

# PERFECT STORM: NAVIGATING THE COMPLIANCE LANDSCAPE IN 2018

*The first half of this year will see a wave of new regulations, prompting companies to rethink their data strategies*

**B**y the end of May the landscape of how organisations manage information about clients will be completely transformed by some of the world's toughest new legislation.

The Payment Services Directive (PSD2), the Markets in Financial Instruments Directive (MiFID II), the General Data Protection Regulation (GDPR) and the Network and Information Systems Directive will come into force in 2018, impacting companies globally. These regulations appear to be unconnected yet together they will radically change the way businesses collect, store, process and share data.

For instance, MiFID II requires that all communications leading to a transaction, from phone calls to emails, be recorded and stored for up to five years. However, under the GDPR companies will be prohibited from recording and storing employees' calls containing elements of personal conversations. Heavily regulated firms are no strangers to conflicts of law but this time round more thought will be needed by all stakeholders. Information governance programmes will need to be flexible and well-documented.

At their heart all these regulations have a set of common goals. They involve treating data with respect, building trust and transparency, and increasing accountability as well as protecting customers and their information.

The challenge will be to navigate them without incurring significant costs, whether through penalties if corporations break the laws or in terms of reputational damage such as a public rebuke by the watchdog. The issue is significant; banks across the globe have paid £239bn in fines since 2008 for regulatory failings. With the GDPR, failure to comply will result in fines up to 4 per cent of global annual turnover.

The silver lining in all this is the potential in 2018 to turn this web of impending regulation into an opportunity that takes digital engagement, particularly with customers, to the next level.

## Focus on results

First, you do not need to embark on a massive change programme to make progress towards compliance. You can be strategic with modest, tactical projects. Know what data you have and where it is, protect what you need and get rid of the rest.

When one of our financial services clients, with more than 50,000 employees globally, needed to gain control

of its unstructured files we were able to efficiently address compliance which spanned more than four petabytes of data. We also collaborated closely with 250 staff across legal, IT and information security teams to help reduce the corpus of data.

We classified more than 200,000 documents and remediated over a petabyte of 'dark data' which helped the firm reduce its risk profile, comply with Payment Card Industry (PCI) Information rules and record-keeping issues, and eliminate unnecessary spend.

We also found unsecured sensitive data, improperly stored communications and other critical data that was not backed up, and regulated data at risk of being lost.

## What's next?

Balancing the regulations in 2018 will require a deeper understanding of the data that is held within businesses and the obligations that apply to it. While this may start out as a technical mapping exercise and a current state assessment, it goes much further and will require companies to define and operationalise information ownership. This will take a task force of leaders from the business including legal, privacy, security, IT, compliance and the C-suite all working together.

At the same time there is the potential to unlock the value of data within organisations to enable a richer sharing, data-driven economy, where informed consent and access to customer information allows a lot more. Customer trust is earned, not a given.

Our message this year is clear: don't fear the new regulations, find a way to make the most of them.



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