IMTF Expanding its RegTech Solutions Asia-Wide as Compliance Needs Surge

Jordan Lo, Senior Project Manager at Swiss RegTech leader IMTF, believes that wealth management firms wanting to compete effectively in tomorrow's world must adopt forward-looking technologies to tackle key business challenges such as client onboarding, identity/name screening, AML and fraud prevention. He gave a presentation at the Hubbis Thailand Wealth Management Forum to explain why appropriate investment in these areas results in cost-effective solutions, cohesive business operational benefits and enables enhanced end-to-end user experiences. In particular, he highlighted IMTF's state-of-the-art identity-matching solution, detection and alert solution and adaptive case management solution.

LO BEGAN BY EXPLAINING THAT IMTF HAS ONLY RECENTLY focused on Thailand but had been drawn to the country due to its dynamic wealth management industry and because digital technology and platforms are dramatically impacting the landscape in Thailand.

"We are a products company," he reported, "and we are RegTech first, meaning that we focus mainly on solutions that deliver and enhance regulatory and compliance etiquette. That being said, we also ensure business benefits with improved operational efficiency and user experience. We drive these three pillars (Regulatory Compliance, Operational Efficiency, Improved User Experience) with industry leading digital innovations. We have been doing this for over 30 years around the world, and we are global experts offering a range of immensely valuable solutions."

Three decades of evolution
Founded in 1987, IMTF is an international software and application integration company headquartered in Switzerland

JORDAN LO
IMTF

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with offices worldwide, such as in Singapore, to meet the demand of their growing client base in Asia. The company offers innovative software solutions which enable clients to increase efficiency, achieving significant cost reductions with assured compliance.

IMTF builds RegTech software solutions to improve operational efficiencies, manage regulations and offer new services like engaging with customers across all channels. The comprehensive offering, competencies and tools focus on: onboarding and client lifecycle management; AML, tax and market monitoring compliance; smart screening and open source investigation, custom-built front-ends for all types of channels and devices; professional services for the successful implementation of complex projects; secure document management; adaptive case management and collaboration.

Understanding client needs

"IMTF has acquired experience in compliance and FI challenges over the past three decades," Lo reported. "We understand our clients, and we are dedicated to solving their issues in fields such as transaction screening, fraud detection, and identity matching, thereby reducing false positives, reducing false negatives and as a result mitigating both operational risk as well as regulatory risk."

With that, he focused on the Thai wealth market. "Earlier topics in the conference discussed how banks either choose to go alone in developing their wealth business or look for partners. The employment of technology is also key in this process and regardless of how they choose to approach this," he remarked, "whether go-it-alone or through partnerships, it matters little to IMTF as we integrate with the bank's existing technology to different extents in all our projects - it is all about digital innovation to achieve regulatory compliance and to achieve that, user experience and operational efficiency are also absolutely critical."

Lo then highlighted the crucial area of identity matching, noting that some of the methods used widely hitherto have included manual searches, real-time screening and matching software, distance measures and others.

"But we at IMTF offer perhaps the most sophisticated identity-matching technology available today," he reported, "such as unmasking the same identity even when alternate names are used, or even other languages."

"When your team at your insurance firm, your bank, needs to really know your end-client," he pondered, "how do you match them against internal system data, your CRM system or publicly available data from government or other sources? What is also sometimes forgotten is you need to match against these names, especially in places such as China or Thailand, the way names are spelt, the way names are written or sound, and to do so, you really do need state-of-the-art technology."

Hundreds to millions
He explained that when electronic name screening was introduced twenty years ago, only a few hundred names were involved. Now, millions of names are screened worldwide all the time and against hundreds of lists containing millions of names.

Especially in a region as linguistically and culturally diverse as Asia, the cultural context of names has now to be taken into account and identity matching solutions have to make accurate distinctions between names from different cultures, aka in different languages, including transliterations. Finally, for Enhanced Due Diligence, the searchers' intent has to be supported by allowing the combination of names with risk categories to faster identify relevant content.

"For example," he reported, "we can do so many things related to the Chinese language, in order to detect matches and reduce false positives. Artificial intelligence (AI) and machine learning are at the core of our solutions as your name matching capabilities must be top notch and to achieve that we offer smart and tactical matching, phonetic matching, ethnicity awareness, smart semantic matching and other protocols that help IMTF's FI clients achieve their optimal outcomes."

Looking to the NextGen
Demystifying these new machine learning techniques, Lo then introduced some of the new advances IMTF is pioneering. "Supervised machine learning is about training the logic," he noted. "By introducing your own rules, you can achieve supervised rule engine building and machine learning whereby the technology builds the algorithms itself. We can also do unsupervised machine learning, which with the right infrastructure in place and data of sufficient standards we can detect certain patterns that uncover interactions and relationships between parties and transactions."

Lo reported that with the proprietary 'NextGen' name screening offering, IMTF has managed to reduce false positives by 25-75% and cut down the review time to decrease operational and regulatory costs, benchmarked against other typical algorithms on offer in the RegTech universe. "We are very excited about this, and we want you all to know about it," he stated.

He explained that, in simple terms, the fewer false positives, the less 'noise' for FI operations teams to investigate. "We know that today so many FIs are operating in a zone of frustration," he explained, "and we also know that without

efficient, accurate identity matching they risk all their other capabilities not performing as expected, meaning that there is a negative impact throughout, for example on trading, compliance, transaction monitoring, fraud detection, and so forth."

Pushing the envelope…

"We know that current solutions are not adequate," Lo explained, "so we have been developing technologies in AI to recognise if a target had triggered an alert before, so that the system should intelligently remember when the alert was triggered and in what context and why."

He presented a Trading Compliance use case where the IMTF solution uses features such as customer behaviour profiles (machine learning), sentiment analysis and business rules to leverage various information sources to reconstruct activities and transactions to identify patterns and actions of concern. Client data, transactions data, email correspondences, voice logs and even social media connections are examples of data that can be leveraged in all kinds of business scenarios such as Fraud Detection & Prevention, Suitability/ Trade Compliance and Identity Screening/KYC Screening.

Leveraging the above technologies and information, we are able to detect in this example inconsistencies in the advice given to the client versus trading execution behaviour and the system triggers a timely alert for appropriate investigation.

Then, if and when something material changes, new triggers arise but also refer back to past alerts. "We are trying to connect technology and human skills," Lo explained, "so that they go hand in hand to help the users.

Don't fear technology, embrace it

Lo advised the audience not to fear technology, but to embrace it. "We live in a complex world, "he observed, "and we all know how many parties there are involved in a bank or other financial institution. The demands from the regulators are rising all the time and technology is the key enabler to meet these expectations. There is an expectation that FIs not only leverage the use of technology but do so also in ways that meet their expectations in terms of functional, operational capabilities and customisable to ensure sustainability in dealing with future threat evolutions."

Lo concluded his talk by acknowledging that technology is not a cure-all. "It is not the whole solution," he said, "but it is one of the key pillars that we must bring to the 'fight', and this 'fight' is not with the regulators, but with the money launderers, the terrorist financiers and the cyber-criminals."

The push for growth in Wealth Management / Private Banking is focused on digital channels, proper segmentation and automation support. We have seen in other jurisdictions how regulations on control and surveillance catch up. How prepared are you in ensuring regulatory compliance while not sacrificing digital innovation and user/client experience? ◼