



2018 Compliance Survey Results

The State of Compliance in 2018

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About the Presenters

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Melody Hart, CPA, CTP, FP&A

Senior Consultant
Strategic Treasurer

Melody Hart joined Strategic Treasurer in the fall of 2013 as a treasury and finance leader with global experience in consumer products, automotive, wholesale, retail, distribution, manufacturing, not-for-profit, and service/consulting. Melody has a proven record in managing relationships with banks, rating agencies, vendors, and customers. She has over 20 years of global treasury experience covering a variety of organization types, and worked formerly in various corporate accounting roles.



Stephanie Villatoro, CTP

Senior Consultant
Strategic Treasurer

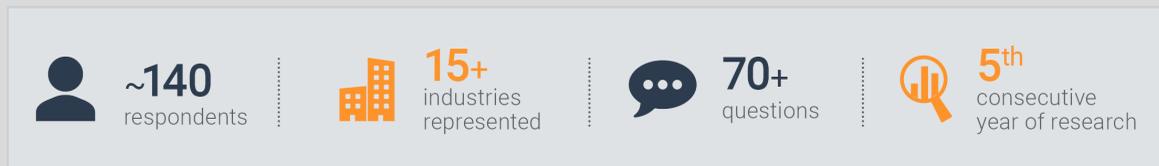
Stephanie Villatoro provides clients with realistic solutions to their challenges in the context of leading and best practices. Stephanie is responsible for technical content, effective project management, and ensuring that projects are delivered on time and within budget. Stephanie has over 20 years of global treasury experience that covers a variety of organization types. She has direct experience in various industry segments including: financial services, manufacturing, government, technology, and utility industries.

About the Survey

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2018 Compliance Survey Results

SURVEY PLANNING & ANALYSIS CYCLE



RESPONDENT REGIONS OF OPERATION



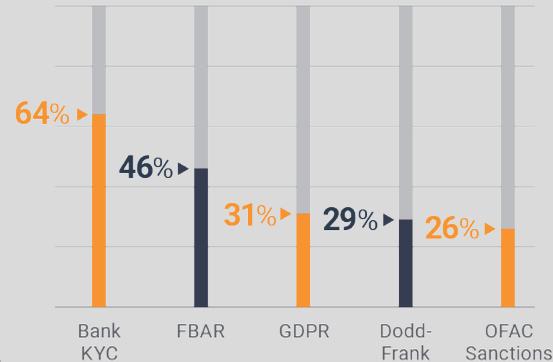
CORPORATE TREASURY STAFF SIZES



TOP CORPORATE RESPONDENT ROLES



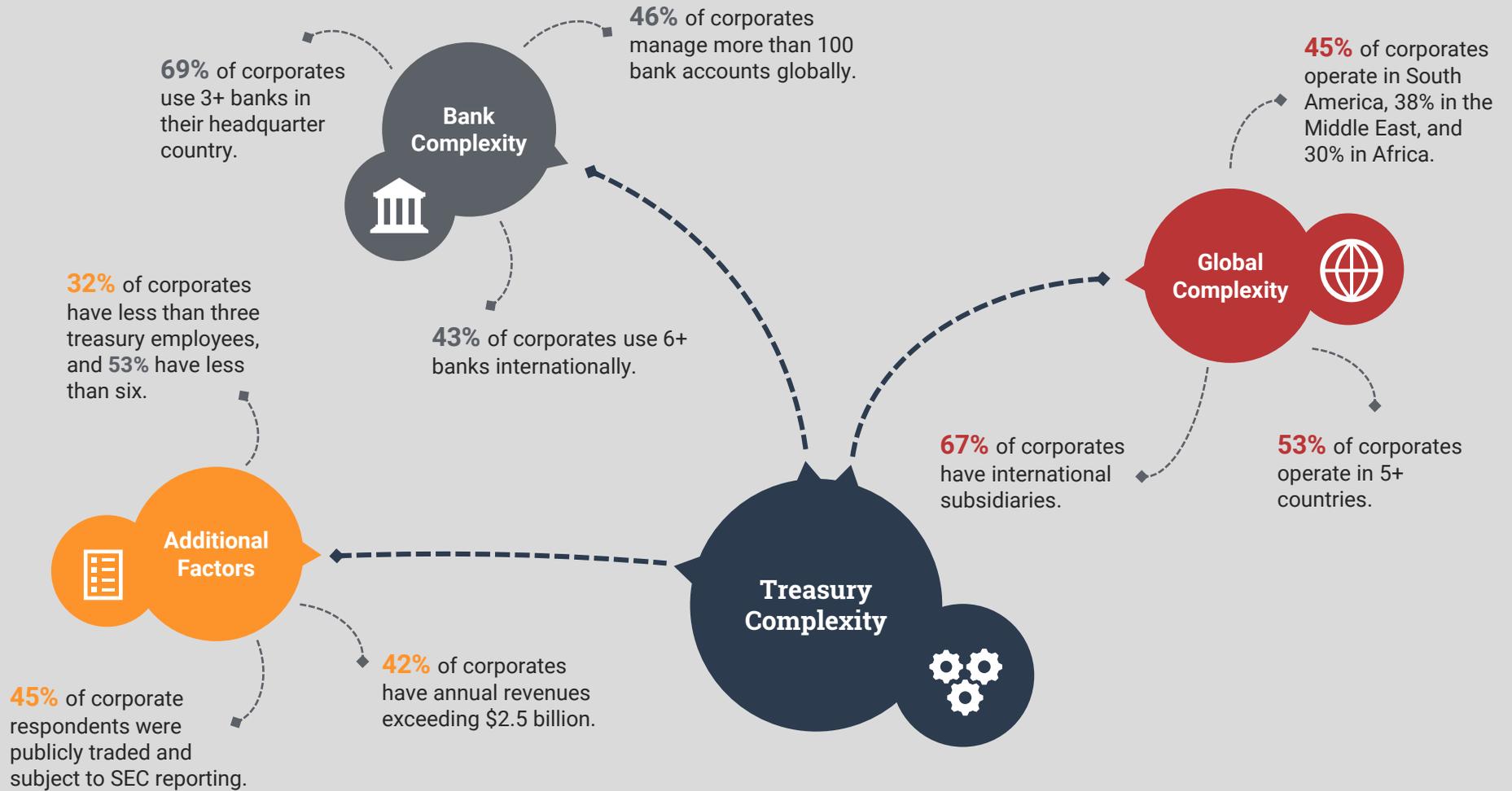
TOP CORPORATE COMPLIANCE CONCERNS



Complexity Snapshot: The Corporate Landscape

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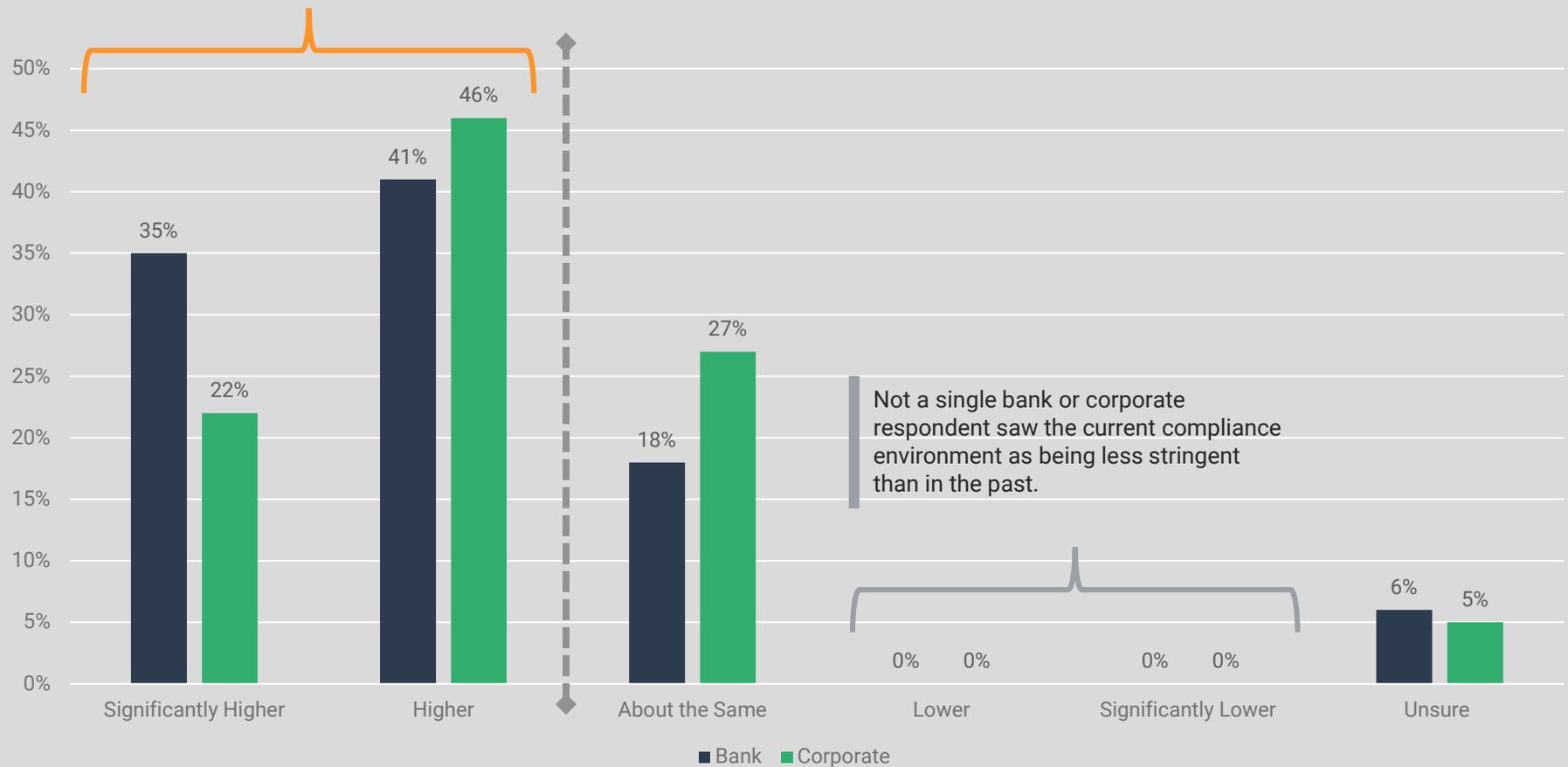
Operational Factors Impacting Corporate Compliance



State of Compliance in 2018

With regard to historical norms, the current level of regulatory oversight and compliance requirements impacting treasury is:

76% of banks and **68%** of corporates saw the current compliance environment as more or significantly more stringent than in the past.

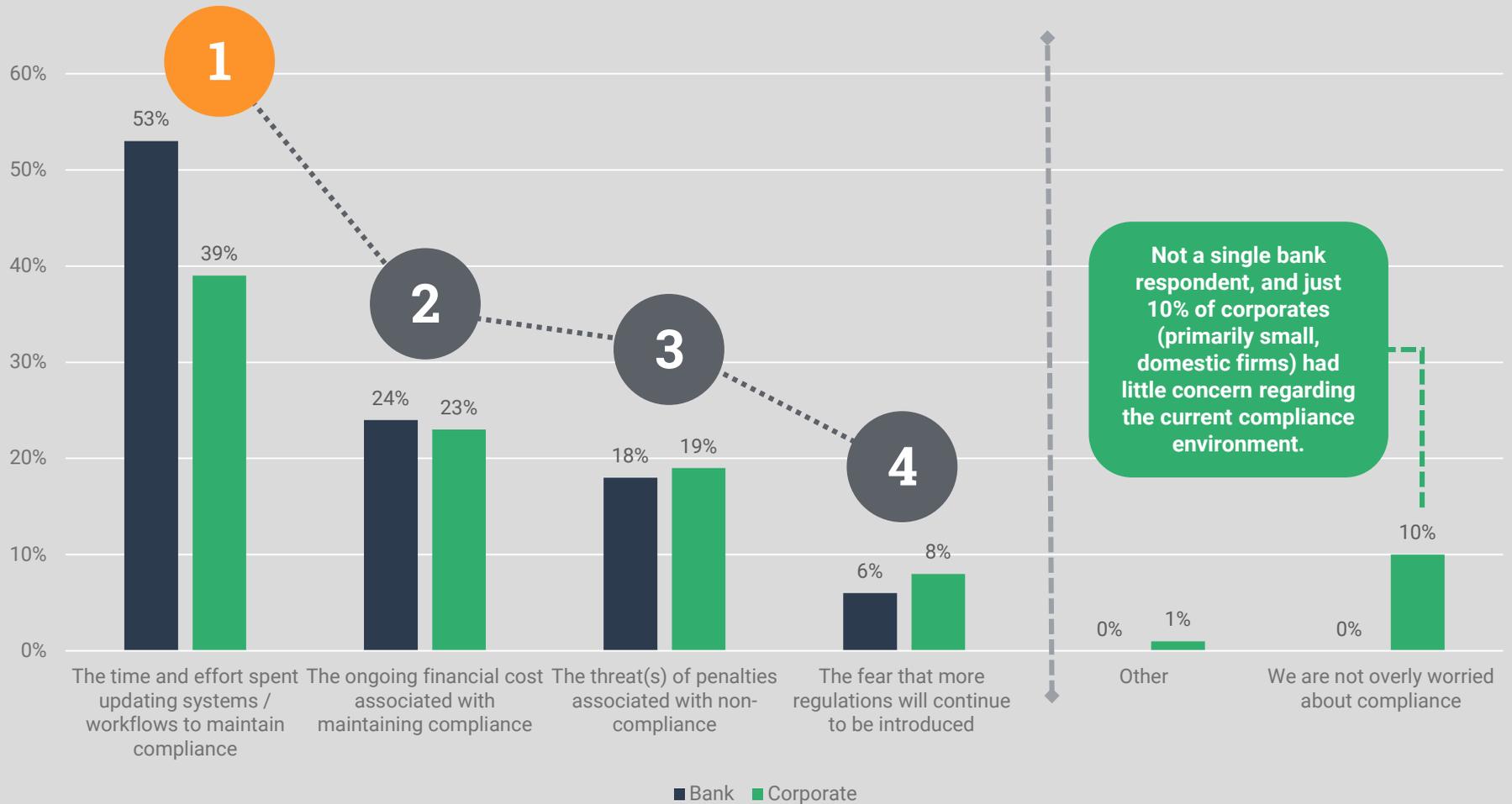




Top Compliance-Related Concerns

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What is the MOST concerning aspect of the current regulatory environment?



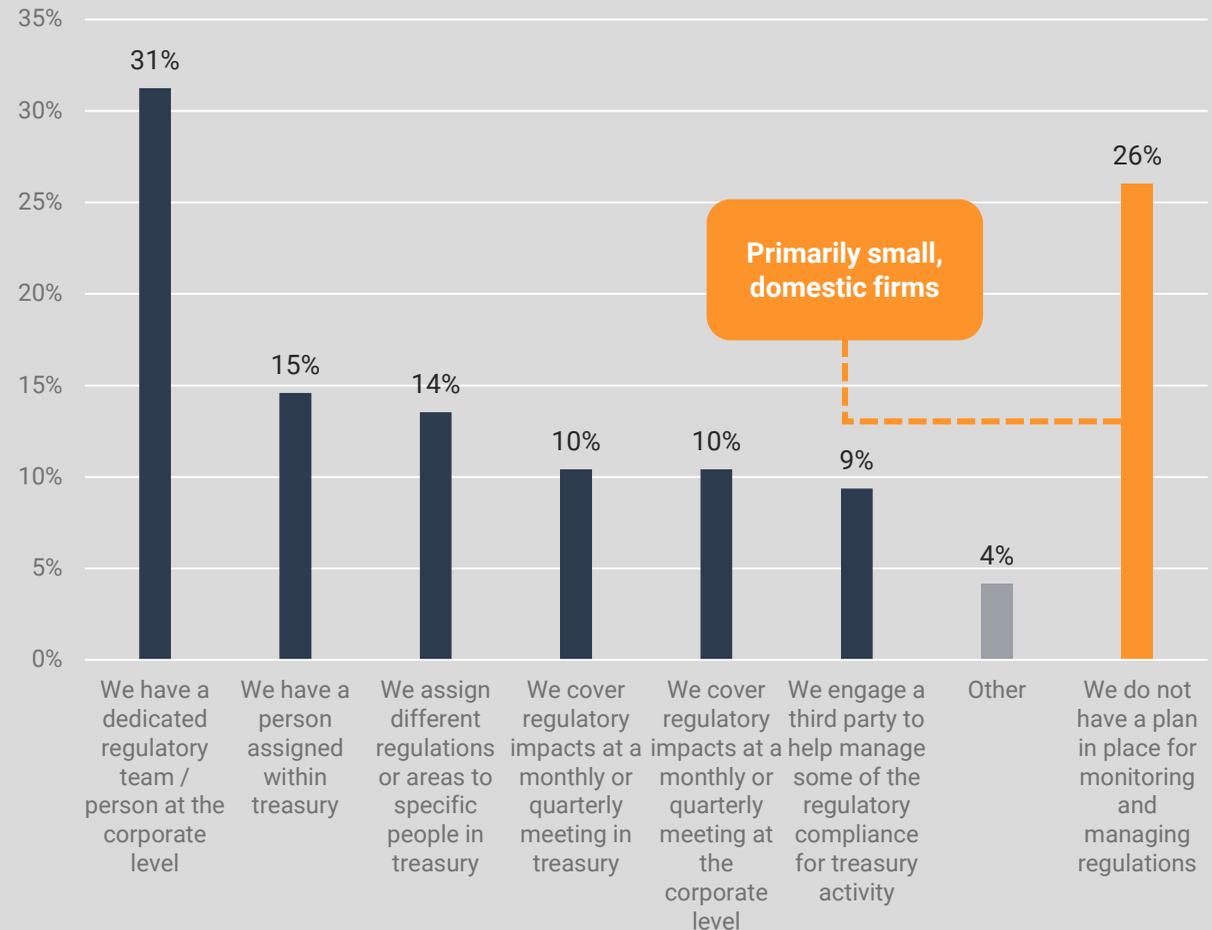
Staying Abreast of Updates

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Keeping up with Compliance

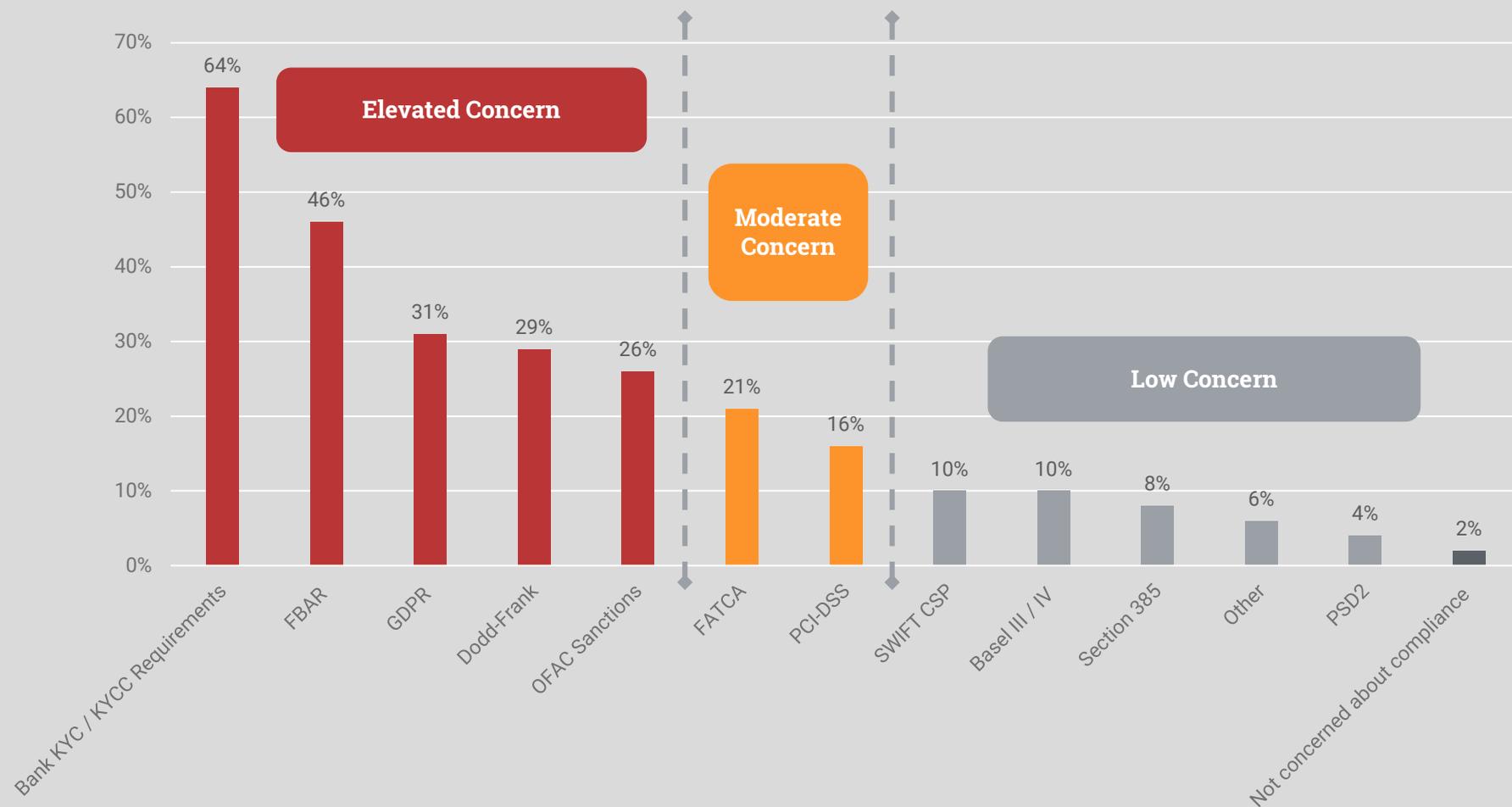
- Nearly 1/3rd of surveyed organizations had a regulatory team outside of treasury (i.e. a compliance department)
- Roughly 1/4th of respondents had a dedicated individual or team in treasury assigned to handle regulations.
- Less than 1/10th of respondents were outsourcing compliance to a 3rd party.
- While a substantial number of firms indicated that there was no plan in place for managing compliance, these were primarily small, domestic firms for whom regulations may not be as large an issue as for larger or multinational organizations.

Corporates: How are you monitoring new regulations and managing existing regulations? (Select all that apply)



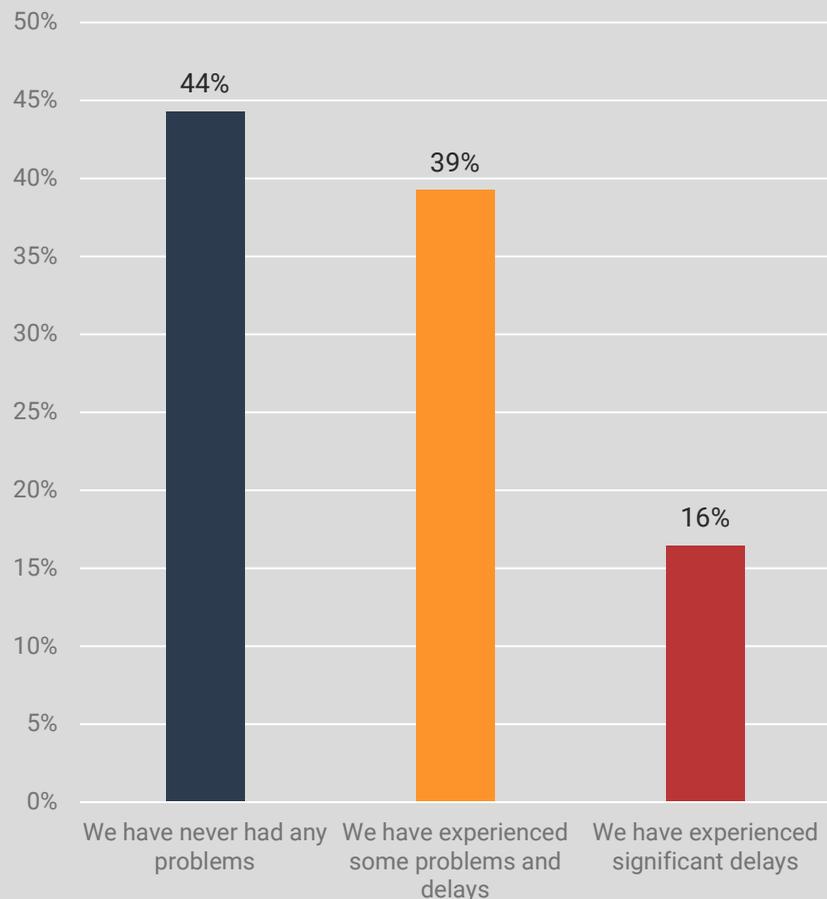
State of Compliance in 2018

Corporates: Please select the TOP THREE compliance requirements / regulations you are most concerned about.

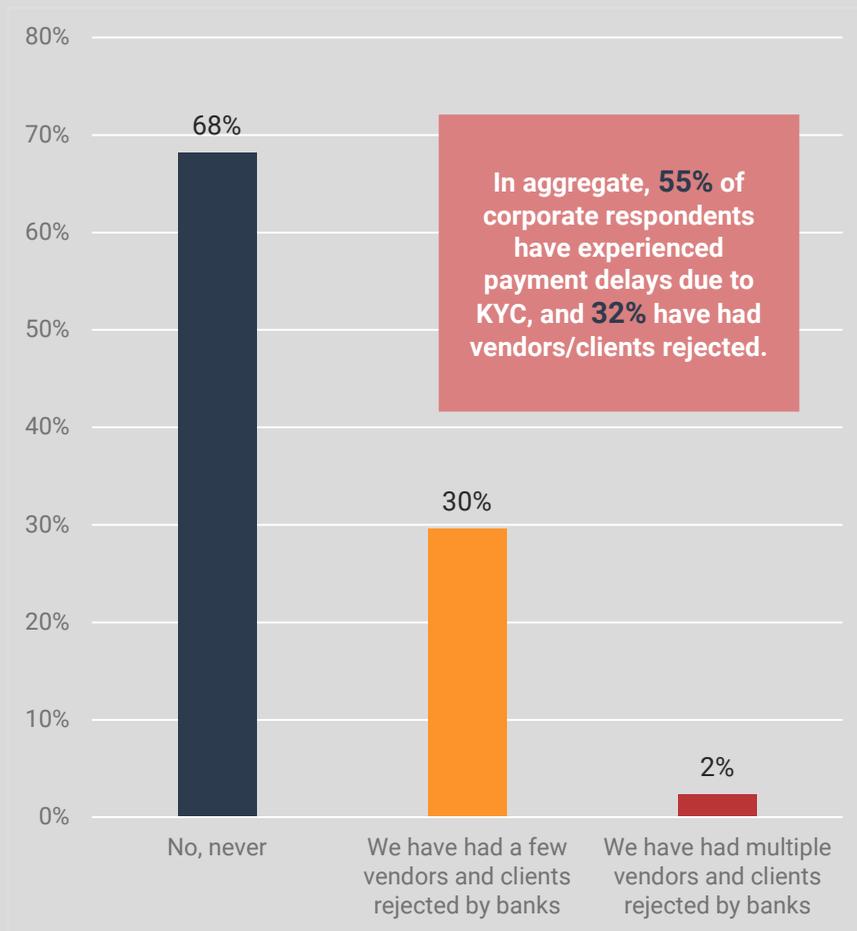


KYC Concerns

Corporates: How do bank KYC and documentation requirements impact the timing of your payments or onboarding of new clients / vendors?

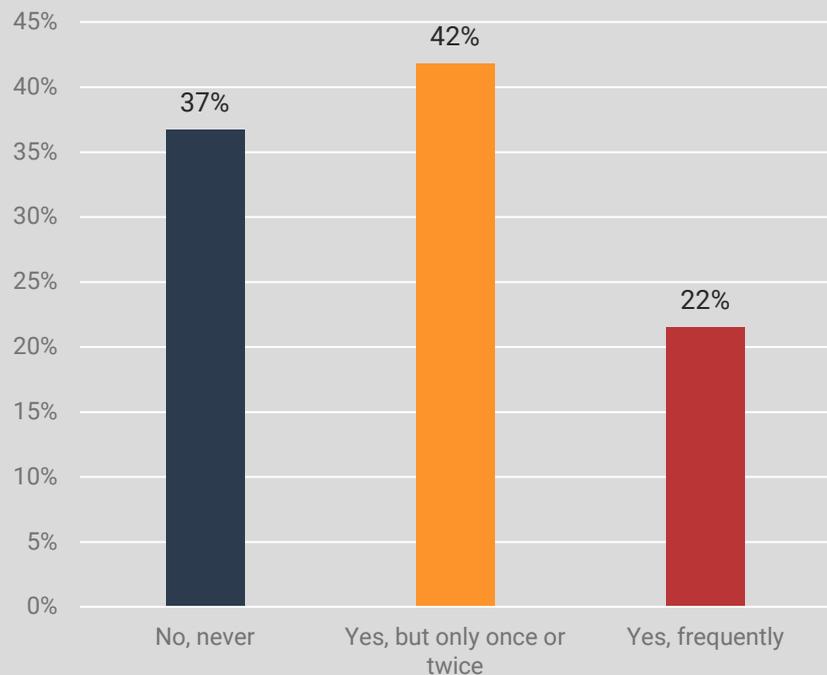


Corporates: Have you ever had vendors or clients rejected by banks as they conduct their due diligence and KYC?



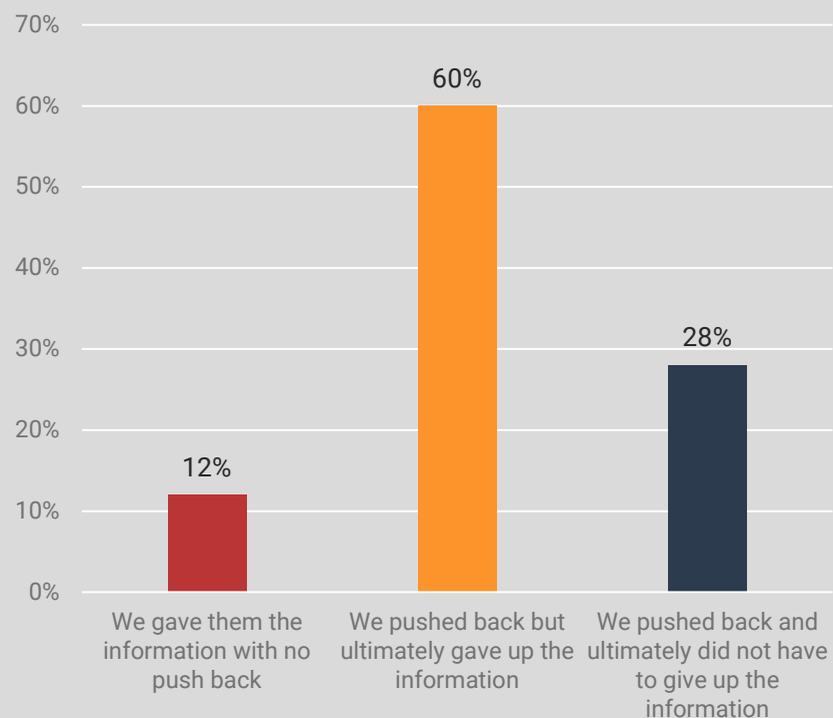
KYC Concerns

Corporates: Have banks ever asked for overly sensitive information related to KYC/documentation that you felt uncomfortable divulging or felt was unnecessary?



Corporates: In your most recent experience, how did you respond to the bank(s) request for sensitive information related to KYC and the documentation process?

(Note: This question was asked only to those that selected "yes" to the previous question)



Information Giveaway: 64% of corporates have been asked for overly sensitive information from their banks. Of those that were, the vast majority (72%) ultimately had to divulge such information, even after pushing back. In these circumstances, security concerns related to the exposure of this information are of just as much an issue as the inconvenience of a time-consuming process.

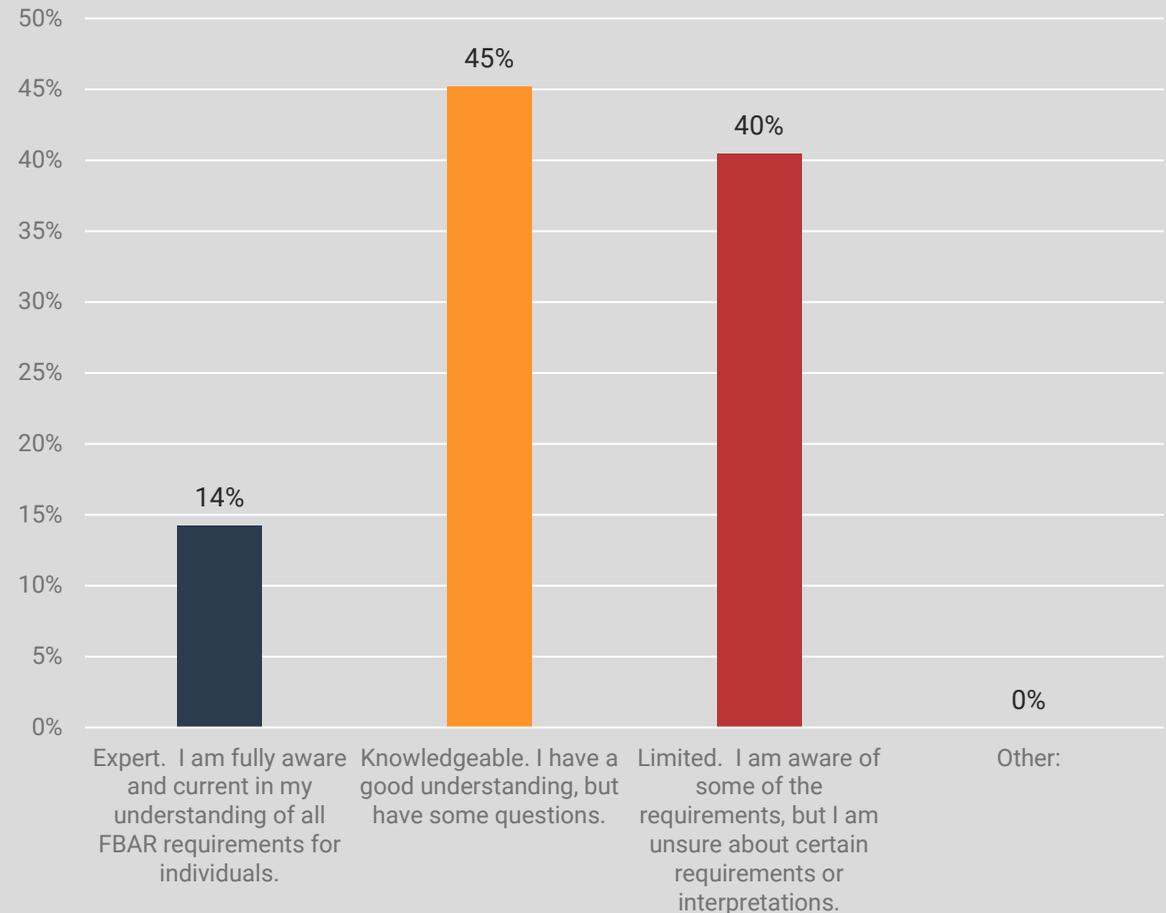
Regulation Update: FBAR

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Corporate FBAR Awareness

- Despite FBAR having been introduced more than a decade ago, many practitioners in the treasury arena still have limited knowledge.
- Confusing guidelines, frequent delays, and inconsistent reporting requirements have compounded this issue.
- Although FBAR remains a top concern for many practitioners in the U.S., much is still unknown regarding its overall enforcement or the implications associated with failing to comply.

Corporates: Please self-rate your knowledge of the FBAR reporting requirements for employees who are signers on foreign subsidiary bank accounts.



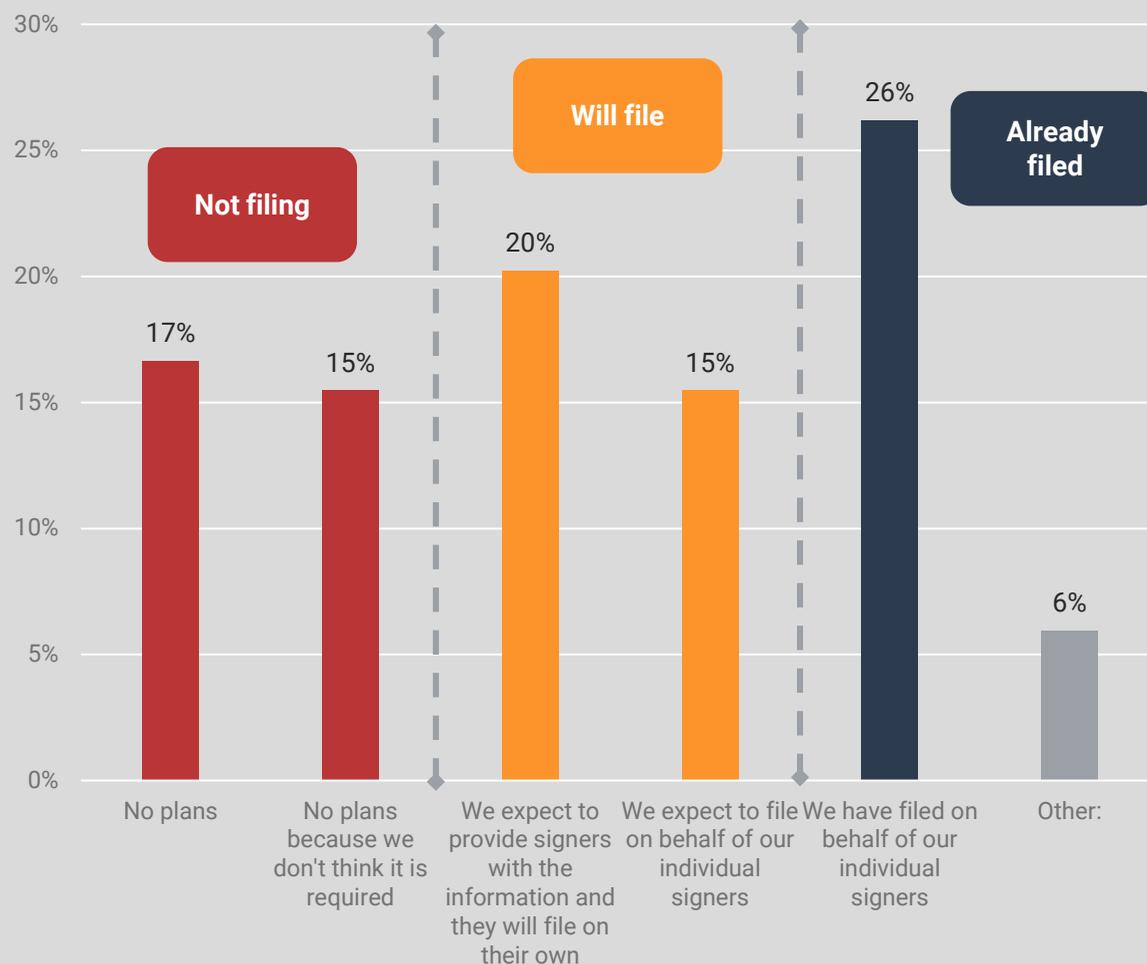
Regulation Update: FBAR

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Corporate FBAR Plans

- As of 2018, nearly 1/3rd of the corporate environment has no plans for FBAR. This is primarily because these firms do not believe the regulation applies to them.
- An additional 1/3rd have plans to file or to provide employees with the information they need to file on their own, but have not done so yet.
- Finally, just over 1/4th of practitioners have filed for their signers and have completed the FBAR-related documentation requirements.

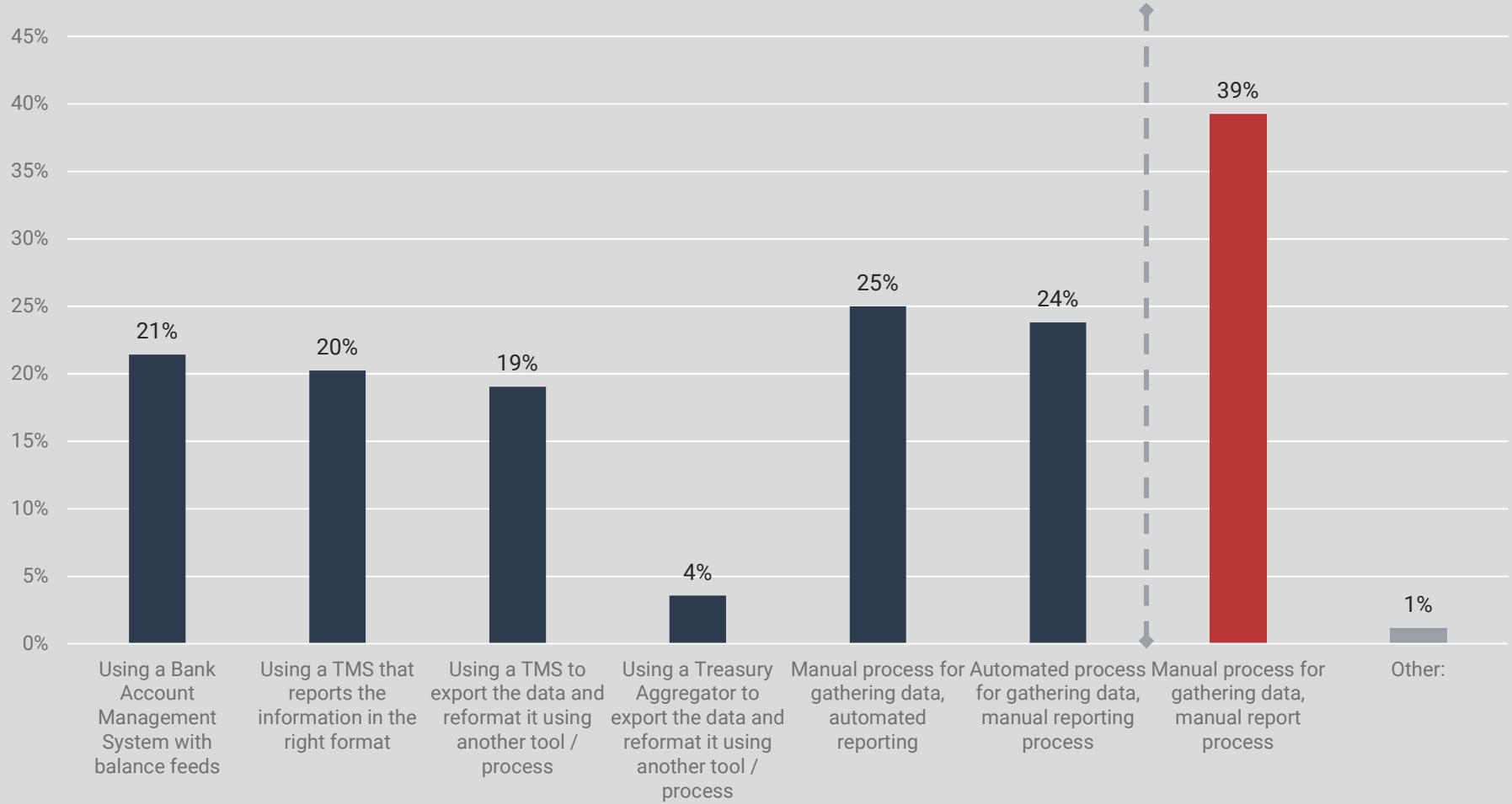
Corporates: What are your plans for filing FBAR on behalf of your individual signers?



Regulation Update: FBAR

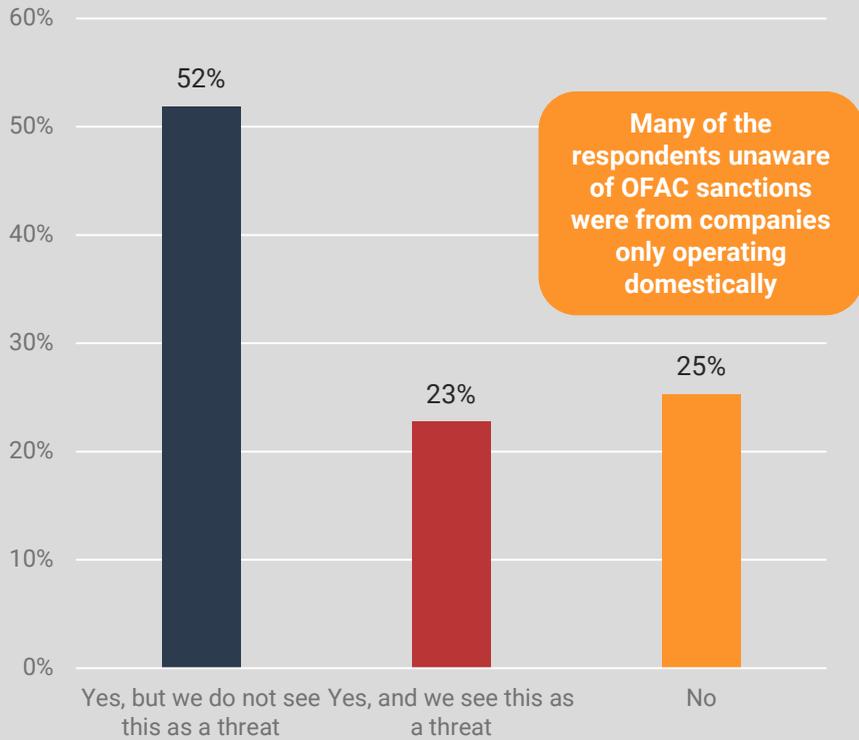
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Corporates: What processes have you put in place for ongoing FBAR information gathering and reporting?
(Select all that apply)

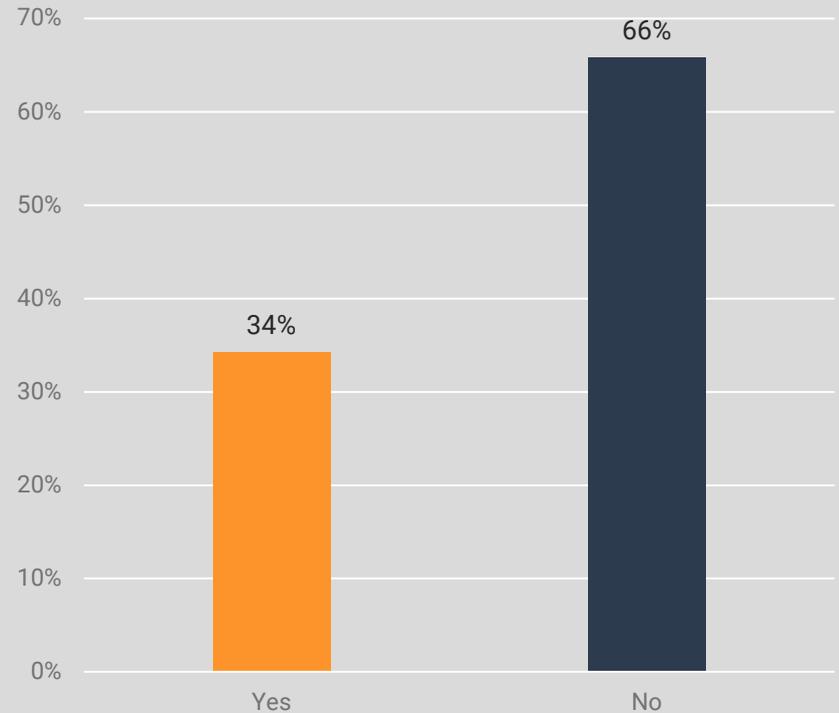


OFAC Sanctions

Corporates: Are you aware of the penalties administered by OFAC against corporations for sanctions violations?



Corporates: Has your bank ever contacted you about the potential violation of a payment you sent or received?



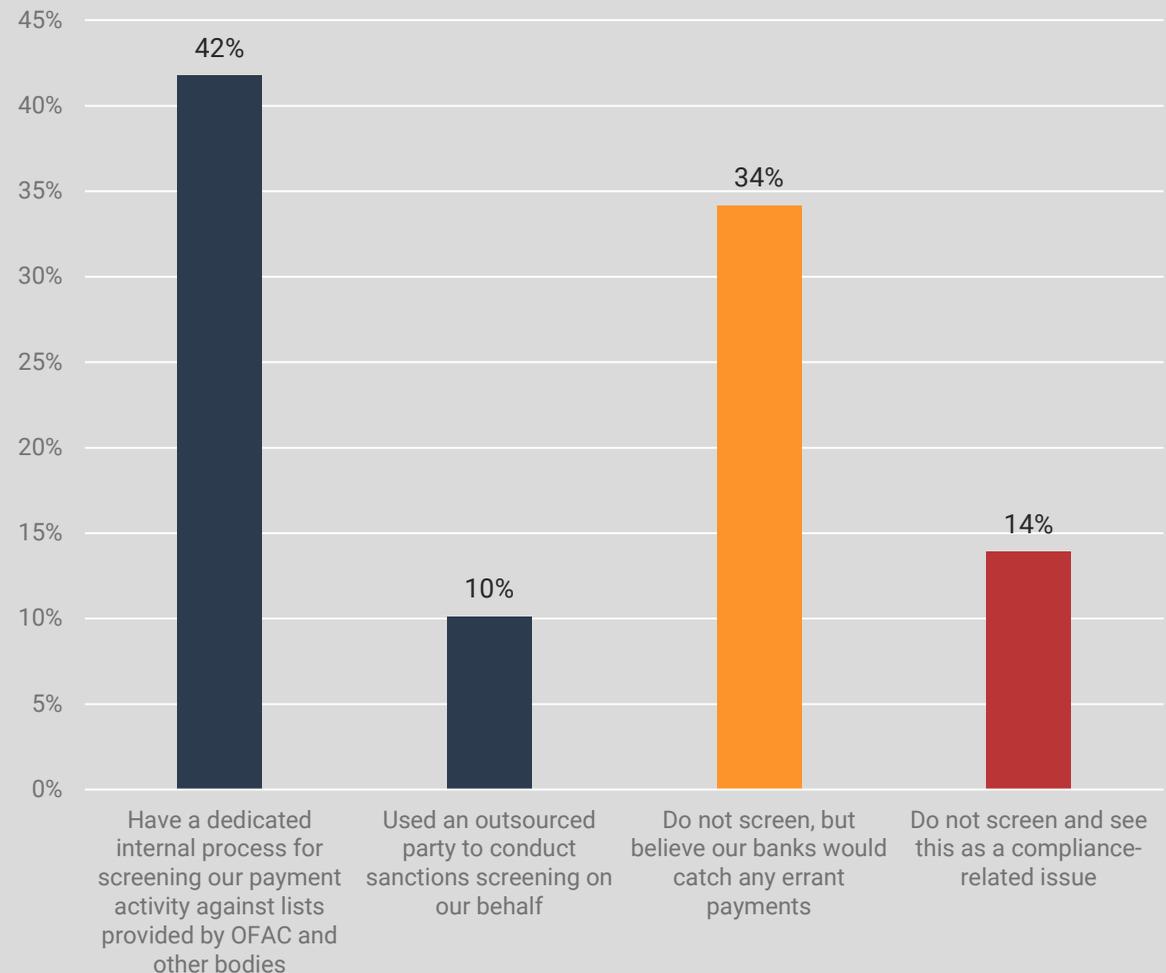
Sanctions Screening Qualms: In most circumstances, OFAC screening and other sanctions checks are of primary concern for organizations operating in third-world countries, or in areas with heavy terrorist, criminal, or otherwise unlawful activity. This is especially the case in many regions of Africa, South America, the Middle East, and Asia.

OFAC Sanctions

Sanctions Screening Workflows

- Today, over half of corporates have a dedicated process, apart from that of their banks, for screening their payments.
- 1/3rd do not screen, but believe their banks can manage this process on their behalf.
- While it is true that banks screen virtually all payments, recent legislation has made it so that whoever is found to be most negligent in an actual violation is the party that will be assessed a penalty/fine. Thus, there is some risk involved in this approach.
- 15% do not screen and see this as a compliance-related threat. In these cases, functionality can typically be purchased via a TMS, aggregator, or other compliance solution.

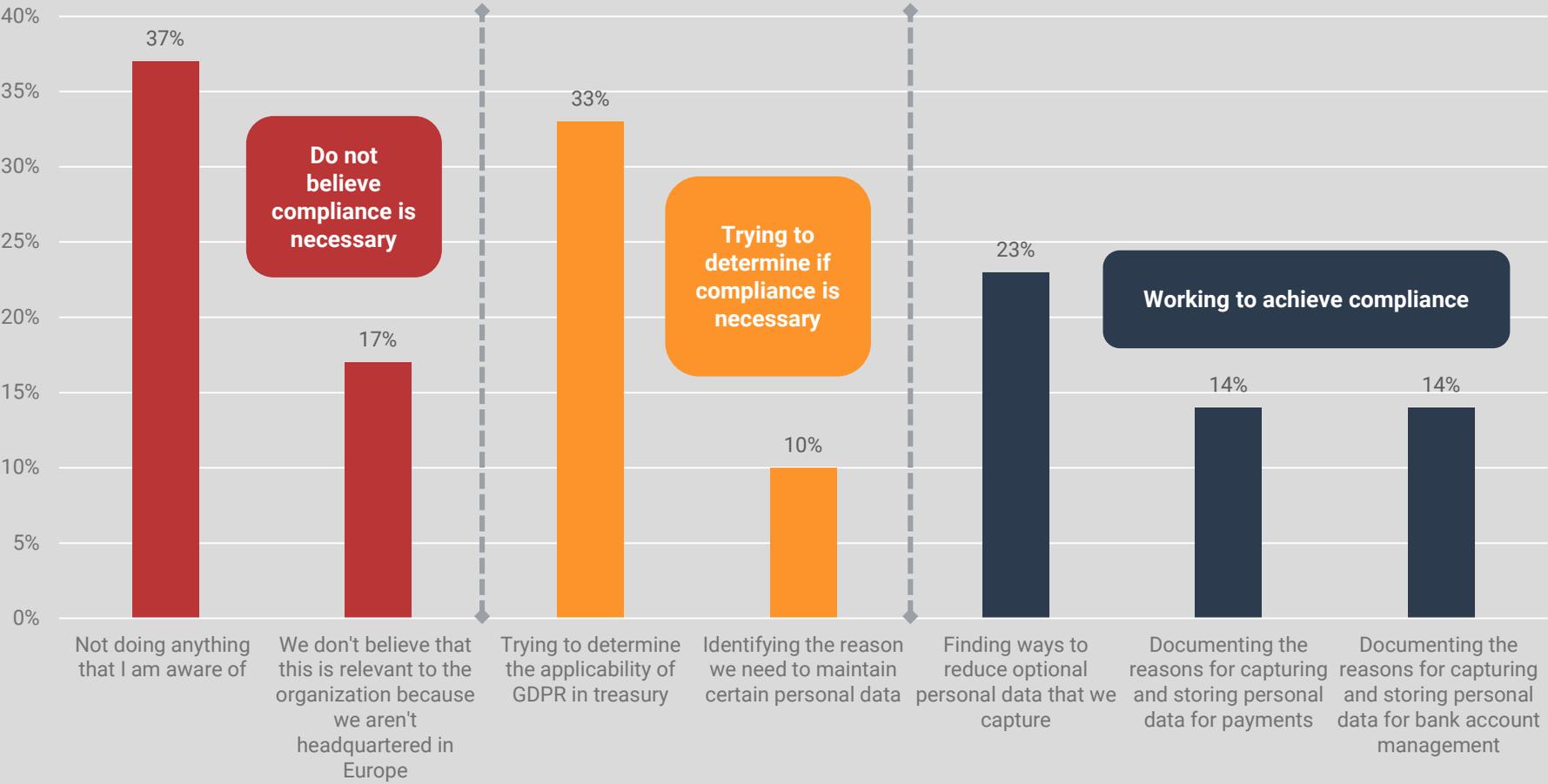
Corporates: For OFAC sanctions screening, we:



Regulation Update: GDPR

Corporates: For the European General Data Protection Regulation (GDPR), treasury is: (Select all that apply)

Regardless of where your organization is headquartered, if you store personal data or sensitive information (bank account information, emails/addresses, SSNs, etc.) from individuals that reside in the EU, then GDPR is applicable to your company.



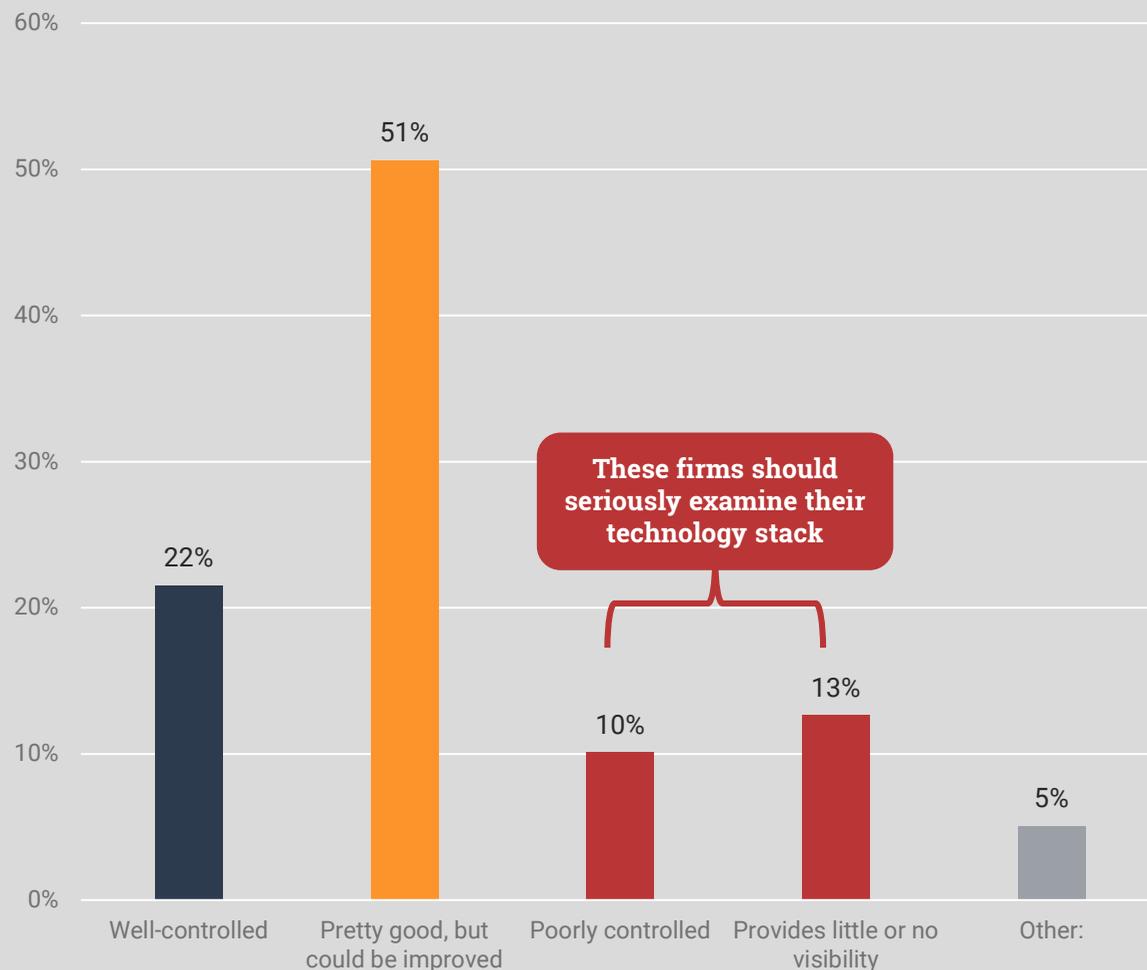
Process Spotlight: Bank Account Management

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Bank Account Management

- Bank account management is not typically an issue for smaller or domestic firms that may only operate with 1-2 banks and a handful of accounts. However, as these companies grow, care must be taken to update BAM processes in-line with increasing complexity.
- For multinational organizations, there may already be dozens of banks and signers, as well as hundreds of accounts in play. In these circumstances, manual processes typically represent a major issue, and it is highly recommended that an automated solution be leveraged to help manage the workload.
- Today, 51% of corporates believe their BAM process could be improved, and 23% believe their current process is poorly controlled.

Corporates: I believe our tracking system for bank account administration is:

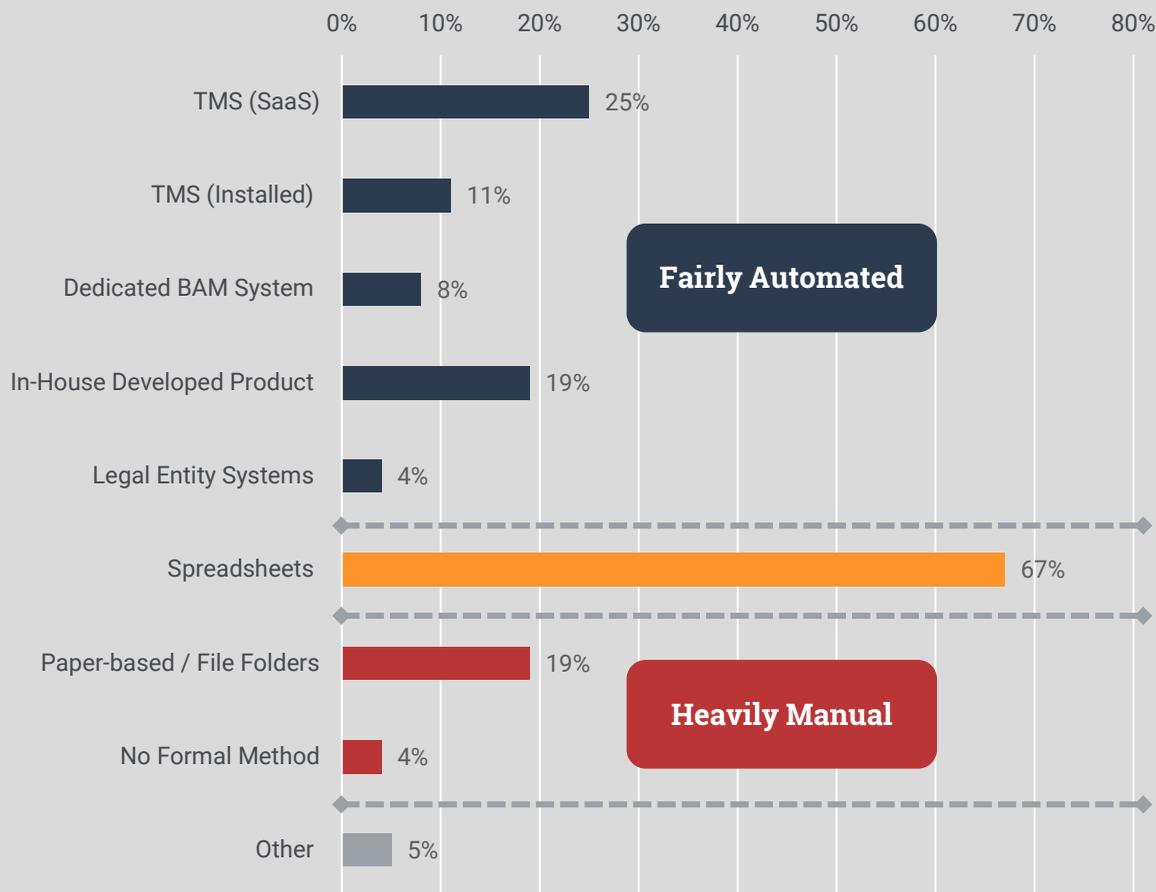


Process Spotlight: Bank Account Management

Bank Account Management

- There are an array of potential workflows, systems, and processes for managing bank account information. While most firms today leverage Excel or spreadsheets to some extent, many will also make use of a more sophisticated solution as complexity increases.
- While some practitioners (8%) use a dedicated BAM solution or platform, many treasury departments (36%) prefer to use a TMS that offers a BAM module. Other practitioners use an in-house solution or legal entity system.
- At the bottom end of the spectrum, 23% of firms use paper files or do not have a formal BAM process. These firms should take a serious look at upgrading their processes.

Corporates: How do you currently track your bank account administration – account information, addresses, signers, etc.? (Select all that apply)



Final Thoughts

Key Takeaways for Treasury:



Compliance in the Modern World is Difficult. The expectations surrounding treasury in the compliance arena have escalated quickly. Today, there are dozens of compliance-related requirements that companies must adhere to, and the list continues to increase. Keeping track of all these additions and revisions has proven complicated.



KYC Causes Headaches. While banks are forced to spend immense amounts of money and time handling KYC documentation, much of the headache is also levied onto their clients, who must cope with lengthy processing delays and divulge high levels of information to satisfy bank requirements.



Developing a Formal Approach. As treasury is forced to play a more active role with regards to compliance, and as the overall compliance environment grows in stringency, practitioners must have a formal plan in place to manage regulation on an ongoing basis. This includes clear and efficient workflows for handling information / data gathering, as well as for keeping track of new / shifting legislation or requirements.

Contact Information

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Click here to take Strategic Treasurer & TD Bank's 2019 Treasury Perspectives Survey!



Treasury Ambassadors and Respondents to the 2018 Compliance Survey will be sent a comprehensive results report following the conclusion of this webinar. Thanks again to those who take the time to make our market research so valuable!

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