

Issues Management

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Executive Summary



Understanding the cause of, and having controls in place to remediate, process issues is a core capability of any financial services company that strives to deliver best-in-class products or services to its customers, on behalf of its investors or bank partners, and in compliance with regulatory expectations. Nothing can derail progress or undermine trust quite like the inability to manage and control issues. No enterprise is immune from incidents and issues, but the most successful ones have insulated their commercial strategy by having an effective Issues Management program in place.

Problem Space



Symptoms of a poor, or non-existent, Issues Management program include:

- Unreported issues — Blind Spots
- Opening more issues than are being closed
- Remediation delays
- Lack of accountability — finger pointing
- Resource churn and opportunity cost

The result of these symptoms is an operating environment that is causing the business to alienate customers, draw unwanted scrutiny from auditors and regulators, and siphon development resources from value-generating initiatives.

Approach



The first step to creating an effective Issues Management program is to get aligned with the risk appetite of your leadership team. This will inform the level of rigor and due diligence you should employ in issues identification and remediation.

Secondly, assess the extent to which issues are being identified and reported. Are there pockets of non-disclosure that are creating blind spots for the organization? Are you hearing about issues from customers or examiners rather than from internal alerts?

Finally, assess the organizational culture for process ownership and accountability. Do issues typically get offloaded to a handful of SME's or control resources or are people across the enterprise engaged and take ownership for issues within their processes.

Solution



The importance of a strong Issues Management program increases in direct proportion to the size and complexity of your business. As we scaled the Best Egg personal loan business, mistakes carried a much greater opportunity cost, and we were under a lot more scrutiny from bank partners and their regulators. Very quickly, our immature Issues Management process was under a microscope. The solution that we developed, appreciated the risk tolerance of the leadership team, one that required us to balance speed to market with strong, evidentiary control environment, and employed clarity, repetition, and accountability to drive down the volume of issues, and speed up remediation timelines.

A clear and straightforward policy document set the foundation for the process and set forth the risk-based principles upon which issue identification and remediation plans would be based. (See Below). The risk-based solution allowed for enhanced rigor on the issues that truly drove risk into the business, while taking a more pragmatic approach to lower risk items allowed for iteration and speed to market

Recurring reporting identified process owners who were accountable for the issue and had to answer for any concerns regarding root cause and remediation. This accountability prompted owners to get involved in the root cause discussion earlier, motivated them to mobilize enterprise stakeholders to get issue remediated on time, and compelled them to prioritize the development of better controls within their processes.

		Severity of Impact				
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Severe
Likelihood	1 Rare					
	2 Unlikely					
	3 Moderate					
	4 Likely					
	5 Almost Certain					
Risk Rating/ Remediation Timeline	Very Low Risk Accept	Low 90+ Days	Moderate 60-90 Days	High 30-60 Days	Critical 30 Days	

Benefits (Results)



One glaring characteristic of a poorly managed risk management program is an organization's lack of ability, or intent, to fix their process issues in a timely fashion, particularly in an industry where the financial impact to customers can be so severe.

By building a pragmatic, well-defined, risk-based Issues Management program Best Egg was able to **immediately** demonstrate a material reduction in the time it took to remediate issues. By placing greater importance on the higher risk issues, we reduced the most adverse customer and financial impacts and were able to sit in front of bank partners and regulators and confidently present our process while spending more meaningful discussion on the issues themselves.

Longer term, behavioral improvements also began to manifest as the program matured.

Sustainability



The accountability brought on by the Issues Management monitoring and reporting routines has not only compelled owners to improve controls within broken processes but also shifted their mindsets to be more cognizant of introducing preventative controls prior to implementation and, thereby, driving down the introduction of new issues.

As the program evolved, process owners began to reap the fruits of their control rigor, experiencing fewer issues and demonstrating higher rates of success and commercial growth. This has been a force multiplier for overall morale and engagement.

Summary of Key Tenets



- Enterprise risk appetite
- Approved policy with Issues definitions and expectations
- Risk assessment matrix to drive issue categorization and timelines
- Clear, repetitive reporting and monitoring routines
- Process/change ownership and accountability