

# Unlocking KYC - AML Operational Agility via Next Gen Offerings



# Abstract

According to the recent Fenergo Report, In the first half of 2023, global financial regulations imposed a total of \$189,098 in fines for noncompliance with AML regulations, including KYC and CDD, as well as sanctions violations. US institutions paid out 83% of the world's monetary fines from only 10% of enforcements. Financial institutions face operational, legal, and reputational risks due to online scams and fraud, with KYC processes being crucial to combat money laundering. There is an increasing focus on standardizing KYC and AML practices amid rising regulatory requirements.

To cater to these issues TechM BPS brings KYC-AML as a next gen offering, which provides an integrated solution of managed services and transformation services to address all the challenges present in KYC-AML space. Our solution is designed to offer a differentiated client experience, next-gen operational efficiency, and enhanced competitive advantage. With our extensive experience in the KYC - AML industry, we provide a wealth of knowledge and expertise to our clients. Our solution encompasses services in business strategy, operational excellence, and end-to-end business and process transformation, providing a comprehensive approach to end-to-end KYC - AML operations.

## Introduction

According to a report by Polaris Market Research, the eKYC Market is expected to grow at a CAGR of 22% and the AML Market is expected to grow at a CAGR of 17% during the forecast period of 2022-2028. Notably, North America leads in growth followed by Europe, Asia Pacific and Middle East, particularly in ID Verification, facial liveness capture, video verification, biometrics services, enhance due diligence, reducing false rate positives, and SAR filing.

Regarding the verticals, the eKYC Market encompasses BFSI, government and defense, healthcare and lifesciences, retail and e-commerce, energy and utilities, IT& ITES, and others. The BFSI segment dominates the market share, propelled by increased customer transactions, client volume, and regulatory compliance, leading to significant investment in this space by banks.

## Key Challenges

In the KYC-AML industry, some of the key challenges faced by traditional banks, neo banks, and fintech companies are:



### Traditional Bank

- Change in consumer behavior & expectations
- High operational cost
- The emergence of disruptive banking model
- Compliance hurdles
- Higher False Positive rates



### Neo Banks

- Banks still dependent on traditional banks to perform their operations
- Compliance hurdles
- Lack of operational excellence
- Lack of face-to-face support

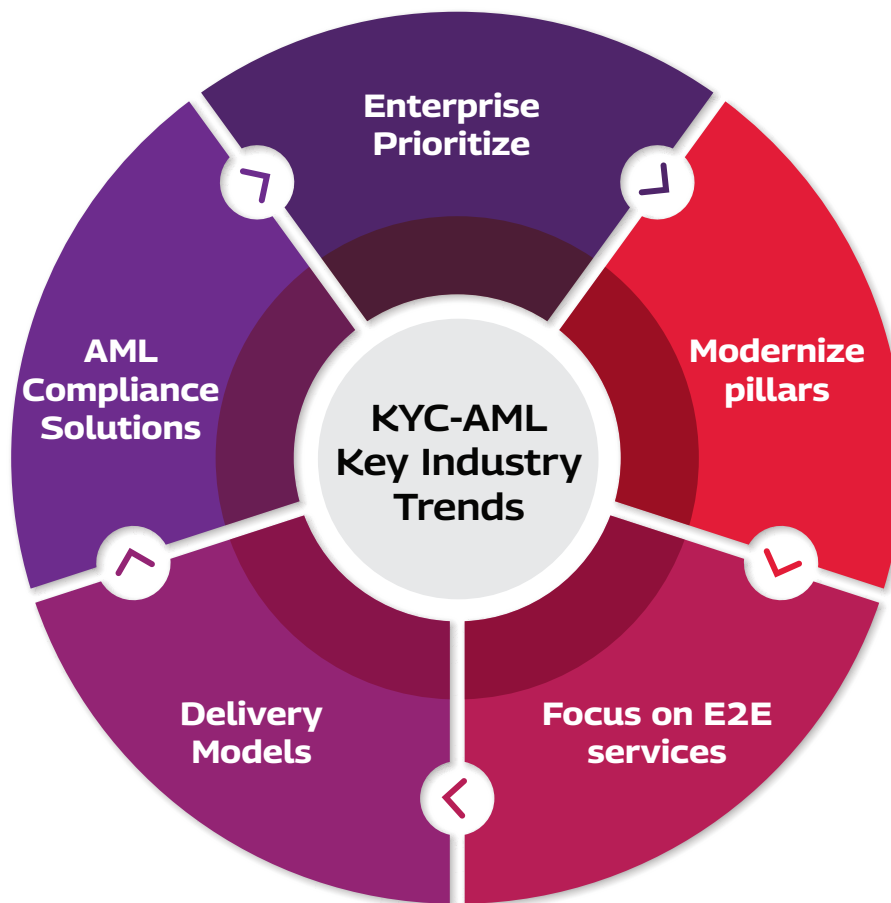


### FinTech

- Integration with legacy system
- Scalability
- Compliance hurdles
- Lower customer retention
- Higher False Positives

# Current Industry Trends

Below are the current industry trends in KYC and AML space:



## Enterprise priorities:

Enterprises are seeking comprehensive end-to-end services, enhanced by value added services, and are prioritizing FCC-specific talent with the right shoring locations.



## Modernization Pillars:

FCC providers are converging technology, advisory and operations, evolving to become a one-stop shop for their clients.



## Focus on end-to-end services:

An increase in demand for broad-based solutions has led to increased partnerships among providers to meet the demand, especially in KYC and fraud.



## Delivery Models:

Outsourcing to offshore locations is expected to expand, as enterprises leverage cost arbitrage amid rising inflation rates and a challenging onshore labor market.

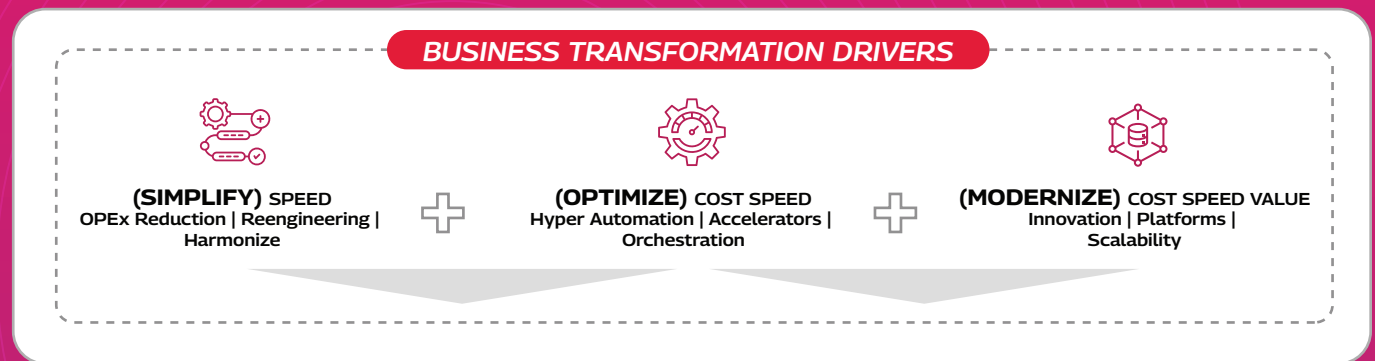


## Leverage an AML compliance Solution for best results:

Given the dynamic tactics of money launderers, there is no universal solution. AML and CFT compliance regulations aim to safeguard customers and organizations from financial crimes. Staying abreast of current AML trends is imperative for effective prevention of money laundering and terrorist financing.

# Our Solution

TechM brings to the table extensive experience in managing the complete KYC-AML life cycle. Leveraging expertise in business strategy, operational excellence, and end-to-end business and process transformation, we effectively manage, adapt, and foster the growth of KYC-AML Operations.

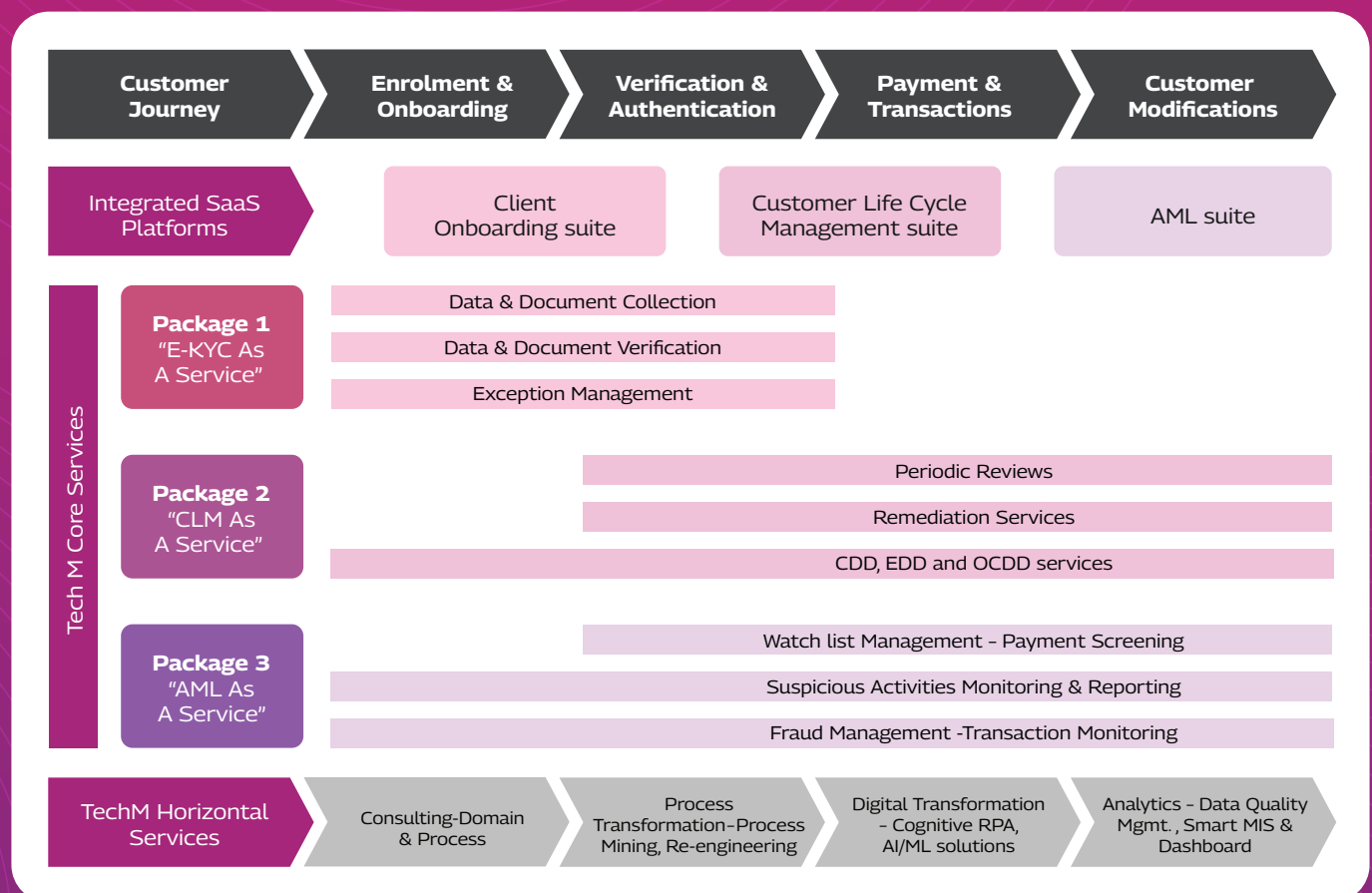


## Tech Mahindra's KYC-AML Next Gen Capabilities and Offerings

Our solution is uniquely positioned to tackle industry challenges and trends, and is delivered through an intelligent mix of managed services and business transformation services, enabled by various technology levels.

### ► Our Integrated BPaaS Solution to cater KYC - AML Space

An integrated BPaaS solution with next gen platform and technology bundled with robust and scalable services customized to clients' requirements.



Values Delivered	35-45% Enhance Customer Experience	30-40 % Reduction in Overall Cost	30-40% Increase in Operational Efficiency	60-70 % Reduction in Overall Cycle Time
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## Benefits

- Enhance customer experience by **35-40%**
- Increase in operational efficiency by **30-40%**
- Achieve cost reduction of **30-40%**
- Attain upto **60%** reduction in effort by back-office staff through our platform and BPO solution, resulting in overall cost reduction.
- Realize Up to **60-70%** reduction in cycle time through digital process mining.
- Experience a **30%** increment in first-time-right (FTR) / throughput rate.
- Seamless experience design leading to:
  - Reduced customer efforts
  - Higher adoption of digital self-service
  - Increased customer lifetime value

## The NXT.NOW™ Advantage

- Over **500+** domain expert from Tech Mahindra working on KYC/AML programs under robust delivery governance.
- Consulting led with proven cutting edge tech enabled process mining, digital transformation, intelligent automation, analytics. Delivered over **60%** efficiency and **~40%** faster onboarding.
- Partnered with industry leading platform providers to deliver end to end KYC / AML offerings.

## Tech Mahindra's Success Stories

	Leading Fintech	Large Canadian Bank	British Multinational Bank
Background	<p>A leading Fintech firm wanted support on their KYC Back Office operations for individual customers (B2C) with following activities in scope</p> <ul style="list-style-type: none"> <li>• Identifying and verifying the End customer identity</li> <li>• On-boarding / New to Bank</li> <li>• CDD/EDD</li> </ul>	<p>Risk rate and manage end to end KYC remediation for bank's Institutional Customers in Global Banking &amp; Markets space</p>	<ul style="list-style-type: none"> <li>• One of the leading British Multinational Bank wanted-</li> <li>• To meet demand for multi jurisdiction KYC Practitioners in house</li> <li>• Desired sudden ramp ups to fulfil regulatory deadlines that was difficult to achieve in house</li> </ul>
Solution Proposed	<ul style="list-style-type: none"> <li>• A strong team of 150 practitioners lined up to support the operations with a comprehensive structure comprising of Maker, Checker, Quality Control, Team Lead Trainer, Manager</li> <li>• A robust governance structure is setup to monitor the performance and seamless operations</li> </ul>	<ul style="list-style-type: none"> <li>• Extensive man hours of consulting provided</li> <li>• Leveraged cross functional expertise to devise an ultra efficient methodology</li> <li>• Minimized the effort required per entity to arrive at an accurate risk rating</li> <li>• Leverage industry's best tools (workflow engines, multi jurisdiction regulatory checklist and case management tools) to ensure reduction in cycle time and eliminate inherent challenges</li> <li>• Scaled the operation to manage end to end KYC remediation</li> </ul>	<ul style="list-style-type: none"> <li>• 50+ Strong KYC/AML practitioners were onboarded and transitioned from TechM to bank in quick span to support multiple functions like PEP and Sanctions screening, Transaction Monitoring and also KYC remediation</li> <li>• A strong governance structure was laid out to monitor the performance and seamless operations</li> <li>• Scaled FTE to 75+ within 6 months</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>• Cost and operational efficiency</li> <li>• KYC Practitioners available on demand</li> <li>• Fractional Cost (as compared to in house)</li> </ul>	<ul style="list-style-type: none"> <li>• Prevented Regulatory Action</li> <li>• Requirement fulfilled within 50% of scheduled time</li> <li>• Value Addition (Process/Platform/People)</li> <li>• Cost Saving, Faster TAT &amp; First time right</li> </ul>	<ul style="list-style-type: none"> <li>• KYC Practitioners available on demand</li> <li>• Zero Effort Overhead for the bank</li> <li>• Fractional Cost (as compared to in house)</li> </ul>

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