

New tech and FinTech: Embracing the opportunity and grasping the risk with Singapore Case Study



Disruptive technology evolution has made a wide impact to global economies, the very first forefront business that feel this in both positive and negative way is financial service industry. Due to the nature of business has been digitized and operated both locally and internationally when conduct business transaction and service. In this “global-digitisation” context, financial service firm must excel how to harness these technologies to improve efficiency and enhance customer experiences. New tech and fin tech in particular, have been increasing adopted by not only financial industry but also other businesses as well. This promote the collaboration and interdependency within and outside of the industry.

Hence, this lead to the more expose risk occur in both within the company as well as the network system connected to each firm. As the newer technology has been deployed in the system, chances are, that there will be unknown risk or vulnerable channel open for IT security treat.

Different Level of Risk & Impact

Every opportunity comes with risks which need to be assessed and properly handles and prevented so the primary purposed of deploying new technologies can be achieved. There are many levels of risk concerned due to these new disruptive technologies which are;

Risk #1: At the firm level

Financial institutions will need to address the high level of complexity, the Chief Risk Officer (CRO) needs to be engaged as early as possible and at the strategic level to put together a robust governance and control framework that considers the implications of new technology usage in the organisation, particularly in operational risk, e.g. anti-money laundering and countering the financing of terrorism (AML/CFT), data privacy, and cyber-risk.

Risk #2: At the industry level

Existing firms in financial services industry are potentially in danger of being out of the game by ‘dis-intermediary’ technology as we have seen from many disruptive services, e.g. Blockchain, P2P lending. The whole industry must rethink how to offer the best experience and service to their customer, partnering with other FinTech to stay relevant.

Risk #3: At the people & society level

Always when there are new disruptive technology, esp. related to automation, the issues about privacy and employment, new skill of people are top of the mind. Some rudimentary or low skill job are more likely replaced by automation (which can be physical or digital robot), however, high skill worker might actually enjoy co-working with robot who help them perform better or smarter job. This raise the alarm to the policy maker as well to take care their citizen and ensure necessary skill are being prepared and trained to those in need.

How Singapore addresses these risks

Singapore has been a prominent country in driving and promoting Information technology in every part of the society for long time as well as being a regional hub of high-tech innovation. Fintech phenomenon has been seen in both private and public sector, strengthening its culture of innovation even more.

However, as mentioned earlier, innovation come with risk, the good balance with supporting rather than controlling will help drive the innovation grow and expand without longer term implication and sustainable. Here is what we can learn from Singapore country, how they address it by putting the policies and practices into three fundamental pillars;

1) Vision: Long term investment for the future

Under the 'Smart Nation Transformation' roadmap, Singapore government have invested over multi-billion Singapore dollar in developing target industries (Industry Transformation Programme) and research fund (National Research & National Productivity Funds), to ensure that business and academic have been motivated and incentivized to invest in R&D to help Singapore Innovation stay on top. The recent 2018 announcement just boost these investments even further by offering tax deductions for qualifying expenditure on R&D projects performed in Singapore, as well as for costs on protecting Intellectual Property (IP).

2) Education: Nurturing new talents into future leaders

To ensure that its citizen's skill are ready for this innovation, Singapore government, thru The Future Economy Council (FEC), invest over S\$145 million to reskill and upskill their people in various programmes such as TechSkills Accelerator (TeSA) and SkillsFuture for Digital Workplace for the emerging technologies and the digital transformation of the economy.

3) Innovation: Aligning research and industry practice

To bridge the gap between academic research and industry, Singapore thru its agency called Agency for Science and Technology Research (A*STAR) work closely thru its initiatives such as Tech Depot which is centralised platform to facilitate access to technology and digital solutions for local enterprises and Tech Access which allow SME to access to equipment and expertise. With 2018 budget, it aims to strengthen by focusing on robotics programme to encourage greater use of robotics, especially in construction sector.

Conclusion

As with any major breakthrough in history, the discovery, invention and use of new technologies bring about great opportunities. In the financial services industry, this could be a real game changer to the way services are provided and how the economy functions. By promoting and spreading more transparency, efficiency and collaboration among the participants, there can be better management of systemic risk, and an overall more stable, sustainable and inclusive socioeconomic environment.

Singapore FinTech Festival 2018

From 12-16 November 2018, Singapore will hold a the world's largest platform for the global FinTech community which will feature a series of exciting events including FinTech Conference & Exhibition, Global FinTech Hackcelerator Demo Day, AI in Finance Summit, and many more.

As a Grand Sponsors for this event, Deloitte would like to invite all FinTechs, Financial institutions

as well as related Finance sector associations to attend this world class event in Singapore. You can find more information about the event website at <https://fintechfestival.sg/> , also you can visit our website for access information about Deloitte insight in the event this year and in the past: <https://www2.deloitte.com/sg/en/pages/financial-services/topics/singapore-fintech-festival.html>

Please stay tune with us, after the event we will share with you on an even more interesting topics & trends in FinTech from the event.

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