



Webinar series Emerging risk issues

# Operationalizing consumer protection

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Navigating emerging regulatory and risk management issues



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# Topics of conversation

- 1 CMS evolution or revolution?
- 2 Compliance-induced operating friction (CIOF)
- 3 Adaptive business framework
- 4 Foundational approach and principles
- 5 Jobs to be done
- 6 Operationalizing compliance by reducing friction

# Objectives and outcomes

- 1 Understand how the current financial services environment affects consumer protection.
- 2 Discuss the role that compliance management systems (CMS) play in managing risk for an organization.
- 3 Evaluate and identify CIOF.
- 4 Describe the levers of value creation in an adaptable and effective CMS.
- 5 Explain a CMS approach focused on jobs to be done and how it can help your organization efficiently and effectively execute compliance.



# Is your CMS undergoing evolution or revolution?

Compliance management is under tremendous pressure to change. New data and technology tools, modernized consumer products, and an uncertain regulatory environment can stress existing CMS to a point of failure.

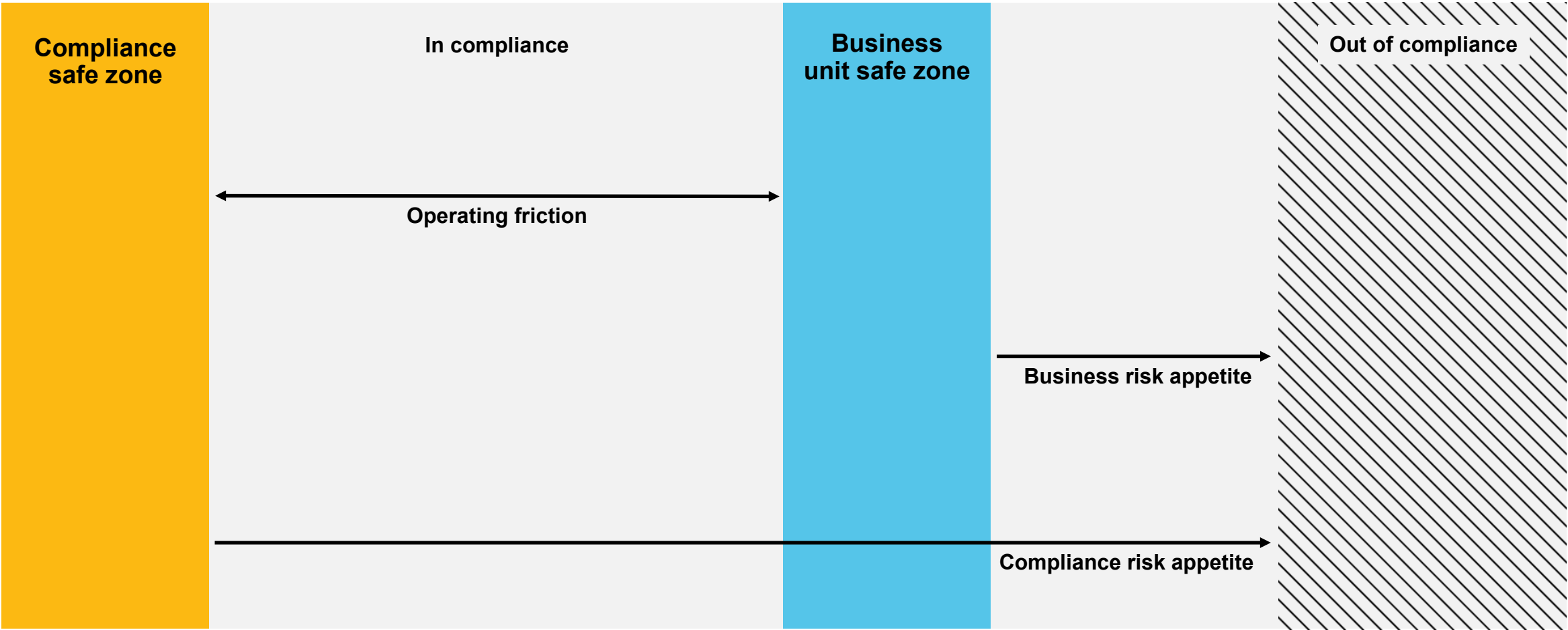


Evolving compliance into a business ally requires meaningful engagement of noncompliance resources.



Business goals must be accounted for in the compliance risk management ecosystem.

# What is compliance-induced operating friction (CIOF)?



# The effects of CIOF can be felt inside and outside your organization.

## Poor customer experience

Customers feel inconvenienced and employees feel unable to satisfy customer needs.

## Reduced revenues/profits

Organizations are left unable to fully capitalize on market opportunities.

## Increased scrutiny

Inefficiency caused by CIOF typically generates more “workarounds” leading to compliance errors.

# Seek out the sources of CIOF in your operations.



Areas with excessive compliance checklists and multiple signoffs



Areas with frequent or repeat compliance violations



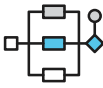
Areas with new rules or enhanced regulatory focus



Logs or other tracking sheets that go largely unreviewed or rarely used



Processes with frequent customer and/or employee complaints



Areas where new technology has been introduced or is needed



# Imagine reducing friction through greater ease, agility, and speed.

Consider questions that can drive positive change:

How might we fix an issue in a way that creates value?

How might we apply ingenuity to achieve better outcomes?

How might we grow the business?

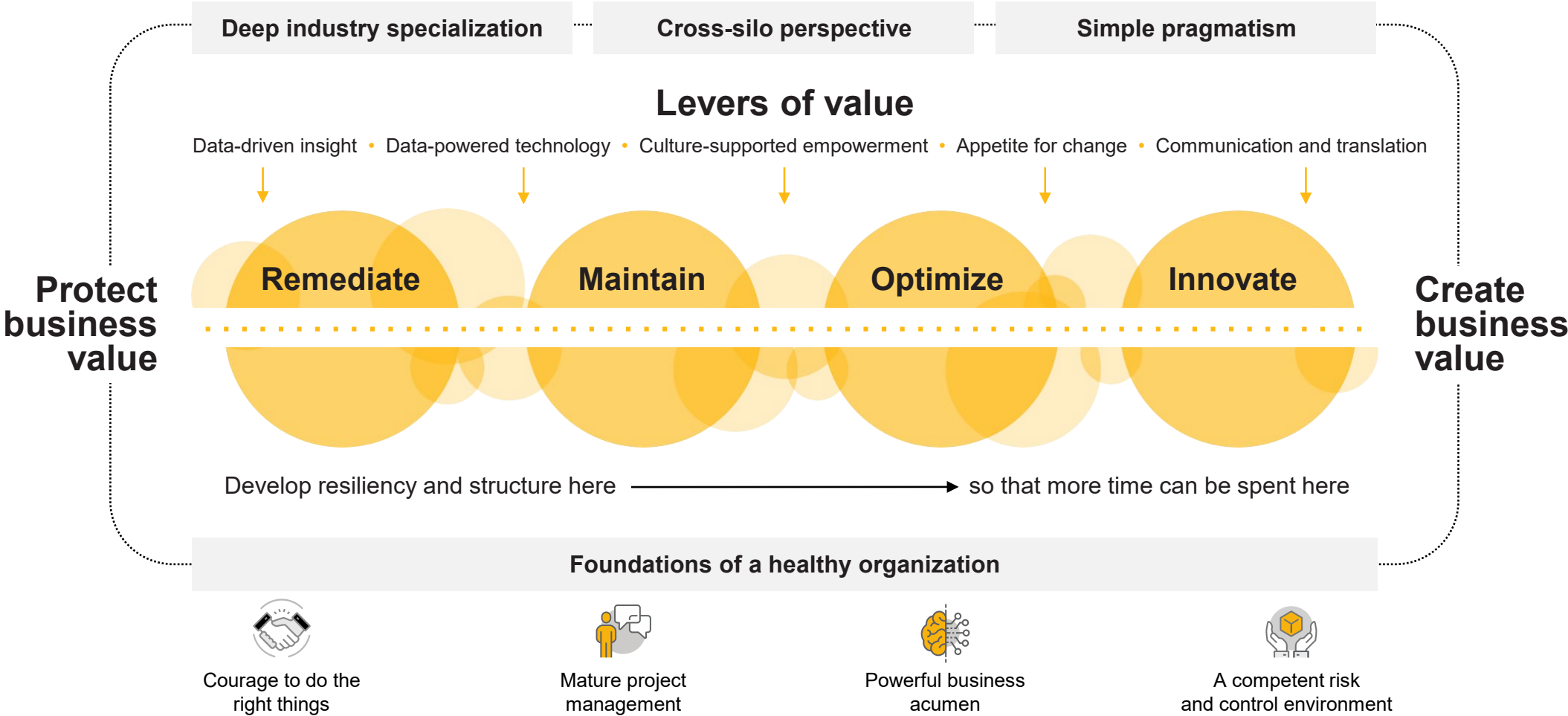
How might we reinvent how we comply?

How might we change the experience for our customers and stakeholders?

How might we innovate risk out of the business?

**How might we do things differently?**

# Every smart business decision falls somewhere on the spectrum of value.



# Set goals and standards to reduce CIOF.

## Language-oriented

Creating a common language for business units and compliance teams is imperative.

## Customer-centric

The goal of both the business unit and the compliance team should be customer-centric solutions.

## Principles-based

Compliance and business units should operate knowing that protecting the consumer is everyone's responsibility.

## Value-adding

Solutions to CIOF-related problems should be focused on adding value to the process or to the consumer's experience.

# Foundational approach and principles



## Leadership capabilities

Excel in demonstrating an entrepreneurial spirit, intellectual curiosity, and agility to enable business initiatives in the face of regulation and uncertainty.



## Cultural capabilities

Establish a set of principles, values, and behaviors that enable sound decision-making within both the organization and the organization's ecosystem.



## Execution capabilities

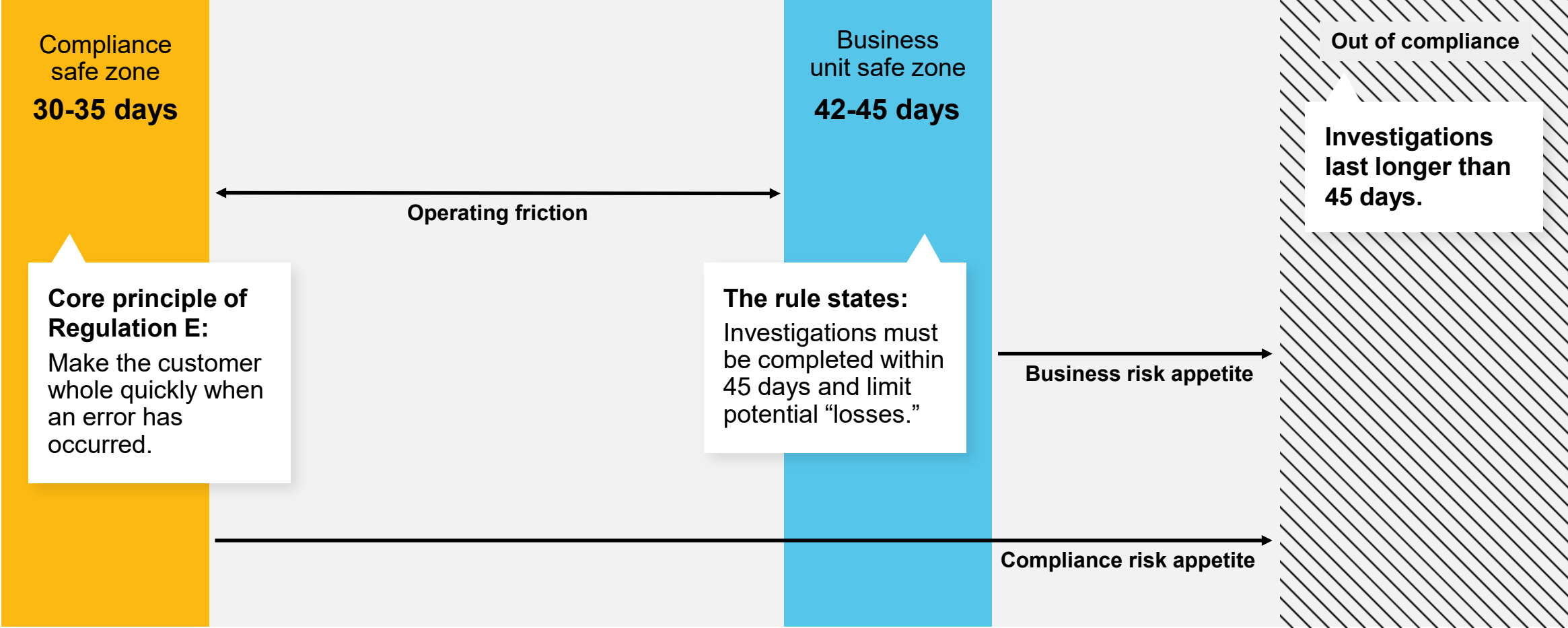
Ease and support efforts to introduce, establish, or revise compliance processes and the required infrastructure to enable business strategies and objectives.



## Organizational capabilities

Operate within a scalable, resilient organizational structure that promotes a common language and understanding throughout compliance and business functions.

# An example of CIOF in action



# Consider a jobs-to-be-done approach to resolving CIOF.



Evaluate and identify the exact sequence of jobs (actions) required to comply with a given requirement.



Identify the individual(s) responsible for those jobs.



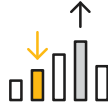
Determine any cross-department flows, out-of-sequence flows, or areas of overlap for the jobs.



Identify any technology that is used in carrying out the job and who “owns” the technology.

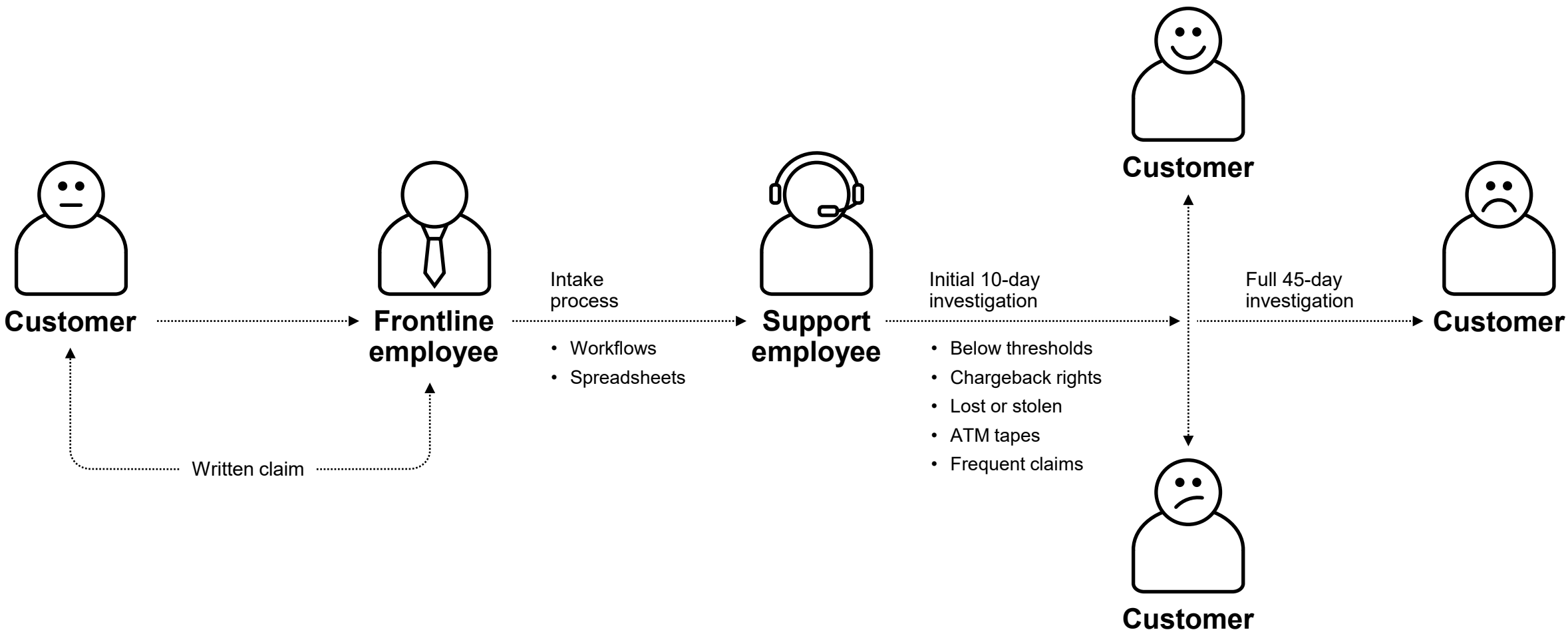


Evaluate whether any jobs in the process are redundant or have low value-add.

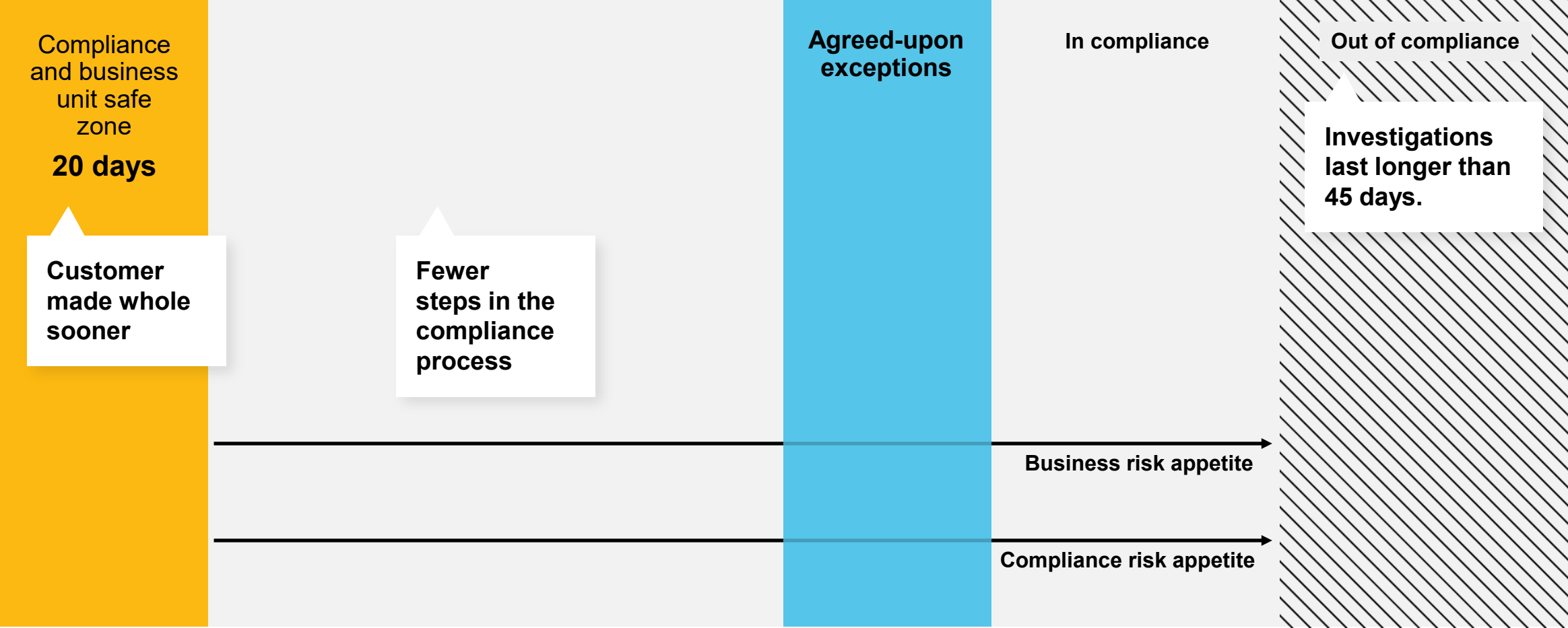


Determine whether the jobs to be done can be improved to maximize value and outcomes.

# Let's follow through a typical error resolution process.



# Better outcomes are achievable with an agreed-upon process in place.





# Here's what to keep in mind when operationalizing consumer compliance.

1

## Evaluate CIOF factors

Focus on areas where change is possible and the benefits are obvious.

2

## Collaborate

Make the effort to reach out to the BU and share goals that add value to their efforts.

3

## Customer comes first

Keep the focus of change where it belongs: the customer!

4

## Flexibility

Open up to a wider variety of customer-centric, value-adding solutions to get the job done.

# We can help you optimize compliance and keep customers first.



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