

# RegTech: The Revolution Transforming Compliance

## What is RegTech?

RegTech (Regulatory Technology) is software and technology that helps financial institutions, fintechs, and corporations comply with regulations faster, cheaper, and with fewer errors. It sits at the intersection of finance, law, and technology, becoming a vital part of the fintech ecosystem.

## Why is this sector growing so fast?

- **Post-2008 compliance surge:** The 2008 financial crisis exposed deep weaknesses in traditional compliance systems, forcing rapid innovation.
- **Digital explosion:** As services moved online, data volume exploded. Traditional systems couldn't keep up with speed and scale. This created a perfect environment for regtech to grow: regulators were demanding more transparency, and institutions suddenly had vast amounts of digital data that needed to be monitored, verified, and reported efficiently.
- **Rising cost of non-compliance:** Fines now reach billions, with reputational and legal costs reinforcing the need for efficient technologies.
- **Emerging complex regulations:** ESG and AI rules require monitoring large data sets with advanced, automated tools. This complexity makes advanced technical solutions not just useful but necessary. RegTech companies that specialise in AI governance, sustainability reporting, or data assurance have grown rapidly because they provide the infrastructure and automation needed to navigate these new regulatory landscapes.

## Key regulations driving RegTech innovation

- **AML (Anti-Money Laundering):** refers to the laws, regulations, and procedures that financial institutions and certain businesses must follow to detect, prevent, and report money laundering and related financial crimes;
- **KYC (Know Your Customer):** is the process that financial institutions use to verify who their customers are and assess the risk they might pose.

## How RegTech works in practice

1. **Automating KYC:** AI platforms check ID authenticity and match selfies within minutes, replacing slow manual checks.
2. **AML Transaction Monitoring:** Machine learning tracks transactions in real time, identifying suspicious patterns automatically.
3. **Regulatory Reporting Automation:** Compliance data is aggregated and reports generated in regulator-approved formats without manual input.
4. **Continuous Monitoring and Risk Management:** Daily risk scores and alerts help institutions stay compliant in a rapidly evolving regulatory environment.

## Why are VCs investing heavily?

- **Huge expanding market:** Global compliance spending reaches hundreds of billions yearly.
- **Portfolio diversification:** RegTech fits multiple fintech categories — payments, crypto, banking.
- **Clear exit strategies:** Banks often acquire RegTech startups for compliance enhancement.
- **Deep integration:** RegTech tools embed deeply in banks' infrastructure, making them “sticky” with stable, long-term revenues.

# RegTech Spotlight: MOPSO & CLEVERCHAIN

## MOPSO (Milan)

Founded in 2021 by **Andrea Danielli** and **Enrico Fagnoni**, Mopso is a Milan-based RegTech startup focused on anti-money laundering (AML) and financial crime prevention. Andrea, formerly at the Bank of Italy, contributes deep expertise in financial regulation and AML, while Enrico brings strong technical roots in artificial intelligence, semantic web technologies, and machine learning.

**What Mopso Does** Mopso develops a **modular software platform** designed for AML and financial-crime prevention. It tackles regulatory compliance bottlenecks by making KYC verification and transaction monitoring more intelligent, streamlined, and reliable.

### Core Products

- **Brain**: an analytical engine that detects suspicious transactions and high-risk customers by combining internal financial data with external datasets and Open Source Intelligence;
- **Amlet**: transforms customer verification data (ID documents, company info, ownership, etc.) into a secure and reusable *digital credential*.

**The Problem They Solve** Financial institutions often face slow, costly, and fragmented compliance workflows with redundant onboarding processes and vast amounts of unstructured data. Mopso leverages AI, semantic web reasoning, and digital identity standards to reduce friction and enhance regulatory accuracy.

**Vision and Strategy** Mopso's roadmap emphasizes:

- European expansion targeting regulated markets valuing identity portability and automated compliance.
- Deep R&D investment for new technology development through strategic partnerships and advanced computational research.

## CLEVERCHAIN (London)

CLEVERCHAIN was founded by seasoned compliance experts including **Daniele Azzaro** (CEO), which holds an MBA from Bologna Business School, **Reem El Seed** (Chief Product Officer), and **Ermanno Ciarrochi** (Chief Growth Officer), bringing decades of experience in anti-financial crime, banking, AI, and entrepreneurial growth.

**What CleverChain Does** CleverChain offers a **modular AML and risk-assessment platform** for banks, fintechs, crypto firms, and other regulated organizations. It enables:

- Real-time customer onboarding (KYC/KYB)
- Automated enhanced due diligence (EDD)
- Risk assessments of third parties and vendors
- Continuous monitoring of digital wallets and other exposures

**The Problem They Solve** CleverChain improves compliance by:

- Aggregating data from internal systems, global registries, open sources, and crypto-specific datasets into a unified view.
- Using proprietary AI ("AML engineering") to interpret data and automate risk-based decision-making.
- Providing continuous monitoring and timely alerts for material changes in risk profiles.

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