Digital Labor Analytics for Risk and Compliance Transformation
Digital labor, analytics and technology supports the Risk and Compliance Ecosystem and the new wave of automated compliance and risk testing.

<table>
<thead>
<tr>
<th>Class 1: Basic</th>
<th>Class 2: Enhanced</th>
<th>Class 3: Cognitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic process automation</td>
<td>Enhanced process automation</td>
<td>Cognitive automation</td>
</tr>
<tr>
<td>Rules engine</td>
<td>Visual Data Collection</td>
<td>Work flow</td>
</tr>
<tr>
<td>Class 1: Basic</td>
<td>Class 2: Enhanced</td>
<td>Class 3: Cognitive</td>
</tr>
<tr>
<td>Macro-based</td>
<td>Unstructured Data</td>
<td>Natural Language Processing</td>
</tr>
<tr>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Predictive Analytics</td>
<td>Machine Learning</td>
<td>Reasoning</td>
</tr>
<tr>
<td>1 to 2 Months</td>
<td>3 to 4 Months</td>
<td>3 to 6 Months</td>
</tr>
</tbody>
</table>

Common datamart

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Digital labor analytics and technology provide enhanced value in risk decisioning

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<tr>
<td><strong>Mitigate Risk</strong></td>
<td><strong>Reduce Costs</strong></td>
<td><strong>Increase Revenues</strong></td>
</tr>
<tr>
<td>Embed preventive monitoring for basic pre-close risk and compliance checks.</td>
<td>Minimize losses via advanced analytics and flagging exceptions in unstructured loan documentation.</td>
<td>Apply predictive analytics and cognitive to improve accuracy/reduce loss rates in underwriting.</td>
</tr>
<tr>
<td>Eliminate manual effort associated with “stare and compare” of documents vs. loan origination/servicing systems.</td>
<td>Lower manual costs associated with post-funding risk monitoring, limits management, conditions monitoring etc.</td>
<td>Reduce manual costs associated with delinquency and default management, via predictive monitoring and machine learning.</td>
</tr>
<tr>
<td>Increase member satisfaction and retention through faster onboarding and credit approval cycle times.</td>
<td>Increase market share and optimize profitability through dynamic, personalized risk-adjusted pricing and limit setting.</td>
<td>Through machine learning, identify patterns in members’ needs and risk behaviors to improve and personalize service experience over time.</td>
</tr>
</tbody>
</table>
Digital Labor Analytics & Technology provides a comprehensive set of tools to meet advanced challenges in risk and compliance.

**Key Insight**: Multiple options are required to ingest, extract and normalize data, based on:
- Velocity
- Variety
- Volume
- Veracity

**Key Insight**: Models and Simulations allow for repeatable benchmarking of the current (human) process:
- Rule-based
- Statistical
- Cognitive

**Key Insight**: Not all reporting solutions are made equal:
- Static Reports
- Interactive Dashboards
- Real-time Alerting

**Key Insight**: Different Actionable Information is required to make decisions:
- Senior Leadership
- Third Line Audit
- Second Line Risk & Compliance
- First Line Operators

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1. Develop **enterprise-wide business digital labor analytics blueprint**
2. Start with **existing data** to achieve near-term results
3. Build analytics capabilities based on **business priorities**
4. Focus on high-impact opportunities and create a business case based on **measurable business value** and total cost of ownership
5. Maintain **consistent scripting practices, documentation, and governance**
6. Operational Digital Labor Analytics depends upon a **scalable and extensible** technology tool foundation
7. It is **not about the tools**, it is about utilizing tools, analytics, and processes for impact
8. Requires strong analytics capabilities in terms of **people, culture**, and tools
9. Develop a **support model**, through communities of practice and/or centers of excellence
10. **Empower – and expect** – the decision-makers to use analytics
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