

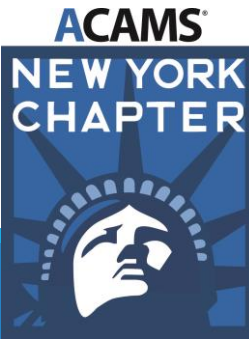
Keeping Pace with Global Regulatory Change

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ACAMS NEW YORK CHAPTER LEARNING EVENT
DATE: JULY 31, 2019



Keeping Pace with Global Regulatory Change

Moderator

- **Keith Harding**, CAMS, Practice Lead, Anti-Financial Crimes Advisory Services, Dixon Hughes Goodman

Panel

- **Brad Cohen**, Associate, Litigation & Dispute Resolution, Mayer Brown
- **Indira Mahadeo**, Executive Director, Investment Management Operations, Morgan Stanley
- **Kate Salottolo**, Global Head of AML, Brand Risk Management and Global Financial Crimes Compliance, PayPal
- **Ajit Tharaken**, Senior Director, Client Lifecycle Management and KYC, Pegasystems

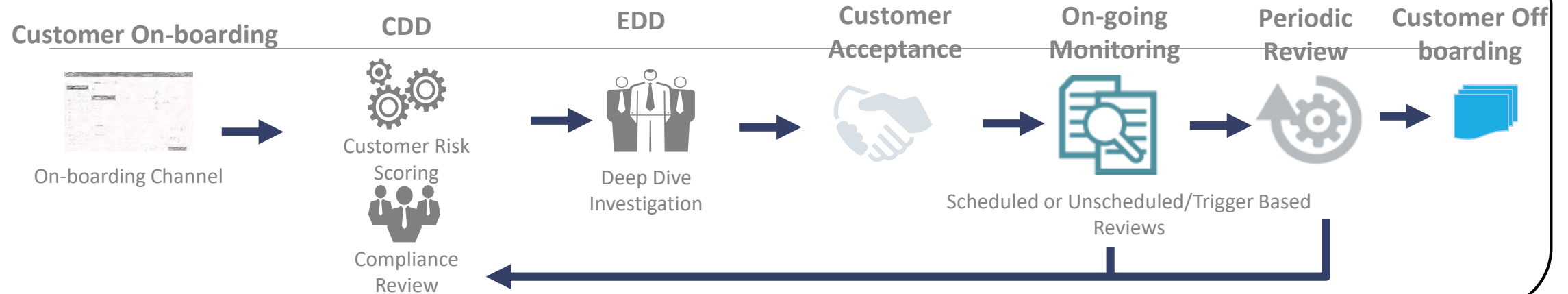
Keeping Pace with Global Regulatory Change

Agenda

- Upcoming global regulations and their impact
- Industry trends in client onboarding and KYC
- Operational impact of constant regulatory changes
- Role of IT in change implementation
- Future of regulators focus and enforcement

Onboarding/KYC – Current Challenges

Current Process



Typical Pain Points for Customers and Institutions



Regional Variations
in KYC Standards



Lack of Holistic View
of the Client



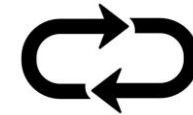
Complex and
Inefficient
Onboarding



Outdated and
Manual Processes



High Volume of
False Positive
Alerts



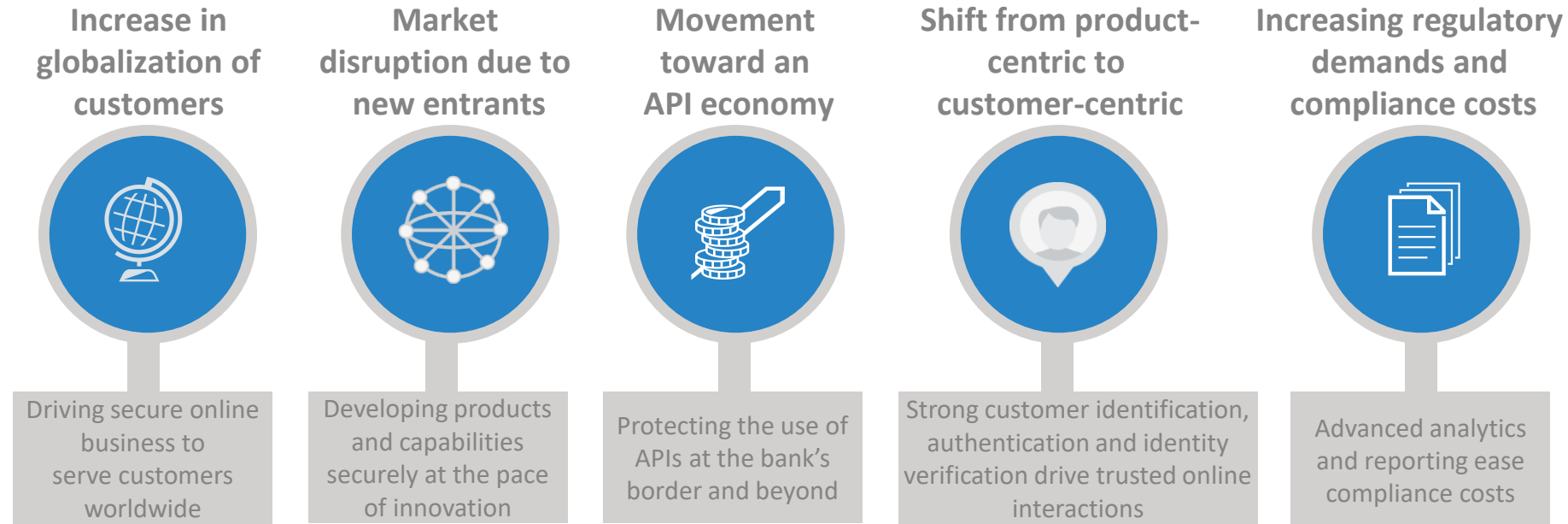
Poor Feedback
Loops



Missed
Opportunities

Client onboarding and a changing global environment

The client onboarding processes today are highly manual and cost intensive, and offer a less-than-optimal experience to customers as well as employees involved in the process



Technology foundation establishes digital trust with customers and enables greater online business. Unless the onboarding experience is re-architected and redesigned, organizations stand to lose their competitiveness and value in this changing environment

FINANCIAL CRIMES



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Treasury's FinCEN and Federal Banking Agencies Issue Joint Statement Encouraging Innovative Industry Approaches to AML Compliance

Contact: Steve Hudak, 703-905-3770

Immediate Release: December 03, 2018

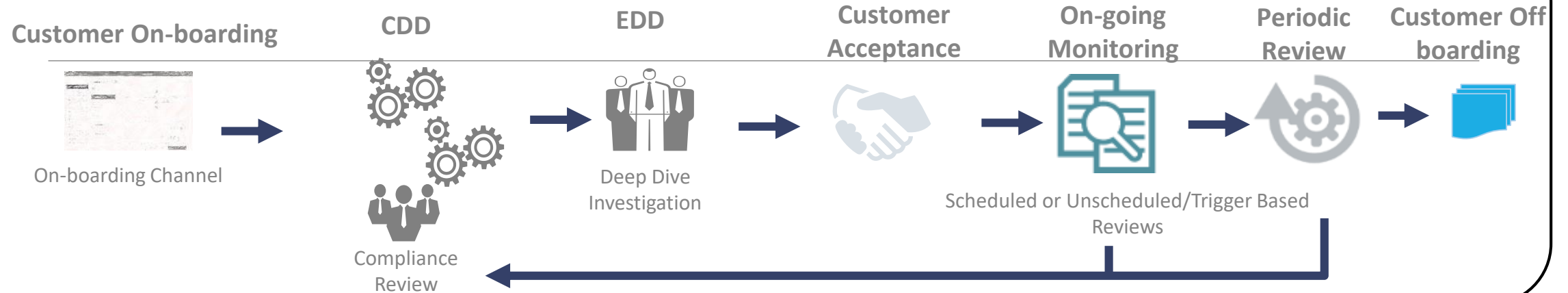
WASHINGTON—As a result of a working group established by the U.S. Department of the Treasury's Office of Terrorism and Financial Intelligence and the Federal depository institutions regulators, the Financial Crimes Enforcement Network (FinCEN) and its regulatory partners today issued a joint [statement](#) to encourage banks and credit unions to take innovative approaches to combating money laundering, terrorist financing, and other illicit financial threats.

The joint statement, issued by FinCEN, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the

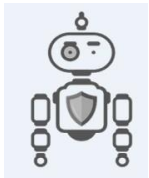
Drive for Innovation: Regulators, Industry & Technology

Onboarding/KYC – Value Drain to Value Add

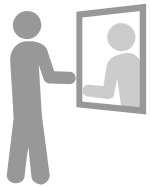
Current Process



Opportunities for Innovation



Robotic Process Automation



Entity Resolution



OCR



Omni-channel, Self Service Portal



Digital Identity



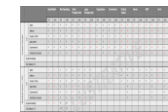
Advanced Analytics



Natural Language Processing



Advanced workflow management



Interactive Reporting



Next Gen Cust Risk Scoring

Top trends impacting Client Onboarding/KYC clients

1

Digital Transformation – Regulatory Technology Applications powered by AI, BPM, Rules Engine and Robotic Process Automation (RPA) that digitize the end-to-end client journey.

2

Customer Experience - Customer expectations are increasing exponentially with banks needing to **optimize client outreach, reducing time to onboard** and providing **front to back office transparency** across lines of business and jurisdictions.

3

Global View - The industry is striving towards one global view of the client across business lines, jurisdictions, and products.

4

Integration & Orchestration – Integrating some or all of their systems - anti-money laundering (AML) systems, MDM, external data vendors, KYC utilities and other in house systems into a single technology environment.

5

Global Regulatory Requirements - Increasing and constantly changing global and local regulatory requirements drive the need for more information from clients and also for the banks to keep up with the pace of these changes. **Banks were fined around \$26B between 2008-2018 for regulatory violations. \$8.9B was the largest fine to date against BNP Paribas.**

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PANEL DISCUSSION

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Q & A