



BUYERS' GUIDE

Mobile recording in the financial sector.



MIFID II

Are you ready to record mobile conversations in compliance with MiFID II?

Since the ruling in 2009 by the UK finance governing body the FCA (Financial Conduct Authority), financial institutions have been legally required to record all fixed line conversations. The ruling was brought in to tackle market abuse, misconduct and help the FCA monitor, investigate and prosecute such cases.

In the UK most financial organisations were already recording fixed-line communication before regulations required it. Nevertheless, complying with new regulation is complex due to regional policy variations and inconsistent design of networks globally.

On January 3rd, 2018, MiFID II – the Markets in Financial Instruments Directive II – came into effect across all EU member states, replacing its 2004 predecessor.

The MiFID II regulations state that:

- **All communications must be recorded, including telephone calls (fixed line or mobile), text messages, instant messages and email.**
- **All recordings will need to be kept for a minimum of five years, increasing to seven if requested by a NCA (National Crime Agency).**
- **Clients must be told that communications are being recorded and must be provided with recordings if they ask.**
- **Recordings must be easily accessible, and steps must be taken to ensure they cannot be amended or tampered with.**

Recording every fixed line call is relatively straightforward. But recording mobile voice calls and text messages, regardless of where the participants are geographically located, is more complex.

Having a system in place to record voice and SMS – which stops users from making unrecorded calls or bypassing compliance technology – is simply essential.



ENSURING COMPLIANCE

Ensuring compliance with international regulations.

Despite the growing availability of video-conferencing and other tools, financial industries still send employees abroad on a regular basis. Whether staff travel within the scope of the Commodities Futures Trading Commission (CFTC) or FCA however, communications must always be recorded.

Within the EU, MiFID II regulations require electronic communication to be stored for a minimum of five years. With similar legislation planned for other regions, it's increasingly important to choose a solution that works globally but also meets local requirements.

Having a solution that works globally will reduce the complexity of managing multiple suppliers and simplifies system integration challenges.

Challenges introduced by regulation.

The drive for mobile compliance challenged some of the primary initiatives surrounding mobile recording technology:

- Mobility** Integrating fixed-line and mobile infrastructure through Over The Top (OTT) applications conflicted with many of the compliant recording technologies. Companies using traditional mobile operators meant using multiple SIMs or devices for employees who travel internationally, adding further complexity and risk.
- User experience** Some OTT applications introduced a poor user experience, with delays to call setup and poor call quality caused by latency in international networks.
- Cost** Many mobile compliance technologies introduced complicating factors, increasing call length thereby incurring double call costs and increasing roaming spend.
- Bring Your Own Device (BYOD)** A growing demand to support personally owned smartphones, as well as corporate-provided devices, has stretched IT departments. This, combined with a desire to save money by reducing dependence on Blackberry, meant that IT departments increasingly needed to support a wide variety of different devices, across manufacturers and operating systems. This strategy conflicted with the realities of many recording solutions and made compliance more difficult to implement and enforce.





COMPLIANCE OPTIONS

When it comes to complying with the new regulations there are three broad approaches:

1. Policy
2. Systems integration
3. Technology

1. Policy

Any IT control can only be effective if supported by internal business policies. However, policies alone are rarely robust enough to ensure that all members of staff adhere to them at all times. Communications policies are often unenforceable in practice, and can be easy to circumvent.

If business policies introduced to enforce compliance with MiFID II are not strictly followed or monitored, companies can be fined or subject to regulatory sanctions.

One solution may be to simply prevent staff communicating on mobile devices, but this runs the risk of reducing productivity, missing out on major deals or alienating customers. Either way, compliance-by-policy is an imperfect solution to current regulation.

When the potential impact is so high, is it really worth the risk?

- Pros**
- Easy to implement
 - Low cost

- Cons**
- Unreliable
 - Unenforceable
 - Open to misuse

“We’ve seen examples of regulated businesses stating that use of mobile communications by their traders is prohibited by policy. However, they then print the trader’s mobile number on their business cards, demonstrating that the policy wouldn’t stand up to scrutiny.”



Paul Leisching,
Global Head of Financial Markets,
TRUPHONE.

2. Systems integration

System integration solutions include tying mobile compliance to fixed-line compliance through integration to the corporate private branch exchange (PBX). Implementations along these lines vary but generally rely on the presence of a data connection that may allow an OTT app (such as a VoIP client) to function. Mobile calls are then captured within the fixed-line infrastructure.

Another option is to mandate secondary dialling from a corporate PBX or conference bridge. Users dial into the company PBX from their mobile, then dial the call out. The main issues with both of these approaches are that they are slow and cumbersome for staff, easily circumvented and are not a reliable way to capture either incoming calls or text messages.

- Pros**
- Fast implementation
 - Uses existing systems

- Cons**
- Unreliable
 - Poor user experience
 - Easily circumvented
 - Slow and poor quality calls



3. Technology

There are multiple approaches to meeting regulations through technology. The leading solutions are described below:

Application-based recording.

App-based recording is designed to work with a specific type of device, usually Android or iPhone. The software installs on the phone and then controls the call-routing functionality, re-directing calls through a server which records the content.

One of the major downsides to this approach is that this process interrupts the call, resulting in up to 20-second delays to both inbound and outbound calls. App-based recording also fails to tackle the challenges of roaming. When roaming abroad, calls can be routed over long distances introducing latency, resulting in poor call quality and unrecorded calls. However, when using a handset application, an organisation can retain its existing mobile network operator agreement with no need to changes SIMs or hardware.

Pros

- Seamless for the user once installed
- Uses existing mobile estate

Cons

- Poor user experience
- Long delays to both inbound and outbound calls
- Unreliable when roaming
- Needs installing on all devices

Network-based recording.

Network-based recording does not use an app. Instead, calls are captured directly within the network. Typically a recording-enabled SIM is used to ensure automatic recording of all subsequent data. Some network-based recording solutions also support users who travel frequently, working seamlessly around the world. Network recording can also be more cost-effective than other options. Unlike app-based recording, there are no extra calls to the recording software. You only pay for the cost of one call. There are no call delays with network-based recording either, meaning a seamless user experience.

Pros

- Seamless for the user
- Effective even when roaming
- Easy to implement across all devices
- Cost-effective
- Call quality unaffected

Cons

- Upfront cost to implement
- Infrastructure may need to be upgraded to cope



KEY FACTORS

Key factors to consider when choosing your mobile recording solution.

When complying with new mobile recording regulations, your chosen approach should have minimum impact on your business operations and user experience.

In financial institutions where security and risk management are key, any storage environment must have the highest levels of integrity. You'll already have systems in place for recording fixed-line communications and these will have been tried, tested and rigorously audited to make sure they're secure and meet compliance requirements.

1. COST

- Points to consider**
- Consider whether a managed service will be more cost-effective
 - Check existing mobile contracts and budgets
 - Check the impact of call charges as a result of introducing call recording

- Key information**
- If managing internally would infrastructure need upgrading?
 - Determine impact of any changes on existing contracts, estate and budgets. Do you need to seek approval for budget changes? Does this have any other knock-on effect?
 - Is the solution introducing another call leg? Does this solution require a data connection?

2. STRATEGY

- Points to consider**
- Ensure you have a compliance policy to enforce any IT control
 - Ensure you research your firm's mobile and expense strategy
 - Confirm which regulations you need to comply with
 - Who is responsible for Compliance? - Decide how to retain the data

- Key information**
- Your users must understand what happens if the technology fails
 - Is your firm introducing a new mobile expense policy moving responsibility for bill payment to the employee or embracing Bring Your Own Device (BYOD)? How will this impact the mobile compliance requirements?
 - MiFID II regulations apply across the EU, but are there any other markets your staff and customers will operate in?
 - If so, what other regulations do you need to consider?
 - Is there a specific department or group company who handles Compliance?
 - There are two main approaches - within your internal infrastructure or in the cloud. If you have the facility already, existing services may be a good option, but cloud storage can be more convenient and secure.



3. PEOPLE

- Points to consider**
- User experience is key
 - Think about your users and how they use their phones
 - Consider how many users require recording
 - Carry out extensive pilot schemes with real users who travel

- Key information**
- Anything that modifies the user experience or expects the user
 - to do something different is likely to fail. Some solutions will send media outside of country borders, introducing latency and affecting the user experience. Is the solution globally available and performing?
 - Do they travel internationally or use particular features a lot? When you choose a solution, make sure it's suitable for your users' needs
 - It's advisable to start this process as early as possible, as this process can take a long time to complete
 - Don't select junior IT or business staff to test the product and service. Before you sign the contract, give it to your road warriors and allow them to experience the service

4. STRATEGY

- Points to consider**
- If you need to deploy software, make sure it can be centrally deployed to a user's handset
 - Choose a solution which supports all hardware and software versions your organisation uses and is likely to use
 - Think about the benefits of deploying a managed service
 - Consider existing data processing, storage and analytic requirements

- Key information**
- Consult your mobile technology roadmap
 - This ensures scalability and centralised control. You won't have to install software on everyone's phones individually
 - This extra step can prevent user dissatisfaction. Do staff have choice of handsets? If so, ensure all possible choices are covered, or choose to restrict options
 - Check that it is secure, resilient and redundant. Does it have a back-up connection should your main one fail?
 - How does your firm record and store fixed-line calls and data today - and will those requirements change with mobile recording?
 - What are your firm's plans for future mobile communications technology? Are you considering converging a mobile VOIP client?





STORAGE OPTIONS

There are two main options for your communications data.

Once you've decided how to record your mobile communications, you then need to decide where to store the recorded information.



CLOUD RECORDING

Cloud recording means your data is stored outside of your organisation, in third-party data centres, as part of a managed solution. Cloud recording gives you great flexibility, is easily scalable and can typically handle larger volumes of data more easily. Managed solutions bring wider benefits, as you pay for knowledge, experience, reliability and security, trusting the experts to handle recording communications and storing the data.

A cloud recording solution is usually quicker and easier to implement, and is usually more cost effective as you don't have to invest in space or equipment. This frees you and your employees to get on with your business.



ON-PREMISE RECORDING

On-premise recording involves recording and storing all the recorded data within your existing IT environment. This gives greater control over the data, and allows you to integrate with other existing compliance systems, but can have longer implementation time and higher upfront costs due to investments in network, infrastructure, storage space or personnel capable of handling the deployment.



Vendor Selection

Asking the right questions.

Once you have an idea of what you want, the key things to consider when evaluating vendors will be:

- How can the vendor support me?
- Does the vendor offer 24/7 international support?
- Is airtime and mobile recording integrated from a billing perspective?
- Which handsets does the vendor support?
- Does the vendor have proven expertise in regulated businesses?
- Who are the customer references?
- Does the solution work internationally? If so, what is the user impact?
- Are there additional costs when roaming, such as paying for two international calls?
- What assurances do they offer regarding security and data management?
- Are they compliant with regulations in all regions you operate in?
- How can you access the recorded information? Is there an online portal? How is access control carried out?
- Is there a choice of on-site or cloud deployment?
- What is the contract length?
- What performance assurances does the vendor offer? What are the implications if these are not met?
- Is there an uptime guarantee?
- Can you trial the solution before agreeing to any contract?

Implementation & Support

Once you have chosen a solution, it's time to deploy and support.

Considerations include:

- Deployment planning – strategy, timescales, operating plan, employee communications, staffing levels
- Device management – delivery, setup, migration period, deactivation of old devices if the MNO changes
- Porting – if MNO changes are involved, ensure numbers are ported for seamless migration
- Storage access – who has access, how and when?
- Migration day advice – vendor support on migration day, employee support internally
- Rollback procedure – what to do if things go wrong
- Ongoing support – do your employees know who to report issues to?
- Does the vendor offer extended support in the initial stages?





TRUPHONE MOBILE RECORDING

Our clients include nine of the world's largest investment banks, and over than 100 other financial institutions.

Truphone Mobile Recording is a purpose-built global recording service that helps financial organisations meet industry regulations, such as MiFID II, FCA and Dodd-Frank. Our in-network solution uses patented Call Forking technology, to capture and securely store all voice and SMS traffic with no change to the user experience - and assure evidential weight requirements are met.

Cloud or on-premise recording.

The Truphone Mobile Recording solution delivers enterprise-class global mobility and compliance, with a choice of cloud or on-premise solutions. Our hosted cloud-environment is an easy to deploy recording and storage solution available on a per-user, per-month licence basis.

Alternatively choose to integrate with your existing enterprise recording infrastructure (such as Actiance, NICE, Verint or VERBA).

We proactively monitor network performance globally, identifying and resolving issues before they affect our customers. With Truphone, your organisation can comply with regulations without compromise.

Truphone enables truly global communication.

Truphone Mobile Recording is powered by Truphone's global mobile network, which connects over 190 countries with a unified global infrastructure. We are the only provider to offer a single global recording architecture that securely records and stores all voice and SMS traffic within the network. The Truphone Mobile Recording solution includes all-inclusive international calling and data plans - providing cost reduction and predictability across the globe.

Your employees can have multiple international numbers on a single SIM, so they can look local, but be global.

In addition, wherever your employees are in the world, local contacts will see the local number flash up on their phone – and pay local rates.

With Truphone Mobile Recording, your business can take advantage of all these benefits, while at the same time taking steps to meet impending mobile recording regulations. Truphone's in-network approach is fast to deploy, adaptable to your business needs and easily updated to help facilitate compliance.





THE BENEFITS

The benefits of Truphone Mobile Recording:



Your data

- Capture all SMS and voice data easily and securely
- Eliminate software issues with in-network approach data
- Monitor data automatically, ensuring security
- Store data in either a hosted or on-site solution



Your staff

- Call as normal, without delays or interference
- Continue using voicemail and other handset features
- Use any handset, including BlackBerry 10, and iOS or Android devices
- Rely on business-class global support, around the clock



Your business

- Stay up to date with seamless over-the-air updates
- Boost contact-ability with multiple international numbers on one SIM
- Stay connected in over 190 countries around the world
- Fulfil the requirements of new industry regulations





ABOUT TRUPHONE

Truphone believes that connectivity can be easier, smarter and more efficient. Since 2006, we have built state of the art SIM software, intuitive management platforms and a powerful global network to make this a reality.

Every day, Truphone engineers better connections between things, people and business to make the world smarter. Headquartered in London, Truphone has 12 offices across four continents and continues to expand globally.

Truphone offers a range of flexible all-inclusive global mobile plans for 100+ countries including Europe, China, USA, Canada, Brazil, Japan and Hong Kong. No travel passes. No roaming charges. No surprises.



Lower, predictable costs

Truphone offers all-inclusive global mobile plans that can be shared between individuals, teams and across geographies. Unlimited Truphone to Truphone calls and text at your fingertips. What's more, it's super easy to manage with one bill and one contract.



Increased productivity

Keep your employees connected without roaming charges. Your employees can have multiple international numbers on a single SIM – this means local contacts will see the local number on their phone – and pay local rates.



Business class service

Enjoy a high quality service with dedicated business support and a global customer service team is always ready to help with 24/7 multi-lingual support.

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