
Regulatory Projects in Financial Services: Implementation Framework

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1 Management Summary

This document summarizes important considerations when implementing regulatory requirements within a financial services institution. These are brought together in our framework, where we describe the key characteristics and the project methodology and change management aspects that can help an organization to manage the respective implementations better. Further, each of the sections is enriched with practical examples based on our experience within domestic and international banks. At the end we provide an easy-to-use checklist, as a summary of key questions and best practices, to get you started with the framework.

2 Introduction

Banks, as major market players in financial services, are continually facing new and updated regulations. Depending on the specific business model and geographical activities, an implementation is mandatory. The quantity of new regulations has increased considerably since the financial crisis in 2008¹. Keeping up with related developments and complying with the law in a timely manner can represent a significant challenge. In Switzerland, banks have been doubly affected due to their exposure to the EU market.

Our consultants have worked on various projects in the area of regulatory change, including the EU's 'Markets in Financial Instruments Directive II' (MiFID II), the 'Insurance Distribution Directive' (IDD), the regulation on 'Packaged Retail Investment and Insurance-based Products' (PRIIPs), the EU's Sustainable Finance Initiative and the domestic 'Finanzdienstleistungsgesetz' (FIDLEG). During our work we have observed a set of common dimensions relevant to these sorts of projects:

- Timeline & Uncertainty: What factors define the timeline and how to handle uncertainty?
- Business Value: How can regulatory projects create business value?
- Organization: What key stakeholders need to be involved?
- Technology: What role does technology play?

In our opinion, these areas, paired with a proper implementation methodology and change management, play a vital role in setting up and running regulatory projects. Because of their importance, we will refer to them as *key dimensions*. These are not independent considerations, but rather can rightly be seen as interlinked puzzle pieces paving the road to success and enabling the organization to see regulatory compliance as part of its DNA. In this document, we will draw from our experience to explain that connection, and to provide a practical overview and firsthand guidance to support you in making your regulatory initiative a success.

¹ Peter Hsu, Bär & Karrer Ltd., Banking Regulation 2017 – 4th Edition, 2017.

3 Characteristics of Regulatory Projects

Regulatory requirements present unique challenges for banks. Traditional projects seek to fulfil strategic goals or to alter the business model. Regulatory projects, on the other hand, have externally set timelines dictated by the regulator and may have no strategic component whatsoever. A widespread perception is that they do not provide any business benefit. Among many potential contrasts, we see two major differences between traditional and regulatory projects – (1) the time required and (2) the increased level of uncertainty. Both are described in more detail in section 3.1 ‘Timeline & Uncertainty’, with an illustration in Figure 3. The experience that banks gather during their implementation can decisively increase efficiency during subsequent initiatives. However, during our involvement in various regulatory projects, we learned that many banks still struggle with the challenge. Often, legal experts wield disproportionate authority within the project organization. This can penalize business value. So, what are the focus areas for a successful regulatory project? As described in the introduction of the document, we see four overall project dimensions that are important - ‘Timeline & Uncertainty’, ‘Business Value’, ‘Organization’ and ‘Technology’. They should not be seen as independent areas, but rather interconnected ones, working best in concert. Figure 1 shows a high-level summary in preparation for the main sections. We also relate the project dimensions to success factors. We discuss both in detail.

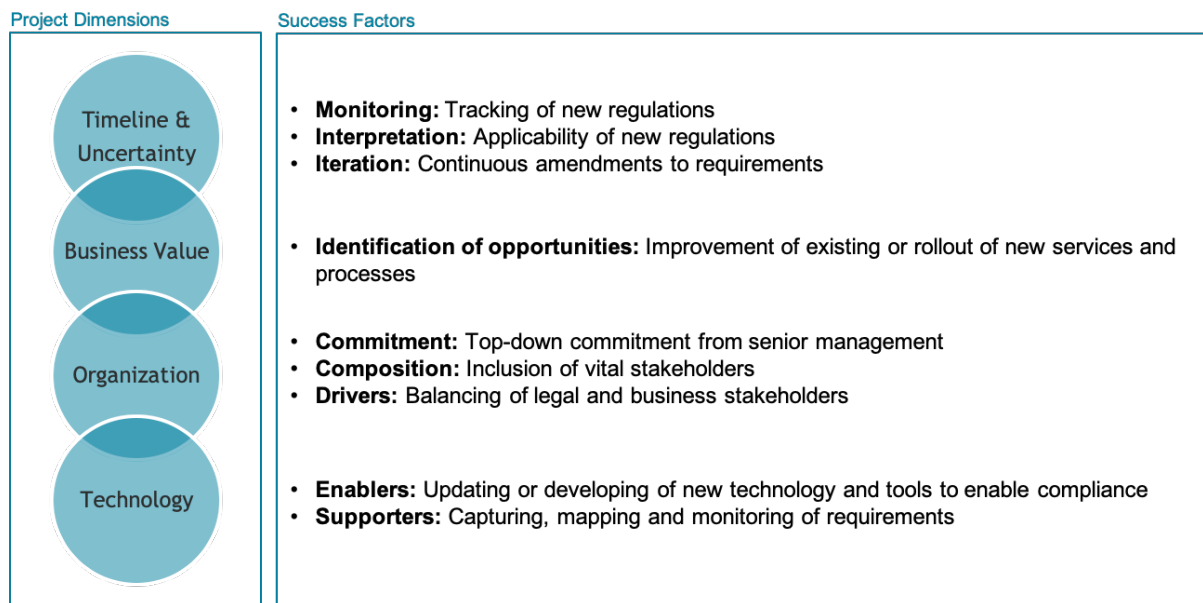


Figure 1 - Overview of the four project dimensions with success factors

3.1 Timeline & Uncertainty

There are numerous reasons why banks run (Change-) Projects. They may seek to achieve a competitive advantage, or introduce new services and technology, or to reduce costs for better cost management processes and shareholder value. In many cases, the target state is defined, the implementation timeline is set, and a budget is allocated to project phases and deliverables. The bank's leadership or project team is in charge of these dimensions.

Regulatory projects work differently. To explain this, we use an illustrative example of an EU regulation as seen in Figure 2. Theoretically the interpretation of a regulation should follow straightforward rules of logic and language that leave no ambiguity as to their consequences for the affected parties. This is wishful thinking. Apart from the regulatory texts, with several stages, such as early drafts and consultations, not being reliable, there are semi-binding interpretations published by independent groups of stakeholders that flow through to the project requirements. While in theory, additional points of view ought to help refine the regulation and make its impact more precise, the practical reality is often quite the opposite, making it difficult to distinguish between what is valid and what is not. This lack of clarity presents a source of uncertainty unique to regulatory projects.

Topic	Publisher
Directive - Proposal	European Parliament
Leaked Delegated Regulation	Large Consulting Firm, Insider, ...
Delegated Regulation - Law	European Parliament
Leaked Revised Delegated Regulation	Interest Groups, EU Parliament
Revised Delegated Regulation	Interest Groups, EU Parliament
Regulatory Technical Standard - Consultation	European Parliament
Leaked Regulatory Technical Standard	Large Consulting Firm, Insider, ...
Regulatory Technical Standard - Translation	Working / Expert Groups
Q&A to RTS	Working / Expert Groups
Consultation Paper of National Transposition	Working / Expert Groups
National Transposition - Law	National Regulator
Gold Plating	National Regulator

Time ↓

Level of Detail ↓

+

Figure 2 - Illustrative example: Implementation of regulations – theory (black) vs. reality (black & blue)

In addition, regulatory texts published by the relevant authority define the project scope. Buried under legal jargon, the target state needs to be defined through efforts of interpretation before the project can start. Even when it is already progressing, market consultations, FAQs or technical guidance may lead to additional changes. So, we can say that we have two major sources of uncertainty – clarity of information and interpretation. Later in section 4, we discuss how these can be tackled with proper project management methodologies.

Further, we have the externally imposed deadline, often providing a time window for implementation that is uncomfortably tight. A good example of this is the sustainability disclosure regulation, a key part of the

implementation of the EU's Action Plan on Sustainable Finance. Its final Regulatory Technical Standard (RTS), the document that confirms the standardized application of the regulatory requirements, will not be published until December 31, 2020. Its implementation is expected by March 10, 2021. This represents another key challenge because, in addition to the ordinary project phases, we require a set of preparative and collateral steps to deal with these aspects. We need to do interpretation and a continuous monitoring and assessment of information and requirements. Figure 3 shows all three activities in sequential order. It compares the phases of 'Traditional Projects' and 'Regulatory Projects'. For our example we use a 'Waterfall-based' implementation approach.

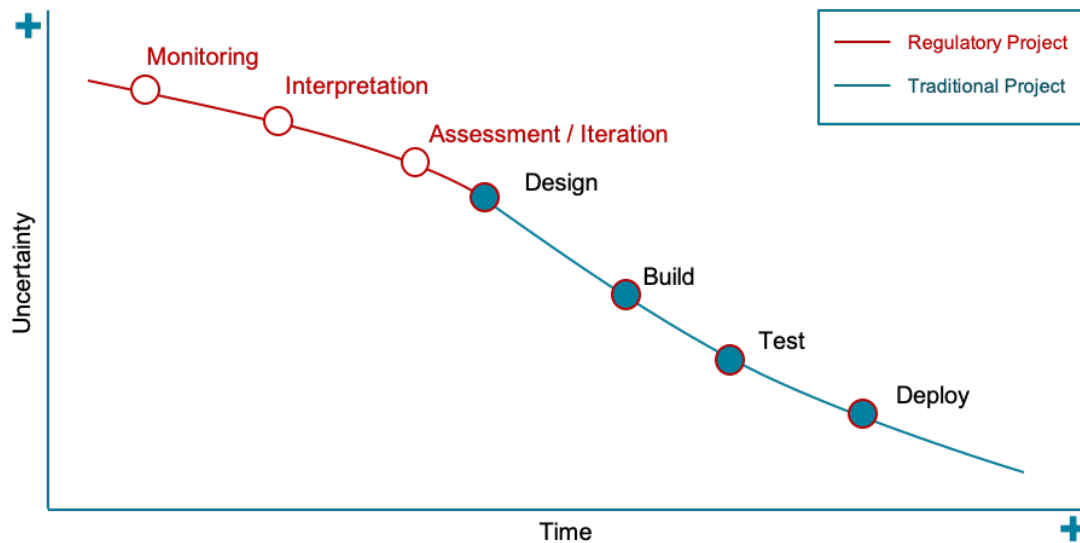


Figure 3 - Traditional (blue color) vs regulatory projects (blue and red color)

Monitoring: Frequent updates and changes to regulatory requirements demand proper monitoring. One possibility is to have a designated internal team - for instance, located within the legal or compliance organization. Perhaps it could even be a designated team that solely covers this task for the complete regulatory landscape. The responsible function identifies the developments. It notifies stakeholders or even verifies the impact. Another way is to buy research externally. Nowadays, services are offered through large consulting firms or fintech companies. We also discuss the latter in section 3.4.1 ('Technology: Supporters').

Interpretation: Early in the project lifecycle (e.g. proposal stage, also see Figure 2), the scope of a regulation can be indeterminate. To create an understanding of its purpose, activities of interpretation are required. Traditionally this happens through in-house legal teams. During this phase, it is advisable to conduct a gap assessment to identify the applicability to one's organization and to prioritize potential shortcomings. Some organizations might engage with competitors or working groups within the industry to collaborate towards a common understanding.

Iteration: The iteration process is one of the key challenges. Internal and external factors can lead to changes of scope and timeline. These are:

- Internal: The transition of legal requirements into business requirements, due to different perspectives of the functions and therefore different interpretations or focus areas.

- **External:** Late finalization of requirements from the regulator side – from a proposal of a delegated directive until the transposition into national law, including information and interpretation activities of other stakeholders.

Remark: A bank might engage in activities to directly influence the shaping of regulatory requirements. To increase influence, a direct exchange with the regulator, in addition to the official Q&A and technical advice publications, can prove to have a significant impact and also provide a better notion of the scope. Additionally, sounding activities with peers, such as competing banks, can provide an increased level of understanding.

MiFID II – Best Practice?

With the roll-out of the European banking regulation MiFID II, a wealth manager client found itself in uncharted waters. A central project team was given 18 months to roll out the IT deliverables with a classic waterfall approach. Because of the regulatory nature of the deliverables, the legal function was placed in the lead. Initially the set-up worked well, but things quickly became painful as the scope had to be repeatedly adjusted due to both internal and external factors. Requirements that had been identified during the gap assessment, in the absence of key stakeholders such as business and front units, were then neglected by representatives of those units as being too rigid and impossible to implement.

Addressing these challenges required both a stronger role for Business vis-a-vis Legal and the creation of a dedicated monitoring function to stay on top of the changing regulatory landscape (see Figure 2). Further, continuous alignment between the affected key functions provided the missing ingredient in requirements engineering (see section 2.3.2) and IT deployment planning. All in all, these amendments to the project setup paved the way to success in implementation and rollout.

The phases above are vital for the inception of a regulatory project. They also run in repeating cycles during the implementation, due to updated or new requirements from the regulator side. This also leads to a constantly high level of uncertainty until the functionality is implemented. We illustrate this in Figure 4. Our experience shows however, that working with assumptions can mitigate the issue - especially in conjunction with an agile approach.

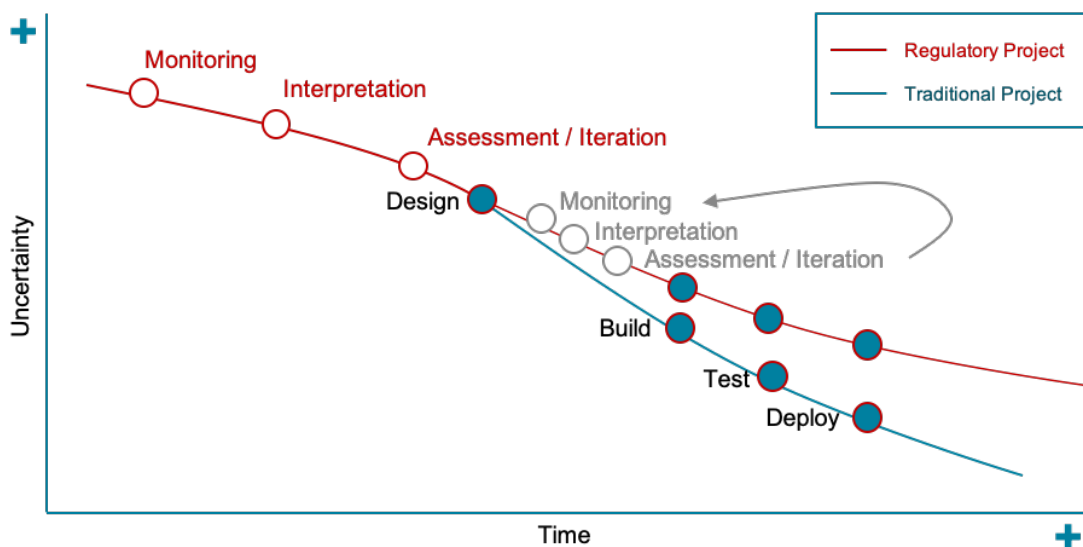


Figure 4 - Increased uncertainty in regulatory projects

We now understand that the timeline for regulatory projects is mainly defined through external factors and that there are several sources of uncertainty that distinguish them from ordinary projects.

3.2 Business Value

The Swiss Banking Report 2018² states that the financial services sector in Switzerland invested CHF 11.2 billion in compliance between 2010 and 2018. While the investment costs in technology and processes only amount to 10% of the overall volume, 90% can be allocated to running costs such as personnel. The largest investment positions are Anti-money-laundering (CHF 5.9 billion), followed by tax compliance (CHF 2.4 billion) and investor

Sustainability Offering – Leveraging the Sustainable Finance Regulations

A Swiss Wealth Manager with branches across Europe wants to develop a Sustainability Advice offering for its affluent client population across Europe to respond to current and future market demand. At the same time, regulatory developments on the EU level foresee requirements in the Sustainable Finance space in the coming years. This includes obligations for classification standards on sustainable economic activities (Taxonomy), transparency towards market and client (Disclosure) and measures for referencing and comparison purposes (Benchmarking). Competition in the market already has offerings on the shelf that do not meet these requirements. While this can represent a disadvantage for others it can be an advantage for the Wealth Manager. An anticipative approach for including the regulatory requirements into the offering, and the expected level of standardization can ease market entry. Products, processes and data considerations (through ESG factor data providers) should happen in conjunction with compliance efforts to support the bank's strategic direction, while at the same time avoiding future recalibration of requirements.

protection (CHF 2.2 billion). The latter showed the biggest increase of 250% during the period mentioned. However, the general perception is that these investments only serve the purpose of avoiding fines. We think that the bigger picture shows a slightly different story.

Changes of a regulatory nature can represent an opportunity for innovation and advancement. It is therefore important that a bank identifies these opportunities. The case of investor protection in wealth management, a requirement from MiFID II or FIDLEG, shows this perfectly. Many banks are still running manual processes to capture and execute orders, provide trade confirmations or capture client suitability assessments. Manual in this context means slow execution, mistakes and poor data quality, because there is always a certain amount of human intervention. That said, the disclosure requirements as required by MiFID II are hard to implement. Automated solutions needed to be introduced to have a consistent data flow. The better data quality can then be used to obtain new insights into a bank's products or clients. For instance, the delegated directives of MiFID II ask for documenting a client's risk profile and

investment objectives (article 25). These then need to be matched with a products target market (articles 9 & 10). If done properly, the financial advisor can use the data for standardized insights into the client population and the products sold to them. The same was done for Know Your Customer (KYC) and Anti Money Laundering (AML) requirements. Initially client advisors complained about the additional administrative effort, but then came to value the new insights they gained on their clients. Data can not only identify a problem, but can also highlight a potential solution to something else.

As a general principle, we suggest that regulatory compliance should be the major target for regulatory change projects. Nevertheless, where a bank can identify an opportunity to create business value it makes sense to invest the additional effort and do it right instead of having a piecemeal implementation.

² Prof. Teodoro D. Cocca, Zürcher Bankenverband, Swiss Banking Report 2018, July 2018

3.3 Organization

A regulation is a law. Laws are best understood and interpreted by lawyers. Therefore, a bank's leadership often expects that the legal department should lead a regulatory project. That does not necessarily mean that it also sits at the top of governance, but that requirements are proposed by the legal experts. This will help to achieve compliance. To also consider business implications we need to ensure a balanced organization of stakeholders. Finalix has enjoyed working on various regulatory projects with a diversified client pool throughout the Swiss wealth management sector – our observations confirmed this assumption in the majority of cases. We have therefore concluded three key findings that support the idea of a more efficient organization.

3.3.1 Commitment

Senior management commitment is crucial. Despite regulations being a 'must-do' they need to be driven from the top down. For this to happen leadership needs to understand the requirements. Compliance must be perceived as the right thing to do. More challenging is the operationalization. The idea needs to be cascaded down to the respective functions. Commitment from the organization and these functions will be easier to achieve if regulatory change is accompanied by business value (see section 3.2 'Business Value'). Furthermore, it is necessary that project progress is monitored. This can easily be done through a proper governance structure. For instance, through regular project reporting to a 'Project Oversight Committee'. Leadership commitment is an important factor in project management in general. However, along with this we want to emphasize the importance in context of pushing business value for regulatory change.

3.3.2 Drivers

A balanced 'power distribution' between legal and business stakeholders can have positive effects in terms of efficiency and applied scope. Firstly, legal involvement is important, but needs to be kept at a necessary level. This means that the focus of legal experts should be analyzing and interpreting the regulatory texts and preparing them in a way that they can be understood by business analysts in the project organization. Often it is necessary to do this in a collaborative manner between legal and business to ensure clarity of the requirements. This is needed so that business can be in the lead to include the legal input, but not let the project scope solely be defined by it. For instance, the EU's Action Plan for Financing Sustainable Growth suggests a unified classification system for sustainable activities – the so called 'Taxonomy'. Most banks already have in place advice or portfolio management offerings that require the profiling and matching of a client's ESG preferences with suitable financial products. This, in combination with the taxonomy, will introduce amendments to product suitability checks. The European Securities and Markets Authority (ESMA) will introduce these as new requirements for MiFID II and IDD. An overly strong legal representation in the project could jeopardize the scope. Existing service offerings, running projects or solutions that could be leveraged might not be considered sufficiently. The example in section 3.4.2 'Technology: Enablers' is a good illustration of this case. On the other side an overly strong business influence could compromise compliance. We have noticed that an early gap assessment led by the project team can ensure that all dimensions are properly covered. The gap assessment should also be repeated and updated when new or amended requirements are identified.

3.3.3 Composition

Above, we highlighted how important a balanced collaboration between business and legal representatives can be. The table below summarizes our wholistic view on important key stakeholder involvement.

Stakeholder	Reason
Business	<ul style="list-style-type: none"> • Represents the run the bank organization • Verifies that the suggested requirements do not create an overhead for client advisors • Ensures consistent level of client focus and experience
Competitors	<ul style="list-style-type: none"> • Passive involvement - possible sounding board for ambiguous requirements • Can also be approached as part of working groups
Compliance	<ul style="list-style-type: none"> • Validates compliance of regulatory requirements within the boundaries of internal policies
Experts / Working Groups / Industry Associations	<ul style="list-style-type: none"> • Working groups consisting of experts, competitors and service providers in the regulatory space to collaborate towards a common understanding of regulatory requirements (e.g. SIX Knowledge Exchange on Transaction Reporting, Swiss Banking Association – provides Point-of-View publications or VSB 20, SFAMA)
IT	<ul style="list-style-type: none"> • Estimates the costs of functional changes to technology / systems • Implements technical changes
Law Firm	<ul style="list-style-type: none"> • Provides legal opinions and consultations
Legal	<ul style="list-style-type: none"> • Monitors and interprets the regulatory texts • Validates the translation of the regulatory requirements into proper business requirements and their implementation
Project Team	<ul style="list-style-type: none"> • Centralized change team leading the project using an appropriate project management methodology • Involves business SMEs in affected functions • Oversees that all stakeholders are involved equally to include other running projects • Supports the identification of regulatory gaps in the 'as is' organization in collaboration with legal
Regulator	<ul style="list-style-type: none"> • Passive involvement - good relations with the regulator can help to better understand requirements and the future direction of what is to come • Possibility for sounding activities through informal meetings • Influence regulatory content during official consultation periods
Regulatory Watch	<ul style="list-style-type: none"> • Leverages or provides legal radars to identify regulatory changes in different markets. Depending on the project set-up, this can be a separate function, within compliance or even the project team itself

Figure 5 - Key stakeholders

3.4 Technology

Project structures benefit from efficient technology. For instance, this ensures proper documentation, monitoring, and implementation of requirements. Further, it can also support with becoming compliant. That said, we distinguish between two key categories of technology – supporters and enablers. Below we describe their individual characteristics and illustrate in ‘Figure 6’ how uncertainty can be mitigated through technology.

3.4.1 Supporters

‘Supporters’ do not directly address the scope itself. They refer to tools that help to better structure the requirements. This mainly implies monitoring and documentation. Examples include remote drives, SharePoint and ticketing tools (e.g. JIRA). Especially for monitoring the regulatory landscape, there are ready-made and / or customizable solutions – examples include ‘CoVi Analytics’ or ‘Cube’ (www.cube.global).

Firstly, this can benefit the project to stay informed on the progress and impose steering measures. Secondly, the documentation is important to create an audit trail for traceability purposes. An internal audit team can then use the output to verify compliance. Further, the regulator itself might send a team that conducts checks directly at the bank’s premises.

3.4.2 Enablers

Technology of this category aims to satisfy regulatory requirements. On one side, the assessment of business

Enabling compliance – All in one solution

For two of our clients we accompanied the implementation of an all-in-one advisory solution to cover investor protection needs. That means, it was developed in a way to cover all regulatory requirements, from documentation of a client’s investment needs, suitability checks and various disclosure needs for transparency purposes. This greenfield development replaced fragmented manual processes and introduced a go-to platform to centralize these and support consistency throughout them. This not only assured compliance but also removed sources of errors, due to the transition from a manual into a more automated solution.

requirements needs to consider existing applications and how these can be leveraged. An efficient way is to include business and IT SMEs as early as possible. Provided that existing technology is not legacy, enhancements can be an easy way to support the project scope. Otherwise ‘green field’ developments might be the preferred option to weed out existing applications. Especially for established banks, legacy technology is a major point of consideration. New developments can be advantageous. They can be designed in such a way that they not only fulfil the compliance purpose, but also address a need for increased business value, for instance, when manual processes need to be automated to achieve a consistent level of data quality, as described in ‘2.2 Business Value’. On the other side, there is also an

increasing number of RegTech companies offering ready-built solutions. Examples include ‘deltaconX’ and ‘ARKK Solutions’, both offering a regulatory platform for unified reporting across multiple regulations (EMIR, MIFIR / MIFID II, SFTR, FinfraG, etc.).

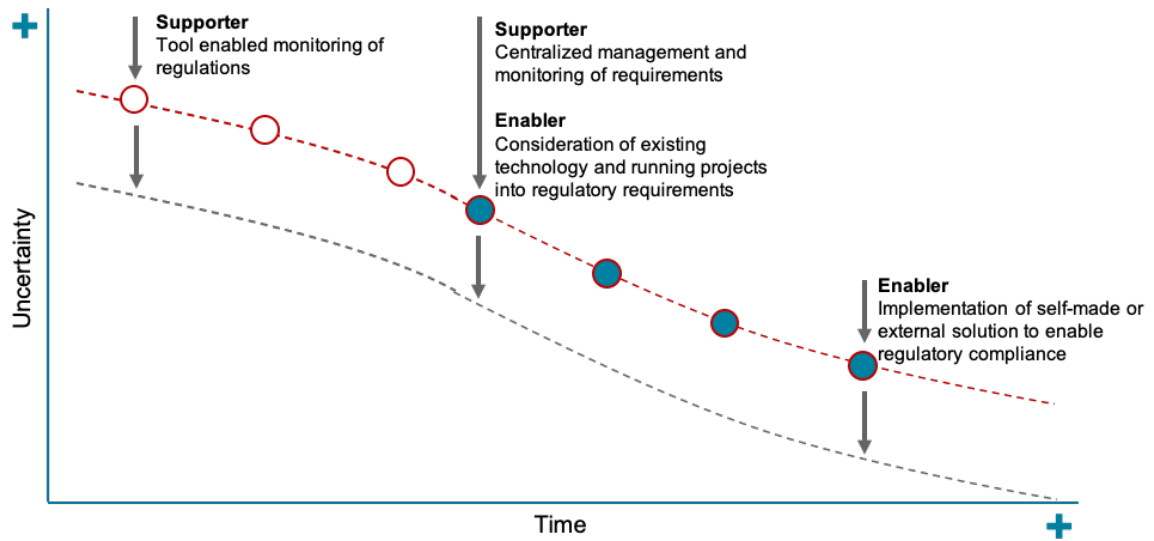


Figure 6 - How technology can help to mitigate the level of uncertainty

4 Implementation Considerations

4.1 Methodology

There is a diversity of project characteristics. The many variables include the depth and extent of the scope, the necessary stakeholder involvement and the implementation timeline. Depending on a myriad of considerations a suitable implementation methodology needs to be selected. To better illustrate the significance of why this is important, we relate the 'Ralph Stacey Matrix'³ (Figure 7) to regulatory projects. The level of certainty and experience are linked to two important factors:

- **Requirements:**
Refers to the level of certainty relating to internal (legal and business interpretation) and external (interpretation among market competitors) factors
- **Measures:**
Indicates how experienced the project team and stakeholders involved are with the enabling and / or supporting technology (new or old) processes to close gaps in requirements or if they are acquainted with the implementation methodology.

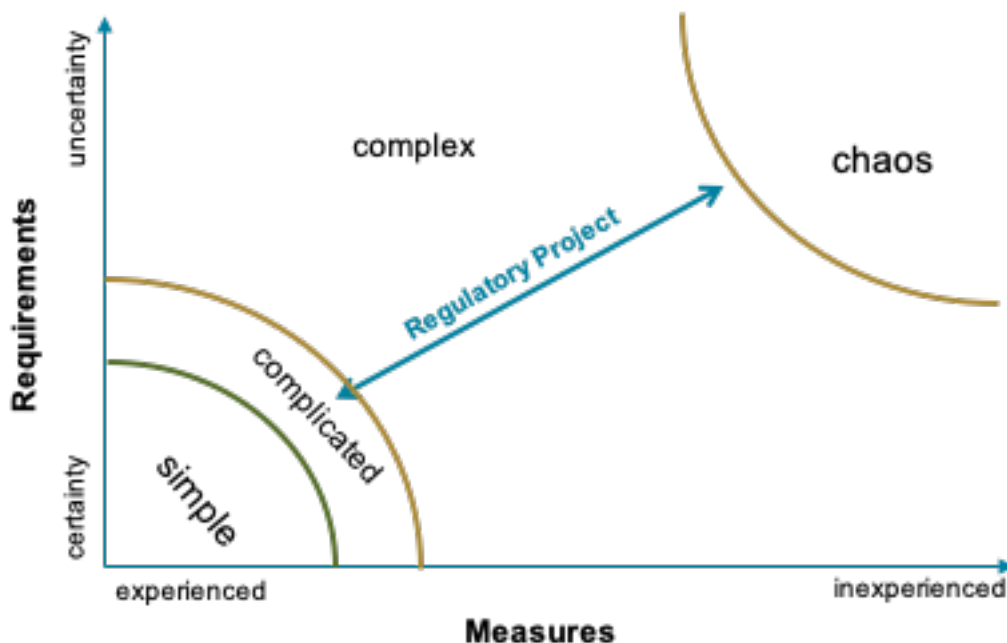


Figure 7 - Putting regulatory projects into context (Ralph Stacey Matrix)

In Figure 7, we show that a project is less complex when more people who are experienced in relevant measures work on it. Further, the application of our four project dimensions can increase the understanding of the requirements. This leads to a lower level of uncertainty. It makes a project 'simpler'. However, apart from relating experience to measures, what else do we need to consider? Again, we would like to use MiFID II as an example.

The EU published the first legislative texts of MiFID II and MiFIR in 2014. The requirements left a lot of space for interpretation, for instance, in the areas of investment advice, product governance or suitability to name just a

few. The technical advice in 2014 and later the delegated directive in 2016 introduced more clarity, but also changes. Many affected wealth managers expected that the requirements could be concluded with a row of delegated acts in 2017. However, additional obligations followed. In 2019, for example, the German regulator BAFIN did domestic 'gold plating', demanding that banks offer pre-trade cost transparency not only to retail but also to professional clients.

Scrum – Agile Implementation Methodology

In Scrum, the project scope is worked towards in iterations – one of the key concerns of regulatory projects in banking. A continuous flow of feedback from all required stakeholders is accommodated in 'Sprints'. These take 1-4 weeks, after which the work results are reviewed. The strong client orientation of the approach ensures that business value is not compromised. There is the role of a product owner, that serves as link between the development team and the project stakeholders. The development team consists of IT and business stakeholders at the same time, which ensures a well-balanced organizational composition. Further it judges what is doable within a sprint. The Scrum Master is responsible for collaboration in this context and ensures that the project uses the agile principles (also see section 3.2).⁴

The developments described in this example show that knowledge of handling this volatility is what is also required when we talk about 'experience'. We build the link back to section 3.1 'Timeline & Uncertainty', namely monitoring, interpreting and iterating the requirements as they change with project progress. For that case, a sequential implementation method such as a waterfall approach might work. People know what to do and know each step that follows the previous one. However, what if that is not the case and especially when the project scope changes throughout the implementation? Referring to Figure 7, we will not be in the 'simple', but rather in the 'complex' zone.

The MiFID II example illustrates that perfectly. In this situation, a waterfall project implementation approach would do one step after another. First, all business requirements are assessed, documented

and allocated with a budget, then transitioned into IT requirements, and concluded with their implementation. The phases are in sequential order. Activities of monitoring, assessing and interpreting regulatory developments need to continue in parallel. This stiff approach makes it difficult to react to the changing landscape requirements. That could mean that implementation needs to be pushed back to a time when budget and resources are again available, thus compromising compliance.

In contrast, agile methodologies allow a more reactive approach, where requirements are unclear or subject to iterations. In the box above we briefly describe Scrum, as one example. Below, in Figure 8, we summarize the most important characteristics of agile and waterfall methodologies and compare them to each other in the context of regulatory projects.

⁴ SCRUM, A Better Way of Building Products, July 2020. Available at: <https://www.scrum.org/resources/what-is-scrum>

Topic	Agile	Waterfall
Scope	<ul style="list-style-type: none"> Adaptive – could be changed based on Sprint working results (high flexibility) Focus on Business Value through strong client / stakeholder orientation and involvement Possible inclusion of feedback for scope amendments through complete project cycle 	<ul style="list-style-type: none"> Fixed – to be determined in conception phase (high planning reliability) Focus on Business Value not a native requirement (not considering strategic projects) Feedback best included in early project stages
Timeline	<ul style="list-style-type: none"> As defined by the regulator 	<ul style="list-style-type: none"> As defined by the regulator
Organization	<ul style="list-style-type: none"> Required roles meet regulatory implementation needs Has designated role that ensures collaboration between functions (SCRUM Master) Product Owner (What), Development Team (How), SCRUM Master 	<ul style="list-style-type: none"> Roles to be set-up as required. Lack of role definition and variations between projects possible Organization experienced with regulatory projects recommended

Figure 8 - Non-exhaustive list of key considerations between an agile and a waterfall project approach

4.2 Change Management

Change Management must not be confused with 'Regulatory Change Management'. The latter is often used as the general term for managing regulatory requirements. Change Management plays an essential part in it. It refers to pre- and post-go-live efforts that support the organization to use the new tools and procedures efficiently, mostly triggered through an adaptation of behavior and / or organizational culture that not only affects back and middle office units, but especially front employees. For wealth managers, educated client advisors with their client contact determine if regulatory change can be applied successfully towards the market.

Our observations conclude that change management has several dimensions. These need to be addressed to transform the organization in a way that can more easily adopt the regulatory requirements.

- Strategy
- Culture (also leadership and communication)
- Technology

All are classical areas of change management. They also match our best practices and are therefore reflected in our four project dimensions as follows: Strategy can be matched with

A training framework as enabler for regulatory change

A Swiss private bank introduced FIDLEG. As the bank is active only in Switzerland, there was no MiFID II implementation that would have prepared and sensibilized the organization towards stricter requirements of client profiling, suitability, appropriateness and cost transparency – to name just a few. The client advisors were uncertain as to how to apply these and the reaction the clients would give them. To smooth the transition, a change management project stream was created that should address these issues. Early in the project, front employees were already involved to document their current processes in order to map these to the new regulatory requirements to identify gaps but also to look for opportunities for optimization. For example, client profiles were only stored in word files on a remote drive – the idea of introducing a centralized repository, with version control and designated access management was translated into the deliverables scope of the project. Later a training framework was created to educate staff on several levels to make them comfortable in using the new tools and solutions and to make them aware of how important compliance is. This included classroom training and web-based training sessions before and after the go-live. Additionally, a designated intranet page was created that served as a golden source for the most important materials, such as process descriptions, manuals and SME contacts. Clients received materials via post describing the most significant changes and benefits for them.

business value, culture with organization, and technology, well with technology. So, we touch similar aspects for the pre- and post-project phases. What we perceived as especially important is certainly culture with the aspects of leadership and communication. This might sound rhetorical, but people usually work more efficiently when they know why they need to do something and what it is they need to do, even more so if that information is received from the top down. It can therefore be advisable to embed leadership and communication in a broader knowledge management context. That means having regular corporate communication on regulatory changes and installing a 'go-to' and 'easy-to-find' repository with vital information. This may include tools, intranet pages, SharePoint or similar. We also describe this in the use case in the box.

5 Implementation Checklist

The checklist below concludes our framework with a summary of the project dimensions, success factors, key questions and best practices, as a quick reference guide to what we highlighted throughout this document.

Dimension	Success Factor	Key Questions	Best Practice Examples
Timeline & Uncertainty	Monitoring	<ul style="list-style-type: none"> Will the project team be informed about the latest updates of relevant legislation (public and non-public information)? 	<ul style="list-style-type: none"> Project team has access to a resource pool (internal or external) which monitors regulatory developments and provides relevant alerts.
	Interpretation	<ul style="list-style-type: none"> Have I properly involved legal SMEs to collaborate with business and the project team on interpreting and identifying regulatory requirements? 	<ul style="list-style-type: none"> Conduct a gap assessment to map regulatory requirements with existing functions, processes or ongoing projects. Provide a platform for collaboration (e.g. regular meetings).
	Iteration	<ul style="list-style-type: none"> Are regulatory requirements monitored and are changes shared within the project? 	<ul style="list-style-type: none"> Continuous alignment between regulatory watch and the project team.
Business Value	Opportunities	<ul style="list-style-type: none"> Have I analyzed the regulatory requirements for opportunities of business value? 	<ul style="list-style-type: none"> Identify business opportunities by considering market development, other projects or functions.
Organization	Commitment	<ul style="list-style-type: none"> Is leadership aware of the scope of the regulation? Is leadership properly involved in project progress and relevant decision making? 	<ul style="list-style-type: none"> Creation of a working document that specifies the most important aspects of the regulation (scope, anticipated timeline, impact on business). Measure to inform leadership on progress and involvement in decisions (e.g. weekly e-mail, meetings, steering committees).
	Drivers	<ul style="list-style-type: none"> Are roles and responsibilities between legal and business clearly understood and lived? 	<ul style="list-style-type: none"> Roles and responsibilities are clearly defined. Refer to next factor 'Composition'.
	Composition	<ul style="list-style-type: none"> Have I considered all necessary stakeholders? Are they properly included in the governance and flow of information? 	<ul style="list-style-type: none"> Roles and responsibilities are clear. For instance, use a RACI matrix. Stakeholders are divided by categories of 'Responsible', 'Accountable', 'Consulted' and 'Informed' to explain what information they need to consume and how they are responsible.
Technology	Supporters	<ul style="list-style-type: none"> Have I set- p measures to monitor and implement regulatory requirements throughout the project lifecycle in a structured way? 	<ul style="list-style-type: none"> Provide a golden source where requirements can be stored and managed. Depending on the project size, this can be a simple Excel list on a remote drive / SharePoint or a ready-made solution. Also supports post-go live audit checks.
	Enablers	<ul style="list-style-type: none"> Have I analyzed and interviewed external vendors to see if a ready-made solution might fit my purpose? 	<ul style="list-style-type: none"> Because of the uniqueness of individual situations and the high number of RegTech companies offering solutions to meet regulatory requirements, case specific research needs to be done.
Implementation	Implementation Methodology	<ul style="list-style-type: none"> Have I analyzed my organization and the regulatory requirements in a way that enables me to select a proper project implementation methodology? 	<ul style="list-style-type: none"> Use project characteristics (e.g. experience of SMEs with regulatory implementations) to evaluate a suitable project methodology, as stated in section 4.1.
Change	Change Management	<ul style="list-style-type: none"> Have I considered how I want to assure that deliverables are properly used within the organization post go-live? 	<ul style="list-style-type: none"> Implementation of a knowledge sharing framework with strong communication focus towards the users of the regulatory change.

Figure 9 - Implementation checklist