

**Figure B: A divergence-resilient approach to managing regulatory complexity**

**Regulatory strategy capabilities**

**Central regulatory strategy group**

A central function responsible for identifying the bank's current and future regulatory demands, interpreting the need for resources this will create, identifying and in some cases directing investments in technology, data and governance needed to support the divergence-resilient approach and providing regulatory insights for business strategy planning.



**Scenario-based analytical capabilities**

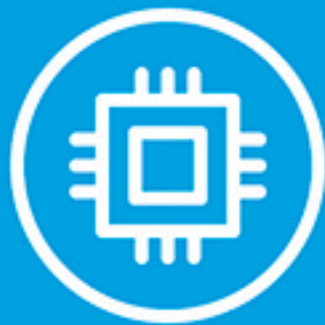
Embeds an ongoing process of scenario analysis that provides a more granular understanding of the impact of forthcoming or probable regulatory developments. When mature, the use of data analytics can eventually provide a deal-by-deal view of the likely regulatory costs to the business and identify optimal strategies.



**Enhancing core functionality**

**Technology, data and modelling**

Investing in technology, modelling and data remediation to enable capital and liquidity calculations and controls to be varied in a short period of time. Allows for the greater use of robotic automation to reduce the time and cost-intensity of regulatory processes.



**Governance and operating model**

Creating clear responsibilities, processes and lines of communication to facilitate quicker and more flexible risk management capabilities. Includes executive-level sponsorship of the divergence-resilient approach and intervention, where needed.

