



Consulting for the Financial Industry

# CASE STUDY

Talent. Teamwork. Trust.



## VMS Team Helps Financial Firm Normalize Relationship with Regulators

### Compliance, Risk Management, and Audit Frameworks Satisfy Regulators

#### Customer Challenge

Do you think you can manage a huge regulatory exposure? That's what a Global financial services firm asked the VMS team. The company was faced with an Enforcement Action and needed a trusted partner who could speak the language of the regulators and act quickly to implement Compliance, Risk Management, and Internal Audit Frameworks that would meet with the approval of the regulators.

#### VMS Solution

Working hand-in-hand with company management, the VMS team assessed the capabilities of the existing Compliance, Risk, and Audit staff at the company, realigned positions to maximize expertise and performance, and provided additional highly skilled personnel to close any identified gaps. A senior VMS expert administered end-to-end oversight over the project, leveraging deep experience as a regulator to "speak the language," understand exactly what the regulators wanted, and translate those expectations into "business speak" that could be executed upon by the company. The VMS team partnered with the company's business units to enhance internal Compliance, Risk Management, and Audit controls. Improvements were documented and tracked meticulously, giving the regulators - and the company's Board - assurance that the firm was on solid footing, poised to manage the uncertainties (both challenges and opportunities) of doing business. Ultimately, the VMS team managed the relationship with regulators and guided the firm to successfully achieving and sustaining fully satisfactory cross-the-board composite regulatory ratings. The VMS team performed the following:

- Provided leadership and subject matter expertise to a team of 12 across North America, including 2 Chief Compliance Officers, 2 Chief Risk Officers, 2 Anti-Money Laundering (AML) Compliance Officers, 2 Privacy Officers, a Chief Information Security Officer and Deputy Chief Information Security Officer, a Business Continuity Manager, and a Director of Vendor Management.
- Enhanced the firm's Compliance and Risk Management education, focusing on AML, cybersecurity, fraud risk management, and other "hot-button" topics.

### Executive Summary

#### Challenge

- Manage a huge regulatory exposure
- Normalize relationship with regulators

#### VMS Solution

- Understand what the regulators required.
- Partner with the business to enhance frameworks.
- Document and track progress on improvements.

#### Results

- Assured Board of Directors and regulators that company had become stabilized.
- Achieved and sustained fully satisfactory regulatory ratings.
- Put the right controls in place, and avoided Enforcement Action and a costly Monitor.



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- Liaised with lines of business management, Internal Audit, and other internal/external parties to review issues and business areas.
- Identified and monitored trends in both regulatory and industry environments to assess their impact on the enterprise activities of the company.
- Established and revised Compliance, Risk Management, and Audit policies, procedures, and controls in response to changing regulations and financial industry trends.
- Proactively identified key risk areas for the organization and evaluated and quantified their potential impact; developed a risk assessment and measurement system that included common measure of likelihood, impact, and risk categories.
- Issued reports to the Board of Directors and the senior executive team setting forth findings and recommendations.
- Provided oversight and monitored Business Continuity and Disaster Recovery plans and infrastructure.

### Customer Benefits

**Cost savings.** VMS provided management oversight and guidance to Procurement on Vendor Management, Compliance, and Risk Management protocols. Achieved 23% savings in vendor spend.

**Saving Face with the Regulators.** Before they called on the VMS team for help, the company had a poor reputation with the regulators. VMS helped the company convey to the regulators that they were committed to integrity and compliance to remediate their issues. Working with the VMS team, the company put in place the right frameworks, in the way the regulators expected. At the end of the day, the improvements and enhancements convinced the regulators that an Enforcement Action (which would have included a very pricey Monitor to be on site at the company reviewing its Compliance, Risk Management, and Audit frameworks in real time) was not necessary. An Enforcement Action would have brought with it negative publicity, and the VMS team worked with the company to mitigate this risk.

### About VMS

Founded in 2002, VMS, LLC (Virtual Management Solutions) offers a specialized portfolio of advisory and consulting services worldwide. Through the addition of a Compliance Offering in 2018, we provide individualized strategies to help your financial services company achieve and maintain regulatory safety and soundness.

We are owned and operated by an executive team with a reputation for excellence and integrity in the financial services industry. Because of our exclusive focus on financial services and dedication to personal service, we are able to work with clients quickly and expertly to deliver technology requirements, business models, and management practices, as well as complete project management—from planning and methodology, to execution, staffing, documentation, quality assurance testing, and training.

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