



Crowe Consumer Compliance Consulting Services

How Well Is Your Organization
Managing Regulatory Risk
in Consumer Banking and
Financial Services?

Regulatory enforcement remains high in areas such as SCRA, TRID, Fair Lending, and UDAAP. Crowe provides services to help organizations strengthen their programs for complying with stricter consumer protection laws. Deep expertise is needed, and our approach leverages technology and aims to improve collaboration for comprehensive management of compliance risk.

Sharpen Your Focus on Consumer Compliance

Many banking rules have remained constant over the last four decades, but the enforcement climate has heated up. The wake of the financial crisis produced legislation creating the Consumer Financial Protection Bureau (CFPB), which oversees high-profile laws and regulations such as:

- *Servicemembers Civil Relief Act* (SCRA)
- *Truth in Lending Act* (TILA)
- *Real Estate Settlement Procedures Act* (RESPA)
- TILA RESPA Integrated Disclosure rule (TRID)
- *Equal Credit Opportunity Act* (ECOA)
- *Home Mortgage Disclosure Act* (HMDA)
- Unfair, deceptive, or abusive acts or practices (UDAAP)

While the focus on certain regulations might ebb and flow given the environment at any particular time, there is little chance regulatory scrutiny by any of the federal and state agencies will fade away soon, given the recent actions against some very high-profile financial services organizations for violations of consumer protection requirements. Organizations should understand that risks and controls necessary for managing operations are not the same as those needed for managing regulatory compliance. Appreciating this distinction is important in helping lines of business and other groups prepare for compliance with complex regulations.

In the era of big data, traditional tools and approaches may be inadequate for compliance. Many businesses may need help modifying their core systems and models for data analysis, and implementing more effective controls to detect issues before they grow into serious problems.



Sharpen your focus

Services to Strengthen Compliance Programs

Organizations should review policies and procedures, monitoring, testing, and reporting. Given the amount of regulatory change, they also should evaluate new initiatives and products, vendor management, change management, best methods of taking corrective action, and overall enterprise risk management. Our range of services help organizations design and implement better compliance programs in the consumer-facing compliance arena.

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Enterprise Compliance Risk Assessments (ECRA)

ECRA content extends from high-level corporate governance to compliance risks and controls within lines of business. Mapping processes within lines of business helps to identify:

- Control gaps in areas such as consumer finance, treasury, human resources, and institutional safety and soundness
- Higher-risk areas for attention and remediation, which can pave the way for wiser use of limited resources and plans to correct weak areas

Program Assessment Road Map (PAR) for Fair and Responsible Banking Programs

As companies consolidate activities relating to fair lending and UDAAP into more robust fair and responsible banking programs, Crowe can assess the effectiveness of such programs and develop road maps to help build comprehensive programs.

Assessing current workflows helps to determine the adequacy of staffing, training, monitoring, reporting to the board of directors, and identifying gaps. Knowing best practices can spur ideas based on successful outcomes achieved elsewhere.

Customization of Technology Solutions

Many large companies have automated governance, risk, and compliance (GRC) solutions, but these may not operate as needed for the purposes of identifying and reducing compliance risk.

Crowe can help:

- Customize tools to accommodate compliance risks and controls
 - Develop a comprehensive project plan to coordinate vendors so information systems are up to date
 - Integrate disparate GRC systems for organizations that have grown through acquisitions
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Compliance Remediation Crowe helps organizations conduct various types of remediation reviews, particularly in areas such as:

- Fair lending and UDAAP
- *Flood Disaster Protection Act*
- *Servicemembers Civil Relief Act*
- Regulation Z (calculations of annual percentage rates)

Monitoring Services Many functions and business practices can unintentionally run afoul of regulations, especially in large and complex organizations. Crowe assists in developing effective monitoring processes and systems to highlight variances. An automated engine, for example, can tap into data, apply parameters, and alert risk owners. We help select key risk indicators that help to track variances before they can grow into major problems.

Analytics and Validation Services Crowe has extensive experience deploying analytic tools such as Crowe Fair Lending Analytical and Regression Engine (Crowe FLARE), that can turn unmanageable data sets into meaningful information. Findings can be visualized in dashboards to track performance and spot abnormalities. Our capabilities can help organizations manage compliance with UDAAP, fair lending, and more.

In addition, organizations call on Crowe to validate their models using analytics-powered processes to comply with fair lending rules, *Community Reinvestment Act (CRA)*, and other regulations. Our approach is aligned with guidance from the federal agencies, including the CFPB, Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and the Federal Reserve. We can help people understand how to run the models effectively and act on the results.

Management of Consent Order Remediation For this highly specialized area, Crowe professionals can provide an edge. Some of our team members have held compliance positions in financial services organizations, giving them valuable insight into better ways to help organizations remediate consent orders strategically and with greater speed.

Benefits of Taking a Proactive Approach

Effective compliance depends on vigilance across departmental boundaries and business lines, rather than merely “checking the regulatory box.” The benefits of more proactive programs can include:

- Confidence in addressing the detailed terms of numerous regulations in consumer banking and finance
- Avoidance of monetary fines and reputational damage due to ineffective programs for monitoring fair lending and other practices
- More comprehensive discovery of risks, along with compliance controls to mitigate risks and prioritize issues
- Productive collaboration and avoidance of repetitive effort
- Integrated systems and methods, resulting in comprehensive yet cost-effective approaches

Increased Oversight Affects a Wide Range of Organizations

The consumer protection rules are of concern not only to large banks, but also to organizations that have or are planning to exceed \$10 billion in assets. The rules also apply to organizations in sectors such as mortgage lending, financial technology (fintech), auto finance (with ripple effects to dealerships), payday lending, prepaid cards (general-purpose reloadables), and not-for-profit organizations that, for example, provide financing for housing.

From marketing to servicing and beyond, there are many ways to become noncompliant. Consequently, compliance with consumer-facing regulations should be addressed by:

- Senior executives and business-line leaders who ultimately own the risk
- Chief risk officers (CROs) who periodically need to conduct risk assessments and monitor compliance with consumer banking and finance regulations
- Executive vice presidents of enterprise risk management (ERM), since regulatory compliance is managed across functional boundaries
- Chief operating officers (COOs)
- Chief compliance officers (CCOs), CRA officers, and fair lending officers
- Program management officers (PMOs) who assist with project planning, execution, and remediation
- Chief audit executives and internal audit teams



Why Crowe?

Our firm achieved a 90 percent score in 2015 on the Client Engagement Index survey, which is 35 points higher than the industry average (source: PeopleMetrics).

Our reputation for audit and compliance reviews is well known. With more than 1,100 experienced risk practitioners, Crowe can help clients integrate technology tools with streamlined processes for improved outcomes in compliance and risk management.

Our clients appreciate our:

Knowledge plus implementation savvy. Our risk and compliance specialists not only understand the regulations but also can help to operationalize controls.

Deep industry experience. Because we employ professionals who have held positions in financial services organizations, our practical experience helps us evaluate staffing – suggesting the right people for each role.

Program management. Our real-life experiences, along with our depth and breadth, help organizations meet challenging timelines. While helping clients deal with immediate needs to resolve enforcement issues, our long-term aim is to help build a sustainable program.

Tailored approach. Our clients span the asset range, from small banks to international financial giants. We lack allegiance to any particular technology solution. Rather than pushing a one-size-fits-all solution, our team members are mindful of tailoring solutions to each organization.

Comprehensive approach. Our expertise extends from high-level governance to compliance within lines of business. Our best-practice ideas help clients benefit from streamlined processes. We are mindful of designing programs that won't "break the bank."

Conclusion

Many organizations find themselves short of experienced resources necessary to manage the regulatory burden in the consumer area. Crowe is uniquely positioned to help operationalize these complex compliance processes. Our service teams can help organizations assess risks, prioritize, improve collaboration, and implement programs more effectively to meet aggressive timelines.



Crowe solutions for governance, risk, and compliance management are endorsed by the American Bankers Association through its subsidiary, the Corporation for American Banking.



Crowe International won the International Accounting Bulletin's prestigious "Advisory Firm of the Year" award.



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About Crowe

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