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Why IBM's Watson Regtech May Not Be Right for Advisors

By [Danielle Andrus](#) JUNE 16, 2017

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'Domain-specific' platforms will be more useful to advisors than those that are 'industry agnostic'



Technology powerhouse IBM released its AI-powered compliance software, [Watson Financial Services](#), on Wednesday, but prior to that, Chicago-based Ascent rolled out its own AI solution to help advisors meet their compliance obligations.

Ascent's Navigator platform uses natural language processing and machine learning to help advisors build, manage and automate their compliance programs, according to Brian Clark, CEO of Ascent.

Clark calls Ascent's Navigator platform "intelligence as a service," which he said "is about taking that domain expertise and leveraging it into a mechanism that really adds value to users on an incremental basis and a holistic basis."

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He added, "AI is dependent on domain expertise. It is dependent on data blocks and how you structure all of these components on the back end ultimately to drive value and drive intelligence."

Clark calls artificial intelligence "whatever five years from now we'll think is normal." He believes the next-generation of AI will focus on data and how users manage it. "It's going to take big data, and it's going to make big data useful. You're going to be able to extract real-time, dynamic insights from this information that is then going to assist users in making optimal decisions."

While there's clear potential for AI in helping financial firms manage their compliance burden, Clark warned that "whenever you're talking about what AI can do, it's also important to talk about what it can't do."

He pointed out that IBM's Watson-powered solution is "industry-agnostic," which requires users to have a deep understanding of the particular regulatory requirements for their firm.

Ascent's "domain-specific AI ... is far more particular to" advisors' needs. Financial advisors' success with industry-agnostic tools like the Watson regtech will "depend on the user's knowledge versus something that is domain-specific."

Advisors who use AI to help manage their compliance responsibilities still have an obligation to make sure they understand exactly what those responsibilities are.

"I've spoken to some regulators about this, and what I've heard in particular is that the user is still ultimately the responsible party for whatever actions they take," Clark said. The benefit of using regtech software is that it can "get you farther down the road. Instead of spending 100 hours, you spend 50 hours" on compliance.

For example, he said, "Am I still responsible if I use Microsoft Excel? Absolutely, but you're sure as heck going to know a heck of a lot more and get a lot farther down the path" by using AI-based tools to analyze data.

The key for advisors adopting AI, Clark said, is that it is "an enabling technology. It's something that is going to help you move forward and be more competitive."

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