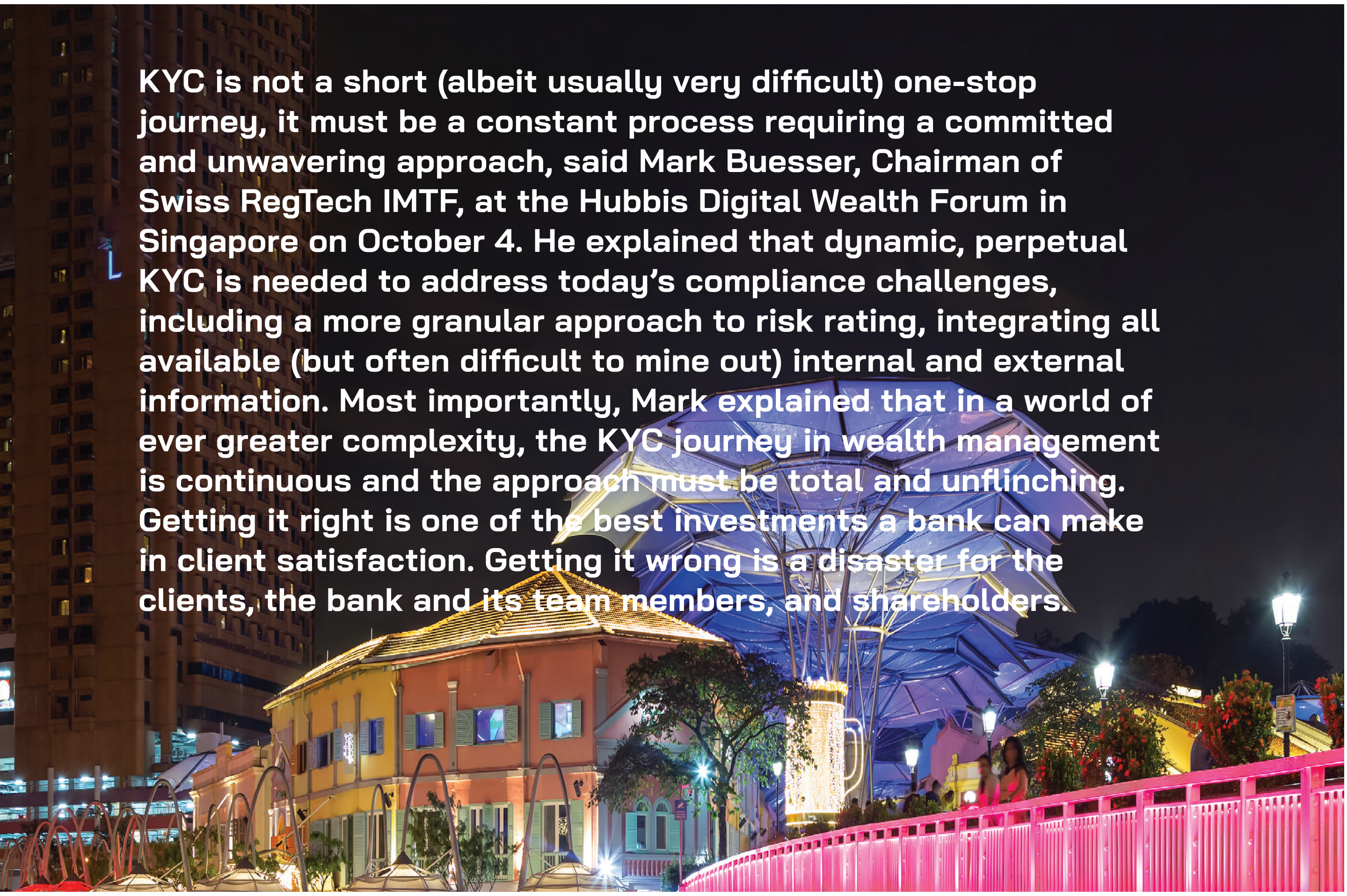
IMTF Chairman on How Astute KYC Aligns with a Risk-Driven, Real-Time & Dynamic Approach

KYC is not a short (albeit usually very difficult) one-stop journey, it must be a constant process requiring a committed and unwavering approach, said Mark Buesser, Chairman of Swiss RegTech IMTF, at the Hubbis Digital Wealth Forum in Singapore on October 4. He explained that dynamic, perpetual KYC is needed to address today's compliance challenges, including a more granular approach to risk rating, integrating all available (but often difficult to mine out) internal and external information. Most importantly, Mark explained that in a world of ever greater complexity, the KYC journey in wealth management is continuous and the approach must be total and unflinching. Getting it right is one of the best investments a bank can make in client satisfaction. Getting it wrong is a disaster for the clients, the bank and its team members, and shareholders.



GET IN TOUCH
View this Presentation On Demand
Find out more about IMTF

View the photos from this event

MARK BUESSER
Chairman
IMTF

Founded in 1987 IMTF is an international software and RegTech company headquartered in Switzerland with offices worldwide, such as in Singapore, to meet the demands of its growing client base in Asia. IMTF today has a complete and integrated set of organisations to adapt rapidly to regulatory change and to capitalise on new opportunities as well as help them eliminate compliance and other weaknesses.

A long and impressive history

Mark is currently Chairman of the Board, having stepped aside from his role as CEO in favour of his son, Gion-Andri Buesser, in mid-2021. He told guests on October 4 how compliance today requires more than a few standalone modules and, as one of the leading companies in this space worldwide, he explained that IMTF today has the scale, the experience and the product offering to cover all compliance needs, from AI-enabled modules that detect fraud and money laundering to state-of-the-art case management to treat alerts efficiently.

are happy with what they have for handling KYC because it is not up to date, consistent or end-to-end," he reported. "Wherever we go, we need to help make KYC more efficient and cost-effective."

Red card?!

Making a comparison to football with only a limited number of rules and many referees, but still involving a lot of disputes, for example, offside rulings, Mark remarked that the world of compliance has hundreds of rules and fewer referees, with plenty of different interpretations and many varied approaches to KYC implementations from global, regional or local regulators. "A fully global giant bank operating on 40 plus locations worldwide might face as many as 10'000+ rules to deal with," he reported. "And many

« "KYC can actually be a positive, helping you to retain your clients. Get it wrong, and the client is fed up, right from the start." »

modules across compliance and customer lifecycle management Its Siron One RegTech platform offers unrivalled efficiency thanks to automation and precision to IMTF's list of 1'000+ customers worldwide. [See box article below]. Mark believes IMTF offers best-in-class RegTech solutions in the areas of KYC, AML compliance, fraud detection and counter-terrorism financing, and is also highly encouraged by the adoption of IMTF's enterprise digitisation tools to automate processes, especially in banks. He says these solutions allow banks and other

"We have been around since 1987 and in Singapore for the past roughly 20 years, and we count most of the big local, regional and international banks as our clients, and worldwide we can report that more than 1000 banks in about 80 countries use our solutions, and we have a team of roughly 300 experts globally (Switzerland, Germany, UK, Luxembourg, the Middle East, India, Singapore and Hong Kong."

He said they are taking a phased or modular approach to building client solutions so that these clients can be flexible. "Very few banks or firms

of those rules are replete with degrees of uncertainty, or lack of clarity. Yet the regulators want the banks to be more effective in KYC, more effective in risk evaluation of their clients."

However, Mark noted that whether more passive or more on the proactive side, banks have many different systems, and they are often not linked effectively. "You probably also have multiple profiles for the very same client because some of the data is in one system for wealth management, and some of the data is in the

system with consumer banking," he said. "You might see disparate local processes and inconsistent workflows. This all makes it very challenging. But if you get it right internally and for the customers."

Drivers for change

Accordingly, all these shortcomings are just one of the multiple drivers for a comprehensive KYC transformation. "KYC can actually be a positive, helping you to retain your clients," he reported. "Get it wrong, and the client is fed up, right from the start."

Today, very advanced analytics are available, driven by data and supported by AI. Banks can optimise the use of human resources, applying the right skills for every task, bringing in streamlined processes and automated handovers, and then focusing human resources on challenges or activities that need human intervention. "The RM is very important in all this," Mark explained. "The more we can help them with technology solutions, the better they will be able to help the KYC process, and the better time and focus they will be able to offer clients. RMs cannot have all these thousands of rules in their head, so they need digital tools and the right processes to support them."

Transformation needed

And that, he reported, means transformation is required. This transformation consists mainly for two elements. One element requires: more end-to-end automation of the KYC process including digital ID&V solutions; automated event triggers for material changes; perpetual, AI-based name & adverse media screening; visualization and network analysis tools for complex wealth management customers and corporate structures. . The other element is automated data aggregation and analytics, meaning the automation of internal & external data consolidation on customers and their activities, reducing manual effort in data collation and enabling improved analytics for real-time insights.

Mark explained that the IMTF ongoing screening is exactly this - an automated module to ensure perpetual monitoring of all the bank or firm's partners. It reduces regulatory risk through best-in-class technology and saves time and effort through process automation.

He commented that the concept he is proposing of dynamic KYC is still evolving, but the underlying driver is very practical and logical, as it involves the continuous risk rating of customers. "Managing risks continuously ensures that data and risks related to all parties are current and continuously managed and is essentially the most viable remedy for most of the current challenges."

The granular approach to risk management

Mark then drilled into more detail to explain how the basis for the necessary continuous risk scoring is a very granular customer risk evaluation model that automates risk change processes including the bank's specific approval approach. The IMTF "Siron One" platform follows exactly this modular approach with dynamic KYC and a broad range of other use casesIt also allows for very flexible and different onboarding options," he reported.

He said to remember that today, the complexity of onboarding cases in wealth management is getting ever more intense. "Clients don't just bring you USD10 million of AUM in one single account, it is often through a personal investment corporation, through a spouse or children, in other words, multiple accounts and numerous KYC challenges. We need the tools to uncover, investigate and respond to these challenges efficiently and cost-effectively." He said the more they can help the RM at the client level, the better the entire operational process and the better the outcome for the clients as well.

Three pillars for Dynamic KYC

Mark offered more detail – as illustrated in a slide show he offered delegates - and rounded off his talk by summarising as follows. He said Dynamic KYC builds on three pillars. These are automation in the form of system integration of all digital solutions (ID&V, perpetual screening, and so forth), and the application of robotics and machine learning. Secondly, applying analytics with continuous, granular risk scoring & weighting (decision intelligence), and improved, non-stop detection through hybrid approaches including AI. And lastly, gaining a better client view through maintaining accurate, current and complete customer information, as well as generating triggers when deviations or profile changes are identified.

Great outcomes, greater optimism

Such dynamic KYC automation has direct and indirect benefits. There is an improved customer experience by reducing the number of outreaches. There are incremental, risk-based updates in real-time amounting to less effort during each increment. There is greater ownership of risk management by the front-line team. False alerts are reduced, helped by enhancing (AML) investigations with accurate, current, enriched data. Enhanced productivity and improved quality levels will also be attained.

"There are numerous advantages and benefits," he concluded. "For example, we have some banks who said their goal is now to reduce onboarding times from three weeks or four weeks to one week, but actually we can think about two days because it is possible with these approaches and technologies," he said. "If you would like to make your KYC dramatically more efficient, cost-effective and dynamic, we should talk." ■

WANT TO GET INVOLVED IN FUTURE EVENTS?

Don't Miss Out on our **Hubbis Digital Wealth Forum - Singapore 2024**, which will take place **Wednesday 9th October**.

Want to become a **Significant Part of these events next year? Speak? Join as a Partner?** Please send us an email at events@hubbis.com if you would like to get involved.