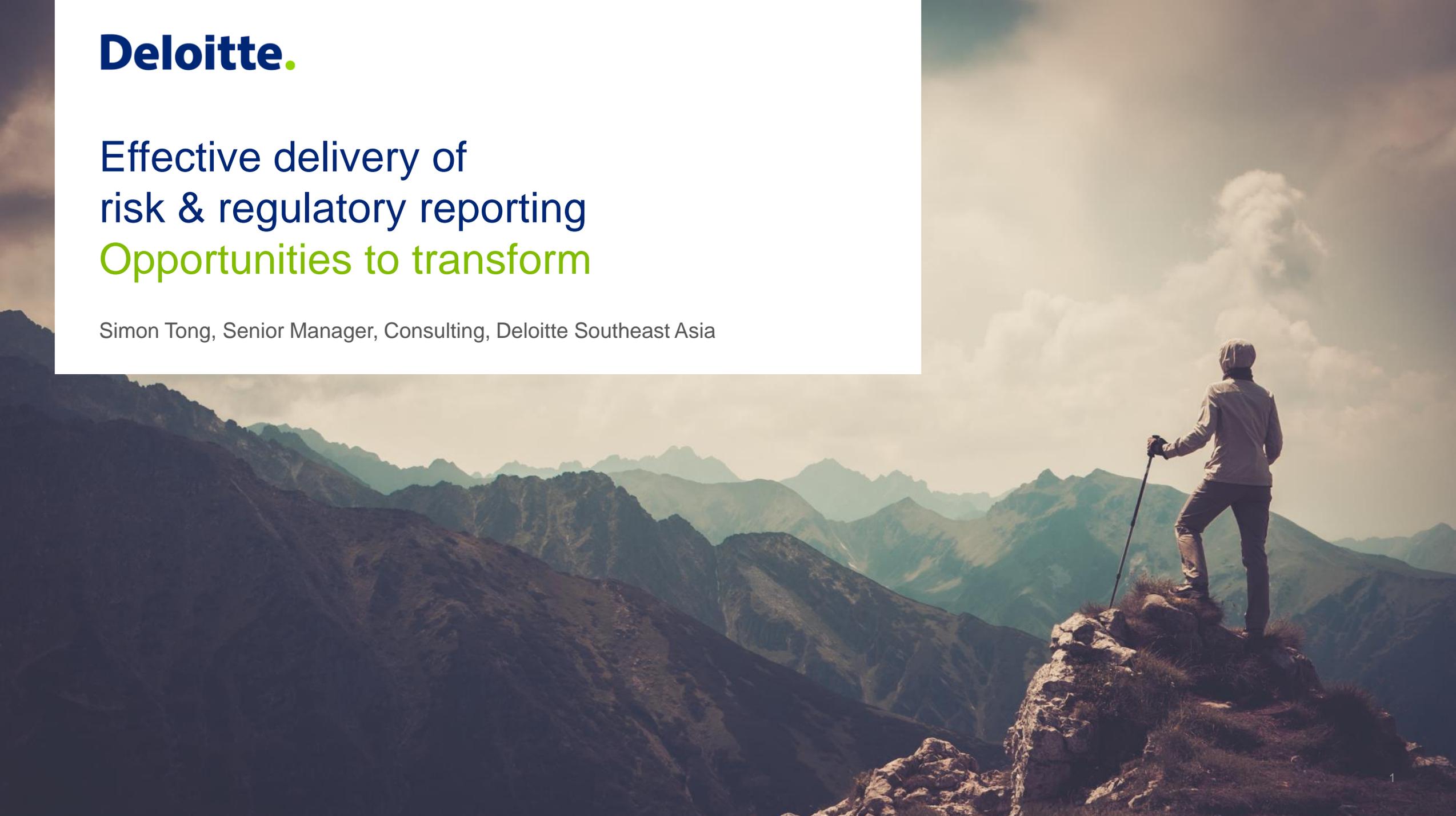




Effective delivery of risk & regulatory reporting Opportunities to transform

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Agenda

1. Key challenges in delivering risk & regulatory reporting
2. Key considerations in effectively delivering regulatory reporting
 - Evolution of regulatory reporting service delivery models
 - Building flexible data and reporting infrastructure
 - Strengthening data and reporting governance
 - Promoting service delivery excellence through process metrics
3. Implementation approach – transformation journey ahead

Key challenges in delivering risk & regulatory reporting

Banks are under increasing pressure to reassess their approach

Regulator driven challenges

- Requirements of regulators are evolving rapidly, constant changes and updates will be the new norm
- Inconsistent regulatory guidelines across countries makes regulatory reporting a complex task for global and regional banks
- Regulator becoming more specific and granular to the calculations done behind each number

Automation & data challenges

- Readily available data in order to meet regulator requirements
- Disparate data sources and inconsistent data E.g. risk vs. finance data
- Increasing appetite for more granular and traceability of data
- Temporary tactical solutions and non-scalable manual and fragmented processes

Organisation & governance challenges

- Lack of coordinated and common response across LOBs, products and geographies
- Lack of integration between risk, finance and operational function areas
- Lack of capacity within regulatory reporting teams to fulfill demands of regulator requirements

Effective delivery of regulatory reporting: key considerations

Creating a model which is adaptive to the changing environment

Flexibility and agility

- Solution which accommodates changes to calculations and reports going forward
- Solution which caters to requirements of multiple jurisdictions
- Ability to change data feed and source system input with minimal IT intervention

Granularity and traceability

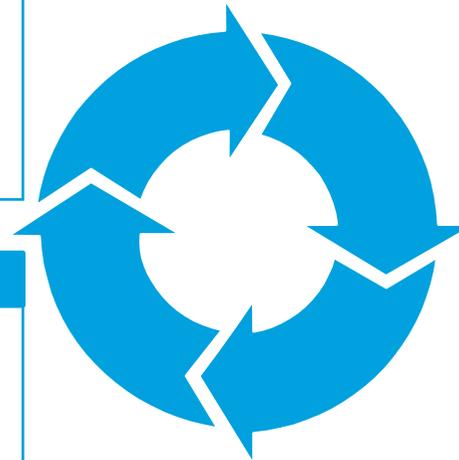
- Integration between risk, finance and operational data
- Ability to drill down into underlying source data and transactions easily

Centralisation and standardisation

- Centralised regulatory report production to drive efficiency and standardisation
- Standardisation of reporting tools

Sustainability and continuous improvement

- Governance which spans LOBs, functional areas (risk, finance, ops) and geographies
- Accountability and clear ownership of data quality issues
- Process Metrics which measure report production efficiency and effectiveness



Evolution of regulatory reporting service delivery models

Centralising and standardising regulatory reporting efforts



1. Regulatory reporting relationship management

- Dedicated function which faces off to the regulator
- Manages the expectations of regulators and their requests for adhoc reporting and queries

2. Local regulatory reporting team

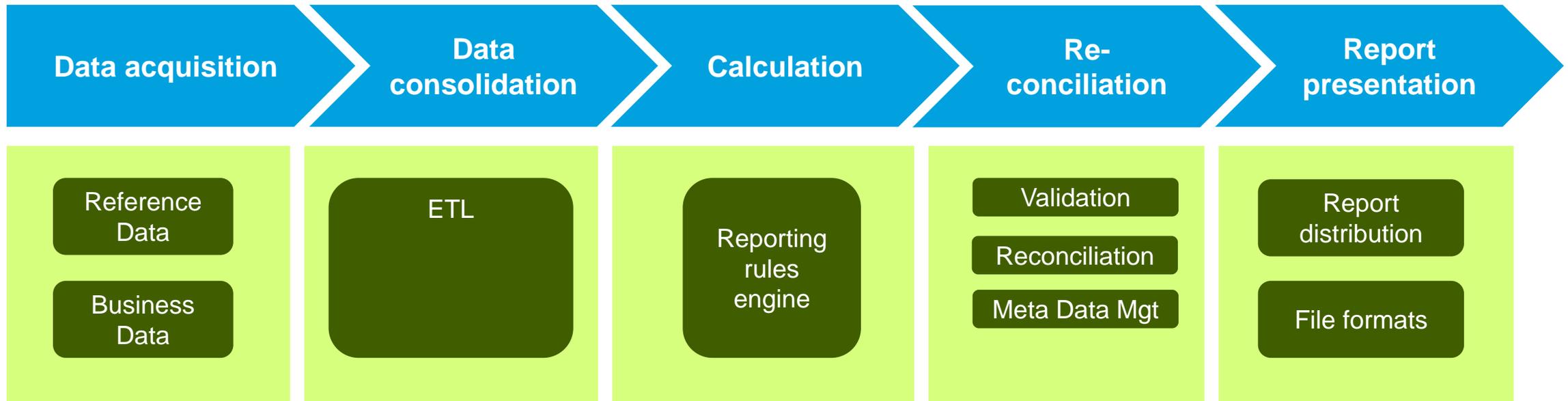
- Onshore team focused primarily on report adjustments and reconciliations
- Responds to adhoc reporting queries from regulators
- Gathers requirements for new reports

3. Regional regulatory reporting production team

- Centre of Excellence which manages the production and delivery of regulatory reports for multiple legal entities and lines of business.
- Centralised reporting is underpinned by common data sets and regulatory reporting applications

Data and reporting infrastructure

Building flexible data and reporting infrastructure



- Greater integration of source data across function and asset classes, particularly between ops, risk and finance

- Single source of data for risk and finance, utilising a single risk and finance data warehouse

- Rules engine driven report generation takes into account, regime specific, asset class specific or event specific rules to generate reports

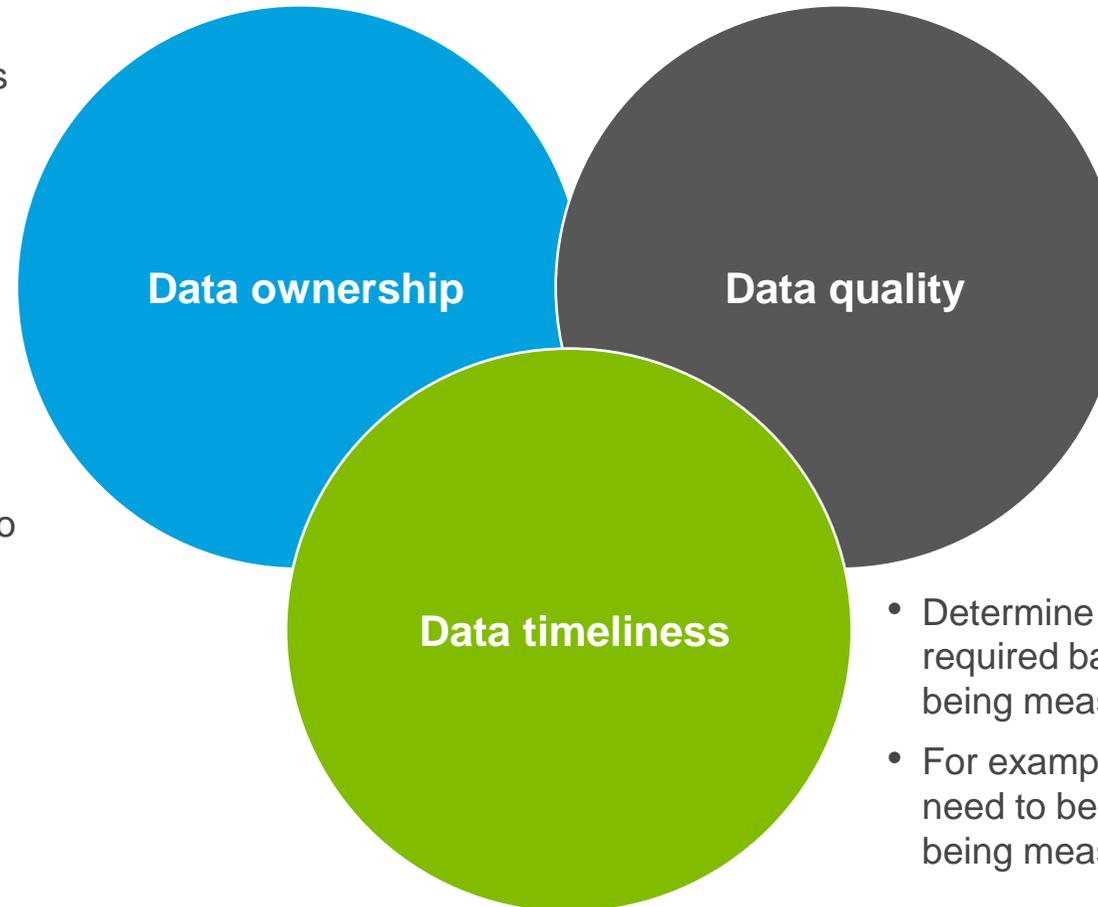
- Automated reconciliation of recurring standard adjustments

- Intelligent and flexible routing of automated reports means they can be submitted to multiple regulators in appropriate formats

Data and reporting governance

Strengthening governance to meet increasing data requirements

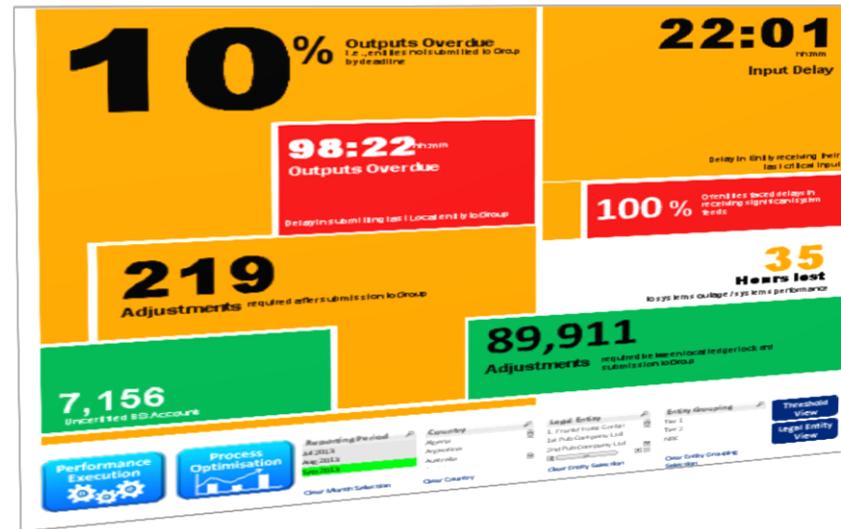
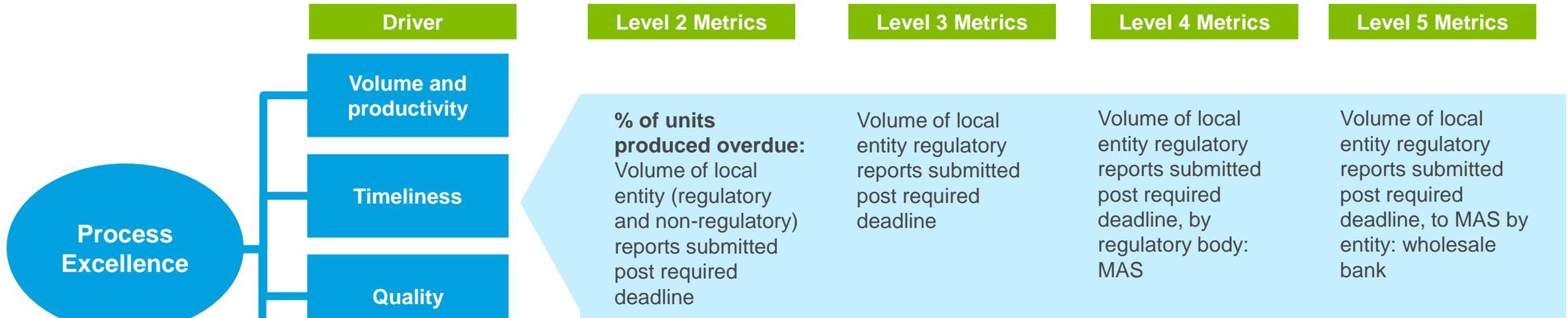
- Enterprise data governance across risk, finance and operations with linkage back to LOBs
- Clear accountabilities for data ownership from contributing functional areas
- Governance adapts to new regulations and engage new data stakeholders
- Data validation pushed upstream to data contributors
- Implement data quality metrics upstream



- Identification of data sets which are common across regulatory reports and normalise to the most trusted source
- Classification of key data elements to inform priority
- Creation of consistent data definitions
- Determine the frequency of data required based on nature of what is being measured
- For example, risk data frequency will need to be based on priority of risk being measured

Monitoring and continuous improvement

Promoting service delivery excellence through process metrics



CFO process metrics dashboard

Implementation approach

The transformation journey ahead



- Centralisation of risk and regulatory report production across countries
- Establishment of standard reporting and data governance
- Definition of consistent data definitions
- Development of common control framework

- Standardisation of reporting processes through common reporting applications
- Continuous improvement through process metrics

- Data-warehouse for risk and finance

Speaker's profile

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Simon is a Senior Manager from our consulting practice and has over 13 years of Financial Services Management Consulting experience across Asia and Australia. His focus is on operational excellence and has managed end-to-end delivery of key business transformation initiatives including changes to banking operating models to achieve growth, efficiency and risk/regulatory outcomes. Simon guides and advises clients on making the right decisions for their future business operating model and investments in future business capabilities whilst working with multiple stakeholders to ensure alignment and a common direction.



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