



BNP Paribas

Managing Global Risk and Compliance with ACL



CHALLENGES

- » Existing tools were unable to manage data volumes
- » Inability to gain a comprehensive view of risk across the various businesses
- » Lack of standardized audit processes

SOLUTION

- » **Data Analysis**
ACL™ Desktop

KEY BENEFITS

- » Broader audit coverage and visibility
- » Global audit standard
- » Early identification of control weaknesses
- » Enhanced insight into global risks

INDUSTRY

- » Banking

REGION

- » EMEA

With business interests in over 85 countries, complying with the myriad of international and local regulations proved a massive challenge for BNP Paribas. Its legacy reporting and investigation tools were inaccurate, incredibly time-consuming and unable to scale to meet the demands of the global business. As a result, BNP Paribas embarked upon a comprehensive upgrade of its auditing capability and today benefits from detailed data analytics and a consistent global accounting standard provided by *ACL*.

Customer Profile

Headquartered in Paris, BNP Paribas employs around 140,000 people in 85 countries. It is the leading bank in the Euro zone and 6th in the world (Forbes 2006) with a net income of 7.3 billion euros out of a total of 27.9 billion euros of revenues. The Inspection Générale, the bank's internal audit function, has a total of 950 auditors, located in at least 30 countries around the world, and is responsible for periodic control.

Inability to Effectively Assess Corporate Risks

A truly international business in every sense of the word, BNP Paribas employs over 950 internal auditors in 30 countries around the world. These audit teams are ultimately responsible for delivering the most accurate risk analysis, and managing and reporting against the integrity of every one of the bank's millions of daily financial transactions.

Regulations, such as Basel II, had placed an increased burden on the audit function. For comprehensive analysis of data, auditors required a solution that was capable of processing very large data files, for example, to check and assess the relevance of calculations of the capital at risk and to propose new calculation models. BNP Paribas had been relying on spreadsheets, which were not capable of performing audit processes on tables with a large number of columns. Additionally, the format of the financial data being exported into these spreadsheets caused further complications and delays.

Therefore, driven by the desire to increase the efficiency of the audit function, and to comply with tighter local and international data analysis and audit regulations, BNP Paribas' Inspection Générale embarked upon a comprehensive upgrade of its audit capacity.

As part of its review of the global strategy, the Inspection Générale defined several key criteria for the new solution: dedicated, in-depth data analysis and sampling that also allowed personal judgment from trained auditors; clear reporting and an accurate audit trail to support regulatory requirements; straightforward and trouble-free data importing, and comprehensive international support and training for all global teams.

Single Global Audit Standard

BNP Paribas rolled out *ACL* in its corporate and investment banking business in New York to interrogate large data files and assess the rating model of corporate customers. In doing so, it verified the relevancy of each of these models. Having initially attempted this task using a spreadsheet, BNP Paribas was unable to produce any results in two days of intensive calculations; *ACL* delivered results in a matter of hours with the additional capability to re-calculate very quickly after slight alterations. Furthermore, *ACL* technology automatically created an audit trail for the user, mitigating the risk of non-compliance.

“As a large multinational organisation, our internal audit process is under scrutiny from multiple global and local authorities. It was essential for us to find a solution which allowed fast processing of financial data, was scalable to our needs and streamlined the entire process to increase overall efficiency. *ACL* met every one of our needs.”

Aude Tanniou, Responsable Outils, Méthodologies et Support Informatique de l'IG, l'Inspection Générale

Cortal Consors Audit, another BNP Paribas business line based in Nuremberg, Germany, trained its internal audit staff on *ACL* shortly after it was rolled out in New York. Following that, it commenced a global review of over 130,000 savings accounts. Again, non-specific accounting tools were unable to manage either the format or the huge volume of data involved. The speed of processing financial data through *ACL* afforded the team time to sample the data and conduct manual reviews where necessary. Such data interrogation also provided an extrapolation of data errors, non-compliance and missing documents.

ACL is also being used to increase accuracy and the efficiency of teams in Asia Pacific. It was first included in the investigation procedures of auditors, to map audit requirement onto key business processes. The result is a global database of policies and rules that can be applied to any investigation based on the specific requirement of the particular business.

ACL Audit Analytics enabled BNP Paribas to:

- Create a single, dedicated global audit standard across its organization, ensuring a consistently high service level to internal customers
- Increase the integrity of reporting and effective regulatory compliance, by enabling internal audit teams to sample data and conduct reviews
- Achieve complete visibility of all financial transitions across the business, by highlighting potential control point failures to generate an accurate picture of corporate risk.

Why *ACL*?

Following a competitive tender, the development of a series of proof of concepts, and exhaustive testing by the Inspection Générale, *ACL*'s Audit Analytics technology was selected. Throughout the trial, *ACL* was tested on reactivity, support availability and its capacity to find solutions to problems. Other solutions assessed were unable to manage either the format or the huge volume of data that required analysis. As a result, with the strict criteria met, *ACL* was rolled out internationally in June 2006, predicated by comprehensive training of the regional audit teams.

The internal audit function selected *ACL* to provide a standalone platform for efficient and accurate data analysis by audit teams across the world.

Outlook

BNP Paribas will continue to rollout *ACL* Audit Analytics technology across all its global businesses.

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