

Know-Your-Customer

Client onboarding automation & AML compliance

How big a problem is money laundering?

45%

of EU organizations interviewed experienced fraud and/or economic crime in 2019

€1.7 trillion

The estimated amount of money laundered globally in one year is 2-5% of global GDP, equivalent of up to € 1.7 trillion

Penalties for AML violations

€124 million

was the average fine

€4.35 billion

was the largest fine

€6.95 billion

58 AML fines were handed down globally in 2019, totaling € 6.95 billion

Who is subject to AML laws?



Client onboarding process

How long does the KYC process take?

6 weeks

is the average time it takes to onboard a new client (1 to 2 months)

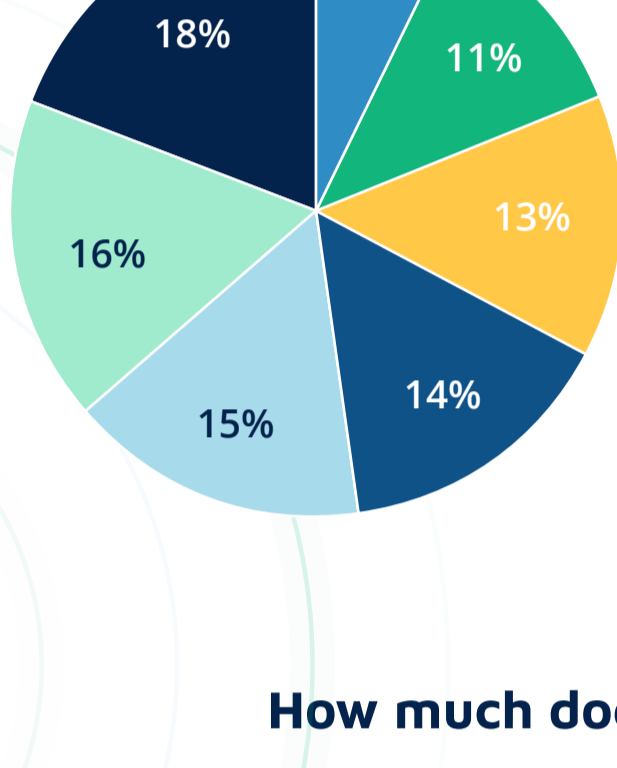
1.5 days

27% of the banks' employees time is spent doing onboarding related activities in a typical week

40-50%

of the time and effort is spent on manual paperwork for data collection

Which activities are taking most of the time?



- Risk rating
- Validation of customer relationship to the legal entity
- Collection of customer information
- Validation of customer information
- Identification of the legal entity
- Document management
- Compliance with KYC requirements

How much does it cost annually?

€ 46 million

for midsized financial institutions

€ 128 million

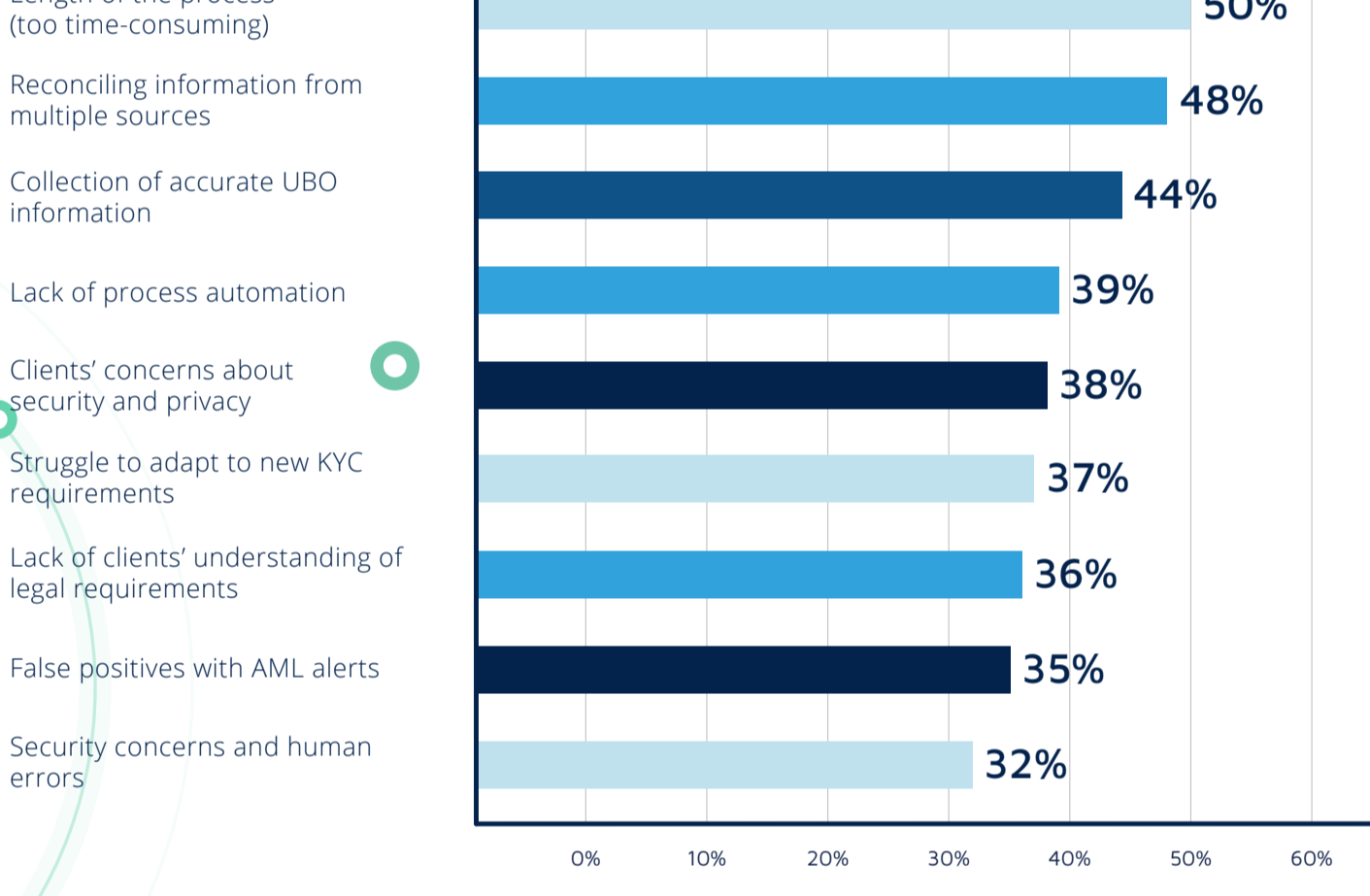
for large financial institutions

up to € 512 million

for major financial institutions

*Average annual spending to meet AML obligations (including labor, third-party costs, and remediation)

What are the main challenges companies have to deal with during the client onboarding?



What are the repercussions on the customer experience and business revenue?



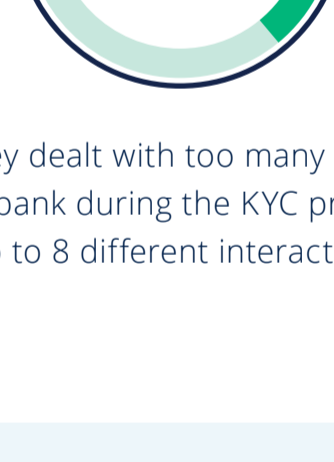
of banks reported lost business as a result of issues in their onboarding processes



of the prospect customers turn to competitors if the onboarding process doesn't live up to their expectations



consumers said they would buy additional services if paper-based identity checks were not involved



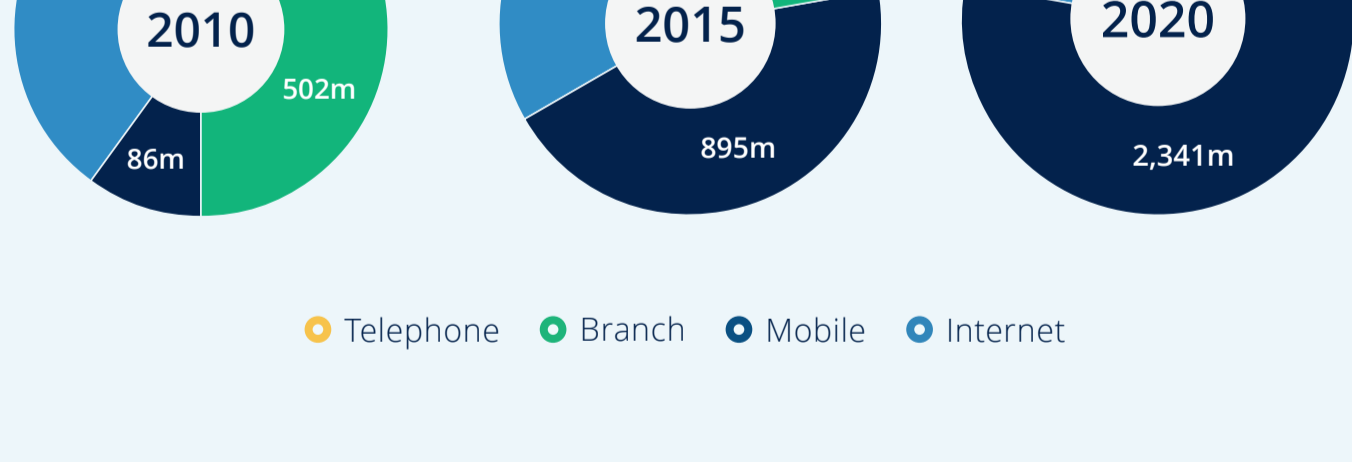
said they dealt with too many people at the bank during the KYC process (up to 8 different interactions)

Is it time to upgrade the KYC process?

Drivers and trends pushing for the adoption of a digital solution for KYC

Banking transactions have moved

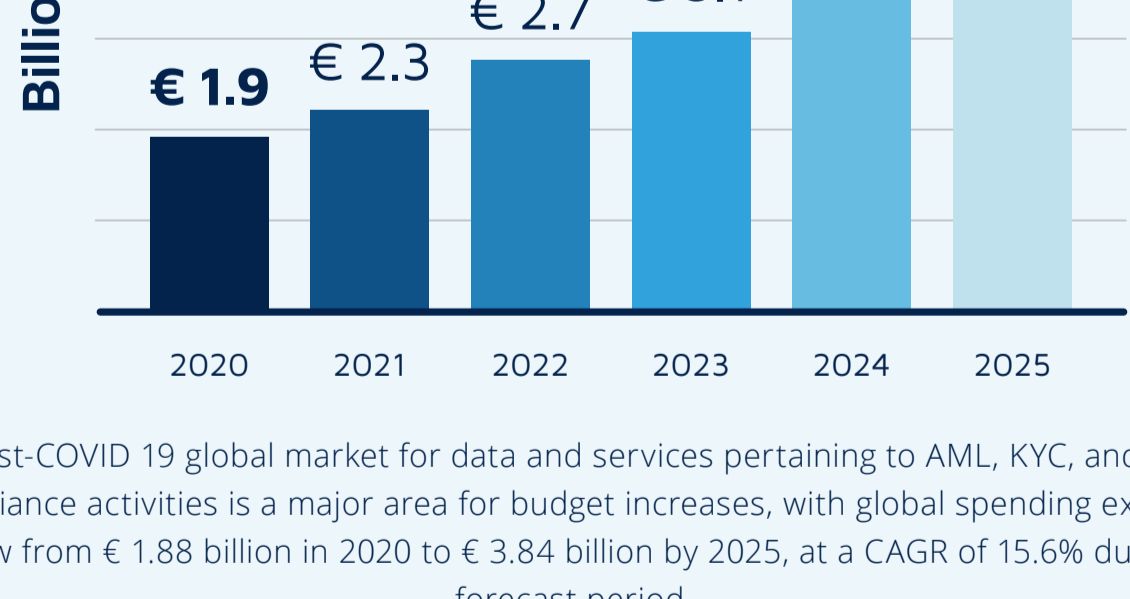
from face-to-face interactions to digital-only operations



● Telephone ● Branch ● Mobile ● Internet

Global spending 2020-2025

for investments related to AML, KYC, and compliance activities



The post-COVID 19 global market for data and services pertaining to AML, KYC, and related compliance activities is a major area for continued increases, with global spending expected to grow from € 1.88 billion in 2020 to € 3.84 billion by 2025, at a CAGR of 15.6% during the forecast period.

The majority of financial institutions expect new technologies to become part of the onboarding process, like digital signatures (52%) and KYC utilities (51%)

Document management (42%), identification of legal entities (37%), and collection/validation of customer information (34%) are the areas with greatest potential/need for improvement

Benefits of client onboarding automation

- **Optimize efficiency** cut down time to a few hours or minutes through automation of repetitive activities and better visibility on customers' data.
- **Reduce expenses** removing the need for paper/manual work delivers cost savings of 50-70% (not to mention the prevention of remediation and penalties costs)
- **Enhance security** a centralized operating model grants standardized and uniform corporate processes and removes the risks of human errors.
- **Protect data privacy** enable consent-based mechanisms, access control protocols, permission settings, encryption of the data collected, storage online/offsite.
- **Achieve compliance** perform thorough background checks logged in an audit trail of all corporate KYC processes to demonstrate AML requirements are met.
- **Improve customer experience** offer a full-online service, intuitive and user-friendly interface, faster and paperless process that can be performed from anywhere, at any time.

Sources

- Thales Group - Everything you need to know about AML5
- Refinitiv - The cost benefits of KYC managed services
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- Bain & Company - Banking Regtechs to the Rescue?
- Qorefx - Everything you need to know about KYC
- GLEIF Research - Onboarding Client Organizations: Impact of Complex Process on the Banking Sector
- British Bankers' Association - How banking transactions have moved
- MarketsandMarkets Research - Anti-money Laundering Market Report - Global Forecast to 2025