



## **Regulatory Reporting Health Check**

Regulatory expectations, challenges and lessons learnt

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# 01 Regulatory reporting landscape in Southeast Asia

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## Evolving complexity in regulatory reporting

Financial market participants rely on the timely and accurate information reported by Financial Institutions (FIs). Data collected from regulatory reports is vital for the early identification of threats to the stability of an institution — and even to the overall financial services ecosystem.

In recent years, regulatory reporting requirements have only continued to expand — the monthly cycles of data gathering, report preparation, review, and delivery are growing longer with increased complexity. This is primarily due to an increase in data inputs, requests for more internal / external reporting and general business needs for data-driven analysis stemming from these reports.

Given the focus regulators have placed on regulatory reporting and the potential for improvement across the industry, it seems clear that now is the time for reporting to be considered a top strategic priority. This allows a business many opportunities to develop more integrated and efficient reporting processes.

FIs are utilising technology to remove manual tasks, increase collaboration, and have more confidence to share insights earlier. Additionally, the mechanisms of reporting and the data uncovered are often useful to the enterprise.



# Overview of regulatory reporting requirements across different jurisdictions

Non-exhaustive

## Malaysia

- Cash Balance of Payments (CashBOP) Reporting
- Central Credit Reference Information System (CCRIS)
- Electronic Data Submission (EALIS Reporting)
- Electronic Survey (E-survey)
- Financial Institutions Statistical System (FISS) Reporting
- Financial Reporting
- Internal Transactions and External Position Information Reporting
- Macroeconomics and External Sector Reporting
- Perbadanan Insurans Deposit Malaysia (PIDM) Reporting
- StatSmart Reporting (includes Basel Reporting)

## Singapore

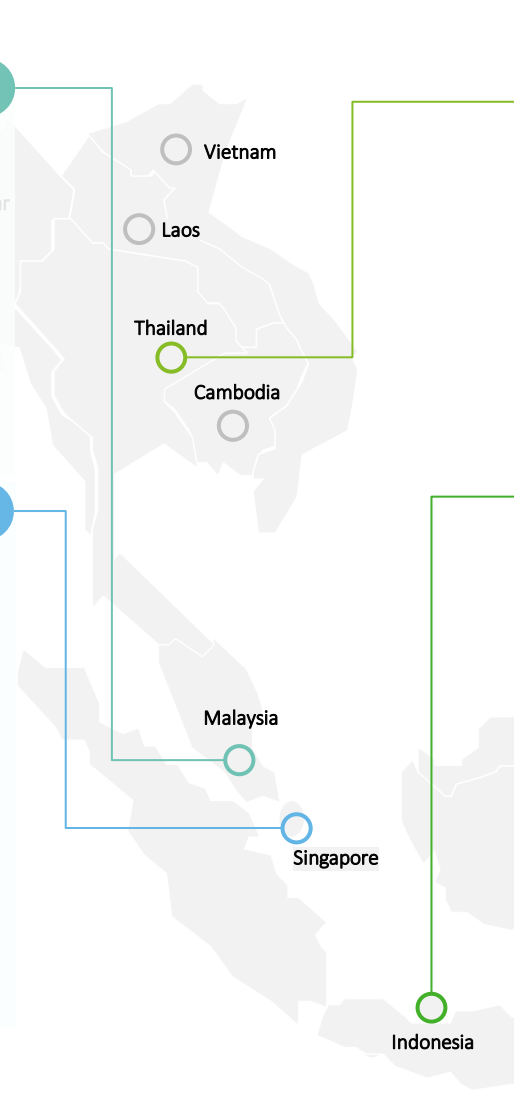
- Asset Management Survey
- Bank for International Settlements Triennial Survey
- Deposit Insurance Returns
- Exposures and Credit Facilities to Related Concerns
- Financial Services Employment Outlook Survey
- Issuance of Covered Bonds
- Lending of Singapore Dollar to Non-Resident Financial Institutions
- Liquidity Coverage Ratio
- Minimum Asset Maintenance Requirements
- Minimum Cash Balance
- Minimum Liquid Assets
- Monthly Submission of Statistics and Returns
- Net Stable Funding Ratio
- Payment Services
- Quarterly Income and Expenditure
- Risk Based Capital Adequacy Requirement
- Section 35 Property Exposure
- Survey of Services
- Top Borrower Groups Survey
- Transactions With Related Parties
- Weekly Report on S\$ Transactions

## Thailand

- Asset and Liability Report
- Capital Requirement Report (Basel 2)
- Derivatives Report
- Financial Consolidated Report
- Financial Institutions Data Set
- FX Position Report
- Liquidity Asset Report
- Loan to SME Report
- Market Conduct Report
- Market Risk Capital Requirement Report
- Persistent Debt Report
- Financial Institutions Risk Management

## Indonesia

- Asset Quality
- Bank soundness level
- Capital adequacy requirement and risk-weighted asset
- Card Payment Instrument and electronic money activities
- Cash flow projection
- Climate risk stress testing (CRST)
- Credit limit
- Credit Restructuring
- Custodian activities
- Debtor information
- Domestic Credit Letter
- e-banking delivery channels transactions
- Financial Reports
- Fundamental review of the trading book (FRTB)
- GCG Assessment Report
- Government account transfers
- Integrated governance
- Integrated risk management
- Interest Rate Risk In The Banking Book (IRRBB)
- Latest condition of IT usage
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Non-Bank products activities



Source: Deloitte research (August 2024)

# Three emerging theme on reporting practice among regulators in Southeast Asia

Non-exhaustive

## #1 Increasing regulatory scrutiny on reporting data



### May-2024 | Publication of BNM enforcement approach

The document outlines BNM's comprehensive enforcement regime to enhance awareness of BNM's approach in administering its enforcement powers.

### Jan-2024 | 14 FIs fined by BNM for failure to comply with statistical reporting requirements

BNM imposes Administrative Monetary Penalty on 14 Financial Institutions for failure in submitting timely, accurate, and complete data as per reporting requirement.



### May-2024 | Thematic inspections on data governance and management practices

Monetary Authority of Singapore (MAS) conducted thematic inspections on data governance and management framework of selected banks, which stresses the need for financial institutions to have comprehensive frameworks to ensure data accuracy, consistency, and completeness, supported by a well-organised IT infrastructure.

## #2 Governance over data and IT



### Jun-2023 | Issuance of risk management in technology policy

The BNM Policy aims to formalise the risk management programs used when adopting cloud and other technological innovations in FIs

### Apr-2023 | Issuance of management of customer information and permitted disclosures

The BNM Policy sets out the requirements for the management of customer information lifecycle.



### Dec-2023 | Regulation and guideline to support banking sector digital transformation

Otoritas Jasa Keuangan (OJK) introduced new regulations and guidelines to facilitate the digital transformation of the banking sector, highlighting the need for regulatory frameworks to be adaptable to new technological advancements.



### May-2024 | Regulations on cross-border data flows

Thailand's Personal Data Protection Committee (PDPC) has introduced new regulations to protect data privacy and ensure that data transfers comply with international standards.

### Mar-2022 | Data governance for central bank

The paper "*Regulatory Reporting Cost of the Thai Banking Industry*" recognises the importance of data governance within a central bank. It also highlights the role of a regulatory report data dictionary in reducing misinterpretation of regulatory requirements

## #3 Encouraging use of data & technology



### Jun-2024 | Data analytics adoption for AML practice

MAS encourages FIs to develop their data analytics capabilities to process large amounts of data and uncover anomalies in transactions or customer behaviour more effectively.

### Jan-2023 | Regulatory technology grant to strengthen risk and compliance functions

From 2021 to 2026, MAS has pledged \$42M grant to FI to encourage the adoption and integration of technology solutions in risk management and compliance functions.



### Oct-2023 | Strengthening internal audit functions in FS amid digitalisation era

OJK encourages the utilisation of information technology such as data analytics and artificial intelligence to improve the oversight and compliance of the internal audit functions.

### May-2024 | FS sector strengthening through government support

OJK supports internal auditors by providing certification programs as part of its effort to encourage the use of advanced technologies (e.g. generative AI) to improve the efficiency of internal audit processes.

Source: Deloitte research (August 2024)

## 02 Regulatory reporting development in Malaysia

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# The overwhelming regulatory demand of more than 100 reports in Malaysia

Malaysian FIs are expected to navigate extensive reporting requirements across diverse topics. This requires meticulous planning, robust data management systems, and a proactive approach to compliance, to ensure accuracy and timeliness in submissions.

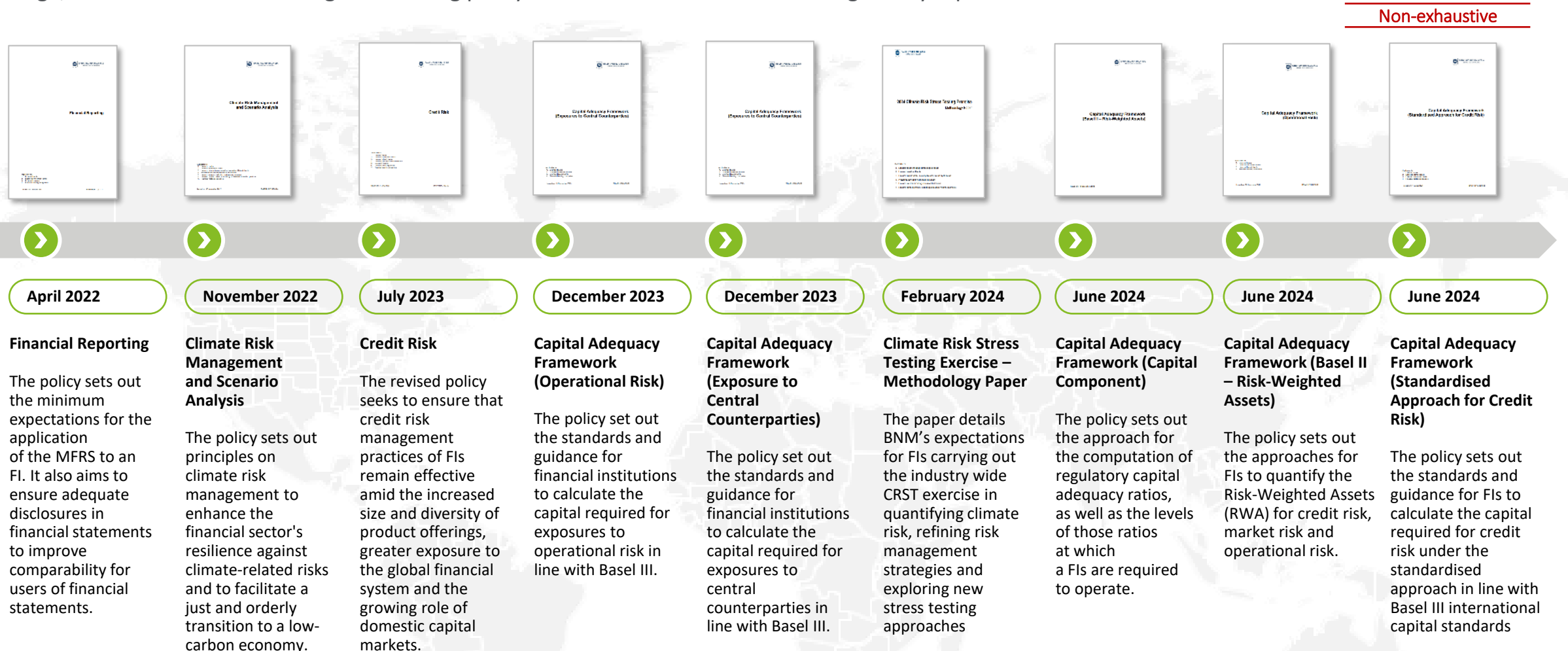
**Non-exhaustive**

StatsSmart system		External Sector Statistics (ESS) System ("ESSDSS")	Central Credit Reference Information System ("CCRIS")
<p><b>STATSMART REPORTING</b></p> <ul style="list-style-type: none"> <li>Report on Weekly Interest and Deposit Rates</li> <li>Report on Statutory Reserve Requirement (SRR)</li> <li>Report on Monthly Interest and Deposit Rates</li> <li>Report on Monthly Financial Position Statement</li> <li>Report on Monthly Purchases and Sales of FX/RM and Marketable Debt Securities From Foreign Entities</li> <li>Report on Domestic Monthly Comprehensive Income Statement</li> <li>Report on IIB Financial Position Statement</li> <li>Report on IIB Off Balance Sheet</li> <li>Report on IIB Comprehensive Income Statement</li> <li>Report on IIB Capital Structure</li> <li>Report on Top10 Borrowers with Newly Impaired Loan</li> <li>Report on Top10 Borrowers by Group</li> <li>Report on Top10 Depositors by Individual and Group</li> <li>Report on Foreign Exchange Market Turnover</li> <li>Report on Deposit by Ethnic Group</li> <li>Report on External Liabilities</li> <li>Audited Domestic Financial Position Statement &amp; ICBU</li> <li>Audited Domestic Comprehensive Income Statement &amp; ICBU</li> <li>Audited Domestic Changes in Equity Statement</li> <li>Audited Domestic Cash Flow Statement</li> <li>Report on Domestic Monthly Financial Position Statement</li> <li>Report on Domestic Monthly Comprehensive Income Statement</li> <li>Report on ATM Transactions</li> <li>Report on Comprehensive Income Statement for Card Business</li> <li>Report on Mobile Payment via Near Field Communication</li> <li>Report on ETF</li> <li>Report on e-Money Transactions</li> <li>Report on Internet and Mobile Banking</li> <li>Report on Monthly Card Business</li> <li>Report on Quarterly Card Business</li> <li>Report on Liquidity Framework</li> <li>Report on Rates of Return for Islamic Business</li> </ul>	<p><b>STATSMART REPORTING</b></p> <ul style="list-style-type: none"> <li>Report on Lending to Broad Property Sector and Purchase of Shares and Unit Trust Funds</li> <li>Report on Deposit Accepted by Member and Non-member</li> <li>Report on Insurance and Guarantee</li> <li>Report on interbank GIRO Transactions</li> <li>Report on Shared ATM Network Regional Link</li> <li>Report on Merchant Discount Rate</li> <li>Basel II (Global) – Credit Risk</li> <li>Basel II (Global) – Market Risk</li> <li>Basel II (Global) – Operational Risk</li> <li>Basel II (Consolidated Reporting) – Credit Risk</li> <li>Basel II (Consolidated) – Operational Risk</li> <li>Basel II (Consolidated) – Operational Risk</li> <li>Basel III (Consolidated) – Operational Risk</li> <li>Basel III (Consolidated) – Capital Component</li> <li>Basel III (Entity) – LR</li> <li>Basel III (SPI) – NSFR</li> <li>Basel III (SPI) – LR</li> <li>Basel III (Consolidated) – NSFR</li> <li>Basel III (Consolidated) – LR</li> <li>Basel III (Entity) – LCR</li> <li>Basel III (SPI) – LCR</li> <li>Basel III (Consolidated) – LCR</li> <li>Basel III (Global) – LCR Monitoring Tool</li> <li>Basel III (Consolidated) – LCR Monitoring Tool</li> <li>Basel III – Capital Adequacy Framework for financial holding company</li> <li>Basel III – Liquidity Coverage Ratio for financial holding company (Observation)</li> </ul>	<p><b>CASH BOP</b></p> <ul style="list-style-type: none"> <li>Form P/R</li> <li>Partial Transactions (outgoing/ incoming)</li> <li>Statements BP/BR</li> <li>Statements M</li> <li>Statements E/F</li> <li>Inter-Company Account Report (if applicable)</li> <li>Statement OP/OR</li> </ul> <p><b>EALIS REPORTING</b></p> <ul style="list-style-type: none"> <li>Vis-à-vis Non-Resident</li> <li>Vis-à-vis Resident</li> <li>Foreign Offices</li> <li>Custodian Reporting</li> </ul>	<p><b>CREDIT STATISTICS</b></p> <ul style="list-style-type: none"> <li>New Credit Application</li> <li>Update of credit application status</li> <li>New Account Details</li> <li>End of Month Position</li> <li>Provision for all Loans</li> <li>Clarification/Verification of Doubtful Data</li> <li>Amendment of inaccurate data</li> <li>Update of data previously submitted</li> </ul>
<p><b>FINET/E-SURVEY/E-MAIL</b></p>			
<p><b>INTERIM REPORTING</b></p> <ul style="list-style-type: none"> <li>Current Account/Savings Account</li> <li>Basic Banking Statistics</li> <li>ePayment Card Management Consultative Group (ePCMCG)</li> <li>Payment Card Reform Framework (PCRF)</li> <li>Payment Statistics by States</li> <li>Base Rate and Lending Rates on New Loans Approved During the Month</li> <li>Pembiayaan Mikro</li> <li>Financial Market Statistics</li> <li>Repurchase Agreement Transaction</li> <li>Reporting of Restructuring &amp; Rescheduling Applications for SME Loans/Financing</li> <li>Debt Service Ratio for Reporting</li> <li>Investment Account</li> <li>Rate of Return</li> <li>Tawarruq Fixed Deposit</li> <li>Lending to Priority Sector</li> <li>Survey on Household Profiles</li> <li>Financial inclusion</li> <li>Retail Ringgit-denominated NID and INI Programme</li> <li>Report on List of Bank Branches and Offices, Agent Banks and Electronic Terminals</li> <li>Report on Remaining Maturity of Banking Institutions (RMBIDI)</li> <li>Interbank Exposure</li> </ul>		<p><b>MACROECONOMICS AND EXTERNAL SECTOR</b></p> <ul style="list-style-type: none"> <li>Ringgit Assets Holding by Non-Resident Ultimate Beneficial Owner (UBO)</li> <li>External Account Balances (EAB)</li> <li>Interest Rate and Rate of Return Risk in the Banking Book (IRRBB &amp; RORBB) – Quarterly and Monthly</li> <li>Credit Derivatives</li> <li>Complaint Statistics</li> <li>Staff Training Expenditure (STE)</li> <li>Customer Service Indicators</li> <li>Report on Labour Market Statistics</li> <li>Renminbi (RMB) Exposure and Transaction in Malaysia Against External Assets Liabilities (EAL) and Cash BOP</li> </ul>	
<p><b>JUSTIFICATION FOR AMENDMENTS</b></p>		<p><b>FISS REPORTING</b></p> <ul style="list-style-type: none"> <li>Report on Domestic Asset and Liabilities Monthly (RDALM)</li> <li>Report on Asset and Quality (ROAQ)</li> <li>Report on Domestic Asset and Liabilities Quarterly (RDALQ)</li> <li>Report on Security Coverage (ROSC)</li> </ul>	



# Amidst intense reporting demands, FIs must keep up with everchanging reporting requirements.

Given the expanding range and variety of financial products, and to safeguard the competitiveness of Malaysian financial institutions on the international stage, BNM has been introducing and revising policy documents related to various regulatory reports.





# What should FIs be prepared for in regulatory reporting in Malaysia?

Non-exhaustive

## Same reporting requirements but with higher expectations

BNM has enforced stringent statistical and reporting requirements to maintain data integrity and reliability – particularly on **Central Credit Reference Information System (CCRIS)**, **STATsmart** and **External Sector Statistics (ESS)** reporting. Recent regulator actions and policy updates highlight this focus on these areas.

### Recent enforcement actions:

Penalties have been imposed on several banks for non-compliance with statistical reporting requirements, underscoring the importance of accurate and timely data submission.

### Data-driven approach:

BNM's expectations for banks to adopt data-driven approach in managing credit risk, operational risk, and climate risk exposure highlight the need for a strategic data management in addressing the demand for quality data for risk management and decision-making processes.

## Current and upcoming changes in reporting requirements

Since November 2022, BNM has published a series of exposure drafts and policy documents in relation to Capital Adequacy Framework, bringing Malaysian FIs to adopt changes in line with Basel III international capital standards.

### Revised policies related to Capital Adequacy Framework:

1. Standardised Approach for Credit Risk
2. Operational Risk
3. Exposures to Central Counterparties
4. Capital Components
5. Basel II – Risk Weighted Assets
6. Capital Components for Islamic Bank
7. Risk-Weighted Assets for Islamic Bank

### Additional work expected to be released by BNM in the future:

1. Credit Risk (Internal Rating-Based Approach)
2. Output Floor
3. Credit Valuation Adjustment (CVA)
4. Securitisation Framework
5. Market Risk (Standardised Approach and Internal Models Approach)

## New Reporting Requirement – Climate Risk Reporting

Additionally, there is new set of reporting requirements on sustainability and climate risk related disclosure. In 2022, BNM published the **Climate Risk Management and Scenario Analysis (CRMSA)** in recognition of the substantial risks that climate change poses to the soundness of financial system.

### Climate disclosure requirements:

In line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), FIs are expected to address climate-related reporting requirements and provide annual disclosures on:

1. Governance
2. Strategy
3. Risk Management
4. Metrics and Targets

Disclosure of climate-related metrics and targets is particularly important for transparent communication of the FI's climate-related commitments. This requires FIs to have a robust approach in reporting and ensuring consistency in reporting on climate disclosure, financial performance and risk management.

Source: Deloitte research (August 2024)

## 03 Our thematic review on regulatory reports

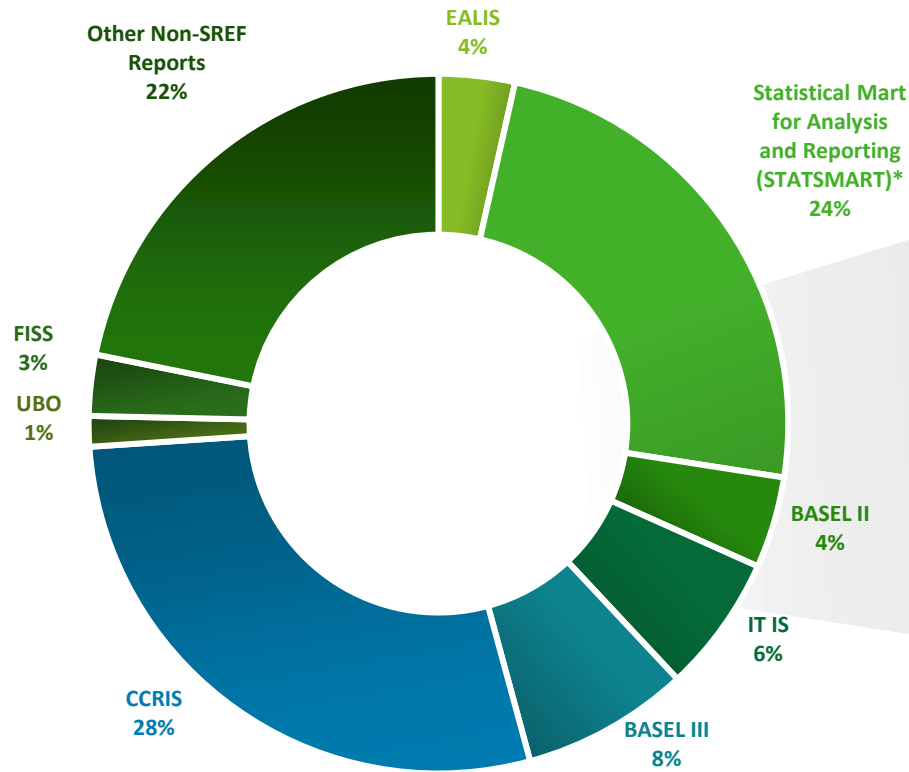
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# Our thematic review on regulatory reports

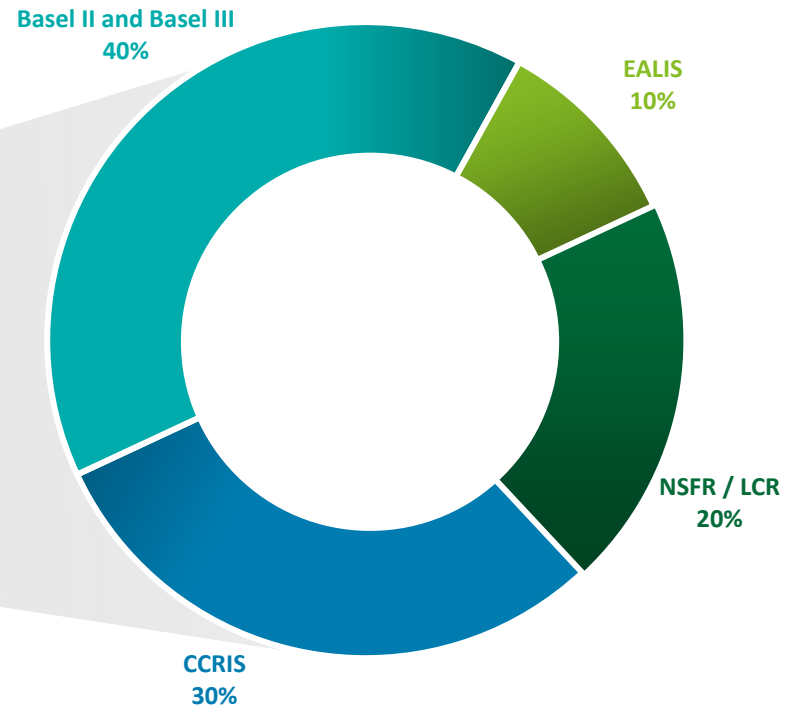
In 2016, BNM took the approach of enforcing the Statistical Reporting Enforcement Framework (SREF) with an imposition of administrative monetary policy (AMP) on non-compliances with statistical reporting. FIs are expected to ensure that the reports submitted are accurate, complete and made available in a timely manner. Based on Deloitte's thematic reviews, we have identified several high-risk reports, due to observations of repeated issues on report quality.

## 9 types of report in scope for thematic review



\*SREF reports subjected to AMP

## High-risk reports under stringent scrutiny by regulator



### High-risk reports:

Among the nine (9) reporting types, **Basel, EALIS, NSFR, LCR** and **CCRIS** are deemed to be prone to mis-reporting risk due to the **complexity of reporting requirements, data quality issues** and the **multiple facets of data element dependencies** arising from misinterpretation of regulatory requirements.

Source: Deloitte research (August 2024)



# Common themes observed across high-risk reports – Basel, LCR, NSFR, LCR, CCRIS, EALIS

## Basel Capital Component

- Inaccurate reporting due to:
  - Error in computing the RWA;
  - Unreconciled collective impairment provision with the Financial Position; and
  - Incorrect classification of reporting item due to misinterpretation of BNM guidelines.

## LCR

- Inaccurate reporting due to:
  - Omission of HTM securities that can be recognised as HQLA;
  - Incorrectly using accrued interest instead of using cash flow method to account for interest receivable;
  - Overestimate operational deposits; and
  - Incorrect reporting of partially-insured non-operational deposits e.g. splitting or reporting as insured.

## Misreporting Issues

## EALIS

- Inaccurate reporting due to:
  - Inadequate segregation of reporting for non-resident and resident;
  - Absence of reconciliation performed with the Financial Position; and
  - Internal system could not capture the daily transaction value to be reported within EALIS Reporting.

## NSFR

- Inaccurate reporting due to:
  - Inaccurate ASF and RSF amount;
  - Incorrect classification and mapping (e.g. regulatory capital, deposits for retail and brokered etc.); and
  - Omission or misclassification of off-balance sheet commitments.

## CCRIS

- Inaccurate reporting of Credit Provision numbers due to:
  - Data translation errors due to lack of integration between various source systems;
  - Inaccurate definition of loan provisions; and
  - Untimely recognition of provision amount within the system.

Source: Deloitte research (August 2024)

# Root causes of misreporting – Inadequate governance oversight and lapse in internal controls

## 1 Lack of maker & checker process / segregation of duties

Approximately **27%** of the inaccuracy could be due to inadequate segregations of duties and failure in detecting errors during the preparation and review of the statutory and regulatory reporting process

## 2 Misinterpretation of statutory and reporting guidelines

Around **34%** of the inaccuracy is due to misinterpretation or inadequate understanding of the statutory and reporting guidelines

## 3 Inadequate reconciliation performed

An estimated **11%** of the inaccuracy is due to a lack of reconciliation to source files / other statistical reporting to ensure completeness and accuracy of the reporting figures

## 4 Absence / not updated or inadequate SOP

About **21%** of the inaccuracy could be due to absence of constantly updating the SOP based on the latest process in the preparation and submission of the reports to Regulators

## 5 Data Issues: duplication / incomplete / inconsistency

Many FIs store multiple copies of the same data across different files and systems, including legacy systems. With limited insights on how data is processed through various systems, this is likely to result in inefficiencies and increased operational costs due to data redundancy, reconciliation challenges, and compounded data cleanup efforts.

## 6 Over-reliance on manual approach

Around **7%** of the inaccuracy is due to inaccurate reporting due to the report preparer's over-reliance on manual approach

Source: Deloitte research (August 2024)

# 04 Our Regulatory Reporting Framework

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# Our Regulatory Reporting Framework

The Regulatory Reporting Framework provides a comprehensive guide on six key aspects of an end-to-end reporting process

Meeting Regulators' expectation on regulatory reporting requires a robust methodology and starts with having a clear understanding of the key pillars of regulatory reporting.

The key components of the Deloitte Regulatory Reporting Framework can also be used for internal reporting.

Many institutions have been taking risk-based approaches in establishing reporting process — starting off with addressing key regulatory returns, then submitting wider sets of returns, and, lastly, focusing on internal reporting to management and the board.

## 1. Reporting governance

- Enforce accountability, monitor quality, and mitigate reporting and operational risks.
- Facilitate clear accountability across each 3LOD division, ensuring consistent application of roles and responsibilities.

## 2. Reporting controls

- Document end-to-end processes and controls to address the impact of regulatory and business changes.
- Apply a holistic approach to monitor and manage changes, including training to ensure seamless business-as-usual operations.

## 3. Independent review and quality assurance

- Establish independent review and quality assurance capabilities to enable continuous monitoring across the reporting life cycle.

## 4. Technology and automation

- Integrate systems and applications supported by a contemporary, reliable, and scalable reporting infrastructure.

## 5. Data governance

- Implement comprehensive capabilities for data governance, including data quality management, data traceability, and data lineage.

## 6. Data analytics

- Leverage data infrastructure and technology infrastructure for better report insights to enhance decision-making, risk management and business planning.



# 01 Reporting governance – Report ownership

An effective governance structure is required to enforce accountability, monitor quality, and mitigate reporting and operational risks.

An effective reporting governance structure should clearly establish key roles and responsibilities; identify processes, controls, and tools to monitor and manage end-to-end reporting processes; and define the sub-process to escalate and mitigate operational risks.

## Supporting the attestor

Attestations by senior leaders need to be supported by a robust and comprehensive process. Producing the evidence to support an attestation of a report's completeness and accuracy typically requires enterprise-wide collaboration. This process generally relies on an ongoing flow of information on data quality and control effectiveness. Attestors should also have access to QA results and details of any identified deficiencies to allow them a more complete view of the situation.

## Practice review:

- How is report ownership determined?
- How are reports covering multiple business lines, risk categories, and/or multiple stakeholder groups involved?
- To which level in the FI should report ownership and attestation be assigned?
- Who has the authority to approve resource allocation and spend, should an issue arise?
- Are all relevant stakeholders engaged and consulted when developing the governance structure?
- How can the FI drive effectiveness and efficiency in its regulatory reporting program?
- What key processes require development, documentation, and socialisation to help guide decision-making?

## Efficiency considerations

- Are there any areas that can be identified as opportunities to refine current practices?
- Is there any duplicative governance activities and processes decreasing the efficiency of reporting?
- Is senior management reporting enabling efficient oversight and accountability?

# 01 Reporting governance – Roles and responsibilities across Three Lines of Defense

The three lines of defence plays a critical role in managing risk and ensuring the effectiveness of internal controls over the regulatory reporting process.

Establishing clear segregation of duties and a strong communication model across the Three Lines of Defense (3LOD) can help reduce operational and regulatory risks linked with reporting processes.

Regulatory reporting teams should also include SMEs who have a solid understanding of products, regulatory requirements, accounting concepts, processes, and data management. The SMEs may serve as the bridge between key business functions involved in the reporting process.

## Practice review:

- What are the current responsibilities of each role in the FI's 3LOD structure? How can these responsibilities be fulfilled to achieve the company's 3LOD target state? What current gaps or complexities should be addressed (e.g., via documentation of key use cases)?
- Which roles in the organisation's 3LOD may require subject-matter expertise?
- How can leadership be best engaged across business lines and functions to help ensure strategy buy-ins and clearly understood accountabilities?
- Is there a forum or channel that serves as a platform for discussions of reporting issues? Which functional representatives can help the FI define or clarify interactions between roles?
- Which processes can be mapped — including by keeping track of tasks and process owners — using service-level agreements (SLAs)?
- Based on the nature of the roles in the framework, where may opportunities for centralisation exist?

## Efficiency considerations

- Is there duplication of responsibilities across the three lines of defense?
- Has an integrated approach been considered for assurance over reporting processes?



## 02 Reporting controls – Internal controls and documentations

The regulatory report-preparation process can be complex, involving data aggregation, reconciliation, manual adjustments, and multiple layers of review.

Ensuring data integrity is particularly important, given that the entire reporting process relies on accurate and complete data.

Maintaining documentation of end-to-end process flows and narratives — along with that of clearly identified risks and controls at each step — can lead to greater transparency, reduced regulatory and operational risks, and improved overall reporting quality.

### Practice review:

- Are consistent standards being applied to the development, implementation, documentation, and oversight of reporting controls?
- Are significant processes that underlie regulatory reporting identified and documented using risk and control matrices?
- Are controls documented, using detailed and up-to-date data, to allow for effective testing and challenge?
- Is there a control taxonomy in place to help ensure that controls over reporting processes can be easily evaluated for consistency, completeness, and effectiveness?

### Efficiency considerations

- Are controls being automated to increase the accuracy, completeness and timeliness of reports?
- Are manual controls being conducted by centralised expert teams to lower operating costs and drive efficiency?



## 02 Reporting controls – Internal controls and documentations

### A. Regulatory reporting inventory

The inventory provides a comprehensive list of all regulatory reports, ensuring that all required reports are accounted for and managed. It acts as a control by offering visibility into reporting obligations, deadlines, and requirements, preventing omissions and ensuring compliance. The document also provides a guidance in interpreting regulatory requirements, enabling report owners to translate the requirements into preparation process.

### D. Data lineage

Deconstructing and documenting regulatory reports to understand what data points are presented in each report will identify where cross-report reconciliation is required. Further tracing of the data flows and processes used to collect the information will highlight inconsistencies in sources, where controls should be evaluated, and opportunities for streamlining reporting.

### B. Reporting preparation and submission SOP

Standard Operating Procedures (SOPs) ensure consistency and accuracy in the preparation, reconciliation and submission of regulatory reports.

They serve as a control by defining clear steps and responsibilities, reducing the risk of errors and ensuring that reports are prepared, reviewed, approved and submitted in a standardised manner.

### E. Data business rules

Defines the logic and criteria for common understanding of the data element and for data processing and validation. These rules act as a control by ensuring that data complies with regulatory requirements and business standards, thus preventing incorrect or incomplete data from being used in reports.

### C. Business definitions and data dictionary

Developing a consistent understanding of business terms used in regulatory reporting helps ensure that different groups are aligned on how information is reported.

This also helps support identification of authoritative sources of information to ensure consistency and reduce the risk of reporting errors.

### F. Data quality monitoring

Continuously monitoring of data quality enables identification of issues such as inaccuracies, inconsistencies, and missing data.

This control helps maintain high data quality standards, ensuring that the data used in regulatory reporting is reliable and meets regulatory requirements.





## 02 Reporting controls – Change management and training

FIs should aim to establish centralised programs to monitor and manage related changes as well as to track internal change triggers such as new products, mergers and acquisitions, new technologies or solutions, and personnel changes.

Regulatory reporting teams should include subject-matter experts (SMEs) who have a solid understanding of products, accounting concepts, processes, and data management. There is a limited resource pool of these specialised skills in the current market; therefore, it is crucial to establish structured training programs to help further develop, enhance, and maintain a pool of candidates with these skills.

### Practice review:

- Which of the organisation's existing functions could be centralised to allow for coordination across all internal programs that affect regulatory reporting?
- Where should this centralised function reside in the organisation (e.g., the organisational level) to help ensure firm-wide accountability?
- What reporting requirements related to regulators' policy initiatives, new products, and/or institutional policy changes should be included in the change-management framework?
- What training objectives and materials are needed as part of a broader strategy to acquire and retain a talent pool with strong regulatory reporting knowledge? Do such tools exist? Can they be created?

### Efficiency considerations

- How are changes to regulatory reporting requirements prioritised and managed across reports?
- Can a centralised training capability be used to minimise duplication of training development?
- Are standard training resources available in easily consumable formats for end users?

## 03 Independent review and quality assurance

Ensuring established policies and processes are working as intended is integral to the reporting process.

Launching quality assurance (QA) and data-integrity capabilities can enable an to provide independent and continuous monitoring throughout the reporting life cycle, as well as feedback on process deficiencies.

Ensuring data integrity is particularly important, given that the entire reporting process relies on accurate and complete data.

### Practice review:

- Does the FI have an existing function that is well-suited to providing independent challenge and oversight, or does such a function need to be built?
- Which key QA measures require defined standards and responsibilities?
- What is considered to be reasonable assurance for capital, liquidity, and other regulatory ratios, returns, and QA/data-integrity disclosures?

### Efficiency considerations

- Is QA structured to provide the most value for the organisation?
- Can QA teams be rationalised to complete assurance?

## 04 Technology and Automation

Sustainable regulatory reporting strategies and frameworks are often underpinned by strong and flexible infrastructure and automation tools, which allow for creativity to help shape the process and optimise the methodology.

Given the built-in complexities of capital investment and transformation effort, a holistic strategy – which can include managing data requirements and establishing rules, as well as data modelling, sourcing, mapping, and aggregation – can help the FI achieve an end-to-end solution.

### Practice review:

- Is there a strong business case and sponsor to justify a long-term strategy for regulatory reporting and investment in infrastructure?
- What standards for consistent and frequency-based enforcement of the authorised use of data-source systems should be implemented?
- Where would manual processes seem more appropriate (e.g., to address standard time periods for reporting)?
- How can the FI optimise an automated regulatory infrastructure for the current internal-data architecture?

### Efficiency considerations

- What are the use cases, pain points, and current efficiency and other gaps, identified via discussions with representatives across the business, that should be addressed by a technological solution?

## 05 Data governance

Regulatory reporting requires aggregation of data from multiple systems, business groups, timeframes, and product stages.

Often information flows through multiple systems, data hubs, engines, models, and manual steps before arriving on a report.

FIs are often filled with complex processes and need a centralised, firm-wide program for data governance where data management standards can be enforced through ownership on end-to-end data flows, from originating systems through aggregation and reporting.

### Practice review:

- What is the organisation's current data strategy?
- What are its most important priorities in implementing or enhancing a data-management strategy?
- How is the FI prioritising and addressing data-related issues?
- Are key aspects of data governance (e.g., the definitions, controls, hand-off procedures, and traceability / lineage of data) clear enough to ensure data accuracy, completeness, and appropriateness for regulatory reporting?
- Are data definition consistent across business functions and data environment?
- What information on data quality is shared with report owners? Does this enable them to understand the quality of the data that is used for regulatory reporting?
- Are changes in system configurations and data processing documented, tracked and made known to relevant users?

### Efficiency considerations

- How can data sources be streamlined?
- Is automation being leveraged to ensure accuracy of reporting data and reduce time spent on reporting?

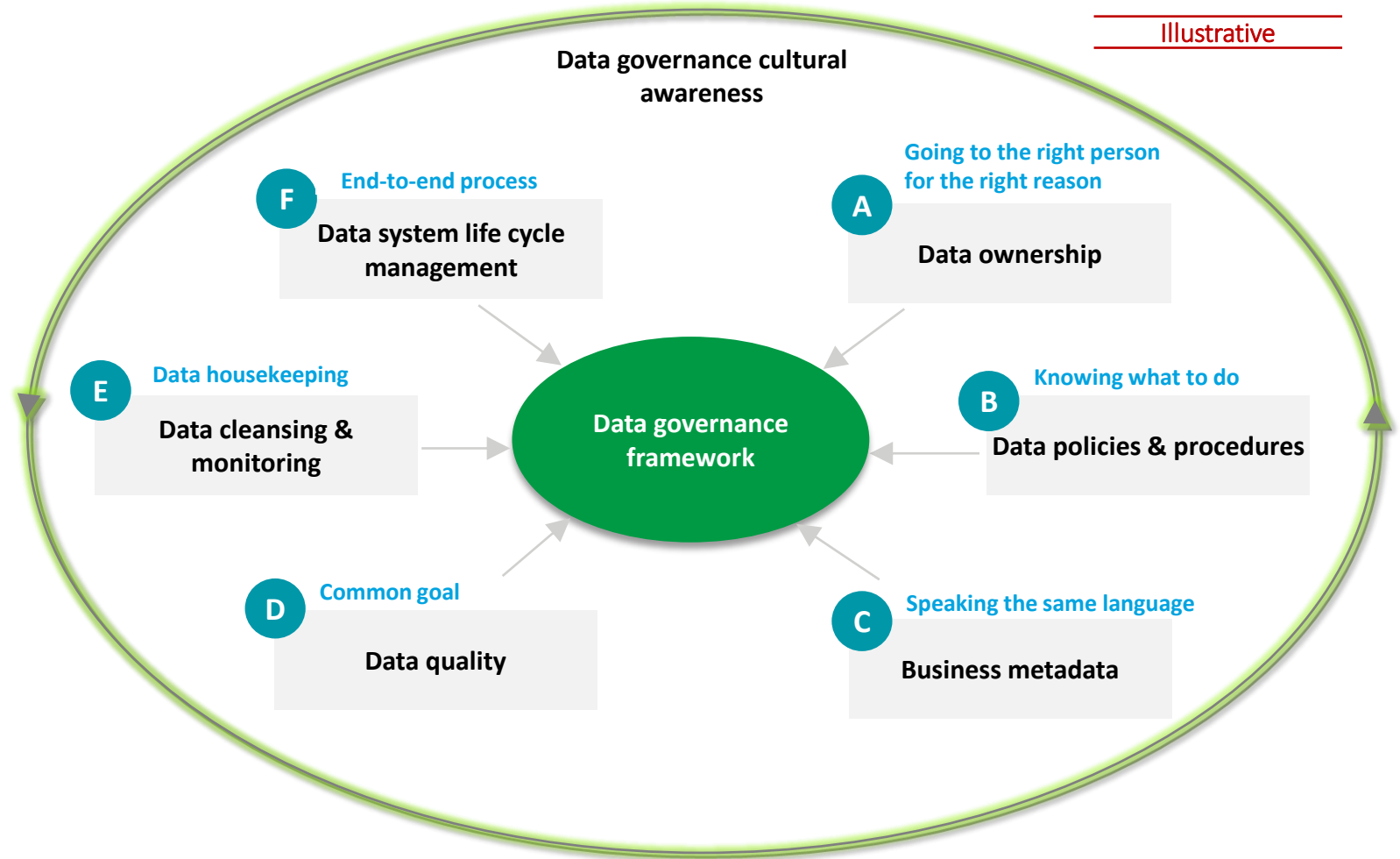


# 05 Data governance

## Data governance capabilities

While there are vast volumes of data flowing into regulatory reporting, there is also a substantial amount of information about that data (e.g., business definitions, data-quality rules, lineage, operational metadata) that needs to be collected and continuously maintained.

Without appropriate supporting data-management capabilities, organisations will struggle to gather this information and keep it updated. Regulatory reporting teams should be looking to identify enterprise capabilities that can support these needs and help drive the adoption, or evolution, of such capabilities wherever there are current-state gaps.



Beyond meeting regulatory requirements, FIs may leverage existing reporting infrastructure to harness the full potential of the data collected.

This enhances the understanding of regulatory outcomes and supports strategic decision-making in business and risk management.

FIs can transform regulatory reporting from a compliance exercise into a strategic asset, providing valuable insights that drive better business outcomes and more effective risk management.

### Practice review:

- How can the insights derived from regulatory data be integrated into the broader business strategy to align risk objectives and business strategies?
- What steps can be taken to develop advanced reporting capabilities that not only comply with regulatory requirements but also provide actionable insights for business leaders?
- How can the FI use data from regulatory reports to gain insights into business performance, risk exposure, and market trends?
- What models and tools can be implemented to predict future risks and opportunities based on current data available?

### Efficiency considerations

- How can automation and advanced analytics be leveraged to streamline the reporting process and reduce the time spent on data collection and analysis?
- How can the quality and consistency of data be ensured to maximise the reliability of analytics and the insights derived from them?

# 06 Data analytics – Going beyond regulatory reporting

A robust reporting infrastructure can add value beyond purely reporting purpose, enabling the FI to adopt various analytics use cases from strengthening risk management, to increasing staff productivity and enhancing operational efficiency.

Illustrative

Operation & productivity improvements	Business use-cases	Business / Process impact
<ul style="list-style-type: none"> <li>Enhance productivity</li> <li>Faster lead generation &amp; conversion</li> </ul>	<ul style="list-style-type: none"> <li>Bank account and profile creation</li> <li>Fraud detection and risk management</li> <li>Financial statement analysis</li> </ul>	<p><b>Content extraction, classification, conversion</b> from unstructured data to output relevant information for specific processes like:</p> <ul style="list-style-type: none"> <li>Completing forms / documents</li> <li>Creating user profiles / personas</li> <li>Creating multiple versions of an artifact (e.g., multilingual)</li> </ul>
<ul style="list-style-type: none"> <li>Organisation knowledge retrieval</li> <li>Improve customer experience</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise financial knowledge retrieval</li> <li>Personalised financial product recommendations</li> <li>Automated information retrieval</li> </ul>	<p><b>Knowledge search &amp; querying</b> in natural language by mining from a large corpus of knowledge – across interfaces and users:</p> <ul style="list-style-type: none"> <li>Enterprise search and research</li> <li>Customer-facing search / chatbots</li> </ul>
<ul style="list-style-type: none"> <li>Improve accuracy</li> </ul>	<ul style="list-style-type: none"> <li>Automated financial report generation</li> <li>Insurance claim summary extraction</li> <li>Market sentiment analysis and summarisation</li> </ul>	<p><b>Content synthesis &amp; summarisation of</b> complex documents and other information repositories – to accelerate tasks like:</p> <ul style="list-style-type: none"> <li>Data collection and refresh, and reporting and communications</li> <li>Analysis of market trends, developments, and sentiment</li> </ul>
<ul style="list-style-type: none"> <li>Improve efficiency</li> <li>Accelerate product velocity</li> </ul>	<ul style="list-style-type: none"> <li>Financial database search in natural language</li> <li>Automated banking application development</li> <li>Trading strategy code generation</li> </ul>	<p><b>Software code generation</b> from natural language prompts or convert code from one programming language to another, to enable</p> <ul style="list-style-type: none"> <li>Business users / business analysts to execute programming tasks</li> <li>Developers to accelerate prototyping, development, debugging</li> </ul>

## 05 How can Deloitte help?

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## How can we help?

At Deloitte, we assist financial institutions in developing and enhancing their reporting and data management practices. Planning a more effective regulatory reporting strategy is a valuable step towards optimising reporting operations, leading to enhanced transparency, building trust with stakeholders, and uncovering valuable insights that can drive better decision-making.

We have served financial institutions of different types and sizes in Southeast Asia – from multinational banks to Islamic banks and digital banks. To date, we have delivered various reporting and data management initiatives including:

- End-to-end regulatory reporting implementation
- Report governance and control enhancement
- Regulatory reporting independent review
- Reporting data management
- Reporting system automation

## Get in touch



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