

CAPCO

**USING TECHNOLOGY-DRIVEN SOLUTIONS FOR
REGULATORY CHANGE MANAGEMENT**



Amidst a constantly evolving compliance landscape, financial institutions face steep challenges to comprehensively monitor, understand, and implement solutions for regulatory change.

The Capco CRI Data Feed can help your team proactively manage compliance risk and ensure nothing falls through the cracks. Our technology-driven subscription service is a customizable, easily integrated approach to comprehensively monitor change, understand implications, and support dynamic solutions within policies procedures, products, and services.

THE COST OF NONCOMPLIANCE IS TOO HIGH TO IGNORE

In 2020, penalties against financial institutions totaled over \$10.6 billion, including agencies across jurisdictions. Alone, the [CFPB](#) more than doubled the number of enforcement actions taken from 2019 to 2020, ordering \$12.9 billion in consumer relief and \$1.6 billion in penalties. The SEC [brought](#) 715 enforcement actions and saw an 8 percent increase in total monetary relief ordered with \$3.6 billion in disgorgement and \$1.1 billion in penalties. In a record-breaking example of the cost of noncompliance, one U.S. institution was fined \$6.821 billion by nine regulators in five countries.

The rising cost of noncompliance should serve as a clear warning to institutions, but despite numerous high-profile cases with severe consequences, institutions continue to ineffectively identify, measure, monitor, and control risk exposures, due in large part to the volume and velocity of changes in the regulatory field. At the core of this problem: regulatory change management (RCM) systems consistently miss the mark.

THE CURRENT RESPONSE USES INEFFECTIVE RESOURCE ALLOCATION

- Institutions struggling to address compliance inconsistencies often end up inefficiently designating resources, hiring more team members in regulatory and compliance departments to manually track and monitor new or modified rules and regulations.
- Information coming from dozens of federal and state agencies is either emailed to relevant stakeholders enterprise-wide for siloed follow-up or entered into a bank's compliance management system (CMS), which is often mapped incorrectly to shifting key risk areas.

- Impact analysis is disrupted, causing murkiness and misunderstanding regarding corresponding changes in requirements to the bank's policies and procedures or customer-facing products or services.

THE BETTER RESPONSE IS REGTECH

The forward-thinking implementation of regtech (regulatory technology) can be the best path for institutions hoping to minimize expensive, repetitive, and duplicative processes and fill regulatory blind spots.

The right regtech solution can:

- Save your institution time and money by automating currently manual processes for tracking rules and regulations
- Identify and interpret applicable laws and regulations to remediate vulnerabilities and deviations
- Map to a regulatory change framework that fully captures the scope of the bank's risk profile, ensuring cross-team buy-in and enterprise-wide coverage
- Demonstrate to regulators that your institution is taking steps to be more efficient and compliant, with easy-to-track proof of monitoring and implementation

THE CAPCO CRI DATA FEED

Capco CRI offers practical solutions to help financial institutions navigate the myriad of changes from the agencies and legal bodies within specific geographic, customer, and strategic footprints. The Capco Regulatory Data Feed provides delivery and ongoing impact analysis of new legislative and regulatory issuances at the state, federal, and international levels, covering almost 1,000 primary sources and more than 100 topic areas.

The Data Feed provides an **efficient solution** for institutions to get legislation, rulemaking notices, guidance documents, press releases, enforcement actions, and other developments all in one place, and allows internal staff to focus on implementation and decision-making rather than information-gathering.

- **Consultative Approach:** Capco CRI takes a consultative approach to developing a customized scope for each institution, using key data points to match the institution's regulatory applicability matrix and strategic direction.
- **Partnership Mentality:** Sometimes, an emerging event requires more in-depth attention. Capco CRI has access to a network of Capco consultants with years of subject matter expertise across countless industry disciplines.
- **Broad Focus:** The CRI Data Feed reflects the financial services industry's evolving image. Capco CRI considers the industry's complexity and social impact as cornerstones for evaluation and analysis, monitoring, and analyzing across short-sighted borders.

SOLUTIONS AND DELIVERY CAPABILITIES

- Customization based on jurisdiction, industry topic, issuance type, and lifecycle stage
- Interaction with GRC platforms and/or other database solutions, if needed
- Regularly scheduled touchpoint meetings to discuss hot topics, emerging trends, internal changes, and other influences within the institution's change management program
- Opportunity for enhanced discussion or engagements related to the operation and makeup of the institution's regulatory change management program, or to assist with implementation efforts related to a specific industry development
- Access to additional regulatory intelligence thought leadership, best practices, and industry connections

CAPCO'S PROCESS FOR CRI DATA FEED IMPLEMENTATION

- Review existing regulatory tracking and reporting processes
- Jointly establish client's regulatory applicability matrix
- Define scope of regulatory topics and preferred taxonomy
- Build project plan to implement and fully manage the ongoing Data Feed
- Track regulatory developments using uniquely tailored query, per client's control documentation
- Deliver Data Feed reports electronically and securely, in almost any format
- Consultatively review Data Feed reports and their implications
- Periodically re-review the regulatory applicability matrix and quality of the report
- Provide ongoing support to help define impact and spot compliance trends

EXAMPLE OF INDUSTRY TOPICS COVERED

- Review Lending
- Deposits, Overdrafts, and Prepaids
- Cybersecurity and Information Security
- Corporate Governance
- Data Privacy
- Debt Collection
- Environmental and Climate Change
- Fair Banking
- Financial Crimes
- Insurance
- Investments and Securities
- Payments and Money Services
- Safety and Soundness
- Supervision
- Consumer Protection
- Human Resources and Employment
- Accounting, Tax, and Finance

CASE STUDY OF A RECENT CLIENT: LARGE REGIONAL BANK

Situation

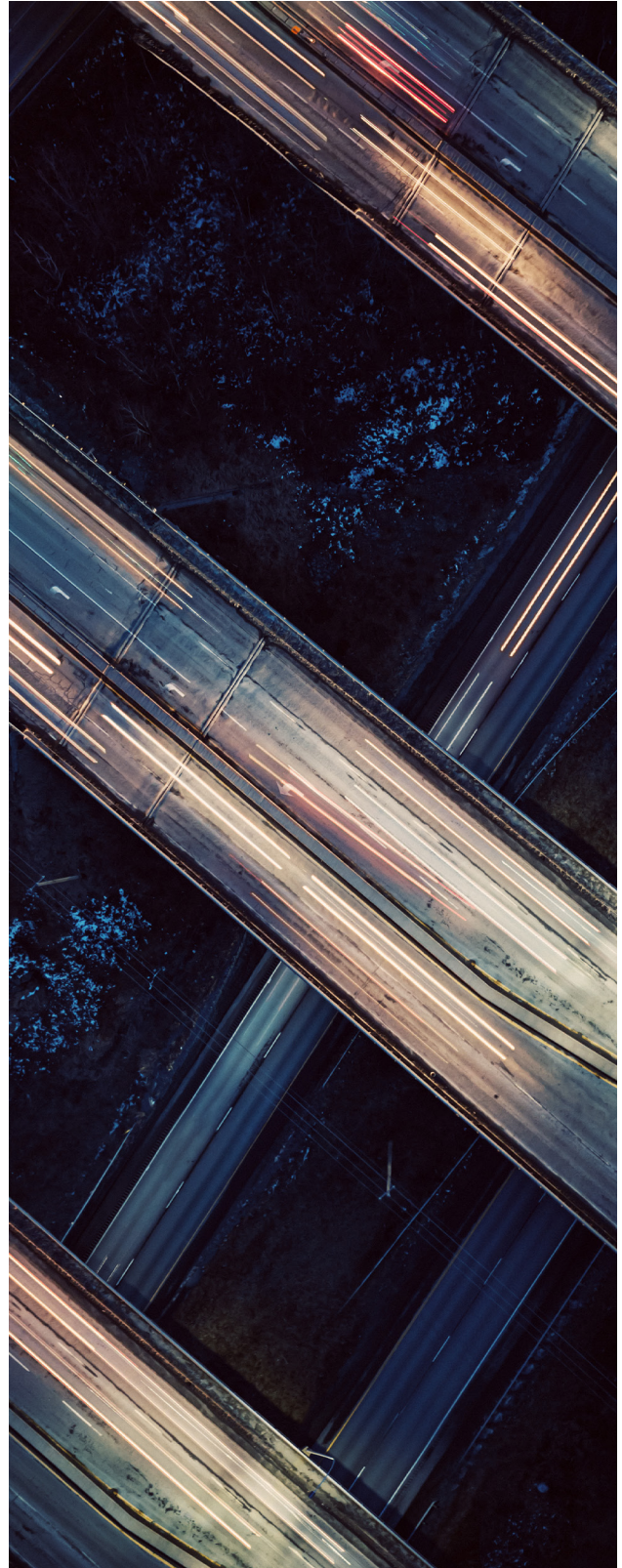
- Our client's personnel spent time on manual, high-volume monitoring and reporting activities for federal and state changes to laws and regulations needed for the bank's regulatory change management program.
- The bank struggled with maintaining a dynamic compliance program.
- Risk management and compliance teams were not identifying key foundational changes to laws and regulations, nor executing corresponding impact analyses and risk assessments.

Approach

- Capco fully defined the bank's legal and regulatory universe and designed, tested, and implemented an automated regulatory data feed per the bank's preferred taxonomy and Change Management System.
- Our consultants and SMEs regularly meet with the bank's compliance and risk management teams to review potential impacts of new or changing rules, regulations, and laws.
- These teams share the analysis with the bank's various business lines for further risk review and examination at a product/service level, as well as with the board of directors from a governance, risk, and compliance perspective.

Key Benefits

- The institution redeployed key personnel who had been manually tracking regulatory changes to other areas in need, such as working across teams to decrease siloed efforts and ensure enterprise-wide solutions.
- The changes demonstrated to regulators and examiners that the institution had significantly enhanced processes, enabled by regtech, to track regulatory developments and manage corresponding changes for the firm.
- The new system allowed the institution to proactively respond to new risks, and quickly act both internally on policies and procedures or externally via government relations and lobbying firms.



CONTACTS

For more information about how the Data Feed can help your team, please reach out to Peter Dugas or Leah Robinson.

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ABOUT CAPCO

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 asset management and insurance. We also have an energy consulting practice in the US. 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 Instagram.

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