



Regulatory Compliance with Robotic Process Automation

May 2024

Introduction to Regulatory Compliance

Regulatory compliance refers to the adherence to laws, regulations, guidelines, and specifications relevant to a particular industry, organization, or activity. These regulations are established by governmental authorities, industry bodies, or international standards organizations to ensure that businesses operate ethically, responsibly, and in the best interests of various stakeholders, including customers, employees, and the public.

Compliance involves understanding and adhering to applicable laws and regulations at the local, national, and international levels. These may include industry-specific regulations, environmental regulations, labor laws, data protection laws, financial regulations, and more. Compliance may also involve adhering to industry standards, best practices, and guidelines established by regulatory bodies or industry associations. These standards often provide frameworks for achieving compliance and ensuring the quality, safety, and integrity of products, services, and processes.

Organizations typically develop internal policies and procedures to ensure compliance with external regulations and standards. These policies outline the specific requirements, responsibilities, and procedures for employees to follow to ensure compliance. Compliance requires ongoing monitoring of activities, processes, and systems to ensure that they align with regulatory requirements. This may involve conducting internal audits, assessments, and reviews to identify and address any non-compliance issues. Additionally, organizations may be required to report compliance status to regulatory authorities or other stakeholders.

From a risk management standpoint, compliance efforts often involve identifying, assessing, and managing risks associated with non-compliance. This includes implementing controls and mitigation measures to reduce the likelihood of non-compliance and its potential impact on the organization.

Ensuring compliance requires providing employees with appropriate training and education on relevant laws, regulations, and company policies. This helps to raise awareness of compliance requirements and empowers employees to fulfill their compliance obligations effectively. Non-compliance with regulatory requirements can result in various consequences, including fines, legal sanctions, reputational damage, and loss of business opportunities. Therefore, organizations must take compliance seriously and take proactive measures to mitigate compliance risks.

Overall, regulatory compliance is essential for maintaining the trust of stakeholders, protecting the organization's reputation, and avoiding legal and financial liabilities. By prioritizing compliance and implementing robust compliance programs, organizations can demonstrate their commitment to ethical conduct and responsible business practices.

Robotic Process Automation and Regulatory Compliance

With regulatory compliance, government audits can occur at any time. When that happens, the outcome depends on a company's ability to defend its conformance with regulations by producing supporting documentation.

Robotic Process Automation (RPA) can be a powerful tool for supporting audit compliance in several ways:

- **Data Validation and Verification:** RPA bots can be programmed to validate data across various systems and documents, ensuring accuracy and consistency. This helps in verifying compliance with regulatory requirements and internal policies.
- **Automated Documentation:** RPA can streamline the documentation process by automatically generating audit reports, compliance documents, and other necessary paperwork. This reduces the chance of human error and ensures that documentation is complete and up-to-date.
- **Continuous Monitoring:** RPA bots can continuously monitor transactions, processes, and data for any anomalies or deviations from compliance standards. They can alert auditors in real-time, enabling prompt action to address any issues that arise.
- **Standardized Processes:** RPA ensures that audit processes are standardized and consistent across the organization. This consistency makes it easier for auditors to assess compliance and identify areas for improvement.
- **Streamlined Audits:** RPA can automate many repetitive audit tasks, such as data collection, analysis, and reporting, which frees up auditors to focus on more strategic activities. This leads to more efficient and effective audits.
- **Enhanced Accuracy and Precision:** By reducing manual intervention, RPA minimizes the risk of errors in audit processes. Bots can perform tasks with a high degree of accuracy and precision, improving the reliability of audit findings.
- **Improved Risk Management:** RPA can help identify and mitigate risks more effectively by analyzing large volumes of data in real-time. This proactive approach to risk management enhances audit compliance by addressing potential issues before they escalate.

Overall, RPA can significantly enhance audit compliance efforts by automating repetitive tasks, ensuring data accuracy, and providing real-time insights into organizational processes and transactions. By leveraging RPA technology, organizations can streamline their audit processes, reduce compliance risks, and demonstrate adherence to regulatory requirements more effectively.

With Compliance Regulation, UiPath RPA can support the legal consideration of companies. The benefits are considerable when implementing automation technology to support enforcement efforts. Companies can streamline compliance measures through data management, customer consent management, and security compliance.

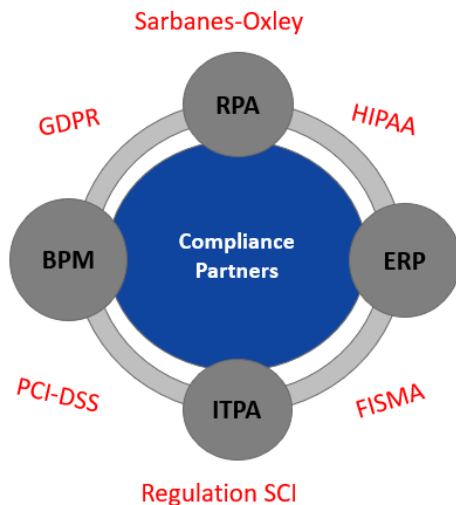
Data Management - UiPath can deal with mapping existing data from the organization's databases as well as incorporating new data from various business processes. Natural language processing (NLP) can then be applied to identify, analyze, and classify PII based on data sensitivity as well as holding period. As part of periodic data clean-ups, software robots can also update system data based on rules engine inputs and replicate these updates across all systems.

Customer Consent Management - Individuals are given access to their customer portal where they can visualize, update, or delete their aggregated personal data in a unified viewing field. Customers can directly export their personal data in a structured format, transmit it to another data controller, or use a personal data store to hold the data and grant permission to data controllers as required. Triggers can be used for business purposes and to seek customer consent for data usage.

Security Compliance - RPA can make data pseudonymous before storing and can automatically inform customers in case of a data breach. UiPath RPA Robots save all their actions into an activity log file so

businesses can better anticipate and manage compliance issues, proactively conduct internal reviews of compliance statuses, and effectively respond to a regulatory audit if necessary.

A primary method for compliance documentation is log files.



Network log files document and report user-level and system-level internal controls compliance for Sarbanes-Oxley, tracking such actions as logon outcomes, file read, write or delete, host session status.

IT Process Automation (ITPA) change control log files are used in conjunction with network log files to document the “what” and “why” behind actions by privileged users.

ERP and BPMS log files are used to document transaction-related compliance. For example, log files document post-acknowledge revisions to customer orders or traceability on production release dates for FDA regulated food products.

UiPath RPA and Banking Compliance

The UiPath Enterprise RPA Platform helps banking institutions achieve automation at scale allowing banks to successfully reduce regulatory compliance burdens, deliver omni-channel customer experiences, and control costs.

Mortgage Remediation and Customer Onboarding are the two biggest areas RPA can make banking compliance easier.

Mortgage Remediation

Mortgage Lending makes up a large portion of revenue for retail lenders. Both banks and regulators want to ensure responsibly managed customer experiences in remediation scenarios such as applying incorrect interest rates, overcharging fees/late payment deductions, erroneous equated monthly installment (EMI) deductions, and customer complaint handling. Remediations are manually managed and a result of customer complaints, audit findings, or due to a regulatory push. Due to large volumes, completing all the correct remediation steps can take months before the error can be resolved.

Data extraction and preparation is an important step to begin the mortgage remediation journey to prepare the necessary data. RPA robots help in extracting data from required source systems and databases and put the data into the required format.

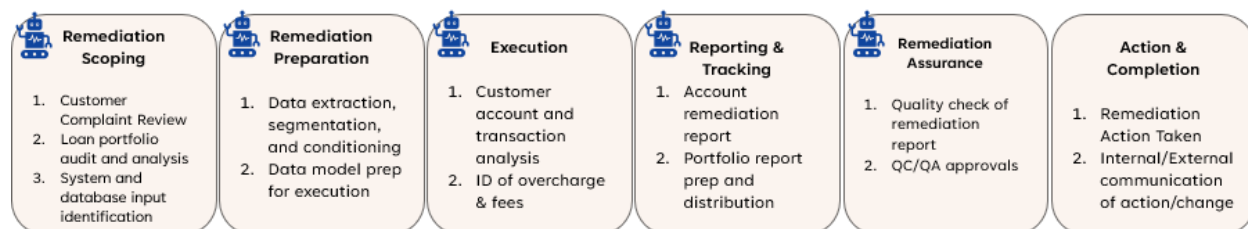
Execution includes automating the verification of account entries and identifying incorrect fees or interest rate calculations where applicable. Based on a set of rules, UiPath robots identify any missing details in the accounts if there are any gaps.

UiPath robots can also complete the remediation of an account by completing the general ledger (GL) entries for respective customers where discrepancies are identified. In cases where information is required

from customers, emails or notifications are sent. The process completes with refunds or payments to customer accounts which can be completed by a UiPath robot or sent for approval by a human first.

Most remediation reporting activities are associated with reporting and reconciliation. Robots create an audit log of the activities performed and publish it for review.

The illustration below shows the typical workflow for a mortgage remediation effort. The symbols represent the type of automation (attended/unattended) used for automating the overall process. Human intervention steps are built into the automation flow. The tips below summarize how the activities are automated with the UiPath Platform:



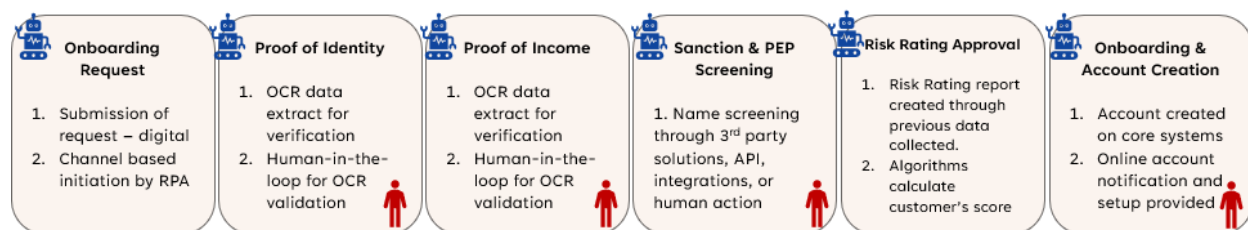
Customer Onboarding

Customer due diligence (CDD) and “know your customer” (KYC) are critical customer onboarding functions which are highly regulated. These due diligence processes help banks to assess the risk of new customers, and to determine the products and relationship that the bank can develop with them. Banks are increasingly looking to automate these CDD and KYC processes to get better control of compliance costs to reduce the time to onboard a customer, improve the customer experience, shift from largely manual processes to automated processes, and improve the quality of due diligence.

To automate this process, both attended and unattended robots which can hand-off to a human are required. In order to ensure an omni-channel automation experience, technologies that support conversational understanding artificial intelligence (AI) are also required.

The figure below shows the automated steps in the KYC/CDD journey. Note the smooth transitioning between robots. In case of onboarding corporate customers, our robots can add even more value as the number of verifications needed is much higher, involving higher human effort and lengthening the process to even one month, having a huge impact on the customer experience.

While most banks have experimented with KYC automation, end-to-end KYC automation is uncommon because of the volume of unstructured data and channels that are involved. However, keeping a human-in-the-loop is the key to Customer Onboarding RPA



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