How to improve compliance with your suppliers

for financial services

Boost your supplier compliance with Medius

Managing suppliers in the financial services industry presents unique challenges, as you're distributing sensitive information electronically rather than tangible goods. This means that online data breaches pose a real threat to businesses operating in this sector.

In 2017, the US-based credit firm, Equifax, was victim to an online breach that resulted in the loss of 147 million people's private information, resulting in fines exceeding $500 million for Equifax.

Today, financial services organizations experience 40% of all cyber-attacks, and this number continues to rise. This has led to high levels of legislation in this sector, making supply chain management increasingly complex, driving the use of third-party vendors to perform tasks.

However, outsourced suppliers are security blindspots which means that ensuring that all vendors have up-to-date credentials is crucial.

This guide will show you why managing supplier information is so important and our four-step methodology to improve supplier compliance.

1 Identify key compliance areas

The first step in any supplier compliance strategy is closely monitoring new and upcoming regulations that you and your suppliers must comply with. You can do this by continuously monitoring new legislation released by governing bodies such as the Federal Financial Institutions Examination Council (FFEIC), Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), and the European Banking Authority (EBA).

The next step is to audit all your third-party suppliers, checking their credentials to spot any that don't adhere to the latest regulations. By auditing your existing vendor details, you will highlight any pain points that could present risks in the future.

Segmenting your supply chain to identify your suppliers that present the most risk to your organization is a great step for ensuring long-term compliance. We recommend structuring your breakdown by the level of data shared with each supplier, ranking third parties that handle the most sensitive data with the highest need for compliance. Once you have drawn out your segmentation rules, incorporate them within your supplier onboarding process.

2 Build your risk mitigation framework

When you have safeguarded your activities, your most significant risks lie within the flow of sensitive data between you and your third-party vendors. You need to ensure that all suppliers in your supply chain meet industry standard regulations and that all data transfer is communicated through secure and auditable internal mediums that are protected against cyberattacks.

Create new sourcing event	Outline the regulations that all your suppliers must be compliant with within your sourcing event documents.
Integrate and test systems	Once you have onboarded new vendors, test that all your systems integrate effectively and spot any weaknesses in communication.
Monitor and audit processes	Having an IT governance team is the best to monitor whether new risks in your supply chain occur and spot any maverick behavior between you and your suppliers.
Manage your supplier information	Set dates for your vendors to update their documentation to ensure they are still compliant with your needs.

3 Stay agile

Ever-changing FS regulations mean that you and your team must be agile to adjustments that you need to make in your supply chain. Having configurable tools that will help you manage your suppliers and build your governance frameworks is an excellent way of ensuring that your vendor portfolio meets regulations.

Look for systems that will simplify the process of auditing your suppliers in a repeatable and efficient way. To achieve this, you will need to maintain an up-to-date repository system of all vendor information that is easily accessible.

It's also important to make third-party organizations responsible for maintaining their compliance with legislation.

4 Monitor supplier compliance

Implementing supplier management platforms is a great tool to help maintain compliance. This software automates the task of keeping an up-to-date portfolio of supplier data that is accessible globally. Having access to all your third-party's information will make auditing your vendors much simpler and repeatable. Supplier management tools can also send your suppliers reminders to update their credentials, making them responsible for inputting their data.

Maintaining an up-to-date pool of all your contracts is also essential for maintaining supplier compliance, and many organizations are implementing contract management platforms to simplify this process. Without a managed database of contracts, you risk missing contract renewal dates, which doesn't just mean that you risk being tied into a bad deal; you have also missed the chance to update your contract with new regulations and compliance demands.

How Medius can help manage supplier compliance

Automated supplier information alerts with Medius Supplier Management

Automated alerts ensure suppliers keep key metrics and documents up to date, prompting them for new certifications and accreditations as their current ones near expiration and putting non-compliant vendors on hold. This ensures that you avoid situations where non-compliant, or non-accredited vendors could supply you with goods that don't meet standard procurement needs.

Automated contract management & simple auditing with Medius Contract Management

Quickly and easily build contracts based on the necessary accreditations needed for each supplier. Contract templates will allow you to access contracts tailored to specific supplier segmentation instantly.

Also, Medius Contract Management automates the process of managing your contract database, allowing you to search and extract data easily to perform regular supplier audits.

Clear communication channels with your suppliers through Medius Supplier Management

Medius also provides you with a secure portal to communicate with your suppliers in various ways including, emails, direct messaging, surveys, and file transfer.

Improving your communication with suppliers won't only enhance relationships and help organize critical tasks, but will also allow you to work towards meeting new regulations mutually.