

Operationalizing Compliance in Financial Services and Insurance

Compliance driven processes: Business as usual. Rather than tackling each compliance requirement with an individual piece of software fit for a particular purpose, Appian provides organizations the opportunity to approach compliance in a more efficient and effective way. Whether the requirement is associated with finance or accounting rules, industry or government regulations, power users can configure Appian to accommodate the process. Also, whether the regulation is set in stone or subject to change, designated users have the ability to make changes to the business rules on Appian to make timely updates and ensure compliance.

Take the Foreign Account Tax Compliance Act (FACTA) for example. There are point-solutions designed for the way rules and procedures are written today. Consider the strategy when foreign entities require US entities to reciprocate. Will there be a new version of the software or will you need to acquire a different product?

With Appian, you can simply include the FACTA indicia as part of customer onboarding for looking forward. If the regulations change, update the automated decision-making process by asking for additional information at the time of onboarding. For historical records and looking back, use Appian to create an FACTA [exception] case automatically for review.

This approach of making compliance requirements part of the operational process holds true for Know Your Customer (KYC) rules and procedures as well. Simply make the required data points and documents part of the customer onboarding process. Update the data points and documents whenever there is a regulatory change.

Appian can also automate sanctions screenings within the onboarding process or during the payment process, depending on the relationship with the payee. Automated identification of potential violations at the time of business process execution enables the company to handle exceptions proactively. Proactive work will reduce or eliminate rework associated with unwinding a transaction after the fact.

While these examples seem somewhat obvious, the same approach to operationalizing compliance applies to other accounting rules and procedures. Consider FIN 48, for example, which requires businesses to analyze and disclose income tax risk. The rule calls for a two-step analysis: recognition and measurement. In reality, the full process is much larger and is fragmented. A global organization might have twelve different countries taking

tax positions that are less than certain. In order to get the books closed, global organizations need insight into each country's position(s) for proper reporting and provisions to cover the position.

In order for global headquarters to gain requisite insight on adequacy of a position, they need to collect and then comb through spreadsheets, emails, word documents, and the like. When balancing the need to get books closed with the time required to build clarity against a fractured audit trail, any company is somewhat vulnerable to compromised outcomes. By leveraging Appian to automate the FIN 48 compliance process, each position taken could be initiated as a case.

Appian can route cases automatically to requisite approvers, allow users to assign tasks on an ad hoc basis or as part of a structured process with automatically enforced due dates. Users can also attach documents as required, comment, and collaborate on the case, instead of multiple emails. Wherever the users are in the world, those at global headquarters have real time visibility and auditability on the activities. Executives and managers in global headquarters can make informed business decisions sooner, expediting the close process and reconciling many tax positions.

Consider the process of collateral and content management across a global company with many individual business units and separate Profit and Loss departments. Spreadsheets and emails do not provide the timely information to users or visibility across all business units and assets to optimize liquidity and ensure adequacy. The processes associated with the management of collateral could be standardized and used across all individual business units in order for headquarters to have real time visibility into transactions, encumbrances and the like. Moving proactive collateral management into day-to-day operations from the back-office helps with both compliance and financial health.

There are a wide range and growing number of rules and procedures that are in constant motion. Ensuring compliance with each of these requirements on an individual basis or as a one-off requirement becomes somewhat complex and unmanageable. Whereas, leveraging the assets in place and simply extending them with Appian to meet the new or changing regulations provides for faster and more economical approach to meeting ever-changing rules and procedures.

The value of leveraging and extending current processes with Appian goes beyond the financial value proposition. Spreadsheets riddled with version control, transparency and timeliness of data concerns dissipate. Risks of different people interpreting and executing against the requirement in a different manner dissipate. Teams of auditors evaluating the appropriateness of actions after the fact change their focus and approach.

Real-time and guided execution becomes the operational standard. Visibility into fraud and exception handling is at your fingertips. Operationalizing compliance through an automated process that accounts for the rule or procedure as a step along the way will make compliance part of the business not an after the fact audit activity.

Appian

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on-premises or in the cloud. The world's most innovative financial services institutions use Appian to revolutionize their customer experiences, transform their business operations, and master global risk and compliance.

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