

IMTF Explains

How Cognitive Automation Can Help Assess and Mitigate Third-Party Risk

Mark Buesser, Chief Executive Officer of RegTech company IMTF, has a wealth of experience in the world of wealth management and digitisation. He addressed delegates at the Hubbis Compliance in Asian Wealth Management Forum to explain the need for intermediaries and advisers to understand relevant risks and then tailor risk assessment, leveraging enhanced technology with quality data sources. He told them how AI and Contextual Analysis provide the platform on which IMTF's 'I-match' and 'Find-it' are based.

BUESSER BEGAN BY EXPLAINING THAT KYC AND SOURCE-OF-WEALTH PROTOCOLS TODAY AT THE WEALTH MANAGEMENT firms remain stuck in a traditional approach of finding anomalies, exceptions and pointing towards financial crime, but with little precision.

“If you have the technology,” he noted, “your systems will likely be generating hundreds or thousands of false positives alerts, while very often you have no clue why the alert arose. Moreover, the information flows are expanding all the time, and so do the demands of regulators, and in business, the products and services which you are offering are both growing and evolving all the time.”

How then do FIs cope, Buesser pondered, especially with layered concerns also about GDPR, reporting, consolidation and data management in general?

“Well actually,” he said, offering the audience some hope, “technology can not only help you to find solutions to these actual and imminent problems but also to find solutions for the various stakeholders in your bank or your firm who have to be concerned with all of these issues, so that if risk is detected the right people



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are basically triggered to a decision or an action. Ultimately, the right technology should be able to help you achieve an excellent user and employee experience.”

However, Buesser warned that most technology is still not fit for the purpose, with probably 85% of algorithms employed being outmoded, and open source investigation (for example via ‘Googling’) is not in any way efficient for these tasks, and tend to also create other false positives.

“I have some numbers from one bank,” he said, “reporting that it takes on average 2.5 minutes just to work out one false positive, so if you have 10,000 - and we have seen some banks that have hundreds of thousands a year - that would be 52 man-days of work. That is not an efficient use of time or money. However, I also know from research into private banking that while most would say technology is critical, they face significant budgetary constraints. That must change if they want to enjoy what technology truly can offer today.”

Buesser then went into some detail about IMTF’s solutions

for these challenges, based, he explained, on the premise that all of the screening and searching can be built on two different elements. The first element is to take all the data from multiple sources into account for the KYC screening & filtering, and the second element is text analytics to then assemble all the corroborative elements which would help the bank or wealth management firm to make a decision on any client.

“The second element, the corroborative documents, provides the evidence which is supporting your decisions,” he explained, “and at IMTF we have combined these two technologies, which are highly complementary.”

He offered further detail, adding that with next-generation compliance technology the screening should be a combination of many algorithms, and every algorithm is specific to a language, thereby bringing higher precision and higher quality results.

“In some of the banks we work with,” he stated, “we have improved precision by a factor of 100. On one million names to screen every day, for example,

instead of coming up with maybe 2000 false positives we are down to about 20 and all of this has to do with machine learning which really enhances the entire practice.”

Buesser then pointed to the user experience, showing the audience screenshots to demonstrate his case. “All of the calculation we are seeing, taking everything into account from the screening results, to the semantic search & text analytics results, all of this is hidden, so you do not, as the user, need to see that, or fiddle around with it. But be assured it has all been considered to produce the results, and the same goes for the screening.” And with that, he gave the delegates insights via a hypothetical screening procedure using IMTF’s latest solutions.

The power of technology can make wealth management firms’ lives much easier, he added, archiving the results and retaining a full audit trail on outcomes and decisions, which can be accessed at any time. “The technology is available to combine elements which today are largely manual and filter them all through one complete platform,” he

elaborated. “The platform not only includes the searches and screening elements, but also offers onboarding and KYC review automation, transaction sanction screening and fraud detection.”

And as IMTF offers its solutions on a modular basis, the client institution can start perhaps with the latest technology solution for the most troublesome problem, perhaps the issue giving the highest number of false positives, and then add additional modules as the client requires.

“The result,” he stated, “brings better outcomes, as well as reducing the manual effort and thereby cutting your cost of compliance. And all this is dynamic, it is all in real-time, so you can have reports every morning, you can then monitor any client automatically and you are eliminating human error and achieving greater precision. This means you are mitigating your compliance risks, reducing friction internally and, armed with a speedier and more effective

KYC process, you have a key competitive advantage.”

Buesser closed by remarking that there is always work to be done on any technology solution. He indicated that nobody is 100% where we want to be in all this, and searches and screens have further to go to connect names and all relevant and true data. He said several universities are working on these types of challenges, and some much better answers to those very difficult questions and challenges exist already. ■

IMTF: Modular Suite of RegTech Solutions Designed and Customisable for Today’s World

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. The company offers innovative software solutions which enable clients to increase efficiency, achieving significant cost reductions with assured compliance.

IMTF today has a comprehensive offering, with competencies and tools that focus on: Onboarding and Client Lifecycle Management / KYC; AML, Tax and Market Monitoring Compliance; Name Screening and Smart Semantic Search / Text Analytics, custom-built front-ends for all types of channels and devices; technology and process consulting; Secure Document Management; Adaptive Case Management and collaboration.

IMTF promotes its modular approach as unique in its field, and offers Financial Institution’s (FIs) the opportunity to focus on their main pain points first and then build up the platform.

The firm has three decades of experience, with broad expertise in compliance, that began with AML solutions in Europe, and is now covering full KYC, Tax Compliance, fraud, Transaction Monitoring, in fact all the key components of regulatory solutions today.

IMTF understands that digital transformation is the convergence of technology, compliance and FIs’ products/services to enhance customer and employee experiences through customised offers, increase internal efficiencies and discover new revenue opportunities. The automation and digitisation of the Client Onboarding & Lifecycle Management are these days fundamental to FIs, and whereas banks have tended to look simply to automate the processes, IMTF aims to look holistically at solving compliance, improving efficiency/automation and also has its eyes set firmly on the end user experience.

IMTF's ACM workflow and ICOS/2 solution

Onboarding is of course a major pain point, and IMTF's tools are designed to fully automate this process, remove the paper, remove the manual pain points and result in efficient client onboarding and client satisfaction. IMTF's onboarding platform (ICOS/2) addresses all the FI's clients' different journeys on all channels and devices (tablet, mobile or desktop). Therefore, the data captured during the onboarding process is consistent, relevant and of high quality.

Furthermore, business/compliance rules are applied in real-time to the data being collected to guide the client advisor (or the client in self-service) with dynamic questionnaires through a personalised onboarding journey. ICOS/2 comes with "out-of-the-box" processes that can be tailored graphically and customised quickly without programming.

The modularity of ICOS/2 supports FIs in achieving quick wins (for example automated semantic KYC and name screening, case management and so forth). It also offers a full compliance strategy (for example, digital onboarding and client lifecycle management) to drastically reduce, among other benefits, the overall onboarding time.

ICOS/2 can also easily integrate into IMTF's Adaptive Case Manager (ACM), which allows faster and automated decision making across departments on each "event/alert" raised during the onboarding process.

Regarding automated KYC, the name screening may be extended with smart, semantic and federated text analysis and search and filtering across various data sources and languages. The semantic search technology "Find-It" from IMTF automates the highly manual process of open source 'googling' the source-of-wealth or adverse media. And Semantic highlighting guides relationship managers and compliance officers to the most relevant text snippets and removes the need to read entire documents. The assessment and qualification of the articles are also managed within the ICOS/2 and ACM tool.

The overall effectiveness of IMTF's solution results in dramatically faster onboarding, and remarkably more accurate and compliant outcomes. Eliminating or solving the false positives that arise continuously in name screening is a key part of the solution. ■

