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Intensified Use of Digital Communications

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Smarsh, enabling organizations to manage risk within their digital communications and future-proof their compliance and supervision, today released its 10th Annual Risk & Compliance Survey Report, capturing the responses of more than 100 compliance professionals in the financial services industry. The survey finds that last year's widespread and rapid shift to work-from-home models in response to the

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Commenting on the survey results, Stephen Marsh, Founder and Chairman of Smarsh, said, "Our findings underscore that financial services organizations have adopted digital communications and collaboration platforms like Zoom and Microsoft Teams at a far more significant scale and speed than commonly assumed. The pandemic has accelerated digital communications trends that are positioned to remain part of the long-term industry landscape, regardless of what happens in the public health arena this year and beyond. Given the incredible growth in volume and variety of digital communications content, firms need to make sure that they have extended their retention and oversight efforts accordingly. Those that fail to do so are much more vulnerable to risk."

"Firms are facing an urgent need for much more comprehensive supervision of the broadest possible array of digital communications and collaboration tools," continued Marsh. "Regulators have made it clear that failure to do so will trigger significant fines and penalties. As a result, financial services companies have two choices: They can break their budgets by hiring entire new departments of compliance professionals to conduct more manual supervision, or they can adopt the latest technologies to conduct cost-efficient, highly scalable supervision of digital communications that helps them more effectively meet regulator expectations."

Key Findings

- Approximately 70% of respondents shifted primarily to remote-work models due to the pandemic. Within that group, 86% have moved more than three-quarters of their workforce to a remote model. As a result of the shift to the remote workforce, financial firms have major concerns about cybersecurity risks and employee supervision challenges in an environment ripe for fraud and mistakes.
- More than half (51%) of survey respondents indicated they've recently adopted tools like Zoom, or added seats or capabilities, in response to work-from-home mandates. However, of the 83% of firms that allow conferencing tools, only 22%

have established retention and oversight programs for the resulting

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- Although 48% of respondents saw “understanding new and changing regulations” as a top concern related to electronic communications policies, regulation and enforcement, 63% lacked confidence they could satisfy examiner demands for communications data from digital meetings solutions platforms even though business communications from these digital platforms is fair game for regulators.

Facing the Challenge

In 2020, collaboration and conferencing platforms became critical. Collaboration platforms bundle instant messaging, video conferencing, whiteboarding and other capabilities into a cohesive, easy-to-use package. Even when the global pandemic comes to an end, the shift to a heavily remote work organization and the embrace of the ever-increasing number of digital communications tools is here to stay for the long term.

The Smarsh 10th Annual Risk & Compliance Survey Report reveals that regulators will remain vigilant in scrutinizing financial firms that fail to capture, retain, monitor, and produce upon request all work-related digital communications content. That is why these firms require a combination of strong compliance and supervision policies, employee training, and modern technology to mitigate risk adequately.

“The future of digital communications compliance for wealth managers and financial institutions will be defined by what we call ‘Communications Intelligence,’” notes Marsh. “Put simply, this is the seamless combination of digital communications content capture, surveillance, archiving and e-discovery, integrated with the latest artificial intelligence technologies. At the heart of Communications Intelligence is our recognition of the enormous potential for leveraging the ever-increasing volumes of digital data to proactively identify potential regulatory risks

while empowering businesses to find previously undiscovered insights that are

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