

FINANCE, RISK AND COMPLIANCE



CAPCO
THE FUTURE. NOW.

DEAR READER,

Like many financial services professionals, you are probably curious about how our industry will develop and change over the coming years. Perhaps you believe that our industry, which has a mandate to provide state of the art, professional and ethically robust services, requires a fundamental change in the way it meets this promise.

In today's fast-evolving and challenging environment, financial institutions need to balance the provision of innovative and sustainable solutions against their risk tolerance. Firms are forced to re-think operational risk management to ensure accountability, mitigating measures and remediation to remain effective. Regulators demand compliance. Banks need competitive advantage. Our Finance, Risk and Compliance strategies and operational expertise overcome complexity to deliver both.

This booklet contains Capco's view on some of the major trends and opportunities that are impacting our industry today. We also provide concrete ideas in how Capco can support you during this journey.

We are a leading global provider of business consulting, technology, digital and transformational services dedicated solely to the financial services industry.

Let us partner with you to move the industry forward - together.

Yours sincerely,
Dr.Ingo Rauser, Senior Partner
Capco Switzerland

FINANCE

As a function, Finance has always played a key role in analyzing information and measuring performance for decades, which has helped institutions to understand the tools necessary to preserve assets and financial obligations. However, modern day financial management poses a specific challenge with operating hurdles, including financial reporting, compliance and record keeping.

We at Capco think efficient controlled processes, technical advancement and high quality data should be in position to achieve the operating effectiveness for a financial institution. It will enable organizations to have an explicit and accurate view of liquidity available as compared to the costs and liabilities, leading to more serious investments and capital allocation.

RISK

Getting risk right is more important than ever in today's markets.

We believe that a holistic appreciation of the drivers of risk is the underpinning of an effective risk organization on which people, process and technology are built. We understand the importance of quality data and rigorous process together with an empowered organization and implement relevant solutions ranging from innovation and RegTech, to traditional systems, and design operational frameworks and organizations.

COMPLIANCE

Financial institutions are continuously required to gain an in-depth understanding of current laws and regulations and impacts on their operational and organizational frameworks. Our consulting expertise technology, accelerators and managed services solutions are designed to provide you with accurate and timely compliance intelligence, and facilitate operational compliance within your organization.

We at Capco are uniquely positioned to help our clients in addressing their most pressing issues. With our deep regulatory expertise, we are spanning the lifecycle from strategy to implementation, from 'change the bank' to 'run the bank'. Our consulting assistance focuses on assisting our clients' regulatory and compliance initiatives and enabling effective operational transformation. Our regulatory consulting solutions are supported by an inventory of best practice cases from impact assessment to technical and business requirements for ad hoc IT solutions.

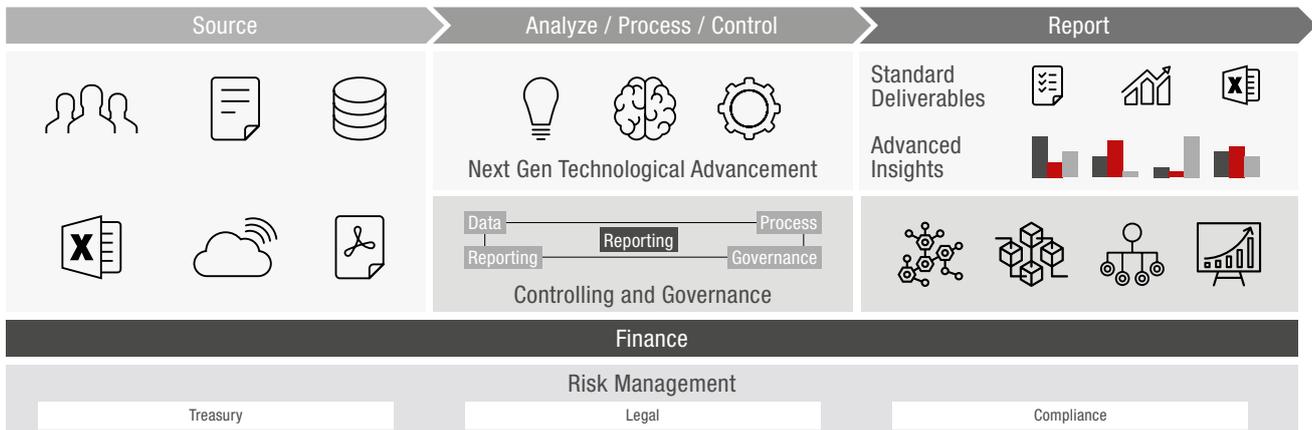
FINANCE

Financial management refers to the effective management of money (funds) to accomplish the objectives of an organization. It includes how to raise and allocate capital, i.e. capital budgeting. This is not simply limited to long-term budgeting, but also includes how to allocate short-term resources such as current liabilities. We think that in order to reach functional efficiency and flexibility on that point, a strong governance to manage financial reporting needs to be in place. The next generation IT infrastructure has the potential to provide the required support, key controls and standard operating procedures to maintain the various processes used for different financial reporting. The analysis and financial data provided by robust IT tools enable banking and financial institutions to comply with laws and regulations, and provide regulators and stakeholders with accurate data and information.

Our team at Capco has extensive experience and core expertise in enabling the next generation finance function with a prospect of future advancement to provide real-time monitoring and reporting.

Some of the key areas of our expertise includes:

- » **Centralized Financial Reporting** – to address the multiple regulatory and internal reporting demands, there is a specific need to have a central accounting engine to process key financial reporting requirements. Capco has a vast pool of professionals who specialize in these reporting requirements with niche delivery expertise to link and fill the gaps between Business and IT.
- » **Financial Data Governance and Controls Assessment** – equally, we know that data is the underlying essence. There is an industry-wide need to have tools and resources through which the value of data can be derived and utilized in an efficient way. We specialize in forming the Data Governance office and defining the governance policies for putting proper controls in place, in terms of data generation, calculation and pro-actively avoiding data quality issues.
- » **Next Generation Technological Advancement** – the marketplace is presently swamped with next generation technologies supplying instruments with real-time data and assisting enterprises in commercial decision-making. Capco has built a community in partnership with FinTech companies which brings to the table the digitalization of legacy platforms with the advanced analytical tools for robust financial reporting.
- » **Finance Change Management** – the current market sees a trend of new regulatory requirements getting unleashed every year and causing challenges for financial institutions to become compliant requiring constant change capabilities in the finance area in close alignment with other functions (e.g. Risk). We at Capco partner with financial institutions and provide tailored solutions to enable effective change management.



RISK

Managing risk within a modern financial institution starts with a sound and embedded risk culture – the set of values, beliefs and attitudes underlying employees’ actions. Risk frameworks can subsequently be constructed to edge and limit activities, according to the impacts and uncertainties of market, credit, reputational and operational factors. Finally, control frameworks should be fit-for-purpose, sensitive to the desired impacts and behaviors, effectively operated on a regular basis and crucially, must give rise to results and alerts that empower control staff to challenge and enforce desirable behaviors.

Capco has the deep industry expertise to design, build and operate risk capabilities in all types of financial organizations using the best of breed approaches.

- » **End-to-end view** – a strong appreciation of what drives risk culture and behavior, guides the design and structure of risk organizations, tool, processes and controls.
- » **Governance and control** – critical elements to ensure the right things are looked at and indicators can be brought to the attention of empowered staff to exercise effective oversight and sound supervision. Success comes from designing an organization that is holistic, coordinated and focused on excellence, with the authority to enforce rules, yet with enough flexibility to cope with ever-changing commercial demands.
- » **Implementation expertise** – with our rich industry heritage, we understand how things need to be built in principle and how they must be adapted in practice. We take a pragmatic approach to design and build frameworks that are practical, achievable and effective.
- » **Tech-friendly** – risk is highly demanding of technology, be it for calculation, analysis, supervision, aggregation, visualization or simulation. Many years of implementing and customizing systems give familiarity with the traditional approaches and challenges of building risk technology. This is invaluable in bridging between the emerging RegTech community and the established banks – we are able to separate out the hype and select and pilot innovative solutions that deliver true value.



Challenges & Pain Points



» **Embedding risk culture**



» **Pace of change**



» **Working with FinTech**



» **Data quality & availability**



» **Integration to legacy**



Trends



» **Analytics**



» **Robotic Process Automation (RPA)**



» **Always-On review & monitoring**



» **Cybercrime**

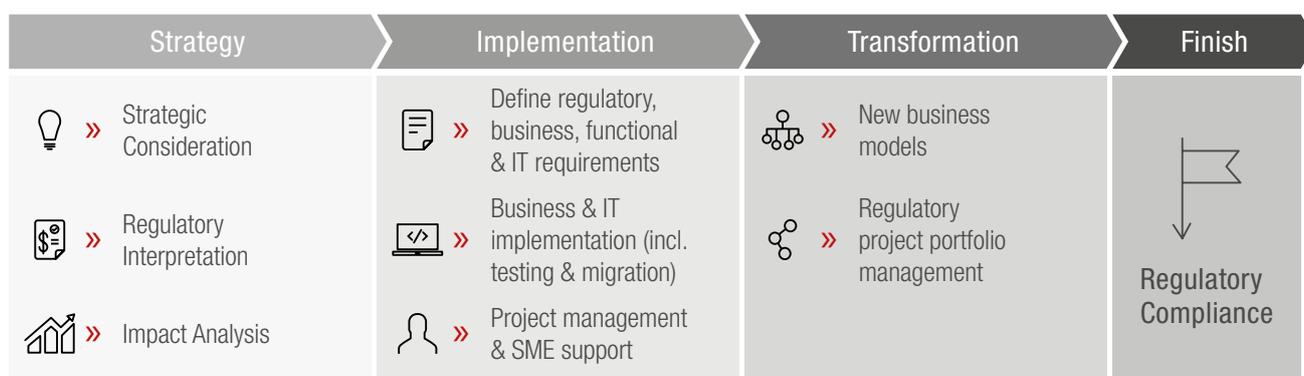


» **Tech-enabled controls and supervision**

COMPLIANCE

Meeting compliance standards with upcoming and existing laws and regulations around the globe play a significant role when it comes to the change capabilities of financial institutions. Change can range from strategic and business model implications, through process and system enhancements, to policy adaptation and run-the-bank handover.

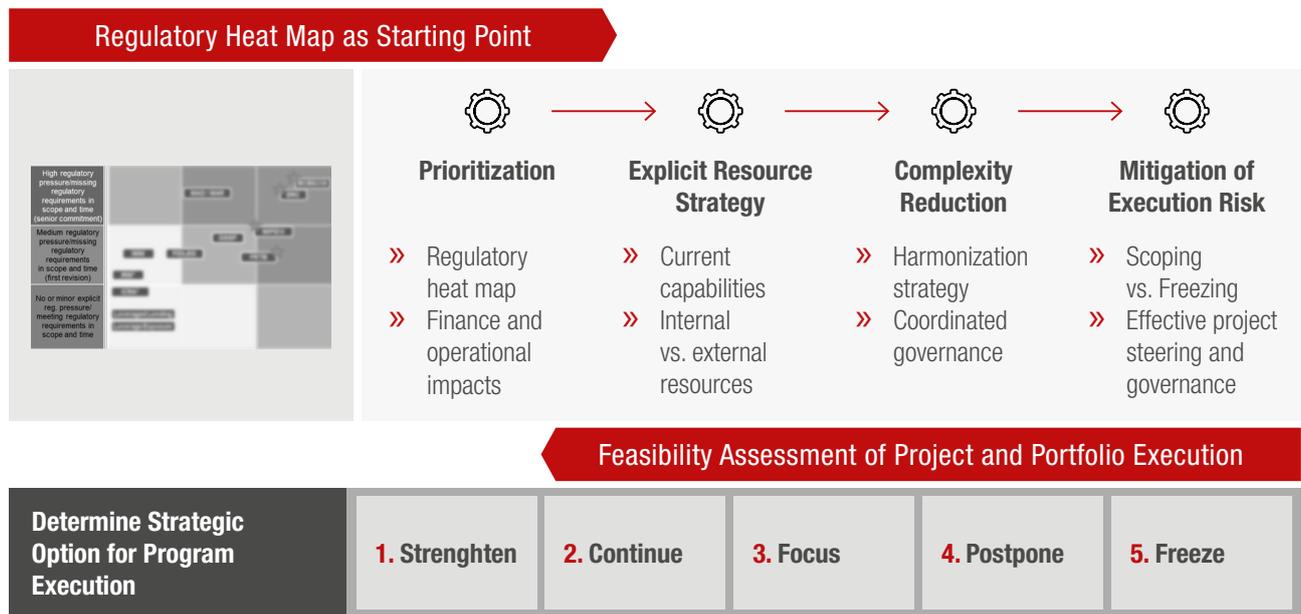
Capco's core regulatory capabilities - our consulting, expertise technology accelerators and managed services solutions are designed to support our clients in transforming their business throughout the entire project lifecycle of regulatory transformation:



Key differentiators in regulatory & compliance – we are uniquely positioned to help our clients address their most pressing issues:

1. SPEAKING THE SAME LANGUAGE Diverse senior industry practitioners delivering realistic solutions	2. REGULATORY CHANGE EXPERIENCE Spanning the lifecycle from strategy to implementation, from “change the bank” to “run the bank”	3. ALIGNED REGULATORY PORTFOLIO Focus on our clients key regulatory and compliance initiatives	4. REGULATORY CONSULTING SOLUTIONS Inventory of best practice cases from impact assessment to business requirements to IT-specifications
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Regulatory project portfolio management – Capco provides consulting assistance to financial institutions in order to set up effective and aligned regulatory project portfolio management frameworks with the following approach and methodology:



CONTACTS

Zürich

Dr. Ingo Rauser
E ingo.rauser@capco.com
M +41 79 203 58 85

Philippe Andermatt
E philippe.andermatt@capco.com
M +41 79 399 80 19

Geneva

Fabrice Lepeltier
E fabrice.lepeltier@capco.com
M +41 79 726 24 35

Anja de Troyer
E anja.de.troyer@capco.com
M +41 79 945 29 09

CAPCO BY THE NUMBERS - GLOBAL & LOCAL

WORLDWIDE

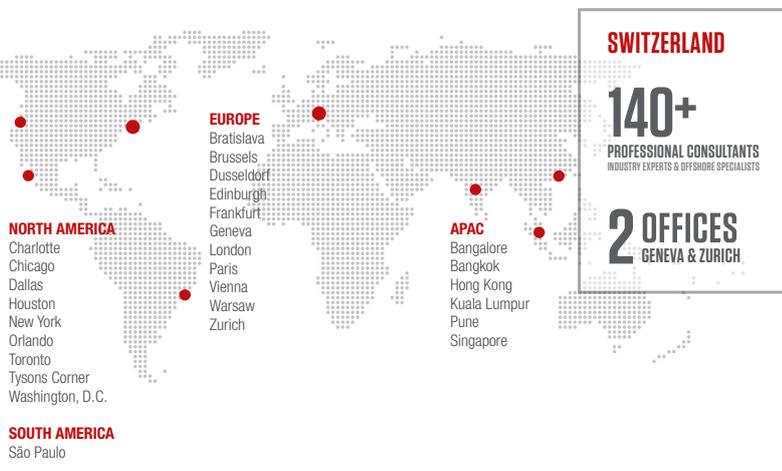
27 WORLDWIDE OFFICES
ACROSS 4 CONTINENTS

9 YEARS OF INDUSTRY EXPERTISE
AVERAGE PER CONSULTANT

FOUNDED IN **1998**

5000+ PROFESSIONAL CONSULTANTS
INDUSTRY EXPERTS & OFFSHORE SPECIALISTS

5 CORE VALUES
RESPECT | INTEGRITY | KNOWLEDGE
COMMITMENT | EXCELLENCE



Capco is a global technology and management consultancy dedicated to the financial services industry. Our professionals combine innovative thinking with unrivalled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward. Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in banking, capital markets, wealth and investment management, and finance, risk & compliance. We also have an energy consulting practice. We serve our clients from offices in leading financial centers across the Americas, Europe, and Asia Pacific.

To learn more, visit our web site at www.capco.com, or follow us on **Twitter, Facebook, YouTube, LinkedIn and Xing.**

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