BENEFICIAL OWNERSHIP & CDD IMPERATIVES IN A DYNAMIC REGULATORY ENVIRONMENT

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CDD Market Survey Objectives and Methodology

- Identify current challenges in CDD/KYC space
- Gain insights regarding operational priorities
- Explore strategy and progress with regards to beneficial ownership

- Published online survey during May 2016
- Received 345 responses representing:
  - Multiple geographies
  - Multiple institution types
  - Multiple institution sizes
What do you see as your institution’s greatest operational challenge(s) related to your current CDD/KYC program?

- Data availability / quality
- Reliance on manual processes
- New risk scenarios
- Growth in your organization
- Difficult to maintain / update existing IT infrastructure
- Lack of qualified AML compliance staff
- Difficult to consistently enforce risk policies
- Lack of clarity from regulators
- Lack of AML compliance budget
Operational Priorities

What do you see as your institution’s highest operational priorities for the next 12-18 months related to your CDD/KYC program?

- Improve data management / data quality
- Invest in new technology solutions / process automation
- Training programs for existing staff
- Streamlining end-to-end process
- Consolidation of CDD/KYC programs
- Real-time risk assessment at on boarding
- Replace outdated / end-of-life technology
- Increase staffing
At what ownership percentage level does your organization start capturing beneficial ownership information?

- Less than 10%
- 11% - 24%
- 25% - 49%
- 50% or more
- N/A

Beneficial Ownership Data Capture - Globally
At what ownership percentage level does your organization start capturing beneficial ownership information?

**Beneficial Ownership Data Capture - Regions**

**Percentage of responses**

- **0%**
- **5%**
- **10%**
- **15%**
- **20%**
- **25%**
- **30%**
- **35%**
- **40%**
- **45%**
- **50%**

**Ownership Level**

- **Do not capture**
- **less than 10%**
- **11%-24%**
- **25%-49%**
- **50% or more**

**Regions**

- **North America**
- **Europe**
Beneficial Ownership Challenges

What are the top challenges your organization faces when collecting beneficial ownership data?

- Difficulties in keeping the information up to date
- Increased length and complexity of the onboarding process
- Skillset or experience of personnel collecting this information
- Information cannot be validated
- Updating IT systems to be able to hold this information
- Increased cost of compliance program
- Difficulty in using this data for risk assessment purposes
Beneficial Ownership Challenges

Where is beneficial ownership information being collected?

- 41% Data is collected at the front office/branches
- 18% Data is collected at the back office by a compliance function
- 5% Data is collected at the back office by a non-compliance function
- 1% Data is collected at the back office, by an offshore team
- 33% Data is collected at the front office, but is then reviewed/enriched by a back office function
Understanding Beneficial Ownership Relationships

**Collect Data**
- Capture and store data
- Consistent onboarding process
- Minimize impact on customer experience

**Understand Relationship**
- Understand customer relationship
- Identify and manage data issues

**Assess and Mitigate risks**
- Assess customers risk
- Single customer view
Traditional Risk Reach

Onboarding

Compliance Review

- Risk Rating
- Due Diligence
- Enhanced Due Diligence

Ongoing

Monitoring

Workflow

Audit

Profiles Management
Expanded Risk Reach

Onboarding

Risk Rating

Due Diligence

Enhanced Due Diligence

Compliance Review

Ongoing CDD

Monitoring

Ben/Own

Data Enrichment

Workflow

Audit

Profiles Management
Capabilities for Branch-to-Bank CDD/KYC Coverage

- **On Boarding**
  - Access to investigatory data during customer onboarding and incorporation of real-time risk controls

- **CIP**
  - Discovery
  - Due Diligence

- **Risk Scoring**

- **Internal Monitoring**
  - Proactively monitor entities for internal and external risk factors
  - Enhanced Due Diligence

- **External Monitoring**
  - Assess organisational and entity risk and mitigate it through structured workflows
Integrated AML Compliance Management

Centralization of AML processes

Enterprise-wide view of risk

Data loopback for enhanced analytics

Centralized alert management

Single Customer View

- Watch List Filtering
- Currency Transaction Reporting
- PEP Activities
- Reporting
- Suspicious Transactions And Activity Reporting
- Suspicious Activity Monitoring
- Transactions
- Risk
- CDD Suite

Transactions
Key Takeaways

- New beneficial ownership requirements are intensifying challenges in all areas
  - Onboarding
  - Risk and compliance
  - Ongoing monitoring

- ...and also creating new opportunities
  - Expanded risk reach
  - Onboarding automation
  - Streamlined processes
  - Faster account decisioning
  - Single Customer view
How It Works: Our Financial Crime & Compliance Portfolio

Enterprise Risk Case Management

- Oversight
- Case Management
- Alert Management

Financial Crime Risk Platform

- Anti-Money Laundering
- Fraud Detection & Prevention
- Financial Markets Compliance

Retail Banks
Commercial Banks
Brokerages
MSBs
Emerging Payments Providers
Regulators
NICE ACTIMIZE
AML Business Scorecard

276 at 105
US, LAT, SA Banks

185 at 70
European Banks

80 at 32
Asia-Pacific Banks

275+ Dedicated AML Professionals & Experts

Largest LOB Inside Actimize with Three Development Labs

Eight #1 Rankings Analyst Reports Last 24 Months

200+ AML Customers in 37 Countries

540+ AML Deployments

115+ CDD/KYC Deployments
Thank you

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