

7 Risk and Compliance Trends for Financial Institutions in 2018

Kevin Malicki, Director of Product Management, GRC - Harland Clarke

Moderated by Tsvetelina Gabin, Compliance Week's Assistant Director of Events

COMPLIANCE WEEK



Overview

Schedule and Instructions

2:00 p.m.	Introduction Tsvetelina Gabin – Compliance Week
2:05 p.m.	Presentation Kevin Malicki – Harland
2:50 p.m.	Q&A
3:00 p.m.	Closing

Introduction

The Series, Schedule and Instructions

Upcoming Webcasts

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Instructions

▼ Ask a Question

Use the “Ask a Question” function (left side of your screen)

All questions will be anonymous

▶ Event Resources

To download today’s presentation, click on “Event Resources” dropdown menu on the left-hand side of your screen

CPE

Please disable your pop-up blockers to access the automatic CPE exam presented at the webcast conclusion

Speakers



Kevin Malicki joined Harland Clarke in 2017 as Director of Product Management for Governance, Risk and Compliance (GRC). He brings 20 years of banking experience, including senior level positions at SunTrust Bank and Fidelity Southern Bank, driving risk management activities.

Kevin is a graduate of the State University of New York (SUNY) College at Buffalo and has a Six Sigma Green Belt certification.



Nick Fuston serves as the Subject Matter Expert for Harland Clarke in the areas of governance, risk and compliance. A University of Kansas graduate, Nick spent his early career driving sales and customer engagement for a leading cloud-based GRC software company.

In **2018**, we can expect
many new trends...

T R E N D

1

The Industry Is Still Changing

- Tech keeps changing
- Open Banking
- Regulations
- Millennials

What Can Your Financial Institution Do About It?

- ✓ **ENSURE** technology is effective and flexible
- ✓ **STAY AHEAD** on all things governance, risk and compliance

T R E N D

2

Cyber Security Concerns Reign Supreme

Banks and credit unions are putting securities in place to protect themselves and their account holders.

Are your third party vendors just as diligent?

*What Can Your Financial
Institution Do About It?*

- ✓ Routine IT audits
- ✓ Ongoing oversight activities
- ✓ Maintain industry standards for information security

T R E N D

3

Third Party Risk is a Higher Priority Than Ever

Consider the Equifax example. What happened?

- Broadened the risk profile
- Changed what regulators now expect in terms of cyber risk management

*What Can Your Financial
Institution Do About It?*

- ✓ **IMPROVE** oversight of third-party risks
- ✓ **IMPLEMENT** S.M.A.R.T. checklist of third-party audit needs (Specific, Measurable, Achievable, Realistic and Timely)
- ✓ **CONDUCT** third party risk audits regularly

T R E N D 4

Banks More Aware of Talent-Related Risks

Cyber-attacks and internal fraud

- Staff is often the first line of defense
- Do the employees know how to mitigate risks at their own level?

*What Can Your Financial
Institution Do About It?*

- ✓ **MAP** each risk to a control
- ✓ **SEGREGATE** duties ACROSS EMPLOYEES
- ✓ **DEVISE** thorough vetting/screening of employees

T R E N D

5

Spotlight on Short Term Lending Risks & Regulations

***78%** of Americans live paycheck to paycheck

In the last financial crisis - the infrastructure used to develop, originate and service those loans was, in many cases, not up to the task of controlling the risk that those assets had.

*What Can Your Financial
Institution Do About It?*

- ✓ **EVALUATE** effectiveness of loan product offerings against potential risk
- ✓ **INVEST** in INFRASTRUCTURE IMPROVEMENTS to manufacture and produce loans

TREND 6

Continued Regulatory Uncertainty

On the horizon...

- CECL's (Current Expected Credit Loss Standard)
- Impending regulatory change
- New vendors with new technology

What Can Your Financial Institution Do About It?

- ✓ **EXAMINE** internally to ensure ducks are in a row
- ✓ **LEVERAGE** technology to stay informed and nimble
- ✓ **GAIN** greater visibility into potential risks across the enterprise

T R E N D

7

Lack of Confidence in Risk and Compliance Management Efforts

70% of leaders believe the risks they face are “complex and numerous” and do not believe their processes reflect “complete” or formal enterprise-wide risk management.

What Can Your Financial Institution Do About It?

- ✓ **TAKE** a holistic approach to managing risk and compliance
- ✓ **DECIDE** how risk should factor into overall enterprise objectives and planning
- ✓ **MOVE** beyond spreadsheets and binders



Question & Answer Session

Speakers

- Kevin Malicki, Director of Product Management, GRC - Harland Clarke

Moderator

- Tsvetelina Gabin, Assistant Director of Events, Compliance Week

▶ [Ask a Question](#)

You can submit questions using the “**Ask a Question**” button on the left side of your screen.

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Thank you for joining us

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Upcoming In-Person Events:

[3rd Annual Third Party Risk Management Summit](#) – March, 19-20, 2018 | Atlanta, GA

[13th Annual Compliance Week Conference](#) – May 21-23, 2018 | Washington, D.C.

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