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Digital labor, regtech and insurtech: Opportunities or threats?

By Anup Nastik in Financial Services, 11.07.2017

In the latest edition of *Frontiers in Finance*, we explore some current themes and address the opportunities digitalization presents to financial firms such as yours.

How is digital labor influencing the role of your human workforce?

There have long been warnings that robots will take over the workplace. This is no science fiction. There is a real concern that automation will make the human workforce redundant – literally. Yet, digital labor also means humans can avoid the mundane, repetitive tasks. Instead, they can be free for more value-adding roles such as strategic thinking or enhancing customer relationships.

Digital labor's impact on the financial services workforce

5 Cs	Currently	Future perspective
Compliance	Human review and monitoring supported by analytics	Artificial intelligence analyzes global trading, accounting, controls and risk management in real time
Connectivity	Personal bankers and tellers	Culture of agility and innovation required as new entrants offer banks immediate agility and speed to market while fostering personalized relationships
Capability	End-to-end operating model/value chain built from functions outwards to the customer	Significant demand on human resources to retrain the workforce; new opportunities to become innovators of new products and services
Cost	Employees involved in procedural roles	Retraining human roles, developing/selling new capabilities for investment services
Capacity	Siloed based on the value chain of sales, distribution, underwriting, operations, claims and support	Achieving agility, striving to meet customer expectations across every channel

(click [here](#) to enlarge the graphic)



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If you want to see your organizations thrive in the newly automated future, then craft a detailed plan that can help assess and prepare for the impact digital labor may have on your workforces:

- Translating business strategies into people implications: Think about where you are headed as an organization and how cognitive technologies can help execute that strategy.
- Shaping and designing the future workforce: Explore different scenarios that might impact the organization and develop appropriate responses to the most likely ones; create detailed blueprints of how human and digital labor can be optimally integrated across the organization.
- Facilitate change: Create and follow a strategic plan to help identify new job roles, and to begin training existing staff to fill newly created positions.
- Monitor progress: Adopt an agile response to ensure all risks are managed, including the supply of talented and capable people

How should you bridge the gap between financial regulation and technology innovation?

If you are concerned about how to integrate automated business processes, you are not alone. The vast majority of CEOs across industries feel the same, particularly when it comes to artificial intelligence and cognitive processes.

Regtech (regulatory technology) is uniquely positioned to assist companies to not only control costs and manage regulatory requirements, but also to address other critical areas that can help improve customer service, develop new offerings and achieve greater competitive differentiation. While many financial services firms are already investing in substantial legacy system transformations, regtech solution implemented in key areas can have a further transformative impact on an organization's technological readiness.

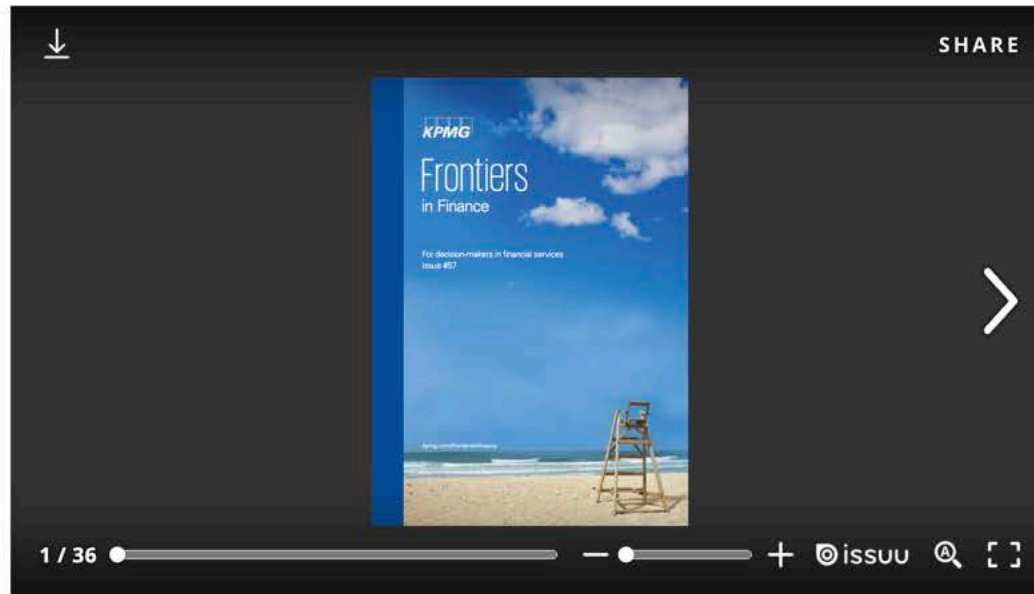
The rapid rise of insurtech investment

Digitalization is continuously evolving and changing shape, and is attracting huge development investment. A reflection of the growing significance being placed on industry transformation has been the rapid rise in venture capital investment in insurtech globally. As insurtech companies mature and show success, investments in insurtech will likely continue to grow. Keeping abreast of evolving trends in insurtech is critical to the long-term ability of insurance companies to compete.

Is digitalization an opportunity or a threat?

Put simply, it is both. No financial institution is immune from digitalization's charms or its threats. There has never been a better opportunity for companies to innovate and reinvent themselves at previously unimaginable speed. And yet it could also be seen as the worst of times – as we look at our roadmap to remaining relevant and sustainable in the digital age.

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