### Regulatory Reporting Symposium

**Optimization through the use of Robotics Process Automation technology**

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#### CFO agenda hasn’t changed, hot topics have

- **“Hot Topics” around digital that are on the mind of the CFO...**

  1. **Provide insight and define drive growth strategy.**
  2. **Improve operational efficiency.**
  3. **Manage and benefit from technology disruption.**
  4. **Meet regulatory compliance and reporting standards.**
  5. **Manage and optimize binding constraints.**

#### Consider broader spectrum of automation for full value

- **Business Process Management (BPM):**
  - “A software to model and manage an end-to-end business process through workflow”
  - Supports modeling complex processes with multistep approvals
  - Improves task coordination and audit trail

- **Robotic Process Automation (RPA):**
  - Virtual workforce
  - Enterprise-level integrations and reuse
  - Focus on performing tasks across and process with multiple systems and functions
  - Unattended operation

- **Cognitive Intelligence:**
  - Ability to interpret and utilize unstructured data
  - Optical character recognition (OCR), voice recognition technologies
  - Pattern recognition
  - Machine learning
  - Recommendation engines (next best action)

- **Artificial Intelligence:**
  - Automated decisions
  - Inference engines
  - Mathematical optimization
  - Natural language processing
  - Game theory
  - Proactive actions
  - Ability to mimic empathy/sympathy

#### Why Robotics Process Automation (RPA)?

**How does RPA work?**

- RPA uses software to execute business processes in a repetitive, audited and controlled manner.
- It orchestrates existing legacy applications for transactional processing, data manipulation, cognitive triggering and communication.
- It does all of this with very limited human participation.

**What are the key features that define RPA?**

- Robots are a virtual workforce controlled by the business.
- They sit alongside existing infrastructure, which is governed and supported by IT.
- Robots automate low-value or repetitive tasks where humans add little or no value.
- Processes are executed with a full audit log, in a centrally monitored secure environment.

**How can RPA be integrated alongside a human workforce?**

An effective deployment plays to both robotic and human strengths:

- Robots deliver repetitive, deterministic, high-volume tasks efficiently.
- People build relationships, provide subjective judgment, deliver low-frequency and exception tasks, and manage change and improvement.

#### Myth vs. Reality

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<th>Myth</th>
<th>Reality</th>
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| 1. “My process is too infrequent to justify further automation. Cost and headcount reduction would be immaterial and not worth the effort.” | 1. While we would certainly agree that higher frequency + higher costs + large FTE tasks are better candidates, these shouldn’t be the only drivers for exploring automation.
| 2. “My technology team handles any technology issues.” | 2. Other benefits to consider may include enhanced controls, process re-engineering, further efficiencies within current technology efforts.
| 3. “Automation is a long-time-consuming process.” | 3. Many banks already have procured RPA software licenses and several have dedicated Centers of Expertise (COEs) that can support Reg Reporting teams.

#### The keys to delivering tangible results fast

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<th>Stakeholder engagement</th>
<th>Process prioritization</th>
<th>Operating model</th>
<th>Benefits realization</th>
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<tbody>
<tr>
<td>Clear communication of RPA value at all levels</td>
<td>Leverage existing enterprise process taxonomies and standards</td>
<td>Promote clear capacity management of robots, and task management for processing team</td>
<td>Separation of benefits tracking for cost reduction, propositional change and compliance</td>
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<tr>
<td>Effective change management tools and deployment methods to secure commitment to success</td>
<td>Develop framework for RPA testing and deployment</td>
<td>Promote clear capacity management of robots, and task management for processing team</td>
<td>Tightly manage capacity release to ensure savings are realized</td>
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RPA software extends the benefit of technology to areas usually reserved for manual processes. It can also be used as part of a process that utilizes, includes or integrates with Front Office (CRM), Enterprise Applications (PSGL) or specialist software tools.

### Process Landscape

- Enterprise Applications (e.g., PSGL, CRM)
- Specialised Software (Pegasystems, etc.)
- Common RPA territory
- Scripting Tools

### Regulatory Reporting Process – Illustrative

**Data sourcing**

- Input Systems

**Types of Data**

- Customer
- Product
- Transactional
- Loan Level
- Financial
- Operational Risk
- Market Risk

**Data warehouse architecture and services**

- Line of business (LOB) Data Warehouses
- Data Repository/Aggregation
  - Reconcile reports with golden source

**Data quality**

- Data Profiling
- Data Quality Rules
- Remediation Plan

**Projections process**

- Stress Testing and Forecasting

**Documentation Package**

- Data Documentation
- Business Documentation
- Statistical Model Documentation

**Report Generation**

- FRB Edit Checks
- Independent Valuation/Attestation

**Regulatory Reporting Process**

- Report Submission
- Report Submission

**Data Acquisition/Aggregation**

- Data Staging, Data Provisioning and Data Sanity Checks

**Data warehouse architecture and services**

- Reconcile reports with golden source

**Data reconciliation**

- Reconcile reports with golden source

**PMO and other end-to-end functions** (e.g., instructions change analysis, regression testing)

### EY’s approach

**Process Identification**

The business identifies potential RPA opportunities

**Process Prioritisation**

Candidate processes are sequenced using the program prioritization framework

**Automated Process Optimization**

As required, re-engineering to make business processes better-suited for automation

**Development and Deployment**

The program and business build and deploy RPA per approved methodologies and standards

**Ongoing Operations**

The program monitors performance and realized benefits, and ensures robots are functioning as expected.

### Meet your facilitators:

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