



Category 4 **Readiness**

Key Regulatory and Compliance Impact for > 100Bn Consolidated Assets

Enhanced Prudential Standards (EPS) – DFA (Section 165)

- Stricter Capital and Leverage Requirements
- Comprehensive Liquidity Risk Management
- Fed. Reserve Supervisory Oversight
- Expanded Internal Risk Mgmt. and Board-Level Oversight

Federal Reserve Supervision & Stress Testing (DFAST)

- Conduct Company-Run Stress Tests & submit to Fed Reserve every 2 years
- Heightened Federal Reserve scrutiny over risk management and capital planning.

Resolution Planning ("Living Will") – DFA Section 165(d)

- Submit Resolution Plan (Living Will) to regulators, detailing how it would be resolved in a failure scenario without disrupting financial stability.
- IDIs with total assets of at least US\$50 - 100 certain information filing requirements as Group B CIDIs

Mandatory Risk Committee & Chief Risk Officer (CRO)

- Establish a Board-level Risk Committee (if not already in place).
- Independent Chief Risk Officer (CRO) required to oversee enterprise-wide risk management

Liquidity Risk Management (LCR & NSFR - Limited Applicability)

- Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) will apply in a tailored form based on complexity.
- Conduct internal liquidity stress tests and submit liquidity plans to regulators.

Capital Planning & Federal Reserve Reporting

- Submit a Capital Plan to the Fed, ensuring it has sufficient capital to withstand adverse conditions.
- Heightened scrutiny on dividend payouts and share buybacks.

FDIC Requirements & Community Reinvestment Act (CRA)

- Increased FDIC insurance assessments based on risk profile.
- More frequent FDIC examinations focused on liquidity, capital, and resolution planning
- CRA obligations will require greater focus on community lending and investment.

Office of the Comptroller of the Currency (OCC) Scrutiny

- More rigorous risk management oversight from OCC.
- Heightened third-party vendor management requirements (including Fintech partnerships)

Strategic Recommendations for Webster Bank Approaching \$100 Billion in Assets



Strengthening Risk Mgmt & Corporate Governance

- Enhance Enterprise Risk Management (ERM) by aligning risk frameworks with heightened regulatory expectations.
- GRC function to monitor and report risks enterprise-wide.
- Conduct a Gap Analysis to identify weak areas before reaching \$100B.



Federal Reserve Stress Testing (DFAST) & Capital Planning

- Develop Internal Stress Testing Capabilities
- Enhance Capital Planning Processes by ensuring capital adequacy under different economic scenarios.
- Implement an Early Warning System (EWS) to track capital and liquidity buffers



Liquidity Risk Mgmt. & Contingency Planning

- Preemptive Liquidity Stress Testing
- Contingency Funding Plan (CFP) to ensure access to diversified liquidity
- Optimize Balance Sheet Structure by reducing reliance on short-term wholesale funding.



CRA Compliance & Strategic Growth

- Increase Community Development Lending to align with regulatory expectations.
- Build Strategic Partnerships with Local Organizations to enhance CRA performance.
- Establish a CRA Compliance Dashboard to monitor progress and reporting.

Expand Fair lending audits & monitoring to identify gaps

Cyber-Security & Third-Party Vendor Risk Management

Resolution Planning (Living Will) – Core vs Non-Core Biz.

Strengthen Operational Resilience

IT Risk Oversight under FFIEC and Federal Reserve

LTIM Capabilities and Experience across Recommended areas



Enhanced Prudential Standards (EPS) – DFA (Section 165)

Some of the Key programs delivered to strengthen Governance and controls are

- End User Computing Portal (1st LOD)
- Business Operations and Technology Risk and Control (1st LOD)
- Model Risk Management (MRM) (2nd LOD)
- Independent Compliance Risk Management (ICRM) (2nd LOD)
- Internal Audit (3rd LOD)
- Audit 360 (3rd LOD)

Benefits Delivered:

- Provide dashboard for key stakeholders to have a wholistic view of EUC
- Comprehensive operational & compliance risk management tool
- To bring consistency of the bank's internal risk management policies and processes



Federal Reserve Stress Testing (DFAST) & Capital Planning

- CCAR **stress testing framework** provide Business Reference Process flow
- Streamlined steps to run stress testing business decision process
- Bring data ownership and accountability for all **attributes** (CDE's) required for attestation at the lowest level of granularity
- More than **250+ FTE's** who has worked to build the Stress testing platform and reports

Benefits Delivered:

- Minimal manual adjustments and automated attestation to the reporting data
- Automation of CCAR functional test scripts – 5000 test cases were automated
- Successfully helped the bank to clear with out any objection the CCAR submission and review



Liquidity Risk Mgmt. & Contingency Planning

- Create NADES (Non automated data enhancements for Systemic Trade Positions data) **Framework** and pipeline helped business to centralize and automate Data Quality, Validation, Controls and Approvals
- Comprehensive analysis **of all key data elements (KDEs)** – every data group has different lifecycle and timeline
- **Enhancement to ETL process through automation**, and maintainability by providing rules management in the hands of users.

Benefits Delivered:

- **12%** Savings in effort for data quality checks and data remediation
- **100%** SLA target for generating reports
- 12% effort saving for bank's Federal Reporting Team in a business week



CRA Compliance & Strategic Growth

- LTIM has extensive experience in evolving regulations and compliance.
- Been part of the Regulatory space for the last two and a half decade.
- Strong Change Consulting practice which can experience working with the banks legal team for regulatory changes and implementation.
- Some of the key Regulations implemented – **Fed Reserve, Basel, OCC, EU, PRA, CFPB etc...**

Remediation as a Service (RaaS)

Remediation

Technical

Change Requirements Management

Change Management

- Standardize change process
- Multiple gates of approval to propagate a change
- Implement robust Change advisory board (CAB)

Incident/Problem Management

- Define roles and responsibilities
- Conduct regular drills and scanning
- Establish Communication protocols, version controls and auditing.

Business Continuity

- Develop comprehensive business continuity and Disaster recovery plans
- Regular drills to simulate business disruption. Test DR plans

Data Security and Privacy

Identity and Access management

- Single identity repository for authentication
- Privileged access management
- Third party identity governance (SSO)

Information Security Posture

- Threat and Vulnerability management
- Data masking and redaction
- Network security

Third Party risk assessment

- Regular audits
- Performance Monitoring
- Business continuity and disaster recovery readiness

Application support controls

Secure development

- DevSecops Integration
- Automated security testing (OSS/SAST/DAST)
- Securing Coding practices

Continuous monitoring

- Database monitoring and access events
- Log monitoring and PII protection

Data backup and recovery

- Immutable backup for data security
- Data loss prevention system to prevent information leakage
- Routine Data backs and retention implementation

Application Governance

Patch management

- Firewall and Network security
- Antivirus and anti-malware

Network Monitoring

- Centralized Security information and event management (SIEM)
- Security audits and assessments Procedures
- Security testing, Pen testing to detect gaps.

User access reviews

- Define and implement access review policies
- Inventory and management of Access rights across application portfolio
- Regular reviews and verification

Functional

Strengthen Enterprise risk framework

Empowerment to client facing staff

- Availability of client data to RM's
- Data analytics and empowerment
- Right data available at the right level

Training staff on framework

- NA

Centralized repository of risk and controls

- 360 degree audit management Capabilities and centralized repository
- Centralized Risk Data Warehouse and efficient data management Capabilities to generate a "Single view of Risk"

Risk and Controls

Risk process & controls across 1st 2nd and 3rd line of defense

- Single identity repository for authentication
- Privileged access management
- Third party identity governance (SSO)

Empowerment and Accountability across lines of defense

- Data tracking and activity tracking

Data Governance and Controls

Enterprise-wide reporting and insights

- Risk, Finance and treasury data lake experience and accelerators

MI reporting platform across risk

- Accelerators around Tableau

Reporting data traceability

- Identify Critical data elements
- Data Controls and Traceability

Enhance MI and Reg Reporting

Data assurance and data traceability across business

- Business Data accountability and attestation for business correctness

Single source of truth across Risk, Finance and Treasury

- Experience in building Risk, Finance and Treasury Data lakes

Minimal manual adjustment- EUC remediation

- EUC remediation – Move EUC to Controlled Environment or Remediate at the Strategic application

Reach out to us for more interesting conversations....



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Getting to the
Future, Faster.
Together.
