

Robotic Process Automation

In Risk and Compliance for Banking and Finance

2018

Introduction

Robotic Process Automation refers to a software application (or BOTs) that replicates the actions of a human user with the user interface of a computer system

- Computer Coded Software
- Programs that replace humans performing Repetitive, rules-based tasks
- Cross-functional and cross application scripts

- Walking, talking auto-bots
- Physically existing Machines processing paper
- Artificial Intelligence or Voice Recognition and reply software

Higher levels of regulation and more challenging regulatory expectations in recent years have resulted in significant costs to financial institutions. This coupled with a greater demand for transparency and rigor has brought the role of technology to the forefront.

The application of Robotic Process Automation (RPA) to risk management and regulatory compliance, has the potential to disrupt the Financial Services world. Already, RPA is helping firms to support components of compliance processes in a cost-effective, flexible and timely manner.

Over the last couple of years, we have established our credentials in the Innovation and RPA ecosystems with financial institutions, industry bodies and FinTech/RegTech startups.

Our initiatives span across development of client strategy, world class research, and accelerator and incubator programs. We believe that the first-hand knowledge and experience gained from our initiatives, together with our existing expertise in risk and regulatory matters, our global presence and connection with leading financial institutions, enables us to provide unparalleled services to help business leaders assess and realize the opportunities created by RPA.

The subsequent pages detail our offerings applying RPA in the areas of risk management and regulatory compliance.



Regulatory Reporting



Suited to: CCO, C-suite

Problem Statement	Regulators require a wide array of regulatory submissions from banks at varying frequencies and across the functional areas – financials, asset quality etc.
Historical Process	Banks are at different stages of implementation of ADF (Automated Data Flow) systems. However, regulatory returns involve significant manual process of transforming source data
RPA Enabled Process	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Disparate Golden Sources Data</p>  </div> <div style="text-align: center;"> <p>Data Collation and Preparation</p>  </div> <div style="text-align: center;"> <p>Return Compilation</p>  </div> </div>
Realized/Potential Benefits	Accuracy of information submitted to the regulator Full audit, review, approval and workflow functionality and avoiding any regulatory penalties and reputation impact

Banks require to adhere to a large volume of regulatory requirements and perform post trade compliance checks for the trades executed

The checks are performed by testing compliance through a manual process using compliance checklist

Compliance Checklists	Data Preparation	Bots per product performing compliance tests
		

Achieve continuous testing for compliance for 100% of the trades for compliance with regulatory requirements and internal limits

Trade Surveillance



Suited to: C-suite, CCO, IA, FO, BO

Problem Statement	Banks require to adhere to a large volume of regulatory requirements and perform post trade compliance checks for the trades executed
Historical Process	The checks are performed by testing compliance through a manual process using compliance checklist
RPA Enabled Process	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Compliance Checklists</p>  </div> <div style="text-align: center;"> <p>Data Preparation</p>  </div> <div style="text-align: center;"> <p>Bots per product performing compliance tests</p>  </div> </div>
Realized/Potential Benefits	Achieve continuous testing for compliance for 100% of the trades for compliance with regulatory requirements and internal limits

Compliance Testing



Suited to: CCO

Problem Statement

Chief Compliance Officers are required to perform independent testing of compliance to key regulations to be able to certify business units

Historical Process

The checks are performed by testing compliance through a manual process using compliance checklists

RPA Enabled Process

Compliance Checklists



Data Preparation



Bots for Compliance Testing



Realized/Potential Benefits

Achieve continuous testing for compliance with regulatory requirements and internal policies

Banks collect an array of documents from their corporate customer to undertake post-sanction monitoring and computation of key financial and risk indicators

Client data is submitted in disparate formats and computation of ratios is a manual process

Customer Documents

OCR, Data Collation

Bots for computation of ratios

Data in LMS



Achieve automation of computation of risk and financial indicators for 100% of the clients

Improved data collection for future risk analysis and model development

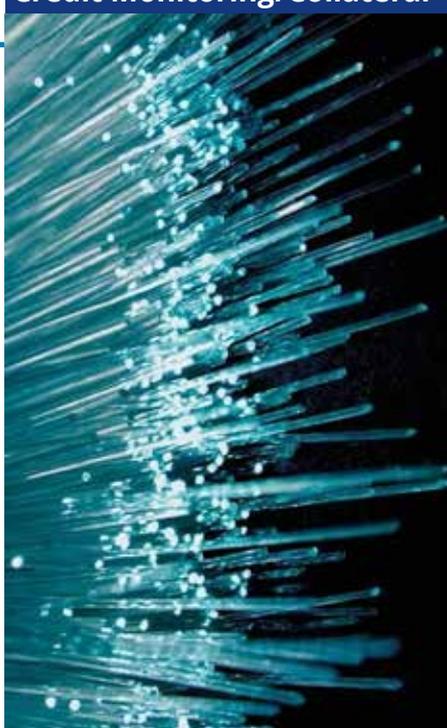
Problem Statement

Historical Process

RPA Enabled Process

Realized/Potential Benefits

Credit Monitoring/Collateral



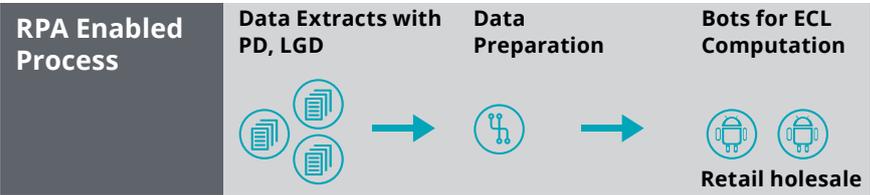
Suited to: C-Suite, Business Head, CRO

Expected Credit Loss Computation

Suited to: CFO, CRO

Problem Statement
The new accounting standard IndAS will require banks to compute ECL every quarter to compute the provisions for the financial statements

Historical Process
Manual computation through excel sheets using data dumps from the risk functions



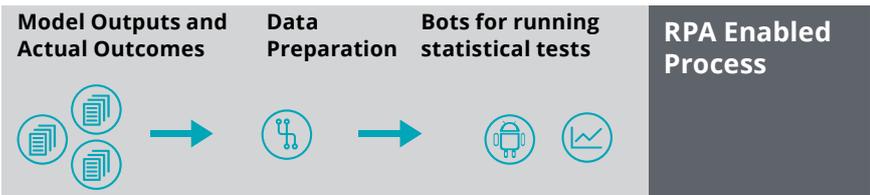
Realized/Potential Benefits
Seamless quarterly computation of ECL for reporting of financial statements

Banks need a large number of models for risk quantification and capital computation across risk categories and products

Problem Statement

Annual validation of models. Due to large number of models, not all models get validated every year

Historical Process



Continuous validation of model outputs, its impact and model performance

Realized/Potential Benefits

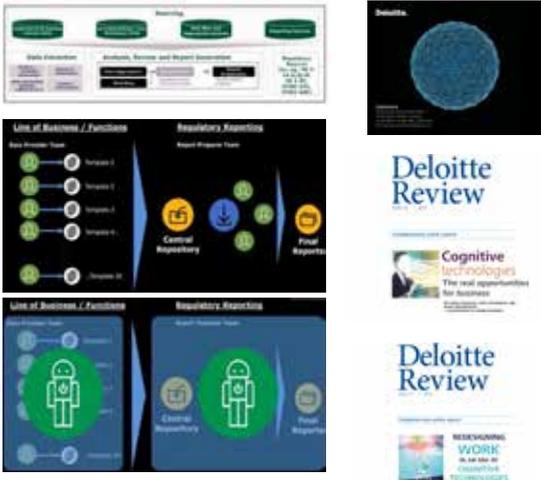
Model Performance

Suited to: CRO



Demos and Point of Views

Demo - Regulatory Reporting



Connectors: Robotic Process Automation
 A quick-reference guide to how RCA plays out in global business services, shared services, and outsourcing
 Deloitte POV, 2016
 Peter Lowes, Frank Cannata, Jason Barkham, Subodh Chitre

Cognitive Technologies: The Real Opportunities for Business
 Examines the evolution of cognitive technologies and how it is being used in organizations today
 Deloitte Review, 2015
 David Schatsky, Craig Muraskin, Ragu Gurusurthy

Redesigning Work in an Era of Cognitive Technologies
 Analyzes the impact of disruptive technologies and how new possibilities for work redesign can provide greater value to business and customers
 DU Press, 2015
 David Schatsky, Jeff Schwartz

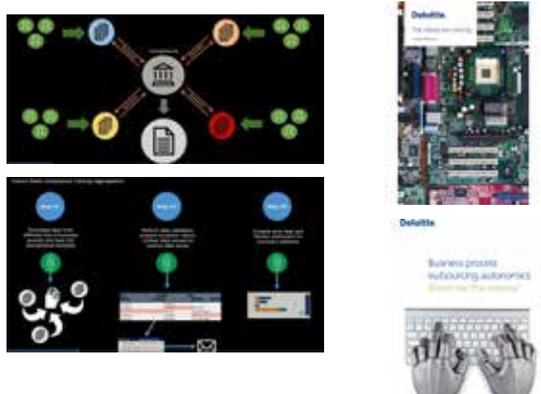
Demo - Trade Surveillance



The Robots are Coming
 Examines the increasing appetite for robotics leadership and discusses how implementing robotics can improve the Finance functions
 Deloitte UK POV, 2015
 Richard Horton, Nick Prangnell, David Wright, Dupe Witherick

Show me the Money: Autonomics in Business Process Outsourcing
 Examines how autonomics has the potential to be a disruptor in the outsourcing industry
 Deloitte, 2015
 Marc Mancher, Simon Tarsh, Dan Kinsella, Richard Sarkissian

Demo - Compliance Aggregation



Automate This: The Business Leader's Guide to Robotic Process Automation and Intelligent Automation
 Explains the basics of enterprise automation using RPA and introduces the capabilities behind Intelligent Automation
 Deloitte POV 2015
 Peter Lowes, Frank Cannata, Subodh Chitre, Jason Barkham

Beyond Automation: Strategies for remaining gainfully employed in the era of very smart machines
 Reviews current thinking around automation and suggests businesses look at automation as a form of augmentation
 Harvard Business Review, 2015
 Thomas Davenport, Julia Kirby

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