

Tackling Regulatory Changes in the Financial Services Industry



Government regulation affects the financial services industry in many ways. Increased regulation typically means a higher workload for those in financial services, because it takes time and effort to adapt business practices that follow the new regulations correctly. It is important to understand the nature of the regulation to see how it impacts your organisation. This is why it is crucial for businesses to stay updated and understand changing regulations.

Procurement challenges faced due to changing regulations



Increased Stringency and Lack of Knowledge

The sudden upsurge in regulations and stringency has left companies without the right knowledge and insights to make well-informed decisions that comply with rules while maintaining business agility and profitability. Without an experienced team, companies may not be able to understand the legal landscape upon which important business decisions can be made.



Technology Integration

Changes in regulations may require the adoption of new technology or the integration of existing systems that ensure compliance. Implementing and integrating these technologies into the procurement process can be time-consuming and resource-intensive.



Data-Security Risks

Since banking and financial data are among the most sensitive information, increased regulation to ensure cyber security hold significant weightage in the industry. The demand for cyber security that is in compliance with latest laws has increased costs as firms struggle to invest in top resources that ensure data security.



Need for Transparency

Regulatory concerns require increased visibility and transparency in the supply chain processes of financial services organisations. Providing clarity to stakeholders is also imperative for efficiency and firms are vulnerable to media focus and legal intervention if they withhold important information.



Cost Pressures

Rising demands, changing regulations, cyber threats and the need for transparency are all factors that lead to rising costs. Simultaneously, financial institutions also face regulations that limit how they can achieve their goals, making the process of meeting these costs all the more difficult.

Regulation in the UK

Procurement teams in the financial services industry can prepare for regulatory changes by staying informed about latest developments while reviewing their internal processes to ensure they are up to date. Some specific updates that may be relevant to procurement teams include:

New procurement rules in the UK:

The UK government has declared that it will give six months' notice of "go-live" for a new set of public procurement regulations, likely to be implemented in 2023 "at the earliest". The new rules, possible because the UK is no longer subject to EU regulations following Brexit, have been modified after a consultation on the government's green paper, 'Transforming Public Procurement.'

Procurement Review Unit (PRU):

The PRU will have the mandate to investigate "systemic or institutional breaches of the procurement regulations". It will not intervene in specific procurement decisions but will make recommendations to contracting authorities.

Consolidating rules:

The green paper proposed to consolidate current EU rules into a "single, uniform framework". This was supported by 8% of consultation respondents. The government will go ahead with this plan, with some modifications to address concerns from the defence and utilities sectors.

These recent updates may be relevant to procurement teams in the financial services industry as it is important for teams to stay informed about developments regarding regulation, so that they can review internal processes and supplier relationships to ensure that they are prepared for any changes.

Tips for Procurement Teams

Procurement teams can stay informed about regulatory changes in several ways:

- ▶ **Subscribe to Industry Newsletters:** Procurement teams can subscribe to industry newsletters to stay informed about the latest regulatory changes.
- ▶ **Attend Online Conferences and Events:** Attending online conferences and events can provide procurement teams with the latest updates regarding regulatory changes.
- ▶ **Join Industry Associations:** Joining industry associations can provide procurement teams with access to resources and information about regulatory changes.
- ▶ **Use Compliance Software:** Using compliance software and reviewing it regularly can help procurement teams keep track of regulatory changes and ensure compliance.
- ▶ **Collaborate with Other Departments:** Collaborating with other departments within the organization, such as legal and compliance, can help procurement teams stay informed.