



PRESS RELEASE

Wolters Kluwer’s annual Indicator survey reveals substantial risk, compliance concerns for U.S. lenders

2021 marks third consecutive year of increase in the regulatory, risk management Indicator score with 25-point jump

Minneapolis — Dec. 14, 2021 — Regulatory compliance and risk concerns remain elevated in a number of key areas for U.S. banks and credit unions, according to the results of Wolters Kluwer’s [2021 Regulatory & Risk Management Indicator](#) survey. This year’s survey, conducted by [Wolters Kluwer Compliance Solutions](#), generated a Main Indicator Score of 128, a 25-point increase over the 2020 score. This jump was prompted by continuing concerns about navigating regulatory changes, managing risk across all lines of business, and an increase in the dollar amount of fines imposed by regulators. The 2021 survey results mark the third consecutive year of an increase in the Main Score.

The threat of ransomware attacks led the list of factors in organizations’ enterprise risk planning, with 63 percent giving it “significant consideration” and another 22 percent marking it for “some consideration” in their planning. The pandemic’s ongoing impacts continued to weigh heavily on respondents’ minds with 49 percent citing it as a significant concern in enterprise risk planning, followed by loan default risk (46 percent) and inflation concerns (42 percent). Other areas of high concern include business resilience and adaptability (41 percent), recession fears (34 percent), and climate-related financial risks (21 percent).

“Relatively high levels of concern remain across a range of areas, reinforcing the fact that regulatory compliance and risk management issues continue to pose challenges for financial institutions,” said [Timothy R. Burniston](#), Senior Advisor for Regulatory Strategy with Wolters Kluwer Compliance Solutions. “Respondents expressed their highest levels of confidence in the past four years regarding their organizations’ ability to track regulatory changes and document compliance with those requirements to regulators. Nonetheless, the level of concern is still high.”

The calculation of the Main Indicator Score is based on several factors, including the number of new federal regulations, number of enforcement actions, and the dollar amount of fines imposed on banks and credit unions over the past 12 months, together with survey respondents’ input. The Indicator was conducted nationwide between August 4 and September 6, 2021 and generated 391 responses. Over the past three years, the annual Indicator score has increased by 43 points in total, moving from a score of 85 in 2018 to 95 in 2019; to 103 in 2020; to 128 this year.

A question about investing in banks’ digital transformation efforts was a new element in this year’s Indicator, with 63 percent anticipating a “significant” or “some” acceleration of their organization’s digital lending processes. Forty-seven percent of the respondents indicated they have made some progress with digitizing their lending capabilities, with 24 percent indicating they either have made significant progress or are fully digitized.

Among the top obstacles cited in implementing effective compliance programs, 45 percent ranked manual compliance processes as a “7” or higher concern on a 10-point scale, and 41 percent cited inadequate staffing, virtually the same as 2020 levels. Forty-one percent of respondents felt that regulatory scrutiny of fair lending programs remained unchanged, down just one percent from last year’s survey.

Looking forward to 2022, top risk management priorities identified include cybersecurity (70 percent), compliance risk and credit risk (both at 43 percent), with concerns about credit risk having decreased 18 percentage points from

2020's survey results. Forty-seven percent of respondents anticipate an acceleration of investments in their regulatory change management processes.

When asked about the prospects for reduced regulatory burden the next two years, respondents revealed greater pessimism, with 72 percent citing the likelihood of regulatory relief as either "somewhat unlikely" or "very unlikely" compared to 56 percent in 2020.

"The concerns expressed by survey respondents reflect another year of challenges for the U.S. banking industry as it navigates through the pandemic—and the evolving regulatory and risk landscape," said [Steven Meirink](#), Executive Vice President and General Manager for Wolters Kluwer Compliance Solutions. "The industry's resiliency has enabled it to address these challenges admirably, and we continue to support our clients in staying compliant so they can serve customers with confidence."

Over the next 12 months, respondents' most pressing regulatory compliance challenges include, in order of importance, Bank Secrecy Act/Anti-Money Laundering requirements, forthcoming Beneficial Ownership requirements, and fair lending laws and regulations, along with Dodd-Frank Section 1071 small business reporting rules. Respondents also expressed high levels of concern about UDAAP standards and looming Community Reinvestment Act rule changes, Current Expected Credit Losses (CECL) standards, and state-issued regulatory requirements.

Burniston and Elaine Duffus, Wolters Kluwer Compliance Solutions Senior Specialized Consultant, will share insights on this year's Indicator survey findings in a webinar, "[Annual Survey Tees Up Compliance and Op Risk Priorities for 2022](#)," that will take place from 1-2 pm EST Tuesday, December 14, 2021.

[Wolters Kluwer Compliance Solutions](#) is a market leader and trusted provider of risk management and regulatory compliance solutions and services to U.S. banks and credit unions, insurers and securities firms. The business, which sits within Wolters Kluwer's Governance, Risk & Compliance (GRC) division, helps these financial institutions efficiently manage risk and regulatory compliance obligations, and gain the insights needed to focus on better serving their customers and growing their business.

###

About Wolters Kluwer Governance, Risk & Compliance

Governance, Risk & Compliance is a division of [Wolters Kluwer](#), which provides legal and banking professionals with solutions to help ensure compliance with ever-changing regulatory and legal obligations, manage risk, increase efficiency, and produce better business outcomes. GRC offers a portfolio of technology-enabled expert services and solutions focused on legal entity compliance, legal operations management, banking product compliance, and banking regulatory compliance.

Wolters Kluwer (AEX: WKL) is a global leader in information services and solutions for professionals in the health, tax and accounting, risk and compliance, finance and legal sectors. Wolters Kluwer reported 2020 annual revenues of €4.6 billion. The company, headquartered in Alphen aan den Rijn, the Netherlands, serves customers in over 180 countries, maintains operations in over 40 countries and employs 19,200 people worldwide.

Media Contacts

Paul Lyon

Global Corporate Communications Director: Global Marketing, Communications & Planning
Governance, Risk & Compliance Division

Wolters Kluwer

Tel: +44 20 3197 6586

Paul.Lyon@wolterskluwer.com

David Feider

Corporate Communications Manager, Banking & Regulatory Compliance

Governance, Risk & Compliance Division
Wolters Kluwer
Tel: +1 612-852-7966
David.Feider@wolterskluwer.com