

BRIDGING THE COMPLIANCE AND OPERATIONAL GAP

THE REGULATORY ENVIRONMENT HAS MADE IT MORE CHALLENGING FOR FINANCIAL INSTITUTIONS TO INCREASE REVENUE AND PROFITABILITY AS WELL AS MEET THEIR CUSTOMER EXPECTATIONS OF MODERN BANKING SERVICES. FINANCIAL INSTITUTIONS SHOULD TACKLE THE REGULATORY CHALLENGE AS AN OPPORTUNITY TO TRANSFORM THEIR CORE TECHNOLOGY PLATFORMS TO BE AN ENABLER OF FUTURE PROFITABILITY AND GROWTH AND LEAD THE CHARGE TO BECOME 'CUSTOMER-CENTRIC'.

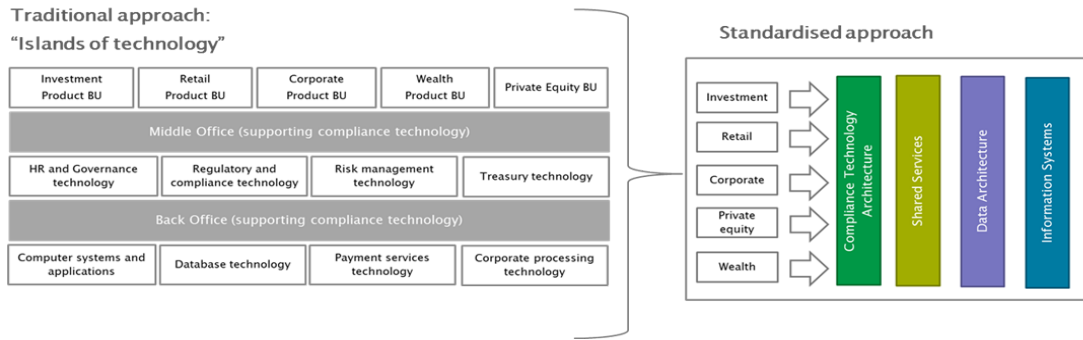
1. INTRODUCTION

The wave of regulatory reform has forced financial institutions to re-address their core technology infrastructure, which has heralded a new approach to how technology is being used within financial institutions to meet regulatory demands as well as customer expectations. Those financial institutions that transform their core technology platforms to become 'data-centric' will in turn become 'customer centric'. As a result, those that can transform will be the most competitive in the future. The clock is ticking to transform in time.

2. THE RISE OF THE REGULATOR

The regulatory agenda has heralded a new customer focus for financial institutions. The prominence of the regulator (whether national or international) has meant that the regulator should be viewed as a direct customer and not as a side-line nuisance that financial institutions have to deal with. Regulators' globally are more empowered than ever to enforce operational and cultural change as well as impose penal and financial penalties. It is important that the regulator and compliance are at the heart of a financial institution's operations.

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6. BECOMING DATA-CENTRIC

In order to transform into a data-centric organisation the technology transformation strategy should:

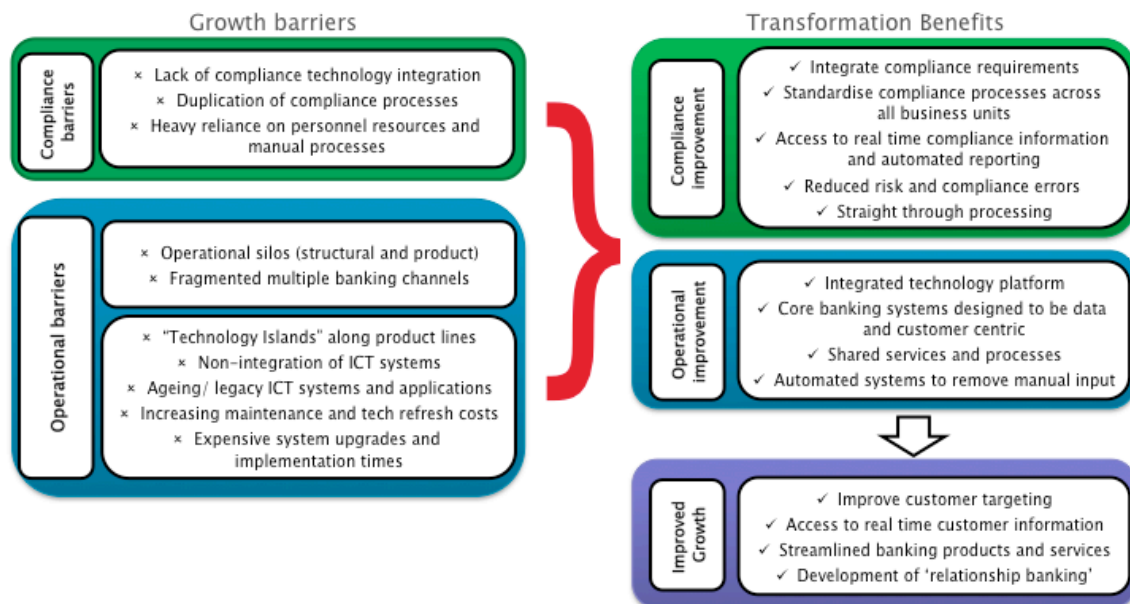
- address systemic risks and gaps in current technology architecture and in particular integrating disparate systems into a centralised shared technology platform across all business lines;
- standardise compliance processes across all business lines to remove duplication and manual inefficiencies in collating different data sets, monitoring, and manual reporting;
- eliminate structural and operational siloes to improve technology effectiveness and access to cross business unit data information sets;
- minimise the number of external third party technology arrangements to a small number of key 'strategic' partners where traceability and vendor governance is more manageable; and
- overhaul the governance framework and operating model to eliminate duplicated and dispersed processes across different business lines.

CONCLUSION

Financial institutions will benefit from optimising their core technology platforms to become data-centric. This will enable them to meet the current and future regulatory and risk management challenges as well as become more customer centric.

The transformation benefits that can be realised include:

- improved customer targeting and personalisation;
- access to real time customer information and regulatory data;
- streamlined banking products and services to allow shared sales centres in order to develop into 'relationship banking'; and
- improved compliance operations through automation and minimising manual errors.



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Wavestone has developed a framework to assist compliance and technology functions to transform their core technology platforms to become data-centric and customer-centric. We envisage the need for compliance and technology functions to be more involved in the management decisions on technology service solution, delivery and assurance.

ABOUT US

Wavestone is an international consultancy that provides connected thinking, insight and capability to industry leading organisations. We work collaboratively with our clients to plan strategic business transformation and seamlessly turn strategy into action.

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