



## PROVIDING EXCEPTIONAL PEOPLE FOR VENDOR RISK MANAGEMENT

Operating within the financial services industry is becoming more and more challenging. External factors such as increased competition, stringent regulatory requirements and oversight, and lower barriers make the financial services business more complex than ever. As a result, organizations are increasingly relying on third parties to provide crucial core and non-core functions.

Outsourcing functions creates opportunities for scalability, expansion and lower operating costs. However, it's important to remember that when organizations outsource a function, they do not outsource the risk. Without appropriate vendor risk management processes in place, third party incidents and failures can result in substantial reputation, compliance and operational risk. These unmitigated risks, not unlike those faced from internal operations, have and will continue to result in potential earnings and capital deterioration.

Effective vendor risk management practices allow financial services organizations to accurately manage third party risk through key stages including planning/critical activity identification, upfront due diligence and third party selection, contract negotiation, ongoing monitoring, and termination.

SolomonEdwards has the expertise and experience to help financial services organizations ensure that effective vendor risk management practices are in place. We help ensure that the key tenants of an effective vendor risk management process are successfully implemented, including a comprehensive vendor risk governance framework, well defined risk assessment processes, vendor risk regulatory requirements and compliance repositories, along with clear and succinct reporting. We realize that one size does not fit all; rather, an effective risk management process should be tailored to the size and risk appetite of any company.

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## SOLOMONEDWARDS BANKING & FINANCIAL SERVICES

SolomonEdwards is a national professional services firm focused on strategy execution. Headquartered in Greater Philadelphia, we have offices strategically located throughout seven major U.S. markets. SolomonEdwards' focus on the changing regulatory environment, coupled with superior banking and mortgage expertise and customized solutions, makes us the ideal partner for a wide variety of financial organizations: community banks, commercial banks, credit unions, non-bank mortgage originators and servicers, and government and government-sponsored financial services organizations.

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## SUCCESSFUL VENDOR RISK ASSESSMENT & OVERSIGHTS PROJECTS

### Vendor Risk Management Assessment

→ SolomonEdwards performed an initial assessment of a client's vendor risk management (VRM) program to determine what improvements and enhancements were needed. SolomonEdwards' resources reviewed existing practices and evaluated the quality and effectiveness against VRM industry best practices, such as regulatory guidance on third party risk management, and the third party risk management life-cycle. The review also included an evaluation of the current staffing model (from a quality and quantity of resources perspective), quality of governance/oversight, process effectiveness, and review of technology utilized to execute the VRM program.

### Regulatory Compliance – Vendor Oversight

→ Our client, a top 30 international financial services company with \$65B in assets, needed assistance with strategy and execution for recently issued vendor oversight guidance. SolomonEdwards assembled a team to build a vendor management program for the company's five procurement departments across multiple lines of business. The program development consisted of: evaluating the existing vendor management documentation; producing a gap analysis between existing methodology, materials and regulatory requirements for over 1000 contracts; developing supplier activity categories; and mapping activity categories to regulatory requirements for all future contracts. The team also recommended contract language for each supplier activity.

### Regulatory Compliance – Vendor Management

→ A \$12B national reverse mortgage servicer lacked a formal vendor management function. SolomonEdwards led the development and execution of a vendor management methodology for 15 vendors, including extensive activities around appraisal ordering, review and invoicing, inspections, attorney management, and property preservation. The project was successfully operational within six months, including ancillary projects to analyze the inspection and appraisal processes to identify reconciliation issues for process correction.

FOR MORE INFORMATION, PLEASE CONTACT:

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