

AI-Driven RegTech for Regulatory Change Management

Why is regulatory change management so complex?

Since the financial markets collapse of 2008, the financial services sector has been engulfed in new rules and regulations. Compliance teams must track regulatory data, and assess the impact of every regulatory requirement, to avoid breaches and punitive enforcement fines.

With 45 new regulatory documents to deal with every week, and more than 53,000 regulatory updates issued every year, traditional approaches to monitoring regulatory intelligence and managing regulatory change are putting your business at risk.

Which aspects are most challenging?

- **Huge and growing compliance teams.** In response to rapidly increasing volumes and complexity of regulation, financial institutions have added headcount and manual processes to manage regulatory change. Reports of ten-fold increases in compliance staff are commonplace, and in some firms 10-15% of staff are dedicated to compliance. One global bank spends 75.6 million man-hours on compliance alone, every year.
- **Escalating internal and outsourcing costs.** A Bank Director poll indicated that compliance costs have risen by 75% since 2012; in 2017 Boston Consulting Group found that the compliance spend of many large banks had topped one-million dollars. Universally, up to 20% of operating costs are now spent on compliance, which senior executives can no longer ignore.
- **Ever-present threat of enforcement fines.** With fines for regulatory breaches fast-approaching \$400 billion, the compliance stakes have never been higher. And with regulations like GDPR setting penalties of €20 million or 4% of global annual turnover, the financial and reputational risks of non-compliance are painfully real.

Manual approaches to regulatory change management are inadequate, ineffective and driving unsustainable costs. The only way to achieve accuracy and speed, cost-effectively, is by leveraging modern-day Regulatory Technology (RegTech).



Solving the regulatory change management puzzle, with CUBE

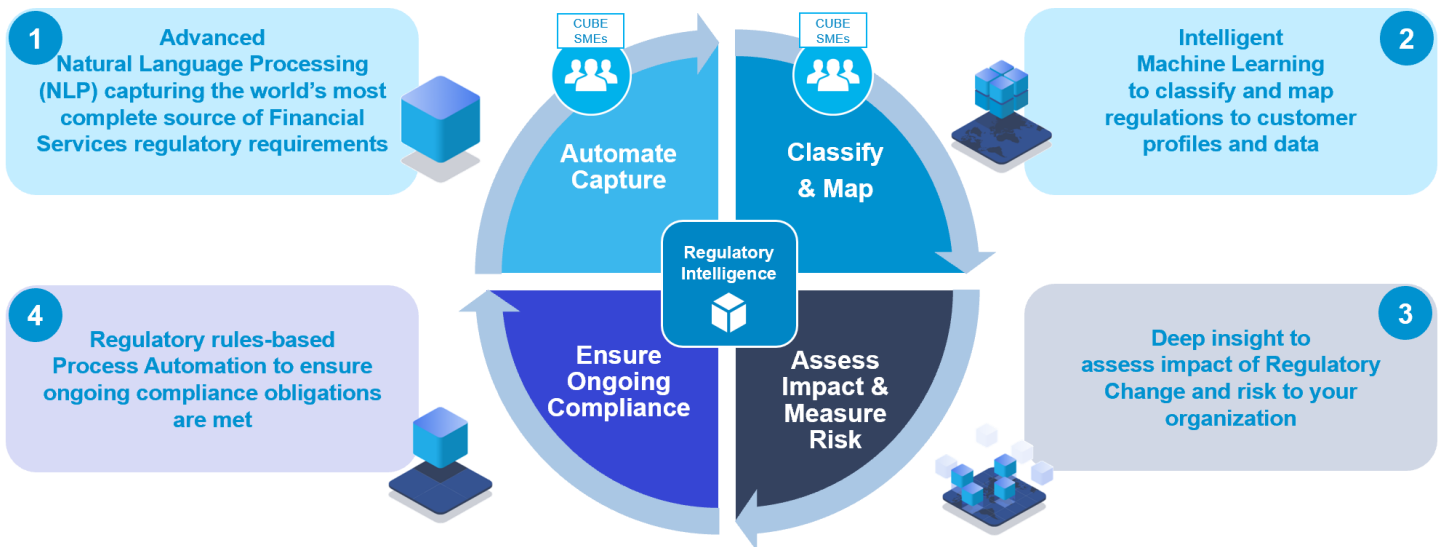
CUBE is an enterprise-scale regulatory intelligence platform that equips compliance teams to manage regulatory change accurately and cost-effectively, in real time and at scale, across jurisdictional borders.

Leveraging Artificial Intelligence (AI), CUBE injects exceptional automation into the regulatory change management process.

CUBE's unique RegTech offering

- › The world's richest single source of global financial services regulatory requirements
- › Intelligent, automated mapping of all regulations to your business, identifying those that are relevant
- › Real-time alerts notify you of regulatory change that impacts your business, as it happens
- › Rapid assessment of the impact of regulatory change on your business, at granular level (e.g. which policies, controls, procedures are affected).
- › Monitoring and understanding of your compliance status, across all global entities, as changes occur
- › Easily adapts to the complexity of your organization, spanning all lines-of-business and jurisdictions
- › Designed and built by regulatory experts

CUBE's 4-step approach to managing regulatory change



1 Regulatory radar – automate capture

- Access the world's single richest source of global regulatory intelligence (regulations, rules, enforcements, trend data) from regulators, governments and agencies.
- CUBE captures the complete set of regulations that apply to financial services business operations, e.g. regulatory reporting, consumer protection, trade and transactions, and data privacy.
- CUBE automates the capture of all global regulatory data, continuously; 180 jurisdictions and 60 languages.

Vast time and cost savings result from the elimination of high-paid human resources and manual processes from this extensive routine task. Searches are complete and accurate, with no reliance on ad hoc announcements.

2 Regulatory mapper – classify and map

- Know which regulations are relevant to your business, across all jurisdictions. CUBE's NLP 'machine reads', meta-tags and sorts regulatory data into business taxonomies, enabling you to filter and search data by jurisdiction, specific regulation or regulatory theme (e.g. AML).
- Knowing when regulations change is one thing. Having the regulatory intelligence and analytical capabilities to understand the impact of regulatory change on your business is a very different matter. CUBE maps global regulatory data onto individual policies, procedures, and controls, to pinpoint compliance risk and facilitate resolution.
- Regulatory changes are automatically mapped across your business, and you are alerted to any individual policy, procedures and controls that are impacted. CUBE seamlessly integrates with your existing systems and processes via Open API Connectors.

Pre-automation	With CUBE
Manually monitoring regulator websites, newsletters, emails	A single, golden source of global regulatory intelligence, continuously and automatically updated
Extremely high manual effort required to locate regulations from different jurisdictions	Capture of all global regulatory data, continuously; 180 jurisdictions, 60 languages, 1000+ regulators

Pre-automation	With CUBE
Continuous sifting through huge volumes of data, and manually assessing which regulations are relevant to your business	Regulatory data is sorted into best practice taxonomies and mapped to your own business taxonomies. You only see data relevant to you
Incomplete view of all regulations relating to each jurisdiction or regulatory theme (e.g. AML or data privacy)	Filter regulatory intelligence by category or topic for accurate insights

CUBE leverages Artificial Intelligence (AI), Natural Language Processing (NLP) and Machine Learning (ML) to automate the regulatory change management process, replacing decades-old manual processes that are unable to monitor regulatory change and identify regulatory compliance gaps quickly, accurately and cost-efficiently.

3 Regulatory change manager – assess impact and measure risk

- Automated alerts notify you when regulatory changes create compliance gaps in your business, as soon as they appear.
- Gain deep insight, enabling you to assess the impact of regulatory change on your business, pinpoint areas of compliance risk, and trigger downstream compliance processes.
- Understand the regulatory implications of entering new markets, in an instant, thereby reducing time to market

De-risk your business by minimizing the likelihood of compliance breaches and enforcement fines. Costly regulatory experts are freed from routine data capture work to spend more time remediating the effects of regulatory change and monitoring execution practices throughout your organization.

Pre-automation	With CUBE
Daily manual monitoring of regulatory change	Receive automated alerts of all relevant changes
Waste the time of high-cost regulatory experts who manually identify the relevance of each regulation, and conduct lengthy manual impact assessments when regulatory change occurs	Automatically pinpoint exactly which policies are linked to each regulation, freeing intelligent human resources to focus on remediation and execution

4 Compliance process manager – ensure ongoing compliance

- Monitor your compliance status and meet ongoing compliance obligations. When regulatory change occurs, CUBE’s rules-based Robotic Process Automation (RPA) tracks documented changes, and maintains a full audit trail of approvals and decision rationale, to offer as evidence to Regulators when investigations arise.
- Real-time alerts notify you when an enforcement fine is issued for breach of a regulation that is relevant to your business. CUBE highlights any policies, procedures or controls that are putting your business at risk of a similar penalty.
- Heat maps and analytics viewed via graphical dashboards are continuously updated to provide a holistic view of your compliance status. You can also access CUBE’s 24/7 Regulatory Knowledge Base and “Ask the Expert” service.

Pre-automation	With CUBE
Risk missing ongoing regulatory changes that could result in breaches and enforcement fines	Be alerted when regulatory changes increase compliance risk; know exactly which policies are impacted
Time to market is slow when entering new markets or launching new products	Assess in an instant the regulatory implications of diversification. Know which new regulations would apply and how to remediate policy to comply.

Case Study

- CUBE customer since 2013
- Global bank
- HQ London, UK
- €1532bn assets under management
- 57 jurisdictions

Business Drivers

- › **Phase one:** ensure compliance for Information Assets (records and data)
- › **Phase two:** automate compliance and controls mapping across Technology Risk and Cyber regulation
- › **Phase three:** automate compliance in other areas e.g. Conduct and Operational Risk

Achievements

- › CUBE is live globally; 57 countries scanning regulatory requirements relevant to the business
- › Producing compliant policy for Information Assets (records and data)
- › Extracting regulatory rules (controls) to apply to Inventories of systems and data
- › Identifying regulatory requirements to support Technology Risk and Cyber regulation

Next Steps

- › Roll out CUBE to support compliance automation for areas including Conduct and Operational Risk

Results

- › CUBE has dramatically reduced internal and external costs, and significantly reduced overall risk exposure
- › CUBE has become a strategic technology platform globally for the bank

**Book a demo to find out how
CUBE will work for you
connect@cube.global**

Typical CUBE use cases



AI-driven automation of regulatory change

Fully-automated, real time scraping and collection of regulatory content by spiders into a single feed.

Technology: Web-crawling

Regulatory intelligence from a multitude of sources is tagged automatically at document, section, paragraph and sentence level, utilizing a single unified schema that enables highly-granular filtering and contextual analysis.

Technology: AI, NLP

Captured data resides in an immense big data lake, which is updated continuously, in real time.

Technology: NoSQL, Graph, other next generation database tech

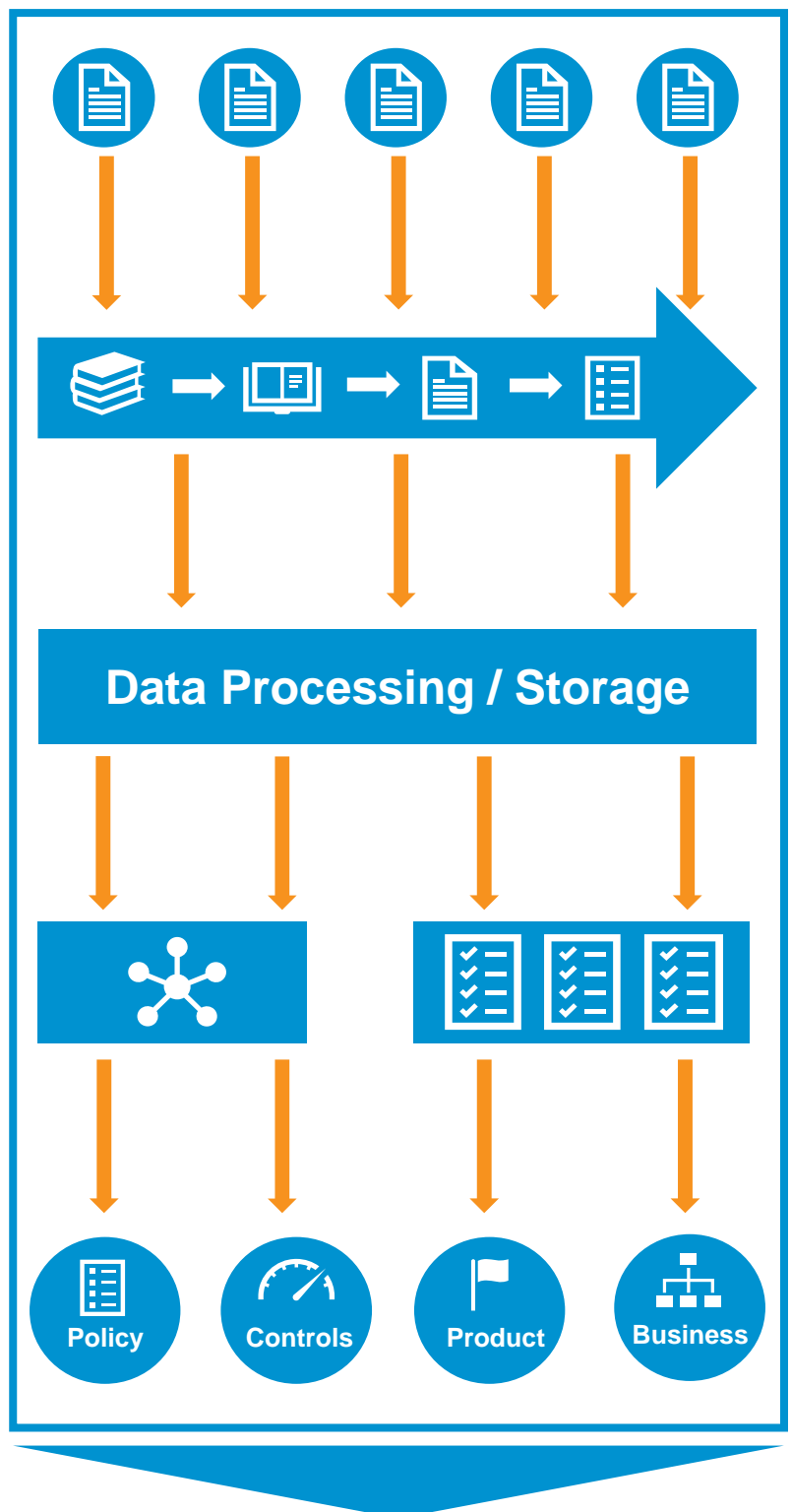
Centralized best practice taxonomies and ontologies enable regulatory intelligence to be mapped against your own business taxonomy, lines-of-business and jurisdictions, to evaluate compliance status.

Technology: AI, NLP

Continuous monitoring, mapping and automated impact assessments trigger alerts when regulatory change creates compliance risk. All affected policy, controls and procedures are identified.

Technology: AI, NLP, ML, RPA

Regulatory specialists can focus on the high-value, pro-active tasks of implementing regulatory change and monitoring execution, rather than the laborious task of monitoring and mapping regulation.



Compliance and Operations Teams



About CUBE

CUBE is globally recognized as the market leader in financial services regulatory intelligence and regulatory change management.

- Founded 2011
- Offices in New York, London, Paris, Melbourne
- Early pioneers in Regulatory Technology (RegTech), specialized in regulatory change management
- Serving financial services institutions with cross-border operations (international and domestic multi-state USA)
- 2 million users are consuming regulatory intelligence, powered by CUBE
- 180 jurisdictions
- 60 languages
- 24/7 follow-the-sun support

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