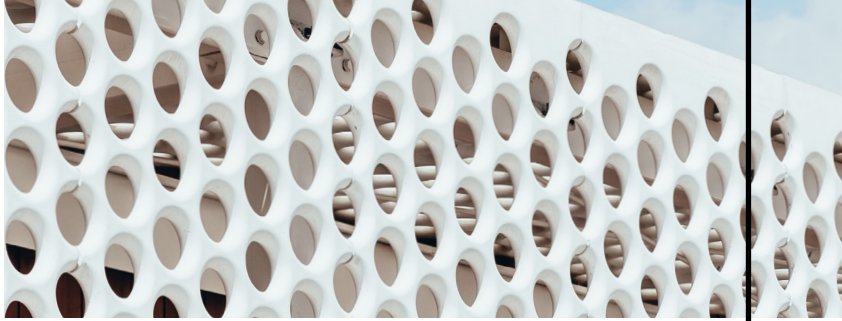


# NAVIGATING THE STORM OF ACCOUNT OPENING SCRUTINY

A Capco Perspective



# CAPCO

**In the wake of a recent unauthorized account opening scandal at a leading financial institution, regulators are carefully reviewing bank policies, strategies, and incentive programs; Capco is actively supporting bank efforts to 1) Expedite responses of data requests from regulators and 2) Remediate high-risk activities in anticipation of findings.**

## **WHAT ARE THE FORCES THAT ARE SHAPING THE FINANCIAL SERVICES INDUSTRY TODAY?**

Financial institutions are facing increasing demand from customers to seamlessly and effortlessly meet their financial needs while also providing increasing levels of confidence, privacy, and security.

The Banking industry has been impacted by one bank's claim of unawareness related to elevated branch sales targets that resulted in accounts being opened without customer authorization, thereby diminishing customer confidence.

Banks must now provide evidence of governance frameworks that effectively control the risks associated with sales practices and incentive compensation programs.

Many banks are undergoing a phased regulatory review process that will result in required changes to existing structures and processes.

## **HOW HAS THE INDUSTRY RESPONDED?**

Financial institutions are responding to regulator requests during the data gathering phase, typically with a quick turnaround time (Capco is seeing requests with a 48 hour window for response time).

Due to the numerous and recurring requests, many banks have struggled to plan ahead for expected, or previous, citations that coincide with the regulator's reviews.

## **CAN BANKS PLAN AHEAD FOR POTENTIAL ACCOUNT OPENING CITATIONS?**

No matter where a bank is in the review process it has the opportunity to take control over remediation planning, activities, and timelines.

By understanding regulator intent, recognizing industry trends, and performing relevant internal reviews and analysis, it is possible for banks to anticipate the regulatory findings ahead of schedule.

The result is an ability to provide confidence to regulators and customers that the bank is not taking advantage of clients.

## WHY CAPCO?

Capco is a global leader in the financial services industry, providing financial institutions with the expertise and familiarity with industry leading business strategies, capabilities, and solutions. Capco has a unique combination of individuals that are industry professionals with extensive knowledge and experience within the financial services industry.

With a proven track record in Risk and Regulation, Capco has experience in the end-to-end strategy/implementation process: Capco has led major cross-functional review activities, providing complete support across identification, documentation, recommendation, and readiness efforts.

Capco has a unique stance within the account opening control space, with an ability to provide our clients with a proprietary and proven methodology, inclusive of methodical frameworks designed to accelerate project delivery and benefits realization.

## RECENT AND RELEVANT EXPERIENCE LEADING CREDIT CARD ISSUER

### SITUATION

- The Institution received a request from the OCC, FDIC, and others to provide information and data related to systemic issues, incentive strategies, and governance frameworks across the account opening sales lifecycle
- Capco was engaged to lead the responses to regulator requests and to also plan for subsequent phases of the examination
- In addition, Capco recommended a proactive approach to the regulator request through a parallel internal review, providing remediation efforts resulting from the review

### APPROACH

Capco resources have provided a structured approach to the series of regulatory requests:

#### Planning and Data Gathering

- Identified stakeholders and defined roles and responsibilities for each
- Gathered documentation that was requested by regulators
- Created an inventory of requested data

#### Investigation and Analysis

- Interviewed stakeholders to understand roles and responsibilities; analyzed responses
- Conducted risk assessments and gap analysis

#### Recommendation Development

- Proposed solutions from regulator requests across culture, processes, technology, etc.
- Prioritized initiatives and implemented enhancements throughout the organization

### KEY BENEFITS

- Completed responses to regulator requests
- Provided recommendations to address gaps in processes and documentation
- A proactive approach allowed for planning to initiate at the Bank, prior to a formal request from regulators; therefore, the financial institution had additional control over the implementation timeline

## ACCOUNT OPENING CONTROLS APPROACH

Capco's proven methodology has been used to create structure and validity around clients' needs to validate their account opening process, while also protecting banks' customers from instances of unauthorized account opening activity:

### CAPCO'S HIGH LEVEL APPROACH



Inventory Requested  
Documentation



Hypothesize  
Regulatory Intent



Interview  
Stakeholders



Analyze Documentation  
& Interview Results



Define Risk Areas  
for Further Analysis



Deep Dive  
High-Risk Areas



Conduct  
Gap Analysis



Develop Recommendations  
& Roadmap

Capco has experience helping clients manage regulations related to account opening controls that balances addressing compliance requests with the creation of a modern and engaging client/user experience.



**CAPCO.COM**

## **MORE INFO**

**Lane Martin**

NA Capco Partner  
+1 404 309 3193  
lane.martin@capco.com

**April Wood**

NA Capco Principal Consultant  
+1 404 388 8121  
april.wood@capco.com

## **ABOUT CAPCO**

Capco, an FIS™ company, is a global management consultancy with a focus in financial services including banking and payments, capital markets, and wealth and asset management, plus a dedicated energy division. We combine innovative thinking with unrivalled industry knowledge to deliver business consulting, digital, technology and transformational services. Our collaborative and efficient approach helps clients reduce costs, manage risk and regulatory change while increasing revenues.

**To learn more, visit our web site at [www.capco.com](http://www.capco.com) or follow us on Twitter @Capco**

## **WORLDWIDE OFFICES**

Bangalore - Bratislava - Brussels - Chicago - Dallas - Dusseldorf - Edinburgh - Frankfurt - Geneva - Hong Kong - Houston - Kuala Lumpur - London - New York - Orlando - Paris - Singapore - Toronto - Vienna - Washington,DC - Zurich