



BANKING

# iNFO

05

## The changing world of Document Retention

For many, the concept of 'Document Retention' conjures up an image of mountains of archive boxes containing hard-copy documents. But for most companies today, the reality is vastly different. Document Retention can more accurately be described as 'Corporate Information Management' and encompasses a broad array of stand-alone and inter-connected media formats, technologies, complex workflows and customer touch points.

### Background

Information Management became a hot topic for banks earlier this decade, with the advent of Sarbanes Oxley and Basel II. These pieces of legislation were passed in response to major corporate and accounting scandals and served to increase regulatory requirements with costly implications. In February 2008 WorldNetDaily suggested that the outcome of legislative changes had increased information management and audit costs by 130% and had cost American companies alone, more than \$1.2 trillion. Now, a year later, in the wake of the sub-prime crisis and global credit crunch, these costs can only be expected to escalate further as governments around the world inevitably move to legislate against a repeat of this catastrophe through the implementation of tighter controls.

### Challenges faced

Information compliance comes at a high price because it is wedded to organisational processes, technology, infrastructure and culture. But failure to comply can prove costly too – posing a threat of \$multi-million legal bills if companies do not get it right.

It may be surprising that whilst some banks are actively engaged in building and refining robust information management strategies, others have been slow to respond. Some players are still weighing the cost of compliance against the threat of potential penalties in a \$multi-million gamble. But in a climate where all eyes are on the bottom line, it's a risk that some banks have decided to take.

Those that are taking positive action, tend to take either a 'push' or 'pull' approach. Some see quality information management as an enabler of business performance and route to competitive advantage. For these banks a progressive strategy will be aggressively pursued for tangible ROI and transformational business results. But where reducing risk is the primary driver, compliance and its associated costs are perceived as the core requirement and, as a result, a host of potential benefits are likely to be overlooked.



## The changing world of Document Retention

### Recognising information inefficiency

The first step towards arriving at an optimised information solution is recognising the problem. Some of the symptoms associated with poorly managed information assets have been detailed below:

- Information is held by individuals in personal filing systems – both electronic and paper
- Documents and records are duplicated in numerous locations – in one client we found 27 instances of the same document
- There is no obvious place to go when a specific piece of information is sought
- No central repository for information exists – or if one does, it is poorly structured and poorly populated with incomplete records
- A build up of data in the network is driving up data storage and archiving costs
- There is no clear line of responsibility for information
- Little or no standardisation exists on where and how information is managed, stored and destroyed
- Cultural awareness of information as a company-owned asset is low
- Information, if found, is unreliable, version control poor and identifying authors/contributors is difficult

### Williams Lea's capabilities

Williams Lea has a wealth of experience in consulting with multiple business sectors and implementing transformation programmes that encompass Document Retention and Corporate Information Management on a global scale.

#### Williams Lea's approach

- Vendor neutral
- Consultancy-led
- Bespoke, needs-driven solutions
- Regulatory experts and subject matter expertise
- Well experienced in banking culture
- Dedicated transformation teams
- Continuous Best Practice model
- Appropriate use of technology
- Knowledge and experience of localising solutions

### Contact

If you would like to discuss any of the points raised in Banking iNFO.05, please contact your regional practice leader, Lyndsay Gill, Managing Director, on t: +44 (0)207 772 4350 e: [lyndsay.gill@williamslea.com](mailto:lyndsay.gill@williamslea.com). Or for more information, visit our global website: [www.williamslea.com](http://www.williamslea.com)

### Arriving at a successful solution

The key is the ability to simultaneously standardise and optimise processes – whilst improving customer/client response time and service quality. The bank must achieve both flexibility and control, backed up with the right applications, protocols and workflows to make sure that information 'best practice' does not stifle innovation and entrepreneurship within banking culture.

An already multi-faceted challenge is often compounded as the methods and media for banking correspondence continue to proliferate. Traditional postal and fax correspondence is now supplemented by email and on-line transactions and phone records – all exchanged, circulated, copied and modified in different ways. The capture of records at the point of entry into an organization is a critical element within a truly effective solution. As this typically requires a business-wide mandate, investment in technology, clear policies and processes however, some banks have chosen to develop other compensatory processes, which involve bulking up on storage with a solution that becomes cumbersome, complex and costly to manage.

In addition to the above, many banks still archive by format rather than by content – a hurdle that must be overcome if the business and its people are to experience real information liberation. Digitisation of hard copy documents is the first step towards this goal. Another step is to employ user-friendly technology that provides vital support at key information touch points and makes it as simple as possible to effect behavioural change within the bank's information culture. Leading technology providers in this market place include Autonomy, Documentum and HP Trim.

The above must be achieved whilst taking account of geo-political and economic regional preferences with regards to data and its protection, if banks are to enable a flexible location strategy in domestic and global markets. For these reasons, a process of migration towards best practice, bringing best-in-class in technology in line, is often achieved by enlisting expert support to help banks adapt and make sure that their systems, processes and information culture can cope with the continuing onslaught of emerging regulatory requirements.

There are five simple steps that can be taken to start building an effective solution:

- Obtaining senior sponsorship – to mandate business-wide support
- Defining and agreeing a Document Retention Policy
- Designing a flexible solution allowing data capture at point of entry into an organization and thereafter, in addition to customized solutions for different divisions/geographic regions with bespoke workflow or retention requirements
- Agreeing an appropriate technology platform
- Future proofing to allow for ongoing innovation and adaptation to new strategic objectives in addition to regulatory and operational requirements

### Experiencing the benefits

For a bank that has taken a top-down approach to formulating and implementing a robust policy, information will be widely respected as a valuable corporate asset. Records will be centrally held, rigorously structured and supported by the appropriate technology. The strategy for information management will be dynamic, supporting creation, revision and destruction of records in a manner that underpins organisational objectives, satisfies regulatory requirements and enhances the end-customer's experience. Typically the benefits will be experienced as a step-change in organisation efficiency, and will include:

- Fast access to accurate records
- A high level of trust in document content
- The ability to track the life of a document
- Mitigation of organisational risk in relation to regulation
- Protection from reputational risk as all customer touch points are professionally managed and accurately recorded
- Reduction of storage space required