

Simple Governance Solutions for Complex Governance Challenges

Extract from:

McKinsey Sustainable Compliance - Seven Steps Towards Effectiveness and Efficiency.

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"Many leading institutions have tried to shift compliance frameworks toward a more risk-based approach."

"They have struggled to escape an orientation to procedural adherence and refocus on residual risk (outcomes).

"Metrics present another challenge. Rather than forward-looking measures of risk, many are ill defined and generate data with unclear implications. As mountains of details pile up, critical exposures can get lost easily. Legacy controls remain in use as new metrics are added.

"Many intermediate controls and testing can be removed, however, as a recent efficiency effort at a bank's consumer business demonstrated. The needed solution (expanded sample-based quality-assurance testing on executed affidavits) was simpler, less time consuming, and more effective in disclosing material exposures. And it was less costly than the existing haphazard system."



McKinsey & Company



Sustainable compliance: Seven steps toward effectiveness and efficiency

Starts at the demand for compliance, but then can improve the effectiveness and efficiency of that response.

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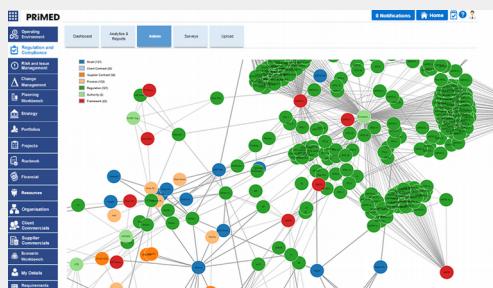
The need for regulatory compliance is banking's most dramatical by far since the financial crisis. But the industry has responded to this challenge by adding layers of controls, but more of the same—and mostly driven by regulation. This has led to a complex web of overlapping control functions that require immediate attention. It has also led to a lack of clarity about what compliance actually means, and how to measure it. This report aims to help banks and other financial institutions achieve better outcomes through a more efficient and effective approach to compliance. It begins with a review of current practices, followed by a discussion of how to improve them. Finally, it provides recommendations for how to implement a new approach to compliance.

defined to testing, monitoring, and other oversight activities—or the expense, given budget limits.

The improvements have ranged from industry resilience and improved risk management. The report concludes with a summary of the findings for financial institutions, business compliance, and risk management. It also includes a section on the potential impact of the new framework approach to managing risk and compliance. The report ends with a final section on the challenges ahead and what needs to be done to ensure that the new framework is successful.

difficult to measure, monitor, and manage. It is also difficult to know if and when changes are true and meaningful.

PRIMED: Simple governance solutions for complex governance challenges



PRIMED dashboard – molecular view

PRIMED supports this approach by driving the user to consider the common denominators of each policy. i.e. What are the discrete individual pieces of evidence or confirmation that if provided would provide the certainty that is required?

It allows the user to then set the frequency of attestation required, automate the workflows and orchestrate activity reflecting the status in simple dashboards.

PRIMED enables you to take a more structured approach - reducing the costs, extending the reach and ticking the box of better governance.

Summary

If you are in first line risk or run a business stream that is subject to regulatory and risk oversight, PRIMED and our partners can help you meet the demands of the business more effectively and efficiently via a more cost-effective and consistent approach.

With PRIMED, you can

- Map your oversight
- See the convergence points
- Rationalise and Automate