



**FINANCIAL SERVICES
ADVISORY AND COMPLIANCE**

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About Navigant

specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

CHANGE MANAGEMENT SERVICES: MANAGING REGULATORY CHANGE IS NO TIME TO ROLL THE DICE

Managing regulatory risk has grown increasingly difficult for many organizations. Financial institutions are tasked with demonstrating compliance in a complex regulatory environment that produces an unprecedented volume and velocity of change. This regulatory environment poses significant challenges including:

- A. Shifting Regulatory Landscape – Numerous regulatory changes since Dodd Frank Act in 2010, originating from various sources (e.g., CFPB, FRB, OCC, CFTC, FinCEN).**
- B. Increased Enforcement Actions – 30% increase in Q1 of 2015 and another 18% in Q2 of 2015¹ in addition to the \$235B in fines paid out since 2008 by 20 of the largest global banks².**
- C. High Cost of Operationalizing and Maintaining Compliance with Changing Regulations - Regulatory changes often require updates to processes, systems, and policies and procedures which result in additional costs.**
- D. Difficulty Demonstrating Compliance to Regulators - Regulators require increased transparency into proving compliance. The expectation is for a sufficiently documented regulatory change management process.**

Deploying a centralized regulatory change management framework is essential for demonstrating compliance, managing regulatory risk, and preserving value.

1. <http://info.continuity.net/bci>; <http://bankersnewclothes.com/wp-content/uploads/2015/06/slides-June.pdf>.
2. <http://uk.reuters.com/article/2015/05/22/uk-banks-fines-idUKKBN0070XT20150522>.

HOW NAVIGANT CAN HELP

Navigant’s Risk, Compliance, and Control professionals provide the expertise, tools, and unwavering commitment to help our clients manage the significant regulatory driven change. We apply a proven methodology combined with a suite of tools that enable financial institutions to:

- Manage ongoing compliance;
- Reduce regulatory risk;
- Create effective and efficient controls;
- Enhance the customer experience; and
- Preserve brand reputation.

Our approach provides an effective framework to management change.

Foundation	<ul style="list-style-type: none"> • Understanding and capturing the requirements that govern the regulatory space provides a foundation for compliance
Traceability	<ul style="list-style-type: none"> • Regulatory requirements are linked to impacted areas (businesses, processes, procedures, controls, etc.) providing evidence that requirements are addressed or will be addressed
Transparency	<ul style="list-style-type: none"> • Test to identify areas of weakness or gaps - both in design and effectiveness
Roles and Responsibilities	<ul style="list-style-type: none"> • Multiple user roles allow for collaboration between legal, compliance, and the business • Capability to spread work across large number of resources
Maintain and Communicate	<ul style="list-style-type: none"> • Capture new and revised regulatory requirements • Communicate with parties and business units to update impacted areas

OUR REGULATORY CHANGE MANAGEMENT APPROACH

I. DESIGN THE FRAMEWORK

The framework is the cornerstone of a sound regulatory change management process. Navigant has developed a flexible regulatory change management framework based on clear principles outlined below that can be scaled for institutions of all sizes.

II. ESTABLISH THE PROCESS

Deploying Navigant’s end-to-end regulatory change management process depicted below enables stakeholders to address an evolving regulatory landscape in an effective, efficient, and sustainable manner.



Leverage Technology

Navigant’s suite of technology solutions allows institutions to facilitate and demonstrate ongoing enterprise compliance. Our scalable tools provide a consolidated change management system for more efficient and timely adoption of new regulatory actions. In addition, they help reduce risk by centralizing all

applicable regulatory requirements and linking them to existing processes, policies, procedures, and controls. Finally, they help improve operational effectiveness and rationalize controls by providing visibility into best practices, unnecessary redundant procedures, and the most stringent requirements.

Navigant’s technology solutions contain six critical modules that facilitate effective regulatory change management.

TECHNOLOGY SOLUTIONS--SIX MODULES



- **Regulatory Requirements Depository** – Comprehensive repository of regulations as well as any internal/external requirements clients seek to adhere to as a business



- **Linkage** – Allows for linkage from requirements to outputs, including business area, process, policies, procedures, and controls

Procedure	Risk
1	
2	
3	

- **Testing** – Test design and effectiveness (policies, procedures, systems, controls) against the appropriate requirements



- **Reporting** – Produce reports based on user preferences including high risk areas, customer impact, or any other valuable information clients seek to attain from the tool

Procedure	Risk
1	✓
2	✓
3	✓

- **Remediation** – Identifies gaps in policies, procedures, processes, or controls, and allows for these gaps to be remediated



- **Work Flow Management** – Provides overall workflow management, including user defined roles, approvals, and progress/status tracking

OUR EXPERIENCE

Navigant is routinely called upon by financial institutions and regulatory authorities to provide independent reviews and testing, risk assessments, compliance program development and implementation, monitorships, and expert witness testimony related to regulation in the financial services industry. Navigant has been engaged by multiple large banks to address regulator-mandated efforts to assess the existence of policies, procedures, and controls to conduct, oversee, and monitor operations in accordance with regulatory obligations. Representative engagements include the following:

Regulatory Change Management for a Top 5 US Bank

Navigant designed and implemented a sustainable regulatory change management process and web-based tool which enabled over 500 resources to perform a compliance review covering more than 10,000 regulatory requirements.

Policy and Procedure Assessment for a Non-Bank Financial Services Institution

Performed a complete gap assessment across over 700 policies, procedures and job aids to evaluate whether the documentation sufficiently addressed all Federal consumer laws and regulations as part of a Matters Requiring Attention (“MRA”).

AML Policies and Procedures Gap Analysis for an International Bank

Performed a comprehensive AML gap analysis to assist an international bank under regulatory scrutiny associated with high risk products, clients and geographies in meeting regulatory requirements including defining relevant laws, regulations, controls and testing procedures.