

# Regulatory reporting: Navigating the complexities and challenges

This perspective provides insights into the current regulatory landscape, highlights upcoming changes and offers practical strategies for effective regulatory reporting for banks and other financial institutions.



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# Overview

Regulatory reporting has evolved from a simple departmental task to a key strategic focus for financial institutions. Efficient management and reporting systems are critical for complying with new regulations, enhancing transparency and fostering trust among investors and stakeholders. Failure to comply can impede growth and overall performance.

In 2025, several key trends are shaping the regulatory landscape. These include an increased focus on sustainability reporting, the adoption of advanced data analytics and automation, global harmonization of reporting standards, real-time reporting expectations and a strong emphasis on cybersecurity and data privacy.

Financial institutions must align with international standards, prepare for consistency across jurisdictions and ensure robust digital infrastructures to meet real-time data demands while maintaining compliance with data protection laws. These developments highlight the dynamic nature of regulatory reporting, driven by technological advancements and global regulatory changes, necessitating proactive strategies to navigate complexities and challenges effectively.

# Why regulatory reporting matters

Regulatory reporting is essential in the financial industry, ensuring that businesses operate within legal boundaries and uphold high standards of integrity.

Here's why it matters:

- **Risk management:** Identify and manage credit, market and operational risks
- **Transparency and accountability:** Ensure adherence to industry regulations and responsibility for actions and decisions
- **Market confidence:** Boost public and investor confidence, strengthen market credibility and build customer trust, driving business growth
- **Fraud detection:** Detect and prevent fraudulent activities, enhancing market integrity



Moreover, the consequences of noncompliance can be severe. Recent and upcoming regulations, such as the EU's Markets in Financial Instruments Directive II (MiFID II) and the US Dodd-Frank Act, impose significant fines for noncompliance. These fines can range from millions to billions of dollars, depending on the severity and frequency of the violations.

By 2025, the cumulative fines under the General Data Protection Regulation (GDPR) reached approximately €5.88 billion, underscoring the ongoing emphasis on data protection (DLA Piper GDPR Fines Report, 2025).

Additionally, the EU Artificial Intelligence Act, which will become effective in August 2025, introduces fines of up to €35 million or 7% of global turnover for AI-related infractions.

Maintaining robust regulatory reporting practices can help financial institutions avoid these costly penalties and ensure they are well-prepared for the evolving regulatory landscape. This proactive approach not only meets regulatory expectations but also positions companies for sustainable growth and resilience in a highly competitive and regulated environment.



# Changing regulatory landscape

The regulatory landscape is continuously evolving, with significant changes expected in the near future. For instance, the Hong Kong Monetary Authority (HKMA) Rewrite, set to go live in September 2025, will introduce new trade reporting rules and stricter requirements for data accuracy and completeness.

Similarly, the Markets in Financial Instruments Directive (MiFID) III, expected in Q4 2025, will strengthen reporting requirements, including the expansion of data fields and more granular reporting to regulatory authorities. These changes necessitate a strategic approach to regulatory reporting, ensuring that financial institutions remain compliant and avoid potential penalties.

## Regulatory reporting changes in 2025–26

Q2

2025

### Canadian Securities Administrators (CSA) Rewrite

Updates to over-the-counter (OTC) reporting rules to align with international standards, including the Unique Transaction Identifier (UTI), Unique Product Identifier (UPI) and International Organization for Standardization (ISO) 20022 XML reporting. Additionally, the European Securities and Markets Authority (ESMA) will release guidelines that encompass funds using environmental, social and governance (ESG) and sustainability criteria.

Q3

2025

### Hong Kong Monetary Authority (HKMA) Rewrite

New trade reporting rules will be introduced, including the use of UTI and UPI, and stricter requirements for data accuracy and completeness. Collateral reporting will also be required, and adherence to the ISO 20022 XML message standard for reporting will be mandatory. Meanwhile, the Japan Securities Dealers Association (JSDA) will update its reporting framework.

Q4

2025

### Markets in Financial Instruments Directive (MiFID) 3

MiFID 3 will come into effect, banning payment for order flow. Trades in shares with an International Securities Identification Number (ISIN) must take place in a regulated market, and there will be enhanced requirements for transaction and reference data. The Australian Securities and Investments Commission (ASIC) will expand its reporting scope to include trades with foreign firms. The European Banking Authority (EBA) will schedule the first reporting reference date under the new Implementing Technical Standards (ITS).

Q1

2026

### Securities Financing Transactions Regulation (SFTR) Updates

The SFTR will expand its reporting requirements to improve data quality. The Securities and Exchange Commission (SEC) will implement Rule 10c-1a, which aims to increase transparency in securities lending transactions.

# Solutions to key challenges

Financial institutions face significant hurdles in regulatory reporting, from managing people and processes to leveraging technology and data. These challenges can hinder compliance, operational efficiency and stakeholder trust. However, with the right strategies, these obstacles can be turned into opportunities for growth and innovation.



## 1. People

### **Business insights and knowledge**

One of the primary challenges is a lack of understanding of regulations, financial instruments and data, which can impair decision-making and slow customer response times. To overcome this, financial institutions must invest in continuous training and development. A knowledgeable workforce is crucial for effective compliance and operational performance.

### **Data ownership and management**

Unclear ownership and accountability can hinder effective data management and raise monitoring costs, leading to increased pressure from regulators. Establishing clear data ownership and accountability is essential for maintaining data integrity and supporting reliable business decisions. This means defining roles, implementing data governance policies and ensuring all stakeholders are aligned and informed.



## 2. Process

### **Governance and control processes**

Inefficient governance and control processes increase the risk of data breaches and create disparate data systems. Implementing strict governance frameworks and robust control processes is vital for safeguarding data and ensuring compliance. This includes regular audits, clear documentation and standardized procedures to minimize risks and enhance data security.

### **Information fragmentation**

Inefficient process controls can lead to disparate data systems and increased duplicate data, requiring more effort to deliver essential banking services. Streamlining processes and reducing nonvalue-added activities can significantly enhance efficiency and service delivery. This involves consolidating data systems, automating routine tasks and improving data flow between departments.

### **Supporting risk management and regulatory reporting**

Mergers and acquisitions introduce significant complexity through new data sets, applications and processes. Developing standardized processes for integrating new data and systems is crucial for maintaining compliance and managing risks. This includes creating a comprehensive integration plan, conducting thorough data mapping and ensuring all systems are compatible and secure.

### **Data analysis and processing**

Struggling to extract insights from large datasets due to inconsistent metadata can lead to confusion and lengthy reconciliation processes. Implementing consistent metadata standards and advanced data analytics tools can streamline data analysis and improve decision-making. This involves standardizing data formats, using machine learning algorithms and enhancing data visualization capabilities to provide clear and actionable insights.

By addressing these challenges, financial institutions can ensure compliance and build a strong foundation for future growth.





### 3. Technology

#### Data analysis and processing

A lack of cohesive technology can hinder seamless data transfer between systems, leading to longer operations and stalling data-driven advancements. Investing in integrated technology solutions can enhance data transfer and operational efficiency. This includes adopting unified data platforms, improving data integration capabilities and leveraging modern data management tools.

#### Data interoperability and agility

Integrating data from emerging sources and consolidating legacy data into complex warehousing systems is a significant challenge. Adopting flexible and scalable data integration solutions is essential for achieving data interoperability and agility. This involves using cloud-based data warehouses, implementing data lakes and ensuring data can be easily accessed and analyzed across different systems.

#### Real-time data processing and insights

Rising data volumes stored in write-optimized Operational Data Stores (ODS) can result in costly, slow processing and limited real-time capabilities. Implementing real-time data processing solutions can enhance data insights and decision-making. This includes using real-time data streaming technologies, optimizing data storage and deploying advanced analytics to provide immediate and actionable information.

#### Emerging technologies and data security

The rush to adopt cloud computing and Software as a Service (SaaS) to lower costs can lead to vulnerabilities to cyberthreats and financial crimes. Ensuring robust data security measures and compliance with regulatory standards is critical when adopting new technologies. This involves implementing strong encryption, conducting regular security audits and adhering to best practices in data protection and privacy.

### Charting a path to compliance and success

To overcome these challenges, organizations must adopt a well-rounded approach that combines both business and technology strategies. On the business side, building robust governance frameworks, enhancing risk management practices and fostering a culture of continuous compliance ensures accountability and oversight in regulatory reporting processes.

On the technology side, investing in advanced data management solutions, leveraging automation and upgrading IT infrastructure can significantly improve data quality, efficiency and security. By taking a strategic and holistic approach, financial institutions can meet regulatory requirements, drive operational excellence and maintain stakeholder trust for sustained success.

# Strategies for effective regulatory reporting

To support regulatory reporting effectively, banks and financial organizations must adopt a comprehensive and strategic approach that encompasses several key areas:

## Data management and quality

**Data quality and integrity are critical to ensuring that your reporting is accurate and complete.**

Start by establishing a robust data governance framework to manage data throughout its lifecycle. Define data ownership, set data standards and ensure compliance with data policies.

To eliminate errors and inconsistencies in your data, implement robust processes for data validation and data cleansing. This will enable you to use advanced data analytics and reporting tools to extract meaningful insights from large datasets.

## Governance and risk management

**A comprehensive governance framework is essential for aligning with regulatory requirements.**

Develop and implement a robust governance structure to ensure transparency and accountability. Enhance your risk management practices to proactively identify, assess and mitigate regulatory risks.

Promote a culture of compliance through continuous training, clear communication and strong leadership support. This holistic approach will help you meet regulatory standards and build a resilient, trustworthy organization.

## Technology and infrastructure

**Advanced technology is crucial for supporting data management and reporting.**

Upgrade your technology infrastructure to handle complex regulatory data. Implement automation and workflow tools to streamline routine processes, reducing manual errors and improving efficiency.

Modern technology solutions can significantly enhance your ability to manage and report data accurately and timely, providing a solid foundation for compliance and operational excellence.

## Process and controls

**Standardized processes and strong internal controls are key to effective regulatory reporting.**

Design and implement consistent processes to ensure accuracy and timeliness in your reports. Strengthen internal controls to enforce adherence to these processes, reducing the risk of errors and noncompliance.

Regular reviews and audits will help you identify and address issues proactively, ensuring your organization remains compliant and efficient.

## Training and development

**Continuous training and development are vital for keeping your staff up-to-date with regulatory requirements.**

Provide ongoing training to ensure employees are well-versed in the latest regulations and best practices. Invest in building the skills and expertise of your regulatory reporting team to navigate complex regulatory landscapes.

A well-trained workforce is better equipped to handle regulatory challenges and contribute to the organization's compliance and success.

## Collaboration and communication

**Open and transparent communication with regulatory agencies is crucial for effective reporting.**

Establish clear channels to stay informed about regulatory updates and expectations. Enhance communication with internal and external stakeholders to ensure alignment on regulatory goals and processes.

Encourage a collaborative environment where teams can work together to address challenges, share insights and improve overall compliance. This approach fosters transparency and cooperation, essential for meeting regulatory standards and building trust.



# Embracing trends and future outlook

## Advanced technology and automation tools

The future of regulatory reporting is set to be transformed by the adoption of advanced technology and automation tools. Organizations that fail to integrate these solutions will face increased scrutiny and higher costs due to inefficient data management and outdated systems. Conversely, those that embrace these trends will benefit from improved operational efficiency, reduced costs and enhanced compliance.

## Improved data quality and reporting efficiency

Advanced technologies such as artificial intelligence (AI) and machine learning (ML) are revolutionizing data management by automatically detecting and correcting errors, ensuring accuracy and reliability in regulatory reports. Automation tools streamline the reporting process, reducing the time and effort required for compilation and submission.

## The cost of inefficiency

Organizations that do not adopt these advanced solutions will struggle to meet evolving regulatory requirements, attracting closer scrutiny and potential sanctions. Inefficient data management practices lead to higher operational costs due to manual processes that are time-consuming and prone to errors.

## Embracing modern trends

Integrating advanced technology and automation tools leads to improved operational efficiency, reducing the time and resources required for regulatory reporting. Automation significantly reduces costs by minimizing manual intervention and error correction. Advanced technologies ensure that regulatory reports are accurate and timely, enhancing compliance and reducing the risk of penalties.

## The role of industry leaders

Industry leaders must advocate for the adoption of these transformative technologies, championing innovation and efficiency to guide organizations toward a future where regulatory reporting is a strategic advantage. Developing a strategic vision that incorporates advanced technology and automation into regulatory reporting frameworks is essential.



# Navigating regulatory changes with NTT DATA

NTT DATA, with its extensive expertise, is well-positioned to assist you in navigating upcoming regulatory changes and monitoring alterations to existing regulations. Our comprehensive services enhance your regulatory reporting framework, ensuring you stay ahead of evolving requirements. This involves a cultural shift that impacts financial data and technology, while maintaining rigorous standards for data integrity and reporting accuracy.



## Regulatory supervision and reporting

With an intuitive dashboard and daily monitoring, you have full oversight of your data in real time. We help you evaluate and prepare for the regulatory reporting impact, ensuring you are well-equipped to handle any changes. Our experts can provide in-depth knowledge of OTC Derivatives and Financial products, understanding their reporting scope. We support different lifecycle reporting in ISO XML 20022 format, and handle reporting needs during restructuring, corporate actions, Mergers & Acquisitions. Additionally, we support UTI pairing and UPI enrichment, and validate reports with the Trade Repository for accuracy.

## Exception handling

We have established workflows to correct and replay internal and Trade Repository rejections within the reporting timeframe. Our platform is flexible, supporting various platforms and input file formats (CSV, XML) to ensure business continuity.

## Data management

Our experts can help you with data mapping and regulation-specific validations to ensure accuracy. We enhance and enrich data to meet regulatory requirements, and ensure that your data is secure and compliant with privacy regulations. We also maintain and update client static data to keep your information current.

## Operational resilience

With an intuitive dashboard and daily monitoring, you have full oversight of your data in real time. We also help you implement robust risk governance and control measures.

## Additional services

We can fast-track your transformation with our proprietary platforms, frameworks and accelerators. Our managed services oversee, administer and address IT systems and operations to achieve operational efficiency and cost savings. We leverage strong technology expertise and innovative investments, including GenAI and robotic process automation (RPA), to streamline operations. Additionally, we deploy AI tools to optimize business strategies and innovate offerings, using advanced data analytics and ML to personalize customer experiences and improve engagement.

By working with NTT DATA, you can transform your regulatory reporting into a strategic advantage, ensuring compliance and operational excellence.



# Addressing regulatory demands now and in the future

The future of regulatory reporting is promising for those who embrace technology and automation. These solutions can streamline processes, reduce costs and ensure alignment with current and future regulations. With over 15 years of experience in managing reports for major regulatory bodies like: The Monetary Authority of Singapore (MAS), Japan Financial Services Agency (JFSA), ASIC, EMIR Refit, MiFID II and HKMA, we understand the regulatory landscape deeply.

Our global presence and expertise in IT and compliance solutions, data management and system integration can help you assess regulatory impact, manage and enrich data and develop efficient processes. By taking a proactive and informed approach, you can turn regulatory reporting into a strategic advantage, ensuring you stay ahead of regulatory changes and maintain operational excellence.

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## Contact us

For more information on how NTT DATA can support your regulatory reporting needs, visit [nttdata.com](https://nttdata.com).

Our team of experts is ready to help you navigate the complexities of regulatory reporting, ensuring compliance and reducing risk.



Visit [nttdata.com](https://nttdata.com) to learn more.

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