

True Cost of Financial Crime Compliance Study

Global Summary

provides industry-driven insight into financial crime compliance around the world. We surveyed 1,088 financial crime compliance decision makers across multiple markets and organization types: **NORTH AMERICA EMEA** Canada, United States France, Germany, Netherlands, Poland, South Africa, Central E. Europe (Czech Republic, Hungary), UAE, Middle East (Other) (Saudi Arabia, Bahrain, Qatar)

The global true cost of financial crime compliance series



The projected total cost of financial crime compliance across all financial institutions in the 2022 study markets in North

01 KEY FINDING

America, LATAM, EMEA and APAC is \$274.1B. **North America Europe** 2020 2022 2022 Change 2020 Change



highest YOY dollar changes.

Global Average 7% Labor/resource costs (salaries) 18% Labor/resource costs (training) Technology (KYC software)

33%

The average annual cost of financial crime compliance per

organization has risen by double-digits since the pandemic

began in 2020, with U.S. financial institutions reporting the



68% Increasing AML regulation **Evolving criminal threats** Increased data privacy requirements

68%

49%

49%

38%

Increased geo-political risk

Investment in new technology, tools

Investment in risk management, de-risking

More rigorous, time intensive investigations

Increasing AML activity

Increased staffing costs

More complex investigations

67%

65%

Financial crime involving digital payments

illegal activities

Professional advisers legitimizing

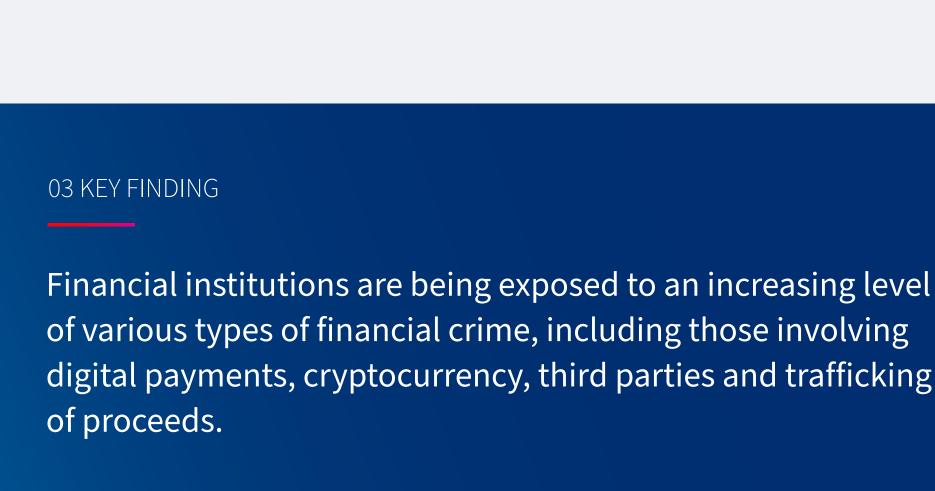


Factors Driving AML Compliance Costs

% Ranked Among Top 3

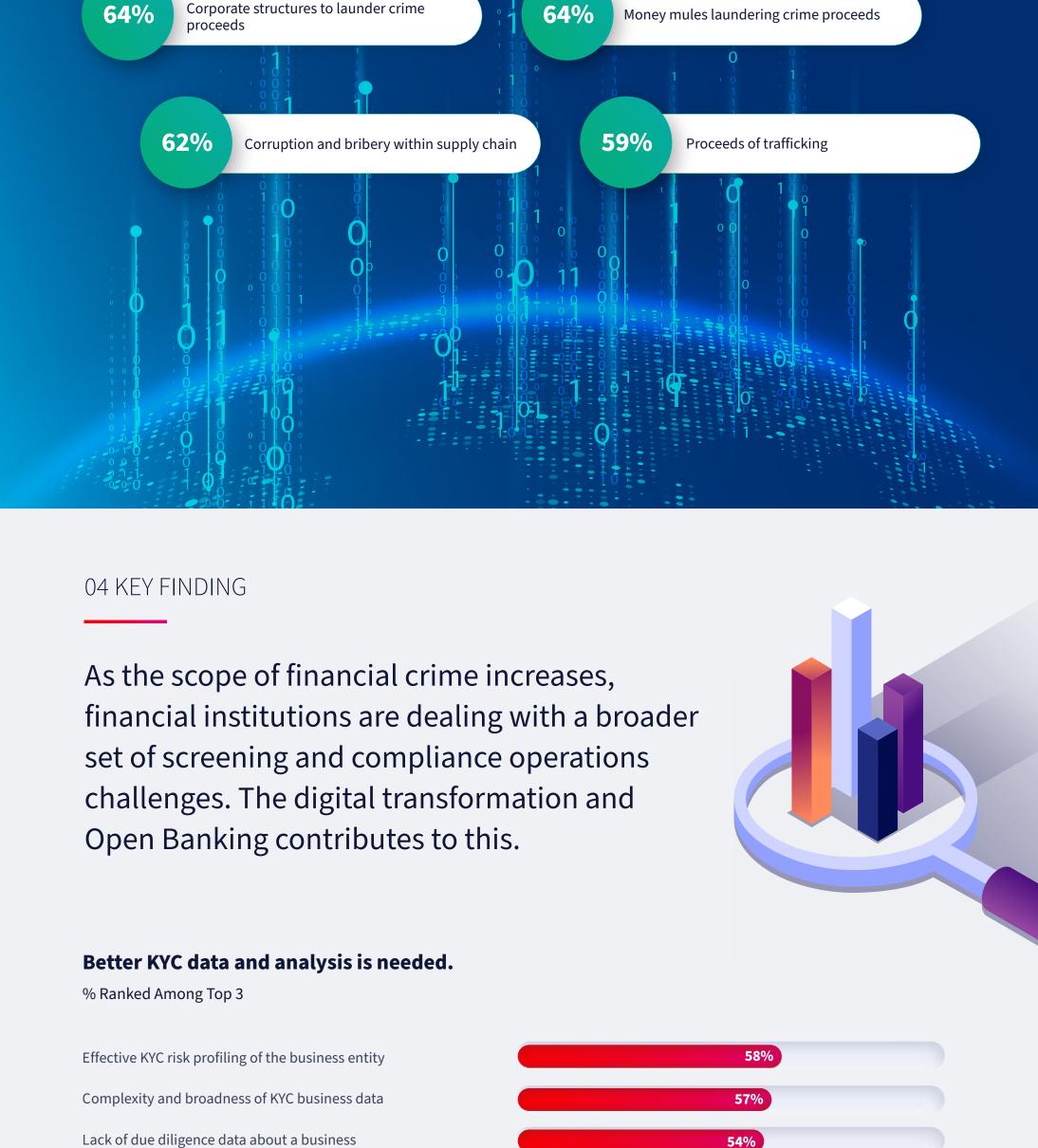
67%

66%



Trade-based money laundering schemes

Financial crime involving cryptocurrency



Identifying Ultimate Beneficial Owners Lack a single view of risk for a business entity Lacking critical identifying attributes of a business

Maintaining an audit trail of KYC searches

Non-cooperation from the business

Identifying relationships between business entities

Lack of up-to-date information on the business

Lack of a standard data registry within non-U.S. markets

Non-standard documentation with offshore financial centers

05 KEY FINDING technology experienced:

Lower Average Annual

Cost of Compliance

Mid/large average annual compliance costs: Markets with highest annual spend (France, Germany, Netherlands)

\$44M

technology

\$56.2M



Identifying Ultimate Beneficial Owners

Manual workloads

Delayed on-boarding

Longer due diligence times

50%

45%

labor **Distribution of Compliance Operations Costs**

A multi-layered solution approach to financial crime compliance and identity proofing is essential as criminals become more sophisticated. **Effective Solution** It is important to assess both the individual and the business (if a business account) with a need for real-time behavioral data/analytics. Investigate both the physical (name, address, documents) and digital identity attributes

(the digital footprint, devices, and behavior of the entity)

Leverage data analytics to

assess risks and behaviors Assess both the individual (Is this in real-time the right person?) and the transaction (Are there anomalies with the transaction?)

Incorporate both the

business(es) (KYB)

individual(s) (KYC) and the

LexisNexis® Risk Solutions is ready to support your company reduce the cost of financial crime. Contact us to learn more.

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How LexisNexis® Risk Solutions can help.

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