Off-Channel Communications Surveillance

A Smarsh Conduct Solution

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Challenge

As staff have moved to hybrid work models and the use of mobile devices for collaboration has increased, so has the risk of misconduct. Co-workers can easily start a conversation on an approved, monitored communication channel like Teams and in seconds re-route the conversation to SMS / MMS, WhatsApp or another mobile channel that is prohibited by corporate compliance processes.

This issue of changing channels of communications to an unapproved channel — commonly referred to as off-channel communications — often occurs simply because mobile is the preferred method for individuals to connect. But there are instances when a mobile app that is prohibited in a firm's WSPs gets used because individuals are looking to hide evidence of wrongdoing such as insider training, or sharing of confidential information.

Whatever the case, off-channel communications are a growing concern that regulators are on the watch for, with fines growing to over $1B USD in 2022 alone.[1] The FCA gave a warning about the use of unmonitored channels of communications in Market Watch 66, strongly advising firms to watch for any use of unmonitored channels.[2]

To protect against this, CCOs, CISOs and CIOs are under pressure to make three significant changes to their compliance processes.

1   **Implement a surveillance solution that monitors for change-of-channel communications.**

2   **Archive mobile channels to meet books and records regulation requirements.**

3   **Ensure surveillance solutions provide the ability to analyze risk across channels.**

Telling staff to stop using mobile devices and encrypted mobile apps would only hurt staff productivity and expose sensitive conversations to external threats. So, how do you meet regulatory requirements and minimize off-channel risks without impacting productivity?

Solution

Proven globally to monitor, retain and identify sources of misconduct, Smarsh is the only choice when you need secure, reliable communications intelligence. Our award-winning Enterprise Platform delivers agile, off-channel communications surveillance and risk management, including:

- Native format communications capture for faster analysis
- Advanced archiving for books and records compliance at 50% lower cost
- Regulatory grade, AI-driven mobile surveillance to find 3x more risk
- Simple review interface and fewer false alerts to increase productivity by 5x
- Case collection and high-speed exports for faster responses to auditors

All modules are tightly integrated and continually tested, ensuring the highest level of stability and confidence that there are no operational risks to compliance coverage.

How It Works: The Smarsh Advantage

Enterprise Capture

Smarsh lets you implement communications capture for specific individuals and channels spanning email, collaboration tools, IM, mobile devices and mobile apps. As information is acquired, Smarsh validates it through a reconciliation process, allowing firms to say "yes" to new communication channels for increased staff productivity and data security without increasing risk.

Unlike other offerings, communications are stored and indexed in their native format. This allows Smarsh to identify 'change of channel' triggers 5x faster and determine in seconds who the conversation participants were for further investigation across other channels. It also records actions like 'deletes' to identify suspicious behavior.

And because Enterprise Capture works for both corporate mobile devices and 'bring your own device' strategies, you can provide off-channel communications coverage no matter how your mobile policies and procedures evolve over time.

Enterprise Warehouse / Archive

As communications are recorded, they can be held for short-term surveillance or retained in an immutable format to meet books and records requirements. This flexibility — retaining data based on specific need — along with our own data life cycle management technology, enables Smarsh to dynamically control storage needs and reduce retention costs by up to 50%. The strategy also allows Smarsh to perform analysis on more of your data, because it has not been siloed in different locations.

Enterprise Conduct

The heart of our off-channel surveillance solution, Enterprise Conduct uses regulatory-grade AI combined with customizable lexicons to ensure more types of off-channel triggers are found while reducing the false positives and duplicates that can reduce reviewer efficacy.

- **Customizable review queues** enable compliance teams to review alerts and, in the event of an off-channel communications event, perform detailed forensics to see how often individuals have been communicating, what they've been saying overall, and what led them to communicate off-channel.

- **Smarsh ML models**, tested at the biggest financial institutes in the world, analyze monitored population communications to check 100s of types of conversation elements that might indicate a change of channel (e.g., 'lets take this offline, hit me up on WhatsApp,' 'let's be careful,' etc.). This allows you to surface 3x more risk.

- **Advanced filters** eliminate 'noise' by up to 10x without complex coding (e.g., ignore disclaimers and duplicate message) so you don't chase false positives or duplicates.

- **Optional lexicons** let you customize the analysis to find items specific to your staff and company. These are set up in 'human readable' format that is easily explainable to regulators, preventing lengthy MRM audits. These can be added over time as needs change without IT or data science rework, making test and execution faster.

- **Additional contextual analysis** can then be applied to any data in the Enterprise Warehouse, including meetings that have been transcribed into text for analysis, to find keywords — in various languages — that might indicate other individuals involved in the discussion and any additional layers of secrecy being used to hide intentions.

- **Customization evaluation** lets you know the quantitative benefits of customized 'add-ons' to the ML. You can test and compare different changes in minutes — all of which is explainable to auditors — to ensure you surface the most risk.

An additional benefit to the Smarsh approach is that you can save customizations and reuse them in any other surveillance efforts. This agility makes it easier to respond to regulatory changes without starting from scratch.

◀ Enterprise Discovery

When issues are identified, compliance teams can easily combine communications from across all channels into an integrated case to send out to a case management program, either via direct export or API integration. And unlike other vendors that charge you to export information, Smarsh lets you export cases free of charge.

The Final Point: Agility

When designing for off-channel surveillance, it is critical to remember that no solution is ever complete. The individuals, conversation topics, communication channels and geographies where you need monitoring are always evolving. If a solution is static or requires a significant amount of effort to adjust the workflows, you will end up with high costs over time.

The power of the Smarsh off-channel surveillance solution is its agility to adapt to changes over time. Surveillance workflows can easily be adjusted to include new individuals and communication channels based on changes to the business or risks found during surveillance. And if new off-channel triggers and topics are discovered, these can quickly be added to the contextual analysis to continually surface new permutations of risk.

References

U.S. Securities and Exchange Commission. (2022, September, 27). SEC Charges 16 Wall Street Firms with Widespread Recordkeeping Failures.

SEC. Financial Conduct Authority. (2021, November, 11). Market Watch 66. FCA.

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Smarsh enables companies to transform oversight into foresight by surfacing business-critical signals in a wide variety of digital communication channels.

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 advisers and U.S. state and local government agencies. To discover more about the future of communications capture, archiving and oversight, visit www.smarsh.com.

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