MYRON PARTNERSHIP

Case Study

Sector: Finance
Assignment: Foster and Instil Behaviour Change in Regulatory Risk Environment.
Period: 2011-2012

Background:
Driven by Worldwide regulatory change in the Financial Services Sector a Global Bank was undertaking significant strengthening of its Corporate Bank Risk by addressing Anti Money Laundering, Sanctions and Terrorist Finance (AML/STF) regulation and policy. Working with the Bank's change programme team and their advisors KPMG, the assignment was to ensure that the Bank became regulatory complaint within Regulator agreed timescales

Assignment:
  ➢ To identify, analyse and understand the gaps in current front line customer relationship risk management that left the Bank open to regulatory censure, fines and or reputational damage
  ➢ To establish the changes required in front line staff behaviours to increase the quality of their risk management activities
  ➢ To utilise a series of methods to establish long-term remediation of these issues
  ➢ To achieve buy-in from all levels - Executive Management through to front line staff - on the need for change to happen and how that would be implemented
  ➢ To facilitate and implement changes to the way risk was perceived, managed and monitored throughout the three business areas managed under the umbrella of the Corporate Banking Division

Methodologies:
  • Initial and continuous desktop analysis over the five months of the assignment of management information relating to gaps and risk based issues
  • Establish a strong working relationship with a group of senior secondees from the front line staff cadre to challenge findings and established working practices, process and procedures
  • Develop and facilitate workshops to agree key areas of remediation activity, establish how to strengthen risk, compliance and assurance management, propose and test suggested outcomes
  • Establish and utilise feedback loops to add detail to the high level criteria established through the workshops to finalise outputs to foster and instil appropriate change
  • "Walk through" these ideas to the business leadership, senior management, key governance areas, line management and the front line to achieve buy-in, adoption and implementation

Outcomes:
Over a period of five and a half months the key risk elements were identified and mitigated in line with regulatory standards and newly established bank policies
A total of 13 areas were identified for remediation, split into three key areas:

1. Managing Risk in the Front Line: Covering Key Risk Indicators and Assurance levels, Risk reports for Managers, Risk weightings in areas of front line performance management including proposed amendments to scorecards, dashboards, objective setting and measurement and ultimately in how staff were to be rewarded. These activities then linking back into changes to process and procedures

2. Effective use of Management Information (MI): Gathering real MI from existing quarterly performance reviews already undertaken in the front line. Identifying and sharing "war stories" - good and bad - across and between businesses to raise awareness of good and bad practice. Lack of MI was the real problem. Collating data upwards from the front line to a single central point allowed the Bank to start developing trend, topic and 'hot-spot' data

3. Tools: Use of the intranet, communications and MI to improve and maintain awareness for the front line including the development of 'single version of the [Risk] truth'. It was absolutely clear that the front line wanted and needed a single point of up to date information to support their client facing activities. The new site is currently is under discussion for development

The work is ongoing.