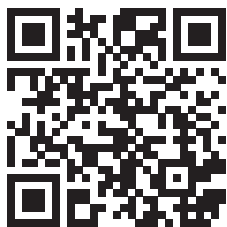




Automating Compliance in Financial Services

A Comprehensive Guide for Digital Transformation





DIGITAL FUTURES

WATCH DIGITAL FUTURES VIDEO



WATCH VIDEO

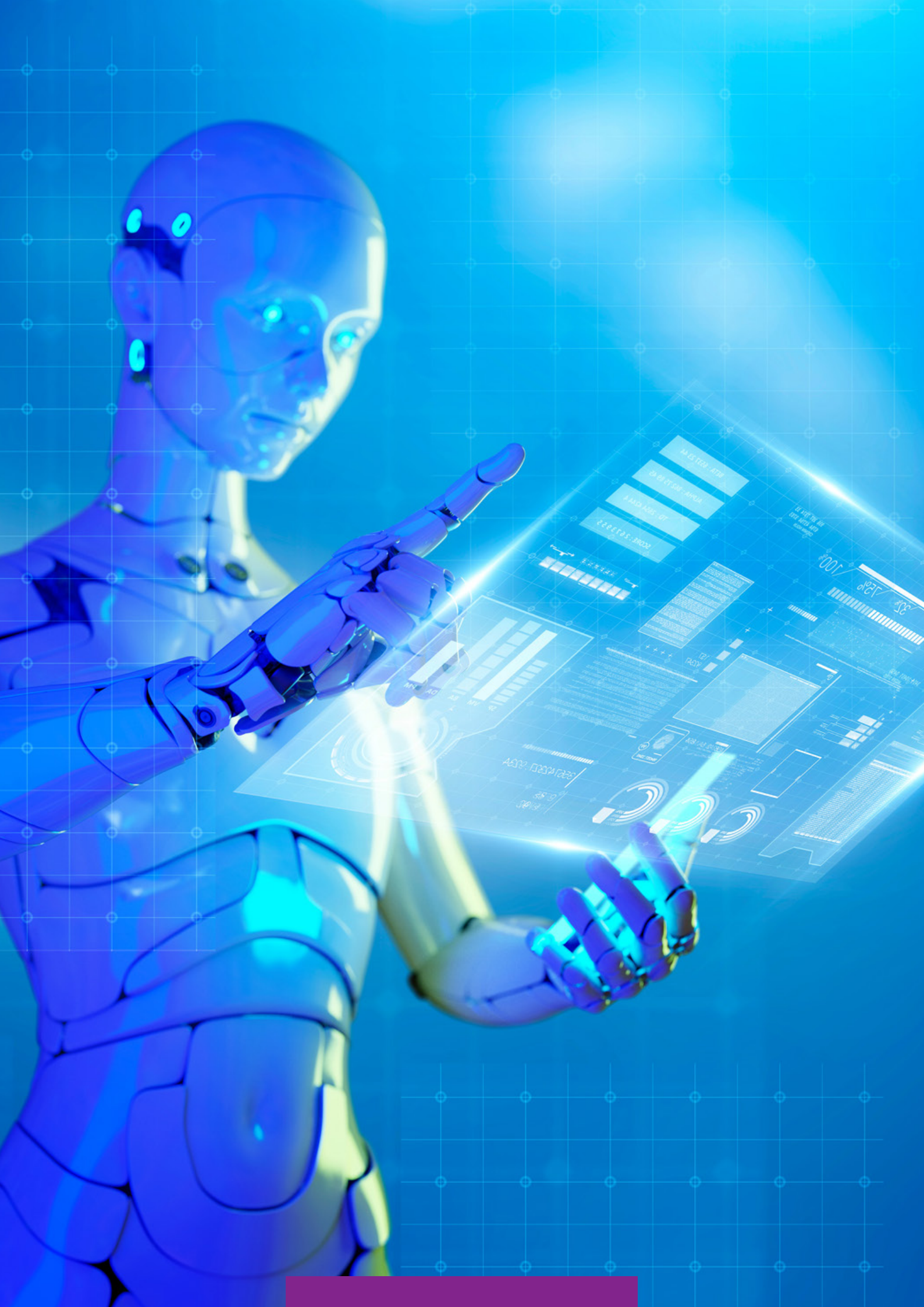
DIGITAL FUTURES is an online content publication platform catering for technology business leaders, decision makers and users, by sourcing and sharing valuable information and best practices in connection to the latest emerging technologies trends and market developments that leverage capabilities and contribute towards enhanced enterprise-wide performance.

LEARN MORE

INDEX

Introduction	6
Section 1	10
Rethinking Compliance in Financial Services	
Compliance risk management in financial services	10
The need for compliance automation	12
Challenges of compliance modernization	15
Section 2	18
Emerging Technologies, Key Principles and a Five-Step Roadmap for the Automation of Compliance	
Technologies used in automated compliance	18
Key principles for smarter compliance	21
A five-step roadmap to reform compliance	24
Section 3	28
Use cases, Benefits and Best Software for Automated Compliance	
Use cases and their benefits	28
Choosing the best banking compliance software	31
Use/Case Study 1 - NameScan	32
Use/Case Study 2 - 360Factors	33
Use/Case Study 3 - IBM RegTech	34
Use/Case Study 4 - Zycus	35
Conclusion	38
References	41





INTRODUCTION



SMART IDEA
& PRACTICE

INTRODUCTION

Financial compliance refers to the oversight and enforcement of laws and regulations related to the financial services industry and capital markets. Its mission is to safeguard clients, investors, the economy, and society as a whole from financial crime, market manipulation, ethical risks, and systemic risk by promoting and maintaining the transparency and integrity of the sector. Regulatory compliance in banking establishes rules or principles that determine the actors and the framework in which enterprises are permitted to conduct financial business.¹



Financial compliance, by definition, encompasses a wide range of topics, including anti-money laundering (AML), anti-bribery, sanctions compliance, client onboarding and Know Your Customer (KYC), communication compliance, data governance and data privacy compliance, tax compliance, anti-corruption, trading surveillance, and so on.²

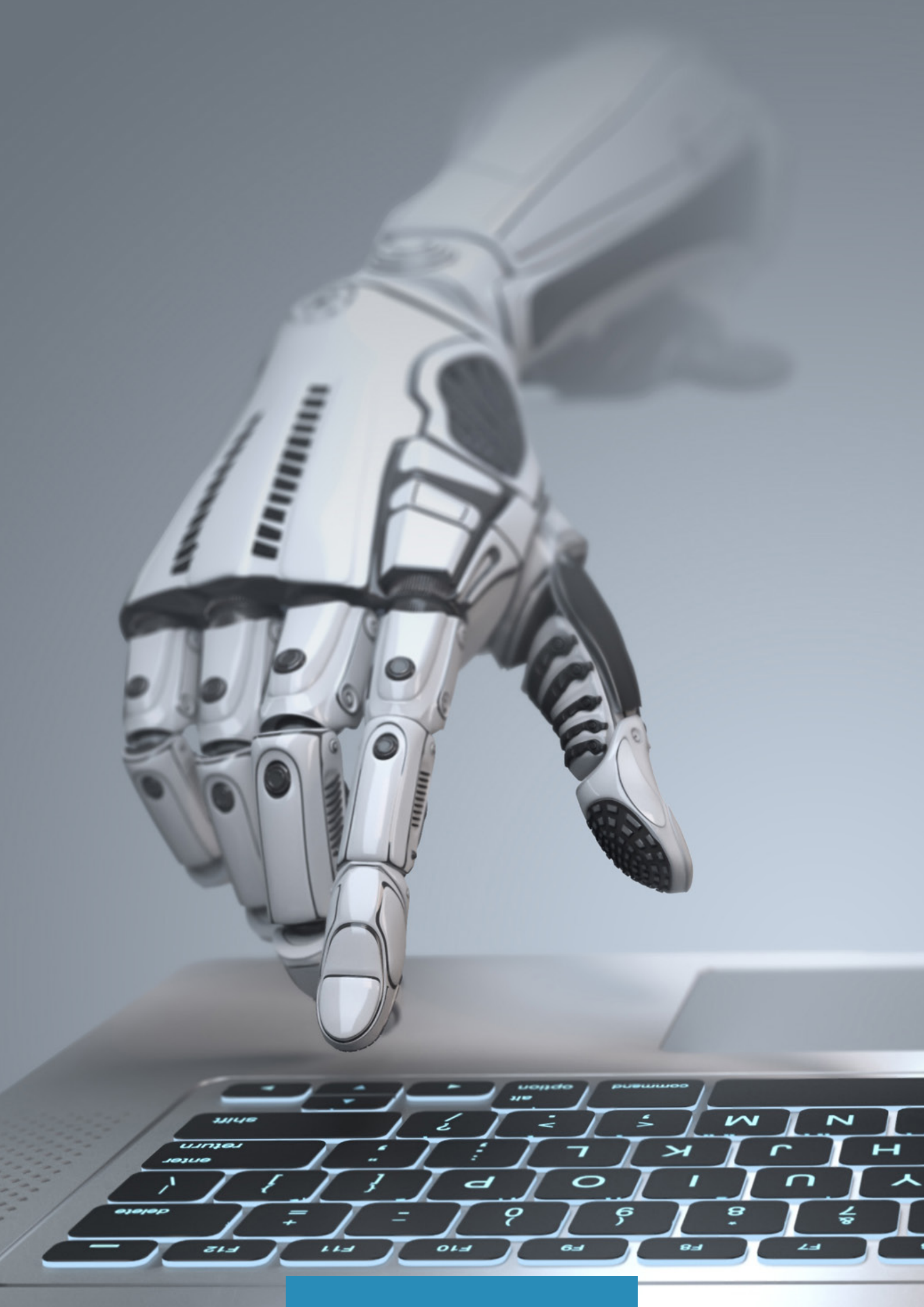
Since 2008, compliance services have grown their resources and broadened their scope of responsibilities, with a major increase in monitoring and surveillance activities, both manual and automated. This expansion reflects, in part, the post-2008 regulatory reform agenda, which includes a slew of regulations, as well as more rigorous and invasive monitoring. While some of these efforts have clearly made businesses more resilient, Covid-19 has exposed them to significant new pressures to which they are compelled to adapt. Compliance functions now



have a higher visibility and are held in better standing, even in the aftermath of the pandemic, when the finance industry had a large contribution to sustaining the economy and is now struggling to comprehend and manage the risks that come with it.

When these situational factors are combined with banks' enormous cost challenges, compliance activities are under growing pressure to evolve into a more value-added service line capable of delivering more effectively and efficiently in the new reality. Furthermore, despite having strengthened the control environment and improved compliance with regulatory requirements, many firms' compliance emphasis continues to remain overly risk-averse, conservative, and still grappling with the resolution of past issues, leading to insufficient bandwidth to support the business.³

The pandemic has also made it extremely difficult for staff to remain on top of every compliance detail, resulting in a significant increase in the need for compliance automation tools. Organizations can use the latter to stay lawful and avoid penalties and other economic consequences. Furthermore, the less a company's compliance staff depends on manual procedures, the more capable it is of tackling more complex, brain-intensive compliance duties, such as creating new regulations. Regulatory technology businesses, in this context, provide technology that assists an organization in managing relevant procedures in order to satisfy its compliance responsibilities. As a result, it is not surprising that demand for this technology is growing as businesses realize how the process automation may help them avoid fines for regulatory mistakes.⁴



27. Kabir, F., Amend, A. (2021, September). 4 ways AI can future-proof financial services' risk and compliance. Databricks. Retrieved from: <https://databricks.com/blog/2021/09/16/4-ways-ai-can-future-proof-financial-services-risk-and-compliance.html>
28. RankRed Media Private Limited. (2022, January). 10 best financial services compliance software of 2022. Retrieved from: <https://www.rankred.com/financial-services-compliance-software/>
29. RankRed Media Private Limited. (2022, January). 10 best financial services compliance software of 2022. Retrieved from: <https://www.rankred.com/financial-services-compliance-software/>
30. 360factors Inc. (n.d.). Predict360 Compliance Management Software Solutions. Retrieved from: <https://www.360factors.com/compliance-management-system/>
31. RankRed Media Private Limited. (2022, January). 10 best financial services compliance software of 2022. Retrieved from: <https://www.rankred.com/financial-services-compliance-software/>
32. Zycus Inc. (n.d.). AP Automation Solution. Retrieved from: <https://www.zycus.com/solutions/account-payable-automation-software.html>

Conclusion

33. Planet Compliance. (n.d.). Stay ahead of regulatory change by automating compliance. Retrieved from: <https://www.planetcompliance.com/stay-ahead-of-regulatory-change-by-automating-compliance/>
34. Hammond, S., Cowan, M. (2021, March). Cost of Compliance 2021: Shaping the Future. Thomson Reuters. Retrieved from: <https://legal.thomsonreuters.com/content/dam/ewp-m/documents/legal/en/pdf/reports/shaping-the-future.pdf>

Legal Notice

The opinion, analysis, and research results presented are drawn from research and analysis conducted and published by APU Research, unless otherwise noted.

The facts and data set out in this publication are obtained from sources which we believe to be reliable.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. APU would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances.

Note: While care has been taken in gathering the data and preparing the report we do not make any representations or warranties as to its accuracy or completeness and expressly excludes to the maximum extent permitted by law all those that might otherwise be implied, and we accept no legal liability of any kind for the publication contents, nor any responsibility for the consequences of any actions resulting from the information contained therein nor conclusions drawn from it by any party. We accept no responsibility or liability for any loss or damage of any nature occasioned to any person as a result of acting or refraining from acting as a result of, or in reliance on, any statement, fact, figure or expression of opinion or belief contained in this report. The views expressed in this publication are those of the author(s) and do not necessarily represent the views of the APU or its network partners. Publications are submitted to as research contributions to its insight areas and interactions, and APU makes the final decision on the publication. This report does not constitute advice of any kind.

This document makes descriptive reference to trademarks that may be owned by others. The use of such trademarks herein is not an assertion of ownership of such trademarks by APU and is not intended to represent or imply the existence of an association between APU and the lawful owners of such trademarks.

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the publishers. Material content is used in accordance to Access Programs/Subscriptions licenses.



Designed and produced by APU Insights Creative Studio
2022® APU Commercial Information Services
All Rights Reserved

Follow us



SMART IDEA
& PRACTICE