

Case Study – KYC / Onboarding

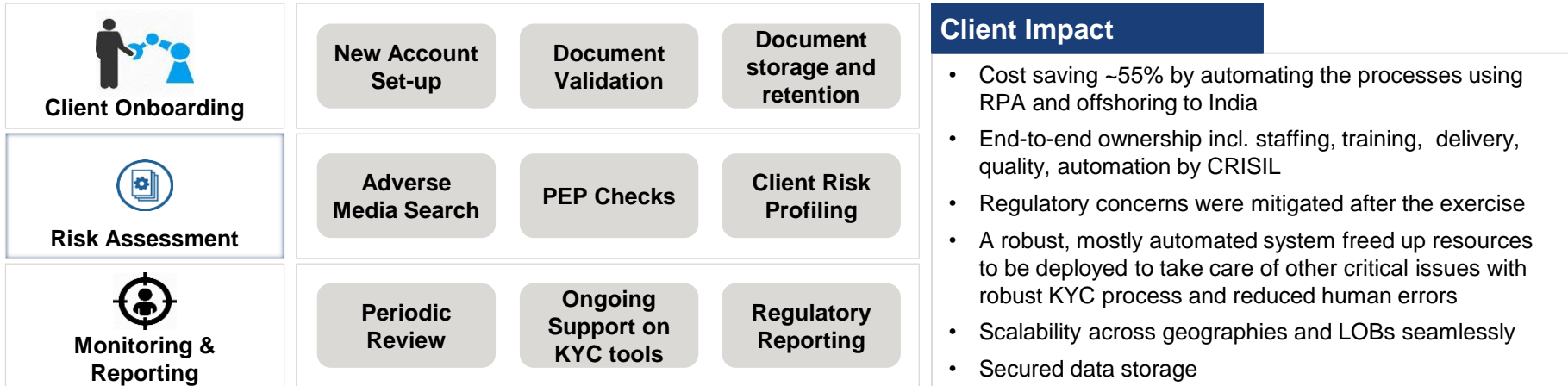
Case Study: KYC Support and Process Automation – Managed Services Model

Background

- A Global investment bank was found to have insufficient and ineffective AML processes with respect to the KYC program. It was not robust enough to understand the ownership and control structure of its respondent banks, hindering its ability to perform requisite sanctions and PEP screening
- The documentation of screening results was erratic and deficient

Business Objective

- Implement a risk assessment process for all the AML procedures and systems within the bank
- Ensure consistency in CDD and KYC processes across the globe, taking into account regional variations in defined AML policies
- Reduce the manual effort by automating processes and deliver the services under managed services model



CRISIL Approach

- Automated the process of OFAC Screening, PEP Check and Negative news screening using RPA, and enhanced the process efficiency by reducing human errors, and cost savings to the firm.
- Developed a robust risk-based Customer Identification Program (CIP) under the overall KYC compliance process during regulatory inspections
- Automation of various regulatory reports using a user friendly dashboard creation.
- Ensured adequate due diligence was carried out for all customers, irrespective of whether it was already done by the respondent bank
- Maintained and updated all the KYC documents in one repository with proper hierarchy defined

Case Study: Customer Risk Rating (CRR) Model

Objective

Build a comprehensive risk assessment model using data analytics techniques to:

- Carry out detailed risk assessment of customers by identifying factors like customer profile information, transaction/behaviour attributes, delivery channels, etc.
- Calculate a customer risk rating score (normally a low, medium or high score) by applying specific tolerance limit on the expected incoming and outgoing volumes for profile monitoring purposes.

CRR Process

Data Collection	Data Standardization	Account Analysis	Customer Aggregation	Customer Analysis	CRR Score
Identification of data sources and data extraction Reviewing the data quality	Removing inconsistencies such as white spaces, dashes etc.	Calculation of CRR Factor scores at account level	Computation of individual factor scores Aggregation of account level data	Defaulting the MSB, PEP and SAR customers as identified by the client to a high risk score	Final CRR score as a weighted sum of individual scores

CRR Calculation

Risk Score = (Factor Weight * 100) / Sum of weights of all factors

Client Type	Dimension	Dimension Weight	Factor	Factor Weight	Standardized Value	Factor Score	Dimension Score	CRR Score
Individual	Client	25%	Citizenship	100%	NO	5	5	4.2
	Geography	30%	Country of Primary Address	100%	HR	5	5 (Max of Country Scores)	
			Country of Mailing Address		MR	3		
			Country of Statement Mailing		MR	3		
	Product	25%	Product	100%	HR	5	5	
	Delivery Channel	10%	Delivery Channel	100%	FACE-TO-FACE	1	1	
Length of Relationship	10%	Length of Relationship	100%	>5 YEARS	1	1		