

# sharing

## costs and resources

for better compliance management

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Every bank and insurer has to ensure full compliance with all relevant regulations in every country and region where they operate. In an increasingly complex and global market, that is a major undertaking.

**Compliance is an activity that every financial institution has to carry out. It is strictly non-negotiable: you have to comply fully with regulations, stay up to date with regulatory changes or new requirements, and you have to prove it through accurate, timely reporting. This is not a nice to have and it is not normally a source of profit or competitive advantage. It is, however, a major cost.**

Compliance departments are expensive: they are staffed with top-quality professionals, require specialized processes and systems, must be thoroughly audited and actively managed, and are upgraded constantly to reflect market-driven change. Yet there is no financial institution in the world that can do without compliance. Partly, this is because non-compliance can potentially lead to removal of their license to operate. Partly it's because the costs of being non-compliant are far greater than the cost of maintaining a competent compliance department.

Compliance failures can lead to increasingly large fines. Counting just the last 10 examples from late 2012 to early 2014, the total cost levied on banks was \$18 billion in fines, and that figure rises all the time. And it's not just about money. The damage to reputation and customer confidence can also be a serious problem.

Compliance failures, after all, are not just technical breaches of the rules. Banks have been prosecuted for not being able to prevent organized crime from using their systems for money laundering while others have been fined for unwittingly breaking sanctions regimes. Nevertheless the bank will be aware that their investment in compliance is a significant factor in profit performance. Failures can reduce return on capital employed by anything up to 4%, while the need to stay demonstrably compliant can lead to them maintaining capital and liquidity levels that are unnecessarily high (to avoid any possibility of falling below the required level, even for a moment). And this all costs.

So the question we have to ask is this: if all financial institutions have to prove that they are fully compliant, why is everyone investing in completely self-sufficient, standalone systems and processes? Why don't they share?

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**That is a question  
Atos has also been  
asking, and now we  
have an answer.**

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# Moving to the 'as-a-service' approach

At first sight, the idea of managing something as vital and as central to a financial institution's success as compliance seems unlikely, even strange. And yet, the reality is different.

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**It is possible to define best practice for risk and compliance management and then deliver this to multiple clients without any risk of information leaking or of damage to an individual client's interests. This is a common approach in cyber-security after all, so why not for other forms of risk management, and especially for compliance?**

The Security Operations Center (SOC) concept is well-accepted in almost every sector, including financial services. This is based on a shared service approach for monitoring a systems and market environment to identify suspicious patterns and events, ready for fast intervention. Monitoring and management can be carried out on a shared service basis, because proprietary information is never shared. Yet clients have the benefit of best practice and the lower costs that come from a shared service approach.

Atos has created 'Compliance-as-a-Service' in order to bring the cost and efficiency benefits of the as-a-service approach to the wider field of compliance. The result could be major savings in business as and usual operations, an end to the risk of fines, improved use of cash through better capital management a future-proofed, scalable and on-demand service that never needs to be refreshed or upgraded (at least, not at the client's expense!).

'Compliance-as-a-Service' is delivered by Atos for some existing BPO Financial Services clients, and it includes a unique, UK-based service unit, build on a proven track record of managing an exemplary risk profile for one of Europe's largest financial institutions. This is one of the largest Omni-Channel financial service providers in Europe, formerly a UK public sector body, with all services (customer contact, product and service delivery, fulfilment, finance and accounting, security and risk) entirely managed by Atos as their partner.

The business has grown rapidly and its customer satisfaction ratings, driven by greatly improved service standards, have improved steadily to the point where they are now seen as being outstandingly good. While Atos has been involved, the client has never had a serious security breach, never failed a major compliance test and has achieved excellent levels of operational efficiency.

Now Atos has taken the lessons learned from these significant clients, together with many of the practices, methodologies, key infrastructure and expert personnel to create the Compliance Service Center. This is the first world-class offering of its kind anywhere in the European financial services marketplace: built on proven best practice, informed by hands-on experience and managed by a team of proven experts.

This is a potential game-changer for the industry, and for many banks currently struggling with the costs of compliance.

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# A comprehensive integrated service

The Compliance Service Center provides all compliance services in a modular form to cover our wider back office and contact center administrative functions. Financial institutions can take the entire package or simply one module to test the outcomes. In the 'as-a-Service' world, the client is always in charge.

The Compliance Service Center covers four main disciplines which, between them, add up to a complete compliance service. The key elements are:

## Regulatory and financial crime risk

Covering all aspects of financial crime and regulatory risk, including data protection, emerging regulatory and consumer requirements. Atos also provides a customer experience laboratory for testing systems and products with customers to identify potential consumer issues prior to new or channel launch.

## Operational risk and governance

Setting in place the right policies and training, fostering a compliance culture, managing suppliers, managing physical security and monitoring compliance with agreed standards across the organization and its ecosystem.

## Risk assurance

Covering planning, reporting, reviews and client audits, while building and maintaining an integrated assurance map.

## Enterprise risk

Dealing with all actions that impact on the enterprise, itself, including client risk, bid processes, deal management, business as usual risk management and consultancy support to other parts of the business.

Once the Compliance Service Center is in place Atos can start to provide greater peace of mind while reducing operational costs at once. The service is based on the Atos Risk Management Cycle around the Risk and Compliance Framework, as shown top right.

The Risk and Compliance Framework establishes a proactive process shown opposite for driving effective risk management. It sets up a comprehensive **Governance and Oversight** regime to monitor and report on performance.

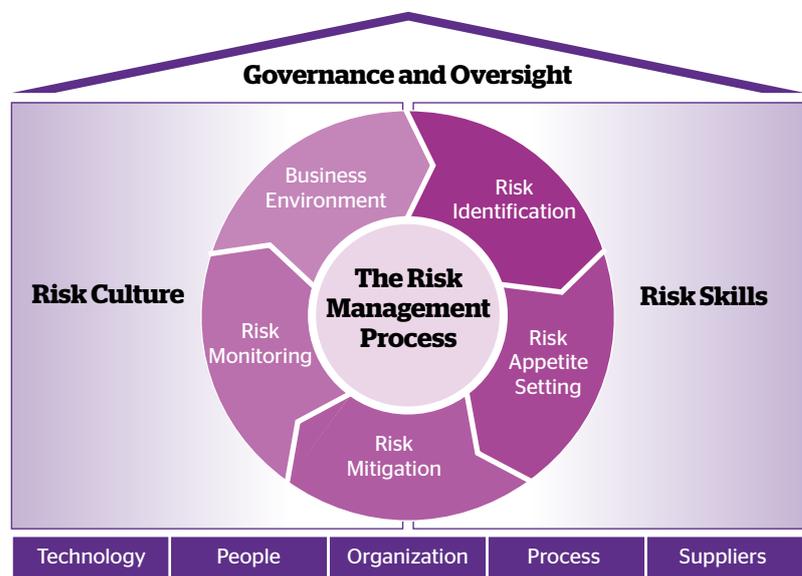


Once fully implemented, Atos will ensure compliance with all relevant regulations, keep the business secure against financial crime and ensure that the framework keeps up with new developments in regulations as a matter of course.

Atos works collaboratively with clients to manage risk across their entire value chain. We recognize that risk is an inevitable factor in banking activities, and that risk is growing all the time as the marketplace becomes more global, includes more rapid and automated transactions, involves more transactions online and from mobile devices and is increasingly targeted by organized crime.

The Compliance Service Center follows a logical process, identifying risks, managing regulatory compliance, helping to upgrade systems to engineer risk factors out of the system, taking fast preventive and remedial action and reporting accurately to demonstrate compliance to enable long-term improvements to current practices. **That's how the Atos shared service approach can make a transformational difference, faster and more simple than ever.**

A **Risk Culture** is fostered throughout the organization to make every individual aware of their own role in reducing risk. It develops the right levels of **Risk Skills** to equip the entire business with the capabilities needed to raise their own performance and it establishes a partnership approach to ensure that every factor that impacts on the risk profile of a bank is covered and managed.



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# Peace of mind in risk and compliance

Atos focuses on six key areas of activity to provide complete assurance for regulatory compliance and risk management.

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## Regulatory and conduct risk

Dedicated teams of experienced professionals with responsibility for regulatory oversight and reporting. They will:

- ▶ Review all activity with impact on regulatory compliance
- ▶ Focus on specific issues known to be of concern to regulators
- ▶ Ensure that only people with the right levels of approval, as defined by regulators, are involved in positions of trust
- ▶ Carry out due diligence as needed on customers
- ▶ Identify emerging risks
- ▶ Report on status to key stakeholders and regulators
- ▶ Access to Customer Experience Solutions to test consumer attitude to product and channel change.

## Financial crime

Carries out proactive monitoring and reporting services focused on financial crime.

- ▶ Monitoring and analytics of transactions for suspicious activities
- ▶ Dedicated officer managing Anti-Money Laundering (AML) and Counter-Terrorism Financing activities, Political Exposed Persons Management (PEP) and Sanctions Management
- ▶ Reporting to responsible bodies, including crime agencies and police, where necessary
- ▶ Identification of emerging threats
- ▶ Setting in place effective policies to counter criminal activity.

## Operational risk

Managing different forms of regulatory regime in all the geographies where the bank does business.

- ▶ Setting up and managing a three stage process of risk managing, covering operational management, oversight and assurance and internal audit
- ▶ Establishing risk policies and keeping a log of risks as they appear
- ▶ Regular reports to senior stakeholders
- ▶ Continuous updating to stay current with regulatory changes.

## Security

Setting up a comprehensive cyber-security regime to manage activities and systems within the entire ecosystem.

- ▶ Building security awareness within the organization
- ▶ Dedicated methods for handling data protection
- ▶ Advanced methods for identity and access management
- ▶ Fostering effective security practices.

## Business continuity

Setting up and managing proven and effective plans for ensuring that business is not disrupted by unexpected events or system failures.

- ▶ Access to qualified business continuity teams
- ▶ Support in developing solid and robust recovery plans
- ▶ Testing and proving of contingency plans
- ▶ Ability to use Atos backup capabilities, if needed.

## Risk assurance

Giving internal stakeholders the peace of mind they need about the quality and effectiveness of their risk and compliance processes.

- ▶ Access to a team of qualified auditors
- ▶ Helping clients to understand the nature of change related risk and how to manage this
- ▶ Active search for ways to create value by managing risk more effectively
- ▶ Rapid alerts and detailed reporting to keep stakeholders up to speed
- ▶ Full reporting for use with external regulators.

## Why Atos?

Atos is a proven leader in all areas of Risk and Compliance, and is a pioneer in creating integrated solutions that provide complete end to end transparency for all factors that could impact on risk, compliance and regulatory status. Atos brings together all of this exceptional capability in a single organization, dedicated to helping banks safeguard their businesses while reducing their costs.

Atos bases this novel and innovative solution on its deep knowledge of financial services from the inside. We work for 7 out of the 10 largest European banks and for 6 out of the 10 largest insurance companies in the world. As industry insiders, we understand the key trends, developments and transformational changes taking place across the financial world: in fact, Atos is a key player in driving digital transformation. Atos understands the need to match improved customer experiences, greater speed, agility and responsiveness with an uncompromising approach to security. That is what we deliver.

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