

Beyond compliance: why an anti-bribery and corruption policy alone won't cut it

EY Forensic & Integrity Services
Financial Services Team

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Part 1 of 3 in a series focusing on anti-bribery and corruption

Renewed focus on bribery and corruption in financial services

In the almost 50 years since the Foreign Corrupt Practices Act (FCPA) was enacted, the financial services industry has largely avoided major headlines resulting from enforcement activity. However, recent regulatory trends suggest a continued interest in anti-corruption matters from financial service regulators.

Global financial services organizations are required to have a dedicated compliance function. This includes a focus on financial crimes, anti-money laundering (AML), sanctions compliance procedures, and anti-bribery and corruption (ABC). ABC programs at many financial services firms have not reached the same level of sophistication as most AML and sanctions programs. ABC compliance requires the consideration of more complex organization-specific nuances when designing a program. Often, controls are more difficult to embed within the organization and violations are harder to identify. As a result, the implementation of ABC programs has the potential to lack rigor, awareness, consistency of monitoring and investigation, and overall governance when compared to other compliance functions which focus on AML and financial crime.

Key risks and considerations for financial services firms

1 Avoiding a “paper program”

ABC programs tend to be siloed, understaffed, and rely on operational areas which may not fully appreciate or operate ABC controls. This heightens the risk of a “paper program” which will fall short of regulatory scrutiny.

2 Nuanced third-party risk management

The financial services industry presents heightened risk driven by third-party relationships, investments, acquisitions, etc. Acquirers and investors inherit risks that are often underestimated. Broker-dealers, banks, asset managers and private equity firms need to address ABC risk as early as possible and monitor going forward.

3 A tailored approach

There is no “one-size-fits-all” approach to ABC compliance. A well-designed compliance program considers an organization’s specific bribery and corruption risks and is adaptable as risks evolve. Periodic risk assessments and subsequent actions are an integral part of an effective compliance program.

4 Continuous monitoring

Without adequate monitoring and testing, an institution has no insight on the effectiveness of its compliance efforts. Testing of controls allows for the identification of noncompliance and potentially bad actors, including employees and third-parties.

5 Timely response

Upon identification of violations of the FCPA or other regulations, it is imperative that organizations have a process to mitigate the risks of noncompliance to the entity. A robust and timely response plan is critical for subsequent dealings with regulators. Self-reporting may result in regulators bringing reduced charges, lighter sanctions, or using mitigating language in documents used to announce and resolve enforcement actions.

Teaming with EY Forensic & Integrity Services

EY Forensic & Integrity Services is a leader in providing ABC-related services in the financial services industry. Our US and global networks allow for bespoke solutions to complex ABC challenges. Presented below is a selection of the ways we team with our financial services clients.

- Conduct or refresh an enterprise risk assessment to identify key bribery and corruption risks specific to your organization
- Perform ABC due diligence across subsidiaries, joint ventures, acquirees, investees and third-party partners either as a stand-alone process or in concert with financial, tax or other diligence processes
- Leverage our suite of leading-edge analytics tools to augment or support financial services clients in identifying, monitoring or investigating patterns of potentially suspicious activity
- Investigate allegations of wrongdoing internally by employees or externally by third-party vendors and contractors
- Perform a compliance program assessment to identify gaps and opportunities for remediation
- Assess cross-functional and board-level reporting to identify gaps and potential improvements to mitigate ABC risk
- Assess compliance program alignment between traditional financial crime functions (e.g., AML, sanctions) with ABC to identify opportunities for collaboration, reporting enhancements and information sharing

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Embedding integrity into an organization's strategic vision and day-to-day operations is critical when managing complex issues of fraud, regulatory compliance, investigations and business disputes. Our international team of more than 4,000 forensic and technology professionals helps leaders balance business objectives and risks, build data-centric ethics and compliance programs, and ultimately develop a culture of integrity. We consider your distinct circumstances and needs to assemble the right multidisciplinary and culturally aligned team for you and your legal advisors. We strive to bring you the benefits of our leading technology, deep subject-matter knowledge and broad global sector experience.

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