



SOLUTION OVERVIEW

Know Your Customer Automation

Know Your Customer—More Than Just a Compliance Headache

The goal of any financial institution is to attract and retain clients, reduce the costs of doing business, and drive growth and profitability. In an era of transformation and digitization, key industry drivers include delivering a rich, omnichannel experience to your increasingly savvy customers, modernizing your infrastructure to keep costs in check and finding better ways to keep up with a seemingly endless list of rules and regulations.

One of the most critical among this list is the requirement to determine the trustworthiness and the true intent of a potential customer or company who engages with you. Know your customer (KYC) is the process of a business verifying the identity of its clients by using reliable, independent source documents, data or information. The term is also used to refer to the bank regulation that governs these activities. KYC policies and practices are becoming much more important globally to prevent identity theft, financial fraud, money laundering and terrorist financing.

KYC and the associated anti-money laundering (AML) requirements first come into play when an individual or company desires to enter a business relationship with you, such as when opening a new account or securing approval for a loan. The KYC/AML compliance requirements include checking a potential customer's identity information against numerous external watch lists and public record databases, as well as collecting and integrating the necessary external data with internal systems. Customer due diligence (CDD) is also critical, comprising regular checks and ongoing monitoring of the information gathered.

And although KYC requirements are stringent and create many challenges for a financial institution, the consequences of non-compliance are significant. KYC is not merely a compliance headache that can result in heavy fines. The way in which KYC is implemented and managed within an organization can also have far-reaching consequences that impact client retention, labor costs and, ultimately, revenue and profit margins for the long term.



The client experience is key. Customer frustration (and the resultant risk of abandonment during the onboarding process) has invariably increased as banks struggle with KYC compliance. For example, when KYC processes rely on manual input of information between systems, customers are often asked to provide the same information repeatedly. In one study, banks contacted their clients an average of four times during the onboarding process (often different personnel from different departments), and corporate clients reported an average of eight contacts across a higher number of different bank departments. This suggests that an uncoordinated and inefficient process is likely leading financial institutions to unwittingly duplicate KYC requests; this can damage the customer's confidence in the financial institution's ability to balance protecting the accuracy and security of their information with a customer-friendly experience.

KYC Automation Best Practices—Taking the Complexity out of Compliance

KYC is complicated enough—your automation solution shouldn't add to the complexity. Financial institutions are best-served by leveraging smart, agile technology for acquiring, approving and onboarding new customers and ensuring the processes are in place to ensure compliance—from the first critical customer touchpoints and throughout the business relationship. Of course, the goal of any business that wants to be competitive is to reduce process complexity wherever possible, while ensuring their organization is nimble enough to swiftly respond to market fluctuations, and in the case of KYC, regulatory changes.

Consider the 6 Es of a smart, automated KYC/AML/CDD compliance workflow:

- ◆ Enhanced customer engagement via shortened processing time during onboarding (including swift identity verification), along with ongoing monitoring and communications for due diligence
- ◆ Elimination of manual errors that lead to compliance risk, costly fines and delays, and increase customer defection rates
- ◆ Efficiency built in to the process that cuts unnecessary manual tasks, saving time and reducing costs, and freeing knowledge workers for value-add work
- ◆ Easy-to-use software that is simple and user-intuitive—and does not require coding
- ◆ End-to-end tools for design development and real-time testing and debugging
- ◆ Expandable architectures that easily scale and adapt to fast-changing regulations, external threats or internal processes

Building a Smarter Solution through a Platform Approach

It's clear that robotic process automation (RPA) can remove a tremendous manual task burden on your employees, reducing costs, errors and timelines, and thereby increasing customer satisfaction. However, the ideal automation solution can and should deliver even greater value. It's helpful to think of RPA as a hyper-efficient tool that does the tedious and time-consuming work of gathering clean, accurate data.

But what do you do with that data once you receive it? This is where a platform approach can yield wide-ranging benefits.

Ideally, RPA should comprise one of many building blocks in a flexible automation platform that will deliver comprehensive, long-term value for your business—a business that is people-intensive and subject to frequent change. Agility is key. An out-of-the box, one-size-fits-all system cannot give you the flexibility to tailor the solution as your business grows, and the needs and demands of your customer base inevitably evolve.

Think about your current onboarding process. Do you rely heavily on manual efforts? Are you automated in some areas, but not others? Could you do more to engage your customers—not only during the first critical interactions, but throughout the business relationship—and differentiate your services from the competition? Are you taking too many risks when it comes to compliance because you feel overwhelmed?

A modular software framework can help you address many of these challenges by allowing you to quickly respond to change—whether that's changing market conditions or regulations, or customer expectations. By deploying a solution framework that empowers you to build your own unique workflow via reusable, customizable software components, you can deploy a smart solution that will:

- ◆ Offer new customers the ability to scan their ID with a mobile device to jumpstart the account opening process and speed approval
- ◆ Continue to engage customers through regular communication across multiple channels (online, mobile, print) using intelligent templates
- ◆ Help your staff ensure approval criteria are applied consistently using rules-based workflows that can be easily modified
- ◆ Enable your managers to identify process bottlenecks and make insightful comparisons to historical performance through built-in analytics dashboards
- ◆ And, of course, empower your risk management personnel through RPA to quickly and accurately authenticate identity data, eliminate errors, create an audit trail and strengthen regulatory compliance

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