TCS Automated Regulatory Compliance Solution

TCS – Banking and Financial Services

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Cognitive Smart Compliance management solution

With an ever-evolving regulatory landscape, Financial Institutions (FI) are required to be on their toes to meet obligations and non-compliance often results in penalties and reputational risks. Today, regulatory compliance is a board level concern and among the top priorities for CEOs.. However, complexities in regulations and sub optimal processes in compliance management lead to several challenges.

- Lack of visibility into the changing obligations causes delay in providing products/services to customers as per expectations. This further increases the compliance risk exposures for the organizations. A FI typically requires over 60 days to achieve compliance readiness when launching new product or service.
- Limited data driven insights and automation result in human fatigue and errors
    - The industry continues to see a high volume of regulatory changes with over 500 circulars issued per year and 220 regulatory alerts received per day [Source: Thompson Reuters Survey]
    - The volume of regulatory documentation has surpassed 300 million pages
- Negative customer experiences or outcomes as a result of sub optimal capabilities across compliance touchpoints in the customer lifecycle:
    - Capability limitations in KYC compliance cause delays in due diligence further leading to additional referrals/delays/attrition
    - Noncompliance to conduct codebooks resulted in ~7-8% drop in profits in some of the markets
- Delays or gaps in meeting regulatory obligations could result in significant business risks and cease and desist orders limiting product and service expansions.

The Solution

The TCS Automated Regulatory Compliance solution enables a scaled operating model and transforms organization's compliance function. With RegTech-based designs, it delivers intelligence and automated interventions in core compliance management value chain. The solution addresses the prevailing industry challenges by moving from the current document-centric focus of compliance practice to a model-driven approach. It offers regulatory agnostic capabilities that can be adopted by the entire compliance ecosystem. The solution offers encapsulated business services across the end-to-end compliance management value chain, like:

- Driving consistent obligation extraction and rationalization using Artificial Intelligence based designs and easy to navigate regulatory ontology models.
- Enabling assessment of organizational internal control environment and precise computation of change impact, providing end-to-end lineage of regulatory obligations to organizational policies, procedures, and internal control environment.
    - AI-driven approach to make a shift from documents to formal models
    - Models captured in the form of an ontology that allows navigation across documents
    - Regulation rules captured as formal models
    - Identification of change and traceability to impacted policies, controls and business rules
- Accelerating compliance implementations with embedded knowledge [ontology models] for regulatory domains – climate risk, cyber risk, financial crime risk, operational resiliency, third party risk etc.

Business Outcomes

Given the increasing impact of risk and compliance function in delivering growth and competitive advantage, capability uplifts in compliance transformation are crucial to meet market obligations and deliver frictionless compliance. TCS Automated Regulatory Compliance Solution delivers the following outcomes.

- 70-80% accuracy improvement in identifying obligations and thereby reducing residual risk exposures
- > 75% agility enhancement in driving compliance readiness for the organization
- Frictionless compliance delivery through automation leading to improved internal and external customer outcomes. >70% automation in core compliance processes
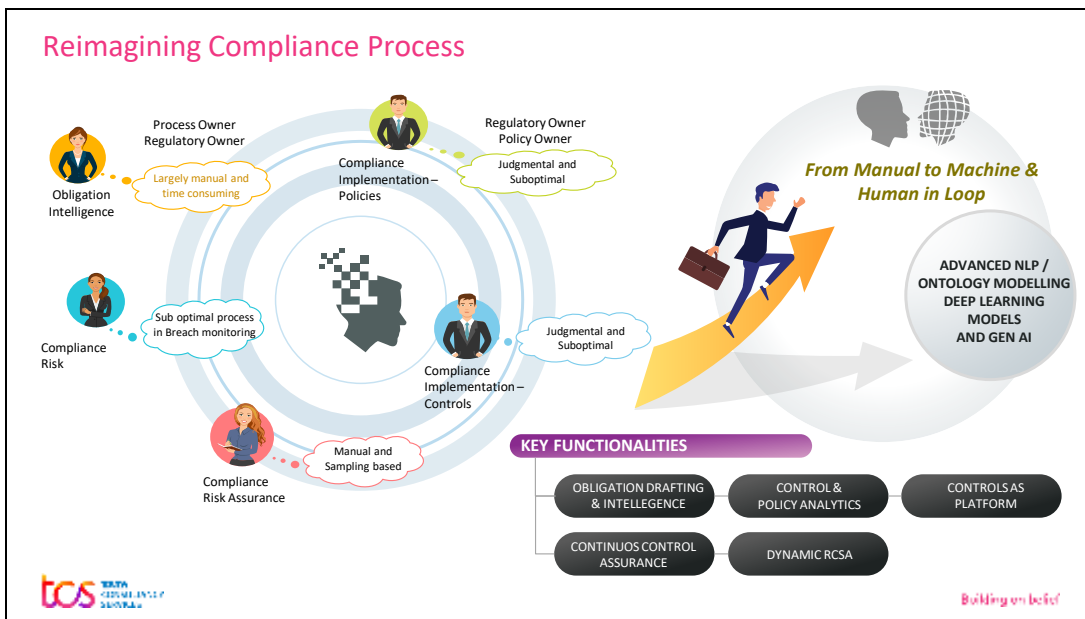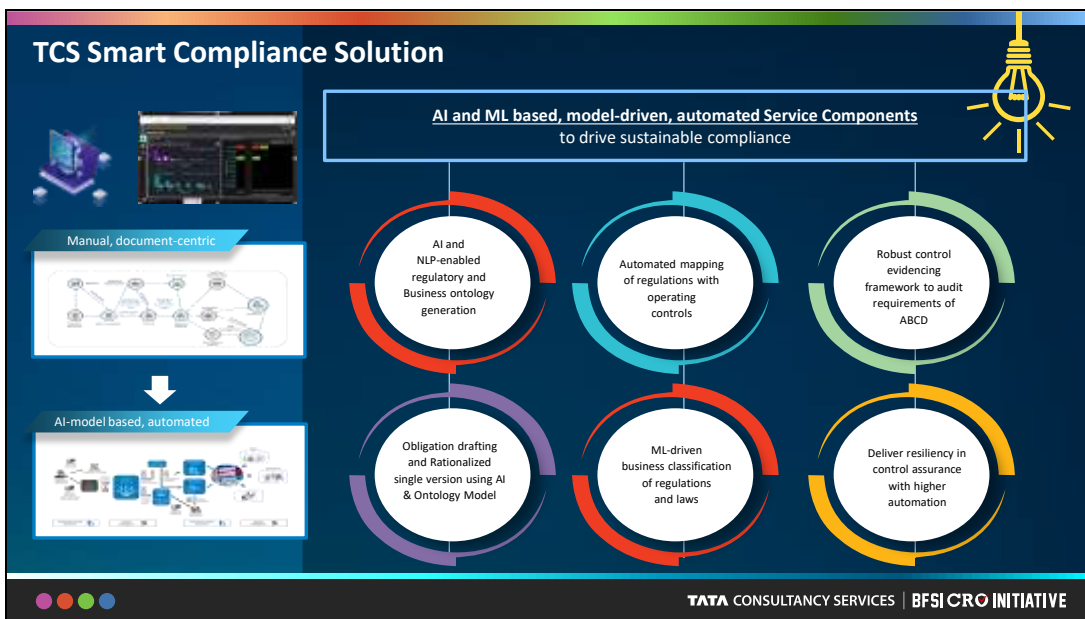- Reduced cost of compliance with improved automations

Figure 1 – Reimaging Compliance Process

Figure 2 – TCS Smart Compliance Solution