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**SMART GUIDE**

**HOW**

# **voice technology can protect your bank**

10 WAYS USING VOICE TECHNOLOGY FOR  
LEGAL AND COMPLIANCE CAN PROTECT  
YOUR CUSTOMERS AND BUSINESS

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**THE GLOBAL ENTERPRISE GOVERNANCE, RISK AND COMPLIANCE MARKET SIZE IS EXPECTED TO REACH \$88.48 BILLION BY 2027 WITH A CAGR OF 14% FROM 2020, ACCORDING TO A REPORT BY GRAND VIEW RESEARCH.**

# Introduction

**This smart guide offers 10 ways using voice technology for regulatory compliance can protect your customers and business.**

## Why is regulatory compliance important to your business?

Organizations throughout the world face new and existing complex regulations. With an increasing amount of regulations to adhere to, the burden to understand, manage and protect customers' voice data is more important than ever.

Following the financial crisis of 2008, regulations implemented by financial service organizations increased dramatically. Since then, even bigger compliance hurdles have come about including [GDPR](#), [PSD 2](#) and [MiFID 2](#). With more regulations being added every year, banks, financial services and other organizations that deal with personal or sensitive information, face increasingly large barriers in the delivery of their products or services. Increased regulations mean that organizations must conform to standards and continue to implement new systems and solutions to manage risk to their customers' personal data.

For most organizations one of the largest areas for concern of non-compliance is the direct impact on revenues. In 2019, [The Financial Conduct Authority \(FCA\)](#) issued almost £400 million worth of fines in the UK for compliance, legal and governance-related issues. Fines, however, are just the tip of the iceberg for brands operating non-compliant businesses. The implications of fines on

brand reputation and share price can have a detrimental effect.

Since 2008, global financial institutions have been fined **over \$36 billion** for non-compliance. Anti-money laundering (AML), know your customer (KYC) and sanctions regulations have led to approximately \$10 billion being issued in 2019. Businesses must look at introducing new technologies to help reduce fines and protect their brand.

**“We believe that to make an impact on the widespread misconduct problem; there is an opportunity to leverage speech analytics with our deep domain expertise in regulatory compliance to provide regulated entities, regardless of their size, sector or geographic location with the necessary tools to create a customer-centric culture and help to prevent conduct-related issues.”**

**Dilip Mohapatra, Director.  
Cognitive View**

## Financial services regulations to consider

The number of financial regulations continues to grow exponentially with no signs of slowing.



Financial regulations put enormous pressure on financial organizations to understand and monitor new regulations to ensure they remain compliant with both old and new legislations. Global financial institutions have no option when it comes to the rules set out by the FCA or other governing bodies.

Some of the most breached industry regulations by financial institutions include:

### Know Your Customer (KYC)

KYC is a regulation to verify the identities of your customers, clients and suppliers. Financial institutions use KYC to protect themselves against being exploited by criminals who are involved in fraud such as money laundering, and illegal activity such as financing terrorism. KYC encourages financial institutions to identify and verify a customer before they are onboarded.

**TECHANDFINANCE.COM  
PREDICTS THAT  
300+ MILLION PAGES OF  
REGULATORY DOCUMENTS  
WILL BE PUBLISHED BY  
THE END OF 2020.**

**“Know Your Customer checks support companies in ensuring that their customers are not involved in financial crime or fraud by verifying the individual and business they’re doing business with. KYC remediation is essential when protecting your business and customers from money laundering”. Experian**

## Anti-money laundering (AML)

AML is intended to prevent criminals from disguising illegally obtained funds as legitimate income. AML regulations require banks and financial institutions to monitor their customers' transactions and report on suspicious financial activity which makes it harder for criminals to hide and move illegal money.

## The General Data Protection Regulation (GDPR)

GDPR is a legal framework that sets guidelines for the collection and processing of personal information and data from individuals who live in the European Union (EU). GDPR lays out the principles for data management and the rights of an individual, while also imposing fines that can be revenue-based.

GDPR applies to all organizations that deal with EU citizen data, making it a critical regulation for corporate compliance officers at banks, insurers, and other financial organizations.

## Payment Card Industry Data Security Standard (PCI DSS)

PCI DSS are standards all businesses that transact via credit card must abide by. Created by Visa, MasterCard, Discover, and American Express in 2004, the PCI DSS has evolved over the years to ensure that online sellers have the systems and processes in place to prevent a data breach.

PCI DSS compliance is not about the necessary removal of personal data from the records but ensuring that they remain safe and secure. This means that organizations might want to redact certain elements or even create rule-based access to the data.



## MiFID II

MiFID II is a legislative framework instituted by the European Union (EU) to regulate financial markets. It aims to standardize practices across the EU and restore confidence in the industry, especially after the **2008 financial crisis**. The framework covers virtually every asset and profession within the EU financial services industry and regulates off-exchange and over the counter (OTC) trading pushing it onto official exchanges. The MiFID II legislation requires organizations to increase the transparency of costs and improve record-keeping of transactions.

# Regulation technology or "RegTech"

RegTech is a popular term within the financial industry. It has similarities with FinTech but focuses on compliance and regulation and is predominantly used within the banking sector. The elements within RegTech include:

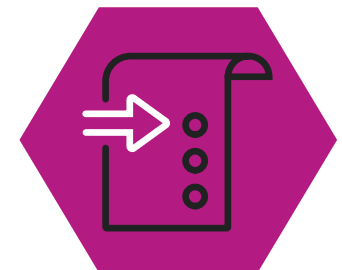
- Compliance and Risk Management
- Identity Management
- Regulatory Reporting
- Fraud Management
- Regulatory Intelligence

Increasing demand for RegTech applications has encouraged large enterprises to implement new and advanced solutions. The use of non-human solutions for information gathering, monitoring, process automation, workflow automation and advanced analytics is enabling the digital transformation of compliance and risk management functions. Regulators are constantly challenging organizations to have a comprehensive suite of tools to deliver robust compliance practices.

The adoption of compliance and RegTech solutions are expected to help financial institutions improve operational efficiency, agility and financial transparency. RegTech helps reduce the overall cost of delivering compliance which is essential to the protection of customers and businesses against fines.

Voice technology is a key component of RegTech software. Voice is an extensively used channel. Transcription is required to transform unstructured voice data into text which can be used alongside other text-based information. It can then be triaged by analytics and other purpose-built RegTech solutions.

**According to KPMG RegTech is expected to make up 34% of all regulatory spending by the end of 2020.**



## Digital speech and compliance

Audio and speech captured in digital form increases annually; including from channels such as those maintained by regulated entities, or corporations more broadly. This - combined with increasing regulatory scrutiny and improving capabilities to hold and discover against audio channels - creates new obligations and opportunities for many organizations.

It is suggested that no other channel creates such a rich and nuanced view of interactions between parties as voice. Concepts such as sentiment, intent, and inflexion can help derive the key themes incorporated in a discussion, better infer state of mind, and are key to managing risk and deriving insight.

With each interaction, key information representing a business transaction, sale or trade are often discussed. This creates potential risk that extends beyond compliance, but also impacts privacy and security. As organizations are forced into ever-decentralized operations post COVID-19, the challenges only increase.

These challenges require solutions that can accurately process and understand speech-based content at scale. It means that solutions need to analyze large volumes of audio, and have the ability to support real-time interactions. This can only be done leveraging the latest advances in machine learning, and industry leading speech analytics built on deep neural network models.

Any given voice-based interaction between parties may impact privacy, security, compliance, or legal-related obligations. Only an advanced ASR platform can accurately represent the complex nature of speech across a large set of global languages. This forms the basis of the most advanced speech solutions in the market to manage risk and derive insight from audio content.

**“We leverage leading voice technology software to deliver unparalleled capabilities to derive insight and manage risk in audio channels. In batch or real-time we can establish sentiment at granular levels in multiple languages and use accurate transcriptions based on deep neural network models to establish topics and trends at scale. Along with the ability to deploy on-premises, hybrid, or cloud-based environments depending on our customers’ needs.”**

**George Tziahanas, Managing Partner, Sohosquared**

**US banks:** estimates suggest that top tier banks are spending more than \$1 billion a year on compliance, and in some cases account for **more than 10%** of the bank’s operating costs.

**European banks:** the average cost of compliance is **estimated at 4% of total revenue** but is expected to rise to 10% by 2022. An **Accenture survey** validates this claim and anticipates an 89% increase in compliance investment over the next two years. It is expected that the operational regulatory burden facing financial institutions will double every few years.

Voice technology provides significant efficiencies for regulatory compliance in organizations. This guide will focus on 10 ways using voice technology for regulatory compliance can protect your customers and business. These 10 ways are outlined below.

- 1 Reduce fines
- 2 Speed-up investigations
- 3 Improve information culling
- 4 Protect your brand
- 5 Share price security
- 6 Reduce false positives / errors
- 7 Increase keyword spotting activity
- 8 Make policies / processes more efficient
- 9 360 view of the customer
- 10 Streamline workflows



# Getting started

## How voice technology underpins improved regulatory compliance

Compliance is a complex subject and can be very different depending on the use case and environment. There is no denying the financial implications of a compliance or regulation breach. Breaches cost organizations millions – if not billions – every year.

The initial challenge is the responsibility of monitoring and supervising data at scale. Banks, financial services and any organization that requires a level of trust from their consumers are bound by laws set in place to protect the customer. However, this is an expensive and manual process that is difficult to execute. For this reason, organizations require solutions to make data and metadata available at scale.

**“The best way to tackle the challenge of compliance is with machine learning powered software that can automatically review conversations; evaluate the content, and rank high risk calls for human review. This is a sophisticated process that uses several algorithms and is trained on a vast array of relevant data to ensure world-class accuracy. In order to make sense of the data we leverage a proprietary semantic engine that places words into context. The call can then be evaluated against several criteria which includes how compliant it was.”**

**Richard Kimber, CEO & Founder, Daisee**

Compliance has become a significant and growing challenge due to the volume of customer interactions each day. The consequences of not conforming to legislation such as protecting credit card data (PCI DSS compliance) and protecting

customer data (data protection act), holds significant penalties. Organizations are motivated to ensure that these rules are both followed and can be tracked to prove their compliance in the case of an audit.

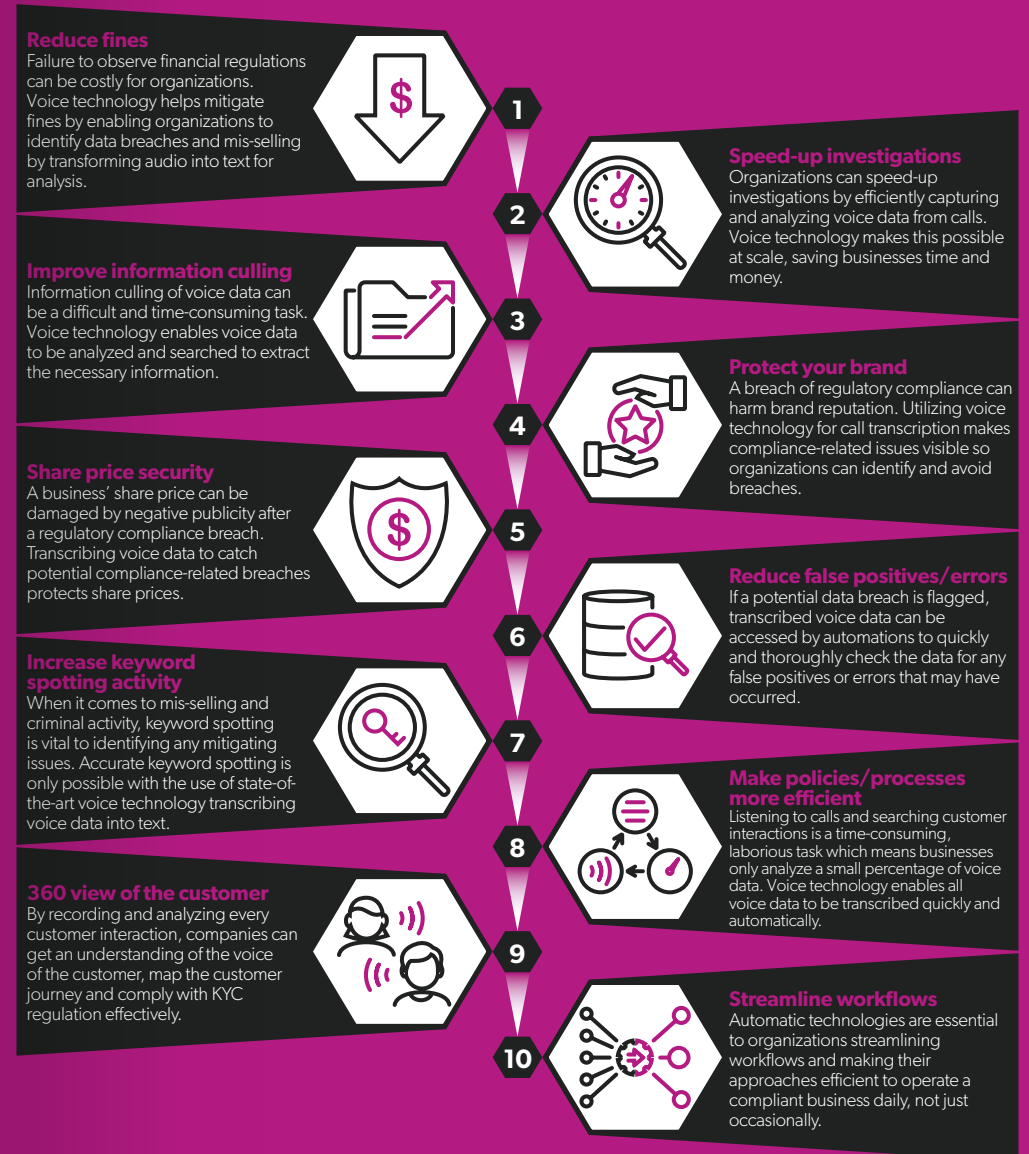
Unlike text, it is challenging and time-consuming to extract useful information from audio recordings, requiring large teams of people to manually listen to calls. Voice technology provides the opportunity to locate and replay stored recordings automatically. Financial institutions can evaluate and then categorize every customer interaction into groups that are relevant to specific compliance regulations to be addressed appropriately.

Organizations are required to make all call records accessible upon request by both regulators and customers. This means that in-depth record-keeping is necessary. By transforming these voice recordings into text through transcription – organizations can store and index 100% of customer records automatically. They can then be accessed and searched for by relevant keyword or phrase.

Research conducted in 2019 by a prominent contact center solution provider, found that 91% of respondents believe increasing investment in contact center compliance software should be considered a priority in the next year. 83% of contact center professionals said their organization’s efforts towards customer privacy and private data safety need to be improved. Voice technology provides a significant efficiency to not only monitor compliance in real-time but speed-up investigations with accessible customer records.

# At a glance

## A guide to how using voice technology for regulatory compliance can protect your customers and business



# 10 ways to improve regulatory compliance using voice technology

## 1 Reduce fines

Risk management has become essential for businesses to function and produce accurate revenue forecasts. Enterprises and organizations with improper implementation of risk management for both themselves and their customers are exposed to huge fines when legislation and regulations are not met.

Some of the largest fines of 2019

**EUROPEAN COMMISSION FINES MASTERCARD €570M FOR ANTI-COMPETITIVE ANTICS**  
 - MasterCard was charged with limiting the payment options of card users in Europe.

**STANDARD CHARTERED FINED \$1.1BN FOR AML AND SANCTIONS BREACH** - Standard Chartered braced itself in its 2019 projections for a hefty regulatory fine it received in April.

**FIVE BANKS FINED €1BN FOR RIGGING FOREIGN EXCHANGE MARKET**  
 - Barclays, RBS, Citigroup, JP Morgan, and MUFG charged for using chatrooms to exchange trading plans.

**CITIGROUP FINED RECORD £43.9M FOR 'WIDESPREAD' REGULATORY REPORTING FAILURES**  
 - Citi failed to deliver accurate returns and failed to meet the standards of governance and oversight.

**UBS BANK FINED £28M BY FCA FOR MISREPORTING TRANSACTIONS**  
 - UBS failed to provide complete and accurate information in relation to £86.6 million reportable transactions.

**GOLDMAN SACHS FINED £34.3M FOR MISREPORTING TRANSACTIONS**  
 - The UK's Financial Conduct Authority (FCA) slapped Goldman with a charge for failing to report £220m transactions.

Speech recognition technology offers the ability to automate workflow and mitigate the risk of fines as a call happens in real-time. It ensures archived voice data is transcribed for analysis. This capability significantly minimizes risk to financial institutions and organizations

that are liable for significant fines. However, fines are just the tip of the iceberg. Reputational damage, share price loss and negative publicity are equally, if not more important than a financial loss to a brand.

## 2 Speed-up investigations

Research by **Contact Babel** showed that there was a real and growing interest in real-time analytics. Speech analytics is vital for business intelligence, performance improvement, QA and compliance. Traditionally, this was done post-call using historical data.

40% of those surveyed in the mentioned research were looking to use data within their organization to flag non-compliance issues. However, this method identifies issues after they have occurred. Organizations need to identify issues in real-time as they occur on calls. While real-time call analytics do not completely solve compliance problems instantly, they provide an opportunity to highlight issues in real-time using keywords to trigger additional

workflows. These workflows could provide hints direct to agent dashboards or route the call to a supervisor before it escalates.

The financial industry is governed by regulations with strict rules around compliance and procedures to inform them of when a compliance breach occurs. Real-time monitoring enables organizations to inform regulators of potential issues in time to avoid additional punishments.

The deployment of voice technology helps organizations monitor standards, flag issues and implement data-driven activities to ensure compliance while delivering exceptional customer experiences.

## 3 Improve information culling

Financial institutions and many other enterprise organizations deal with huge amounts of data from multiple channels. Tools exist to help natural language processing (NLP) spot keywords, check for compliance and other monitoring capabilities. However, it is essential to have accurate speech recognition to turn speech data into a text so that these tools can be used.

Irrespective of the number of channels that consumers use to interact with a brand – phone calls are still the most popular – even more so when there is a problem. Organizations need to ensure they have the right solutions to monitor

customer communications effectively. To that end, voice technology offers immense value in helping companies extract insights from voice data. Once accurate speech recognition technology is integrated into a workflow, information culling can improve and progress rapidly.

From trading floors and corporate and retail banks to insurance and customer service, all organizations looking to conform to compliance regulations within their industry need the essential task of transforming audio data to text using speech recognition to make the analysis, monitoring and supervision of calls a reality at scale.

## 4 Protect your brand

If an organization faces a regulation breach, it runs the risk of doing irreparable damage to their brand. Organizations risk distancing potential new customers and encourage churn of their existing customer base. Brand reputation is paramount to year-on-year business growth. This makes protecting a brand one of the most important challenges that businesses face when presented with compliance fines. Consumers need trust, but negative publicity can undo a brand's reputation in minutes, ultimately affecting company revenues.

After the financial crisis in 2008, there was a flurry of new compliance-related policies brought into effect that govern a range of industries. Savvy end users are now even more involved when it comes to the protection of their data and have forced organizations to take things more seriously. Public opinion can be uncompromising for organizations that comply but have previously had a bad reputation. Brands find themselves tarnished by their mistakes, making it hard for end users to rebuild the trust they once had.

Voice technology provides the ability to identify and manage risks or breaches before they happen. Unstructured voice data can contain many breaches without a brand knowing they exist, only for them to be uncovered by an auditor or regulator. Accurately transcribing call data into text enables organizations to analyze or monitor calls in real-time or after the calls have happened. This means organizations can protect their brand at the source before negative publicity puts their brand reputation at risk.





## 5 Share price security

Publicly traded companies must adopt regulatory programs. One of the requirements to be publicly traded is to have auditable finances. To go public, the organization must have revenues of \$10-\$20 million per year with profits of around \$1 million. Not only that but management teams should show future growth rates of about 25% per year in a five-to-seven-year span.

Compliance-related fines can have a detrimental effect on an organization's share price.

**"The biggest challenges facing boards this year have again been highlighted as continuing regulatory change and the intensity of supervisory scrutiny. In line with compliance challenges, data privacy and GDPR have been specifically highlighted as a key board challenge for 2018."**  
THOMSON REUTERS

**"Looking to the future, banks and their boards cannot afford to be complacent about their trust and reputational problems, especially in light of emerging competition from alternative providers. Further, as the G30 has pointed out, the reputational fallout from misconduct is often not limited to the offending institution but has a contagion effect on other players. It can also damage the wider economy if money that banks might otherwise have lent to personal and business borrowers is swallowed up on fines for misconduct and related costs."**

DERVILLE ROWLAND,  
DIRECTOR GENERAL OF  
CENTRAL BANK OF  
IRELAND

Compliance breaches impact revenues, reputation, customer loyalty and ultimately lead to customer churn.

These factors can significantly affect the value of a company. Because of this, boards are looking to focus on their RegTech stack and workflows. Incorporating automatic speech recognition (ASR) into the technology stack to enable the use of other RegTech solutions is paramount to the success of these tools. Without accurate speech technology at the core of voice data transcription, analysis and monitoring become ineffective.

## 6 Reduce false positives / errors

Voice technology enables organizations to make customer interactions visible at scale within their organizations.

Historically, organizations were required to make a significant investment in people to manually monitor customer interactions to remain compliant. Staffing costs represented one of the largest costs to financial institutions and compliance monitoring was a daunting job.

With contact centers processing thousands of calls a day and trading floors facilitating a similar number of deals, individuals tasked with compliance monitoring can soon become overwhelmed. The addition of false positives further exacerbates the issue and unnecessarily increase costs.

Organizations now face a challenge to balance the cost of a large compliance team with the risk of exposure to compliance breaches.

Organizations are using best-in-class speech recognition technology to empower compliance teams to process calls rapidly and in real-time. By using automated tools, it reduces human error and false positives, limiting the number of calls the team must process. Voice technology automates the heavy lifting of transcribing calls while reducing the workload of the compliance team, making them more effective. Automated tools help to free up resources which can be used to do more valuable work while also gaining data visibility.

## 7 Increase keyword spotting activity

The rise in machine learning and artificial intelligence takes monitoring to the next level. Organizations now have the flexibility to apply industry or channel-specific vocabulary to a voice technology system. Keywords can be captured and analyzed to understand context around the use of a word for potential mis-selling scenarios.

Unlike text, it is extremely challenging and time-consuming to extract useful information from audio recordings. The areas within organizations that specialize in compliance are highly motivated to ensure they remain on the right side

of the legislation to avoid huge fines. Having the broadest visibility of the data that is generated in everyday calls is vital to ensure this.

By transforming audio data taken from calls into text data, voice technology provides the opportunity to locate and replay stored recordings, ranked by relevance and displayed as text summaries with search words highlighted automatically. Organizations can automatically evaluate and then categorize every customer interaction into groups that are relevant to specific compliance regulations.

## 8 Make policies / processes more efficient

**“Technology is having a major impact on compliance. On the one hand, the anticipated benefits of new technology are driving an increase in the compliance function’s involvement in considering solutions, with 41% expecting to spend more time assessing FinTech and RegTech solutions over the next 12 months.”**

THOMSON REUTERS

Next-generation tools powered by machine learning and artificial intelligence are becoming expected components of a brand’s technology stack. Regulators expect companies to invest in solutions like ASR to empower their workflows and ensure the protection of their customers. Financial institutions are being held to high standards when it comes to data protection and their ability to meet increasingly stringent regulations.

It’s due to the far-reaching impacts of compliance that organizations need to look to implement tools and strategies to ensure that when they are impacted by new regulations and compliance, they are prepared and have strategies in place to absorb the change with a business as usual approach.

Rules and regulations are constantly changing and evolving depending on industry and region. Keeping a manual check on all the processes is no longer feasible. Organizations need flexible, adaptable solutions to ensure that they can cope when a new piece of legislation is released. Having automated RegTech solutions at the core of internal processes minimizes disruption and system exposure while new solutions are created and implemented to address the latest issues.

## 9 360 view of the customer

**GDPR IS AN EXCELLENT EXAMPLE TO SHOW HOW.**

The issue with complying with data protection regulation is that customer data is scattered across dozens of systems in an enterprise. Financial institutions hold lots of information in many places about any one customer. If the organization has a

**joined-up system that enables data to be easily searched, different teams can have immediate access to that information. This helps to accelerate issue resolution and improve customer experiences while tracking customer interactions across all touchpoints of their journey. This capability can be offered**

**by indexing customer data and metadata when it is in text form. However, when it comes to voice data, a dedicated speech recognition engine is required to transform the voice data into text to be captured and indexed. The ability to find, interrogate and extract insight and map the customer**

**or compliance issue to the customer journey is vital. Speech-to-text enables organizations to deliver 100% visibility of customer interactions and their touchpoints on a specific journey.**

In most cases, the components of RegTech solutions – like ASR – present a solution for more than one problem.

The ability to visualize customer interactions across their entire journey with the business over time means organizations can see what information the company holds about their customers. Organizations can determine whether interactions are in line with the compliance legislation that governs that customer dependent on their unique attributes.

## 10 Streamline workflows

Historically, when calls were recorded, compliance teams would manually review the calls for anomalies. However, this was not scalable. It's labor-intensive, expensive and unnecessary. Every hour of audio took approximately three hours to review. Multiply this workload by the number of calls that take place daily and soon the simple task of listening to calls and identifying non-compliance issues becomes monumental.

Small scale sampling of calls yields about a 3-5% review rate. This leaves financial services businesses and other organizations that deal with sensitive data incredibly exposed with a data blind spot of over 95%.

Accurate speech-to-text can revolutionize this practice. In conjunction with analytics,

**"Companies have no choice but to leverage next-generation technology to achieve a more effective and streamlined approach to regulation that allows financial institutions to approach regulatory compliance in a business-as-usual manner."**

MARC MURPHY,  
CEO, FENERGO

organizations can transform 100% of their calls into a text-based format allowing machine processes to automatically review, monitor and flag compliance breaches within calls.

By transcribing all calls into text, the heavy lifting is automated leaving just the review process left to be actioned by human members of the team. This streamlined approach to compliance monitoring using automatic voice technology means organizations can become more compliant while also reducing manual time spent on case reviews.

**"Today, they're looking for a needle in a haystack. They're listening to 100 recorded calls to find something interesting. By using the Voxo solution with ASR integrated, they can keyword search for the product, behavior or anything, and can go straight to the needle instead of going through the haystack first."**

JOHAN WADENHOLT,  
CEO, VOXO

## Conclusion

Effective and accurate capturing of data across all communication channels is essential to ensure compliance with changing regulations. Voice data is notoriously difficult to transcribe and analyze accurately, however, developments in automatic speech recognition technology are enabling organizations to include it as a core part of their workflow and technology stack. Speech technology enables businesses to transform all voice data into text, which can be combined with data obtained from other channels to create a joined-up data center.

Having the right processes in place and the ability to be transparent with the tools, processes and the conformity to compliance is essential for brand reputation and share price security. With the right RegTech solutions – of which ASR forms a pivotal part by capturing voice – society, consumers, investors and regulatory bodies can be reassured that their personal and sensitive data is secure.

The value of adopting and integrating ASR technology is no longer a question of choice for financial institutions, banks and other organizations. Using speech recognition technology for regulatory compliance is delivering supervision and monitoring at scale while delivering a better service and protecting the customer. Organizations are getting a better understanding of their customers and the businesses they are engaged with, helping to minimize fines while protecting their customers and business reputation.

For companies looking to remain compliant and mitigate risk, automatic speech recognition should represent a core component of their RegTech stack.



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