Governance, Risk and Compliance in the Banking and Financial Services Industry

Strengthening GRC in a Dynamic Regulatory Environment
Overview

Banking and financial services organizations struggle against mounting regulatory challenges and sweeping changes in an uncertain landscape

Faced with mounting pressures of regulatory activity and ongoing economic volatility, banking and financial services organizations are looking into transforming their risk and compliance functions under a single enterprise-wide framework.

This move does not come as a surprise as consolidating disparate activities has the potential to accelerate and drive down the cost of noncompliance and deliver real competitive advantage.

Truth be told, banking and financial services organizations have progressed immensely in automating financial processes compared to other companies in many other industries.

However, many still retain systems that lack a holistic view of enterprise risk and continue to struggle against a siloed approach.

Banking and financial services organizations stand to lose from inefficient financial processes and enterprise risk management initiatives coupled with intensified regulatory compliance demands.

With an effective governance, risk and compliance (GRC) approach, organizations will be able to multiply the benefits of their automation efforts and at the same time, enjoy accurate and timely insight into the entire enterprise in order to support better decision-making.
Understanding risks

Effective GRC is critical for banking and financial services organizations

Emerging from a turbulent time wrought by crisis, the banking and financial services industry must recognize that with the renewed regulatory focus, the implementation and maintenance of an effective enterprise-wide risk management framework is fundamental and a necessity. Through GRC initiatives, some organizations have started to take a more strategic view of financial processes that has both defensive and opportunistic aspect.

The ability to understand company-wide risk exposure is imperative today, most especially in an industry devastated by the credit crisis. There is little debate, however, that banks need to develop a more rigorous approach to GRC. Clearly, banks and other financial organizations have a great deal of work to do in meeting the demands of new regulations while ensuring stakeholder confidence in the soundness of their decision-making.

Banks are not strangers to accurate and timely reporting, but their success in this respect has tended to occur sporadically within lines of business or within internal control and auditing functions. Current financial processes are still done manually and this poses problems in erroneous reporting.

While organizations recognize the top benefit of automation which is a decreased incidence of error caused by manual processes, they still struggle with the difficulty of managing complex financial processes, such as those that dynamically gauge their impact on enterprise risk and managing the diversity of lines of business and multiple regulatory regimes.

Banks have more to lose from inefficient financial processes and they have faced intensified regulatory compliance demands, both in the case of general regulation such as the Sarbanes-Oxley Act in the United States and the globally mandated industry-specific demands of Basel III, among others.

An enterprise-wide approach to risk management is vital to the health of banking and financial services organizations big and small. The ability to understand the potential impact of all types of risks and how these tie into the risk appetite of the organization is a business driver.

With a vastly changing and increasingly regulated banking and financials landscape, organizations are driven to review and assess how they manage and mitigate risks.
Multiply efficiency while providing accurate and timely insight into the entire financial enterprise with effective GRC.
Value in integration

Strengthening GRS is key in a highly regulated environment

Compliance-related controls are by nature costly, and a manually intensive environment is a cost multiplier.

Studies show that in the past, organizations agonized over investing in systems and process redesign necessary to achieve standardized and automate financial processes. However, having gone through crisis that humbled some of the largest institutions, organizations are likely to be less hesitant now.

Traditionally, risk management has been undertaken within silos corresponding to lines of business units and control functions dedicated to monitoring credit, market, liquidity, operational, legal and compliance risks. In order to avoid the kinds of exposures that humbles even the largest institutions, banks clearly need a more integrated approach than they have traditionally followed in the past. Banks without standardized controls and the ability to coordinate risk on an enterprise level lack the ability to dynamically track risks across the enterprise, both in isolation and in terms of their interdependencies. This means institutionalizing a collaborative risk culture.

Banking and financial institutions are faced with complexity and they need to create a more efficient process to approach this. Traditional silos of risk management need to give up their isolated platforms and work in collaboration.

From an organizational point of view, each tier of risk management constitutes a line of defense: 1) the business itself in its controlling self-assessment capacity; 2) various independent control functions corresponding to the different categories of risk; and 3) independent internal audit function.

Each of these line of defense should draw on information captured within a single database and organizations should already move towards that state. The absence of integrated processes can result in a blur of data, causing delays in recognizing and reacting to risks.
How we can help

360factors Regulatory Risk and Compliance Management Solutions

Our experience in the banking and financial services industry indicated that leading organizations understand that change is constant, that being agile and embracing innovation is key to success, and that they must be in a constant state of managing change.

These kinds of organizations learn to embrace change; they take the view that it is central to success and can never be viewed as something that interrupts the business. With those views, banks and other financial services organizations can begin to ingrain procedures that consistently reassess the business from a process and risk management point of view.

We are partner to these organizations:

**GRC automation.** Our platform further allows these organizations to streamline GRC as a competitive differentiator, automating the entire risk process to protect them from a host of liabilities and enforcement action as well as streamlining the risk assessment process to manage operational and regulatory compliance.

**Rise to regulatory challenges.** Through our industry-focused approach and using unique mapping and cognitive technologies, we help companies in the insurance industry address their regulatory challenges and proactively respond to newly emerging regulations.

**Drive high performance.** Our experts use a unique risk, compliance and quality management platform that help capture real-time, relevant data to aid in the decision-making process to ultimately improve business outcomes.

We created an integrated governance, risk and compliance software, that coupled with expert consulting services, enables insurance companies to improve their operational efficiencies, mitigate their risks, maintain compliance with internal/external requirements and standards.
Operational Excellence. Sustainability. Increased Margins.

360factors is a cloud-based Regulatory Risk and Compliance Management Software Company specializing in Oil & Gas, Power & Utilities and Banking & Financial Services industries. 360factors' platform, Predict360, uses unique mapping and cognitive technology to provide regulatory insight, predict risks and increase sustainability and margins. Predict360 helps break down silos and overlapping costs through multiple tools to improve operational excellence, visibility to risk and quality data that executives can use to make decisions in a timely manner. Additionally, it provides functional compliance managers with an out-of-the-box solution with industry-specific regulations or standards, workflows and policy & procedure templates so they can perform the day-to-day regulatory and operational risk and compliance tasks at a functional level.

Learn how Predict360 can transform your compliance management process. Call 866-385-2341 today.

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