



# A rapid response to regulatory change at BNP Paribas



Global bank BNP Paribas, like all financial organisations, is under constant pressure to meet ever-evolving regulatory expectations. Therefore, when the Prudential Regulation Authority (PRA) published its Policy and Supervisory Statement on Outsourcing and Third Party Risk Management (SS2/21) in March 2021, the bank wanted to understand how its existing capability fared against the new expectations. It wanted any gaps resolved before the 31 March 2022 deadline, in order to carefully manage risk exposure. Therefore, BNP Paribas reached out to KPMG for help to understand the requirements and to get on track to meet them, quickly.

We put together an experienced team of third party risk management (TPRM) practitioners to carry out a thorough current state assessment of BNP Paribas's TPRM capability, focusing in particular on its material third-party arrangements. Our experts used KPMG's pre-built TPRM Maturity Assessment Tool to quickly identify the key gaps in the TPRM processes against the new expectations. We supported this with our tried and tested reporting template and visualisation to clearly outline priority actions, before working closely with BNP Paribas to develop a comprehensive project plan to uplift its TPRM capability.

The next steps were implementing changes. Our team worked closely with BNP Paribas's project team to create a new end-to-end TPRM framework for BNP Paribas in the UK. The framework not only aligns to the PRA's regulatory requirements, but also caters to the spirit of BNP Paribas's group policies and procedures. By using KPMG's pre-built and pre-defined Powered Risk – TPRM accelerators, we were able to uplift BNP Paribas's framework rapidly within a 4-month timeframe. Key improvements made included: **updated UK norms/policies; end-to-end TPRM processes, roles and responsibilities; materiality and inherent risk assessment; enhanced due diligence procedures; enhanced ongoing risk assessment procedures; and exit planning and testing templates and procedures.**

As a result, BNP Paribas was able to meet its new regulatory expectations on SS2/21, and has a fit for purpose new TPRM framework that it can integrate and operate alongside its global framework and processes.

Daniel Le Franc, Head of Transversal Services, BNP Paribas UK, summed up the outcome well: "KPMG have added significant value since we started working together. They have assisted by creating a standardised and risk-proportionate approach to third party risk management, across the end-to-end lifecycle. Throughout our engagement, KPMG brought in a great deal of regulatory knowledge and insight and were able to propose practical solutions to drive the project quickly and efficiently."

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