

# Temenos Compliance Advisory

## Identifying and Mitigating Compliance Risk



**TEMENOS**  
THE BANKING SOFTWARE COMPANY

# | Presenters



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# What are we **Discussing** Today

- Adequacy of Compliance Management System (CMS)
- Is a Compliance Risk Assessment part of your compliance program?
- Top Risk to Consider in 2020

A strong foundation is critical!



# Goals of your CMS Program

- Goals for an Effective CMS
  - Establishes its Compliance Responsibilities
  - Communicates Responsibilities to Employees
  - Meeting Requirements
  - Compliance Monitoring
  - Corrective Action and Update as Necessary





# CMS Components

- Two Components
  - Board of Directors and Management Oversight
  - Written Compliance Program
    - Policies/Procedures
    - Training
    - Monitoring
    - Consumer Complaint Program



# Is your CMS Adequate?

***"To maintain legal compliance, an institution must develop and maintain a sound compliance management system (CMS) that is integrated into the overall framework for product design, delivery, and administration across their entire product and service lifecycle."***

***- CFPB, "Compliance Management Review Examination Procedures"***



# Your Compliance Risk Assessment is the next step

- Framework and Methodology
- Elements of a Leading Compliance Risk Assessment
- Defining your Tolerance and Identifying Factors
- Risk Drivers
- Assessing your Exposure



# Building a framework and methodology

- Quantity of Risk
- Quality of Risk Management
- Aggregate Synopsis
- Direction of Risk





# Define tolerance of risk and risk factors

- Comprehensive, Dynamic, and Customizable
- Outline and organize for effective risk mitigation
- Applying the methodology and conducting the risk assessment



# Key risk drivers to consider

- Legal Impact
- Financial Impact
- Business Impact
- Reputational Impact



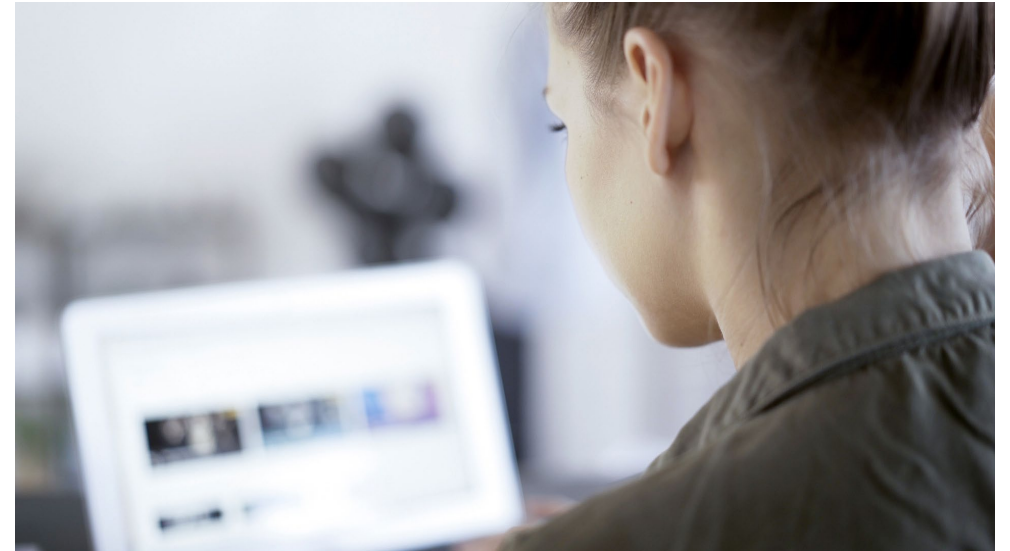
# Elements of a leading compliance risk assessment

- Input from cross-functional team
- Build on what has already been done
- Establish clear risk ownership
- Assessment should be actionable
- Treat the assessment as a living, breathing document
- It's not a once and done activity
- Leverage data



# Assessing your exposure to compliance risk

- Failures
- Missteps
- Compliance program changes
- Communication
- Costs
- Position of authority





# Top Compliance Risk for 2020

- Regulatory Change and Political Uncertainty
- Economic Conditions
- Technology
- AML/BSA
- Regulatory Change and Change Management



# Top Compliance Risk for 2020

- Fair Lending
- Regulatory Enforcement
- Obstacles to Compliance
- Culture
- Third Parties



Questions?





Thank You

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