

Compliant Investment Advice

The 7 Steps Towards Compliant Investment Advice in the Digital Age

Summary

Over the past decade, financial service providers have had to keep up with a rapidly expanding regulatory environment.

The current situation exposes financial institutions to fines, penalties and reputational damages. It also weighs on their ability to deliver services efficiently and expand their business activities quickly.

In this whitepaper, we focus on compliant investment advice. We show the 7 steps financial service providers need to take to address regulatory complexity, generate new business and increase client satisfaction.

We argue that in our current digital age, mastering complex financial regulations means mastering them digitally in order to increase regulatory certainty, boost efficiency and fuel productivity.

We also show how financial institutions can improve client satisfaction by considering the tax impact of investment recommendations and enable their client advisors to act with confidence in challenging regulatory situations whilst remaining highly efficient by using state-of-the-art advisory technology.

Increasing Regulatory Complexity

The tsunami of new regulation continues unabated, with ever-increasing compliance costs and the threat of hefty fines holding back profits, growth and future investment.



Turn Compliance into Competitive Advantage

The strategic challenge for financial service providers is not just to master regulatory complexity, but also to boost efficiency and increase client satisfaction. A task that, if mastered properly, turns compliance into competitive advantage.

\$ 321 000 000 000

finest paid since 2007

\$ 100 bn

total regulatory compliance costs 2016

200

regulatory alerts per day 2016

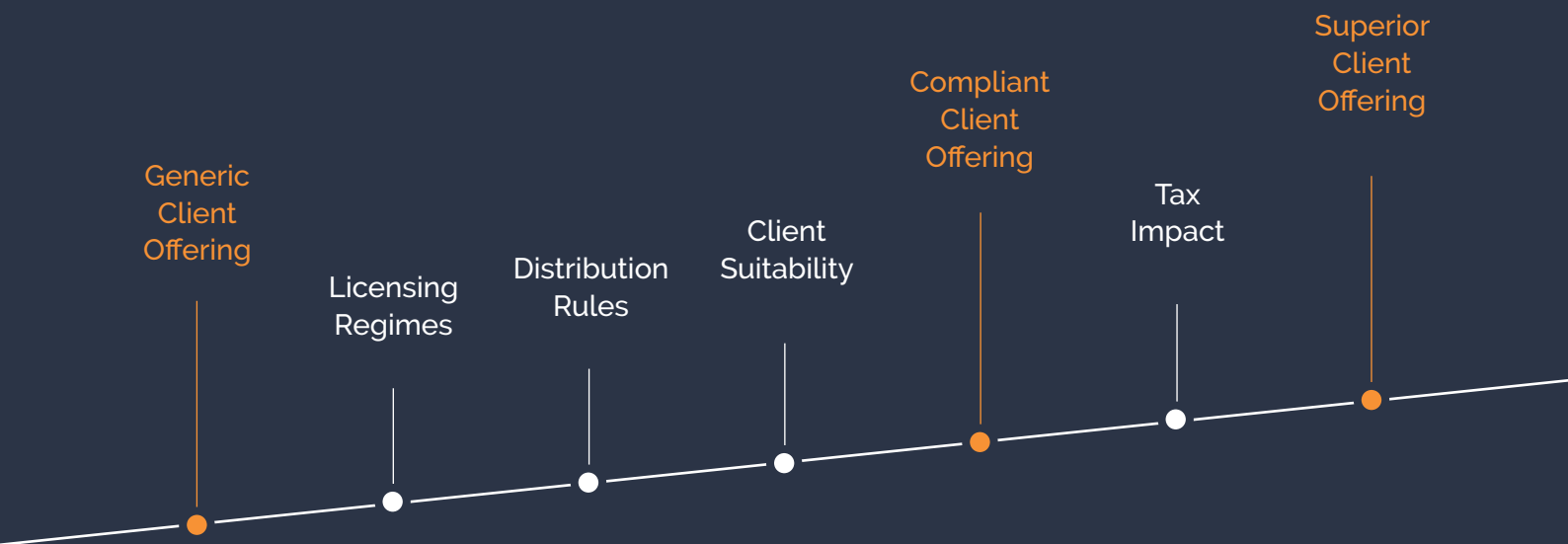
62 percent

of banks expect the number of regulations to increase

Source: JWG (2017), Thomson Reuters Cost of Compliance (2017), Medici (2018), Bain & Company (2016), Strategic Insights (2017)

Compliant Investment Advice in the Digital Age

Ensuring compliance in investment advice is a formidable challenge. Servicing clients in different markets on a cross-border basis further increases complexity. Applying a set of well-designed digital tools, these 7 steps allow to master regulatory complexity efficiently and to exceed client expectations consistently.



1

Generic Client Offering

The starting point of every client interaction is a generic client offering. Turning it into a compliant client offering is a formidable challenge, especially in complex cross-border relationships.

2

Licensing Regimes

An important step towards a compliant client offering is to check which services may be offered in any given licensing regime.

3

Distribution Rules

The next step towards a compliant client offering is to take distribution rules into account, which add requirements with regards to specific investment instruments.

4

Client Suitability

Client suitability rules define if services and instruments are in line with client risk profiles.

5

Compliant Client Offering

Given current regulatory environments, compiling a compliant client offering is an absolute necessity. Hefty fines and penalties are waiting at every corner.

6

Tax Impact

To customers, tax impact may potentially represent a major cost associated with financial products. Looking at tax impact thus offers real and tangible benefits and comes at no effort when mastered digitally.

7

Superior Client Offering

Ensuring compliant investment advice represents a formidable challenge. If mastered properly, it turns compliance into competitive advantage.

Stay in Full Control over Regulatory Developments

RegTech for
Regulatory
Experts

Suitable tools allow regulatory experts to digitalize their expertise and access digital regulatory rules in a single repository, where they are always up-to-date and verified, ready to be deployed instantly. Finally, regulatory experts can free themselves from repetitive tasks and stay in full control over regulatory developments.

Digitalize
regulatory
expertise

Offering compliant investment advice first and foremost means defining a compliant client offering.

Licensing regimes define where and how client advisors are allowed to offer which services. Distribution rules add further requirements with regards to specific investment instruments. Client suitability rules define if these services and instruments are in line with client risk profiles.

Overcome
repetitive
tasks

The tasks above are best mastered digitally. Suitable tools allow regulatory experts to digitalize their expertise or to access regulations digitalized by content providers.

Digital regulatory rules are best kept in a single repository, where they are fully transparent, up-to-date and verified at all times and can be deployed instantly.

Stay in
full
control

This allows regulatory experts to free themselves from repetitive tasks and to stay in full control over regulatory developments.

Exceed Client Expectations

RegTech for
Business
Developers

Financial service providers are not only facing the challenge of mastering regulatory complexity, but also seek to generate new business and increase client satisfaction. With the help of the right digital tools, they can consistently exceed client expectations by calculating the tax impact of investment recommendations.

Optimize client offerings

In current regulatory environments, compiling a compliant client offering is an absolute necessity. Hefty fines and penalties are waiting at every corner.

With the right digital tools, financial service providers are not just able to increase regulatory certainty, but also enhance their overall advisory quality.

Boost client satisfaction

Today's digital solutions allow to calculate the tax impact of investment recommendations on financial instrument level as an in-line functionality, even on-the-fly whilst interacting with clients.

Investment recommendations can be amended with these calculations in real-time.

Generate new business

Using the right digital tools, mastering regulatory complexity can go hand in hand with generating new business and boosting client satisfaction.

Answer Regulatory Questions on the Go

With the help of an investment advisory app with built-in regulatory functionalities, client advisors can efficiently prepare even the most complicated client interactions. They get answers to complex regulatory questions on-the-go, right on their devices, and effortlessly regain regulatory certainty.

Give
superior
advice

Modern investment advisory apps feature regulatory functionalities that allow client advisors to answer complex regulatory questions at the touch of a button. Anywhere, anytime.

Regain
regulatory
certainty

Such apps help client advisors to prepare even the most complicated client interactions involving multiple jurisdictions, investment recommendations and services with ease.

Improve
time spent
with clients

Powered by powerful rule engines, these apps offer binary answers to even the most complex regulatory questions. Last minute changes and clarifications only take a minute.

Client advisors can also take additional regulatory details into account such as tax impact calculations. All within the same workflow and with no additional effort.

Finally, client advisors can regain regulatory certainty and vastly improve time spent with clients.

Spend More Time on Innovation

Given the right digital tools that meet the necessary requirements in terms of scalability, ease of integration and security, developers can stay confident and productive and spend more time on innovation and less on meeting compliance requirements.

Stay
productive

Suitable digital tools for advisory processes need to be enterprise-ready for scalable IT architectures and offer high availability and superior performance.

They also should offer flexible options for integration. These options should range from custom integration options which meet specific needs to quick and easy integration options based on a use-case-centric API design which includes adaptors for core-banking solutions.

Stay
confident

Modern advisory technology needs to fulfil the highest levels of security including 256-bit encryption and regular, automated vulnerability testing.

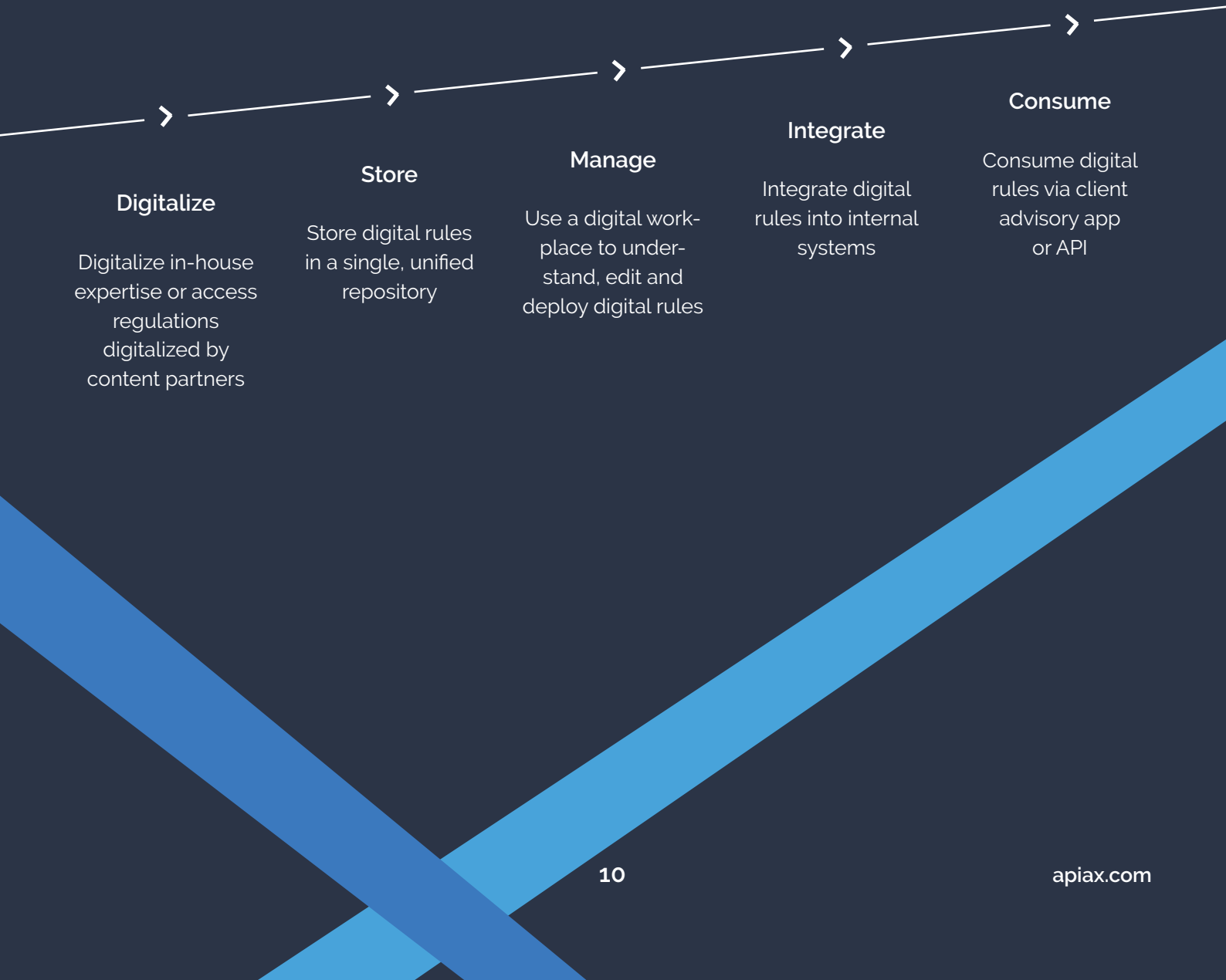
Ideally, modern digital solutions allow for continuous 3-factor authentication.

Spend more
time on
innovation

With these requirements, developers can stay confident and productive and spend more time on innovation and less on meeting compliance requirements.

Master Complex Financial Regulations Digitally

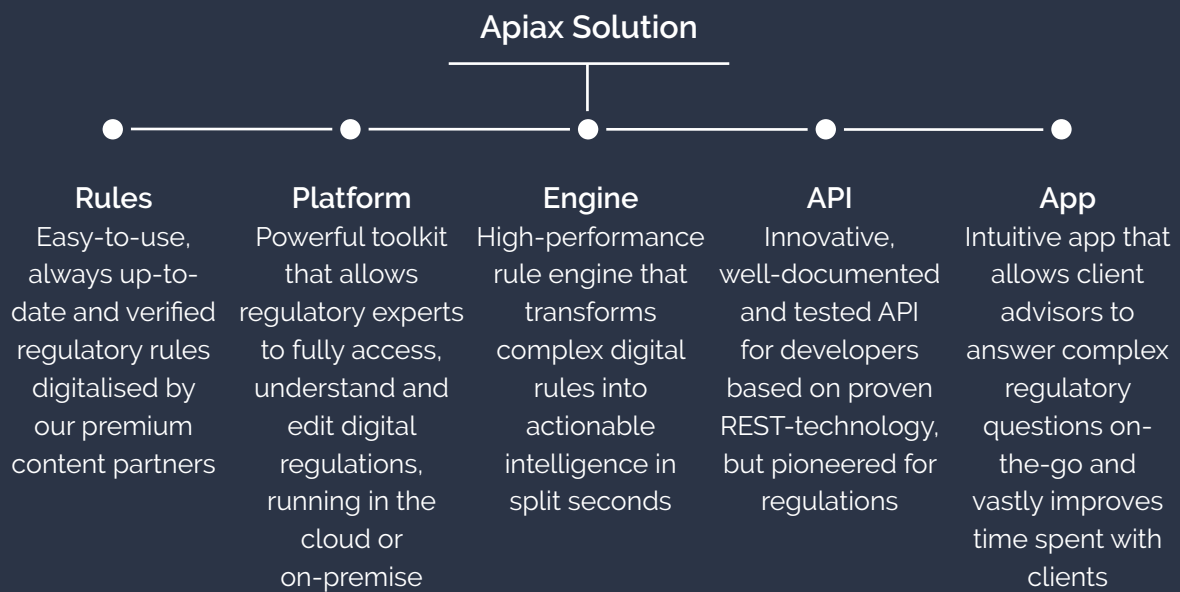
To increase efficiency, productivity and regulatory certainty, mastering complex financial regulations means mastering them digitally. This is best done with a solution that allows to digitalize, store, manage, integrate and consume digital rules seamlessly.



Our Offering

#RegTechNow

We build the most powerful and flexible tools to master complex financial regulations digitally. Our lean yet comprehensive solution satisfies regulatory and business requirements and allows financial service providers to fully meet their strategic challenges.



Apiax AG
Limmatquai 122
8001 Zürich
hello@apiax.com

