

Financial Services

# turning risk into

performance advantage



Many financial institutions see managing risk and assuring full compliance as a burden: an increasing cost that has to be managed. But what if we looked at the subject differently? What if we could see opportunity where others see cause for concern?

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# Changing risk and compliance landscape

Financial regulations are becoming tighter and most of us understand why. Serious failings in risk management and reporting since 2008 mean that banks now have to carry higher levels of capital to provide a buffer against future risks. Failures in managing many different forms of risk, together with regulatory non-compliance have already led to costly fines for some leading financial institutions, while a growing number of new regulations also impact on competitiveness and restrict freedom of action. Today, compliance is non-negotiable, and the potential fines for non-compliance can undermine your profitability.

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Since 2009, leading international banks have paid an astonishing amount of money to regulators in fines. Counting just the 10 largest fines the total comes to almost \$18 billion US. Even for the largest institutions, this is enough to cut shareholder value, reduce profits and destroy careers. The cost of effective risk and compliance control is rising and could reduce bank return on equity by between 2.5% and 4%.

Risk and compliance officers spend most of their time trying to satisfy regulators, but chief security officers also have other concerns: the rise in cyber-crime is one of the defining characteristics of our time. Organized crime has now evolved to the point where it is becoming the true "black economy". Criminals now think in ways that reflect the businesses they target: they develop their own business cases and can invest significant resources in attacking financial institutions and their customers in a determined and systematic way.

## A new vision

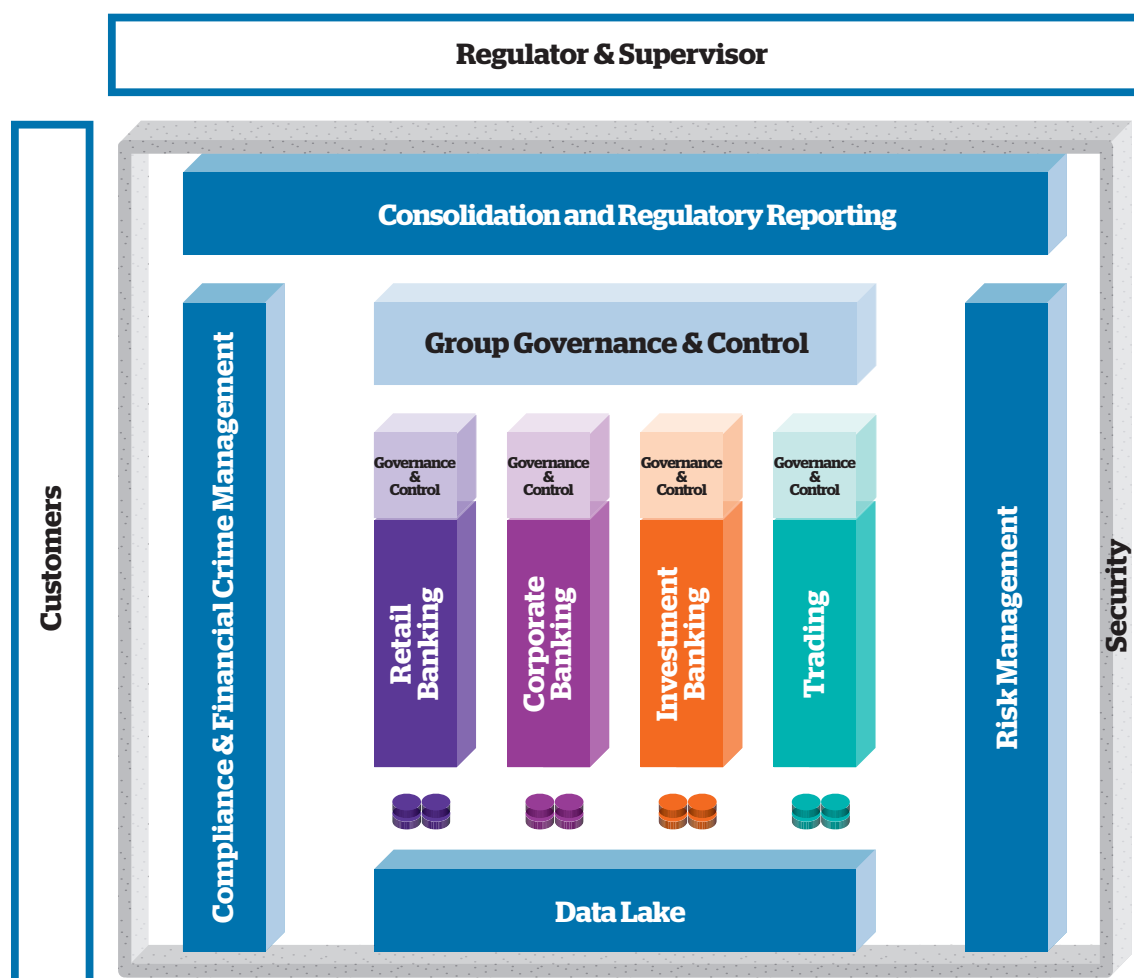
Atos takes an integrated view of all risk, compliance and security concerns. We see effective risk and compliance management as a way of opening new opportunities as well as safeguarding the business from every form of enterprise risk. Working with Atos, banks and insurers can drive higher levels of control and discipline across their organization, dealing with potential threats, ensuring full compliance and ensuring more appropriate behaviors in their trading and sales teams.

Risk and compliance management is often seen as being a defensive requirement, or even an unwelcome cost that undermines profitability and has no effect on competitive advantage. In fact, the opposite is true.

World-class risk and compliance management safeguards corporate and customer interests, strengthens brand and reputation, avoids fines and helps to make best use of capital. That is how successful financial institutions free up capital for positive investments, exercise better controls over their trading activities, strengthen customer loyalty, turning risk and compliance into business opportunity.

# The holistic approach

Atos has built an integrated set of Risk, Compliance and Security services based on the ability to see the entire landscape from end to end and from top to bottom.



An integrated, holistic view of the Atos compliance vision

Most banks organize themselves through Lines of Business (LoBs), which have their own specialist applications and databases. To evaluate risk and demonstrate compliance at Group level, both the risk and compliance departments have to collect and collate data from each LoB and build a clear view of activities, based on historical data.

Atos transforms the situation through:

- ▶ A data lake, which actively searches LoB and group applications and databases for highly-detailed, very specific data in real time.
- ▶ Integrated real-time analytic and predictive capabilities to avoid financial crime, cyber-crime and remain compliant.
- ▶ Keeping capital and liquidity at exactly the levels demanded by the regulator, never dropping below but also never having too much capital tied up.

- ▶ Independent layer for risk analytics and management, using the same consistent data from the data lake.
- ▶ Consistent group-wide governance and control processes.
- ▶ Building a consolidation and regulatory reporting layer that presents information in the required form.
- ▶ Securing all data and systems with end-to-end security

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# Transforming your Finance, Risk & Compliance landscape

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Once a real-time view of the true compliance, finance and risk position is available, interesting things start to happen. Compliance, finance and risk data now becomes a vital management tool, with decision-makers able to close the loop in key processes by actively driving positive change through their organization. They do this by:

- ▶ Ensuring that essential rules are being observed and potentially risky trading positions are spotted before they can lead to losses.
- ▶ This will involve strong policies for managing Conduct Risk, to ensure that a financial institution's entire product lifecycle meets the right ethical and regulatory standards, and thus clearly address clients' best interests at all times.
- ▶ Managing counter-parties to ensure that unsuitable deals are amended or do not take place.
- ▶ More active and creative management of sales processes, using real-time data to deliver best outcomes to customers and build confidence.
- ▶ Delivering completely accurate and up to the minute reports to regulators, avoiding fines and strengthening reputation.
- ▶ Reducing start-up and operating costs by providing future-proofed "as a Service" options for such key requirements as compliance and cyber-security

Perhaps the greatest benefit of all will be felt by CFOs and COOs. With real-time compliance and risk data available minute by minute, every day, it is possible to manage both capital and liquidity positions in the most efficient way. Now the business will never fall below its required regulatory level but will also not have capital tied up by being too far above it. This is equivalent to a capital injection into the company, delivering measurable competitive advantage.

Backed by proven security methods internally and externally, it will be possible to stay compliant and stay secure, while also delivering flexible services precisely crafted for the needs of each user group.



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# Effective, integrated solutions for risk and compliance

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The Atos integrated approach to Risk and Compliance provides a strong foundation for better performance. To deliver the full benefits, Atos focuses on five key priorities:

1. **Capital and liquidity: the key to integrated risk and performance management**
2. **Breaking down silos: the key to an integrated solution**
3. **Compliance culture: the key to responsible stewardship**
4. **Transparency: the key to ensuring compliance**
5. **Security: the key to defending against cyber threats**

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## Capital and liquidity: the key to integrated risk and performance management

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Under Basel III, financial institutions are required to increase capital reserves and reveal real-time liquidity risk information. Atos Liquidity Risk Management will enable financial institutions to:

- ▶ Implement global real-time liquidity management, providing optimum control of cash flow inward and outward, while comparing real-time with forecast positions.
- ▶ Have accurate liquidity forecasting in place to forecast, manage and optimize liquidity positions in real time.
- ▶ Implement robust modelling capabilities to assess capital requirements, enabling you to reduce capital buffers and improve profitability.

Atos Liquidity Risk Management turns capital and liquidity regulations into a source of competitive advantage by ensuring that banks and insurers keep exactly the right levels for regulatory compliance, not risking fines by going under the limit and not tying up capital unnecessarily, either.

Atos Enterprise Risk management will identify risk hotspots across Lines of Business, enabling faster intervention and proactive management for better management control.





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# Breaking down silos: the key to an integrated solution

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Integrated Risk and Compliance management drives higher levels of discipline and integration across business units, improving market performance while safeguarding reputation and reducing risk. Atos Enterprise Governance will:

- ▶ Establish a single platform for use across all units for more accurate analysis and better decision-making.
- ▶ Implement enterprise-wide Governance, Risk & Compliance for a real-time overview of performance against regulatory obligations across the business landscape.

In a complex market, with constantly changing regulatory requirement, Atos Enterprise Governance provides the toolset decision-makers need to stay compliant everywhere, all the time.

Atos Integrated Regulatory Reporting manages the data flows that make accurate regulatory compliance a reality, by:

- ▶ Establishing a Big Data Lake, consolidating Risk and Finance Data into a consistent view.
- ▶ Reducing the costs and complexity of data sourcing and cleansing, defining objectives and responsibilities, processes and technologies for a high level of Data Quality.



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# Compliance culture: the key to responsible stewardship

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Compliance culture, focused on conduct risk, relates to the risks caused by the way that a firm and its people behave. That means ensuring appropriate targets are set within a culture that makes compliance a real priority. Atos helps firms establish a strong and systematic compliance culture through proven and effective solutions that cover key aspects of managing customer, partners and employees:

- ▶ Compliance culture solutions, ensuring that every individual acts as a responsible custodian of the company's reputation, reducing risk at source.
- ▶ Know Your Customer enables financial institutions to understand who they are really dealing with, giving them the confidence they need to deliver the right levels of service, while understanding and improving the customer experience.
- ▶ Integrated Fraud Management provides a comprehensive and effective service for identifying and dealing with suspicious activities, safeguarding against potential fraud.
- ▶ Integrated Identity Solutions ensure that access to systems, processes and physical locations is appropriately managed, with options that include secure single sign-on and role-based access.



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# Transparency: the key to ensuring compliance

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To prove compliance, it is important to have robust reporting solutions and auditable records in place. Atos Integrated Regulatory Reporting provides:

- ▶ An integrated, robust and flexible reporting platform across divisions, helping you move from point solutions to an enterprise-wide integrated solution.
- ▶ Provision of on-demand risk and performance reports by using In-Memory-Computing technologies.
- ▶ Use of emerging standards, including the Data Point Model (DPM) and Extensible Business Reporting Language (XBRL) for higher efficiency and flexibility in reporting.
- ▶ Auditable records with full data traceability, deploying archiving policies across multiple jurisdictions, while fulfilling all data retention laws.

When used in conjunction with Atos Enterprise Governance, this means that the business is not only kept secure from compliance risk, you can prove this in the most granular detail and at all times.



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# Keep your business secure: the key to defending against cyber threats

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Information is the life-blood of the finance industry and it is under constant threat from cyber-attacks, internal as well as external, targeting all systems and networks. Atos is a proven leader in all aspects of cyber-security, and our End-to-End Managed Security solution will:

- ▶ Develop and implement an effective cyber security strategy
- ▶ Put in place real-time Security analytic capabilities to aggregate and correlate millions of events in a split second and detect the critical security events precisely
- ▶ Use Security shared services like forensic expert teams to achieve an optimum level of security at the best cost
- ▶ Use our monitoring and intervention of all business-critical processes, identifying, investigating and intervening any instance of suspicious activity out of the millions of transactions that occur daily.
- ▶ Prepare for advanced targeted attacks, with advanced encryption and data protection techniques used to prevent attackers accessing critical information.

Atos Data Protection Solutions will:

- ▶ Identify business critical processes that generate essential data.
- ▶ Establish effective methods for protecting that data at all times, including when in transit.
- ▶ Use effective integrated identity and authentication solutions like biometrics and Public-Key Infrastructure (PKI) to restrict and carefully manage data access.



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# About Atos

Atos SE (Societas Europaea) is an international information technology services company with 2013 annual revenue of €8.6 billion and over 76,000 employees in 52 countries. Serving a global client base, it delivers IT services in 3 domains, Consulting & Technology Services, Systems Integration and Managed Services & BPO, and transactional services through Worldline. With its deep technology expertise and industry knowledge, it works with clients across the following market sectors: Manufacturing, Retail & Services; Public sector, Healthcare & Transports; Financial Services; Telco, Media & Utilities.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. It is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and is quoted on the NYSE Euronext Paris market. Atos operates under the brands Atos, Atos Consulting & Technology Services, Worldline and Atos Worldgrid.

For more information, visit: [atos.net](http://atos.net).

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# Why Atos

Atos looks at the contentious issues of Risk, Compliance and Security in a new and more creative way. Those banks and insurers that embrace the need to meet higher standards than before will gain an advantage over their slower-moving competitors, will exercise stronger controls over their business operations and achieve higher levels of profitability.

Most important, Atos knows 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 risk, security and compliance. That is what we deliver.

The start-point is to think differently, with Atos.

## Leading global bank.

Atos is a long-term strategic partner for one of the world's largest and most prestigious retail and investment banking groups, headquartered in Europe. For its operations across the world, Atos enforces Endpoint Security, Secure Mobile Platform, email encryption and security monitoring for suspicious activity, and keeping the business and reputation of the bank safe.

## Leading UK-based savings bank.

For this long-established and highly respected institution, Atos has been the strategic IT services partner for almost 15 years. In that time the business has been transformed, with an expanded product range, a true omni-channel strategy and radical improvements to customer service levels. Today Atos is delivering end to end risk and compliance management, running these key activities as a managed service which delivers global best practice, while opening the potential for risk and compliance to be delivered more widely as a shared service.

**For more information:**  
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or visit [atos.net](http://atos.net)

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