

Webinar Brief

The Shift to Proactive Compliance:

How Slack and Zoom are enabling financial services to stay connected, compliant, and ready for what's next



Modernization: a business imperative

The digital transformation of the last couple years compelled financial organizations to adopt new channels for communication among employees and with clients. Collaboration tools like Zoom and Slack are now the backbone of business continuity in our rapidly evolved work model. What initially looked like a passing trend of “work from anywhere” gained so much traction, it became the standard.

So why are so many organizations still trying to adapt compliance and supervision policies to accommodate this change?

For financially regulated institutions, there are added complexities around how compliance intersects and collides with new technology. How do you leverage these convenient communications tools to enable your business while also factoring in risk management, regulatory compliance obligations, and solutions to support those initiatives?

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What’s driving (more) change

Enabling remote and hybrid work models is not a passing phase. It is the only way to stay nimble and responsive to ongoing changes in communication and compliance. So, what is driving these changes?

Business continuity

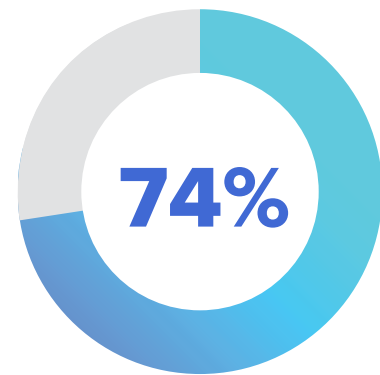
In a Smarsh survey earlier this year, when asked about their primary goals in transitioning their organization to hybrid work, 71% of survey respondents wanted to ensure business transactions and revenue streams were not disrupted.

“Maintaining operations during unforeseen events takes more than luck; resilient companies identify and mitigate risk, invest in business continuity planning, build flexible crisis and incident response capabilities, and design business and technology systems for dependability.” – Forrester, “Entering The New Normal”

Cultural drivers:

Changes in workforce demographics and shifting attitudes on workplace culture are moving companies to adapt to digital-first systems:

- **Demographic changes:** By 2030, 74% of the workforce will be comprised of Millennial and Generation Z workers.¹ “Where predecessors may have seen software as a “nice to have,” digital natives want to go beyond the basics to optimize and derive value from software. Younger generations will bring an expectation that technology will help employees on a day-to-day basis through real-life applications.”²
- **Employee satisfaction:** The work model has changed, and even the staunchest financial services institutions are embracing it. Formerly unmoved by calls for remote work, JP Morgan Chase CEO Jamie Dimon has had a change of heart, now allowing portions of staff to work under a hybrid model or in a remote capacity entirely. As Dimon said in the latest shareholder letter, “It’s clear that working from home will become more permanent in American business.”³
- **Customer satisfaction:** The days of in-person meetings with your neighborhood financial advisor are fewer and farther between. You must be able to communicate digitally with external contacts just as if you were in the same room.



Percent of the workforce will be Millennial and Generation Z workers by 2030.²

Younger generations will bring an expectation that technology will help employees on a daily basis through real-life applications.²

¹<https://www.forrester.com/press-newsroom/the-next-gen-workforce>

²<https://www.informationweek.com/team-building-and-staffing/>

³<https://www.curbed.com/jp-morgan>

Technology innovation

Tools like Zoom and Slack became the backbone of business in the great digital transformation. Regulated institutions are trying to figure out how to make the client journey a digital-first experience. To achieve this, large financial services organizations may be using and supporting up to 100 different communication outlets – making the need for modern, adaptable compliance solutions more urgent.

200+

zettabytes of data will be in cloud storage around the globe by 2025⁴

slack

users send 148,000 messages every minute⁵

zoom

hosts 856 minutes of webinars, every minute⁵



Technology goal 2020: adapt

Stay connected remotely, keep people informed, update hardware and authentication practices

Technology goal now: grow

Enable asynchronous/hybrid work, integrate platforms to manage application sprawl, stay informed on consistent platform updates

⁴<https://techjury.net/blog/how-much-data-is-created-every-day/#gref>

⁵<https://www.domo.com/learn/infographic/data-never-sleeps-9>

Regulatory implications

What events are driving changes to organizations' policies of retaining and supervising hybrid work communications?



“The employees have changed – they are going to be more offsite than onsite. We also know that the clients have changed – they are going to be more digital going forward. The regulators are catching up to these changes and what companies are doing with newer technologies. Firms and technology providers need to be in front of this. What do regulators want in the future and how can we deliver that from the beginning?”

— Gary Sorrentino, CIO at Zoom

Enabling consumer tools for business has been an ongoing struggle for regulated organizations. Through years of surveying compliance professionals, we've seen a persistent compliance gap between which tools the organization has authorized, preserved and supervised, and which tools employees are actually using. The expectation from regulators is that companies have this under control.

When asked what events might drive changes to an organization's policy of retaining and supervising hybrid work communications, survey respondents indicated the following top three catalysts:

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- 61%** • An occurrence or report of employee misconduct
 - 51%** • An increase in legal issues or regulatory fines is reported (in media, industry, etc.)
 - 42%** • A new communications tool is deployed
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“We often talk to people who are hiring new employees or going through acquisitions that are absorbing other employees, or perhaps expanding their portfolios or clients. In all of these scenarios, firms should reevaluate the supervision and security controls for a growing organization, because of added complexity.”

— Jerrod Travlee, Lead Financial Services Consultant at Slack

How to approach compliance with hybrid work

Key areas that compliance specifically should focus on:

- **Perform due diligence for every new tool, platform or application.** You must understand all the capabilities of any tool you introduce to the organization, beyond just the primary functionality. Are there elements that can be turned off if you are not able to capture and supervise them?
- **Keep up with vendor updates.** Companies like Zoom introduce functions and features constantly. You should understand all the capabilities and functionality of the tools you're using for communication, what control you have over those capabilities and how they may evolve as you determine what's safe for use.
- **Implement and support an information governance system.** Companies should evaluate the risk of introducing a new tool with an integrated view of information security, data privacy, intellectual property, compliance, and codes of conduct. We recommend including cross-functional stakeholders to take a holistic view of evaluating new communications technologies.

How Smarsh can help

Smarsh helps reduce the risk of data loss, breach, and non-compliance with regulatory mandates so employees can communicate with confidence. Smarsh capture and archiving solutions for Zoom and Slack enable:

- Direct-source capture
- Contextual capture
- Profile and identity management
- Voice capture and transcription (Zoom)
- Messaging threading and attachments
- Content monitoring
- Powerful search
- Smarsh or external archive support



Smarsh enables companies to transform oversight into foresight by surfacing business critical signals in more than 100 digital communications channels.

Regulated organizations of all sizes rely upon the Smarsh portfolio of cloud native digital communications capture, retention and oversight solutions to help them identify regulatory and reputational risks within their communications data before those risks become fines or headlines.

Smarsh serves a global client base spanning the top banks in North America, Europe and Asia, along with leading brokerage firms, insurers, and registered investment advisors and U.S. state and local government agencies. To discover more about the future of communications capture, archiving and oversight, visit <http://www.smarsh.com>.

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