



COMPLIANCE WITH PRIIPS

Annoying distraction or transformation catalyst?

We all agree that regulatory improvements, such as the regulation on Key Information Documents for Packaged Retail and Insurance-based Investment Products (“PRIIPs”), are important for protecting consumers and, of course, are good for the industry.

However, changes to regulations often introduce significant compliance risk to you and your organisation. This can be an administrative nightmare for your staff; and can delay time-to-market of key product innovations that you could be working on right now.

But there's more to it than that.

The pain of regulatory change highlights the epidemic of inefficient processes and inconsistent disclosure information across financial service products, brands and regulatory regimes.

It's a strategic challenge that requires a strategic solution. A solution that can deliver significant benefits to your organisation, and alleviate some of the pain for your team.

READY FOR THE KIDS?

Whilst PRIIPs is designed to improve the disclosure of product features to your customers, the biggest impact of its introduction will, naturally, be on your own internal stakeholders.

It's a familiar story ... regulatory change that affects all products in the portfolio requires the creation and maintenance of a new suite of product disclosure documents.

As portfolios expand and the complexity of disclosure increases, maintaining consistent pre and post contractual documentation becomes harder, slower and more painful.

And nowhere is this pain felt more than by your product managers - the very people who should be spending their time analysing the market and innovating your products.

Regulation driven initiatives therefore deliver a major distraction to delivering innovative products to market in a timely manner.

But of course the effect ripples across your organisation and, as such, any transformation initiative needs to focus on those stakeholders involved and the challenges they face. Only then is it possible to identify key aspects of the process that can be fundamentally transformed to deliver on the desired outcomes of efficiency, compliance, managed risk and time to market.

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[Financial service organisations] must continuously innovate to improve process efficiency, cut costs and encourage internal fluidity **by adopting advanced technology and frameworks.**

Jens Lundgaard,
The Digital Dawn in Banking, August 2015

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Product Managers & Subject Matter Experts

Too often, Product Managers become Project Managers, facilitating and managing the path to completion for a given compliance review using antiquated technology like spreadsheets, “track changes” and emails.

In addition, Product Managers and Subject Matter Experts spend valuable time rehashing existing common content resulting in inconsistent wording (and potentially, messaging) between products and supporting documentation.

Risk & Governance Managers

Front of mind for risk and governance managers is the confidence that they are acting on the very latest content; that they are not having to review the same sections over and over again in different documents, variants of document or digital assets; and that the entire process is properly and appropriately auditable.

Verifying content with pre & post contractual documentation requires a robust governance infrastructure with appropriate controls.

Marketing & Communication Managers

Supporting numerous variants of disclosure documents with different branding, differing performance information and diverging rules affecting fee disclosure results in a painful process of delivering high quality, on-brand and accurate documents and other collateral.

Add in external design agencies and the transition towards innovative digital disclosure, and the challenges (and need for new approaches) multiply.

Executives & The Board

From a strategic perspective, the challenges of legacy disclosure and content approval processes are simply symptoms of a broader challenge - that of global product consolidation - the ability to sell the same product across multiple brands and multiple markets.

This is where the true transformation opportunity lies.

SURVEY -Key Challenges in the Product Disclosure Process

CHALLENGES	% RESPONDENTS
Last minute changes made in design documents	63%
Inconsistent wording between products	57%
Determining the 'in force' wording at a particular moment in time	55%
Efficiency and accuracy of verification process and data	52%
Moving from paper to online documents	52%
Difficulty managing changes across multiple Word documents	49%

Source: “Accelerating Speed-to-Market - Best Practices in Product Documentation Management”. FST Media White Paper.

EXISTING APPROACHES ARE NO LONGER APPROPRIATE

The traditional approach of producing product disclosure documents using outdated tools and technology like track-changes, excel spreadsheets and email is proving to be no longer viable.

Ever expanding portfolio brands along with reducing staff levels and increased reliance on expensive external support (primarily legal and creative) have led to organisations struggling to meet compliance deadlines.

A new approach is needed which starts with a deep understanding of the roles and challenges of the stakeholders involved, applies 'design thinking' principles to come up with outcome-led, rather than technology-led solutions, and finally delivers technology which is frictionless, intuitive and easily accessible to all stakeholders.



UPDATE & COLLABORATE

Update disclosure documents based on updated features, enhanced messaging and new regulatory requirements, involves numerous internal and external stakeholders.

COMPLIANCE & RISK MANAGEMENT

Ensure regulatory requirements are included and approved by legal / compliance, that appropriate process has been followed and that due diligence has been performed.

ROBUST DOCUMENT GOVERNANCE

Ensure that the latest approved versions of internally generated and externally sourced content is approved, verified and archived with a full audit trail.

THE TRANSFORMATION OPPORTUNITY

- 1 Focusing on **efficient collaboration** during the document development phase.
- 2 Building **compliance and risk management** into the review process, as opposed to separate from it.
- 3 Utilising innovative technology to **dramatically reduce the time to market** of disclosure content across multiple product variants, brands and distribution channels.



The recent PRIIPs legislation outlines that a product manufacturer will be liable where damage is suffered by the retail investor as a result of reliance on a Key Information Document (KID) that is misleading and/or inaccurate, or inconsistent with pre-contractual or contractual documentation. Firms will struggle to achieve this on a manual or ad hoc basis. **Instead, they will need a streamlined process, with robust governance arrangements.**



THE BUSINESS CASE FOR TRANSFORMATION

Of course, PRIIPs won't be the last regulatory change; and the need to manage multiple products, for multiple brands, across multiple jurisdictions will continue to place a financial and resource burden on financial services organisations.



People used to talk about regulation in terms of a tsunami that would wreak havoc and then go. This is more like global warming, in that the tide just continues to rise.

Scott McCleskey

Global Head of Regulatory Intelligence at Thomson Reuters



The key to rising above the tide is to move away from maintaining and managing individual disclosure documents - for each product within a suite, for multiple brands and across multiple jurisdictions - and instead maintain a single "Master Shell" of verified common content along with product, brand or client specific variations.

This means that common content is authored, updated or verified once only and used across multiple products, brands and jurisdictions, as well as in multiple types of disclosures - print, electronic, digital disclosure.

There will clearly be immediate material benefits of this approach to key stakeholders:

Product Managers will be freed up to focus on product innovation, not product documentation

Risk & Compliance Managers will have evidenced assurance that verified content has been automatically re-used consistently across all disclosure assets, reducing risk substantially

Marketing & Communication Managers will be able to focus on creative campaigns rather than on the tedious (and inherently risky) task of "copy and paste" of copy from internal documents and systems to multiple brand and jurisdiction variants of the same product

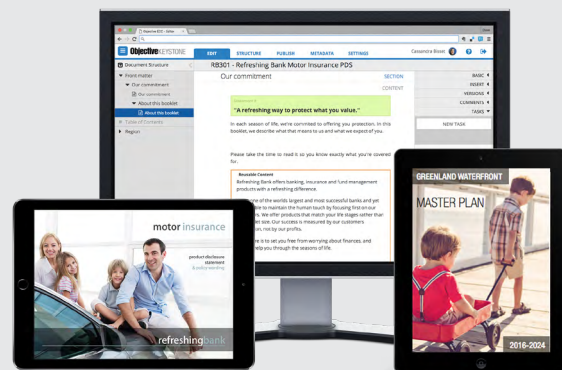
But the real benefit of such technology, and the key reason it is being adopted by major financial services organisations around the globe, is its ability to deliver global product consolidation - consistent product content across multiple portfolio brands and across multiple markets.

This is what is front of mind for major financial services organisations today. This is the business case for change in your organisation.

Author, verify and publish on-brand content, with ease.

Eliminate the risks, costs and inefficiencies associated with the traditional authoring, review, engagement and publication processes, and in doing so, address one of the key strategic imperatives of financial service organisations worldwide - that of consistent global product offerings - across the product family, for all brands and sub-brands, across key client offerings, and across global markets.

Objective Keystone is utilised by major financial service organisations to manage the entire lifecycle of mandatory and regulated documents and digital content generated to support products in market across the globe.



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