Dragon® Professional Group

Solving the financial documentation compliance challenge

How speech recognition solutions help financial services firms meet compliance mandates while reducing costs and improving client service.
Table of contents

2 Introduction

2 The business implications of compliance

2 Drive better business outcomes

3 Why documentation matters

4 How speech recognition can help
   – Reduce risk and improve compliance
   – Capture client notes anytime, anywhere
   – Deliver exceptional client service
   – Customize for business-specific needs and practices

5 An enterprise-ready solution for today’s financial services firms

5 Conclusion
Introduction

A new set of federal rules is putting pressure on financial services firms to heighten their focus on governance and compliance. Most recently, the U.S. Department of Labor’s (DoL) Fiduciary Rule, partially implemented on June 9, 2017, imposes new compliance requirements that may significantly increase reporting, disclosure, recordkeeping and other demands placed on financial advisors. As a result, the ability to create detailed, accurate documentation with speed and efficiency has never been more important to meet expanding governance mandates within the financial services industry.

The business implications of compliance

This culture of compliance will come with increased demands on time and, potentially, cost, as financial advisors are held to an even higher standard of accountability. According to EY Financial Services, finalization of the DoL’s new Fiduciary Rule will require firms to be focused and strategic in their compliance efforts, conducting a thorough analysis to determine how the business is impacted and what compliance, governance, operations, technology and supervision changes are needed to achieve compliance1.

Even before phased implementation of the DoL’s new Fiduciary Rule began, documentation and other administrative tasks placed a heavy burden on financial services firms. In fact, Registered Investment Advisors report spending one-quarter of their time on administrative activities2. The new ruling is expected to increase administrative demands even further. According to Cerulli Associates, nearly two-thirds of advisors expect the Fiduciary Rule will increase overall administrative compliance costs, such as documentation and due diligence3.

To avoid conflicts of interest per the new ruling, firms may need to rethink their fundamental client strategies to improve the customer experience while still ensuring profitable and compliant operations. Recent research found that more than one-third of advisors plan to increase the use of digital-based advice technology for small-balance clients (those with fewer than $100,000 in investable assets) as volume and scale are key to profitability4. This tactic will allow advisors to shift their focus to fee-based services that offer a level of personalization and professional judgment that robo-advisors simply cannot provide. In fact, almost 60% of advisors plan to increase fee-based business as they seek to decrease business risk in the wake on the DoL ruling5.

Drive better business outcomes

As financial advisors focus on building and nurturing profitable client relationships—whether through digital or face-to-face interactions—they will need to transform their documentation processes to deliver a more cost-efficient, responsive and compliant customer experience. This will require the ability to:

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3 Ibid.
5 Ibid.
– **Capture client plan specificity**: Document clear, specific and transparent client action plans and disclosures with greater speed—at the office or while visiting clients.

– **Improve record management**: Capture and maintain detailed financial documentation to meet regulatory compliance efforts and minimize potential risks.

– **Drive operational efficiency**: Streamline documentation processes for improved client service, higher productivity and reduced costs.

### Why documentation matters

As regulations like the DoL Fiduciary Rule make their mark on the financial services industry, the need for personalized service that effectively captures the entirety of the advisor/client relationship will take on new levels of urgency. Advisors will need to accurately document conversations with clients and deliver more thorough, personalized financial plans based on those interactions. In addition, increasingly savvy financial consumers are asking their advisors to take a chain of custody mindset in the handling of their assets—letting them know how and where their assets are bought, sold and/or transferred among various investments—all of which requires a detailed documentation trail.

The new DoL ruling also increases the data needed at each stage in the customer lifecycle. While advisors have already captured many attributes related to a client, this data is often stored in paper files and must be manually maintained and/or re-keyed into various applications. Under the DoL Rule, firms will need the ability to access and update this information in real time, leaving some firms to look to their customer relationship management (CRM) system as a possible data collection and maintenance solution\(^6\). What’s more, as a firm fulfills its fiduciary duty, it will need the ability to connect client conversations, particularly those covering investment recommendations, to its CRM system\(^7\).

### How speech recognition can help

Speech recognition solutions can help firms meet growing compliance mandates while reducing costs and improving client services. These tools help firms improve financial documentation by enabling advisors to create more detailed, accurate client plans, reports, disclosures, and other paperwork three times faster than typing and with up to 99% accuracy from the first use—all by voice.

**Reduce risk and improve compliance**

The introduction of new compliance rules is driving financial services firms to rethink how they can build greater transparency into their client relationships, including more explicit disclosure regarding commissions, fees and any potential conflicts of interest. Firms may also need the means to monitor advisor behavior over time to make sure they comply, meaning that each time

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\(^7\) Ibid., at 3.

there is an interaction, a discussion, a transaction, that information needs to be observable and auditable.

Speech recognition solutions streamline documentation processes to help advisors demonstrate compliance efforts. When equipped with these tools, advisors are able to quickly capture client conversations, create detailed action plans, document disclosures and transactions, and record asset chain of custody by voice instead of keyboarding. These capabilities help mitigate compliance risk while reducing the liability associated with incomplete or inaccurate documentation.

** Capture client notes anytime, anywhere 

The new DoL ruling is expected to substantially increase the volume, detail and specificity of documentation financial advisors are required to produce. Speech recognition solutions with mobile dictation and transcription capabilities make it easy for advisors to keep up with financial documentation from any location. By integrating cloud-based, professional-grade mobile dictation solutions into enterprise documentation workflows, advisors can complete and share documentation—by voice—directly on iOS and Android™ smartphones and tablets and seamlessly synchronize documents and customizations with their desktops.

In addition, some speech solutions automatically transcribe recorded notes or voice files of another single speaker into text quickly and easily back at the user’s PC. Using these mobile dictation and transcription features, advisors can capture client conversations in real time, while details are still fresh in their mind, to create personalized action plans that reflect clients’ stated financial goals—whether they want to buy a lake house, fund college tuitions, or retire by age 55.

** Deliver exceptional client service 

Speech recognition solutions streamline document workflows so advisors can focus on what really counts—providing a personalized and impactful client experience. These tools enable advisors to instantly capture notes, document disclosures, and create clear, customized client action plans—all by voice—to deliver greater value and develop long-term relationships based on trust and transparency. In addition, the ability to document all conversations in detail, including transaction requests, helps advisors keep accurate, auditable records and avoid costly miscommunications that can erode client trust.

As advisors build client volume and scale, they will also need to find ways to serve more clients as efficiently as possible—without compromising responsiveness or quality of services rendered. In addition to helping advisors keep up with increased paperwork, speech recognition can help them complete other daily tasks faster—from setting up meetings and managing emails to creating spreadsheets and preparing client presentations—by voice. The ability to streamline documentation and routine administrative tasks frees up more time for advisors to nurture existing client relationships or grow their customer base.

For firms relying on their CRM systems to manage customer lifecycle data and capture client conversations, speech recognition can drive new levels of efficiency. These tools enable advisors to navigate within any
Windows-based CRM system and enter notes, actions, appointments, and client data just by speaking. Voiced-enabled CRM systems also help them improve client service with prompt, efficient follow-up, keep client and prospect data up to date for more effective marketing and avoid complaints or potential legal action due to failure to contact a client about an important matter or miscommunication regarding a transaction request.

**Customize for business-specific needs and practices**

Advanced speech recognition solutions enable advisors to easily customize words for accurate recognition of client names, financial acronyms, investment products, and business-specific terms they use every day. These tools further boost documentation productivity with voice shortcuts for inserting standard boilerplate text, logos, or signatures into reports, plans, disclosures, and other paperwork. They also enable creation of time-saving macro commands to streamline multi-step processes, such as saving, printing, and emailing documents, by voice. For example, when dictating an investment plan for a client, an advisor might insert standardized investment options within a form-based template; add post-meeting notes within the personal narrative section; and include boilerplate legal disclosures—all by speaking simple voice commands.

Enterprise-ready speech recognition solutions allow IT administrators to easily share these customizations across the organization to reduce duplicate effort and drive significant productivity gains—allowing advisors to spend more time on client service and revenue-generating activities.

**An enterprise-ready solution for today’s financial services firms**

Today, many financial services institutions are using Dragon® Professional Group from Nuance® as a documentation productivity tool to drive business efficiency and facilitate compliance. This enterprise-ready speech recognition solution streamlines documentation processes by enabling advisors to dictate and edit all kinds of documents—in the office or on the road—all by voice. Robust transcription further speeds and simplifies documentation creation while powerful customization capabilities automate repetitive manual tasks through simple voice commands. With a next-generation speech engine based on Nuance Deep Learning technology, Dragon Professional Group achieves high recognition accuracy during dictation—even for users with accents or those working in open office or mobile environments.

The Nuance Management Center (NMC) simplifies centralized deployment and administration of Dragon. NMC makes it easy for IT staff to manage licenses, track usage to measure return on investment, and manage and share customizations, including custom words, commands and auto-texts, across multiple advisors.
Dragon Professional Group, which scales easily as to meet growing requirements, is available through flexible volume licensing programs designed to help financial services firms realize improved documentation productivity and compliance at an affordable price.

Conclusion

Best-in-class speech recognition solutions like Dragon Professional Group can help financial services firms stay competitive and compliant by streamlining documentation processes and automating routine administrative tasks—all by voice. Dragon empowers advisors to keep up with expanding compliance and governance mandates while driving operational efficiencies and delivering a personalized, impactful client experience.