

LEVERAGING DATA AND ANALYTICS FOR COMPLIANCE

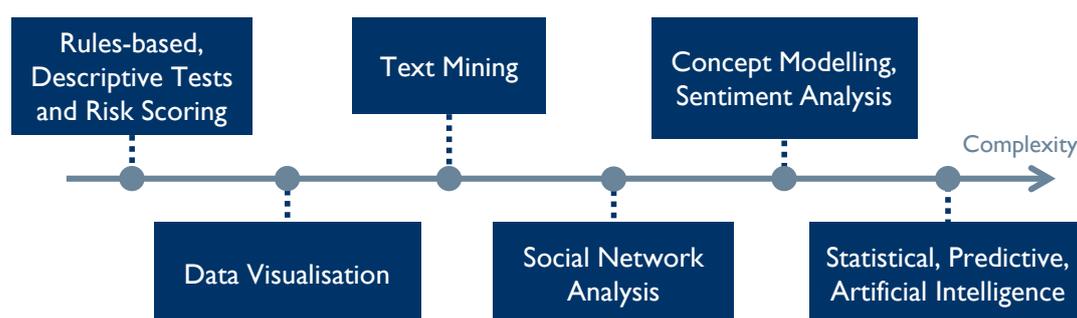
The number of data sources and volume of data available in the world continues to grow exponentially, presenting great opportunities for forward-looking compliance teams to leverage this data through the appropriate analytics techniques, to build a robust monitoring capability and enhance their policies and procedures tailored to their organisations.

In building and maintaining a robust compliance programme, compliance professionals are well versed with the continual process of ensuring that the compliance programme reflects the business model and the associated risk, as well as the regulatory obligations. When gaps and/or risks are identified, the next step is determining the most appropriate data that can be effectively measured and used to monitor these areas. This is where forward-looking compliance teams have the opportunity to think outside the box.

Compliance monitoring and investigations today should no longer be limited to single or traditional data sources when there is a vast landscape of data – internal and external, structured and unstructured – available to enrich our work. In recent years, regulators have invested heavily to employ data analytics tools that leverage different data sources and to mine this data for fraud and misconduct; their expectation is for organisations to do the same in their compliance efforts. With the right resources, these data can be custom integrated to deliver greater insight and assurance to an organisation for compliance and larger interests too.

The vast landscape of data presents many challenges that are complex and must be tackled gradually, but the right expertise can guide your organisation along a data analytics journey towards optimum business value. The ideal end state for many is one in which sophisticated techniques such as predictive analytics and artificial intelligence can flag and prevent non-compliant activity or behaviour well ahead of time. It is essential to first consider the data available and your team’s existing analytics capability, to begin laying the foundation with small steps. Choose straight forward datasets, e.g. accounts payable or time & expense records, and apply simple analytic techniques like rules-based testing to start. As the team’s understanding of the data and processes matures, you can build towards more complex techniques, including risk-scoring, data visualization and text mining. With each step, you work towards greater levels of automation, higher detection rates and fewer false positives.

THE DATA ANALYTICS JOURNEY AND TECHNIQUES



DATA VISUALISATION IS A KEY TOOL TO DEVELOP WHEN TACKLING INCREASINGLY LARGER VOLUMES OF DATA

With large volumes of data, we must move past manipulating spreadsheets and simple databases. Data visualization makes it much easier to identify anomalies, outliers and trends in compliance monitoring and investigations.

Interactive dashboards can be created to show high level trends as well as click through to the details of your findings. To make best use of these tools for your organisation, dashboards should be created for different audiences, ranging from high level dashboards that allow the C-suite to measure performance against strategy, to more targeted dashboards that enable compliance officers or middle management to monitor and investigate regular testing.

In addition to the increasing technical complexity along this journey, experience in managing data is also necessary in determining which techniques are suitable for different types of data. Rules-based testing, while relatively simple, is not always the right approach for a given dataset. For example, when testing for anti-money laundering or counter terrorist financing, organisations often need to understand an entity or individual's relationships be they professional or personal. Combining information from business directories and social media enables application of techniques like social network analysis to identify relationships that are not always apparent or reported.

OPTIMIZING YOUR DATA ANALYTICS SYSTEM WILL BE A LONG-TERM ITERATIVE PROCESS, BUT DOES NOT HAVE TO BE A DAUNTING TASK

Data analytics does not have to be a daunting task. Given the range of data, tools and techniques available, the key to success in leveraging data analytics for compliance monitoring is to plan ahead and build the necessary elements into your process continually – not on an ad hoc basis as is often the case. In compliance work, each project is never taken in isolation. Outcomes and findings always feed back into building and refining more robust monitoring systems, and the data analytics component of this work is the same. Taking a piecemeal approach to developing databases and techniques would be a missed opportunity to grow the organisation's capabilities and reward.

If working on an ad hoc basis, finding and preparing the data can take up to 70% of your time or more on a given project while only 30% or less is dedicated to the actual assessment or investigative work. When databases are maintained properly and processes become more automated, the time needed for preparation will decrease significantly, thus allowing compliance officers more time to focus on core compliance issues. For instance, creating dashboards for different audiences can be a constant work in progress, incorporating feedback from the people who use it so as to refine and improve the usefulness of the data visualizations. However, if it is properly set up, the amount of time needed for data preparation and implementing changes will decrease and decision-makers will have the information they need at their fingertips.

USE THE DATA ANALYTICS JOURNEY TO OBTAIN WIDER ORGANISATIONAL BUY-IN, BEYOND THE COMPLIANCE TEAM

The added advantage of moving incrementally along this journey is that it provides compliance teams time to obtain more buy-in from the rest of the organisation along the way. A given dataset can be interrogated and viewed from different lenses to benefit other areas of an organisation. For instance, having a better understanding of transaction flows can ensure transparency while also providing insight for finance teams to make cost reductions. This big picture approach is especially useful in organisations where compliance teams have budget or human resource constraints to establishing a dedicated analytics function. Articulate to your colleagues and senior management that making the effort to connect dots between the various datasets available to the organisation can bring operational efficiencies, amongst other benefits. Establishing a sophisticated data analytics capability need not be the task of the compliance team alone.

ENGAGE EXPERIENCED PROFESSIONALS WHO WILL WORK WITH YOU TO DESIGN, BUILD AND IMPLEMENT COMPLIANCE ANALYTICS CAPABILITY THAT IS SUITED TO YOUR OBJECTIVES AND RESOURCES

As a global market leader in supporting clients with international regulatory compliance obligations, internal and external investigations, FRA fully understands the advantages that data and analytics can bring to compliance monitoring and investigations. Data management and information technology lie at the core of our foundation, and our data analytics team uses a full range of data, techniques and technologies to support FRA compliance and investigation projects. We offer first-hand advice to clients on the best use of data visualization and dashboards because we know the approaches that have made our own work more efficient.

We are engaged by client companies – as well as in-house and external counsel – at all stages of their data analytics journey to help them take their capabilities forward. The seamless integration of our data analytics team with FRA's forensic accounting, eDiscovery consulting and compliance assessment services allows us to tap on comprehensive experience in identifying the appropriate datasets for specific risk areas. More importantly, we can connect disparate datasets from varied sources to deliver insights at speed to drive business critical decisions. There is no, and should not be, a "one size fits all" solution. FRA's strength lies in dynamic collaboration with clients to build towards robust and customized data analytics capabilities that fit their needs.