Simplification, Efficiency and Cost Savings for Global KYC Process

PROBLEM

A global bank’s KYC review process was taking too long, was overly complex, and was not deemed sustainable as an operating model

SOLUTION

Alacer AML and quality management consultants worked with the global business and operations team to clearly define and quantify the process gaps and future state model

RESULTS

Re-engineered work flow, requirements and governance optimization adjustments resulting in cycle time reduction by 50%, processing time by 60%, with potential operating cost savings of more than $8 million

OVERVIEW

A global bank engaged Alacer for an end-to-end KYC process review across First Line, Second Line, Shared Services, and FIU organizations to reduce overall cycle time, increase standardization, meet regulatory expectations, reduce head count, and create capacity. Alacer AML and process reengineering experts interviewed 100+ bank Managers & Line Staff, conducted onsite reviews in US and European operations as well as Kaizen session with global cross- functional teams resulting in a set of recommendations focused on streamlining the process along with significant capacity savings and reduced cycle time.

CHALLENGES

The bank was experiencing heavy backlogs, delays, and continually missing target dates to complete KYC reviews. The bank needed metric-based baselines and future state recommendations based on current state and pain points. Alacer AML and Process experts identified key challenges including:

- KYC requirements exceeded regulatory requirements, adding to the workload
- The ongoing client information update process was not followed, adding to additional work during periodic reviews
- Unusual amount of QA/QC reviews with associated back and forth were slowing the process, resulting in missed deadlines
- Non-standardized process added complexity and inefficiency across regions and business lines
- Supporting technology, including workflow/case management systems, was outdated and causing significant amount of manual work and errors
- Lack of a consistent Measurement System prevented timely and accurate reporting
- Change management and control process were inconsistent

RESULTS

The Alacer team worked closely with the bank’s global cross-functional teams and support teams from North America, Europe, and Asia businesses to develop a set of prioritized (costs vs benefits) recommendations and future state process design covering people, process, technology and data related domains. The recommendations reduced cycle time from 90 days to less than 45 days, improved processing times by as much as 60% with potential cost savings over $8MM.

Historical client engagement. Results reflect the original case study; outcomes vary.