Understand the Issue
– and –
Create a Culture of Communication
Today we will discuss two types of regulatory change management:

- **Mandatory** – resulting from a regulatory pronouncement
- **Business Incented** - New or revised product or service requiring an evaluation of regulatory impact
Ability to Repay (ATR) – Qualified Mortgage (QM) Compliance - January 2014

- Who / What will be affected?
  - Ownership?
  - Is there an overlap with other business units?
  - Customer Facing?
  - Legal? Notices / Disclosures?

- Resources needed? New or enhanced technology required? Vendor?

- Mandatory Implementation Date? Single or Staggered?

- Policies and Procedures?

- Training? Marketing? Timeline for rollout?

- Approvals? (Board, Compliance and / or Risk Committee, other)

- Reports / Exceptions / Monitoring?

- Post Mortem

- Self-Assessment
Change often requires the integration of people, process and technology……... Successful change requires frequent and well-articulated communication.
ATR / QM Project – Key Steps

1. We identified who “owned” the project and recognized any “overlap” with other business units. This group became the Dodd-Frank Task Force – Organized in early August of 2013 for a January 2014 staggered implementation.

2. We created a Dodd-Frank Readiness matrix, setting forth the priority for every action item, addressing all associated regulations and products, testing dates, implementation dates and task ownership.

3. The task force met every two weeks. The matrix used a simple traffic light indicator as tasks were completed to provide a visual assessment of progress. Each area, with an established deadline, provided a status until items were completed.

4. In November – a presentation and recommendations were made to the Board.

5. In December we updated policy, procedure and trained the staff.
Every project has a few.........
Where are we today?

1. Immediately after roll-out we evaluated the process, conducted a quick gap analysis and put together an action plan to revise or enhance any aspect of the process (if required).
2. We reviewed customer feedback.
3. Each month since January, we have reviewed the applications received and reported statistics to the Board (via the Compliance Committee).
4. May 1st, we commenced a self-assessment of our program.
5. Looking ahead to Summer 2014 – Internal Audit will conduct the first audit.
Change Management should take you from where you are to where you need to be.

Everything in between relies on a prioritized, organized process and **communication**.
Mobile Banking – Mobile Capture
New Products 2013 – 2014

- Risk Assessment
- What will be affected?
  - Ownership?
  - Is there an overlap with other business units?
  - Customer Facing?
  - Notices / Disclosures?
- Resources needed? New or enhanced technology required? Vendor?
- [Mandatory] Implementation Date? Single or Staggered?
- Policies and Procedures?
- Training? Marketing? Timeline for rollout?
- Approvals? (Board, Compliance and / or Risk Committee, other)
- Reports / Exceptions/ Monitoring?
- [Post Mortem] Lessons Learned
- Self-Assessment
The Risk Assessment becomes an integral evaluation tool prior to starting a project.

From *OCC Bulletin 2004-40*: Engaging in new, expanded, or modified bank products or services is often considered a solution. However, if management and the board are overly focused on expected returns, do not have a good understanding of the inherent risks, or have poor governance practices, the bank's ability to effectively measure, monitor, and control the risks inherent in such products or services may be compromised.

Among the risks examined – “Regulatory Risk”
Mobile Banking – Mobile Capture
New Products – Key Steps

1. We created a project management team which conducted a risk assessment, which considered all appropriate risk categories and the return on our investment. We opted for staggered implementation: Phase I = Mobile Banking and Phase II = Mobile Capture.

2. We created a project management matrix, setting forth priority for every action item, addressing all associated regulations, testing dates, target dates (June 2013 for Mobile Banking and October 2013 for Mobile Capture) and task ownership.

3. The project team met periodically and held weekly conference calls to update progress. The team used a matrix which used a simple traffic light indicator as tasks were completed to provide a visual assessment of progress.
Mobile Banking – Mobile Capture
New Products – Key Steps

4. Mobile Banking – we rolled out the product for testing to employees in June 2013.
Mobile Capture – we rolled out the product for testing to employees in December 2013.

5. In August, we created policy (if required), procedures, initiated the marketing calendar and trained the staff for Mobile Banking.
In November, we created policy (if required), procedures, initiated the marketing calendar and trained the staff for Mobile Capture.

6. In September 2013 – we went “live” with Mobile Banking.
In January 2014 – we went “live” with Mobile Capture.
Mobile Banking – Mobile Capture
New Products – Key Steps

7. In March 2014 we completed a post mortem under the banner of “Lessons Learned.” This review considered what was done correctly, what could have been improved, assessed support and reviewed customer comments and complaints.

8. The project committee still exists and continues to communicate. The committee’s current focus is to monitor risk indicators, assess usage levels and use this information to gauge next steps (e.g. technology, regulatory or additional functionality.)
So what was done differently between the two projects?

**ATR/QM** – we needed to communicate and implement new regulatory requirements which considered multiple regulations across existing products within a finite timeframe.

**Mobile Banking / Mobile Capture** – we needed to perform a risk assessment to be sure that what we believed we should offer would be cost effective, compliant and meet customers’ needs. The risks associated with Mobile Banking and Mobile Capture were then weighed to not only understand the regulatory implications, but how we might best use applicable regulations to create our product and manage risk. Once completed, we were poised to communicate and implement the products within flexible timeframes.
Questions?