

A person stands barefoot on a wet, dark surface, holding a large, open pink umbrella. The scene is captured in a slow-motion shot of a heavy rain, with numerous water droplets suspended in the air around the person. The background is dark and out of focus, suggesting a wooded area. The overall mood is serene yet powerful, symbolizing preparedness and resilience.

A smarter way to face risk

Being prepared makes all the difference.
With intelligent operations, compliance
leaders outmaneuver uncertainty
with confidence.

 **accenture**



A smarter way to face risk

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A bold new approach to intelligent compliance operations

How can the compliance function reduce costs, meet expanding expectations and get in front of regulatory and operational pressures?

Across the globe, industry spend on compliance is estimated to be about \$270 billion per year. In the U.S. and Europe alone, businesses paid \$342 billion in conduct fines between 2009 and 2017, and that number is only expected to grow. By the close of 2020, financial institutions will pay \$400 billion in fines.¹ And, with 45 new regulatory-related documents issued every week, compliance costs are on track to account for 10% of global revenue by 2021, a 6% increase from 2020.²

A recent Accenture survey revealed that regulations are getting tougher, budgets tighter and the price of compliance is growing. While 87% of survey respondents expect investment in compliance to increase, a sweeping majority—72%, in fact—report they are targeting compliance cost reductions of more than 10% over the next three years.³ Meaning: compliance is facing a widening gap between external demands and internal capabilities.

\$270 bn

**estimated annual spend
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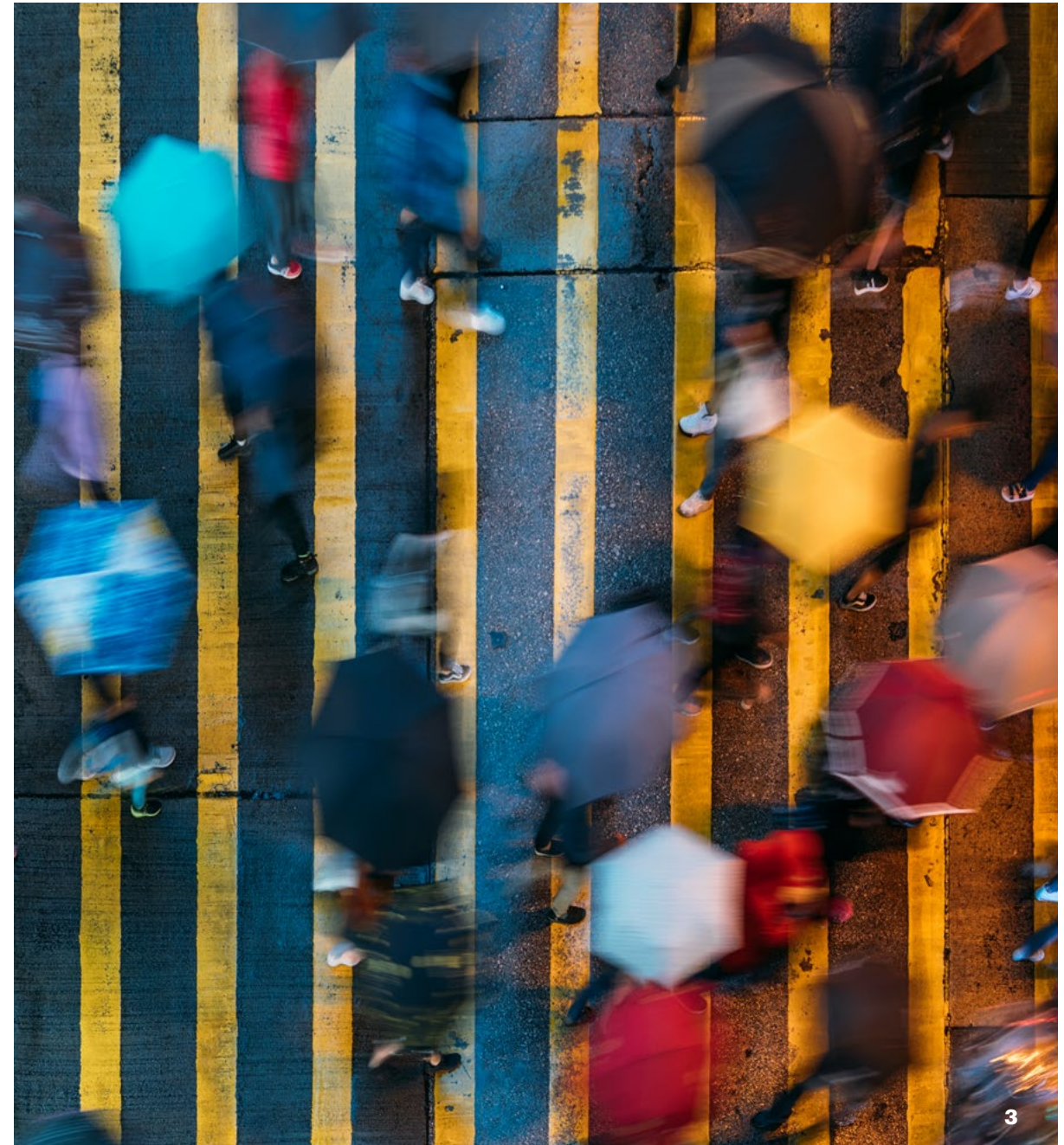
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**regulatory documents
issued weekly**

Not to mention, business leaders, chief compliance officers (CCOs) included, are hard-pressed to manage the consequences of an unprecedented pandemic crisis. They have to constantly adjust to the rapidly evolving needs of employees and customers—all while navigating ever-changing and perpetually multiplying operational and financial challenges.

Bottom line

Traditional approaches to compliance no longer work. To survive and thrive in these new times, compliance leaders must proactively identify new risks and support sustainable business growth by redesigning compliance operations for the future.



A fresh approach to compliance

As compliance's role shifts from being reactive to strategic, its responsibilities are expanding to include risk management and enterprise-wide advisory services.

But there are challenges to getting there. Compliance officers must act with agility to reinvent the compliance function by:

1

Embracing a resilient, cost-efficient operating model.

2

Integrating new, automated digital technologies that quickly identify risks and bad actors.

3

Attracting and retaining the right people to support the evolving compliance function.



A smarter way to face risk

Reinvent the operating model

As budgets are slashed, and expectations for productivity and efficiency skyrocket, an intelligent compliance operating model—one that uses data and intelligent insights to unlock new sources of value across the enterprise—can help the compliance function outmaneuver uncertainty and shift the focus from transactional activities to more strategic initiatives.

By transforming business processes to be more data-driven, intelligent and digital, compliance leaders can work more efficiently, scale operations faster and eradicate costs across the compliance function to keep pace with regulatory demand, provide strategic guidance and drive sustainable growth.

To accelerate the journey to intelligent compliance operations, companies should bring together:

- **Teams comprised of human and machines.** Blending human ingenuity with intelligent digital technologies helps extract clearer insights and fuels more informed decisions and positive outcomes.
- **Smooth work orchestration.** Assigning the right task to the right resource using tech-savvy talent, agile workforce techniques and artificial intelligence (AI) helps ensure more accurate, business-enhancing decisions.
- **Powerful insights and intelligence.** Leveraging the strength of industry-specific benchmarks to measure current performance and identify trends and opportunities provides a path to stronger results.
- **Diverse data.** Collecting, monitoring, storing, analyzing and reporting structured and unstructured data from diverse sources across the enterprise lays the groundwork to make more informed predictive decisions.



Case in point: A leading U.S. bank

Compliance leaders at a top U.S. bank worried that the company lacked adequate systems and processes to fully comply with anti-money laundering (AML) standards.

The organization's key concerns were rooted in its low-quality measures, as well as a backlog of 30,000 cases that required a secondary review. Without an effective AML quality assurance process in place, the bank risked violating critical regulatory requirements.

To achieve its urgent compliance goals, the bank launched a compliance Center of Excellence to determine gaps between its existing AML controls and compliance best practices. Additionally, the bank designed and launched a detailed quality assurance program and conducted account reviews. It also performed periodic audits and tracked remediation efforts related to suspicious accounts.

With these new processes to enhance and standardize its quality checks in place, the bank established a stronger AML defence in its commercial line of business in just one year.

On top of meeting its compliance targets—and clearing the first 18,000 backlogged AML reviews in only three months—the bank also:

Increased review throughput, preventing a future backlog.

Managed remediation of

4,000

potential control failures.

Increased quality ratings from

80% to more than 95%

Strengthened its relationship and reputation with regulators, customers and other essential stakeholders.



31%

of compliance leaders report lack of standardization and data quality as barriers to progress

A smarter way to face risk

Implement innovative digital technologies that can identify risks and bad actors earlier

New intelligent technologies are critical to transforming the compliance function, but organizations still need help integrating them.

As businesses seek to launch new products and drive business growth, compliance leaders increasingly need to manage new types of risks that are anchored in technology and data. However, 31% of compliance leaders report that a lack of standardization and data quality issues remain significant barriers to progress.⁴ As a result, the compliance function needs to adopt advanced technologies such as AI, robotic process automation

(RPA) and regulatory technology (RegTech) to simplify and automate compliance and controls testing and establish governance and continuous reporting and analytics.

These advanced tools help businesses verify the identity of clients and assess their suitability, including the potential risk of illegal intentions in a business relationship. They can also significantly reduce false positives and case processing times. Such innovations also support low- and high-risk customers to comply with AML regulations, and alert management and transaction monitoring.

Case in point: A major global bank

A leading global bank faced mounting regulatory pressure to strengthen its Know Your Customer (KYC) compliance processes.

However, it lacked the processing capacity to identify, understand and verify a backlog of its customers' identities and risk profiles within a 12-month timeframe. To overcome this challenge, the bank required a talent pool well-versed in global and country-specific KYC requirements and remediation solutions.

With a large, global experienced team assembled, the bank streamlined processes—including aggregating and verifying customer information, gathering missing information and completing and submitting risk profiles for each customer.

The new KYC initiatives put in place also included quality assurance, training and change management to meet all regulatory requirements.

As a result of the new processes, the bank improved the quality of its KYC reviews, reduced its backlog of KYC cases and lowered case-processing time by 15%. The bank is also now combining data, technology and talent to improve workflows and customer-screening processes. This has not only reduced the bank's potential risk of fines and reputational damage but has also

created a superior—and more trusted—customer experience. What's more, this new automation and AI driven screening approach augments and accelerates the team's human screening capabilities.

Equipped with the latest in future-ready compliance innovation and data analytics, the bank's employees are freed up to focus their time and talent on delivering higher-value work. They are also better positioned to boost productivity and spot and resolve potential compliance issues before they snowball.

Attract and retain future-ready talent

Talent retention remains a pressing challenge. Compliance leaders report that they face high levels of unmanageable employee attrition, far exceeding expectation.

Even more concerning, 76% of organizations report major gaps between the skills they need and the skills their people have.⁵ This is in part because employees are being pushed to the point of exhaustion while facing increased pressure to deliver on their responsibilities faster and more efficiently.

The solution? Adopting an approach that helps compliance professionals enhance their existing regulatory response skillsets, improve their productivity and contend with emerging challenges such as data privacy.

But more importantly, compliance functions must recruit and retain tech-savvy talent who can bring fresh, strategic thinking and skills to the table. The next generation of compliance officers will need to be digitally fluent and proactive in mining risk management insights from diverse sources of data. And, they'll need the know-how to improve relationships with regulators and boost trust among stakeholders, minimizing reputational risk and reducing the risk of fines.



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Realize the value

So, what do you get when you combine a more agile operating model, smarter technologies and the right talent? A transformative intelligent compliance ecosystem that helps organizations better manage their risk, improve customer service and drive strategic growth.

To address challenges and achieve such positive business outcomes, working with a managed services provider with proven intelligent compliance solutions can make a critical difference. Bold leadership and agility can help lead an organization in transforming its operating model, implementing the right technologies to proactively identify risk, and attracting the right talent to successfully move a compliance function forward.

Companies that put the wheels in motion and embrace an intelligent compliance operating model can look forward sizeable gains, such as:

An exponentially improved customer experience

100%

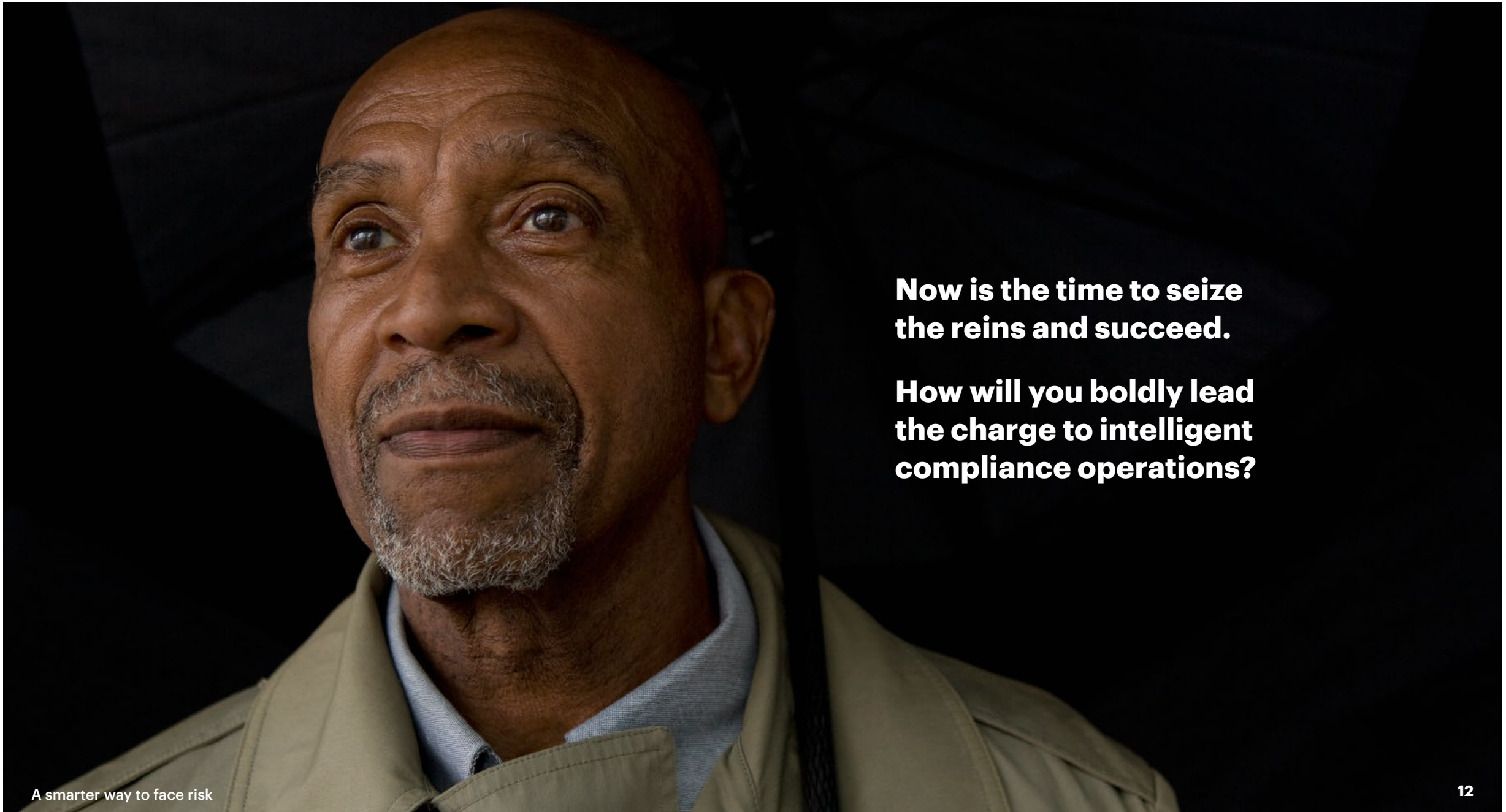
reviews completed on time

20%-40%

improved efficiency

40%-60%

lower costs



**Now is the time to seize
the reins and succeed.**

**How will you boldly lead
the charge to intelligent
compliance operations?**

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⁴Accenture 2018 Compliance Risk Study

⁵Accenture 2019 Compliance Risk Study

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