The Future of Compliance

How cognitive and AI are transforming
the banking industry

Solution highlights

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Centralized regulatory repository to provide organizations with a single source of truth

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Robust Watson AI capabilities for regulatory data exploration and insights

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Automated workflow to facilitate applicability, prioritization and routing

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Categorization of regulations to easily assess impact and create actionable tasks

Simplifying regulatory compliance challenges

Challenges of understanding, interpreting and adhering to regulations

In today's complex regulatory environment, financial institutions struggle to comply with an ever-increasing list of regulations. To add to this challenge, regulatory bodies keep making frequent changes to existing regulations. This makes it even more challenging to keep track of latest regulations.

For years, financial services organizations have relied upon human resources to monitor regulatory change. However, considering the rate at which financial regulations are increasing in volume and complexity, the process of understanding, interpreting and adhering to regulations needs to be strengthened and streamlined.

Therefore, at IBM®, we have introduced OpenPages® with Watson™, an integrated governance, risk and compliance (GRC) portfolio. A key module of this portfolio is Regulatory Compliance Management that helps firms manage new and changing regulations with cognitive, artificial intelligence (AI), workflow and automation capabilities.

Smooth management and remediation of regulatory controls with AI

IBM OpenPages with Watson Regulatory Compliance Management leverages the AI capabilities of Watson and financial expertise of Promontory Financial Group® to reduce cost and increase efficiency of risk and compliance management processes. It enables financial institutions to organize their complex web of regulatory requirements and associated controls for better understanding and faster initiation of regulatory compliance remediation tasks. With advanced reporting and analytics, it helps financial institutions obtain a holistic view of their compliance efforts across different business entities.

Centralized regulatory repository to eliminate data discrepancies

IBM OpenPages with Watson Regulatory Compliance Management removes the challenges of dealing with disparate spreadsheets, databases and documents for regulatory understanding. It provides financial institutions with a centralized repository that includes consolidated data on regulatory requirements. This makes it easier for stakeholders across the firm to process large volumes of regulatory updates, highlight obligations relevant to their business units and map them to internal controls.

This centralized repository can be linked to the firm's overall business strategy and embedded in their internal GRC framework. Stakeholders can refer to this database of regulatory obligations, controls, policies and procedures to quickly respond to regulator inquiries, monitor external changes and track risks.

Robust Watson AI capabilities to manage ever-growing regulatory demands

Cognitive technologies to monitor alerts and extract critical insights

Dealing with hundreds of regulatory alerts daily can be overwhelming. IBM OpenPages with Watson Regulatory Compliance Management uses cognitive technologies to monitor regulatory alerts in order to extract critical insights. This empowers organizations to recognize the risk attributes of each regulation and act upon them based on their level of applicability and impact.

The infusion of cognitive capabilities into the GRC model enables financial firms to:

- Drive productivity and increase agility in the risk and compliance process
- Reduce overall cost of regulatory compliance management
- Protect their reputation and preserve the trust of their customers and employees

Automated process of identifying, analyzing and managing new policies

Manual risk and compliance monitoring are expensive, time-consuming and complex, making it challenging for financial organizations to be regulatory compliant on time. IBM OpenPages with Watson Regulatory Compliance Management helps optimize the entire process of monitoring, analyzing and managing new obligations across multiple jurisdictions, sectors and regulators. Automation reduces the time, effort and cost related to regulatory compliance, making it easier for organizations to keep pace with the frequent regulatory changes and avoid fines.

Key benefits of an automated GRC framework include:

- Less time spent on searching policies, controls and the associated stakeholders
- Transparency in ownership of regulations across business units
- Reduced possibility of shadow IT or other non-organizational practices

Categorization of regulatory requirements for quicker assessment and remediation

Understanding complex regulatory requirements and eliminating duplicative or overlapping ones is a time-consuming task. IBM OpenPages with Watson Regulatory Compliance Management helps identify similarities between regulations, organize them under logical groups and deploy them efficiently to the right business units and stakeholders.

It's easier for business units across the financial institution to assess risk in relation to these new or changed obligations. They can quickly identify control gaps and initiate regulatory compliance remediation tasks. This helps meet the following objectives:

- Improved regulatory compliance with quick response to obligations
- Better understanding of regulatory impacts with similar regulatory requirements
- Increased operational efficiency with infrastructures, techniques and approaches consolidated for similar regulatory requirements

Strategic partnership for a powerful GRC solution

IBM OpenPages with Watson Regulatory Compliance Management provides financial firms with complete visibility into regulatory changes and obligations. IBM recently partnered with Thomson Reuters to enable risk and compliance professionals to take better control of regulatory changes, manage risks and reduce the overall cost of regulatory compliance.

Risk and compliance teams can subscribe to Thomson Reuters Regulatory Intelligence data feed (TRRI) and other industry leading regulatory data sources. These resources provide automated alerts from a large database of global regulators to help firms ensure that major regulatory changes don't go unnoticed and all risk and compliance decisions are based on updated information.

Why IBM

IBM solutions help transform the way governance, risk and compliance professionals work. Succeeding in today's complex regulatory and risk environment requires the right solutions to cut clutter and deliver the information that actually affects your business. The IBM AI-driven GRC portfolio is unique to the market — featuring IBM OpenPages with Watson Regulatory Compliance Management — to help you better manage and compete in a rapidly-evolving risk and regulatory environment.

About IBM RegTech

IBM works with organizations across the financial services industry to use IBM Cloud™, cognitive, big data, RegTech and blockchain technology to address their business challenges. IBM RegTech merges the cognitive capabilities of Watson and the regulatory expertise of Promontory Financial Group to help risk and compliance professionals make better informed decisions to manage risk and compliance processes. These processes range from regulatory change management to specific compliance processes, such as anti-money laundering, know your customer, conduct surveillance and stress testing.

For more information

To learn more about IBM RegTech solutions, please contact your IBM representative or visit ibm.com/RegTech

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Whitepaper