IN FINANCIAL SERVICES, WITH BIG DATA COMES BIG RESPONSIBILITY

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The following article is based on findings from "Financial Services at the Crossroads of Digital Transformation," our collaborative report with Forbes Insights.

The collection of data is occurring on a faster and larger basis every year. With financial services executives seemingly shifting their focus from managing systemic risk to ensuring the highest levels of customer service and protection, data collection can be both a help and a hindrance.

On one hand, big data gives companies in the financial sector a more intimate view of the markets they serve and allows faster and more efficient processes and responses. On the other hand, although the wealth of data generated by disruptive technologies like blockchain and AI can be used to improve workflows, circumvent sabotage, or detect suspicious patterns, it also presents significant cybersecurity threats and data breach concerns. In fact, in a recent survey of 200 financial and legal executives, data-related issues were identified overwhelmingly as the biggest area of legal risk facing the financial services industry; more than 68% of respondents cited "dealing with data" as an issue presenting the most potential for legal risks.

As the demand for technological innovation rapidly grows, the need for regulatory guidance in areas such as securities compliance, consumer protection, and data privacy is mounting as well. Nearly 75% of survey respondents cited a stringent regulatory environment generally — or data-related regulations — as the most important trends affecting the industry.

In response, industry participants are urgently seeking out new ways to use their growing treasure trove of data to achieve regulatory compliance. One example of how the financial services industry is reconciling technology and the data boom with stifling regulations is the rise of RegTech, or regulatory technology. The survey revealed 89% of respondents utilized RegTech to monitor and comply with legal and regulatory requirements.

For the first time in history, traditional banks and start-ups are working alongside regulatory authorities to better balance the competing goals of greater innovation and increased consumer protection. The financial companies who can offer both are likely to find themselves at the head of the pack.

K&L Gates has partnered with Forbes Insights again to conduct an in-depth study on how technological disruption and an ever-changing regulatory environment are impacting executives in the financial services industry, and what challenges and opportunities those trends present. Drawn from a detailed survey of 200 financial and legal executives, the report addresses topics including the impact of digital transformation, competition from non-traditional companies like FinTechs, forces of risk, and future outlooks on the industry.

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