AML Process Review Saves $1.4MM While Improving Customer and Employee Experience

PROBLEM

A global bank’s U.S.- based AML team needed help coping with the demands of CIP and KYC requirements

SOLUTION

Alacer identified broken processes that were wasting manpower

RESULTS

Staff realignment, capacity adjustments and recaptured productivity saved $1.4 million; thousands of errors per day eliminated; increased customer-facing time for front office staff

OVERVIEW

The compliance requirements of the U.S. Patriot Act continue to have financial ramifications for banking institutions in the battle against more sophisticated methods of money laundering, fraud and terrorist financing. Within current Anti-Money Laundering (AML) guidelines, financial institutions are required to establish strong Customer Identification Program/Know Your Customer (CIP/KYC) practices that mitigate risks to the organizations and to the country. When a series of acquisitions added 750 retail locations to the U.S. division of a global bank, the expansion brought a greater demand to verify customer identities and to collect and retain proper documentation. The bank’s AML team thought it needed to add personnel to handle the increased workload - but it turned to the Alacer Group to verify whether this assumption was, in fact, its best option.

CHALLENGES

In reviewing the bank’s existing CIP/KYC processes and technology, the Alacer team discovered that its current tools were no longer sufficient for user volumes. Significant process inefficiencies were resulting in thousands of daily database errors that were costly, redundant and ultimately causing negative customer experiences. By working closely with senior management and technology staff, the team established its goals: to improve the customer experience, strengthen compliance and avoid the need for additional headcount. Alacer was then able to observe and map existing processes, identify root causes for bottlenecks and pinpoint several quick remedies.

RESULTS

Within two months, broken CIP/KYC processes were repaired, eliminating errors and the need for repeated work. This amounted to adding the equivalent capacity of 11 back office and 17 front office staff, which translated to a savings of $1.4 million. By redeploying this capacity, the bank avoided the need for increased personnel. Additionally, front office staff were now able to spend more time focusing on customer- facing activities, including strengthening customer relationships.

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