Capgemini

Know Your Customer (KYC) Transformation
with Capgemini's Next-generation KYC Offering

Are your current KYC/CDD operating model and solutions really bringing the expected value?

Financial institutions are undergoing radical transformation, challenged by the digitization of processes, platformification of business ecosystems, as well as data protection and cybersecurity issues. COVID-19 pandemic has brought to fore these concerns and in this challenging environment, risks need to be managed efficiently to prevent operational and reputational damages, while complying with increasingly complex regulations and policies.

Fundamentally, these challenges point to the need to foster trust within business ecosystems, and between business partners. Building trust is primarily based on the reliable identification and verification of business identity, as a cornerstone of any business relationship.

Referred to as "Know Your Customer" (KYC) / "Client Due Diligence" (CDD) processes in the financial industry, these processes are driven by strong regulatory requirements, with geographic specificities, and are part of the overall measures taken by governments and financial institutions against financial crimes.

These processes have always been arduous and labor intensive ones, ones where complexity is continuously increasing. KYC and operations teams continue to face the challenge of managing the pressure coming from clients, front offices and regulators, supporting business as a partner, while ensuring compliance and protecting the bank.

Some of the consistent concerns that we discovered among our clients, include:

- How can firms reach operational efficiency in KYC while simultaneously improving customer experience?
- How can standardization, collaboration and technology be leveraged to tackle the key challenge of siloed information?

In our view, trends in technologies have led to the development of next-generation 'KYC-as-a-Service' solutions, adaptative to each bank's specific framework and able to accelerate their transformation. These solutions can enhance a financial organization's ability to orchestrate its entire ecosystem at play – including BigTech, RegTech, FinTech and other technology and business partners – while also enabling advanced compliance services and effective utilization of internal and external data.

You can gain more insights on these challenges and key steps firms can take to address these in our whitepaper **'Path to next-generation KYC-as-a-Service solutions'.** Specifically, the whitepaper addresses the following:

Data and technology solutions for process and cost efficiencies

- How the emergence of new technologies such as APIs, data analytics, intelligent automation and Distributed Ledger Technology (DLT) is bringing new levels of cost-efficiencies and extended connectivity, when combined with proper supervision and controls while ultimately improving customer experience.

External and internal data Sharing:

- How the secure sharing of information between properly identified business partners throughout their respective ecosystems contribute to laying the foundations of a trusted business environment for the benefit of more efficiency and better compliance but also more sustainable business relationships.

New operating models:

- How KYC/CDD processes could be processed extensively "as-a-service", based on better controls, enhanced data quality, and tamper proof traceability.

- These new kind of 'KYC-as-a-Service' operating models will bring to financial institutions extended capacities to overcome current KYC/CDD challenges and open the door to new flexibilities in the way they manage KYC/CDD processes without compromising on the quality of the surveillance. Ultimately, they call for the development of "next-generation 'KYC-as-a-Service' solutions".
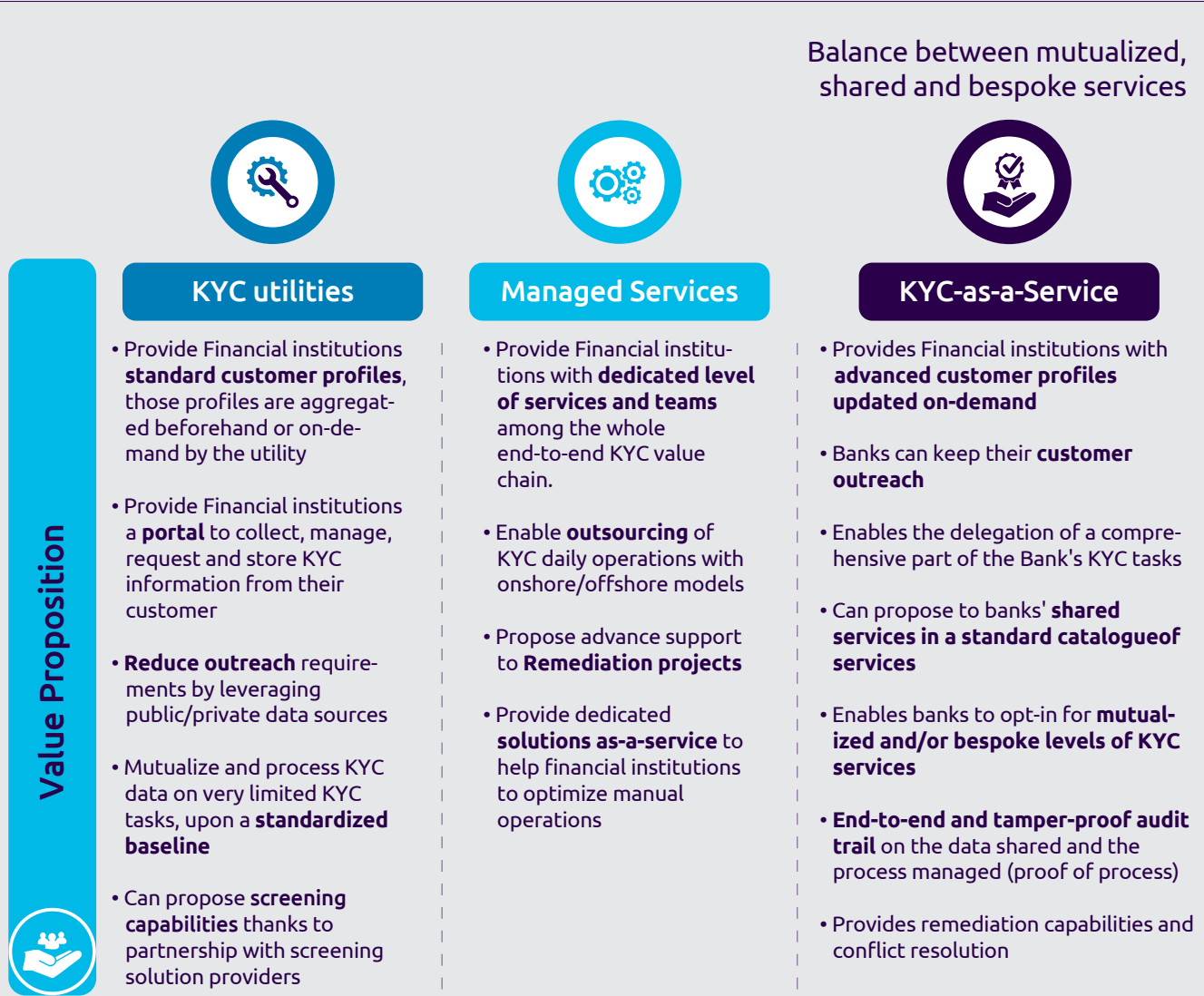
The next-generation 'KYC-as-a-Service' solutions

As we envision them, these next-generation 'KYC-as-A Service' solutions should:

- Be adaptative to each financial institution specific framework and able to accelerate their transformation
- Mix the benefits of mutualization and externalization to offer various level of services to financial institutions, internally and/or with the support of an externalized party
- Leverage best-in-class emerging technologies to provide financial institutions new efficiencies, better data quality, improved controls and increased data lineage and auditability
- Participate in the overall effort for better compliance and improved customer experience

Figure 1: How KYC-as-a-Service solutions differ from KYC utilities and managed services

Balance between mutualized, shared and bespoke services

Value Proposition

KYC utilities

- Provide Financial institutions **standard customer profiles**, those profiles are aggregated beforehand or on-demand by the utility
- Provide Financial institutions a **portal** to collect, manage, request and store KYC information from their customer
- **Reduce outreach** requirements by leveraging public/private data sources
- Mutualize and process KYC data on very limited KYC tasks, upon a **standardized baseline**
- Can propose **screening capabilities** thanks to partnership with screening solution providers

Managed Services

- Provide Financial institutions with **dedicated level of services and teams** among the whole end-to-end KYC value chain.
- Enable **outsourcing** of KYC daily operations with onshore/offshore models
- Propose advance support to **Remediation projects**
- Provide dedicated **solutions as-a-service** to help financial institutions to optimize manual operations

KYC-as-a-Service

- Provides Financial institutions with **advanced customer profiles updated on-demand**
- Banks can keep their **customer outreach**
- Enables the delegation of a comprehensive part of the Bank's KYC tasks
- Can propose to banks' **shared services in a standard catalogueof services**
- Enables banks to opt-in for **mutualized and/or bespoke levels of KYC services**
- **End-to-end and tamper-proof audit trail** on the data shared and the process managed (proof of process)
- Provides remediation capabilities and conflict resolution

Enable your transformation journey with an experienced partner

To support your transformation journey, Capgemini capabilities for KYC/CDD are organized around three main themes:

1. Strategy and governance

- Strategic advisory regarding all aspects of the KYC/CDD value chain
- Overall design of KYC/CDD platforms with respect of legal and compliance requirements

2. Data, technology and innovation

- Architecture design for KYC/CDD Platforms leveraging best in class technologies and capabilities including RegTech partnerships and joint solution offerings
- Advanced technology enablers to support all the necessary layers of an efficient KYC/AML architecture, including technologies like Artificial Intelligence (AI) and Distributed Ledger Technology (DLT)
- In-house SaaS or vendor hosted solution delivery
- Managed services capabilities to allow the externalization of some KYC/CDD tasks to selected operation centers
- Data governance and quality
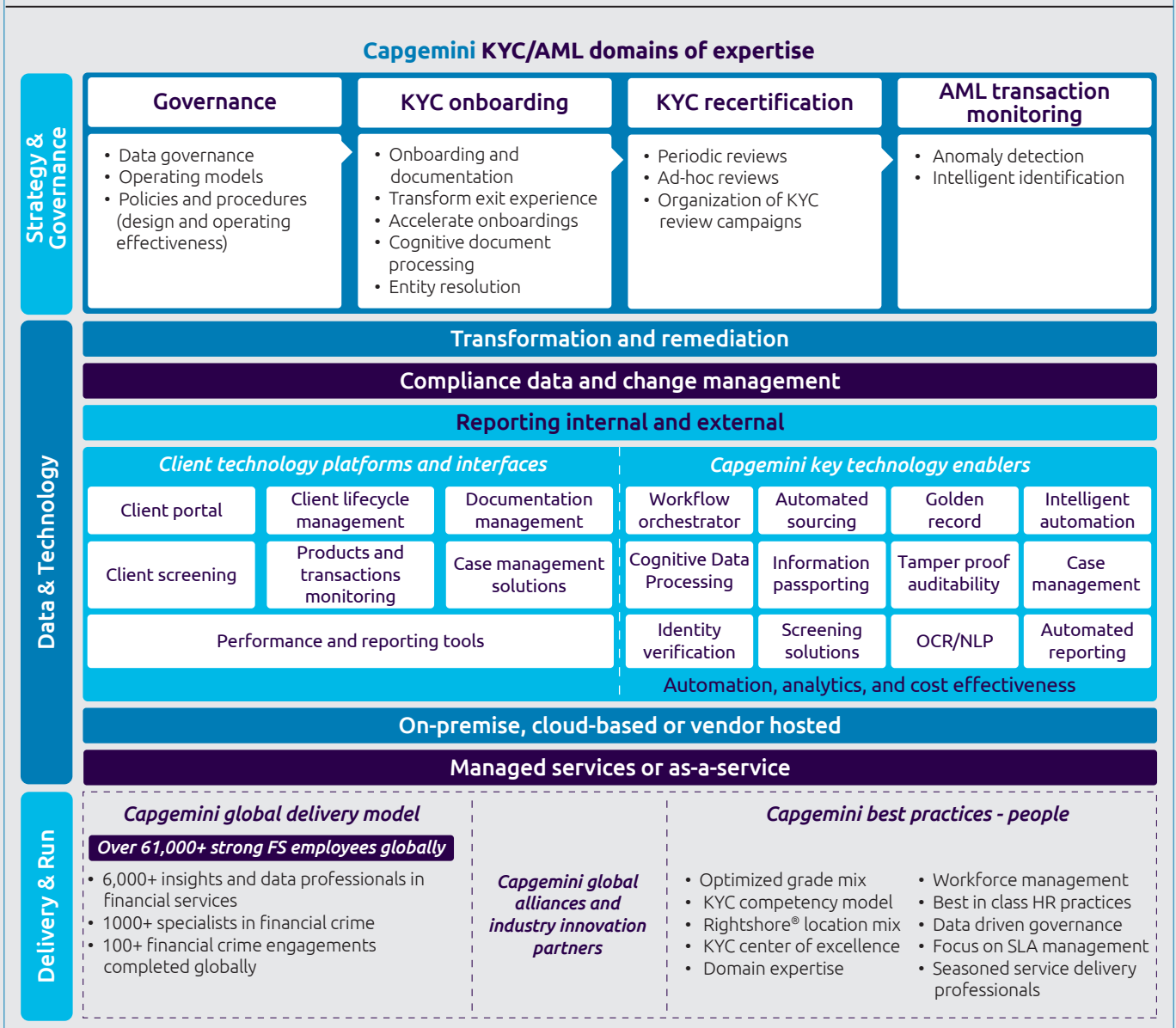- KYC/AML remediation and optimization

3. Delivery and operations

- Global delivery model leveraging onshore/offshore/nearshore capabilities with 61000+ consultants dedicated to financial services including 6000+ insights and data consultants
- Strategic alliances with key vendors in the KYC/CDD space as well as industry innovation partners including AWS, Pega, IBM, Fenergo, Oracle, Google, SAS, Microsoft and many more.
- Best practices, methodologies and advanced people skills within our KYC centre of excellence

Recognized as leader and star performer in Banking and Financial Services (BFS) risk and compliance IT services in the Everest Group PEAK Matrix® 2020 assessment entitled "Building Cloud-based Data Infrastructure for Intelligent Real-time Controls".

Figure 2: Capgemini's KYC/AML Capability Model

Capgemini KYC/AML domains of expertise

Strategy & Governance

Governance	KYC onboarding	KYC recertification	AML transaction monitoring
• Data governance • Operating models • Policies and procedures (design and operating effectiveness)	• Onboarding and documentation • Transform exit experience • Accelerate onboardings • Cognitive document processing • Entity resolution	• Periodic reviews • Ad-hoc reviews • Organization of KYC review campaigns	• Anomaly detection • Intelligent identification

Data & Technology

Transformation and remediation

Compliance data and change management

Reporting internal and external

Client technology platforms and interfaces			*Capgemini key technology enablers*			
Client portal	Client lifecycle management	Documentation management	Workflow orchestrator	Automated sourcing	Golden record	Intelligent automation
Client screening	Products and transactions monitoring	Case management solutions	Cognitive Data Processing	Information passporting	Tamper proof auditability	Case management
Performance and reporting tools			Identity verification	Screening solutions	OCR/NLP	Automated reporting

Automation, analytics, and cost effectiveness

On-premise, cloud-based or vendor hosted

Managed services or as-a-service

Delivery & Run

Capgemini global delivery model

Over 61,000+ strong FS employees globally

• 6,000+ insights and data professionals in financial services
• 1000+ specialists in financial crime
• 100+ financial crime engagements completed globally

Capgemini global alliances and industry innovation partners

Capgemini best practices - people

• Optimized grade mix
• KYC competency model
• Rightshore® location mix
• KYC center of excellence
• Domain expertise

• Workforce management
• Best in class HR practices
• Data driven governance
• Focus on SLA management
• Seasoned service delivery professionals

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[1] *Trusted Data Exchange* leverages the R3 DLT framework Corda to help streamlining KYC processes, properly manage KYC Data, and enhance KYC systems monitoring and auditability. The solution is designed as a set of microservices essentially enabling client outreach and the secure sharing of KYC information within a bank or between a bank and its network of partners (other banks, vendors, customers…)

To support/deliver our capability model, and in addition to our strategic partnerships with innovation partners, Capgemini leverages its in-house offerings to meet market demands, including a number of intelligent automation solutions. *Trusted Data Exchange*[1], for example, is a DLT-based solution that supports automation of data collection and secure data sharing between business partners. Capgemini has also developed data quality tools and solutions as data quality continues to be the pain point and focus areas for many FIs.

Any path to "KYC-as-a-Service" solutions can start by a maturity assessment relying on five pillars:

- **Organization assessment**
- **Data assessment**
- **Process assessment**
- **Technology assessment**
- **Cost assessment**

The conjunction of the maturity calculated for each of those pillars should give a clear picture of where the institution lies in its KYC/CDD transformation journey and the potential outcomes it could gain form bringing it one or several steps forward. It should also give a clear view on the specific areas of improvement for the institution and where implementing new solutions can immediately provide measurable added value.

Wherever financial institutions stand on their KYC transformation journey, deploying CLM tools and connecting to external data providers, we believe that implementing a KYC-as-a-Service solution that fits their organizational structure has the power to dramatically improve KYC operations, while reducing costs and improving customer experience.

Connect with us at financialservices@capgemini.com to learn more on our Financial Crime Management services.

About
Capgemini

Capgemini is a global leader in consulting, digital transformation, technology and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms.

Building on its strong 50-year+ heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. Today, it is a multicultural company of 270,000 team members in almost 50 countries. With Altran, the Group reported 2019 combined revenues of €17billion.

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