# Insurance Distribution Directive

2018: a challenging year for the European insurance sector

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**After months of rumors of a possible delay of the IDD, the European Commission has finally, just before the Christmas break on December 20, 2017, adopted a proposal[1] to delay the application date of the Insurance Distribution Directive (IDD) until 1 October 2018. The transposition date for Member States remains 23 February 2018. The proposal will need to be discussed in the Council of the European Union and the European Parliament before it can be finalised. The Commission states in its legislative proposal that, given the short timeframe, the proposal should enter into force without delay. The European Parliament invited the Commission to adopt a legislative proposal setting 1 October 2018 as the application date of the IDD. It substantiated the request by the need to give insurance undertakings and insurance distributors more time to prepare for the implementation of the IDD and the necessary technical and organisational changes to comply with the Delegated Regulations.**

**In the pages that follow, we provide the results of an EMEA IDD analysis performed just before the summer of 2017 and updated in December 2017. We collected information on the IDD transposition and expected challenges and impacts from a number of EU countries, as well as information on similar legislation in a selection of third-party countries. The information was collected informally through our Deloitte network based on local market experience and expertise. Our main conclusion is that the IDD is expected to have a significant impact on the business strategy, and the (operational) organization of insurance companies and intermediaries. Firms that have just started will need a structured implementation approach in order to reach the deadline.**

## What is the Insurance Distribution Directive (IDD)?

The Insurance Distribution Directive (IDD)[2] is a full recast of the existing Insurance Mediation Directive (IMD)[3]. Member States have until 23 February 2018 to transpose it into national law, at which time the existing IMD will be repealed. Insurance distributors will be required to comply with the new rules by October 1, 2018. In line with one of the main objectives of MiFID II[4] and PRIIPs[5], the IDD is designed to increase consumer protection. One of the main goals is that consumers should benefit from the same level of protection regardless of the differences between distribution channels.

The scope of the IDD is broader than the IMD and covers the entire distribution chain, including direct sales by (re)insurers and certain activities of aggregators and price comparison websites where the client can directly buy a product. Distributors for whom insurance is only an ancillary service such as car rental/leasing firms and airlines are also in scope (with certain limited exemptions). It is important to note that this Directive is aimed at minimum harmonization and therefore does not preclude Member States from maintaining or introducing more stringent provisions provided that these are consistent with the Directive.

1. Proposal for a directive of the European Parliament and of the council amending Directive (EU) 2016/97 as regards the date of application of Member States' transposition measures.
2. Directive (EU) 2016/97 of the European Parliament and of the Council of the 20 January 2016 on insurance distribution.
3. Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation.
4. Directive 2014/65/EU of the European Parliament and of the Council of the 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
5. Regulation (EU) No 1286/2014 of the European Parliament and of the council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

## Key provisions included in the IDD

In order to enhance consumer protection and to ensure a level playing field, the IDD introduces (or reinforces) a number of the conduct of business rules that already apply to the banking, investment, and insurance sector. The main provisions include:

**Needs analysis**
Data collection to allow specification of client's demands & needs where providing advice, a personalized recommendation is to be provided explaining the link between the product and the client's demands and needs

**Product Oversight & Governance**
Extensive product oversight and governance requirements, that have an impact on the end-to-end product value chain, including the distribution channel

**Suitability and appropriateness assessment**
In-depth know your customer (KYC) process to be put in place - obtain information on the knowledge & experience, financial situation and investment objectives of the client - in case of advice, a suitability statement is to be provided explaining the link between the product and the client's preferences, objectives etc.

**Information to clients**
PID (Insurance Product Information Document), a standardized document summarizing the main features of a non-life insurance contract. Alongside PRIIPs, the IDD imposes increased disclosure of costs and charges for insurance-based investment products

**Conflicts of interest**
Insurance distributors shall act honestly, fairly, and professionally in accordance with the best interests of their customers, with internal arrangements to be put in place, including disclosure if necessary

**Professional requirements**
Fit & proper & training requirements (15h per year) for relevant persons within the management structure and any staff directly involved in insurance distribution

**Inducements**
Insurance distributors should not be remunerated in a way that has a detrimental impact on the quality of the relevant service to the customer. Customers are to be provided information on the nature of the remuneration received by intermediaries or employees of insurance companies in relation to the insurance contract

### The IDD Regulatory framework

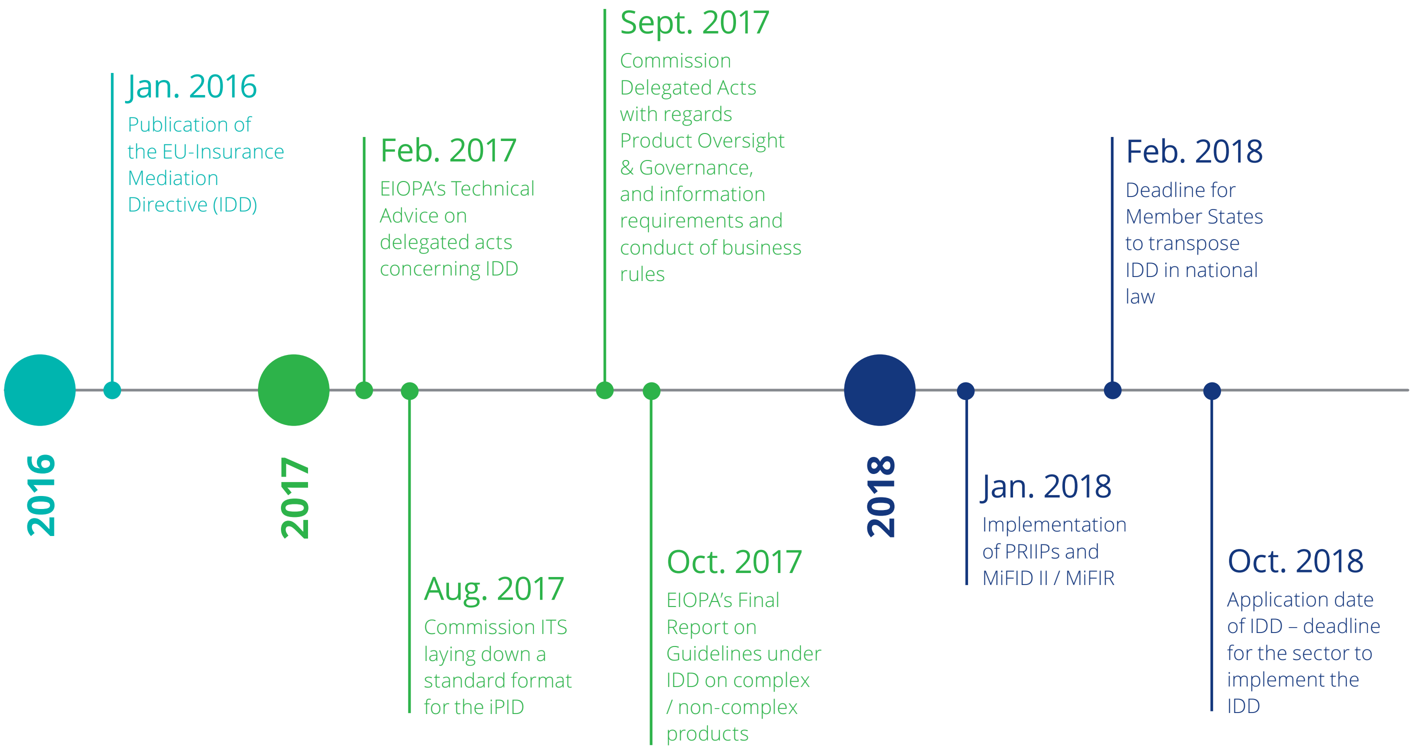
The Insurance Distribution Directive was published in January 2016. In February 2017, the European Insurance and Occupational Pensions Authority (EIOPA) submitted its Final Technical Advice to the European Commission on possible delegated acts to further specify certain provisions related to product governance and oversight, conflicts of interest and inducements, and the suitability and appropriateness assessment. After consulting the sector at the end of July 2017, the European Commission published 2 final delegated regulations on 21 September 2017, one on product oversight and governance, and the other one on information requirements and conduct of business rules for IBIPs. The current proposal of the Commission is now also to change the application date of these Delegated Acts to 1 October 2018[6]. In August 2017, the Commission published an implementing regulation regarding the Insurance Product Information Document (PID), and in October 2017 EIOPA published its Final Report on Guidelines on IBIPs that incorporate a structure which makes it difficult for the customer to understand the risks involved.

### Consumer interests at the heart of the business

As EIOPA states in its 2016 Annual Report, the IDD is a significant milestone in strengthening consumer protection in Europe. EIOPA considers it of utmost importance that the interests of consumers are taken into account throughout the end-to-end insurance life cycle. Nevertheless, EIOPA recognizes that in order to realize this objective, a cultural change will be required from the industry to place consumer interests at the heart of their businesses. However, firms that succeed in realizing this cultural shift stand to benefit, as they will be able to leverage their strengthened risk and conduct culture to achieve better client outcomes and, subsequently, a competitive advantage.

To strengthen the weight of consumer interests, the IDD includes a strong set of sanctions and other measures in its Chapter VII. These go far beyond the existing rules included in the IMD and could have severe consequences, such as a temporary ban on exercising management functions within insurance undertakings, fines, public statements, and lawsuits, not to mention the negative impacts on reputation, etc.

### The European regulatory landscape




6. Commission delegated regulation (EU) amending Delegated Regulation (EU) 2017/2358 and Delegated Regulation (EU) 2017/2359 as regards their dates of application.

## Transposition of the IDD into national law

**Comparative view of the transposition in a selection of Member States**

The information currently available to us seems to demonstrate that competent authorities are not taking the same approach in transposing the IDD. Preparatory work is ongoing in all countries with draft texts and consultation papers being circulated to the sector. However, we see that the expected transposition date varies considerably among countries. Germany and Italy are clearly the frontrunners, whereas in the Czech Republic, for instance, the upcoming elections are expected to have an impact on the IDD transposition process. The country may, therefore, face a delay in meeting the deadline of February 2018. Most other countries expect to be ready slightly before or just around the deadline.

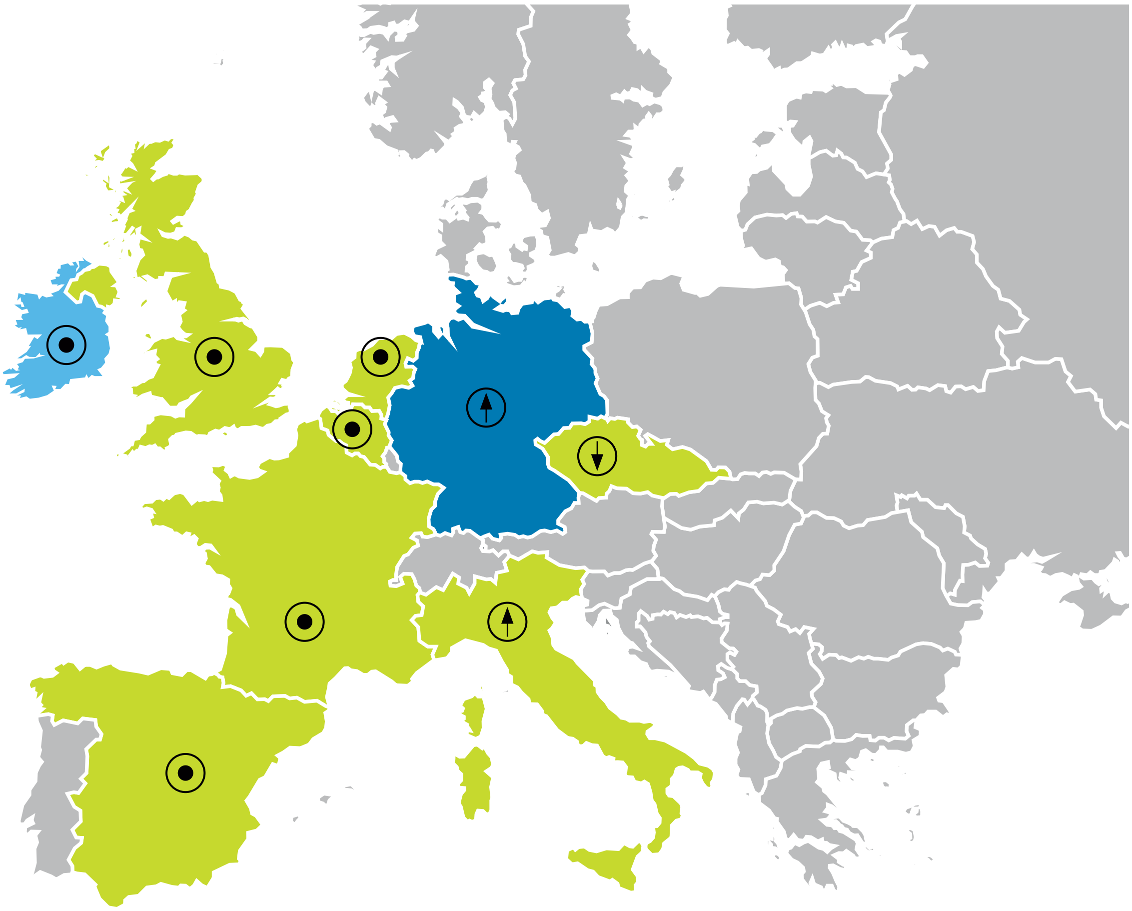
In the UK, the regulator made it clear that despite the recent referendum on exiting the European Union, firms must continue to abide by their obligations, including those derived from EU law, and continue with implementation plans for legislation that is still to come into effect.

These differences in the transposition approach by national authorities will also be driven by the existing regulatory regime in each of the jurisdictions. Table A demonstrates the substantial differences in existing insurance mediation and conduct rules among the different European countries and beyond. The diverse set of rules within the EU is the result of the first generation of EU insurance mediation rules (IMD) introduced in 2002. Although the objective of the (minimum harmonization) IMD was to introduce a similar set of consumer protection rules across Europe, the result was a patchwork of national insurance mediation regulations. Some countries such as Belgium, Italy, and the UK also have domestic consumer protection regulation, further fragmenting the regulatory landscape.

With the IDD, the European Commission aims to strengthen the internal European insurance market, ensuring professionalism of insurance intermediaries and increased consumer protection. The IDD still leaves a lot of flexibility and permits national Member States to impose stricter rules and requirements ("gold plating") in certain areas. As table B demonstrates, national regulators are taking different positions in a number of areas, including the provision of an execution-only sales regime, whether to limit or prohibit inducements in general or in relation to advice, and whether to make the provision of advice mandatory (formally or informally).

We have collected information on the IDD transposition and expected challenges and impacts from a number of EU countries, as well as information on similar legislation in a selection of third-party countries. The information was collected informally through our Deloitte network based on our local market experience and expertise. Most positions are not yet official or based on consultation papers, and hence, are or may still be subject to further refinement or change. The following countries have been consulted: Belgium, the Netherlands, France, Germany, Ireland, Italy, Spain, the Czech Republic, and the United Kingdom. To have a view outside the EU, we also consulted Switzerland and South Africa.

With the IDD, the European Commission aims to strengthen the internal European insurance market, ensuring professionalism of insurance intermediaries and increased consumer protection.



**What is the status of the national IDD transposition in your country?**

Consultation Paper · Draft text available · Final · NA

**At what date do you expect the IDD transposition to be finalised?**

On time · Ahead · Delayed

**By what date do you expect the IDD transposition to be finalized?**
The information available to us leads us to conclude that the regulatory regimes in Belgium, the Netherlands, Ireland, and the UK are probably most aligned with the IDD requirements (albeit that there may be differences in the detailed requirements), whereas the regimes in France and Spain seem to require the most adjustments to be brought into compliance. Nevertheless, overall, it appears that the provisions in the area of product governance and comparison websites—and to a lesser extent inducements—require the most updating vis-à-vis existing rules and regulations.

Table B includes the areas where national regulators are permitted to impose stricter rules. The overall conclusion is that in many areas, national regulators have not yet taken a position, or the position taken varies throughout the different jurisdictions; this again demonstrates the divergence in the European regulatory insurance landscape (cf. IMD). We have added a view of the regulatory insurance framework in Switzerland and South Africa for comparison purposes.

## Facts & figures

**Table A - Existing regulations**

**Do similar requirements exist in your jurisdiction/country for the topics listed?**

| | UK | BE | FR | SP | NL | IRL | IT | D | CZ |
|---|---|---|---|---|---|---|---|---|---|
| **Needs analysis** | Less strict | More strict | Similar | Less strict | Similar | Similar | Less strict | Similar | Less strict |
| **Suitability and appropriateness regime (IBIPs)** | Less strict | Similar | More strict | None | None | Similar | Less strict | Less strict | Less strict |
| **Inducements** | More strict | More strict | None | Less strict | More strict | Similar | None | Less strict | Less strict |
| **Conflicts of interest** | Less strict | More strict | None | Less strict | Similar | Similar | Similar | Similar | Similar |
| **Professionalism requirements** | Less strict | Less strict | Less strict | More strict | Similar | Similar | Similar | Less strict | Less strict |
| **Information to clients** | Less strict | More strict | Less strict | Less strict | Similar | Similar | Similar | Similar | Similar |
| **Product governance** | Similar | Less strict | None | None | Less strict | Less strict | None | Similar | None |
| **Comparison websites** | Similar | None | Less strict | None | Less strict | Similar | None | Less strict | None |

**Table B**

**Gold plating intentions (where known) of national legislators and comparison with current framework in Switzerland and South Africa**

Table B covers the areas where the IDD explicitly states that national regulators may impose stricter rules. However, it should be noted that the regulation may be gold plated in other ways, for example, through the extension of the requirements to a wider range of entities or sectors than those stated in the regulation.

| Expected intentions of the national regulators (gold plating) | United Kingdom | Belgium* | Netherlands | France | Spain | Ireland | Italy | Germany | Czech Republic | Switzerland | South Africa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Intermediary registration** | - | - | Y | - | Y | - | Y | Y | Y | - | Y |
| **Professional requirements** | Y | N | N | - | Y | - | Y | - | Y | Y | Y |
| **Information to clients** | Y | N | N | N | N | - | N | Y | Y | Y | Y |
| **Provision of advice** | N | N | Y | Y | N | - | - | Y | Y | Y | Y |
| **Inducements** | Y | N | Y | - | N | - | - | Y | Y | - | Y |
| **Execution only** | Y | N | N | N | N | - | - | N | N | - | Y |

* Gold plating intentions have been interpreted taking into account the existing regulatory regime in Belgium (which is already stricter than those stated in the IDD in many areas). The Belgian regulator has announced its intention to not gold plate the IDD requirements beyond what already exists.

# "Our research has demonstrated that competent authorities are not taking the same approach in transposing the IDD"

| Diverse positions | Diverse positions |
| --- | --- |
| **Inducements** | **Intermediary registration** |
| Member States may limit or prohibit the acceptance of inducements in relation to distribution or the provision of advice: Spain and Belgium are not in favor, whereas Germany, the UK, the Netherlands and the Czech Republic are in favor. | Most countries tend to agree with a broader registration mechanism under the supervision of the competent authority as well as the principle that where an intermediary acts under the responsibility of an insurance company/other intermediary, the latter shall be responsible for ensuring that the intermediary meets the conditions for registration. |
| **Execution only** | **Professional requirements** |
| Member States may permit firms to carry out insurance distribution activities without performing the appropriateness test (known as the execution-only regime) under certain conditions: the UK and Spain seem to be in favour, versus Belgium, The Netherlands, France, Germany and the Czech Republic which are not. | A number of countries intend to make it a requirement that a certificate must be obtained to prove the successful completion of training. |

In Switzerland and South Africa, most of the IDD requirements are, to a certain extent, provided for in the current regimes, with the exception of product governance, comparison websites and the inducement regime (only applicable for Switzerland). In Switzerland, there is a distinct overlap between the European Commission's intentions with the IDD and the intended focus of FINMA (the Swiss Financial Market Supervisory Authority) on increased client protection, clearer cross-border procedures for insurance markets, and stringent product oversight and governance rules for product manufacturers and distributors.

# With the IDD, the European Commission aims to strengthen the internal European insurance market, ensuring professionalism of insurance intermediaries and increased consumer protection.

## Impacts and challenges of the IDD

From the information that we collected through the Deloitte network, we anticipate that the IDD will have an impact on a wide range of areas within firms across Europe. These areas include Business Strategy, Processes & IT Systems, and Organization & People.

**Business Strategy:** the IDD reinforces a more client-centric approach by requiring that firms have clear charging structures that consider the best interests of their clients. This will lead firms in certain jurisdictions to rethink their charging and distribution strategies and increase market competition, resulting in pricing and margin pressures. New product governance requirements will mean firms must align their strategy with their target market through an ongoing product development and review process that centers on clients' demands and needs and proactively manages client risks and conflicts of interest.

**Processes & IT systems:** in line with MiFID II, the IDD introduces a number of changes to the sales process, for example, assessing appropriateness and suitability, enhanced client information and disclosure, and more complex record-keeping requirements. Firms offering automated digital sales and advice and aggregators/price comparison websites will need to ensure that client journeys, including underlying algorithms, adhere to these requirements.

**Organization & People:** new professionalism requirements will mean firms must review their training, development, and performance management processes. The aim will be to increase the ongoing knowledge and capability of staff, in particular of those who are client-facing. Any subsequent changes to a firm's products and processes will need to be incorporated into this training.

Table C below illustrates the breadth of changes facing firms. As summarized above, changes to charging structures and inducement frameworks will have a fundamental impact on the European insurance and distribution landscape, while the requirements of the needs analysis, the suitability and appropriateness regime, and client information are expected to have the greatest impact on firms' target operating models.

Table C

| | Value Chain Impacts | | |
|---|---|---|---|
| | Business strategy | Processes & IT | Organisation & people |
| **Needs analysis** | L | H | M |
| **Suitability and appropriateness** | M | M | M |
| **Inducements** | VH | L | L |
| **Conflicts of interest** | M | M | M |
| **Professionalism requirements** | L | L | H |
| **Information to clients** | M | H | L |
| **Product governance** | M | M | M |
| **Comparaison websites** | M | M | L |

**VH**= Very high **H**= High **M**= Medium **L**= Low

## Impacts in a selection of European countries

### Impacts in Belgium

The Belgian insurance sector has been subject to conduct of business rules similar to MiFID since 1 May 2015 (commonly known as AssurMiFID[7]). The conflicts of interest and inducement requirements that are stricter than those under the IDD have had a considerable impact on the remuneration flows and, hence, the business model of insurance companies and (non-tied) intermediaries. Other key challenges have been the implementation of the suitability and appropriateness process, as well as the record-keeping requirements. Both have mostly had a significant operational impact (depending on the existing operating model). Together with other drivers like margin pressure, digitalization, and other challenges, insurance companies have been and still are fundamentally rethinking their way of doing business. The Belgian insurance distribution landscape has also changed as a consequence of AssurMiFID.
For instance, the number of intermediaries has substantially decreased in the Belgian market.

Given the existing AssurMiFID regulatory framework5, the impact of the IDD on the Belgian market will most likely be somewhat limited; nevertheless, the IDD introduces additional requirements like the enhanced product oversight and governance requirements, the "Product Information Document" for non-life insurance contracts, the suitability statement for insurance-based investment products, and additional professional requirements, etc. Hence, Belgian firms will need to undertake a gap analysis to identify the required changes to their internal processes and procedures.

7. The AssurMiFID regulatory framework:
- The Twin Peaks II law (TP II), dated 30 July 2013
- Part IV of the Insurance Law of 2014
- The three implementing Royal Decrees, dated 21 February 2014
- The Circular Letter of the Financial Services and Markets Authority (FSMA), dated 16 April 2014, and revised in September 2015, to include additional guidelines with regard to record-keeping requirements

### Impacts in the UK

The Financial Conduct Authority (FCA) has traditionally been quite proactive in adopting conduct regulation and, consequently, the IDD is not expected to have as great an impact in the UK as in some other EU jurisdictions. Nevertheless, the IDD introduces developments in a number of areas and UK firms will need to undertake a potentially extensive gap analysis (depending on the complexity of their business models) to identify necessary changes to their governance, systems and controls, sales practices, client disclosures, and distribution arrangements. In particular, the implementation of the IDD will affect distribution channels by introducing stricter conduct of business requirements for insurance distribution, imposing new requirements on authorized firms distributing through firms that are outside the UK's regulatory perimeter, e.g., out-of-scope ancillary insurance intermediaries, and introducing new principles (for example, the "client's best interest" rule) that apply to all intermediaries in the distribution chain—even where they do not have direct contact with the end-client.

### Impacts in Germany

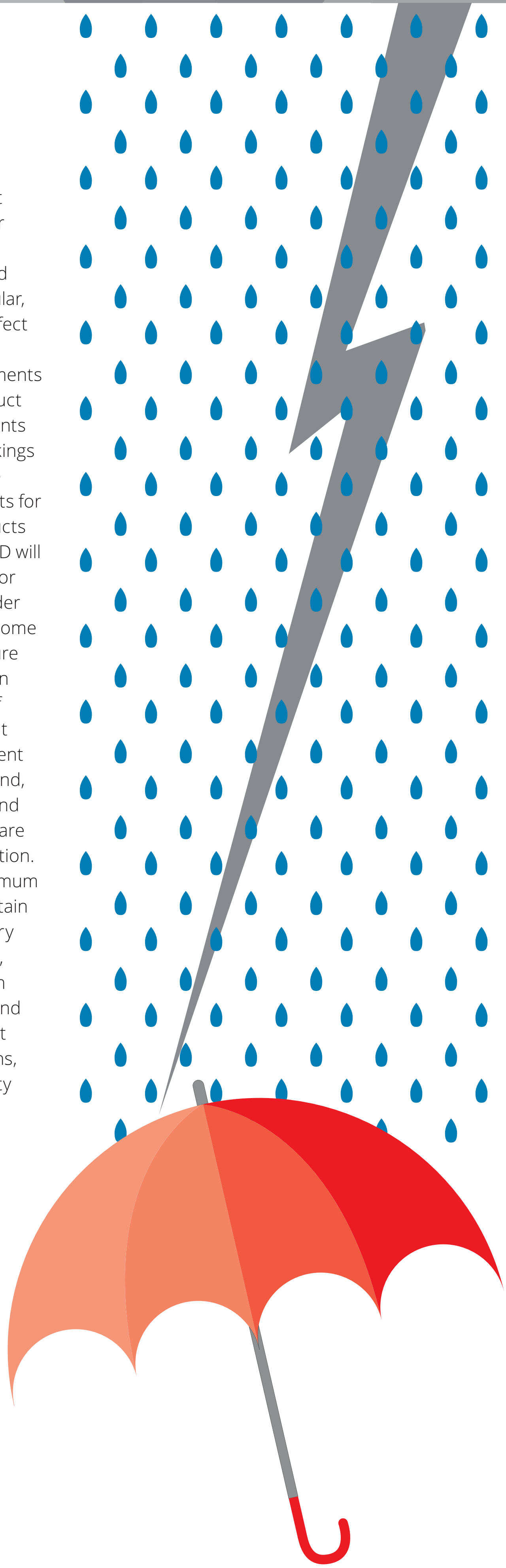
As the national IDD law was passed through parliament and Bundesrat in July 2017, German insurers have stepped up their efforts to become IDD-compliant. As the consumer protection focus of EIOPA is similar to a code of conduct for primary insurers (GDV-Kodex), most insurers are familiar with the IDD requirements and will close identified gaps with legal requirements applying insights from previous years. Nevertheless, we clearly see differences concerning IDD readiness, i.e. large insurers started their IDD projects in the fall of 2016, whereas mid-size/small insurers only started in the first quarter of 2017 for the most part. Demand for IDD support ranges from legal interpretation and content reviews of existing IDD concepts up to considerable deployment support. The key issue is the interdependency with MiFID II and PRIIPS that requires organizational alignment with regard to Insurance-Based Investment Products (IBIPs); this entails a longer-than-expected IT implementation lead-time, and increases the regulatory uncertainty for multinational insurers in countries where an IDD transposition draft is not yet available. In summary, German insurers may well be the IDD frontrunners within the EU, but all market segments still have a significant number of measures to complete by the end of February 2018.

### Impacts in Spain

In the Spanish market, one of the main impacts of the IDD transposition is related to the scope of policies to which the new law will be applicable, specifically with regard to conduct rules. Based on the latest draft available, the Spanish regulator has decided to extend the scope of the law to include not just new insurance policies (i.e., those written after the new law comes into force), but also existing policies if they are amended in certain ways. Consequently, several conduct of business requirements (such as post-contractual information and product oversight and governance) will not only impact new business, but also the millions of existing policies that are amended each year. If this extension of scope is considered alongside requirements that all client information should be readily recoverable for the Supervisor, the impacts will be significant. Another very important impact of the future regulation are the Product Oversight and Governance (POG) requirements, as the Spanish market is not used to this type of conduct of business regulation in the insurance sector. Manufacturers and distributors will have to put in place governance arrangements that comply with their new duties and responsibilities. This will require new information, processes, and activity that will impact firms' IT systems, processes, operational efficiency, renewals, and future business.

"The greatest impact of the IDD will be on the process and IT side of insurance distributors, as well as on their business strategy."





### Impacts in France

In the French market, the IDD is a major shift for insurance companies and intermediaries. Some of the provisions already exist in French law (similar suitability and appropriateness requirements for IBIPs have applied since 2009). However, several conduct rules are completely new in the insurance sector and are expected to have a major impact on insurance undertakings' strategy, sales processes, and ultimately on their business models. The rules on inducements and conflicts of interest will require that insurers map and undertake an in-depth diagnosis of the commissions paid to their distributors. If deemed necessary, they will have to adapt their inducement schemes (boosters, sales target), for example by including qualitative criteria and taking better account of clients' interests.

It is also important to note that changes in remuneration are a long-term issue, including potentially difficult negotiations with distributors' representatives.

Complying with Product Oversight and Governance requirements will be another challenge for the French insurance market, especially regarding the oversight process. In order to ensure that the products they manufacture are distributed to the defined target market on a regular basis, insurers will have to strengthen controls over their distribution channels—including independent brokers—and develop management information. Finally, some difficulties regarding the articulations of the IDD provisions with existing French law still remain, given that they will be implemented by means of a regulation directly applicable in local law (e.g., with regards to suitability and appropriateness). This should be clarified by the final version of the transposition texts and the positions of the ACPR (French banking and insurance supervision authority).

### Impacts in Ireland

There are a number of provisions of the IDD that will require Irish firms to assess their current business models and compliance environment to identify necessary changes to their governance, systems and controls, sales practices, client disclosures, and distribution arrangements. In particular, the implementation of the IDD will affect distribution channels by introducing stricter conduct of business requirements for insurance distribution. New product oversight and governance requirements will apply to both insurance undertakings and intermediaries that manufacture insurance products, and requirements for insurance distributors offering products that they do not manufacture. The PID will be a mandatory pre-sale document for any insurance product not falling under the PRIIPs regulation. While there is some overlap with the information disclosure requirements in Consumer Protection Code 2012, the prescriptive nature of the PID in terms of content and layout makes it a very challenging requirement for non-life insurers. On the other hand, many of the training, development, and probity requirements under the IDD are already catered for in national regulation. For example, the Central Bank's Minimum Competency Code 2011 imposes certain requirements on individuals who carry out functions on a professional basis, such as the provision of advice, etc. In addition, the Central Bank's Fitness and Probity Regime already requires most senior managers to have qualifications, experience, competence, and capacity to perform their roles.

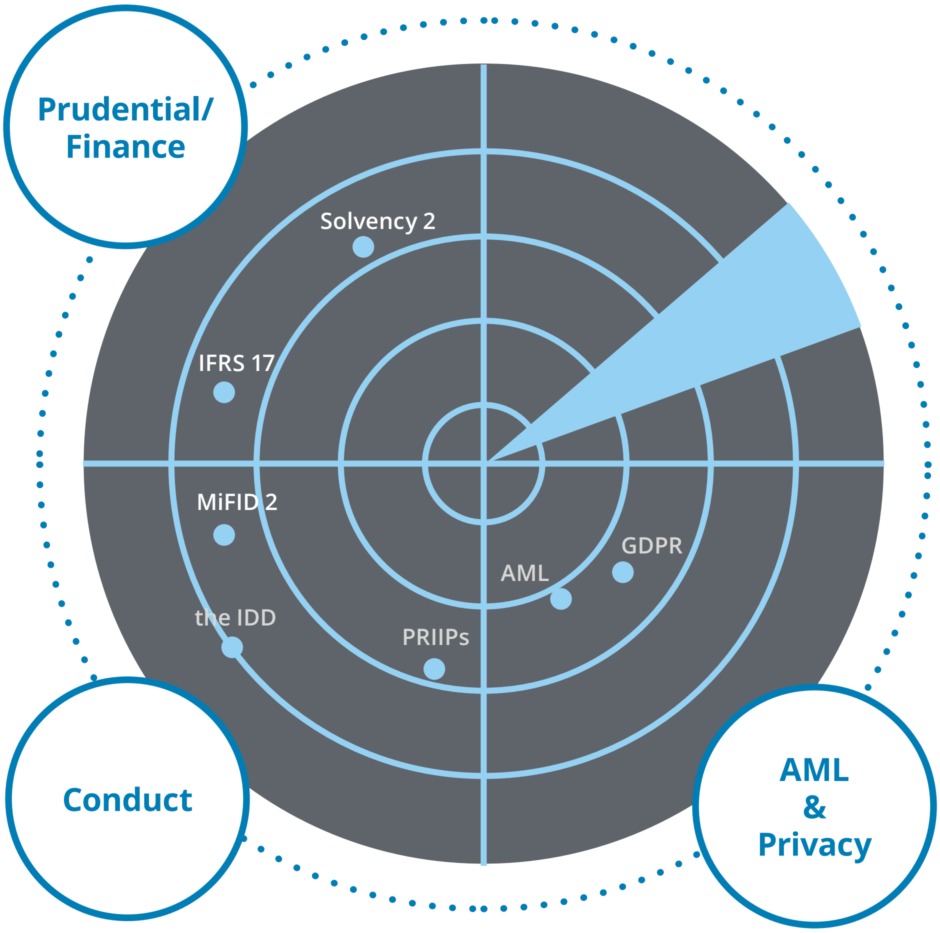
## What firms should be doing

**We understand that the IDD has prompted an intense sector debate where sector associations of both insurers and independent intermediaries have been preparing position papers and providing lengthy feedback statements to EIOPA's consultation papers.**

The IDD will have an impact on the entire value and distribution chain, including (re) insurers, tied and untied intermediaries, aggregators, and price comparison websites, but also ancillary distributors such as car rental/leasing firms and airlines (with certain limited exemptions). Nevertheless, we understand that firms are in different increasingly undertaking analysis to identify gaps against the incoming regulations and determine the impact on their businesses. At this stage, firms need sufficient insight into the EU and country-specific regulatory framework to be able to implement the IDD and mitigate the impacts so as to avoid, as much as possible, any detriment to their business models, profit and loss, etc. stages of putting in place implementation projects. In France, Spain, and particularly Germany, implementation activities are clearly underway, driven by either the major impact of the IDD (as in France), or the fact that their local regulators are clearly in pole position (Spain and Germany). Firms in these countries are increasingly undertaking analysis to identify gaps against the incoming regulations and determine the impact on their businesses. At this stage, firms need sufficient insight into the EU and country-specific regulatory framework to be able to implement the IDD and mitigate the impacts so as to avoid, as much as possible, any detriment to their business models, profit and loss, etc.

**The insurance sector**
**What is on Firms' regulatory agenda?**

The closer a dot is to the center of the radar, the higher the topic is on the regulatory agenda (based on our understanding).



## Action plans

In October 2018, , firms will need to be IDD-compliant. Therefore, they will need to be able to demonstrate the measures they have taken and the actions they will put in place to implement the IDD requirements and to prevent threats arising from non-compliance. Below, we have provided a typical implementation approach firms apply when analyzing and preparing their organization for such large-scale change. Against the background of the defined phase objectives, an effective implementation approach addresses a set of key questions in order to design proposals for implementation. Where are you in this phased approach?

| Steps | Mobilization | Gap analysis | Options identification | Impact assessment | Implementation planning |
|---|---|---|---|---|---|
| Objectives | Engage stakeholders, confirm project objectives, scope and detailed project plan, and tools. | Identify the current regulatory implementation status and derive the business requirements tailored to the institution. | Identify and define business design options. | | Prepare planning decisions to be taken and schedule their implementation. |
| Key activities | • Project objectives.<br>• Scope and timeline.<br>• Most effective project governance structure.<br>• Interaction with all stakeholders and other jurisdictions.<br>• Methods and tools used. | • Main differences from current regulatory framework (per jurisdiction/gold plating).<br>• What is/are competition/market players doing.<br>• Business change areas.<br>• Culture change/change management. | • Design options per business activity.<br>• Interlinkage between options.<br>• "Net" options from an aggregated and end-to-end perspective. | • Business impacts (Strategy/process & IT/Organization).<br>• Financial impact of implementation areas.<br>• Risks and rewards.<br>• Impact on customers. | • Key decision proposals.<br>• Proposal options.<br>• Quick wins.<br>• Decision work streams.<br>• Level of readiness. |
| Key outputs | Up and running core project team. | Repository of high level business requirements. | Option portfolio. | Business impact against risk/reward. | Way forward. |