

# **DODD-FRANK FOR BANKING: WHAT YOU NEED TO KNOW**

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## DODD-FRANK FOR BANKING: WHAT YOU NEED TO KNOW

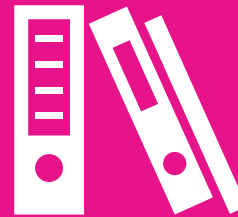
The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was signed into law in 2010. A dense and far-reaching piece of legislation, its sixteen titles have not hit home in every bank branch and financial services back office just yet - as recently as summer 2013, a study concluded that most of the scheduled enforcement has missed its rollout date. But as the auditory and regulatory agencies empowered and created by the Act inevitably gear up, it will be vital to improve the state of visibility, risk management, and compliance in the back office.

### DODD-FRANK REQUIRES THE BACK OFFICE TO RISE TO MEET THESE CHALLENGES:

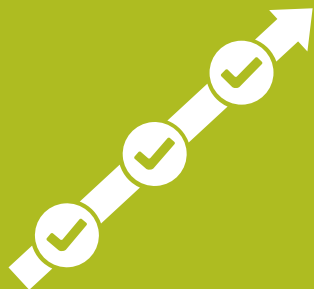
**1** BE PREPARED  
FOR ANY AUDIT  
QUESTION



**2** CAREFULLY  
CONTROL WORK  
INVENTORY



**3** MEET EVERY  
MILESTONE



**4** MINIMIZE THE  
EVERYDAY  
STRAINS OF THE  
“NEW NORMAL”





## BE PREPARED FOR ANY AUDIT QUESTION

Dodd-Frank regulations have significantly increased record-keeping requirements as well as audit oversight for a variety of banks, insurers, and financial services firms. Scrutiny is particularly high on businesses with foreign transactions or ownership—which, in the interconnected global economy, is a wide net indeed. Back office operations that are subject to Dodd-Frank need to be able to prove that their processes and relationships remain compliant at all times, from the initial sales relationship to the final execution in the back office.

Financial services organizations can protect themselves in the back office with a proactive approach. Real-time guidance and automation solutions maximize compliance and minimize errors by providing rules-based controls during complex transactions. The best of these real-time guidance solutions are vendor-neutral, meaning they can be integrated with any collection of enterprise software. Tripping a regulatory switch due to a copy-and-paste error is an unacceptable outcome.

When training and automation are not enough, it will be necessary to track down exactly how, when, and why a transaction went awry. Desktop monitoring data provides a clear and accurate record of each step in the process. And desktop monitoring is not exclusively a reactive tool—monitoring data can be effectively used for training purposes, and to correct procedures before serious issues arise. These guidance and recording techniques should be included in any serious approach to Dodd-Frank compliance.



## CAREFULLY CONTROL WORK INVENTORY

Because so much of the fallout from the financial crisis cast a spotlight on the home lending market, mortgage issuers and servicers also bear heavy scrutiny under Dodd-Frank. Desktop monitoring and automated transaction guidance are important technologies for the mortgage processing back office operation, but lenders and servicers must do more to enhance both the efficiency and the transparency of their back office operations.

A work inventory management solution can address both problems. By keeping careful tabs on each work unit, including aging, status, exceptions, and employees involved in servicing each unit, servicers can ensure that they stay within the bounds of the new buyer qualification requirements imposed by Dodd-Frank. Lenders can also ensure that they stay within regulatory demands for prompt turnaround of various financial transactions.

The potential efficiency gains from work inventory management cannot be overstated. Because work inventory management provides at-a-glance overviews of all work unit aging, it's easy for supervisors to inspect individual cases, the back office can avoid the potentially costly consequences of missing deadline dates. Averting lost business from missing a service level agreement and incurring penalties for overshooting a statutory deadline are costs that the back office can no longer tolerate. Empowering agents and supervisors with carefully monitored, priority-coded inventory management greatly reduces those risks.



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## MEET EVERY MILESTONE

Dodd-Frank requires mortgage lenders to be particularly attentive to their customers and applicants, with stringent and aggressive deadlines for a variety of milestones. Your back office systems should combine work inventory management and performance management approaches to ensure that employees do everything necessary to keep customers informed at all stages of the lending lifecycle.

Consider carefully whether your organization is prepared to consistently meet loan servicing demands, for example:

- Complete a more stringent ability-to-repay assessment, including income verification.
- Provide homeownership counseling referrals within three days of an initial application.
- Complying with constantly changing state laws and regulations as they relate to loan servicing, loss mitigation, and foreclosure.

Maintaining these demands is crucial to staying on the right side of the tight Dodd-Frank regulations.

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## MINIMIZE THE EVERYDAY STRAINS OF THE “NEW NORMAL”

Dodd-Frank compliance puts pressure on everyone at all levels of the organization. Mid-sized and regional firms are feeling a particular crunch, as costs of compliance remain somewhat fixed and their larger rivals have a bigger, established pool of legal compliance experts upon which to draw. These institutions are increasingly turning to new hires and outside consultants in order to wade through the paperwork and logistical considerations of compliance, and in many cases these new arrivals are disrupting long-established practices in the back office.

These changes are stressful, and stress and uncertainty lead to employee dissatisfaction. That, in turn, can affect both productivity and attrition. Real-time guidance can reduce the pressure on your professional staff by easing the transition to new processes. And performance management solutions can help employees understand how their activities match up against changing expectations for prompt processing and comprehensive, error-free service under Dodd-Frank rules. Managers can guide their charges using the metrics which matter most to the company, and employees can use self-service tools to monitor their own progress against their peers and targets.

**Every financial institution, from the smallest community bank to the largest derivative trader, faces complicated changes from the far-reaching Dodd-Frank Act. Keeping your back office productive, compliant, and on-task will ease the difficult transition and best prepare your organization as new Dodd-Frank provisions come into play in the months and years to come.**



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