Mapping out regulatory expectations along the path to growth

At a large US bank, expansion plans get a dose of insight with a detailed view of stepped-up reporting requirements.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>A bank was looking to expand and wanted to understand incremental regulatory data requirements and gain insight into areas of heightened scrutiny.</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPROACH</td>
<td>We identified triggers for additional requirements, plus ways to enhance the existing process so it could stay abreast of the changes.</td>
</tr>
<tr>
<td>OUTCOME</td>
<td>Our client discovered how different expansion scenarios could affect its regulatory reporting and gained a road map for a more robust and agile reporting infrastructure.</td>
</tr>
</tbody>
</table>

In an ever-changing regulatory landscape, complexity is one constant that banks can count on. That’s especially so when growth is on the agenda.

Consider the case of this US bank. Our client was looking to expand its national footprint while adding to its lending and deposits portfolio. To support this strategy, it needed to know where it stood from a regulatory reporting perspective. What were its incremental reporting needs? Which areas would attract greater scrutiny from supervisors?

Whatever the answers turned out to be, bank management suspected at least a few implications. One, they would need more data. Two, they would likely have to change their business processes and systems to address any stepped-up reporting requirements.

Deloitte had previously helped the bank with exercises related to Basel, comprehensive capital analysis and review (CCAR), and other regulatory reporting. As a result, we were familiar with the bank’s data infrastructure and operating model, bringing a more tailored perspective to the insights we had from doing similar work in the industry. So the bank brought us in, and we got straight to work.
Mapping out regulatory expectations along the path to growth

Knowing where you stand on banking regulation

In today’s fast-moving digital economy, it’s not enough to keep pace. Our Banking & Capital Markets specialists help clients anticipate challenges while developing and implementing strategies that can help them address regulatory reform, technological complexity, competitive dynamics, and market moves.

Our Banking & Capital Markets specialists help clients anticipate challenges while developing and implementing strategies that can help them address regulatory reform, technological complexity, competitive dynamics, and market moves.

Getting ahead of potential requirements

The first thing we did, in concert with client stakeholders, was set up a consistent way to evaluate the current situation. We broke this analysis down along two dimensions of regulatory reporting. The first dimension focused on potential incremental requirements. The second one covered leading practices and regulatory expectations across aspects of regulatory reporting such as governance, change management, and quality assurance.

Next was to lay out the client’s regulatory reporting requirements. Alongside existing financials, we identified the key thresholds that the bank needed to know about, plus areas of heightened scrutiny. We also identified the incremental requirements that would come from exceeding particular thresholds. After that, we conferred with client stakeholders to capture overarching regulatory reporting considerations, establish the current state of maturity, and identify gaps or challenges.

With all this in hand, we held client working sessions to gather feedback and combined it with our own insights into leading industry practices and supervisory expectations.

Moving ahead with confidence

To help them get ahead of these requirements, we benchmarked the bank’s existing process against leading practices. We followed up by working with various stakeholders to develop tactical and strategic recommendations specific to the bank’s data management, infrastructure and technology, quality assurance, and governance processes, in addition to regulatory reporting capabilities, including liquidity and capital. Then we provided a sense of the high-, medium-, and low-impact changes they could be dealing with to help them build a plan for the future.

As a result of our collaboration, the bank has a better understanding of reporting requirements and regulatory expectations to inform decisions moving forward. On top of that, they have concrete steps they can take to get their day-to-day operations ready for the impact of incremental requirements.
Where do your plans fit in the regulatory landscape?
Let’s connect.

Lakshmanan Balachander
Principal
Deloitte & Touche LLP
lbalachander@deloitte.com

Dmitriy Gutman
Managing director
Deloitte & Touche LLP
dgutman@deloitte.com