The biggest challenge from the changing regulatory landscape of FATCA & CRS is:

- Keeping up with government regulations in multiple countries (24%)
- The risk of non-compliance (23%)
- Client confusion (19%)
- The ability to source necessary reportable information (15%)
- Legal, internal and compliance risk of non-compliance (15%)

New regulations, shifting goal posts and continued uncertainty will continue to challenge financial institutions and their ability to:

- Operate in the new regulatory environment (53%)
- Ensure they are maximising control (50%)
- Meet delay to implementation (45%)
- Ensure the right processes are in place (42%)

So how much money are financial institutions planning to spend on FATCA & CRS compliance this year?

- $1m-$10m – 32%
- $10m-$100m – 19%
- More than $100m – 11%
- No plan to spend this year – 5%
- Less than $1m – 5%

Who participated in our survey?

- Banks (26%)
- Other service providers (accounting firm) (25%)
- Private banks (21%)
- Trade (11%)
- Insurance (10%)
- Private wealth managers (9%)
- Investment (8%)
- Property (7%)
- Legal (5%)
- Asset management (5%)
- Private equity (5%)
- Analyst department (3%)
- Commercial (3%)
- Brokers (3%)
- Investments (1%)
- Application vendors (1%)
- Compliance (1%)
- Property (1%)
- Credit (1%)
- None (1%)

Changes expected but no solution for data:

- Changes expected but no solution for data – 36%
- No solution for data – 6%

Countries and jurisdictions most problematic regarding compliance:

- High-risk countries (e.g. Afghanistan, Pakistan and Iraq) (53% say YES)
- Generally complex – 47% say NO
- High volumes of data – 44% say YES
- Low volumes of data – 41% say NO
- Risk of non-compliance – 39% say YES
- Client confusion – 29% say YES
- The ability to source necessary reportable information – 26% say YES
- Legal, internal and compliance risk of non-compliance – 25% say YES

Level of confidence in keeping up-to-date with individual government schemas and filing regulations

- Little 0%
- Little 5%
- Confident 11%
- Confident 13%
- Very confident 38%
- Very confident 38%

Level of confidence in the accuracy of reportable account data in the system(s):

- Not at all 10%
- Not at all 10%
- Very confident 38%
- Very confident 38%

Customer readiness

- Not at all 10%
- Not at all 10%
- Confident 40%
- Confident 40%

Risk and liquidity

- High 49%
- High 49%
- Neutral 36%
- Neutral 36%
- Low 5%
- Low 5%

It’s important for financial institutions to:

- Be clear and consistent on their approach to compliance (40%)
- Be transparent and upfront with clients (38%)
- Recognise the potential for increased regulatory scrutiny (37%)
- Understand the benefits of centralisation and streamlining for compliance (37%)
- Have a clear strategy for meeting regulatory requirements (36%)

Compliance Still

She continues: "Across the industry, we envisage there could be a large number of undocumented accounts but we are not clear at this moment in time whether this information will be made available to tax authorities."

The key issue here is how non-compliance is measured, she feels. "Tax authorities have still not provided any indication of audit regimes that will be adopted to ensure compliance with regulations." Being non-compliant could be extremely damaging to any bank, " says BNY Mellon’s White. "We have always maintained our full support for the OECD's global standards, including the Common Reporting Standard."

But for many organisations, dealing with the issue purely in-house is not a viable option. Outsourcing also ranked highly.

BNY Mellon’s White observes. "Across the industry, we envisage there could be a large number of undocumented accounts."

The multilateral nature will further increase complexity. Financial institutions around the world are grappling with the timing and regulatory uncertainty of CRS, " says Michael Drinkwater, senior consultant at BNY Mellon. "We have always maintained our full support for the OECD’s global standards, including the Common Reporting Standard. The multilateral nature will further increase complexity."

To prepare for the upcoming CRS regulations, internal teams need to be re-structured or new teams need to be created; relevant expertise should be sourced and robust processes implemented. New regulations, shifting goalposts and continued uncertainty will continue to challenge financial institutions and their ability to:

- Operate in the new regulatory environment (53%)
- Ensure they are maximising control (50%)
- Meet delay to implementation (45%)
- Ensure the right processes are in place (42%)

The majority of the respondents, however, are budgeting for up to $1 million.