



Risk & Compliance

COMPLIANCE ALIGNMENT IS A REAL OPPORTUNITY TO CREATE BUSINESS VALUE

Recent disruptions in finance and overall market scenarios have imposed on European Regulators to build up significant barriers to limit the risks associated to banking and financial activities.

These barriers are developing Financial transactions, Payment services, Credit and generally avoiding dangerous events happening again at system level, by asking Institutes to be traceable in transactions (e.g. FATCA, PSD), compliant with directives, standardised in instruments and processes (e.g. SEPA, Target 2 Payments and Securities) and reliable to customers (BAS III).

Significant investments are in place and forecasted to build up these barriers, representing more than 40% of Institutes yearly budget, in particular on ICT. To strengthen ICT infrastructures and to learn operational and governance processes, investors need to improve quality on the internal and customer side of the business and to create an interconnected framework of controls. Banks immediately realised the opportunity to "leverage on compliance to gain effectiveness", to enable a natural convergence between compliance and efficiency objectives, empowered by a main strategy of reducing costs.

What is not so clear is that this opportunity might be intended, in some cases, as an enabler for business revamping, as following cases demonstrate:

- To work on Lean processes and Operations, effectiveness can drive a renewal of the Service Model to the Customer (from Customer segment driven to Customer business driven), or a



Network agencies model restructuring (from attended to unattended, from generalised to specialised);

- To increase transparency and control on internal costs, can lead to a redefinition of Pricing Strategies, moving from a simple “revenue driven” to a more sophisticated “value driven” approach;
- To align to European transactional framework, eliminating specific domestic services, can be a great opportunity of restructuring transactional offering to the Customers, being more competitive on the market in terms of pricing and consolidating Customer fidelity through providing of VAS services embedded in the offering (on direct channels, on linking payments and invoices, on monitoring liquidity trend, on creating tailored bundles);
- To adhere to a new settlement system on Securities is a big chance, in particular for the big Institutes, to set-up a B2B no captive offering within the financial industry, enabling fresh revenues.

At Be, we strongly believe that now is the crucial moment where we must be able to create this connection, by “smartly merging” within a single and harmonised “action framework” Compliance and Performance improvement, both on the internal side and on the market perspective.