across multiple jurisdictions.

Although Eastspring would like to be more proactive in how it manages regulatory change through its business and broader group, it is hampered by several factors:

- Effective date of regulatory change is inconsistent
 - For mature markets like Singapore, MAS adopts a consultative approach to regulating the industry. MAS actively seeks feedback from market practitioners to help develop regulations that take into account market realities and industry practices. Consultation also helps to pre-empt implementation problems, minimise unintended consequences, and foster better industry understanding and support. The entire consultation period varies depending on various factors, such as complexity of the regulatory topics etc, and complex regulatory changes will be given transition periods.
 - While other markets may adopt a similar approach to Singapore, the final regulation could be announced with immediate effect, without transition period.
- Information on the change can come in various formats, including alerts, email and fax.
- Currently, there are inefficiencies as to how Eastspring manages such regulatory changes, which includes assessing new regulatory information, understanding and assessing its impact in Singapore as well as other Jurisdictions. At present, managing such changes has the following limitations:
 - Is dependent on manual intervention;
 - Relies on the experience and skills of Compliance personnel to interpret and assess direct and indirect impacts, including within the nuance of different markets;

- Relies on basic non-integrated digital tools such as spreadsheets and emails which could limit extent and timeliness of sharing of information across business units and jurisdictions

Therefore, Eastspring hopes to find innovative solution that can manage its regulatory risks more effectively and efficiently.

PROBLEM STATEMENT

How might we more effectively and confidently scan the regulatory environment to identify change and assess its impact, and efficiently manage change to ensure compliance in our businesses across all the jurisdictions we operate in?

WHAT ARE WE LOOKING FOR?

A prototype solution that helps support regulatory change management process and reduces the time to understand the change and its possible impact across business units and jurisdictions.

The solution would need to:

- constantly scan the horizon for indicators of, or details of, regulatory changes;
- consolidate, and translate this into actionable intelligence for our teams to act upon, for example;
 - a machine learning or AI-driven mapping logic that identifies the touchpoints impacted (products, business units, processes, teams)
 - assessment of variance across jurisdictions, for example, impact in Singapore versus in Taiwan
 - estimate the impact value, for example using a range of variables/logics
 - the timeframes involved
- Allow for ease of Integrating the regulatory changes with internal processes - for example, the horizon scan, actionable intelligence, impact assessment, business touchpoints, and be able to map equivalent requirements across jurisdictions;
- Incorporate a digital workflow that manages the change process, including tracking/reporting the process, ownership, tasks, time and communication that can be integrated with any pre-existing tools or applications;
- Have the ability to plot equivalent requirements across jurisdictions; and

- Provide a forecasting tool that enables modelling of ongoing/future impact of the change and emerging trends or insights - this could be at a macro (group) level, or at product level.

Ideally, these solution(s) exist in some form, demonstrating its capabilities and potential of applying the technology to our context.

There are no restrictions on the geographic location of the problem solvers who may choose to apply to this challenge. However, the prototype needs to be demonstrated in Singapore.

POSSIBLE USE CASES

1. MAS has recently issued 2 consultation papers that focus on the Individual Accountability & Conduct Guidelines (“IACG”) ¹. Eastspring compliance team will be able to receive and retrieve the alerts, with certain level of automated impact analysis performed (e.g. impacting investment management, distribution, enterprise, corporate and risk functions and their processes and/or people etc), before feeding this intelligence into the change management process. The digital solution should empower Eastspring to facilitate, manage and demonstrate their compliance with the IACG requirements.
2. Taiwan regulator issued new rule on changes to the remuneration paid to distributors. Eastspring Taiwan needed to quickly understand the impact, inform the relevant teams including Head Office and determine the impact on the distribution agreement it has with each distributor²
3. A regulator requested Eastspring to show how it assessed and implemented a specific regulatory change (consider this an audit scenario). Eastspring needs to show a traceable set of activities and decision-making trails.
4. Head Office (Singapore) wants to understand the regulatory landscape across relevant markets, so it can more effectively
 - Forecast and plan ahead
 - Communicate with various groups and relevant teams

¹ <https://www.mas.gov.sg/publications/consultations/2019/consultation-paper-on-the-proposed-scope-of-application-of-the-iac-guidelines>
<https://www.mas.gov.sg/publications/consultations/2018/consultation-paper-on-proposed-guidelines-on-individual-accountability-and-conduct>

² <http://www.selaw.com.tw/LawContent.aspx?LawID=G0101152>
<http://www.selaw.com.tw/LawContent.aspx?LawID=G0101085>
<http://www.selaw.com.tw/LawArticle.aspx?LawID=G0103886>

- Provide assistance to local Compliance teams managing regulatory changes, or perform reviews on the regulatory change management process

WHAT'S IN IT FOR YOU

- SGD \$20,000 of prize money for each winner of this challenge (see Award Model)
- Partnering with Eastspring who has deep industry knowledge of the problem statement and the industry context across 12 markets
- Opportunity to develop a future product with global scaling potential, or other long-term partnership for mutual gain
- Co-creating a solution that is applicable to other regulated environments and jurisdictions
- Opportunity to pitch to industry audience in:
 - IMAS Digital Accelerator Program Showcase in March 2020
 - IMAS-Bloomberg Investment Conference in April 2020
 - For more information, visit www.imasdap.com

EVALUATION CRITERIA

Solution Fit	To what extent does the proposed solution address the problem statement effectively?
Solution Readiness	How ready is the proposed solution to go to the market? Is there any evidence to suggest capacity to scale?
Solution Advantage	Is the solution truly innovative, does it make use of new technologies in the market, and can it potentially generate new IP?
Company Profile	Does the product have user and revenue traction? Do the team members possess strong scientific/technical background?

AWARD MODEL

30% of the prize money will be awarded to each selected finalist at the start of the prototype development process, with the remainder 70% to be awarded

during the prototype development process, based on milestones agreed between Eastspring and the solver.

Note that a finalist who is selected to undertake the prototype development process will be required to enter into an agreement with Eastspring that will include more detailed conditions pertaining to the prototype development.

DEADLINE

All submissions must be made by **14 February 2020, 1600 hours (SGT/GMT +8)**. Eastspring and IMDA may extend the deadline of the submission at their discretion. Late submissions will not be considered.