

## THE PATH TO REGTECH/ SUPTECH MATURITY

WORKSHOP PROMOVIDO PELO  
CONSELHO NACIONAL DE SUPERVISORES FINANCEIROS

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Intervenção da Senhora Presidente da ASF, Dra. Margarida Corrêa de Aguiar, na sessão  
de encerramento do Workshop CNSF

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It is a pleasure for me to close this interesting workshop on RegTech/SupTech, a task, I confess, is not easy after the interventions we have heard.

I would like to thank all the speakers and participants, who strongly contributed to the high quality of this event.

The workshops organized by the Portuguese financial regulators within the scope of the CNSF, have become a preferential way to discuss specific subjects of common interest, namely in the domain of technological innovation.

These are, indeed, moments where we can internally approach several trends and technological developments, which have a great impact in the financial sector.

We believe that sharing ideas, reinforcing cooperation between institutions, promoting discussion forums such as this workshop, is a good opportunity for our institutions to improve the perception on some issues related with tech changes which have a significant impact on the way of doing financial business, regulation and supervision.

The discussion should not be centered on the technology itself, but clearly on to what extent can technology help supervisors to ensure a more flexible, efficient and effective supervision process.

It is important to recognize that new technologies imply a continuous analysis of benefits *versus* risks associated to them.

There is no doubt that we live under a strong pressure. We must adapt to and must take into due account everything that is modern and new. If we look at the past few years, we easily realize that new technologies such as Big Data, Internet of Things, Artificial Intelligence and Machine Learning, are increasingly present in our daily activities as well as in the way we interact at different levels, including the financial sector.

The financial sector is not immune to these intensive changes. This environment raises the question: How can SupTech support supervisory processes, through the use of technologies to enhance their efficiency and effectiveness?

Part of this question has already been approached by some of the speakers this afternoon. There are currently two major areas, Data Collection and Data Analytics.

Supervisors are increasingly dealing with huge volumes of data and complex information, collected from different sources other than regular or single reports.

Therefore, we may consider that automation and structuring of these processes, the access to numerous collection channels as well as virtual assistance are important challenges that supervisors are facing.

On the other hand, the effective analysis of this information using, for example, the potential of Machine Learning in obtaining value from unstructured data and the construction of automatic warning systems, reinforce the real-time capabilities of a supervisor.

It should be noted that when we talk about RegTech/SupTech we are not just speaking about Data. In fact, we are also facing the need to develop a set of tools and procedures, using user-friendly interfaces, seeking to strengthen agility and the ability to anticipate potential problems.

The human participation in these challenges, faced by supervisors, is seen as crucial and indispensable, particularly in what regards the identification of supervision needs and additional investigations.

It is, therefore, clear that in this ecosystem, it is important to understand how the new solutions will be used and who will be using such solutions. More than ever, the human factor must have a high degree of specialization, and new skills will be required in order to take high level decisions.

The human dimension is one of the more important keys to get a relevant RegTech/SupTech strategy. The prioritization of its performance is crucial.

The pressure placed by the technological revolution we are faced with, is bringing out new business models and new risks. This transformation needs new supervisory methodologies which will imply a fast capacity to adapt and react.

In this context, supervisors will have to develop adequate models and should invest in predictive tools in order to be able to adopt a forward-looking approach. Having this in mind, supervisors should invest in new skills, new technological resources and in new ways of doing supervision.

All of this should be built under a strategic view aiming to achieve benefits for the markets but also for consumers.

Speaking of consumers, we should clearly consider the specificities of market conduct supervision by creating SupTech solutions that focus on consumer protection issues, adapting the instruments available to supervisors which have this responsibility, so much emphasized, or creating new ones.

I am confident that the use of technology in supervision, SupTech, will be an important step for the development of a consistent structure for monitoring and assessing risks, both at the prudential and market conduct levels, that will lead to a supervisory process based on predictive and more proactive approaches.

The cooperation between supervisory authorities, both at a local and European level, is a key-factor to ensure the efficiency and effectiveness of supervision and to ensure the financial stability.

We have a huge challenge to come.

Thank you once again for your participation and contribution to the debate that brought us together in this workshop.