

Building Tech Resilience in Governance, Cyber Risk, and Compliance for Financial Institutions

Modernize Regulatory Data Management and GRC



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The 2024 Global Governance, Risk and Compliance (GRC) Scenario

Banks, financial services, and insurance companies (BFSIs) are experiencing unprecedented global regulatory reform. This is not just a trend, but a fundamental shift in the way the industry operates. As a result, the Governance, Risk Management, and Compliance (GRC) landscape is changing rapidly, creating an environment where both opportunities and challenges abound.

Fluctuating regulations, external risks, market uncertainties are causing BFSIs to rethink business operations, processes, and technologies. To remain competitive, resilient, and relevant, financial services organizations must embrace disruption and adopt innovative GRC strategies.

Given these realities, building a more innovative ecosystem of technologies and partners is now imperative to business transformation and growth.

\$270 billion

Banks and insurers spend a year on compliance and regulatory obligations

Operation costs skyrocketing to

60%

for retail and corporate banking institutions

Regulatory costs up to

10%

of annual revenue

Up to

15%

staff dedicated to compliance



45

new regulatory-related documents issued each week



Introduction

Whether it's the BASEL framework, which improves risk management through minimum capital requirements, or GDPR/CCPA for personal data protection, regulators are drawing new boundaries and mandating more stringent restrictions than ever.

Abiding by environmental, social, and economic (ESG) initiatives are introducing new challenges and gaining momentum on a near-constant basis.

BFSIs that understand the magnitude of these regulations on their business are already identifying technology partners who can turn the challenges of regulatory data management, compliance process optimization, sustainability risk management, and ESG into opportunities.

Common Customer Questions and Challenges

- How do we reliably store data and maintain compliance with regulatory requirements for data retention? How do you monitor enterprise data and trading activities?
- How can we avoid big data privacy exposure with potential regulatory fines and reputational loss, including Personally Identifiable Information (PII) data exposure?
- How do we detect anomalies in different data types, including market and trade data, and extract greater value from complex and unstructured market data?
- Why is data retention, indexing and accessibility important for companies that trade or broker financial securities such as stocks, bonds, and futures?
- How do we modernize reporting systems for regulatory compliance management? What's the best way to digitize and automate market regulation, structure, and transparency functions?
- How do we make our Know Your Customer (KYC) processes efficient, including extracting and verifying customer/investor information from documents related to finance and investment?
- How do we track and report environmental, social, and governance (ESG) data and accurately calculate physical and climate risk?



Turning Challenges into Opportunities

Technology partners are increasingly defined by their ability to demonstrate agility, resiliency, cost-efficient cloud usage, and modernization.

What's needed is a personalized approach that can involve everything from building custom cloud solutions to managing the complexity of operations, compliance, and security in these four areas:

Regulatory Data Management

Reliably storing, streamlining, complying with data retention requirements, detecting data anomalies, and protecting personally identifiable information (PII) data processes can turn regulatory compliance from a burden to a strategic advantage.

Cyber Risk Management

Managing global compliance and financial risk, digitizing and automating market regulation, and improving time-to-market for business operations can help protect against cyber threats and data breaches, ensuring business continuity and customer trust.

Governance Risk and Compliance

Implementing a holistic risk management plan enhances resilience, helps ensure regulatory compliance, and improves decision-making so BFISs can better navigate uncertainties, protect their operations, and seize opportunities for growth.

KYC/AML & Fraud Prevention

Complying with Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations builds trust and offers protection from fraudulent activities, which requires agility and innovation to tackle new threats and comply with changing regulations.

On average, financial institutions allocate an estimated **\$1 billion each year** on regulatory reporting, with some spending as much as \$4 billion.



Banking on Emerging Opportunities

Our broad range of risk and compliance services makes us an ideal partner for BFSIs looking to create a competitive advantage in global financial services. We offer full-stack engineering, managed service, and advisory capabilities. We also serve as a global digital modernization partner in risk and compliance management. With Hitachi's cost-efficient and effective risk and compliance services, BFSIs can significantly reduce these expenses while maintaining regulatory compliance and operational excellence.

Does IT Have a Plan for Collecting, Storing, and Managing Data?

Hitachi's regulatory data management framework is a robust and reliable solution that spans from extracting source data from relevant risk, finance, and trading data sources to building regulatory transformation rules and data warehouses and lakes for regulatory reports and data feeds. Our domain-centric solutions and IPs enable BFSIs to expand their regulatory data management with confidence and efficiency.

Is Your Incident Response Plan Comprehensive?

Hitachi Application Reliability Centers (HARC) provide best-in-class frameworks, technologies, and automated tools for designing, building, and running demanding applications. We deliver Site Reliability-as-a-Service and 24/7 cloud management, creating a First Time Right (FTR) ecosystem with a deep defense mechanism across cloud, cluster, container, and code levels.

Are Ever-Evolving KYC/AML Regulations a Challenge?

Increase KYC, AML, and fraud prevention through Hitachi's domain-centric solutions for data management, data cataloging, DataOps, and data quality and governance solutions.

Can You Afford the Financial Consequences of Non-Compliance?

Hitachi works with 44 of the 50 leading global banks and financial service providers to help them achieve and maintain regulatory governance and compliance, including tracking and reporting environmental, social, and governance (ESG) data.



Why Hitachi Digital Services?

Our long-standing legacy and track record in regulatory data management are the foundation for Hitachi Digital Services' comprehensive portfolio of end-to-end risk and compliance services, which include:

- Consulting and advisory services, including GRC, risk assessment, risk architecture, modeling, and Regulatory Technical Standards (RTS).
- Development, implementation, and support for risk and compliance platforms.
- Regulatory data management and reporting leveraging our frameworks, IPs, solutions, and accelerators.
- Regulatory operations and compliance management in accordance with customer-specific requirements.



Deep domain experience with fullstack expertise

Offered across services, software, and infrastructure.



Track record in regulatory data management

Delivering regulatory data management/compliance platforms for over a decade at some of the world's largest banking and insurance firms.



Legacy in data management

With over 60 years of experience, DataOps is at the core of all our offerings.



Our Services

Hitachi Digital Services provides end-to-end risk management and compliance services for global banking and financial services institutions, which include:

Regulatory Data Management	Cyber Risk Management	Governance Risk & Compliance	KYC, AML, Fraud Prevention
<ul style="list-style-type: none">• Gap Analysis• Risk Architecture & Modelling• Regulatory Data Management• Data Privacy & Security• Risk Monitoring• Regulatory Reporting	<ul style="list-style-type: none">• Cyber Security Maturity Assessment• Cyber Risk Framework• Cloud Native Security Solutions• SIEM & SOAR Operations• Cyber Threat Detection & Protection• Security Testing• Reporting & Dashboarding• Vulnerability Management	<ul style="list-style-type: none">• GRC Assessment• Solutions Advisory• RSCA• Control Testing• Trading Risk Management• Carbon Insights• Connected Risk Management	<ul style="list-style-type: none">• KYC/CIP Assessment• Solution Gap Assessment• Fraud Investigation• Dark Data Discovery• Financial Crime Compliance• Data Privacy & Security Services• AML Monitoring• Case Management

We place a high degree of importance on regulatory compliance. Achieving sustainability and creating social impact have been Hitachi's mission for a century. We have a target of being net zero by 2030, and we are a proactive contributor to global services' ESG standards and initiatives such as TCFD, GRI, and UNO and a partner to COP27. Hitachi Digital Services results speak for themselves.

A Proprietary E3 Framework

Hitachi Digital Services that provides end-to-end risk and compliance services include near real-time market risk analytics and complex regulatory reporting solutions, as well as petabyte-scale communications logging and monitoring solutions. This service also provides a full customer consultation to implement programs with GRC objectives using our proprietary E3 Framework approach.

Envision

Invest time in value-based risk assessment and mapping the company's portfolios to their GRC program objectives. We also help them achieve their desired critical outcomes by building and modeling a comprehensive risk architecture to reach the finalized key objectives, documenting critical operational risks and creating a blueprint plan for execution.

Evaluate

Work with customers to execute their GRC program, keeping in view their own target timeline. This includes evaluating the right platform for their unique GRC requirements.

Execute

Applying our knowledge of execution capabilities, speed and current maturity of the company's GRC program, this iterative phase helps scale execution at the requisite pace. We continue to measure and improve overall efficiency and accelerate the program journey as we execute.



Hitachi Digital Services has been named a Major Contender in the Everest Group PEAK Matrix for Risk and Compliance in BFS IT Service Provider.

[Read Report](#)



Real-World Success Stories from Financial Services Companies

Hitachi Digital Services' mission is to empower organizations to navigate complex risk and regulatory landscapes by providing expert guidance and innovative solutions that foster a culture of superior experience in risk and compliance management.

Here are several organizations that we have helped solve critical GRC problems.

Municipal Securities Rulemaking Board (MSRB)



Challenge

Improve transparency and efficiency by digitalizing and automating regulatory activities.



Solution

Partner with Hitachi Vantara to build a cloud data lake and analytics platform.



Outcomes

- Ability to report rapidly on the market impact of COVID-19.
- Better market insights with more transparency and real-time reporting.
- Greater agility to launch new capabilities faster.
- Improved efficiency through increased automation.

Rabobank



Challenge

Give compliance teams the tools to work more effectively and flexibly on regulatory investigations.



Solution

Build an “ingest and search” data platform based on the Hitachi Content Platform to transform compliance operations.



Outcomes

- Single, central collection point for communications data from multiple sources.
- Easy-to-use web interface for quick, simple, repeatable analysis.
- Immutable data source that is fully auditable.
- Auditable lifecycle, control, and structured access to large volumes of nonstructured communication data reduces the compliance burden.

Mid-Tier Full-Service Bank in the US



Challenge

Implement managed operations for various risk functions, including Enterprise Risk Programs, Operational Risk Management, Compliance Risk, Credit, and Model Risk.



Solution

Partner with Hitachi Vantara to build a cloud data lake and analytics platform.

First Line of Defense

- Focus on day-to-day compliance.
- Embedded primary line of defense as Quality Assurance / Quality Control.
- Preventive / Detective / Monitoring controls within the process design.

Second Line of Defense

- Focus on risk identification.
- Recommend controls to mitigate identified risks.
- Audit ongoing operating effectiveness of controls.



Outcomes

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Leading German Bank



Challenge

Deploy a solution for anomaly detection in market data.



Outcomes

Ability to visualize and monitor market data and trading anomalies based on the correlation of market data changes and news sentiment.



Solution

- Collaborate with Microsoft to deliver a cutting-edge analytics solution that assisted the bank in identifying anomalies in market data.
- Correlate anomalies to news-based market events using Natural Language Processing (NLP).
- Develop a NLP model to classify ServiceNow tickets to alleviate a costly and time-consuming manual human classification process.

**Open Banking
Service Provider in
Canada**



Challenge

Meet customer expectations with a cloud-native application suite for open banking.



Solution

Work with Hitachi Digital Services to migrate the open banking ecosystem to the cloud.



Outcomes

- Met customer demand for SaaS open banking solutions.
- Boosted competitive advantage.
- Reinforce reputation as a forward-thinking pioneer in open banking.

**Leading UK
Insurance Company**



Challenge

Embrace Cloud services to reduce costs, improve user experience, and drive Productivity.



Solution

Using ONCE, a Cloud-based single sign-on service from Hitachi, the internal IT team, supported by Hitachi implementation advisors, seamlessly integrated the new Cloud platform.



Outcomes

- Reduced the total IT ownership cost per employee.
- Enabled greater business agility to scale and market new products and services.
- A platform for greater communication and collaboration with customers.

Leading German Bank



Challenge

Create a next-generation solution for data archiving, management, and access to handle ever-demanding regulatory requirements.



Solution

- Design a strategic, holistic solution to tackle constantly evolving legal requirements, growing data, aging systems, and rising costs – including:
- Implemented a centralized solution to aggregate, manage, and access petabytes of data efficiently.
- Standardized and relocated over 1 trillion customer records, enabling the decommission of hundreds of legacy systems.

- Developed a plan to minimize disruptive business impacts and decrease time-to-value.
- A solution to pull one million objects from the bank's legacy platform, transforming, cleansing, and publishing the metadata to a single platform.
- Designed and implemented a global data management platform – Hitachi Content Platform.



Outcomes

- Unified platform and approach for changing regulations.
- MiFID II and GDPR compliance.

Leading Japanese Bank



Challenge

Build a Bank Data Retrieval Portal (BDRP) to allow Dutch authorities to request client data that banks and payment service providers must include in the BDRP.



Outcomes

- Delivered the solution ahead of schedule.
- Enabled the bank to be compliant with authorities.



Solution

- Build a BDRP for the bank in the NL as one of the key banking organizations in the Netherlands.
- Architect and built the platform, including the underlying data integration, web services, and UI access required by the DNB and other regulators.

Leading FinTech for Open Banking Solutions



Challenge

Provide scalable, fully managed, and secured cloud services to meet customer demands, PCI, SOC2 and internal process requirements.



Solution

- Create a cloud-agnostic solution on AWS and established DevOps best practices to automate the delivery of its banking software.
- Design to meet customers' risk framework and PCI standards.
- Implement AWS control tower architecture and enforced Security Guardrails through SCPs.

- Ensure compliance management through stakeholder collaboration to closely track and mitigate outstanding risks.



Outcomes

- Provided continuous compliance with zero major alerts through CSPM and CWP monitoring and remediation.
- Reduced misconfigurations by 80% through proactive policies and template-based deployment, significantly improving the compliance score.
- Periodic updates to compliance documents and risk tracking ensured successful clearance of PCI external audit.

Multinational Banking and Financial Services Company Challenge



Challenge

Address regulatory regimes, including EMIR, Dodd-Frank, BASEL III LCR, and BCBS 239. A strategy for a Group Risk and Finance Data Warehouse to comply with BCBS 239.



Solution

- Assessment and creation of an information strategy for all data items within the scope of risk and finance functions – including data entities related to trades and associated attributes, assets and liabilities, cash flows, and market and credit risk measures.
- Rationalized and cataloged crucial data entities across the Risk and Finance domain.

- Built a high-level conceptual data model (CDM).
- Designed storage of data entity definitions within Collibra.
- Mapped the lineage of each data item back to individual source systems.
- Documented data transformation business rules for each data item.
- Defined a data governance strategy for the Risk and Finance domain.



Outcomes

Achieved compliance with specific pillars of BCBS 239.

Your Path to Risk and Compliance Excellence Starts Here

The future belongs to those who capitalize on change. Savvy financial institutions use the need to manage risk as an opportunity to gain the trust of their customers and showcase their operational excellence.

If you're looking to manage risk scenarios such as incident management, IT risk, operational risk, cyber risk, disaster recovery, sustainability risk, and vendor/third-party risk, a trusted IT partner like Hitachi Digital Services can give financial services companies a competitive advantage.

Our unmatched experience and extensive ecosystem have helped hundreds of BFSIs implement governance, risk, and compliance (GRC) programs, gain a competitive advantage, reduce costs, and ensure innovation delivers on its promises.



Book a consultation with our experts to explore solutions.

[Learn more →](#)

About Hitachi Digital Services

Hitachi Digital Services, a wholly owned subsidiary of Hitachi Ltd., is an edge-to-core digital consultancy and technology services provider helping organizations realize the full potential of AI-driven digital transformation. Through a technology-unified operating model for cloud, data, and IoT, Hitachi Digital Services' end-to-end value creation for clients is established through innovation in digital engineering, implementation services, products, and solutions. Built on Hitachi Group's more than 110 years of innovation across industries, Hitachi Digital Services helps to improve people's lives today and build a sustainable world tomorrow. To learn more, visit hitachids.com.

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