



Banking Compliance Survey 2016

Survey results





Activities

1



Governance

19



Resources

31



Hot topics

41



Activities



*Is the compliance
a stand-alone
function or is it
embedded with
other functions*

79%

Stand alone role

21%

Embedded

*Is there a plan
to separate
(if embedded)
or to merge with
others functions*

02





03

*What is the scope of
the compliance
function's
responsibilities*



Significantly involved *Advisory role and others*

AML and CFT	93%	7%
Market integrity rules (Market abuse, best execution, ...)	93%	7%
Conduct of business rules	86%	14%
Embargo	86%	14%
Customer protection (transparency pricing, ...)	79%	21%
Anti-bribery	71%	29%
Data protection	36%	50%
Tax Compliance (FATCA, CRS, Bank's own taxation, withholding tax, ...)	29%	57%
Internal Control	29%	64%
Anti-fraud measures	21%	29%
Complaints handling	21%	71%
Prudential supervision regulation	14%	57%
IT security	14%	50%
Legal (regulatory watch, ...)	14%	86%
Business security	7%	50%
Operational risk (other than legal, fraud and IT risk)	7%	57%
Outsourcing	7%	79%



04

***Has the scope
of Compliance
responsibilities
changed recently***



05

***On which activities is
the Group Compliance
officer's time spent
(current)***

***What do you think
the Group
Compliance Officer
should spend time on
(optimal)***

Multiple choice question

Group Compliance Officer

Current Optimal



Provide advice & support to business

46%

46%



Report to the Board/
Senior Management

62%

38%



Adapt the entity to new regulations

46%

38%



Interface with regulators/lobbying

15%

38%



Monitor/take remedial or corrective measures

46%

31%



Promote adoption of compliance culture

31%

54%

06

***On which tasks is
Compliance staff's
time spent (current)***

***What do you think
the Compliance staff
should spend time on
(optimal)***

Multiple choice question

Compliance Staff

Current Optimal



Provide advice & support to business

85%

85%



Internal and external reporting

31%

15%



Suspicious transaction monitoring

31%

31%



Promote adoption of compliance culture

0%

38%



Control monitoring

38%

77%



Project implementation

8%

8%



Monitor/take remedial or corrective measures

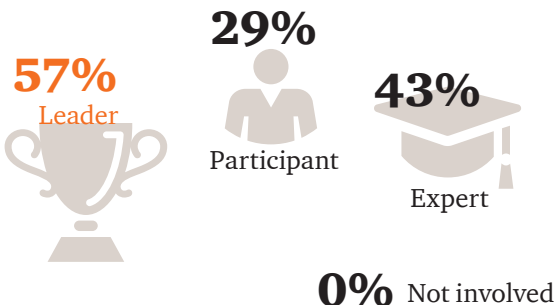
15%

23%

07

What is the most frequent involvement of the Compliance function with regulatory projects as opposed to the business lines role

Multiple choice question



Who is mainly in charge of the «first line of defence» for Compliance risks

(e.g.: AML, embargo, fraud, customer protection, market integrity...)

Multiple choice question

08

100%

Front Office

21%

Internal Control

0%

Risk department
Compliance

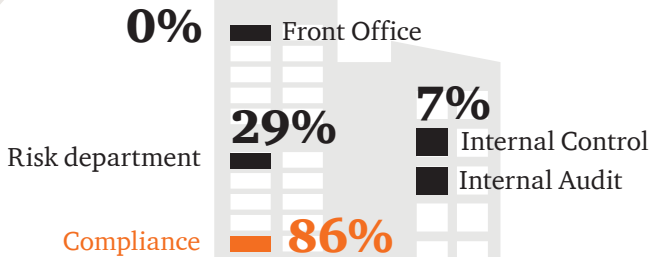
Internal Audit

09

Who is mainly in charge of the 'second line of defence' for Compliance risks

(e.g.: AML, embargo, fraud, customer protection, market integrity...)

Multiple choice question

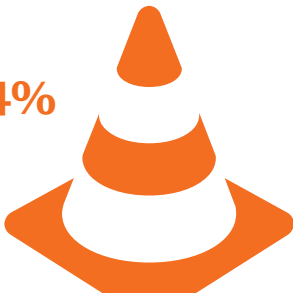


Do you feel the boundaries of first and second lines of defence are in practice well established, defined in your organization

10

YES

64%



NO

36%



11

***Which roles does the
Compliance function
perform in ensuring
the compliance
controls effectiveness***

Multiple choice question

Designing controls

93%



Implementing controls

79%



Analyzing the controls
performed by others

79%



Testing controls

79%



Assessing the suitability
of controls **86%**



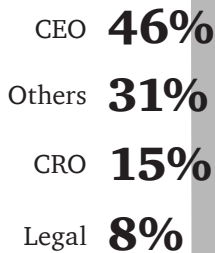
A person wearing a light blue button-down shirt is sitting on a ledge next to a large window. The window looks out onto a city skyline with various buildings. The word "Governance" is written in a large, red, italicized serif font across the middle of the image, with a thin red horizontal line passing through the letters.

Governance



What is the direct reporting line of the GCO

(Group Compliance Officer)



What is your Compliance Group organization model

29% Decentralized

57% Matrix

14% Vertical

Decentralized : Group Compliance is in charge of coordinating, sponsoring without formalized functional or hierarchical reporting line with the local Compliance head.

Matrix : Double reporting line (hierarchical between the local Compliance head and the local business CEO and functional between local Compliance head and GCO)

Vertical : Compliance staffs in geographies/business lines report directly to the Group Compliance

02

How is Group Compliance involved in compensation, performance measurement and objectives of Compliance Staff (HQ and local staff)

03

	<i>Decentralized</i>	<i>Matrix</i>	<i>Vertical</i>
Highly	0%	50%	100%
Moderate	25%	25%	0%
Low	50%	12,5%	0%
Not involved	25%	12,5%	0%



How is Compliance involved in compensation (bonus...) of Bank employees (other than Compliance staff)

04

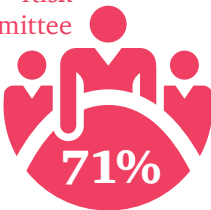
Decentralized Matrix Vertical

Highly	0%	12,5%	100%
Moderate	75%	75%	0%
Low	25%	12,5%	0%
Not involved	0%	0%	0%

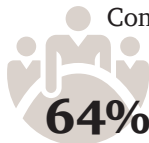
05

***In which board
committees does
Group Compliance
Officer participate/
report***

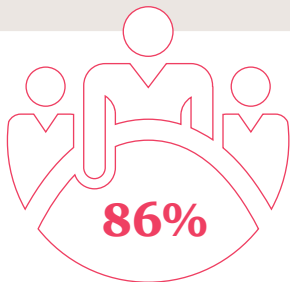
Risk
Committee



Audit
Committee



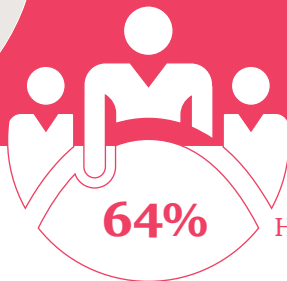
***Has the Group
Compliance officer
access to or has
regulator meeting
with independent
board members or
with the Audit
Committee chairman***



indicate the GCO has regular meetings with independent board members or with the Audit Committee chairman

07

How would you assess the Board of Directors receptiveness to Compliance matters



36%
MEDIUM

indicate that the Board of
Directors is highly receptive
on compliance matters

How would you assess your organization's perception of Compliance

Occurrences

Compliance is everyone's responsibility	91%
Compliance is a means of strengthening the quality of the business	82%
Compliance is a cost of doing business	45%
Compliance is an investment - there should be a measurable payback	45%
Compliance is more about encouraging the right behaviors than policing	27%
Compliance is a necessary evil	9%



08

09

How is the compliance function mainly involved with the main regulator(s) relationship

Multiple choice question

57%

As a proactive relationship manager

86%

Provide feedback to queries



50%

Seek clarifications from regulator

Have the perception and interactions with senior executives, business leaders, and regulator changed over the last 2 years

YES **86%**



NO **14%**

10





Resources

Has compliance staff increased in 2014

01

YES
93%



***Do you expect that
compliance staff
will increase in
the next 2 years***

02



**YES
93%**

03

***How do you consider
the level of available
resources assigned
to the Compliance***

Suitable

29%

Sufficient

21%

Insufficient

50%



*How would you assess
the “qualitative”
adequacy of
compliance resources*

04

High

29%

Moderate

64%

Low

7%

05

Which competencies / skills could be improved

Regulatory
64%

Use of
technology
64%



Communication
21%

Tax/Legal
14%

***Do you offshore / near
shore Compliance
activities***



YES

36%

NO

64%

06

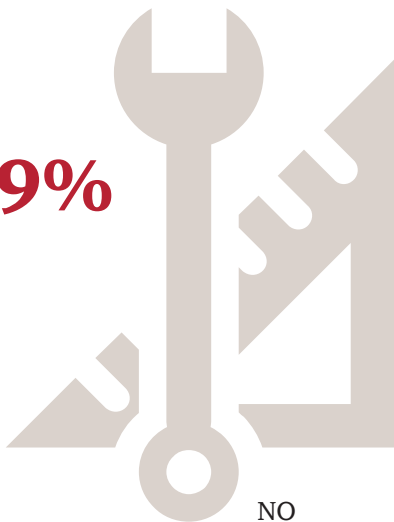


07

***Do you consider that
additional tools
should be deployed***

YES

79%



NO

21%






Hot topics



01



***What are the main
compliance risks
in your organization***

*Current main
compliance
risks*

KYC	70%
Consumer protection	60%
AML & CFT	60%
Future changes in regulation	40%
Inconsistent implementation of regulation across business lines and geographies	20%
Conflicts of interest	20%
Customer litigation	10%
Banking secrecy & data privacy	10%
Internal organizational issues	10%



02



***What do you think
will be the key
compliance risks
in the future***
(next 2 years)

*Compliance
risks
in 2 years*

Consumer protection	80%
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KYC	60%
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AML & CFT	60%
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Banking secrecy & data privacy	30%
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Customer litigation	20%
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Conflicts of interest	20%
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Future changes in regulation	10%
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Inconsistent implementation of regulation across business lines and geographies	10%
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Internal organizational issues	0%
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