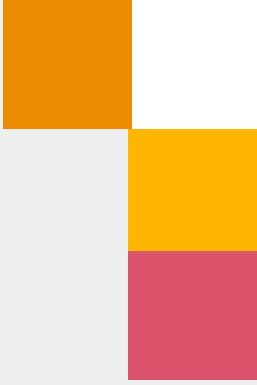
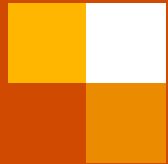


Regulatory Compliance- Financial Services

June 2023

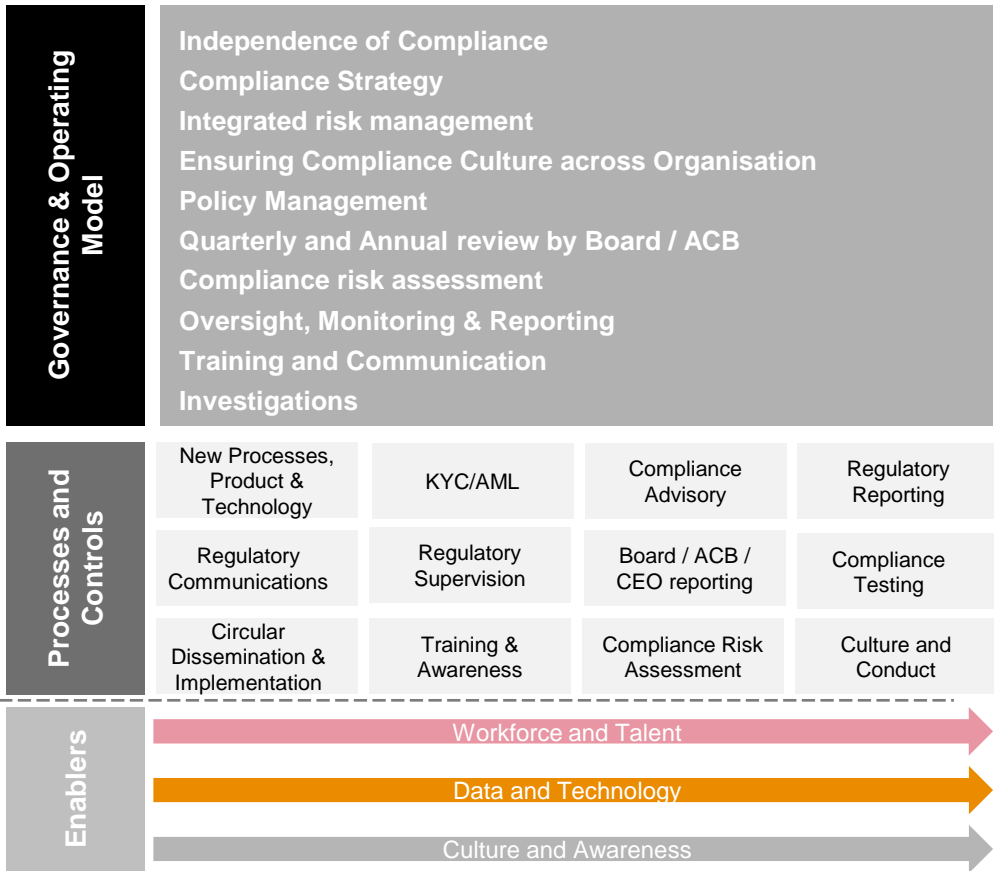


Compliance Function (Roles and Responsibilities)



With the evolving landscape , the scope of compliance function has become wide & extensive

Compliance function core components



Role of Compliance Function

-  **Ensuring compliance** with relevant statues, regulations / guidelines from all regulators, standards and codes, internal policies and fair practices code
-  **Ensuring** timely and accurate regulatory reporting and submission of compliances to supervisory observations
-  **Reporting** to Board and senior management on regulations, rules and standards, any other developments and compliance issues
-  **Conducting** compliance risk assessment, compliance testing, continuous compliance controls monitoring and initiate investigations
-  **Providing** guidance on compliance related issues, act as a strategic advisor to the business and approving new processes and products
-  **Liaising** with regulators and act as a nodal point of contact for regulators
-  **Promoting** compliance culture across the organization

Inability to effectively manage compliances has led to fines & penalties as well as reputation & business loss

Instances of RBI penalties-189 Cases / Rs. 65.32 Crore

(Total Instances & Amount of Monetary Penalties Imposed in April 2021 – March 2022)

145/Rs.12.10
Cr

Co-Operative Banks

33 /Rs.51.18
Cr

Scheduled Commercial Banks & Foreign Banks

10 /Rs. 1.03
Cr

NBFCs

1 /Rs. 1.0 Cr

Small Finance Banks

Multiple penalties imposed by IRDAI for violation of Insurance regulatory guidelines, Corporate Agency guidelines etc.

PwC

Major Reasons Observed Across All Cases

- Violation of Exposure Norms
- UCIC, KYC, DEAF Non-Compliance,
- Supervisory Action Framework (SAF)
- Non-Compliance to Frauds Classification Guidelines
- Violations of Norms in reference to Advances to Directors & Key Management Professionals

2021 - 54 Penalties (Rs.19.41 Cr) *(for Jul,2020 – Mar,2021)

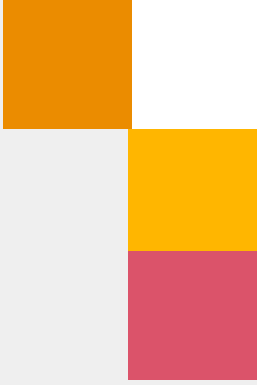
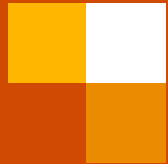
2022 - 189 Penalties (Rs.65.32 Cr)

Recent Incidences of RBI fines - HDFC Ltd., LIC Housing Finance, RBL Bank, Nuvama Wealth etc.

SEBI instances of penalties

- Penalties NSE and its senior officials in connection with the NSE co-location case for Rs 7 crore on NSE and Rs. 5 crore for individual officials
- Rs 30 Crore for Front-Running Case- Axis Mutual Fund
- SEBI fined ₹62 lakh for six entities for indulging in fraudulent trade practices in the shares of Northeastern Carrying Corporation Ltd (NECC).
- Rs. 8.83 crore for SOP Non-Compliance under SEBI LODR Regulations, PIT regulations

Use of *technology* for effective management of Compliance



The Problem Statement & The Solution

The Problem Statement

- Increasing RBI / regulatory compliance requirements and complexity
- Fragmented efforts within the organization to ensure compliance
- Spreadsheet based tracking of compliance requirement and actual compliance reporting making it error prone
- Lack of automation requiring significant man-hours in the compliance and reporting process

Solution

Automated Risk & Compliance Tool

Central Repository

Of compliance requirements, associated risk , KRIs & controls

Clear Assignment of Roles & Responsibility

For various compliance and controls testing requirements

Customized Dashboards & Reports

Of compliance status exceptions and remediation

Effective compliance Management

With alerts , reminders and audit trail for all compliance activities



PwC Service Offerings

Our Service Portfolio - Compliance

Compliance Reviews, register and tracker

- Implementation of SBR framework for NBFCs
- Compliance reviews & testing and RCM creation for ongoing monitoring and compliance risk profiling
- Assistance in creation of a compliance obligation register covering all applicable regulatory guidelines
- Assistance in implementing a framework for tracking new regulations and adherence
- Undertake Thematic Reviews for critical RBI guidelines w.r.t. KYC, Outsourcing, far Practice Code etc..
- Policy formulations/Reviews in line with Regulatory Requirements.

Continuous Compliance monitoring

- Compliance Automation Tool
- Help build a continuous monitoring framework for identifying compliance breaches
- Self assessment framework for compliance to guidelines by 1st line of defense



KYC / AML reviews

- Assistance in review of Know Your Customer (KYC) / Anti-Money Laundering (AML) processes and policies in line with the requirements of RBI and PMLA

Regulatory Reporting reviews and testing

- Assistance in review of accuracy and timely regulatory reporting
- Assistance in review of the return submission process from efficiency and automation perspective
- Assistance in readiness for compliance to new circulars
- Assistance in Preparedness for RBI Inspections through undertaking Mock Inspections

A man in a dark suit and a woman in a white shirt and glasses are looking at a laptop in an office. Several colorful sticky notes (orange, yellow, green) are floating around them. In the background, another person is working at a desk. A red box with white text is overlaid on the left side of the image.

Select
Credentials

Our select credentials in Financial Services – NBFC & FINTECH



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Capital

Faircent Technologies

Monexo

Swift India

Aeon Financial
Services

Freecharge

NBHC Finance

Tata Capital Limited

Ashirwad MFL

Fullerton India Credit
Company

Netafim Agricultural
Financing

Tata Motors Finance

ARCIL

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IREP

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XS Capital Limited

Thank you

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SA/Sept 2022 – M&C 22380