b^{3}analytics

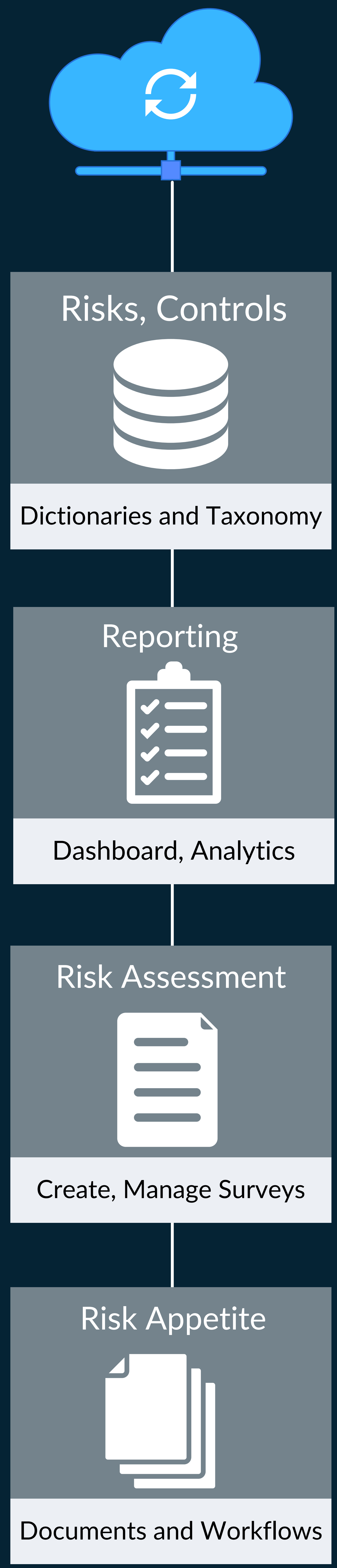
THE ROAD TO INCREASING PRODUCTIVITY IN REGULATORY MANAGEMENT

Sometimes people acting in an advisory capacity for regulatory management, compliance, or audit feel they are chasing many moving targets. In some industries, the pace of regulatory changes has been very hectic in the past few years. An initial implementation effort is followed by constant tweaks as regulators issue updates or adjust existing rules. Those who work in an advisory capacity spend a considerable part of their time doing two things:

1. Making sure they are aware of any new information released by regulators, and
2. Making sure they understand the content they receive and its impact on their clients.

It could be argued that the latter is necessary to keep providing a good quality of service, but the former is the time taken away from more productive activities.

Staying up to date with publications, press releases, webinars, etc., from regulators is not the only demand on a consultant's time. Clients need to be informed of relevant changes, and their requests for actions of any type must be received, analyzed, and planned before being managed. A consultant's productivity is usually assessed on the delivery of specific tasks. All the actions described earlier are considered 'admin' and do not count for delivery, and they typically take time away from "productive" tasks. The knowledge acquired is essential for the quality and the timing of the advice given or the solution provided.



So, you have one productive activity that we can generically call advice; that includes impact analysis and change management implementation. Those activities are part of the generic term "Consulting." Reading and analyzing documents from regulators is essential to be able to give quality advice. There are, however, two activities that cannot be considered "productive": finding out that some documents exist and managing clients' requests, expectations, and the communications associated with the "productive" activity.

A project-based approach is also inherently unproductive. Regulations do not happen in a vacuum, but a project based-approach tends to consider each implementation plan in isolation.

The risk is missing commonalities or making repeat changes to the same process, for instance, changing your trading platform to accommodate regulations that impact different aspects of a transaction. Another example could be each project making changes to the data landscape.

A workflow system could take care of all the communications with project stakeholders and a library that proactively sends alerts when regulatory changes or documents are being released by regulators; both tools could provide support for the "unproductive activities." Such tools would save time and effort and allow the opportunity to change the relationship with their clients from a project-based model to a more efficient subscription model.

We have already mentioned how regulations are an environment in constant evolution, and a subscription model is a win-win scenario as the business relationship develops. The consultant will become more and more aware of the client's business model and, therefore, will be able to advise the clients of forthcoming changes early enough to give the clients time to plan. The client will take two steps back, assess all the required changes, and manage implementation more effectively. A project-based approach tends to overlook this high-level assessment of all the necessary regulatory changes over a certain period of time. Each regulation is considered independently, missing opportunities to explore synergies between projects or to consolidate similar tasks. For instance, a consolidated analysis of the data landscape to make all the necessary changes for all the regulatory implementation projects that are, or will become, active in the following six months.

Compliance is one part of a triangle that includes governance and risk appetite. Advisors working under a subscription model have the opportunity to familiarise themselves with the whole company. The high-level conversation they can have with their client before jumping into an implementation project (the "step back") allows them to "insert" regulatory change in the overall compliance, governance, and risk appetite framework of the company. The result is a more productive way of providing advisory service and a smoother introduction of the changes in the whole company processes architecture.