

## CASE STUDY



## Himalayan Bank leverages Firco® Compliance Link and Firco® Global Watchlist® to drive 30% operational efficiency

### Business Overview

Himalayan Bank, one of Nepal's largest commercial banks, was established in 1993 in a joint venture with Habib Bank Limited of Pakistan. Despite the tough competition in the Nepalese Banking sector, Himalayan Bank has been able to remain a leader in Loans and Deposit Services. Himalayan is an institution that's known throughout Nepal for its pioneering approaches to innovation and customer service.

As an innovative organization, Himalayan Bank developed its own proprietary online money transfer software "HimalRemit" to service the large population of Nepalese workers abroad who need a safe and

formal money transfer channel. The bank has also assigned employees to the Middle East and Gulf region for technical partnerships with local banks and exchange houses, making Himalayan Bank the largest bank in Nepal handling inward remittance.

Digitization has helped it become more efficient and drive business growth. But this also brings a greater risk associated with more complex systems, hyper-connected networks, and expanding volumes of customer data and ever-evolving financial criminals.

“Himalayan Bank always strives to be compliant with Anti-Money Laundering/Combating the Financing of Terrorism, which is why we partnered with LexisNexis Risk Solutions to combat financial crime. The LexisNexis Risk Solutions AML/CFT automated screening solution has helped us significantly improve our screening processes and generated a lot of trust in our correspondents as well as the regulator. LexisNexis Risk Solutions has played a major role in our compliance journey. Trusted by many banks in Nepal and across the globe, LexisNexis Risk Solutions products can cater to any kind of AML/CFT screening that is needed in a bank, a testament to its market leading solutions in the area of financial crime screening.”

— ASHOKE SJB RANA, CHIEF EXECUTIVE OFFICER, HIMALAYAN BANK

### Key challenges faced by the bank

Historically, when customer volumes were manageable, it was possible for the bank to perform manual AML/CFT screening despite the inefficiency. With the advent of digitization, business growth accelerated, which led to an increase in customers and their data. In this environment, manual screening procedures are unproductive and ineffective. Hence, Himalayan Bank required an automated solution to mitigate financial crime risk, create efficiencies and provide the latest products and services to customers in the digital age.

A crucial component in identifying the AML/CFT risks is to screen customers against:

- **Regulatory watchlists**
- **Sanctions lists**
- **Enforcement lists**
- **Politically Exposed Persons**
- **Adverse Media.**

As these data sources are constantly updated, not having real-time access to the latest information posed a significant risk of breaching financial crime regulations. Any delays in completing compliance reviews result in poor customer experience.

In addition to customer onboarding screening, it is essential to have in place payment screening for the bank's remittance service. With the rise in cross-border transactions, Himalayan Bank has strived to uphold its exemplary reputation with international correspondent banks and major card payment networks by adopting robust standards and enhancing instantaneous due diligence checks.

Operationally, Himalayan Bank faced manual challenges and sought an omni solution to tackle increasing volumes of customer and payment screening.

The key open issues were:

- 1 Manual screening of customers is time-consuming and may introduce human error. This hinders customer due diligence checks and increases turnaround time.
- 2 Screening of payments is not performed in real-time.
- 3 Re-screening or periodic review of existing customers could not be carried out in a timely manner. Hence it led to risk where existing customers had become sanctioned after onboarding.
- 4 High number of false positive hits or alerts added a burden to business operations.
- 5 Watchlist screening against customers and payments was limited to regulatory and sanctions lists (e.g. UNSCR, OFAC). Enforcement lists, Politically Exposed Persons, Adverse Media data were not available.
- 6 Collating watchlists from various data sources is ineffective, due to disparate data formats.

“LexisNexis Risk Solutions have a depth of experience in the financial crime screening domain that has helped us at Himalayan Bank to strengthen our compliance processes. LexisNexis Risk Solutions’ deep understanding of local and global regulations, complemented by their comprehensive centralized reference database consisting of Watch lists, Politically Exposed Persons, Adverse media and Enforcement data, has helped us mitigate compliance risk while introducing great efficiencies. Firco Compliance Link has helped us automate and perform customer and payment screening in real time; user defined rules has helped us reduce false positives; giving my teams time to review the important matches and decrease turnaround time for business.”

— BHAWANI THAPA GHIMIRE, HEAD OF COMPLIANCE, HIMALAYAN BANK

### How Did Compliance Link Help?

By integrating Firco Compliance Link into Himalayan Bank’s screening procedures, it helped streamline and reduce the risks associated with manual screening. This was achieved by automating real-time screening of customers and payments data. To ensure existing customers are not linked to AML/CFT risks, Firco Compliance Link automatically triggers re-screening as soon as there are updates to watchlists or customer profiles.

To adhere to the bank’s screening requirements and regulatory guidelines, Firco Compliance Link is highly customizable and configurable. User defined rules significantly reduced false positives, hence allowing the compliance team to focus on reviewing potential true matches or risks. Consequently, Himalayan Bank experienced an increase in operational efficiency by over 30%.

LexisNexis Risk Solutions comprehensive data, Firco Global Watchlist, is inclusive of Regulatory watchlists, Sanctions lists, Enforcement lists, Politically Exposed Persons, Adverse Media. The reference data is seamlessly integrated with Firco Compliance Link to provide the most up-to-date regulatory compliance data. All data resources are centrally consolidated into a standardized format and this saved the bank valuable time that would be otherwise spent on normalizing multiple data formats from various sources.



### Long Term Success

- Soon after Firco Compliance Link was built into Himalayan Bank's compliance screening workflow, the turnaround time for operations in opening accounts accelerated and processing cross-border payments effectiveness improved.
- The number of alerts generated from screening reduced significantly. This reduced the burden on the bank's operations and compliance teams.
- In order to mitigate compliance risks in the bank's customer portfolio, the depth and breadth of LexisNexis Risk Solutions data enabled teams to perform centralized due diligence on customers who matched with one or multiple data sources.
- Regulators, correspondent banks and major card networks had given Himalayan Bank high compliance ratings, due to their automated compliance process and engagement with reliable trusted solution provider such as LexisNexis Risk Solutions.



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“We have been working with Nepal and its many financial institutions including Himalayan Bank for over a decade. It is clear in that time that the ‘Culture of Compliance’ has grown significantly within the community – especially around two of three key pillars for an effective AML/compliance program being ‘People’ and ‘Process’. What is demonstrated here with Himalayan Bank is the real investment now also being made in the third key pillar – being ‘Technology’. Himalayan Bank understood very well what Technology alongside strong People and Processes can do in increasing further that effectiveness on its fight against Financial Crime, whilst increasing its standing and reputation in the broader global financial community.

We are happy to have been the partner of choice to realise that potential to its fullest and in doing so not just increase effectiveness of the compliance program but also the actual efficiencies that have been brought to the business itself – so that People and Processes can continue to invest in more higher value tasks and investigation work. We look forward to supporting this journey of partnership and progression with Himalayan Bank in the many more years to come.”

— JONATHAN ROGERSON, SENIOR DIRECTOR SALES, FINANCIAL CRIME COMPLIANCE AND PAYMENTS



For more information, visit [risk.lexisnexis.com/global/en/financial-services/financial-crime-compliance](https://risk.lexisnexis.com/global/en/financial-services/financial-crime-compliance)

### About LexisNexis® Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit [www.risk.lexisnexis.com](https://www.risk.lexisnexis.com) and [www.relx.com](https://www.relx.com). Our solutions assist organizations with preventing financial crime, achieving regulatory compliance, mitigating business risk, improving operational efficiencies and enhancing profitability.