

Seamless Regulatory Reporting (SRR) to the Rescue. Troubled by the turbulent regulatory environment, small and medium-sized banks look to SRR as their lifesaver

Small and mid-size banks struggle to survive in an ever-more-stringent regulatory environment. While big banks can rely on resources and influence to cope with heavy regulations, smaller players must find a way to survive. Big banks rely on resources and influence to thrive. Now, smaller players must look to SRR to help them through the tumultuous years ahead.

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Since the 2008 financial crisis, banks large and small have grappled with unstable regulatory conditions, compounded by shifting priorities. After the financial meltdown, bank reliability became the primary objective, now political changes have called the regulatory agenda into question once again.

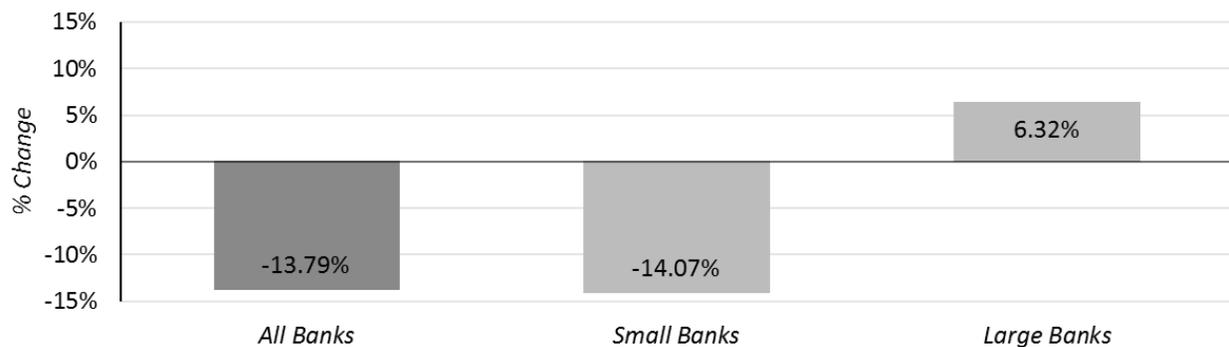
This poses a significant compliance challenge to all banks. However, larger banks are advantaged with their vast resources and international preeminence to digest the complex regulatory requirements. On the other hand, small and medium-sized banks are often lost in the shuffle, required to carry the same costs as the larger banks to meet the new regulatory standards. Smaller banks are often suffering even more due to the IT deficiencies.

Rising Costs Press Revenues

Smaller banks face disproportional challenges compared to their large competitors. Bauer Financial research indicates that the cost per dollar of revenue generated has risen to 76 cents for banks with under \$100 million in assets, while this ratio is only 69 and 59 cents for banks with assets of \$100 to \$500 million and greater than \$500 million, respectively.

Thus, the added regulatory burden worsens the conditions for smaller banks who are already facing shrinking revenues. Large regulatory bills like Dodd-Frank have caused significant industry consolidation and small bank closures. **(Figure A)** Smaller banks have fewer complex reporting requirements in their business operations, but the combination of tighter capital controls and increasingly-stringent regulatory requirements crimp resources to invest in newer and higher quality offerings.

Figure A: Changes in the Number of US Banks since Dodd-Frank, 2010–2014



(Source: "Small Banks by the Numbers," Mercatus Center at George Mason University)

Empowered Data Management

The mounting regulatory challenges are amplified by small banks' inefficient use of data. In most banks' legacy system, data is gathered from disparate systems in various formats, which leads to incomplete and inaccurate data – a problem compounded by the lack of traceability and unclear data lineage. This problem requires significant manual adjustments and ad hoc rules, which are only a temporary and costly fix to the growing issue.

Furthermore, the turbulent regulatory environment continuously strains the banks' adaptability to unforeseen and complex compliance requirements. Furthermore, the consequences of fines due to non-compliance are severe. Updating legacy systems to comply with the new requisite accuracy drains capital resources and time, while not addressing the underlying problem once and for all.

The costs of retroactive upgrading rather than proactive planning add up quickly. A robust and automated data management framework that streamlines processes, manages ongoing regulatory updates, and enhances operational efficiency is needed in today's regulatory environment. Simplification of data governance gives the

banks the ability to report more accurately to regulators and to reduce the resources and time required to perform day-to-day regulatory processes. Additionally, minimal architectural changes to the current legacy system structure can greatly reduce costs, complexity, and risks of integration.

Seamless Regulatory Reporting – Lean & Nimble

The Seamless Regulatory Reporting (SRR) solution offers the lean, nimble answer that small and medium-sized banks need to keep regulatory costs low and adapt to any future requirements quickly. SRR empowers banks to streamline the process of data integration, analytics, and reporting. In addition, it cleanses and organizes the existing bank data into a highly modular and consumable format for any number of regulations that a bank may need to comply with.

By sourcing all data into one system, banks can also derive greater insights from their own data in two ways. **(Figure B)**

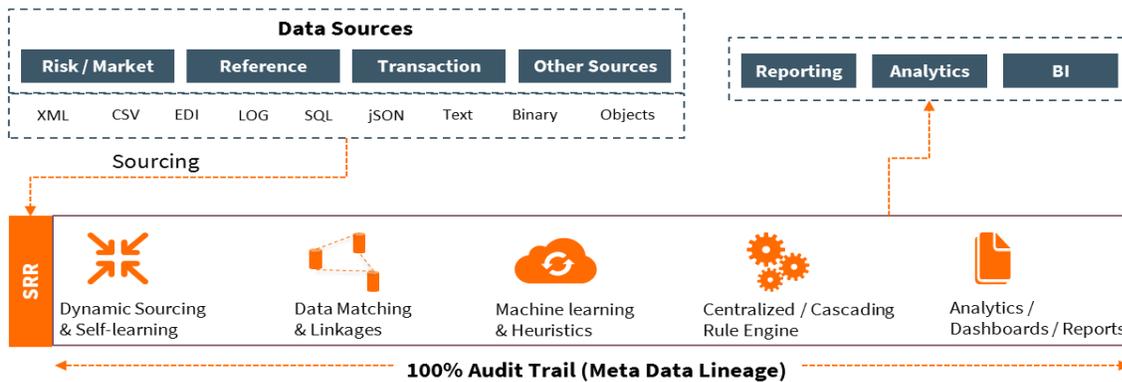
- Users can plug in dashboards and analytical tools to generate reports beyond what regulators require;

In addition, with the platform's data lineage ability, SRR makes understanding report results and tracing back to transactions, for internal use and regulation purposes, a straightforward process.

SRR's data lineage capabilities also have ancillary benefits such as identifying gaps in data and fixing the inconsistencies and discrepancies. This creates actionable insights for users to discern what additional

data is needed to gain further insights. Finally, SRR's machine learning capabilities prevent duplication of data and enforce reusability of data and business logic, allowing banks to take advantage of regulatory "economies of scale." The more regulations that arise in the future, the higher the bank's return on investment.

Figure B: SRR Solution



(Source: Synpulse)

Synpulse is Here to Help

Using SRR as part of your regulatory operational transformation provides an end-to-end platform, which can solve all your current and future regulatory needs. Many tools can solve parts of the regulatory challenge,

SRR is the industry-leading data management and reporting solution. Synpulse's experience in regulatory reporting can support small and medium-sized banks with efficient solutions to keep them competitive.

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