

Client	The client is one of the leading independent private banking groups in Europe. It offers private asset management, succession planning, and family offices.
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Project Name	Regulatory Risk Gap Analysis
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Project Start Date	October 2008	Project End Date	February 2009
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Industry	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input checked="" type="checkbox"/> Private banking	<input checked="" type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input type="checkbox"/> Corporate

Category of Service	<input type="checkbox"/> Performance measurement and monitoring	<input checked="" type="checkbox"/> Regulatory compliance and reporting
	<input type="checkbox"/> Portfolio risk management	<input type="checkbox"/> Business process improvement
	<input type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

The Challenge	<p>avantage was asked to help with structuring and executing the Bank’s assessment of compliance of the Bank’s sales processes with its regulatory responsibilities. This work stream formed part of a much wider regulatory and risk initiative covering the Bank’s services in all jurisdictions where the Bank has a significant presence.</p> <p>The scope included covering private banking service including private asset management, succession planning, family offices, and corporate investment vehicles.</p> <p>The Bank asked advantage to assess whether existing processes effectively and efficiently mitigated the risk of non-compliance with the requirements regarding (i) the fair treatment of customers, (ii) adequate communication to customers, (iii) the management of conflicts of interest, and (iv) suitability.</p> <p>With our extensive experience in helping private banks (both privately-held firms and business units and subsidiaries of international banking groups) in the UK, throughout Benelux, France, Germany and Switzerland, advantage was approached by the Bank’s Chief Financial Officer and Chief Risk Officer to help plan, implement and document the assessment process.</p>
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Approach and Solution	<p>Four advantage consultants worked on site with the client’s Compliance, Finance, Legal, and Risk teams. They gathered information on the Bank’s existing processes by document review and through more than 30 interviews with Bank staff in the relevant departments, both at head office and in significant subsidiaries.</p> <p>Making use of advantage’s proprietary IRPM tool, the consultants reviewed and benchmarked the Bank’s processes against regulatory requirements and industry practices. They considered both the sophistication of the Bank’s processes as well as</p>
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	<p>the degree to which these processes were adhered to and embedded in the business (primarily through interviews, walkthroughs, review of internal audit reports, review of operational risk incident databases, etc.).</p> <p>The first output from avantage was a gap analysis and diagnostic, including peer comparison, coupled with detailed practical recommendations ranked according to the amount of effort required for implementation. The situation of the subsidiaries/branches, combining dependencies on the parent company for policies, methodologies and processes, with the equally important local accountability of the subsidiary's management, was properly and proportionately taken into account. The recommendations were presented to the Chief Financial Officer and the Chief Risk Officer.</p>
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Results and Benefits	<p>The Bank leveraged the results of the gap analysis and the recommendations to amend its policies, processes and procedures to ensure alignment with new regulatory requirements, including MiFID requirements.</p> <p>The gap analysis highlighted gaps in the implementation of existing policies and procedures, resulting in a decision to strengthen in-house training programmes and demand that all private bankers attend the training and demonstrate satisfactory completion of the curriculum.</p>
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Software used	IRPM [®]
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