

Product Assurance



The Why

Regulation

EBA & ESMA

- Guidelines on Product Oversight & Governance arrangements for retail banking products.

Central Bank of Ireland

- Consumer Protection Risk Assessment; and
- The Individual Accountability Framework, inc. Senior Executive Accountability Regime. This proposed framework will require product owners to have end-to-end oversight of their products and underlying control framework.

Product E2E Accountability on the Rise

- Regulators are looking at the various legislative measures to better define Product Accountability. For example in Australia, the APRA has introduced requirements to enhance customer experience and outcomes whilst addressing Banking remediations and misconduct through specific equivalent PCF role for Product owners / Chief Product Officers under the Banking Executive Accountability Regime (BEAR).

System Issues

Complex IT Environment

- A multitude of systems and a complicated environment leads to a lack of understanding of the impact of changes, both system and product.
- Legacy Systems are in operation without comprehensive documentation & full understanding. Ongoing theme of corporate knowledge gaps.

Product Issues

- Trend of firms paying €100m+ on remediations and continually fixing customer related issues on product;
- Reputational damage is caused by ongoing restitutions and associated negative publicity;
- Limitations and risk deviations often required to get new products and features to the market quickly resulting in future issues;
- Customers are not receiving good customer outcomes from their interaction with firms; and
- Trend of firms entering into enforcement and large fines / penalties imposed.

Manual Assurance

- High level of Assurance resources required as a result of manual processes;
- Lack of E2E oversight and transparency over products, processes and interdependencies; and
- In-depth understanding of your product enables the expedited roll-out of any changes and associated assurance (e.g. change in product offering, proposition, or in an emergency situation).

Our Bespoke Methodology

KPMG have designed a bespoke methodology that will arm organisations with tools and techniques to control its product set and maintain regulatory compliance, reduce the risk of future restitutions and enforcement action. It will also provide organisations with a comprehensive understanding of their products and underlying control environment and reduce the time 1st LOD and 2nd LOD spend on assuring products through introducing automation and preventative controls. In the current environment, firms are striving to reduce costs and our methodology assists by reducing the manual effort required, and arming our clients with data oriented predictive tooling. In addition, it arms our clients with the information required to simplify product sets.

Baseline

The Baseline Review is the minimum viable level of testing to be carried out on a product and focuses on the Vanilla Customer Journey incorporating a minimum level of testing to assure that product adheres to regulatory requirements. In addition, it encompasses ensuring that customer documentation is transparent and in line with regulation. The Vanilla Customer Journey is the main customer path for a product as identified by data analysis.

Augment

The Augment Review is a more in-depth review focused on the top 3-5 Customer Journeys within the product, testing throughout the Product Lifecycle, use case testing and more detailed data analysis. The top 3-5 scenarios are those events where customer interventions and actions drive changes to a product. In our experience this is where product issues tend to occur.

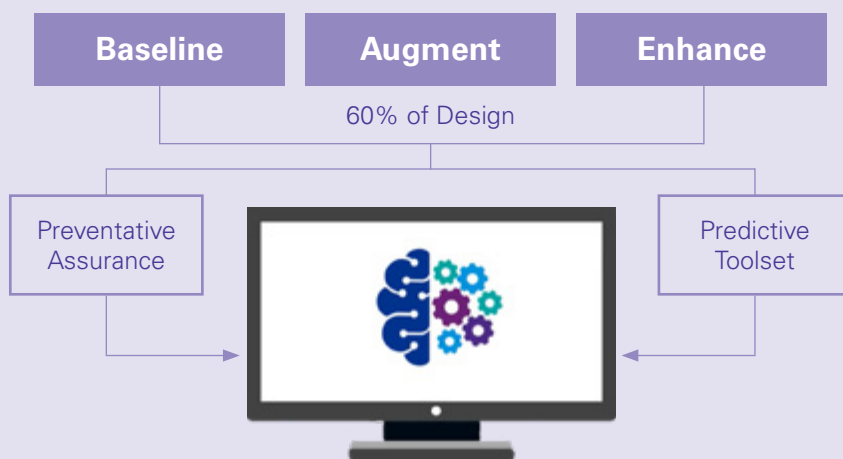
Enhance

The Enhance Review is the most in-depth detective review to be carried out on the product focusing on all Customer Journeys, Non-Vanilla use case testing, more detailed data and complaints analysis and system testing.

Our Strategic Vision

Strategic

The Strategic Review is focused on preventative review practices which involve automated testing (including regression) and data used to manage product and consumer risk. This will run on a continuous basis to provide live assurance and flag any issues / exceptions in real time. This includes the interrogation of data used within the firm to highlight issues early / prevent issues.



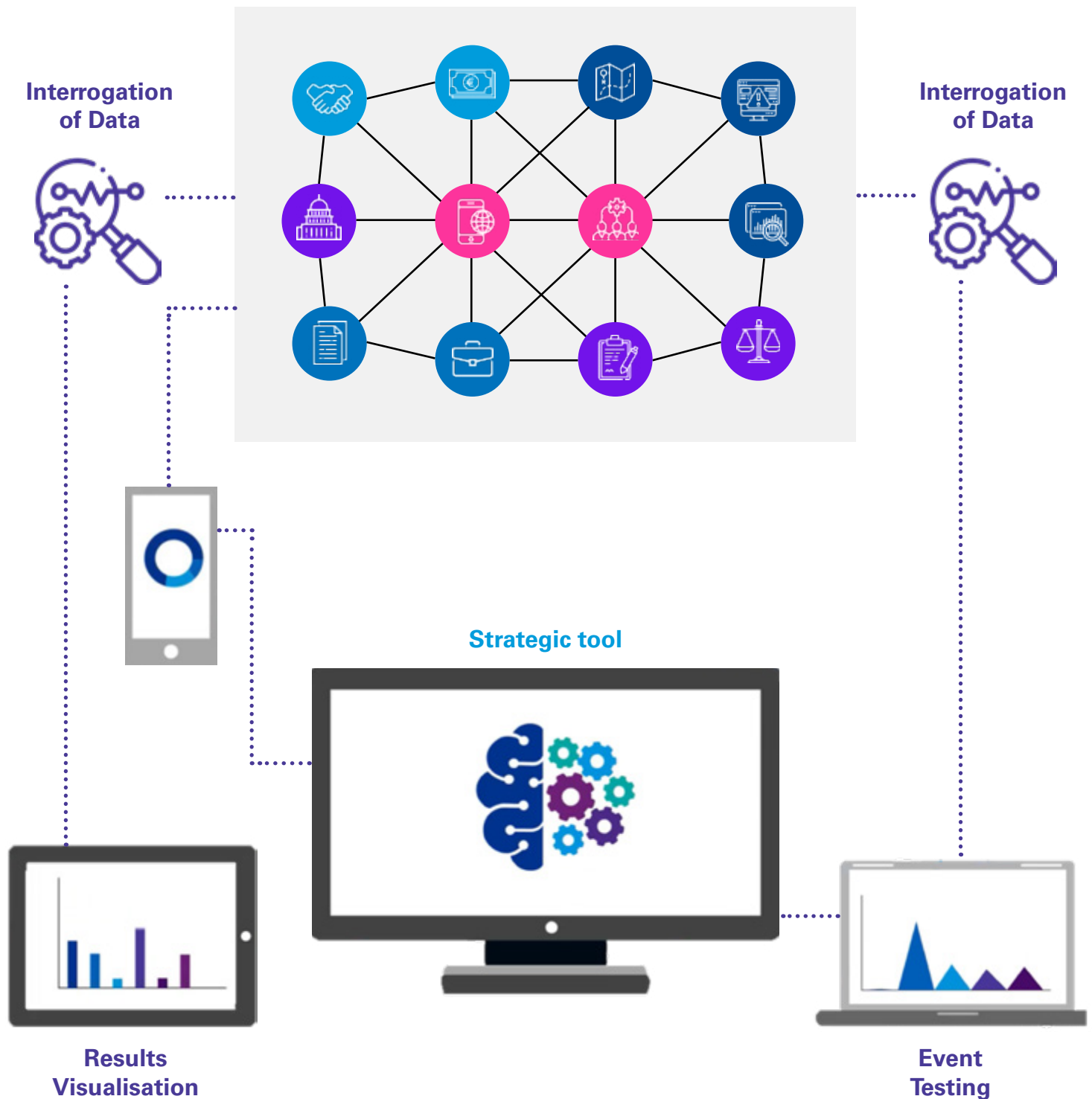
Product Assurance Approach



Strategic Product Assurance

We will help you to future-proof your Product Assurance Framework to empower you to comply with regulatory needs and equally to allow your Product Owners to focus on growth and innovation strategies.

Interaction of Events & use of Natural Language Processing



Why KPMG?

01

We understand how customer-centric firms will look in the future. This is reflected in our bespoke Product Assurance Framework created by our Irish Practice; it incorporates the role of assurance for competitive advantage and is informed by our extensive experience of leading remediations and restitutions and unique in-depth financial products experience, in particular with large financial institutions in Ireland where we also have unparalleled experience in assisting our clients in enhancing various aspects of their Risk frameworks.

02

KPMG has extensive experience in conduct related remediation projects and has critical insights into the underlying root causes of conduct issues and importantly how firms can embed a suitable risk framework to prevent conduct issues arising in the future. In addition, KPMG has worked with a number of firms to develop their conduct risk frameworks both at entity levels and operating model levels (products etc.).

03

We will leverage our client base to support the implementation of your Product Assurance Framework by providing insight into what peers are doing in relation to product assurance. We work closely with our colleagues in the Netherlands, UK and Australia in particular to bring our clients leading insights and direction, both from an industry and regulatory perspective.

04

We will provide a core team that you can trust, with a track record of delivery and extensive experience of client focussed operating models. Our team has the right skills to mobilise quickly and efficiently to ensure smooth and effective delivery of the project. We bring a distinctive variety of skills from product SME knowledge, conduct and risk expertise to data analytics and applied intelligence.

05

We have detailed and nuanced knowledge of regulator expectations (in Ireland, Netherlands, Australia and in the UK) and clear understanding of industry standards for Product Assurance within the financial services sector. Our knowledge and understanding is based on a first hand experience of working with industry peers and regulators on their Conduct Risk Programmes.

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