

Compliance transformation: how banks can leverage opportunities now



Leading banks recognize the need to accelerate the transformation of the compliance function, with COVID-19 a real catalyst for change.

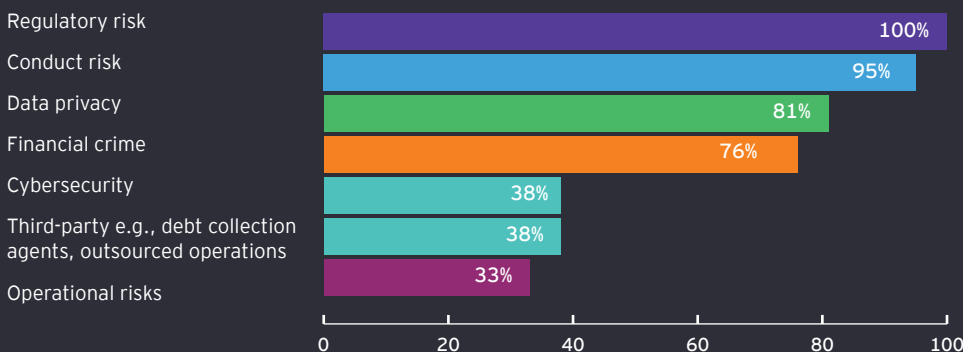
EY teams surveyed 21 European banks:

- ▶ European banks are keen to adopt a technology-enabled model and a data-driven approach to compliance in order to improve efficiency and add more value.
- ▶ Huge scope exists to restructure, embrace new and non-financial risks and further adopt agile ways of working.
- ▶ New skills are seen as important additions to valued traditional competencies, while core compliance principles hold firm.

Enduring compliance structures and evolving relationships

Traditional risks dominate compliance, though relationships with the first line are strong and more constructive than in the past.

Which of the following risk areas does the compliance function oversee?



Most firms continue to split their compliance functions by risk type and/or compliance activity, but some are considering significant structural changes, e.g., merging non-financial risk with conduct and compliance.

Realizing the vision of a tech-enabled compliance function

Many firms are highly motivated to adopt a data-led approach for compliance, transforming its impact.

How much of a priority is moving to a data-led approach for the compliance function?

We're planning for it in the future 38%

We're considering it 10%

It's a high priority (desire to move to compliance monitoring hubs) 52%



Key focus of the compliance function over the next 12 months, ranked in priority order (1 being highest)

1	Technology adoption
2	Achieving a more data driven approach
3	Supporting business growth
4	Developing and enhancing policies and procedures
5	Monitoring and oversight
6	Remediation
7	Cost reduction
8	Other

Compliance functions in the FS firms EY surveyed are prioritizing data and technology over the next 12 months. They will also be focusing on achieving a more data-driven approach and supporting business growth.

Embracing change while retaining core compliance principles

Key attributes of compliance team members now and in the future. Rated in order of highest priority (1 being top attribute required)

	Now	Rank	In the future
Understanding of the business		1	Understanding of the business
Knowledge of local regulations		2	Knowledge of local regulations
Direct experience of working with the regulator		3	Knowledge and experience of working with technology

The appetite to “proceed with caution” to an agile, technology-enabled compliance world is reflected in the skill set required by compliance officers - now and in the future.

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2021 focus is on implementation of a new risk framework and introducing additional focus on efficiency improvements.

Survey respondent

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The compliance function is trying to move away from providing low/no-value advice to the business to being used for questions which require judgment to answer.

Survey respondent

Summary

EY benchmarking survey of European banks shows that firms are open to the opportunities available from embracing new technology solutions and data-driven approaches, and to adding new skills in technology and data to existing compliance capabilities. Further benefits can also be gained by restructuring compliance functions to drive synergies and embrace new risk types within the scope of compliance. Amid such change though, traditional compliance knowledge and principles remain highly valued.

For more insights, please contact:

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