

# Controlled Document Management in Financial Services



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## Introduction: Banking industry landscape

The global banking and financial services industry operates as a universal enterprise, intricately woven into the cultural and community frameworks of each market it serves. Managing financial and customer information necessitates the implementation of consistent, meticulously monitored processes that align with evolving regulatory requirements and compliance standards. In a highly regulated industry, like banking and financial services, this increases the risk of not meeting the industry and regulatory standards. This lapse not only means more work for the organization but may also bring the risk of financial fines and legal issues and may threaten customer confidence.

Customer-facing and internal teams engage with customers and coworkers on a daily basis. As the amount of customer and business information increases, so does the need to meet requirements quickly. In the age of AI-driven data and information transformation, the effective management of controlled documents is of paramount importance. Controlled documents including policies, standard operating procedures, compliance records, and audit reports, are governed by stringent frameworks to ensure regulatory compliance, mitigate operational risks, and safeguard sensitive data.

This paper will explore the importance of controlled documents in the banking and financial services sector, delve into the challenges associated with their management, and present best practices for achieving regulatory compliance, underpinned by key industry insights and trends.



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PwC's 2022 Global Risk Survey states that more than 60 percent of banks are highly concerned about the impact of regulations on their business and their adherence to these regulatory requirements.<sup>2</sup>

## Challenges in managing controlled documents

In the highly regulated banking and financial services industry, controlled documents are crucial for ensuring regulatory compliance, mitigating risks, and protecting sensitive data. According to a 2023 survey by Deloitte, 87 percent of financial institutions identified compliance risk as their primary concern,<sup>1</sup> emphasizing the critical role of controlled document management in ensuring regulatory alignment and operational resilience. Despite the significance of controlled documents, banking and financial institutions face several challenges in managing the lifecycle of the controlled document processes:

### Manual processes and version control

Manual processes are time-consuming, resource-intensive, and remain disconnected. This fragmented approach increases the time for approvals and the risk of human errors, and limits transparency on the activities and changes performed on a controlled document. In absence of automated version control, bank employees find it difficult to identify the latest and effective version of a policy, contract, or compliance document. These operational inefficiencies make banking operations prone to document versioning errors, leading to several compliance failures, such as unauthorized use of outdated content and impacts to regulatory audit outcomes.

### Complex regulatory landscape

The global nature of banking requires institutions to navigate a complex array of regulations across various jurisdictions. Regulatory requirements in the banking industry are strict and are continuously changing due to multiple factors, including geopolitical, economic, or technological innovations. Banking and financial institutions are obligated to keep abreast to these requirements regularly.

PwC's 2022 Global Risk Survey states that more than 60 percent of banks are highly concerned about the impact of regulations on their business<sup>2</sup> and their adherence to these regulatory requirements. They spend thousands of dollars per employee each year on compliance readiness, while document management issues reduce their productivity by 21 percent.<sup>3</sup> This underscores the critical need for centralized, standardized document control systems that ensure compliance across diverse regulatory landscapes.

### Data silos and disjointed systems

Many banking and financial institutions struggle with fragmented systems, where each department manages documents independently, leading to inconsistent and non-standardized practices. In fact, a 2023 AIIM (Association for Intelligent Information Management) report noted that more than 60 percent of financial institutions operate with five or more content management systems.<sup>4</sup> Disconnected information management is a serious challenge

<sup>1</sup> Deloitte, *Financial Markets Regulatory Outlook*

<sup>2</sup> PwC, *Global Risk Survey 2022*

<sup>3</sup> Finances Online, *Document Management Software Statistics 2024*

<sup>4</sup> AIIM, *State of the Intelligent Information Management Industry - Pivotal Moment in Information Management 2023*

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because most systems are not integrated with the core applications across lines of business. Having multiple document management platforms from different vendors can lead to inefficiencies and heightened compliance risks due to the circulation of different versions of important documents without adequate oversight.

## **Growth in document volume and complexity**

Fast-paced digital transformation driven by cloud infrastructure and AI technologies has enabled banks to offer more fintech products and derivatives to customers. As a result, the volume and complexity of controlled documents—such as compliance records, policies, standard operating procedures, client contracts, and audit documentation has grown exponentially and is predicted to grow at a healthy rate. The rapid growth makes it harder for banks to manage a growing array of documentation with precision. Fragmented systems and manual processes makes it difficult to maintain version control and to respond efficiently during audits.

Compliance teams remain under heightened pressure to monitor changes, manage timely approvals, and maintain retention schedules across thousands of documents, increasing the risk of non-compliance, operational inefficiencies, and costly penalties.



## **Best practices for managing the lifecycle of controlled documents**

Effective lifecycle management of controlled documents is essential for ensuring compliance, maintaining data integrity, and mitigating operational risks in the banking and financial services industry. Each step of the controlled document lifecycle, from document creation to archiving, must follow strict protocols to align with regulatory requirements and business objectives. By implementing best practices, such as standardized document control workflows, version control management, access controls, and regular audits, organizations can enhance quality and streamline operational efficiency. This discussion will explore key strategies for managing controlled documents, ensuring compliance, and minimizing risks in an increasingly data-driven landscape.

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## **Automated controlled document management system (DMS)**

Financial institutions must adopt automated document control processes seamlessly integrated into their document management systems. These systems streamline document control workflows, improve version control, and enhance security by providing updated and accurate documents, centralized storage, and automated approval workflows. This reduces the risk of errors and compliance gaps.

A study from Fortune Business Insight in 2022 shows that a leading European bank that implemented a cloud-based automated document management system (DMS) decreased the time required for document processing, reduced audit-related compliance costs, and increased operational efficiency in document retrieval times during regulatory reviews.<sup>5</sup>

## **Regular audits and reviews**

Controlled documents are required to go through regular audits and reviews to ensure compliance, reduce risks, and maintain their accuracy and completeness. Banks should establish a clear review schedule, ensuring documents such as AML policies, procedures, regulatory filings, customer agreements, and risk frameworks are consistently updated.

A centralized controlled document management system not only provides a single source of truth augmented with strict version control on document reviews and audits while maintaining their operational integrity and complete audit trail. Advanced controlled document management systems are equipped with automated, periodic review workflows that ensure document owners do not miss critical review deadlines.

## **Role- and permission-based access control**

Access to sensitive documents should be managed through role-based access control to ensure that only authorized personnel can view or edit specific files. This practice not only maintains the confidentiality, integrity, and availability of the controlled document, but also helps safeguard critical information and prevent unauthorized access.

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Role-based access control mitigates this risk by enabling controlled distribution of information and limiting access to individuals with a legitimate need. Access to the controlled documents and information should be granted strictly based on their job roles and group/unit permissions. This ensures that only approved employees can read, edit, or approve documents relevant to their roles.

<sup>5</sup> Fortune Business Insights, *Europe Document Management Services Market 2025*

<sup>6</sup> Ponemon Institute, *Cost of Insider Threats Report 2022*

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## Employee training

Employees play a critical role in the management of controlled documents. Employee training programs should emphasize the importance of document control and ensure employees are aware of regulatory requirements and know how to properly handle sensitive documents.

A controlled document goes through robust document lifecycle management and is reviewed and approved by a designated authority before circulation. It is imperative that each employee based on their job functions and access can digitally acknowledge the approved and published critical policies, procedures, and compliance documents that demonstrate accountability and reduce regulatory risk. Stringent monitoring of the acceptance of critical documents by employees reinforces the understanding and maintains the centralized logs of acknowledgments for audit trails and compliance reporting.

## OpenText vision

Enterprise-wide information management is at the core of OpenText business. With poor document control practices, information often managed in silos, and obsolete documents in circulation leads to poor quality, missing audit trail, risk exposure, and non-compliance. OpenText provides solutions with a seamless, AI-powered automation, and compliant approach to managing controlled documents that aim to enhance efficiency, ensure regulatory compliance, and mitigate operational risks across highly regulated industries like banking and financial services.

## Adherence to ISO standards

Controlled documents are essential components of quality and information security management systems in the banking and financial services sector. They play a critical role in ensuring that financial institutions adhere to international standards while maintaining effective control, security, and compliance. ISO standards, such as ISO 9001 (Quality Management), ISO 27001 (Information Security Management), and ISO 22301 (Business Continuity Management). These documents are subject to strict controls to ensure consistency, accuracy, accessibility, and compliance with regulatory, operational, and security requirements in managing their ISO certification processes.

## Evolving industry regulations

Banking and financial institutions are obligated to maintain detailed and precise records of controlled documents for auditing and compliance purposes, continuously adhering to regulatory guidelines. Managing the large volume of controlled documents, for example, audits, AML procedures, Know Your Customer (KYC) policies, and compliance reports remain a challenging task for banks and non-compliant practices pose a risk of financial penalties and increased regulatory scrutiny. Inadequate documentation and reporting process had contributed to huge compliance-related fines, amounting to billions of dollars in regulatory fines and penalties globally in the past few years.



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A Cost of Compliance report report by Thomson Reuters states that 70 percent of global banking and financial institutions expect that regulatory compliance costs will grow at an average rate of 15 percent year-over-year for the next few years,<sup>7</sup> driven by new regulations, such as the Basel III framework, DORA, and GDPR.

### **Operational efficiency and risk management**

Substandard and manual document management processes are key contributors to risk exposure and inefficient operations. Despite AI-driven technological innovations, many banking and financial institutions still rely on manual or semi-automated document management systems, resulting into operational inefficiencies, longer audit cycles, and increased costs.

Various surveys have revealed that leading financial institutions recognize the need for automated and standardized controlled document management processes, including version control and secure, permission-based access. Upgrading existing systems to incorporate these features can reduce human errors, foster better collaboration, streamline audit and compliance readiness, and improve risk assessments.

Effective risk management is crucial in banking and financial services, with banks relying on controlled documents, such as risk management frameworks, business continuity plans, and audit projects, to minimize operational risks. Controlled documents ensure the availability of accurate, up-to-date records, enabling organizations to identify, assess, and mitigate risks in real time.

### **Transparent auditing exercise and compliance reporting**

Banking and financial institutions are under constant pressure to uphold transparency and accountability in their operations. Controlled documents, such as standard operating procedures (SOPs), audit reports, and compliance records are essential for demonstrating regulatory compliance. According to PwC's 2022 Financial Services Regulatory Survey<sup>8</sup>, 74% of financial institutions faced challenges during regulatory audits due to inconsistent documentation. This issue, primarily resulting from the absence of centralized access to critical compliance records, caused delays in audit responses and resulted in substantial financial penalties.

Industry statistics show that institutions with robust document control business processes responded to audit requests 50 percent faster, significantly reducing their risk of non-compliance penalties and enhancing overall regulatory resilience.

<sup>7</sup> Thomson Reuters, *Cost of Compliance 2022*

<sup>8</sup> PWC, *Global Risk Survey 2022*

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## Conclusion

The effective management of controlled documents is essential for ensuring regulatory compliance, mitigating operational risks, and maintaining customer trust in the banking and financial services industry. As the volume of financial and customer data continues to grow, organizations must adopt rigorous, AI-driven strategies to streamline document control processes and meet evolving regulatory standards. Market trends and numerous surveys highlight the competitive advantage gained by institutions that excel in document control.

By implementing best practices and leveraging innovative technologies, financial institutions with robust document control frameworks are better equipped to improve operational excellence, handle audit requirements, lower regulatory costs, and reduce risks in a complex regulatory landscape. These investments are crucial for ensuring the integrity and reliability of controlled documents, while also driving compliance and efficiency in a highly competitive industry.

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