

# **Compliance function automation**

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## Introduction

### **Key Regulatory Expectations**

- Workflow based software solution
- No manual intervention
- Provide for effective communication and collaboration among all the stakeholders (by bringing business, compliance and IT teams, Senior Management, etc. on one platform)
- Have processes for identifying, assessing, monitoring and managing compliance requirements
- Escalate issues of non-compliance, if any
- Require recording approval of competent authority for deviations/ delay in compliance submission
- Have a unified dashboard view to Senior Management on compliance position of the Regulated Entity.

🔁 (241 kb)	
Streamlining of Internal Compliance monitoring function – leveraging use of technology	
RBI/2023-24/117	
DoS.CO.CSITEG.SEC.No.9/31-01-015/2023-24	
	January 31, 2024
The Chairman/Managing Director/Chief Executive Officer	
Scheduled Commercial Banks (excluding Regional Rural Banks);	
Small Finance Banks; Payments Banks;	
Primary (Urban) Co-operative Banks (Tier III and IV);	
Upper- and Middle-Layer Non-Banking Financial Companies	
(including Housing Finance Companies);	
Credit Information Companies and	
All India Financial Institutions (EXIM Bank, NABARD, NaBFID, NHB and SIDBI)	
Madam/ Dear Sir,	
Streamlining of Internal Compliance monitoring function – leveraging use of technology	
RBI had recently carried out an assessment in select Supervised Entities (SEs) of the prevailing system in place for internal mon regulatory instructions and the extent of usage of technological solutions to support this function. It is seen that SEs have adopted vary support this function, ranging from use of macro-enabled streadsheats to workflow based software solutions. The review brought	ying levels of automation to

is, thus, a need to implement comprehensive, integrated, enterprise-wide and workflow-based solutions/ tools to enhance the effectiveness of this function. 2. Such a solution/ tool should, among other things, provide for effective communication and collaboration among all the stakeholders (by bringing business, compliance and IT teams, Senior Management, etc. on one platform); have processes for identifying, assessing, monitoring and managing compliance requirements; escalate issues of non-compliance, if any; require recording approval of competent authority for deviations/ delay in compliance submission; and have a unified dashboard view to Senior Management on compliance position of the Regulated Entity (RE) as a whole. The RE, based on the size and complexity of its operations, may decide on the tools' mechanism it would prefer to deploy for monitoring of compleance and development of the unified dashboard.

compliance monitoring process in SEs remains a work in progress with various aspects of this function being carried out with significant manual intervention. There

3. Accordingly, REs are advised to carry out a comprehensive review of the existing internal compliance tracking and monitoring processes and institute necessary changes to existing systems or implement new systems latest by June 30, 2024.

4. An appropriate monitoring mechanism may also be put in place to review the progress of its implementation.

5. Please acknowledge receipt Yours sincerely, (T K Rajan) Chief General Manager



# How our Automated Solution meets them

• Identifying **New Circulars** Assessing Inherent risk **Compliance Risk** • Monitorina **Compliance Risk** 

Managing Compliance Requirements

**Regulatory Expectations** 

- How We Match Them
  - Through RSS feeds generated from RBI website
  - Through manual upload of new circulars / amendments
  - Additional paid service from KPMG in India
  - Using our 'Obligation register' module wherein you identify **Reputational risk** Residual risk
  - Using 'Compliance testing' module for testing of controls and unified view of other observations (IA, regulatory, ORM)
  - Using 'Mitigation Action Plan' module for enhancement of controls
  - Using our 'Dashboard' module you can monitor compliance risk at circular level, obligation level and department level
  - Using 'Mitigation Action Plan' module for mitigation of risks by enhancing of controls
  - Using 'Compliance Calendar' module to check number of regulatory reports submitted on time and not submitted on time ٠
  - Using 'Implementation Tracker' module to check if the new regulatory guidelines have been implemented by business teams •
  - Using 'RBI Observations Tracker' for monitoring of observations still open and closed with the regulator
  - Using our 'issue and action plan' module you can take necessary actions to manage and reduce compliance risk



## Key advantages for you

The solution is ready for immediate deployment, customisations to the solution have already started

We will upload your current obligation registers of the bank in the solution through backend before implementation

We have other automated solutions for operational risk, GRC, internal audit, IFRS 9, fraud risk, compliance exception identification and reporting which can be linked to this solution smoothly

The leading practices required for this automation as gathered from implementation with other banks will be incorporated here.





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