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WHITEPAPER

Transforming know your customer operations

A systems approach to reduce compliance costs, accelerate client onboarding, create proof of compliance, and scale KYC operations

encompasscorporation.com

Contents

Overview

> along with stagnating growth, banks face enormous challenges to digest the wave of post financial-crisis regulation

A BRAVE NEW WORLD FOR GLOBAL BANKING
MCKINSEY & COMPANY | JAN 2017

Industry reports and commentary depict a financial services sector challenged by falling confidence and increasing regulatory pressure.

At such times, bringing onboard new clients effectively and at low cost would appear a business imperative. Many banks and financial services companies fail to make business-as-usual their obligation to prove to industry regulators that they know exactly who they are doing business with by complying with rigorous KYC (Know Your Customer) processes.

The problem with KYC is that it is manual. Current KYC operations are outdated and severely inadequate. Sub-optimal business processes hinder the flow of information and put digitisation's potential to create real economic benefits beyond reach.

The results of failing KYC processes are that client onboarding costs are rising and difficult to control, that clients are frustrated by an experience that appears opaque and inefficient, that firms and their Money Laundering Reporting Officers (CF11) are exposed to risks of enforcement actions by industry regulators, and that the work of risk and compliance professionals is viewed by peers as making little contribution to wider business development initiatives.

Evidence from multiple industries suggests that reassigning "routine and codifiable tasks" from human workers to computers raises productivity while freeing experts to focus on higher value work that benefits from their problem-solving skills, adaptability, and creativity. Furthermore, automation is key to assuring robust, consistent adherance to policies within a system of risk based controls.

This paper investigates the business process of Know Your Customer to suggest that identifying activities that are candidates for digitisation and automation offers a way forward for financial service firms looking to improve outcomes for all involved in Know Your Customer processing.

confidence amongst financial services firms fell for a third consecutive quarter in the three months to september, with investment managers reporting the sharpest drop in optimism. regulatory pressures and low interest rates remain a challenge for the sector

CBI PWC FINANCIAL SERVICES SURVEY
PWC | SEP 2016

the interplay between machine and human comparative advantage allows computers to substitute for workers in performing routine, codifiable tasks while amplifying the comparative advantage of workers in supplying problem solving skills, adaptability, and creativity

POLANYI'S PARADOX AND THE SHAPE OF EMPLOYMENT GROWTH
DAVID H. AUTOR, PROFESSOR OF ECONOMICS, MIT | SEP 2014

1 Introduction

the opportunity to transform KYC

> "as the rules become ever more complex and the consequences of noncompliance ever more severe, banks will likely have no choice but to eliminate human interventions as much as possible in risk's dealings with customers and to hardwire the right behaviors into their products, services, and processes"

While bringing new corporate clients onboard is critical to the future health of financial services firms, the work is complicated by demands from industry regulators that firms must apply due diligence to ensure that they do “Know Your Customer”.

Despite time and money spent over the past decade, financial service firms continue to struggle in implementing KYC processes that are efficient and effective.

At its core, the goal of KYC for corporate customers is to calculate an AML / CTF risk rating, often scored as low, medium, or high. The client onboarding process starts with collecting information from prospective clients. In KYC these facts are first validated against reliable and independent information supplied by trusted third- parties. Next these facts drive investigation into the customer’s background, including industries in which they participate, their reputation and the sources of their funds.

The process will confirm the corporate identity of the customer and the identities of its directors and persons with significant control. It will trace relevant legal entities along the chain of ownership to identify ultimate beneficial owners. Where required the process includes screening of PEPs (politically exposed persons), sanctions and adverse media. The latter more thorough steps constitute 'Enhanced Due Diligence'. A successful onboarding process terminates when the client’s application is approved.

While information suppliers used during the onboarding process do provide data in real-time, many institutions fail to grasp the opportunity created by digitisation: information moving at velocity shudders to a halt as it meets with financial service firms' manually-operated KYC processes, where data is copied from reports and consolidated into spreadsheets and other formats.

just about every individual, company and sector of the economy now has access to digital technologies — there are hardly any “have nots” anymore. but a widening gap exists between the “haves” and a group we call the “have-mores”: companies and sectors that are using their digital capabilities far more than the rest to innovate and transform how they operate

THE MOST DIGITAL COMPANIES ARE LEAVING ALL THE REST BEHIND
JAMES MANYIKA, GARY PINKUS & SREE RAMASWAMY
HARDVARD BUSINESS REVIEW | JAN 2016

leading financial institutions are exploring the strategic possibilities of the risk, regulatory, and compliance data they own, as well as how to use insights from this data and analyses of it, to reduce costs, improve operational efficiency, and drive revenue. getting risk, regulatory, and compliance data to “go the extra mile” can help financial institutions achieve their business objectives and gain a competitive edge

THE EXTRA MILE: RISK, REGULATORY, AND COMPLIANCE DATA DRIVE BUSINESS VALUE
PWC | 2015

The opportunity is to transform KYC processes and remove friction. By digitising and automating these tasks, financial services firms comply with their regulatory obligations, accelerate client onboarding, create proof of compliance, bring much needed scale and rigour to their KYC teams while reducing costs.

Additionally, many firms continue to view money spent in risk management in general and KYC specifically as unrecoverable. Experts including McKinsey & Company and PwC recommend a different view point. Through its information gathering, KYC creates an opportunity to learn valuable facts about a prospective client; once the client is onboard, this information can be re-used to generate invaluable insights that help front of house staff to demonstrate to clients their understanding of their business, to build immediate rapport, and to best position their firm to win business.

on the positive front, a number of banks are teaming up with fintech and digital firms, using big data and analytics to sharpen risk assessment and drive revenue growth

A BRAVE NEW WORLD FOR GLOBAL BANKING
MCKINSEY & COMPANY | JAN 2017

2

Client onboarding and KYC
a process perspective

> financial institutions are expected to identify, assess and understand the money laundering/terrorist financing risks to which they are exposed and take anti-money laundering/countering the financing of terrorism measures commensurate to those risks in order to mitigate them effectively

Thirty years ago onboarding a new client was simple.

Front office staff requested identifying documents, validated these to formally identify the client, and then opened an account. The beneficiary of this three step process is the client.

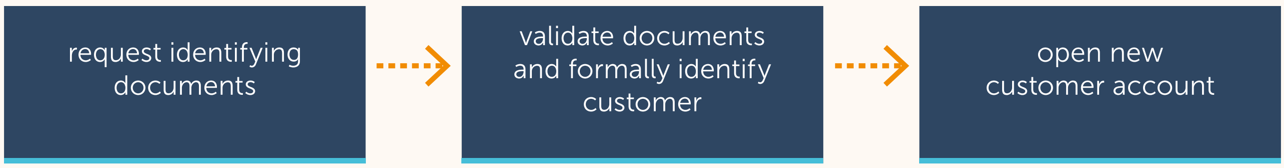


Figure 1 Customer onboarding before KYC

As an operational response to AML/CTF Regulation, KYC can be viewed as sub-process nested within customer onboarding which intersects the activities of validating client identity documents and opening an account.

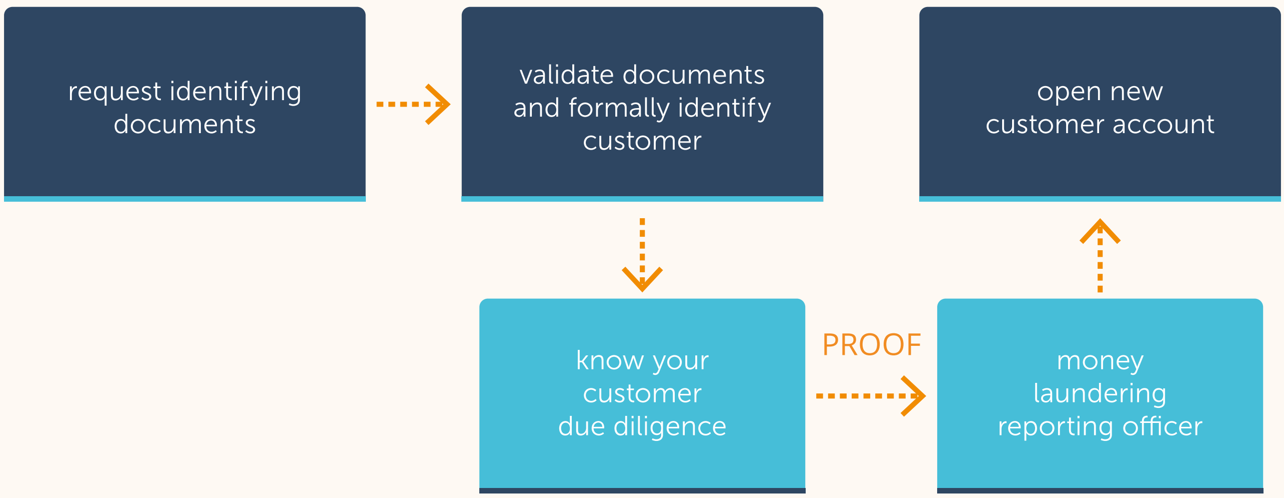


Figure 2 KYC as a sub-process of customer onboarding

It is valuable to understand that KYC is distinct from onboarding because the beneficiary of the KYC process is not the client, but Money Laundering Reporting Officers and industry regulators - and their needs are very different from a client applying to use the services of a financial services firm.

Successful client onboarding can only occur once the financial service firm completes its due diligence.

Two products of the KYC process are:

- an AML/CTF risk rating
- proof that a risk based system of control is in operation

It is worth noting here, that KYC persists throughout the customer life-cycle and as such the process and outputs described above also form part of periodic reviews that take place. The transaction monitoring and systems which trigger these reviews on existing clients are beyond the scope of this paper, but form a critical piece within a comprehensive risk based system of control.

Although not a new challenge, few banks or financial services firms appear to have mastered KYC. This is not for lack of guidance; over a period of nearly three decades intergovernmental bodies and a grouping of large international banks have updated and published their advice on how financial service firms should assess the risk that clients' funds are derived from financial crime.

In 1990 the intergovernmental Financial Action Task Force (FATF) published its First Report on the extent and nature of the money laundering process and FATF Recommendations to combat money laundering. In 2006 The Wolfsberg Group (consisting of Banco Santander, Bank of America, Bank of Tokyo-Mitsubishi UFJ Ltd, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Société Générale, Standard Chartered and UBS) published Guidance on a Risk Based Approach for Managing Money Laundering Risks. FATF updated their recommendations in 2014 when it published Risk Based Approach Guidance for the Banking Sector. In 2015 The Wolfsberg Group published Frequently Asked Questions on Risk Assessments for Money Laundering, Sanctions and Bribery & Corruption.

the risk assessment should consider all relevant inherent money laundering risk factors in order to determine its risk profile and in turn assess the nature of mitigating controls, both from a design and operating effectiveness standpoint

WOLFSBERG FAQS ON RISK ASSESSMENTS FOR ML, SANCTIONS AND BRIBERY & CORRUPTION
THE WOLFSBERG GROUP | 2015

new technologies remain underutilized, and many banks are struggling to make fundamental changes in their operating models and embrace the potential benefits of digitization

CAPITAL MARKETS AND INVESTMENT BANKING: TIME FOR REAL CHANGE AND BOLD ACTIONS
D. CHIARELLA, M. LEMERLE, B. MARGOLIS, J. MOON & R. RUDISULI | MCKINSEY & COMPANY | SEP 2016

Best practice for KYC can be described by a three step process:

- ASSESS to identify risk
- PLAN to mitigate risk
- DO to control risk

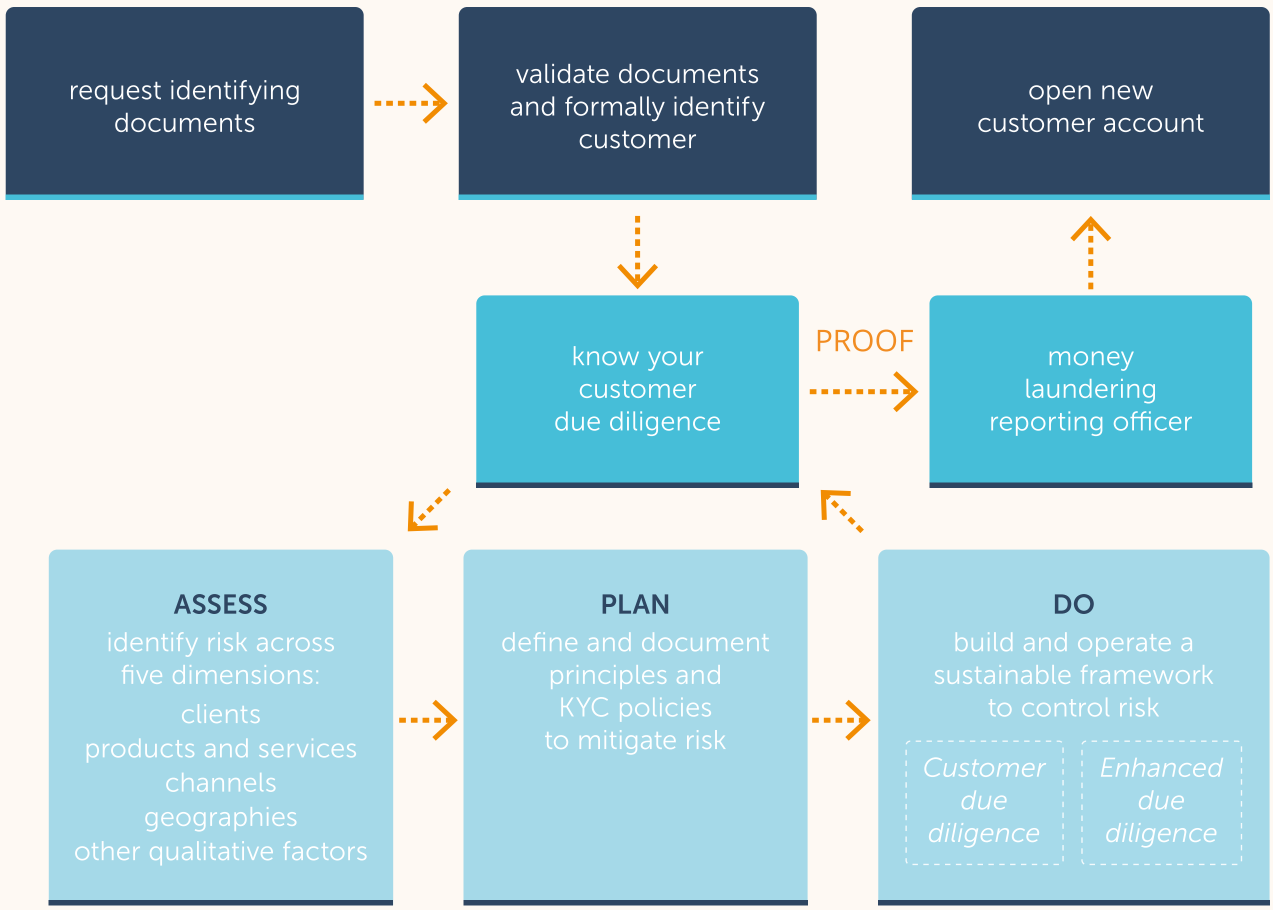


Figure 3 Detail of KYC sub-process within customer onboarding

Complying with AML/CTF regulation operating the KYC process

initial customer due diligence comprises:

identifying the customer and, where applicable, the customer's beneficial owner;

verifying the customer's identity on the basis of reliable and independent information, data or documentation to at least the extent required by the applicable legal and regulatory framework; and

understanding the purpose and intended nature of the business relationship and, in higher risk situations, obtaining further information

STEP ONE **ASSESS**

Identify risk

The Wolfsberg Group recommend assessing risk of money laundering by identifying five categories of risk:

- clients
- products and services
- channels
- geographies
- other qualitative factors, including client base stability, recent AML compliance performed, and employee turnover

STEP TWO **PLAN**

Define and document principles and policies to mitigate risk

Planning to mitigate risk requires that financial services firms define and document their overarching principles and operating policies. Each operating policy can be described as a series of steps to be followed with consistency if the bank or firm is to succeed in mitigating risk of it being exposed to money laundering.

Throughout this document, the term 'KYC Policy' is used to describe this foundational concept. KYC Policy represents the nexus where planning creates the potential of doing, and as such represents an opportunity for financial services firms to discard ineffective means of control and replace with a digitised, automated business process.

A KYC Policy prescribes data collection requirements for the dimensions of risk presented by a client, these can be summarised as the client, applying for a product or service, from a channel, in a geography. To achieve sufficient span of control, the firm must define and document a KYC Policy for every combination of these categories it will face when operating its business.
A component of each KYC Policy definition is to identify the reliable and independent information sources trusted by the firm to validate details provided by prospective clients such that its compliance function can confirm to itself and to a regulator that the client does exist, and that it knows the identity of ultimate beneficial owners and those with control or influence.

Data collected by operating a KYC Policy is analysed to rate the risk that prospective clients will utilise their relationship with a financial service firm for money laundering and terrorism financing.

Clients assessed as high risk, for example a company with a director identified as a PEP (Politically Exposed Person), must be subjected to more stringent risk assessments known as Enhanced Due Diligence. EDD requires a more penetrating investigation of a client, including: identifying the source their wealth and their funds; assessing their reputation; identifying the ultimate beneficial owners. Clients subjected to EDD must be assigned to senior managers for approval and oversight, and risk assessment must be re-checked periodically, as frequently as every three months.

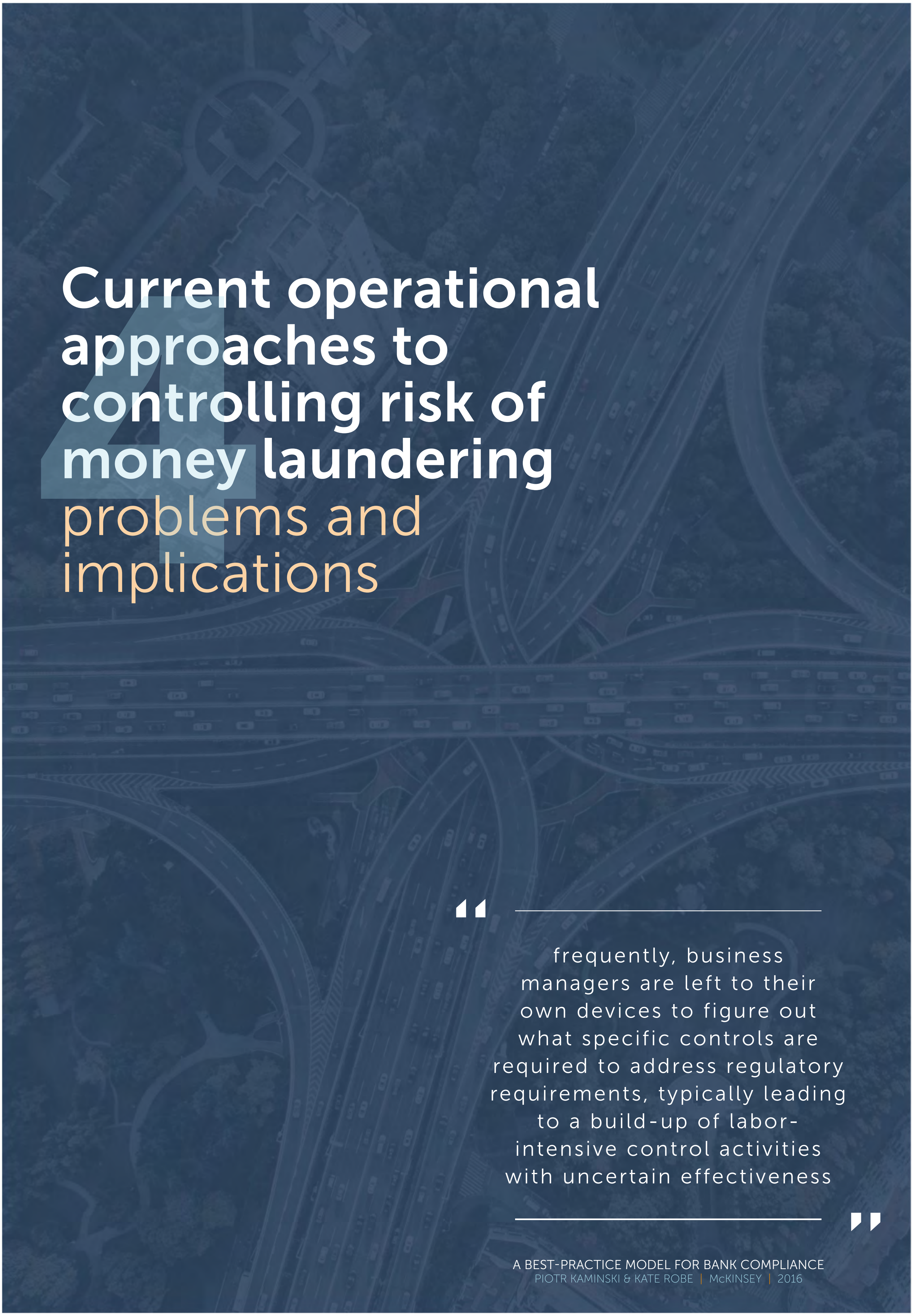
KYC Policies create the foundation for the action of compliance: they are the means for an institution to prove to regulators that it has the capability "to identify, assess and understand the money laundering/terrorist financing risks to which they are exposed".

In other words, KYC Policies are critical for operating a risk based system of control.

STEP THREE **DO**

Build, operate sustainable framework to control risk

The third step in the process of complying with AML/CTF Regulation is to build a sustainable internal control framework - it is here that KYC Policies are put into routine operation. And, while creating a process to ensure a financial services firm complies with AML/CTF regulation appears straightforward, it is at this step that many institutions stumble.



4 Current operational approaches to controlling risk of money laundering
problems and implications

> “frequently, business managers are left to their own devices to figure out what specific controls are required to address regulatory requirements, typically leading to a build-up of labor-intensive control activities with uncertain effectiveness”

A BEST-PRACTICE MODEL FOR BANK COMPLIANCE
PIOTR KAMINSKI & KATE ROBE | McKINSEY | 2016

KYC processes currently in operation within financial services firms - ranging from boutique hedge funds right up to international banks - are beset with significant problems, a situation confirmed by research indicating that many firms plan to increase budgets dedicated to AML compliance.

PROBLEM

SLOW KYC PROCESS DELAYS CUSTOMER ONBOARDING

There is a mismatch between the speed at which information used to control risk is delivered and the speed at which existing KYC processes are capable of ingesting it. It is common for the velocity of digital information arriving in real-time to be sacrificed as KYC analysts find facts, copy these into spreadsheets for consolidation, and then attach these files to emails to communicate results.

While standard identity verification for retail customers can be relatively straight forward, with many new e-IDV products coming onto the market, KYC is particularly troublesome for working with corporate customers where understanding corporate structures and relevant directors, shareholders and other associates, often across borders, can be very complex and difficult.

This deceleration of the flow of information, from arriving on the wire to being processed at human speeds, represents a failure of business operations. And, this failure is felt by both parties to the business relationship. In times of pressure on revenues and profits, front office staff at financial services firms are charged with increasing their velocity of business take on but are left frustrated by the pace of work achieved by their colleagues in Risk and Compliance.

Opaque KYC processes leave prospective clients uncertain of the status of their application, frustrated when asked multiple times for the same information, and impatient when left waiting weeks and months for authorisation allowing them to access a firm's services.

PROBLEM

KYC PROCESS LACKS CONTROLS TO ENSURE CONSISTENT APPLICATION OF POLICY

For many firms, the transition in their compliance process between planning and doing is far from seamless. While the MLRO or Compliance Officer may distribute KYC Policies in a Market Manual or other document, such an approach lacks the controls necessary to prove to a regulator that Policies are in place firm-wide and that these are followed consistently in every circumstance.

Failure commonly arises when KYC analysts substitute secondary information sources for those prescribed in a KYC Policy.

To succeed, controls must be embedded in the Policy and not external to it. Such an approach reduces the need for supervision and saves costs.

PROBLEM

KYC PROCESS CANNOT SCALE AND COSTS ARE DIFFICULT TO CONTROL

Specialist KYC analysts are in short supply. Inefficient manual KYC operations are the norm in firms across the financial services industry, and firms can only achieve scale by employing more analysts at great expense.

When it comes to remediation projects, taking on new books of customers or periodic reviews of existing customers, this approach is ineffective and unsustainable. Furthermore, when regulations change, applying updated policies across the customer base in a timely efficient manner is virtually impossible using current operational approaches to KYC.

Under pressure to control costs while accelerating new business, Risk and Compliance managers must find new, cost-effective and scalable means of ensuring their firms remain in compliance with AML/CTF Regulation.

PROBLEM

MANUAL KYC PROCESS INTRODUCES ERRORS

Existing compliance workflows consist largely of disparate, standalone systems linked by manual tasks - such processes are partially electronic, but not digitised.

Forced to transcribe facts between systems, KYC analysts introduce inaccuracies and errors which can result in front office staff being asked to contact clients already awaiting onboarding and request that they resubmit identifying documents. Errors created in manual KYC processes degrade customer service and introduce the need for high-levels of costly oversight

PROBLEM

EDD & REVIEWS MORE TIME-CONSUMING THAN ONBOARDING

Enhanced Due Diligence puts additional load on already stretched Risk and Compliance teams. Many firms find the work of periodic reassessment of high risk clients - which requires the consolidation of both today's and historic facts - to be far more demanding of the time of their KYC analysts than the initial fact finding required to support a customer onboarding decision. This is exacerbated by large volumes of customers that can require EDD checks and which must be periodically repeated. Additional pressure is put on analysts when remediation requirements are raised by changes to regulations, or when mergers and acquisitions create huge numbers of clients to be checked in large batches.

Yet, EDD is a high priority for Risk and Compliance teams because it involves checking clients who by their own assessment pose the highest risk to their firms. Some firms choose to pass EDD over to an outsourced partner, but this can be an expensive option.

surveys show differing perspectives of financial institutions and their corporate customers on the effect of financial firms' spend of up to **$500 million** annually on kyc globally

THOMSON REUTERS 2016 KNOW YOUR CUSTOMER SURVEYS REVEAL ESCALATING COSTS & COMPLEXITY
THOMSON REUTERS | MAY 2016

8 — average number of **different interactions** with the bank during the process

13% — corporate customers **changed banks** as a result of poor KYC experience

30% — x2 — banks reported that onboarding took more than **2 months**

50% — banks had **increased number of employees** working on KYC over the past year

PROBLEM

MANUAL KYC PROCESS HINDERS RECOVERY OF VALUE FROM INFORMATION

Routine operation of the KYC process inevitably leads to the collection of enormous volumes of information. Manual processes relying on spreadsheets and emails making it difficult to reuse this information, and too often this valuable resource is discarded as a by-product of negligible value to be filed away in a vault after each new client is onboarded.

Such approaches doom KYC to be considered only as a cost with little potential to support a firm's strategic goals. Re-evaluating the KYC process can free this information and generate returns on investment from cross-selling and other initiatives that reduce the cost of onboarding.

5

Digitised and automated the KYC process transformed

> too many companies in every industry fail to understand the direction that digitisation will be taking in the future. so they overspend on infrastructure and underspend on intelligent process automation and better digital output mechanisms

MEASURING INDUSTRY DIGITIZATION:
LEADERS AND LAGGARDS IN THE DIGITAL ECONOMY
DR. ROMAN FRIEDRICH, MATTHEW LE MERLE,
DR. FLORIAN GRÖNE & ALEX KOSTER | PWC

To automate the KYC process requires investigating its activities to identify “routine and codifiable tasks”. McKinsey’s suggestion that “45% of the activities individuals are paid to perform can be automated” provides useful guidance.

banks’ key processes (such as strategic and capital planning and day-to-day decision making) will need to show a higher level of integration with risk-management processes

HOW EUROPE’S BANKS CAN ADAPT TO THE NEW RISK-BASED SUPERVISORY PLAYBOOK
GIORGIO BONOMO, SEBASTIAN SCHNEIDER, PAOLO TURCHETTI & MARCO VETTORI
MCKINSEY & COMPANY | JUL 2016

The first step, assessment to identify risk, is strategic and not routine, and best left to experts in Compliance and Risk, albeit artificial intelligence, big data and predictive technologies will have a role to play here. For the second step, while defining principles and policies to mitigate risk requires expertise, the work of documenting KYC Policies certainly falls within the domain of the routine and codifiable.

The third step of building and operating a sustainable framework to control risk is the routine of complying with AML/CTF regulation, and the most problematic for most firms. This step has high potential for automation. While the activity of rating customers for risk has high potential for automation, it is considered beyond the scope of this publication because many institutions have already automated using either rules-based or algorithmic approaches.

So, what are the capabilities that qualify a computer system to be trusted to solve problems that persist in KYC processes and to automate the routine work of KYC analysts?

REQUIREMENT

OPERATES AT BUSINESS SPEED

The Risk and Compliance team need to accelerate the KYC process to match the service expectations of clients and those of their colleagues at the front-of-house.

The transformed process must be capable of ingesting information at the speed it is delivered by trusted third-parties. The straight-through process works by aggregating and analysing third-party providers of AML data to automate KYC Policies in real-time, passing successfully completed customer due diligence work as digital output through to the Approval step of the Client Onboarding process; it only involves KYC analysts in complex situations that demand their problem-solving skills.

REQUIREMENT

COST-EFFECTIVE AND SCALABLE

By allowing computers to substitute KYC analysts for "routine and codifiable tasks", automation reduces costs incurred by the KYC process and frees human experts to focus on solving problems presented by complex clients. Allowing KYC analysts to work on more customers brings scale to the KYC process.

This augmented approach also means that when regulations change updated policies can be run across the full customer base within hours and days instead of weeks and months.

REQUIREMENT

INGESTS DIGITISED INFORMATION

By working directly with streams of digitised information supplied by trusted third-parties, the automated KYC process removes the possibility of transcription and other input errors. This accelerates onboarding and reduces the need for multiple requests for identifying information from prospective clients.

REQUIREMENT

AUTOMATES & ENFORCES KYC POLICIES AND EDD

An automated KYC process documents KYC Policies in a format that is readable by humans and executable by computer. This has a number of benefits. The KYC Policy moves beyond being merely instructions documented in a file to be the foundation of a sustainable framework to control risk. KYC Policy is consistently enforced for each customer, by every team, across any site.

When expressed in a format executable by computers, KYC Policies are equally effective at due diligence on one customer or on one thousand customers. This means that the enhanced due diligence work of re-checking trusted sources of information on high risk customers can be completed on hundreds of customers in minutes.

REQUIREMENT

PROMOTES INFORMATION REUSE

The due diligence of compliance uncovers information about the industries in which a prospective customer participates, ownership structures including the identity of parent companies and subsidiaries, and the jurisdictions in which the company operates. Once a customer has been approved, sharing this information with other business units can transform compliance into value creation and reduce the costs incurred in compliance.

REQUIREMENT

CREATES PROOF OF ADHERENCE

The automated KYC process records every use of the KYC Policy and the results of customer due diligence. These records support the MLRO by creating proof of KYC Policy documentation and proof of policy adherence for possible review by a regulator or supervisor.

6 Encompass

a RegTech solution to KYC in banking and finance

Designed to transform the process of AML/ CTF compliance in banks and financial services firms, **Encompass** ingests digitised information in real-time and automates otherwise time-consuming work of KYC analysts.

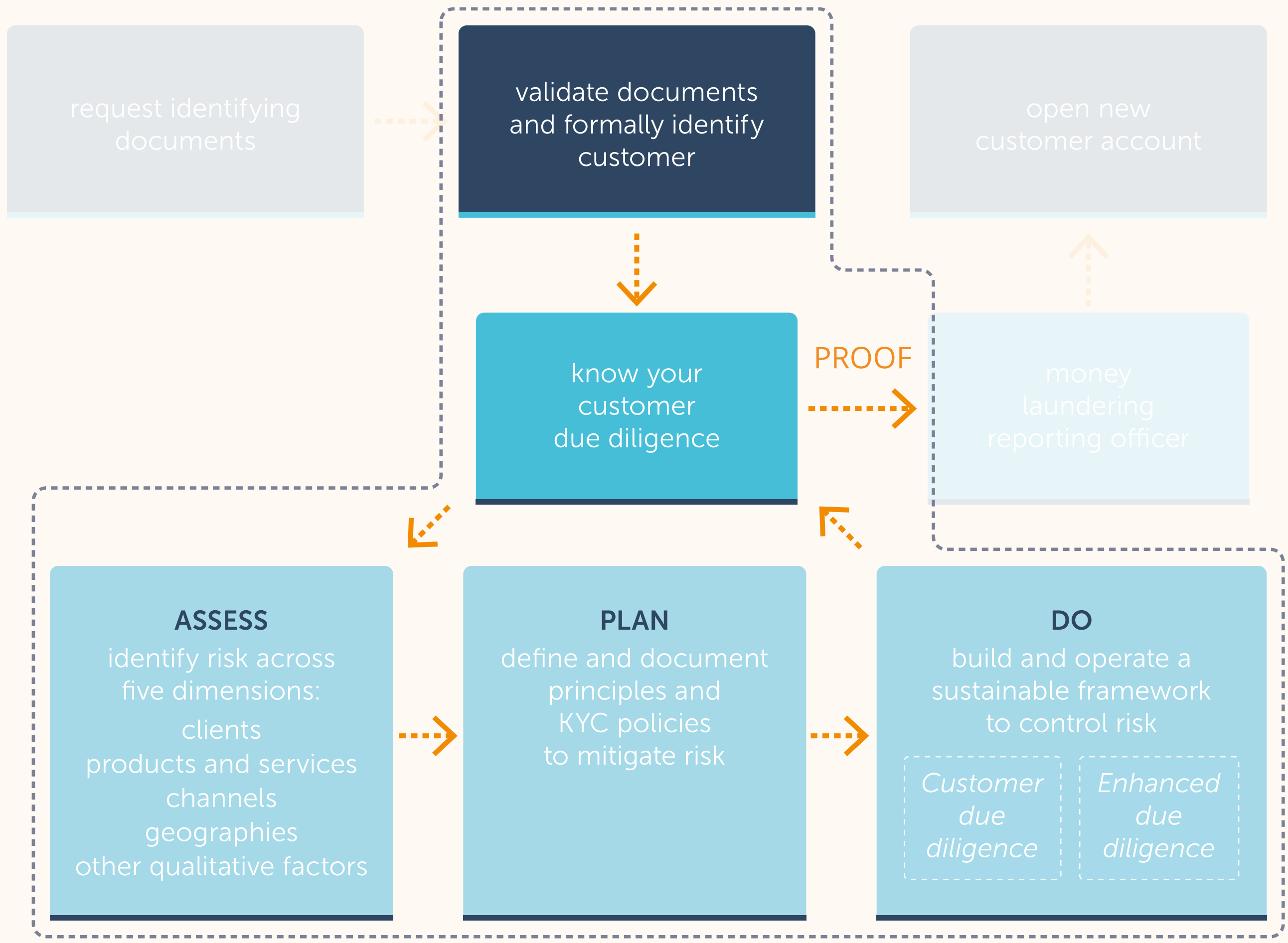


Figure 4 Detail of **Encompass**' area of influence within customer onboarding

Encompass resolves the majority of due diligence checks without human intervention, and passes to KYC specialists those complex cases requiring oversight and investigation.

Encompass is securely delivered as Software-as-a-Service from private or public clouds. Access is through a browser or an API , eliminating the need to expend capital on hardware, upfront perpetual licences, installation, and software maintenance.

SOLUTION

INTEGRATION WITH EXISTING CUSTOMER ONBOARDING WORKFLOW

Encompass offer an application programming interface (API) to Encompass. All information generated in KYC compliance activities (companies, individuals, ownership structures, press, media, etc.) can be extracted from encompass confirm and passed to other applications within a customer onboarding workflow.

SOLUTION

INTEGRATION WITH TRUSTED SUPPLIERS OF RELIABLE AND INDEPENDENT DATA

Encompass is integrated with the sources that banks and financial services firms trust to inform their AML/CTF compliance. It connects compliance professionals to more than 150 industry-leading suppliers of AML screening and adverse news, business data, electronic ID and verification, and official registries, listings and regulators across the world.

Pulling in data from multiuple sources to a single view of the customer makes the work of ingesting streams of digitised data effortless and transparent.

SOLUTION

KYC POLICY DEFINITION & MAINTENANCE

KYC Policies are documented as a configuration task, and not as programming activity requiring IT specialists - the experts who define KYC Policies can document these in a format that can be executed directly by computers. Working in an intuitive graphical user interface with pre-defined building blocks simplifies tasks of defining and maintaining KYC Policies.

SOLUTION

KYC POLICY EXECUTION FOR CDD

Once defined, a KYC Policy can be used in due diligence. The KYC Policy will automatically call the third party information sources prescribed in its definition, and driven by identifying information supplied by a prospective customer, collect and analyse facts required in due diligence. The result of fact checking is either a pass or a fail. Cases that pass due diligence can be automatically routed to customer onboarding, while failures are escalated to KYC analysts for their attention and problem solving.

SOLUTION

KYC POLICY EXECUTION FOR EDD

Enhanced due diligence requires that all customers with high risk scores are periodically re-evaluated. With Encompass a KYC pPolicy is used for such re-evaluation which can be run for one customer or one thousand customers.

In cases where the customer's profile has changed, differences are highlighted for the analyst on the interactive visual chart.

SOLUTION

PROOF OF ADHERENCE TO KYC POLICY

The audit trail provides full traceability of the execution of the policy searches. Each search, decision and activity undertaken is recorded in the audit trail, as well as the time it was performed and by which user. This information can be reviewed by supervisors or regulators to understand decision making processes. It can also be exported or pushed to other systems for further storage or review.

SOLUTION

REUSE RISK DATA IN CLIENT FACING ROLES

Encompass aggregates and analyses information about customers and prospects including ownership structures, associations, parent companies, subsidiaries, jurisdictions, industries and credit worthiness. Having this information in a format which can be easily shared with other departments such as business development teams on the frontline, via a simple URL and viewed in the ordinary web browser can transform compliance into value creation.

7

Transforming AML/CTF compliance in your business

> digitally enabled innovations often have network effects associated with them, which in turn leads to 'winner take most' outcomes; the top-performing companies enjoy far higher profit margins than the rest, and a handful of frontier firms are leaving everyone else in the dust

THE MOST DIGITAL COMPANIES ARE LEAVING ALL THE REST BEHIND
JAMES MANYIKA, GARY PINKUS & SREE RAMASWAMY
HARVARD BUSINESS REVIEW | 2016

By adopting **Encompass**, banks and financial service firms transform fractured and problematic manual KYC processes into automated and digitised workflows.

Financial services firms which transform their KYC process through digitisation and automation reap multiple benefits. KYC analysts become more productive and are freed to focus attention on complex issues of KYC compliance. Front office business operations increase their velocity of business take on and, armed with deep information about every new customer, engage immediately and with knowledge. The firm's customers experience faster onboarding and meet with front office staff who demonstrate informed interest in their business. MLROs can prove to regulators that KYC policies are established and are consistently enforced. Line of business managers in Risk and Compliance regain control of the cost of KYC compliance while developing a scalable business operation. Executives reduce risks of their firm failing its regulatory obligations and of reputational damage.

AML / KYC compliance is one of many operational processes within financial services that will be transformed by the unstoppable wave of digitisation and automation. Adopting Encompass helps firms get an early win on the board, and establishes a risk based system of control which can be adjusted to accommodate shifting regulation, and therefore policy change, at scale.

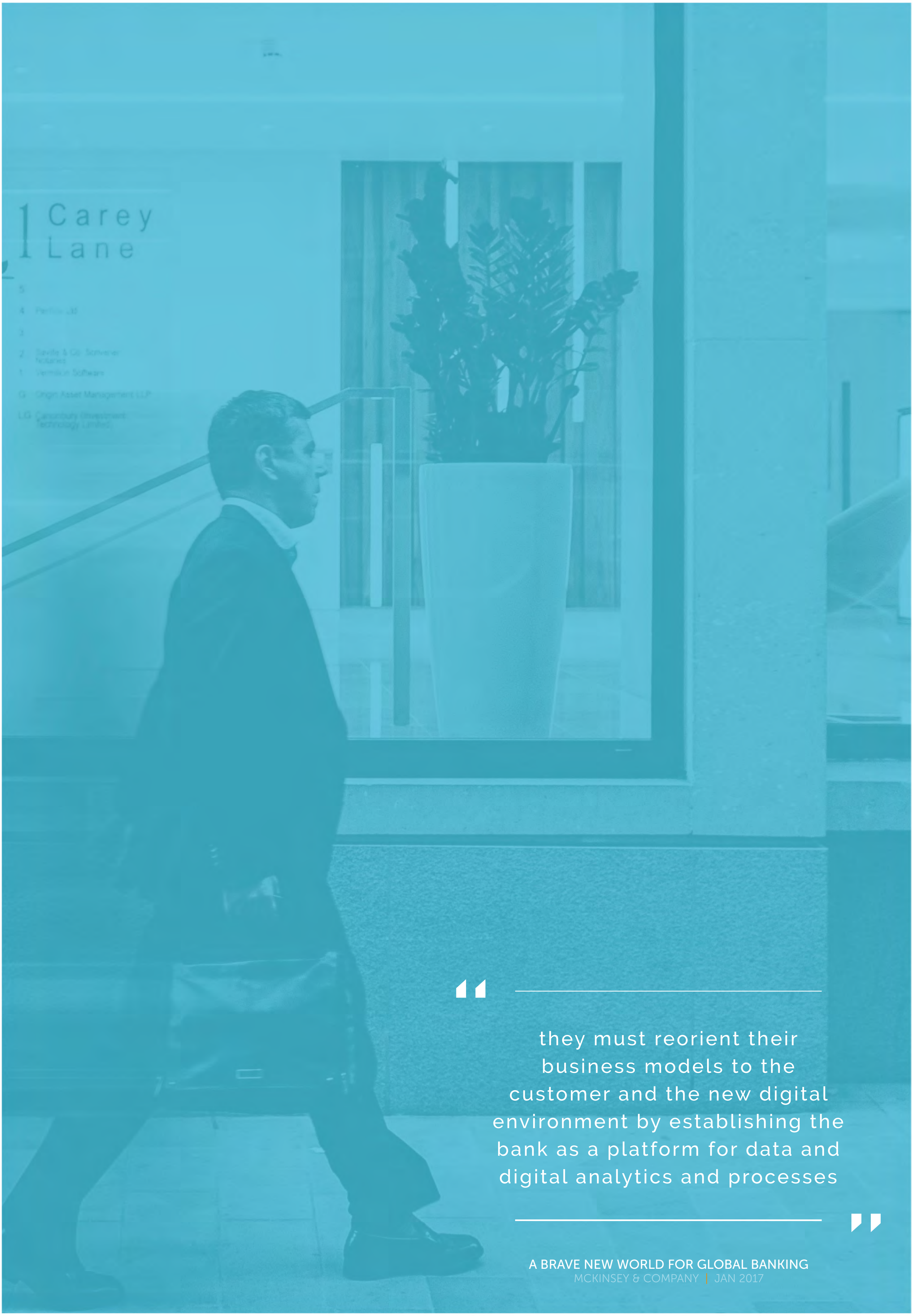
A successful KYC transformation project creates the confidence and momentum to help financial service firms take full advantage of automation across their business operations.

> to deliver on the customers' expectations, banks will probably require redesigning the whole organization from a customer-experience perspective and digitizing at scale. to achieve this, the risk function will need to be a core contributor and collaborate closely with the businesses throughout

THE FUTURE OF BANK RISK MANAGEMENT
MCKINSEY & COMPANY | JUL 2016

> linking know-your-customer analyses to customer centricity: we recommend that financial institutions use the data collected, in addition to the resulting risk score, for a variety of business opportunities. these may include offering more customized products and services to specific clients, identifying new customer segments, and/or developing more effective marketing strategies for existing customer segments

THE EXTRA MILE: RISK, REGULATORY, AND COMPLIANCE DATA DRIVE BUSINESS VALUE
PWC | 2015



> they must reorient their business models to the customer and the new digital environment by establishing the bank as a platform for data and digital analytics and processes

A BRAVE NEW WORLD FOR GLOBAL BANKING
MCKINSEY & COMPANY | JAN 2017

authors

WAYNE JOHNSON

CO-FOUNDER & CEO | ENCOMPASS

Wayne co-founded **Encompass** in Sydney and took the **Encompass** product to market there in 2012. Since then, as CEO he has led the international expansion of **Encompass**, including the UK launch in 2015 and recognition as one of the UK's most influential RegTech firms. Prior to **Encompass** Wayne was co-founder and CEO of Software Associates, until the company's successful exit to a Hong Kong listed Company.

MIKE KEARNEY

PRODUCT MARKETING SPECIALIST | ENCOMPASS

As a product marketing professional, Mike specialises in technologies that deliver business innovation by managing, analysing and presenting information. Mike's career spans working in Australia, Europe and USA with experience in financial services, telecommunications, energy, pharmaceuticals, electronics and public sector, and with vendors including Netezza, Oracle, Vignette, BMC Software, and IBM.

ROGER CARSON

CO-FOUNDER & EXECUTIVE DIRECTOR | ENCOMPASS

Roger co-founded **Encompass** and has brought the company's vision to life expanding its reach and impact from Australia to the UK. His global outlook is informed by a highly successful international sales career with Andersen Consulting and then Unisys in the USA, South Africa, and Australia, as well as leadership roles in Asia. Prior to **Encompass**, Roger founded Pacific Advantage Services, raised Capital from Europe for Asian distribution, and completed a trade sale to IM Invest.

encompass
the full picture, fast

t +44 (0) 333-772-0002 | +61 (1) 300-362-667
e info@encompasscorporation.com
w encompasscorporation.com

GLASGOW
Level 3, 33 Bothwell Street,
Glasgow, G2 6NL

LONDON
Level 2, 60 Ludgate Hill,
London, EC4M 7AW

SINGAPORE
9 Straits View,
Marina One West Tower, 05-07,
Singapore, 018937

SYDNEY
Level 10, 117 Clarence Street,
Sydney, NSW, 2000

Encompass Corporation Group Holdings Ltd Company | Registration no. 1253966 | Registred in England | Registered office Level 2, 60 Ludgate Hill, London, United Kingdom, EC4M 7AW