



Whitepaper

Leveraging a regulatory change data feed and regulatory change management platform to maximize compliance confidence



Compliance is a perennial concern for heavily regulated financial institutions—including banks, lenders, securities firms and insurance companies.


Among their top regulatory worries? Maintaining compliance with changing regulations (56%), keeping track of regulatory changes (53%) and demonstrating compliance to regulators (52%). That’s according to the latest edition of Wolters Kluwer’s Regulatory and Risk Management Indicator Survey, an annual study of the U.S. banking industry.


That’s why it’s imperative that financial institutions benefit from a regulatory change data feed and regulatory change management platform. But not all regulatory data feeds are created equal, and not every regulatory change solution can deliver the insights, integrations, and actionable intelligence to power an effective compliance management program.


Here’s how your organization can take advantage of effective regulatory change management solutions, services, and strategies to:



Does your financial institution have the tools it needs to understand regulatory change and manage compliance? Find out how the right solutions can transform your compliance program and your business.

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Combine artificial intelligence (AI) with expert insights and advisory
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Achieve a modular approach to regulatory change management
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Optimize regulatory change management wherever you are in your digital journey

Artificial intelligence, expert insights

Manual processes are a top regulatory challenge for financial institutions. In fact, 45% of organizations say manual processes are the biggest impediment to an effective compliance program, the Regulatory and Risk Management Indicator Survey reports. And 87% still use manual processes in at least some of their compliance management.

So it's no surprise that financial institutions rely on a data-feed service for regulatory change management. And it's equally understandable they would seek out a data feed that leverages emerging capabilities such as AI to populate its content.

But should you look to an AI-enabled data feed for your regulatory change management? Or should you rely on a feed powered by expert experience and analysis?

The answer is a resounding “both.” There are compelling reasons your data feed for regulatory change management should take a hybrid approach—combining sophisticated AI with robust, expert-guided insights and advisory.



The AI imperative - Converging factors have accelerated regulatory change. For starters, the pandemic has disrupted traditional financial services practices. The Biden Administration has shifted regulatory priorities. European Union (EU) guidance such as the General Data Protection Regulation (GDPR) has influenced rulemaking in the United States. Regulators in jurisdictions around the world have accelerated rulemaking and tightened enforcement.

It's no wonder financial institutions increasingly look to automation and digitization to manage that pace of change. They increasingly expect their data feeds to rely on AI to track new rulemaking and map those changes to industry practices. AI can help identify data and structure content for consumption sustainably and at scale.

An effective data feed should leverage robotic process automation (RPA) for automated and timely content acquisition. It should apply proprietary machine learning (ML) models to enrich content and extract citations. It should take advantage of natural language processing (NLP) and additional ML algorithms to link related legal requirements—and it should use AI-enabled methods to convert unstructured regulatory text into consumable information.



The value of a deep bench of expertise - Intelligence is a fundamental trait of AI. Continuous learning is the definition of ML, but AI models and ML algorithms don't start out smart or well-informed. They must be carefully constructed, populated, and fine-tuned by experienced individuals who understand the subject matter and know data science.

Those experts define the problem space, specify desired outputs, identify data sources, establish weighted values, recognize bias, and more. Just as important, they validate outputs to ensure they can be applied effectively to achieve actionable intelligence that will improve regulatory change management.

This capability is crucial, because there are simply too many nuances to regulatory change events to leave analysis entirely to computer code. Just consider the term "regulatory body," which involves not only regulators but also lawmakers, industry associations, exchanges, self-regulatory organizations (SROs), agencies and others that provide input that helps frame your compliance and horizon-scanning efforts. Any regulatory data feed must incorporate a comprehensive library of the laws, rules, regulations and guidance for federal and state jurisdictions, as well as cross-border and supranational regulatory bodies and agencies.



Expert content enrichment - Expert input doesn't end with AI model training. It's also required for intelligently applying data-feed content to manage regulatory change. So, it's crucial that any data-feed service include the insights and advisory that transform raw data into relevant knowledge and appropriate action.

While ML can process data and make recommendations, human intelligence needs to verify and tag outputs so that they apply to the needs and objectives of your organization. Regulatory experts also make sure content is structured properly so that outputs are consistent and can be applied dependably across lines of business (LoBs) and jurisdictions. Such expert content enrichment is what truly adds value to regulatory data.

In fact, for regulatory change management, "AI" might be more accurately described as "augmented intelligence." AI-first data-feed startups might tout their automation prowess. But without proven breadth and depth of experience monitoring and applying regulatory change in banking, lending, securities, and insurance, their AI models simply cannot deliver the insights, analysis, and guidance to enable effective regulatory change management.



Comprehensive and customizable - For the financial services industry, a regulatory data feed should be robust enough to cover banking, lending, securities and insurance. It should also encompass not only U.S. federal and state regulations but also EU directives as well as dozens of individual jurisdictions in dozens of countries worldwide.

Just as important, your data feed should be customizable to meet your unique needs. For starters, it should be available as content only or as a full service that combines data with a regulatory change management technology platform to facilitate workflow. It should also be tailored to the LoBs and jurisdictions relevant to your operations.

Finally, your data feed content should be properly configured so that you can consume it quickly, easily, and accurately. Even if the feed is powered by AI, and even if your own regulatory change management process is highly automated, unless the content is structured and consistent, you'll end up with a manual process for weeding out irrelevant content. Your data feed solution should help eliminate the noise so you can focus on the signal.

Wolters Kluwer Regulatory Change Management Data Feed

Wolters Kluwer offers a leading-edge data feed that can supercharge your regulatory change management program. Innovative features enable you to:

- ➔ Automate the monitoring of regulatory developments relevant to your financial institution's products, services and business model.
- ➔ Reduce unwanted volume by suppressing regulatory release types from workflows that don't apply to your business.
- ➔ Promote understanding and provide consistent reporting through our structured content, with common data fields across all regulatory bodies and jurisdictions.
- ➔ Clearly understand the potential impact of regulatory updates on your library through our "rules affected" feature, which notes what's been amended, repealed, cited or referenced.
- ➔ Leverage the regulatory change data feed in our workflow technology or yours – delivered every business day in a universally accepted XML format.



Modular regulatory change management

Manual processes aren't the only concern for financial institutions. A top area of investment in compliance management is incorporating new or changed regulatory content into compliance processes, the Regulatory and Risk Management Indicator Survey reveals. Yet data alone doesn't provide insight and actionable intelligence. Nor does it necessarily lead to value-adding actions to maintain compliance across LoBs and jurisdictions.

That's why financial institutions require a data feed and technology platform that offer a modular solution, seamlessly integrating with and populating their enterprise solutions.



Flexibility for in-house programs - Some financial institutions have invested time, effort and budget in developing their own compliance management systems. There might be numerous reasons for this approach. They might have perceived unique needs they believed they could best address through proprietary programs. Or, they might have started from a long tradition of creating their own differentiating software. For now, they need to continue with their in-house solution.

Trouble is, many data feeds don't work with such in-house solutions. That can leave institutions with a business-limiting disconnect between the regulatory-change content coming into the enterprise, and the enterprise systems and processes that equip them to act on those changes.

So, it's important for these institutions to identify a data feed solution that will connect with and enable their in-house programs. Such integration should be provided through an API that leverages the HTTPS protocol for authenticity and integrity. The API should enable you to plug data feed content in your own system and automatically populate your risk management workflows with regulatory updates.



Integration with third-party risk management - At the same time, some financial services institutions have committed to third-party risk management software to manage risk-related processes. These institutions might not perceive the benefits of a best-in-class solution for regulatory change management. So, as with institutions that rely on in-house systems, they need a data feed that's modular to work with their risk management software.

An effective data feed will be vendor-agnostic to integrate with common solutions such as IBM OpenPages or Archer. API integrations should enable you to take advantage of data-feed content regardless of platform, allowing you the flexibility to migrate to a different platform and still benefit from insights into regulatory change.



Integration with best-in-class regulatory change solution - Governance, risk and compliance (GRC) platforms have become part of the IT landscape at many institutions. But some GRC vendors emphasize governance and risk at the expense of compliance. Because regulatory change management typically involves a smaller number of users in the enterprise, these vendors are incentivized to focus on serving governance and risk users. They might include compliance in an effort to lock customers into their larger software offerings—to the detriment of the teams ensuring compliance across your LoBs.

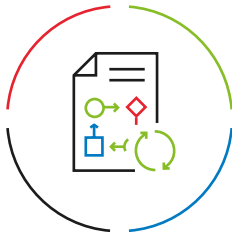
But a growing number of financial institutions are recognizing the return on investment (ROI) of a best-in-class, automated regulatory change management solution. So, it has become imperative that your data feed integrate with a market-leading platform for regulatory change management.



Unified platform for regulatory change management - An effective data feed is only one part of regulatory change management. You also need an effective platform for optimizing regulatory compliance and minimizing risk. That's why a growing number of financial institutions are investing in a unified regulatory change management platform.

Your solution should be robust and scalable enough to serve as the single platform for managing regulatory change throughout your organization. You should benefit from a centralized and holistic approach, with full audit-trail capabilities. You should also get a single data-feed format with simplified integration and accurate reporting—from user-defined to adhoc reports, as well as the ability to aggregate real-time reports into dashboards.

Content should be structured consistently so that it's portable and scalable across the LoBs and jurisdictions where you need to ensure compliance. It should likewise provide clear linkages between regulatory changes and the rules that affect your unique business. Otherwise, you'll simply see changes in isolation, without the ability to understand the impact they might have on your operations.



Powering compliance processes and teams - A best-in-class, automated regulatory change management platform doesn't merely ensure that you have an accurate and up-to-date regulatory library. It also equips you to continuously assess regulatory change and make sure you execute on implementation and compliance processes.

You should get all the tools you need to assess developments against existing regulations, directly referencing relevant laws, expert analysis and guidance. You should also gain the functionality to generate assignments, workflows and tasks, and automate alerts and followups.

In addition, you should have continuous visibility into emerging regulatory changes as well as the current state of your compliance program. Consolidated reporting and dashboards should enable you to share actions and outcomes with senior stakeholders for better business decision-making.

OneSumX® for Regulatory Change Management

Wolters Kluwer offers a best-in-class regulatory change management platform. The robust, simple-to-use solution tracks regulatory changes across a broad range of global agencies and delivers structured, value-added regulatory content. You get the capabilities you need to consume content in a consistent format—and link regulatory changes to relevant rules in an up-to-date, customizable regulatory library.

Ultimately, the innovative technology empowers your organization to:

- Track regulatory developments across a defined set of global agencies.
- Access crucial regulatory data linked to the original source content.
- Assess the impact of regulatory changes throughout your organization.
- Benefit from a centralized, holistic approach to regulatory change management, with full audit-trail capabilities.
- Create user-defined, ad-hoc and executive reports.
- Aggregate real-time reports into actionable dashboards.

Regulatory change management throughout the digital journey

Another top concern of financial institutions is managing risk across all LoBs, according to the Regulatory and Risk Management Indicator Survey. Anxieties are only escalating as the pace of regulatory change accelerates. That's why it's important that institutions benefit from the most effective regulatory change data feed and technology platform.

One challenge, however, has been digital maturity. For a variety of reasons, some institutions are still in the early stages of their digital transformation. Others have already achieved a high level of digital competence and stability. Most are somewhere in the middle, digitizing much of their operations but still depending on manual workflows for some core processes.

Financial institutions across this continuum have very different requirements for their regulatory management function. That's why it's crucial to focus investments on a regulatory change data feed and technology platform that support you wherever you happen to be in your digital journey—in the early phases, managing digital processes end-to-end, or somewhere in between. Most important, your solution and service should adapt and scale with the dynamics of your business.



Eliminating manual work - Too many financial institutions waste time, effort, and money manually monitoring regulatory change across state, federal, international and supranational jurisdictions. They spend even more time and focus figuring out how to apply new rulemaking throughout their LoBs. When they enter new markets or LoBs, they're forced to expand these manual processes even further.

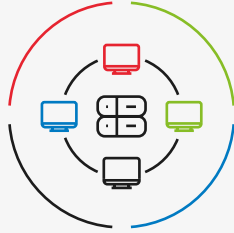
Your regulatory change data feed should eliminate that manual work. The data feed should automate the monitoring of regulatory developments relevant to your organization's products, services, and business model. That way, you can focus on the actions you need to take to remain in compliance and run your business successfully.



True understanding of regulatory changes - An effective data feed and technology platform should provide a comprehensive library of laws, rules, regulations, and guidance for U.S. state and federal as well as global regulatory agencies and bodies. Paired with enriched regulatory updates, that should help you expedite review and quickly assess any impacts.

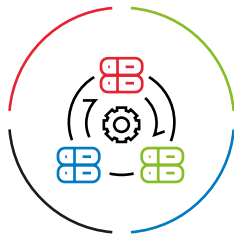
You should get the insights you need to manage any volume and complexity of regulatory changes, and then adapt your compliance and business processes accordingly. Your regulatory library should visibly show where updates to a new or changed law, rule, regulation, or guidance are connected to your libraries and note where the updates amend, reference, repeal or introduce new content. This will provide

your reviewer with an instant and holistic view of the potential risk or opportunity for your institution. You should receive a daily update in a universally accepted digital format so that you have a consistent means of documenting required actions.



Applying regulatory changes to unique business needs - At the same time, among the vast number of regulatory changes that regularly occur across jurisdictions, many might not apply to your business. You don't need to be bogged down with content that doesn't materially affect you.

Your data feed should help weed out irrelevant content so that you can separate the signal from the noise. What's more, it should structure content with common data fields across all regulatory release types and regulatory bodies globally. That will give you consistent reporting and clear understanding of the regulatory landscape. Metadata tagging should further refine the data feed so that you can quickly and easily apply content to your unique business.



Integrate with existing systems and processes - Finally, your regulatory change management platform should be flexible enough to integrate with regulatory processes across your organization. For instance, APIs should offer smooth integrations so that your feed becomes an integral part of your compliance management program. That way, you're not simply updating policies based on regulatory change. You're also powering action plans and projects that assess the impact on your organization and apply changes to your compliance processes.

With an effective data feed and platform, you have the data and insights you need to drive risk assessments, executive education, audit programs, and product revisions. You can also demonstrate to regulators that you know which laws, rules, and regulations apply to your business model, can effectively manage those obligations, and provide evidence of compliance at the point of examination.

Ultimately, your data feed and platform should actually help you achieve digital transformation. How? By meeting you wherever you are in your digital journey and removing impediments in your efforts to make your workflows digital-first.

Most important, a best-in-class, flexible and scalable regulatory change data feed and regulatory change management technology platform enable you to understand and respond to regulatory changes. They empower you to maintain the regulatory compliance that's central to your business success.

For more information, please contact CPM-Sales@wolterskluwer.com

About Wolters Kluwer Governance, Risk & Compliance

Governance, Risk & Compliance is a division of Wolters Kluwer, which provides legal and banking professionals with solutions to help ensure compliance with ever-changing regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes. GRC offers a portfolio of technology-enabled expert services and solutions focused on legal entity compliance, legal operations management, banking product compliance, and banking regulatory compliance.

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services. Wolters Kluwer reported 2021 annual revenues of €4.8 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,800 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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