



U.S. Banking Industry



Regulatory & Risk Management Indicator

November 2013

AN OVERVIEW

Wolters Kluwer Financial Services' Regulatory and Risk Management Indicator measures 10 critical factors that help illustrate the overall level of regulatory and risk management pressures U.S. banks and credit unions face.

These factors include 1) banks' and credit unions' concern over their ability to track regulatory changes; 2) comply with new and existing requirements; 3) prove compliance to federal regulators; and 4) the time and resources they have invested in compliance efforts. The factors also include 5) how effective banks and credit unions feel they are at managing overall risks to their institutions; 6) the involvement, buy-in and ability of the executive team in managing risk; and 7) the time and resources they have invested in managing risk.

For the final three factors of the Indicator formula, Wolters Kluwer Financial Services measures and compares 8) the number of new U.S. banking regulations; 9) the number of enforcement actions taken against banks and credit unions by federal regulators; and 10) the total dollar amount of federal regulatory fines levied against banks and credit unions.

What follows in this report are the results of the Indicator itself as well as the highlights of our findings, including banks' and credit unions':

- Growing Compliance and Risk Management Concerns
- Top Concerns Related to the Dodd-Frank Act and CFPB
- Greatest Risk Management Concerns
- Biggest Obstacles to Managing Risk Effectively

To obtain the data set used to compile the indicator, please contact us at WKFSCorporateCommu@wolterskluwer.com.

Indicator Methodology

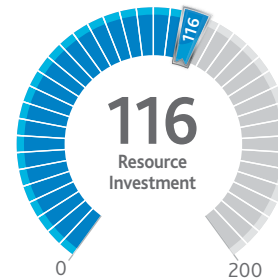
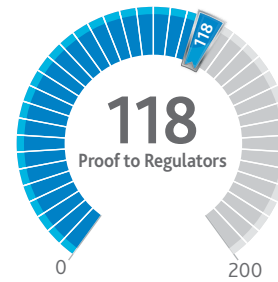
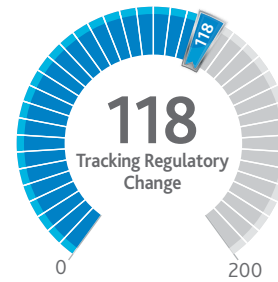
Wolters Kluwer Financial Services surveyed hundreds of banks and credit unions on their most pressing regulatory and risk management concerns in January, April, July, and October of 2013. We used the resulting measurements along with the changes we monitored in the actual regulatory environment to develop the latest Indicator.



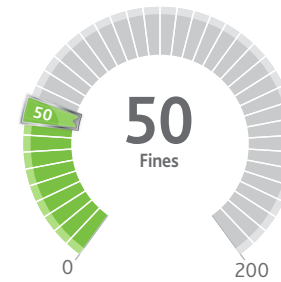
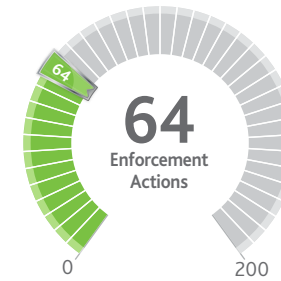
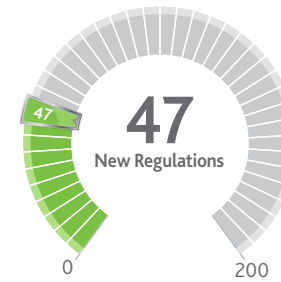
MAIN INDICATOR



COMPLIANCE FACTORS



REGULATORY ENVIRONMENT FACTORS



RISK MANAGEMENT FACTORS



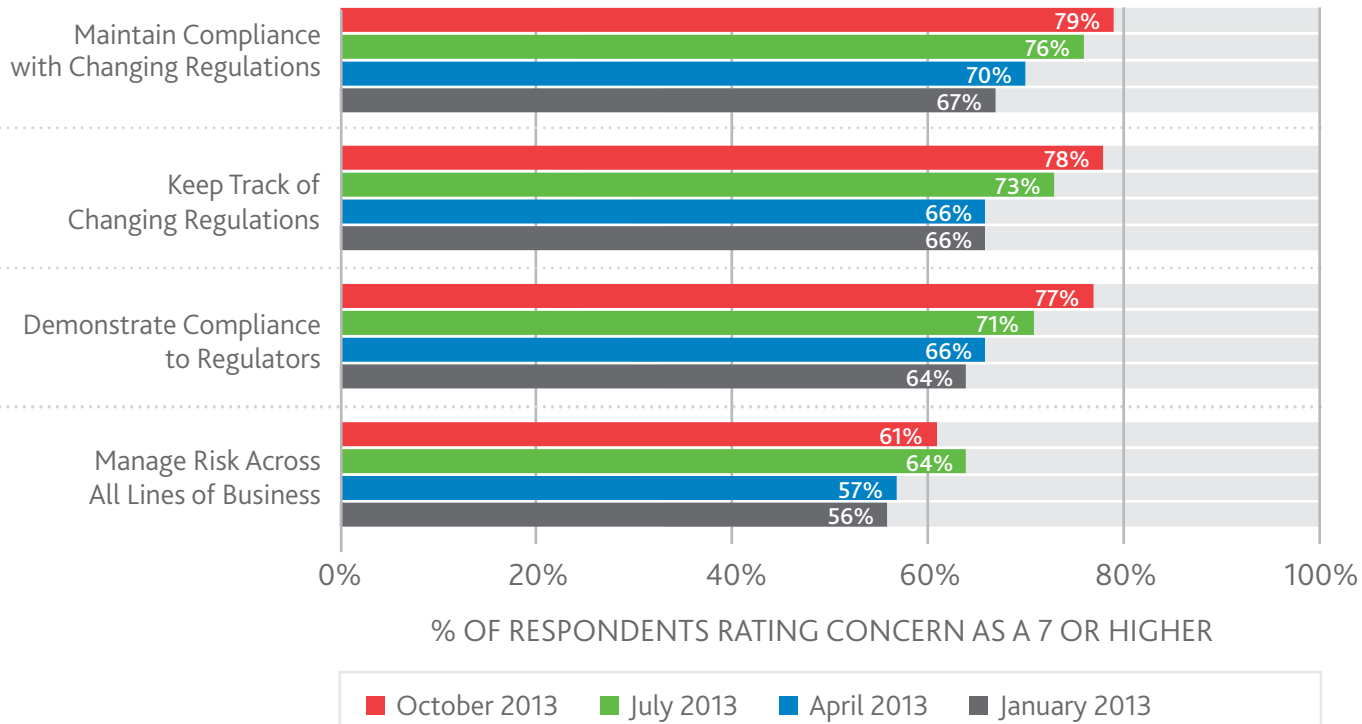
GROWING REGULATORY AND RISK MANAGEMENT CONCERNS

The Main Indicator dropped to a score of 97 from its baseline of 100 in January. The three regulatory environment factors were the main cause behind the slight decline. Regulatory activity slowed during the Summer months of 2013 in part due to the government shut down.

Financial institutions' overall compliance and risk management concerns rose significantly, during this time, however. Six of the seven factors used to measure institutions' concerns increased dramatically. The spike can likely be attributed to the substantial amount of regulation introduced earlier in the year and that is scheduled to take place in early 2014.



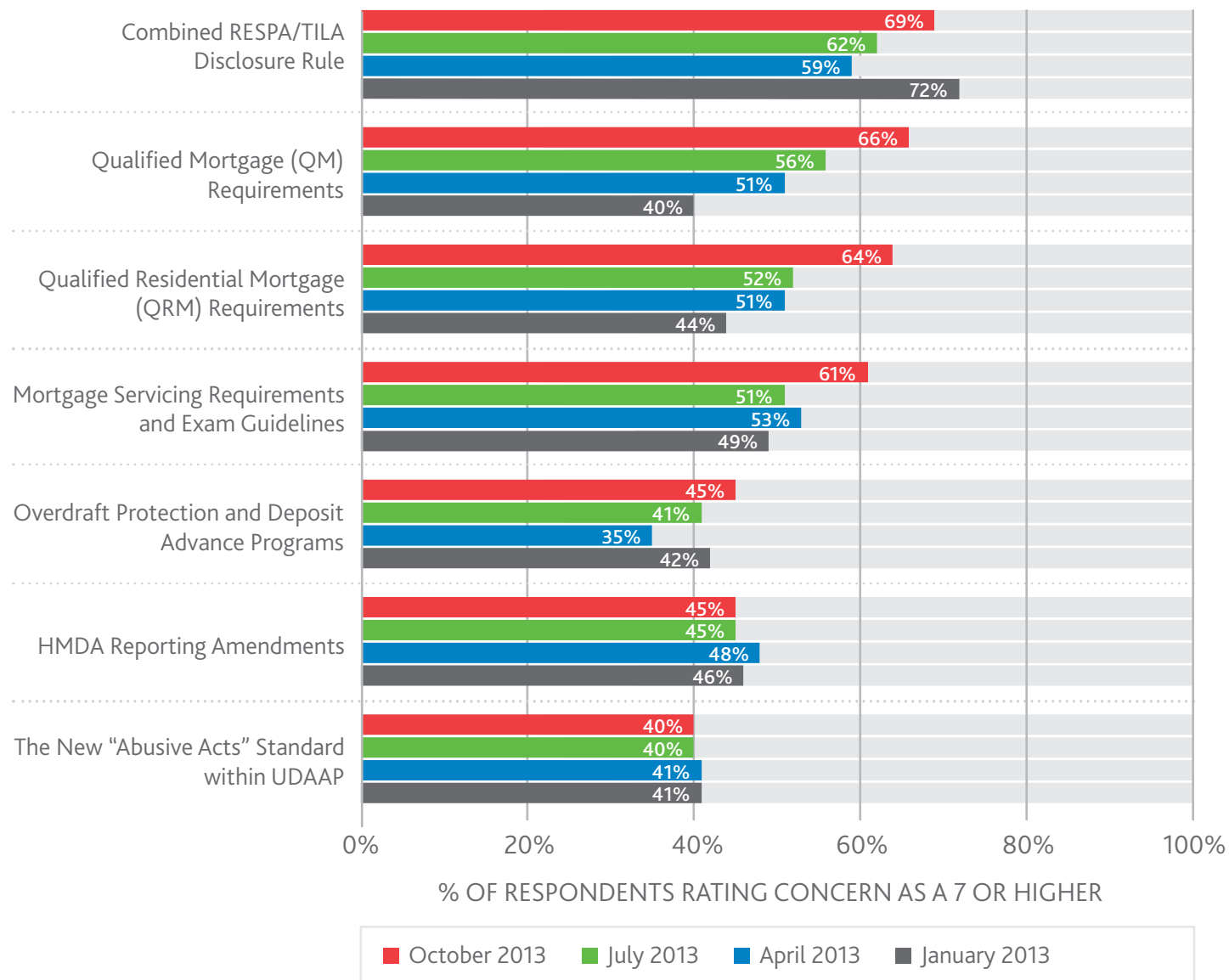
OVERALL COMPLIANCE AND RISK MANAGEMENT CONCERNS



Regulatory and risk management concerns have risen steadily across the board since January.



TOP DODD-FRANK ACT AND CFPB CONCERNS



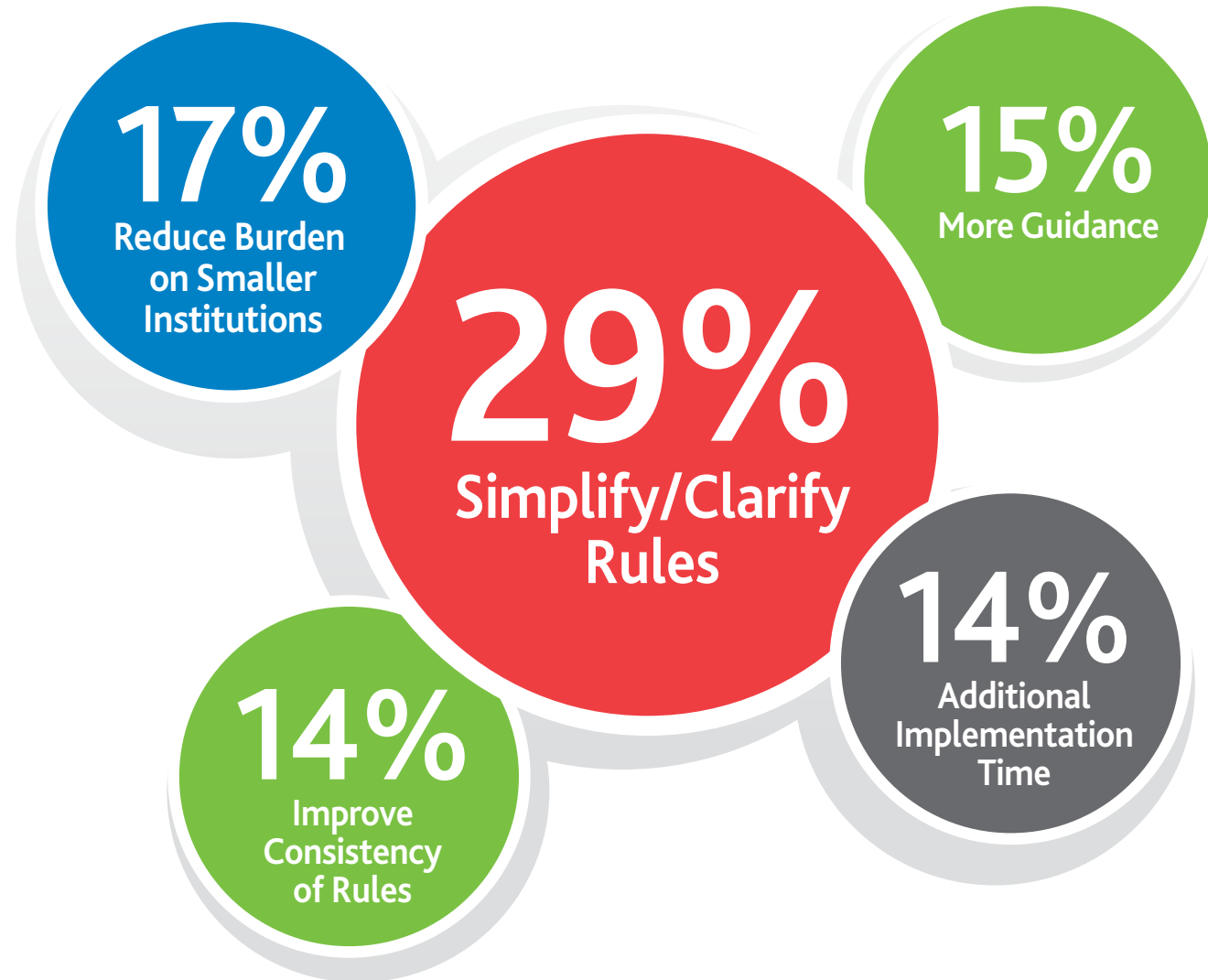
The combined RESPA/TILA disclosure rule remains the most significant concern while QRM and QM requirements are steadily gaining attention.

Concern over mortgage servicing rules/exam guidelines and overdraft protection and deposit advance programs have been trending upward as well.



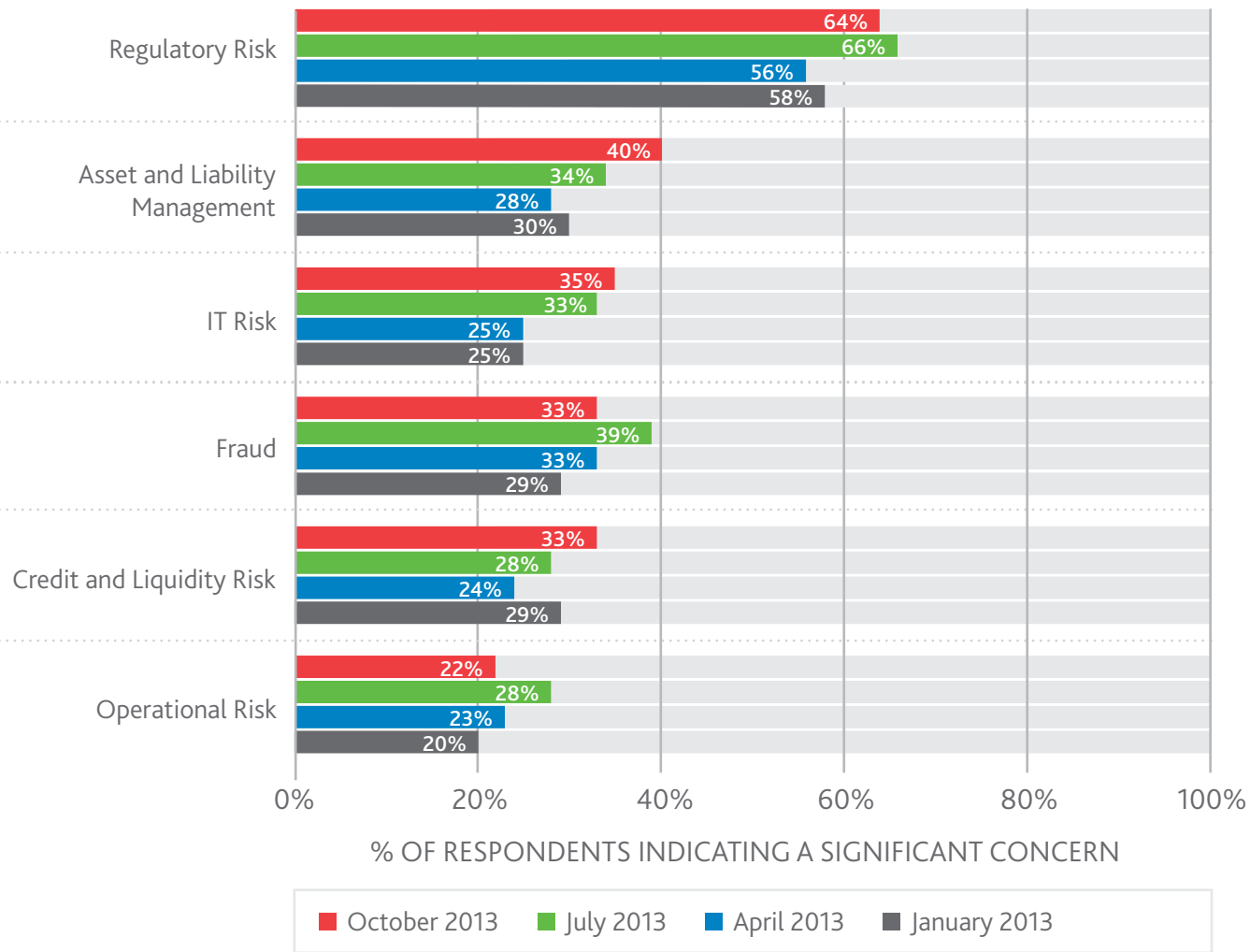
THE PRESCRIPTION FOR GROWING REGULATORY PAINS

We asked banks and credit unions the open-ended question "Aside from issuing fewer rules, what's the one thing regulators could do to make your life easier?"





GREATEST RISK MANAGEMENT CONCERNS



Regulatory risk remains the first and foremost concern for financial institutions.

Asset and liability management continues to gain attention.



ABOUT WOLTERS KLUWER FINANCIAL SERVICES

Whether complying with regulatory requirements or managing financial transactions, addressing a single key risk, or working toward a holistic enterprise risk management strategy, **Wolters Kluwer Financial Services** works with more than 15,000 customers worldwide to help them successfully navigate regulatory complexity, optimize risk and financial performance, and manage data to support critical decisions. Wolters Kluwer Financial Services provides risk, compliance, finance and audit solutions that help financial organizations improve efficiency and effectiveness across their enterprise. With more than 30 offices in 20 countries, the company's prominent brands include: Summix®, FRSGlobal, FinArch, ARC Logics®, TeamMate®, Bankers Systems, VMP® Mortgage Solutions, AppOne®, GainsKeeper®, Capital Changes, NILS®, AuthenticWeb™ and Uniform Forms™. Wolters Kluwer Financial Services is part of **Wolters Kluwer**, a leading global information services and solutions provider with annual revenues of (2012) €3.6 billion (\$4.6 billion) and approximately 19,000 employees worldwide. Please visit our website for more information.

For more information

*about Wolters Kluwer Financial Services,
or our Regulatory and Risk Management
Indicator, please contact us at
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