

BENEFITS OF CENTRALIZING COMPLIANCE SYSTEMS

Relying on disparate systems and tools can actually create an additional level of risk within the firm.

In many financial services firms, the compliance department's tasks and records are spread across disparate systems. This can happen for any number of reasons, but it is often an unfortunate side effect of rapid growth or of mergers and acquisitions activity.

Firms must manage compliance for several different employee-related compliance activities. Compliance personnel may rely on one system for trade pre-clearance and code of ethics reporting, a separate system for Gifts and Entertainment review, a third tool (or manual process) for obtaining acknowledgements and certifications, a spreadsheet or database for tracking compliance issues and events, etc.

Whatever the reason, using multiple systems can cause problems and create inefficiencies for staff. What's more, relying on disparate systems and tools can actually create an additional level of risk within the firm.

A CENTRALIZED SYSTEM CAN ELIMINATE THESE PROBLEMS

When financial services firms switch to a centralized compliance system to house and track data, workflows and events, the benefits are numerous.

First, efficiencies will be realized at every level of the firm. While the primary users in the compliance department will enjoy the most direct benefits, end users and IT workers alike will appreciate only having to use one system for compliance reporting activities.

POTENTIAL ISSUES THAT ARISE WHEN FIRMS USE SEVERAL SYSTEMS AND DATABASES

- » Staff needs to be given access to, and needs to be trained to use, multiple systems and tools.
- » Someone needs to manage permissions and login credentials for the myriad of systems in use.
- » IT may not have the capacity to support legacy systems, which can cause data integrity issues and reliability concerns.
- » There may be just one or two people within the firm who really know how a legacy system works. If those individuals are out of the office or terminate employment, the knowledge gap can be large.
- » Separate systems may not integrate well, which make running reports and reviewing data cumbersome and prone to errors.
- » Different systems may mean some information is stored locally while other information is stored in the cloud. This can make data security and privacy efforts more cumbersome.
- » Spotting patterns of potential problems or risky behaviors is a difficult, if not impossible, task.

From a regulatory risk standpoint, using one, centralized system can help ensure data integrity and accuracy. When that system also includes the ability to automate workflows and reporting functions, compliance officers can be more confident that nothing is slipping through the cracks, and will be in a position to identify potentially problematic or risky behavior easily and quickly. When that centralized system also includes a clear audit trail, firms can be prepared for the regulators, whenever they come knocking.

Firms relying on multiple systems will eventually reach a point where it becomes too cumbersome to do so. Switching to one centralized system can help ensure the compliance department's oversight activities are scalable and ready to continue growing with the firm, while providing that much-needed holistic view of all employee-related compliance activities.

A CENTRALIZED COMPLIANCE SYSTEM OFFERS

- » A Holistic View of All Employee-Related Compliance Activities
- » Improved Data Integrity & Accuracy
- » Ability to Quickly & Easily Identify Potential Risks
- » Greater Efficiencies
- » Scalability

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