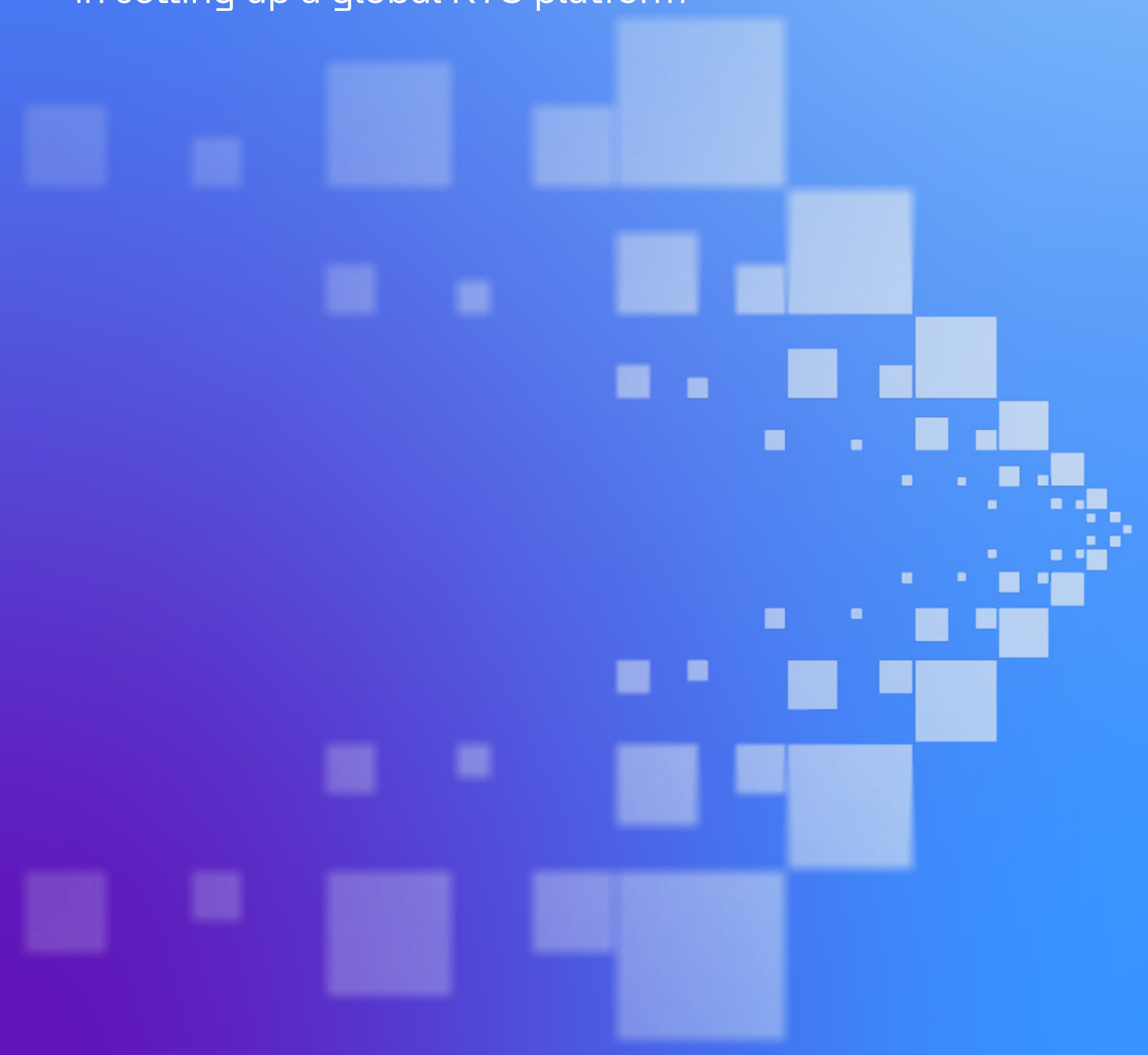


Enterprise-wide KYC transformation for improved regulatory compliance

HCLTech assisted a leading European bank
in setting up a global KYC platform



A leading European bank was committed to safeguarding stability and transforming risk functions in the face of continually broadening and deepening regulations. This was to be achieved ensuring stronger, collaborative relationships with teams and operating processes across the bank. At the core, the multinational banking and financial services group was looking to employ automation-led technologies to manage their KYC process in order to successfully navigate complex regulations, drive compliance, and improve the decision-making around risks and opportunities. They partnered with HCLTech to transform their KYC operations and succeed in adopting an approach that embeds an effective risk culture and also aligns with their values.

The Challenge

Inefficient KYC process, inadequate screening and monitoring systems

The KYC process was not fully optimized to deliver results in constantly evolving regulations and growing customer data, products, services, technologies, and channels leading to higher complexity and interdependencies. Another problem was the lack of end-to-end ownership in the KYC process, as the entire process was fragmented into silos that were owned by different teams resulting in inadequate decision

and delays leading to compliance breach. These factors were further causing an increase in the backlog of KYC review cases, resulting in rising false positive cases, incorrect classifications of customers, and manual errors. Besides, the current KYC process was not significantly contributing to the OmniChannel customer experience.



The Objective

Setting up a centralized global KYC platform

The key objective was to revamp the entire KYC process aimed at improving the compliance framework and developing risk management competencies. It required taking steps to bring down silos and strengthen the KYC value chains

with ownership and accountability. Using the latest technologies, including integrations and advanced analytics/AI was imperative to accomplish the goals and drive the business benefits.

The Solution

Use a multi-layered approach powered by technology and data management initiatives

HCLTech adopted a multi-layered approach to develop the new global KYC capabilities for the bank. They built a centralized global KYC platform that entails compliance by design, which helped them move from a reactive to proactive approach towards risks. Besides, the team also focused on availability and accessibility of quality data to bring agility, accuracy, and transparency in the customer due diligence (CDD) process throughout the customer lifecycle. The key highlights of the solution are:



Tenets

Centralized global KYC platform enabling compliant by design

- Envisioned KYC Platform integrating central system of records, country specific records, post transaction monitoring and screening
- Architected Global KYC platform on PEGA BPM platform

Enabled real-time global KYC risk profiling

- Built CDD risk engine rules to enable real-time risk profiling on PEGA rule engine

Data availability and compliance

- Data dictionary with clear data definition and minimum data requirement
- Data mapping of local country data with global data classification table

KYC process orchestration

- Case segregation and automated case allocation
- Automated smart rules based on CDD score and customer data for FEC risk assessment over 6 risk categories, 15 risk factors, and over 100 risk indicators
- Provides full audit trail of all KYC related activities

Reduction in false positives

- Integrated name screening, AMS and post transaction monitoring, and rules fine-tuning
- Anomalies and alert handling and pattern analysis through NLP processing

Solution Elements

The impact

Increase in compliance, reduction of operation team size by 60%, drop in false positives from 96% to 52%

The implementations resulted in more streamlined, cost-efficient, and transparent global AML-KYC processes. The new process is backed by automatic periodic review triggers, automated event driven reviews, and automated event assessment to speed up the assessment process and reduce the operating cost. Significant steps taken to mitigate the risks and increase compliances, such as a singular view of risk profiles and risk ratings along with a highly flexible and configurable risk scoring engine led to improvements in regulatory compliance across all geographies.

The key tenets of our solution were



Operation team size reduced by 60% from 2400 to 900



Cost savings on external KYC file enhancement program by EUR 83 million



Significant drop in false positives, from 96% to 52%



Increase in auto-decisioning of cases by 15%



Auditor cost reduced by 60%



Process efficiency improved by 15% through automation

HCLTech | Supercharging Progress™

HCLTech is a global technology company, home to 211,000+ people across 52 countries, delivering industry-leading capabilities centered around Digital, Engineering and Cloud powered by a broad portfolio of technology services and software. The company generated consolidated revenues of \$11.79 billion over the 12 months ended June 30, 2022. To learn how we can supercharge progress for you, visit hcltech.com.

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