

WHITE PAPER: Strategic Risk and Regulatory Compliance Review

Client Profile: Top Tier Payment Processor and Merchant Acquirer

Introduction

The client achieved impressive growth and increased revenue through organic sales and targeted acquisitions in the payments space and emerging payments markets. The client is well managed, highly respected in the payments industry, and pursuing aggressive growth strategies. The client recognized the changing regulatory and compliance landscape and wanted to identify potential compliance issues and business risks.

Project Goal

Identify and document potential regulatory, compliance, and business risks by comparing current client policies (including all acquired entities), procedures, and methods to applicable card brand operating rules, policies, and regulatory and compliance requirements.

Methodology

1. **Establish Benchmarks** – current card brand operating rules and applicable regulations were analyzed to determine which rules and regulations applied to the client’s business and business units.
2. **Data Collection-** Client policies, procedures, applications, forms, training materials, methods, business practices, and reports were collected through a series of in-person interviews with client personnel at each business unit.
3. **Analysis**– client data and information was analyzed and compared to applicable operating rules and regulatory compliance requirements. The operating rules and regulations analyzed included:
 - Visa, MasterCard, Amex, and Discover
 - FTC
 - FFIEC
 - OCC
 - FDIC
 - PCI-DSS
4. **Risk Assessment-** The analysis resulted in the identification of potential “GAPs” between the client’s current policies and procedures and card brand operating rules and applicable regulations. Risk ratings were assigned to each potential GAP to enable the client to understand the relative importance of each potential GAP.
5. **Benefits-** The client has an understanding of the relative importance/risk of each potential GAP across all business units and for the organization as a whole. The client can effectively allocate resources to potential GAPs and risks based on an accurate analysis of the applicable operating rules and regulations.

Summary

The client understood that, in an ever changing and more demanding regulatory and compliance environment, potential regulatory and compliance risks must be defined and dealt with proactively. The client has utilized the report recommendations to realign certain staff responsibilities, standardize certain policies and procedures across the organization, and combine certain business unit functions into more centralized operations.