



COMPLIANT CALLING

How Industry Regulations Are Influencing Financial Services

Whitepaper

 BLACKBERRY



Compliant Calling: How Industry Regulations Are Influencing Financial Services

The Case for Call Recording

[After the Great Recession's end in 2009](#), the call went out for regulatory reform of the financial sector. Governments around the world enacted measures such as the Dodd-Frank act, with stipulations and legal measures designed to rein in an industry that many felt was out of control. These regulations brought with them many new mandates relating to risk management and record keeping, but one of the most challenging of these continues to be call recording.

In order for a Financial Services firm to comply with regulations, all business-related voice communications must be recorded and retained for a set period – anywhere from [a year under Dodd-Frank](#) to up to [seven under MiFid II](#).

Compliance is certainly a compelling enough reason to care about call recording on its own. However, it's far from the only reason a financial services organization should keep records of phone conversations. As it turns out, over-the-phone communications are invaluable for a wide variety of reasons:

- › Audio data from calls can be processed and analyzed to determine everything from adherence to service scripts to customer sentiment to the leakage of intellectual property.
- › In the event that a client files a complaint or opts for litigation against an organization, [phone records can be used to both protect the employees involved and shut down the lawsuit](#).
- › Recorded calls can be used for both quality assurance and training, instructing employees on appropriate practices and conduct.

In short, by maintaining a searchable index of its calls, a financial organization not only operates in compliance with regulators and delivers better customer service, it also protects itself in the event of litigation. Rather than having to position its word against the word of a customer, the business can draw directly on its phone records in order to determine precisely what transpired. Here's the catch: accomplishing this is not easy.

And the ever-increasing prominence of personal mobile devices within the financial services sector makes compliance in general – and call recording specifically – all the more challenging.

The problem here is threefold. Firstly, unlike landlines, mobile devices don't have a physical network connection through which calls can be recorded. Second, the nature of mobility and its emphasis on productivity means that if users find their business's call recording solution inconvenient or difficult to use, they're likely to seek an alternative (or simply shut down the app). And finally, many employees use their business phones for personal calls, as well – recording those calls is a violation of privacy ([and a potentially illegal one, at that](#)).

"The common theme across all this global regulatory legislation is a requirement to prove 'best interest' when providing 'relevant advice' to a customer," [writes Business Spectator's Andrei Papay](#). "One of the challenges facing business is how to meet these regulatory requirements in a world which is increasingly mobile and where "Bring Your Own Device" (BYOD) is the norm. How does a business prove 'best interest' and the 'relevant advice' was given when the conversation is on someone's mobile device?"

Just how are financial organizations addressing the challenges of mobile call recording compliance?

Mobility and the Compliance Challenge in Financial Services

As with many other industries, the financial services sector has witnessed a sharp upturn in mobile device use. More employees than ever before are using their smartphones and tablets both in the workplace and for remote work, and [74% of organizations are either currently using or adopting BYOD](#). It isn't difficult to see why, either – it's widely understood that [mobility enhances productivity](#), and mounting evidence exists to support the notion that when employees are allowed to use their own devices [job satisfaction and overall effectiveness improves](#).

It's thus not surprising that mobility has become so ubiquitous. And although smartphones haven't yet supplanted landlines, it seems inevitable that eventually, they will. Unfortunately, until they do, the presence of both landline devices and mobile devices within financial services represents yet one more compliance roadblock that businesses must confront. It makes an already-fragmented telephony network even more difficult to manage.

Keeping Mobile Regulated

Financial regulations such as MiFID II impose considerable demand upon financial institutions. That they [appear in a constant state of flux](#) notwithstanding, their scope and depth are shockingly far-reaching. And the penalties for failing to measure up have never been deeper.

Consider: under Dodd-Frank, an organization can be fined anywhere from \$75,000 to \$725,000 for each act of non-compliance.

Regulatory fines are only the tip of the iceberg here, however. If noncompliance were revealed to the public – through a breach, for example – the resulting fallout could devastate a business’s reputation. It’s not unreasonable to assume that a brokerage’s clients, when confronted with the fact that their finances and intellectual property are at risk, might seek a new firm.

At its worst, this could lead to more than lost reputation and revenue – it could lead to legal action by wronged clients.

In light of this, IT departments are placed under significant pressure, driven to balance compliance against what their organization needs for productivity and collaboration. On the one hand, if they don’t ensure everything is recorded, stored, and categorized according to regulatory requirements, their business will have to deal with the aforementioned fines and loss of face. On the other, if they ignore the needs of the user, their compliance efforts could harm the organization in an entirely different way, impeding productivity and lowering job satisfaction.

It’s not a pleasant position to be in, particularly given the heightened climate of regulation currently swirling about in finance. It’s a climate which, like it or not, has a direct influence on how financial services organizations select their vendors, implement new platforms, and develop their infrastructure – [compliance concerns](#) have placed risk management front and center for many. The following example [offered by Deloitte in the CIO Journal](#) sums things up quite nicely:

“A product team for a financial services firm was about to implement a new customer service feature. After a last-minute call to the compliance department, the team quickly realized it was a well-intentioned idea with a fatal flaw,” it reads.

“The team was about to unveil a new ‘make an appointment with a broker’ button on the company’s website. It was a novel way to connect with customers and prospects,” the piece continues. “But the system also constituted a form of client communication subject to Securities and Exchange Commission regulations that requires financial firms to keep such messages for at least three years. Because the system behind the appointment button lacked a way to archive the digital interactions with customers, it would place the firm at legal risk.”

Financial services organizations have taken many steps to address the urgencies represented by compliance legislation.

They’ve implemented EMM platforms such as BES®12 to manage their mobile infrastructure. They’ve instituted policies and organizational controls to ensure that employees are aware of compliance best practices. They’ve brought in secure Instant Messaging such as BBM® Protected and persistent group chat via Mindlink, and begun storing email text, and call logs with unified archival platforms like GWAVA.

Call recording, unfortunately, is somewhat more difficult – although a wealth of solutions exist to address mobile compliance generally, there are comparatively few mobile voice recording platforms.

Put another way, [Citicom’s Mark Whiteman wrote in 2013](#) that there exists “no simple ‘global’ solution to MVR. If the objective is to be compliant today, there needs to be a compromise of either user experience or commercial/support relationships.” Fortunately, this is no longer the case – although MVR is still underserved, there are nevertheless several call recording solutions now on the market. And Tango Networks is among the best.



How Tango Networks Makes Mobility Better

Designed to work with existing mobile call-recording platforms, The Tango Networks Mobile Call Recording Solution combines with BES12 on BlackBerry® 10 devices to equip financial organizations with the capacity to seamlessly enable mobile call recording.

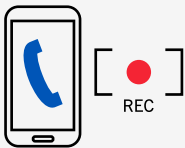
The use of business lines is easily enforced by administrators, ensuring business-relevant calls are properly recorded (and personal calls are not). Though this recording cannot be circumvented, it's also completely automated, designed so as not to inconvenience the end user in any way.

All data gathered by Tango Networks' MCR is dynamically sent to an organization's existing recording platform, simplifying data management and leveraging existing investments.

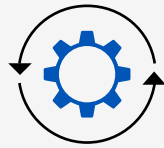
Recordings are kept under the complete control of IT, readily available for both retrieval and analytic processing. With Tango Networks, your business gains access to a fully compliant call recording solution that works regardless of carrier, network, or geography.



To summarize, with Tango Networks Mobile Call Recording, a financial organization can:



- › Ensure mobile calls are recorded and under the complete control of administrators, no matter an employee's location, carrier, or network.



- › Integrate Tango Networks MCR's features readily with a wide range of existing call recording and analytics platforms.



- › Offer ease of use — Tango Networks MCR is simple to manage for administrators, and seamless for employees whose calls are being recorded.



- › Remain completely compliant in a cost-effective, efficient, and intuitive fashion with BES12 and BlackBerry 10.

Conclusion

The challenges of compliance aren't going away anytime soon. In order to retain the trust of clients and stay aligned with regulatory agencies, organizations must carefully consider which management platforms and security solutions they will implement. Nowhere is this clearer than with mobile communications, particularly where call recording is concerned.

What makes mobile voice recording so difficult is the fact that phone calls are meant to be simple and seamless. Any application that records them, then, must be similarly intuitive. More importantly, it must integrate completely into existing architecture – otherwise, it will bring with it an entirely new array of challenges.



To learn more about ISV Reseller solutions from BlackBerry,
go to **blackberry.com/enterprise/products/app-ecosystem**

Or email **salesblackberry@blackberry.com**



©2015 BlackBerry. All rights reserved. BlackBerry®, BBM® and related trademarks, names and logos are the property of BlackBerry Limited ("BlackBerry") and are registered and/or used in the U.S. and countries around the world. All other trademarks are property of their respective owners.