



FINANCIAL SERVICES



# Regulation in Financial Services

*Expertise, services and solutions*

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The increasing demands of regulation and compliance pose a significant challenge to the Financial Services Industry. Regulatory initiatives such as MiFID II, IFRS9 and BCBS239 will increasingly require greater transparency, granularity, timeliness and automation of reporting.

Organisations across the sector are striving to meet increasing regulatory demands typically by increasing manpower. However meeting the challenge in a more cost effective way really requires a re-appraisal of the data and reporting platforms supporting regulatory reporting.

## Who we are

Sopra Steria is a true digital enabler, connecting large scale IT services with responsive delivery of business outcomes in Financial Services.

With over 40 years' experience across Financial Services, Sopra Steria has delivered landmark industry initiatives for the UK's leading banks, insurers, asset managers and industry regulators.

Sopra Steria supports major UK Financial Services institutions across a range of regulatory frameworks. Our expertise is in interpreting and implementing responsive solutions which comply with the complex European and domestic regulatory environment for clients. In order to assure the accuracy and completeness of reported data, for both established and challenger institutions, we consolidate data from multiple systems to create a single view of customers, portfolios, products and policies. In addition, we identify gaps in existing business intelligence systems and capabilities to support clients in the submission of accurate regulatory reports.

## Client challenges

Common regulatory issues and challenges can include the following:

- **Data quality improvement** - incomplete and inaccurate data results in error ridden reporting and analysis. Data quality issues present a major barrier to accuracy, auditability and traceability required for regulatory reporting in many organisations.
- **Transparency and granularity** - Regulators are demanding higher levels of transparency which is requiring increasing levels of granularity, as with IFRS9, which requires impairment calculations to be both forward facing and calculated at the account or near-account level .

## Why Sopra Steria

- More than 40 years' experience working in Financial Services across the UK's leading banks, insurance companies, asset managers and industry regulators
- Expertise in interpreting and implementing responsive solutions which comply with the complex European and domestic regulatory environment for clients, including both established and challenger institutions and assuring the accuracy and completeness of reported data
- Track record of delivering at scale and pace, combining reliability, agility and true digital innovation
- Experience and expertise in making the best use of existing systems, applications and processes, and applying this to both short and long term delivery programmes
- Consulting and systems integration heritage to seamlessly integrate new solutions with existing legacy technology
- Flexible delivery models including onsite, offsite, offshore and blended

## Areas of expertise

- Digital transformation
- Data and analytics
- Divestment and consolidation
- Cyber security
- Regulation
- Simplification and efficiency



- **Timely regulatory reporting** - BCBS239 introduces the principle of timeliness (albeit without specifying standards), but the time scales of regulatory reporting are shortening with increased emphasis on intra-day reporting, for example with liquidity, and this is increasing pressures on compliance teams.
- **Automation** - increasing levels of automation are being demanded by both regulators, (e.g. with BCBS239) to reduce the risk of manual errors, and shareholders, to reduce the costs of delivering regulatory reporting.
- **Remediation management** - financial companies must compensate customers if they have mis-sold them or charged them incorrectly.

## Our services and expertise

Sopra Steria is able to offer clients an end-to-end regulatory reporting solution incorporating data management and credit risk analytics with specialist software from our sister companies, Sopra Banking Software and Axway. By building on the combined capabilities delivered by Sopra Steria, we can also combine these components together to create an efficient managed regulatory reporting service.

Specifically we have expertise in the following areas:

- **Regulatory reporting** - supporting regulatory reporting submission requirements for a wide range of European regulations, (e.g. MiFID II, COREP, FINREP, etc.) via the implementation of the Sopra Banking Software Compliance software package.
- **Data management expertise** - managing the data provisioning process from source system through to submission tool, combining excellence in data analysis for regulatory purposes; modernising data architectures to bring them into the digital age; and efficient and effective governance to ensure data quality is maintained.
- **Credit risk analytics** - the creation of credit risk models to meet both Basel requirements for capital calculations and impairment predictions required by IFRS9.
- **Remediation solutions** - delivering data and end to end customer management solutions to enable automated and semi-automated redress and remediation processes.

## Our experience...

- Sopra Steria has designed the Regulatory Support Service for the **Financial Conduct Authority (FCA)**. It is a single digital market data processing platform with the ability to process many millions of transaction reports, references data files, and other report submissions per day. Validating, storing and sharing these trades daily with other regulators and ESMA will ensure that the market participants can meet the challenging requirements of the MiFID II regulation.
- Sopra Steria worked with a **leading UK Life & Pensions Provider** to redesign the Client's valuation data provisioning process, implementing a new process that removed reliance on end user computing applications and ensured that the Solvency II data quality and data lineage requirements were met.
- Sopra Steria was responsible for defining, delivering and supporting the end-to-end delivery of multiple COREP and FINREP submissions for **Retail Bank clients**.
- In addition to its COREP and FINREP experience, Sopra Steria has supported clients in a wide range of compliance reporting activities including other Basel reporting (for Pillar 3, BCBS239), IFRS9 initiatives, Firm Data Submission Framework, European Deposit Guarantee Scheme and Financial Services Compensation Scheme, reporting required following the Mortgage Market Review, complaints reporting and conduct risk monitoring
- For **one of the world's largest banks**, Sopra Steria created a centralised data set to support its global stress testing requirements
- To deliver its remit of protecting investors across the EU and fostering stable, well-functioning financial markets, the **European Securities and Markets Authority (ESMA)** has chosen Sopra Steria as its strategic IT partner.

## Sopra Steria

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