Taking Action Today:

Eventus and VoxSmart Discuss Trade and Communication Surveillance in a Digitized World

The rise of remote and hybrid working models has accelerated greatly over the past year, creating several challenges from a surveillance perspective.

A digitized and dispersed environment, combined with ever-increasing supervisory requirements, means historical practices surrounding trade and communication surveillance are no longer adequate in terms of sophistication, coverage and scale. Across the capital markets, firms are seeking to more fully integrate surveillance with other aspects of their business and are eager to learn about solutions to help them make this transition.

Recently, Armstrong Wolfe hosted a webinar featuring EMEA-based bank managers in the compliance and conduct space. Co-hosted by CEOs Travis Schwab of Eventus Systems and Oliver Blower of VoxSmart, attendees engaged in discussion of the importance of trade and communication surveillance in today's markets. The webinar, facilitated by Larry List, also discussed the opportunities and challenges surrounding the implementation of surveillance systems, such as integrating them with existing workflows and increasing the amount of data captured.

While opinions varied, participants came to at least one consensus: in a dynamic environment with full and hybrid remote-working models, effective surveillance is more critical than ever, and the vendors in this space must respond accordingly.

Making the Right Connections

While all participants recognized the need for robust surveillance systems, their experiences implementing them have been mixed. One common challenge is the need for these systems to work in concert with numerous other solutions as part of an overall trading ecosystem. In other words, surveillance services must offer seamless interoperability with tools already in place.

Of course, the larger a firm gets, the more complex it becomes to manage this process from an interoperability standpoint. As a result, firms must seek surveillance solutions that won't further complicate the internal infrastructures already in place. Eventus and VoxSmart can offer an effective solution that can function seamlessly with surrounding workflows, data capture, communication and procedures.

This interoperability takes two main forms: technical and commercial. Technical interoperability focuses primarily on APIs – whether the surveillance vendor can extract core pieces of its system and plug them into areas throughout the business. This model gives clients a greater level of control over the solutions they are purchasing. Some organizations may want only one or two features from an integrated product suite. APIs make this possible while reducing implementation friction.

There is also commercial interoperability, in which vendors partner with one another, share agreements and effectively offer clients one integrated solution through a single implementation process. The strategic partnership between Eventus and VoxSmart, announced last summer, is an example of one such alliance. Feedback from the webinar attendees suggested that mid-sized firms are not spared from these difficulties.

Three different voices cited the inefficiencies that come with implementation, one of which was the need for vendors to pass third-party risk assessments. According to one attendee, these processes are sufficiently long and convoluted that the ability to pass a third-party risk assessment is one of their firm's priorities in evaluating a service provider.

Other obstacles cited by attendees range from interminable POC processes to requirements around disclosing subcontracting relationships. Vendors would do well to consider this feedback as they work to make their systems as impactful as possible.

The Future of Data

Along with the discussion of how to build surveillance systems to reach a greater number of users, there was discussion of the surveillance itself – specifically, how Eventus and VoxSmart use data to help clients remain compliant and stop bad actors in their tracks.

For trade surveillance, having an agile data ingestion and automation process is paramount. Systems must be able to take in huge quantities of data from a diverse group of datasets – both internal metrics and exchange and vendor feeds – and also be fast and cost-effective enough to be a worthwhile investment.

To help solve for this, Eventus has been pouring significant resources into automation. This means firms can cast a wide net in terms of the data being captured, then use machine learning to comb through the alerts generated and identify the most actionable, representing a philosophical shift from minimizing false positives to maximizing the breadth of the surveillance solution. When the number of alerts created is artificially limited due to the volume of non-actionable events captured, the risk of missing a critical detail is increased. Automation enables clients to easily prioritize, giving them the best of both worlds.

For communication surveillance, responding to and anticipating trends in how people interact with one another is vital. To that end, much of VoxSmart's innovation has taken place around emerging digital communication platforms, a focus that took on even more importance amid the pandemic. Widespread remote work led to an unprecedented level of online communication, including through relative newcomers to the financial services arena like WhatsApp, Signal and Telegram, necessitating quick integrations with a variety of voice- and text-based tools.

Each of these services adds a layer of complexity, but the fact is that platforming around any one communications solution or select group of solutions is not a sustainable business model. Capital markets firms want to support their remote employees and offer choices accordingly, and vendors like VoxSmart have responded.

Looking ahead, data will continue to be a primary area of focus for surveillance providers of all kinds, especially as clients and prospects confront challenges relating to cost and scale. Attendees cited the mapping of structured and unstructured data as a nearly impossible feat, yet efforts to make this process more affordable are already in flight.

Emphasizing a Positive Conduct Culture

Even after industry firms reimagine their processes to accommodate remote and digitized work environments, surveillance will continue to be top-of-mind. And while the nuts and bolts of the actual solutions are crucial, it seems regulators are just as focused on a far more human part of the equation: culture.

One attendee mentioned that their primary regulator is more concerned with culture than conduct. Of course, there is a desire to halt bad actors, but just as much emphasis is placed on ensuring firms have instilled a positive culture around surveillance: encouraging speaking up and escalation, championing personal conduct and the like. In this way, beyond creating actionable alerts, surveillance systems can do a lot to keep a firm out of the regulatory crosshairs.

But while the industry must embark on its own journey to instill this culture, surveillance technology providers like Eventus and VoxSmart remain hard at work to make their solutions more deployable and comprehensive. Interested in learning more? Just get in touch.

EVENTUS SYSTEMS

Eventus Systems is a leading global provider of multi-asset class trade surveillance and market risk solutions.

Its powerful, award-winning Validus platform is easy to deploy, customize and operate across equities, options, futures, foreign exchange (FX), fixed income and digital asset markets.

For more information:
WWW.EVENTUSSYSTEMS.COM

VoxSmart

VoxSmart is a UK headquartered communications surveillance provider with offices in New York, London, Singapore and Madrid.

VoxSmart designs, develops and deploys cloud-based communications surveillance and trade reconstruction software for global financial institutions to manage their business risks and regulatory requirements.

For more information:
WWW.VOXSMART.COM

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