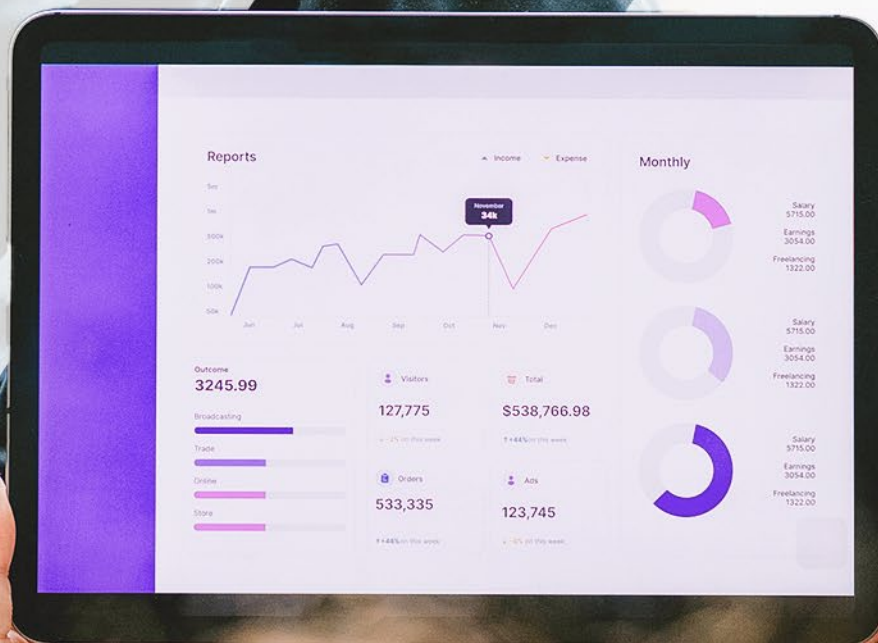# Trends and challenges in regulatory reporting

Following the 2008-09 financial crisis, regulators have been looking at ways to improve the quality of supervision. Also, recent technological advances are helping regulators and regulated entities to create a futuristic regulatory reporting framework.

Trends in regulatory reporting

Shift toward digital and machine-readable reporting formats

- Adoption of digital reporting formats for efficient data processing
- Examples: XBRL, XML and JSON formats for data submission
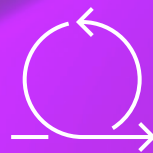
Integrated and granular reporting

- Integrated reporting framework (IReF)
- Banks' Integrated Reporting Dictionary (BIRD)
- HK granular data reporting, Thailand's Regulatory Data Transformation (RDT) initiative, etc.

Environmental, social and governance (ESG) reporting

- EU's Corporate Sustainability Reporting Directive (CSRD)
- UK's Sustainability Disclosure Requirements (SDR)

Lightweight reporting platform

- Migration of business rules and enrichment/ transformation from the reporting platform to upstream
- Creation of a data lake to process business rules, enrichment and transformation
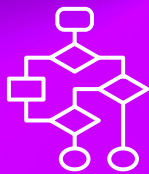
Challenges in regulatory reporting

Frequent regulatory chnages
- Increased risk of non-compliance
- Strain on resources and staff
- Increased compliance costs

Data quality
- Lack of consistent, complete and quality data
- Inadequate control and governance framework

Complexity and volume of data
- Managing vast amounts of data from multiple sources
- Legacy systems and manual processes

Costs and resources
- High cost of compliance
- Need for specialized resources and technology
- Lack of proper knowledge management/ retention framework

Multi-jurisdictional reporting
- Global/ regional firms with operations need to report to regulators across different jurisdictions
- Overlapping and inconsistent requirements across jurisdictions

Lack of transparency
- Most of the reporting platforms are black box
- Lack of end-to-end data traceability in the reporting platform

Turning regulatory changes
into opportunities

Although implementing regulatory changes is costly and time-consuming, it also presents an opportunity to transform the regulatory landscape and create an agile, futuristic system that accelerates time to market.

1. **Automation:**
   - Complete automation of regulatory data processing and regulatory reporting lifecycle leading to an agile and scalable setup which ensures faster compliance with regulatory changes

2. **Robust data management framework:**
   - Uses AI/ML to enhance data quality
   - Implements a robust data governance framework
   - Seamlessly integrates data between different systems across F2B
   - Establishes proper controls
   - Defines and tracks key metrics to measure data quality performance

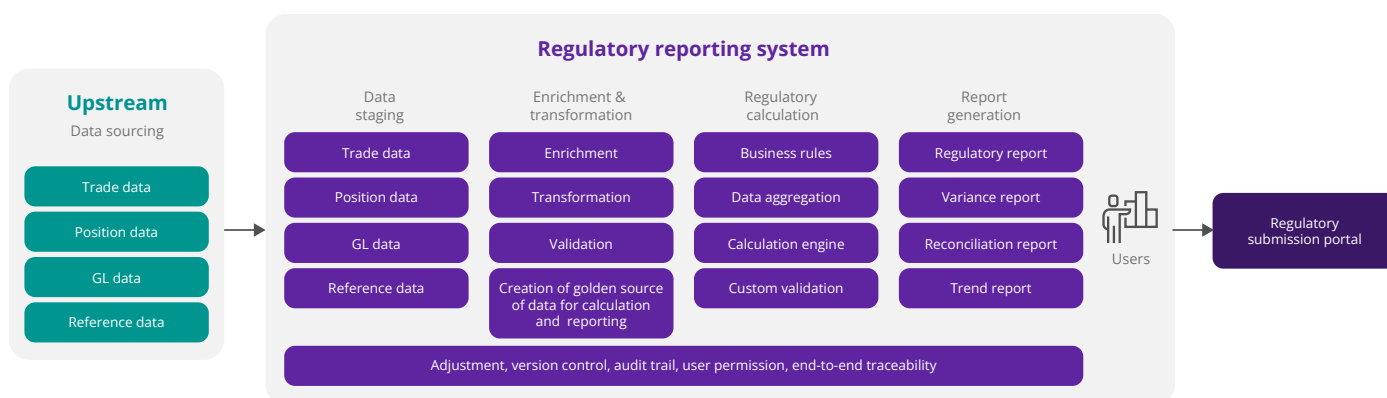3. **Leverage data warehouse/lake as a one-stop-shop for regulatory data:**
   - Harmonize and integrate data sourced from multiple sources
   - Perform required enrichment and transformation before feeding the data into regulatory reporting platforms

4. **Efficient resource management:**
   - Develop a knowledge management framework to retain expertise
   - Outsource non-core compliance functions to specialized providers
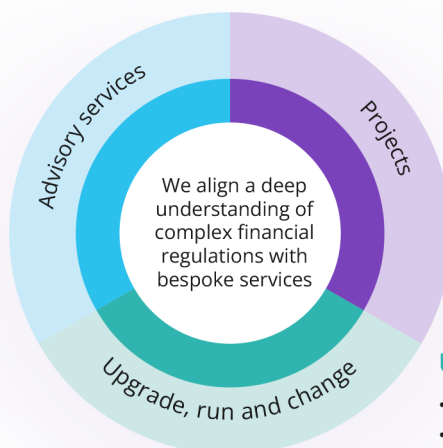
Our regulatory service offering

Our service offering covers the end-to-end reporting lifecycle, addressing the challenges our clients can face at any stage.

Regulatory reporting system

Upstream
Data sourcing

Upstream	Data staging	Enrichment & transformation	Regulatory calculation	Report generation
Trade data	Trade data	Enrichment	Business rules	Regulatory report
Position data	Position data	Transformation	Data aggregation	Variance report
GL data	GL data	Validation	Calculation engine	Reconciliation report
Reference data	Reference data	Creation of golden source of data for calculation and reporting	Custom validation	Trend report

Adjustment, version control, audit trail, user permission, end-to-end traceability

Users → Regulatory submission portal

Having completed over 500 projects, DXC Luxoft has the proven ability to execute complex, scalable technology solutions, while cutting regulatory costs.

Advisory services

- Target technology model/future state
- Target RTB/CTB model
- Business case
- System selection
- Technical proof-of-concepts
- System health checks

We align a deep understanding of complex financial regulations with bespoke services

Advisory services · Projects · Upgrade, run and change

Implementation projects

- Project & project management
- Solution architecture, design and SME's
- F2B Business analysis & development
- Integration
- Test strategy, planning and execution
- Deployment

Upgrade, run and change

- Service management
- CTB services
- RTB services
- Binary upgrades & evergreening
- Run-to-kill

Reporting coverage

Our regulatory offering covers various aspects of regulatory reporting as indicated below:

- Financial reporting

- Liquidity reporting

- Capital and credit reporting

- Trade and transaction reporting

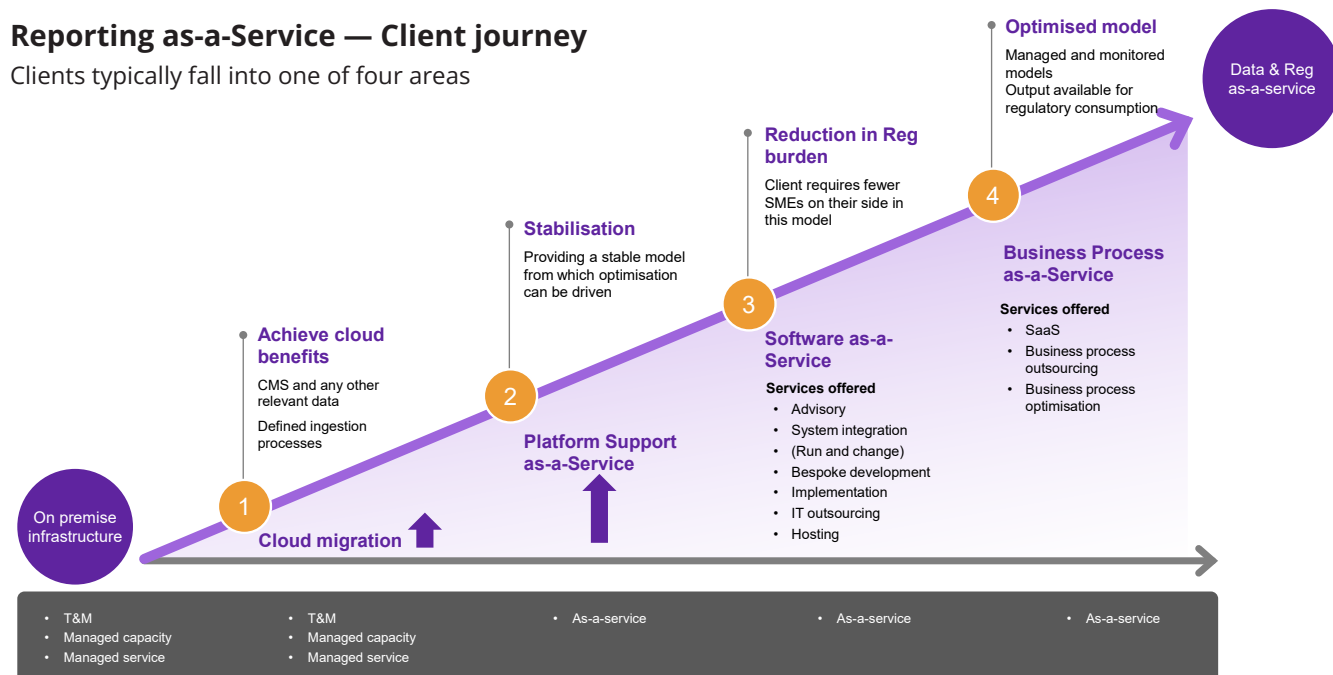- Global shareholding disclosure

- ESG

Reporting as-a-Service (RaaS)

DXC Luxoft's RaaS solution enables banks to simplify and standardize their regulatory reporting application landscape regardless of their cloud journey stage. We eliminate the headache of ongoing upgrades and technical maintenance, provide full support and ensure the platform is up-to-date with all regulatory requirements.

Reporting as-a-Service — Client journey
Clients typically fall into one of four areas

Optimised model
Managed and monitored models
Output available for regulatory consumption

Data & Reg as-a-service

Reduction in Reg burden
Client requires fewer SMEs on their side in this model

4

Business Process as-a-Service

Services offered
- SaaS
- Business process outsourcing
- Business process optimisation

Stabilisation
Providing a stable model from which optimisation can be driven

3

Software as-a-Service

Services offered
- Advisory
- System integration
- (Run and change)
- Bespoke development
- Implementation
- IT outsourcing
- Hosting

Achieve cloud benefits
CMS and any other relevant data
Defined ingestion processes

2

Platform Support as-a-Service

1

Cloud migration

On premise infrastructure

• T&M • Managed capacity • Managed service	• T&M • Managed capacity • Managed service	• As-a-service	• As-a-service	• As-a-service

Why **DXC Luxoft**

DXC Luxoft has an enviable track record in addressing the complexity of financial services regulatory technology at scale.

Proven Results

Community of Experts
- Financial Services
- Front-to-back technology delivery
- Partner/ vendor ecosystem

Effort Leverage
- Alignment of integration, modernisation and technical debt reduction with mandatory change work

Extensive Experience
- Tier 1 Global Banks to mid-size Asset Managers
- Delivered over 500 regulatory projects

Executive Leadership
- Disciplined, results-driven, experienced management team
- Able to face off to MD, CxO level sponsors

Tested Processes

Depth of Domain
- SME understanding of key regulations Alignment of advisory capabilities to key Regulatory domains

Regulatory Delivery Framework
- Upstream/ downstream dependency mapping Transition and execution planning
- Stakeholder engagement

Regulatory Blueprints
- Solution blueprints for key regulations Customisation to client's needs

Package Expertise
- AxiomSL, Murex, Calypso, OpenLink, Avaloq official partners
- New relationships: GoldenSource, Fenergo Package implementation framework

About DXC Luxoft

DXC Luxoft delivers digital advantage for software-defined organizations, leveraging domain knowledge and software engineering capabilities. We use our industry-specific expertise and extensive partnership network to engineer innovative products and services that generate value and shape the future of industries.

For more information, please visit **luxoft.com**