True Cost of Financial Crime Compliance Study

SINGAPORE EDITION

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BACKGROUND & OBJECTIVES

LexisNexis® Risk Solutions has conducted a global survey of its True Cost of Financial Crime Compliance study. The following report presents findings for the Singapore market.

Specific objectives included to:

- **Identify the drivers and influencers** impacting financial crime compliance;
- **Understand spending trends** for financial crime compliance, including:
  - How spending is divided by cost of compliance area (e.g., sanctions, transaction monitoring, technology, KYC due diligence, etc…);
  - The human resources component of these costs, particularly numbers of FTEs for compliance and sanctions screening; and
  - The processing time component (e.g., length of time to complete customer due diligence by type of client/entity);
- **Determine the business impact** of the financial crime compliance environment, particularly with regard to new regulations and provisions; and
- **Identify any challenges and impacts** associated with the COVID-19 pandemic.

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METHODOLOGY

LexisNexis® Risk Solutions retained KS&R, a global market research firm, to conduct this research study.

Data was collected by phone during September and October 2020 with a total of:

71 completions across the **Singapore** market

Respondents included decision makers within the financial crime function who oversee KYC remediation, sanctions monitoring, financial crime transaction monitoring and/or compliance operations. Organisations represented banks, investment firms, asset management firms, and insurance firms.

LexisNexis® Risk Solutions was not identified as the sponsor of the research in order to lessen potential for brand bias.

In this report, **firms are referred to in terms of their asset size** and defined as:

- Small asset size – having <$10B total assets
- Mid/large asset size – having $10B+ total assets.

All currency references in this report are based on USD.

Background & Objectives

Methodology

Year-over-year Changes

Key Findings

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Key Finding 02

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Implications

YEAR-OVER-YEAR CHANGES
Since 2019:

- The *total projected cost* of financial crime compliance across Singapore financial firms jumped 22%, from $3.13B to $3.81B.
- The average number of FTEs has grown for mid/large financial institutions (from 77 to 105), particularly as some hired additional employees as part of their commitment to protect jobs during the COVID-19 pandemic.
- Screening volumes have increased for both compliance (from 258 to 298 names per day) and sanctions (from 213 to 254 names per day).
- The nature of compliance screening challenges has broadened to include sanctions screening and positive ID of PEPs, in addition to alert resolution, regulatory reporting, KYC, and risk profiling.
- Even more financial firms (78%) expect alert volumes to increase. And the time taken to clear most alerts has doubled, from a median of 3.5 hours to 6.5 hours.
- Significantly more firms expressed concern about employee satisfaction (62%) and have experienced decreased productivity due to compliance processes (61%).
- The COVID-19 pandemic heightened existing compliance operations challenges through increased alert volumes/suspicious transactions, more manual work, reduced compliance controls and monitoring capabilities, delayed on-boarding, less productivity, difficulty accessing KYC sources of information, and nearly doubling customer due diligences times.
- *Average* annual financial crime compliance costs, prior to the onset of COVID-19, increased by nearly 21% for larger financial firms. The pandemic added to this year-on-year compliance cost increases, bringing their average cost to $17.26 million.

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KEY FINDINGS

1. **The cost of financial crime compliance** has risen significantly for larger financial institutions in key Singapore markets. Labour contributes to this.

2. **Financial institutions are dealing with a broader set of compliance challenges in 2020,** as unexpected and difficult changes occurred, particularly from retail, e-Commerce, real estate, and legal/accounting sectors.

3. **COVID-19 has significantly impacted financial crime compliance operations across Singaporean financial institutions.** It has compounded the already broadened set of current challenges faced by firms prior to the pandemic and will likely lead to investments in compliance technologies to address anticipated COVID-19-related cost increases over the next 12 – 24 months.

4. Challenges aside, **financial crime compliance activities do provide a range of benefits** to Singapore financial institutions, allowing more effective risk management and management of customer relationships.

5. **Financial institutions that have invested in technology solutions** to support financial crime compliance efforts have experienced smaller cost increases and less negative impacts overall and during COVID-19.

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KEY FINDING 01

The cost of financial crime compliance has risen significantly for larger financial institutions in key Singapore markets. Labour contributes to this.

The average total projected cost of financial crime compliance across all financial institutions in Singapore has risen 22%.

The average annual cost of financial crime compliance per organisation has risen at a similar rate among larger institutions.

This is related to more costs are associated with labour compared to 2019, as larger firms are dealing with larger screening volumes, increased staff and compliance challenges.

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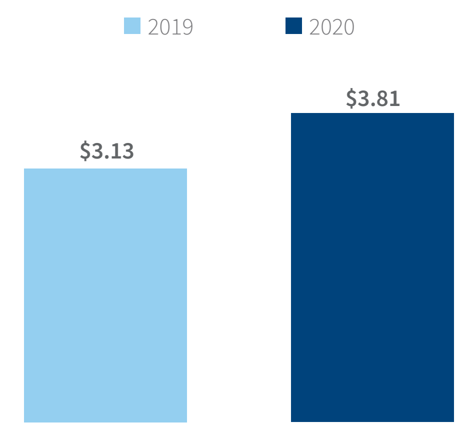
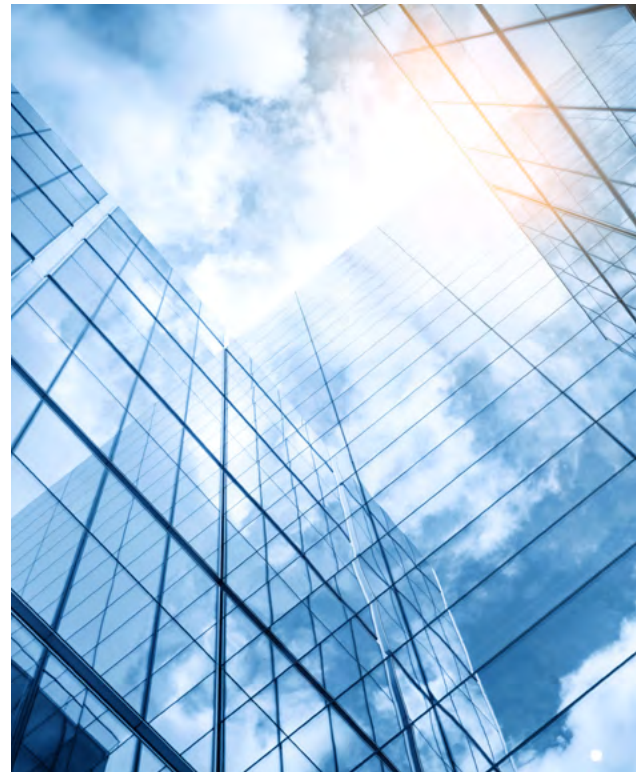
KEY FINDING 01
Projected Total Cost of Financial Crime Compliance Across Financial Institutions

The total projected cost of financial crime compliance across all financial firms in Singapore is $3.81B for 2020, a sizeable jump (22%) from $3.13B in 2019.

As shown on the following slides, the rise is a combination of ongoing regulatory pressures and the impact of COVID-19.

Projected Total Cost of Financial Crime Compliance* Across Financial Firms
(Costs in Million)





Q5: Please give your best estimate of the total annual cost of your financial crime compliance operations in USD. This includes resources/labor, systems/solutions/data and other governance activities for all aspects of compliance such as customer due diligence, sanctions screening, transaction monitoring, investigations, etc…

* Total annual cost of compliance across firms within the Singapore market is calculated using two sources of information: 1.) secondary data that provides a list of all FIs in each market, along with the total assets for each organisation; and, 2.) survey data regarding financial crime costs as a percent of total assets. A spend amount is generated for each FI by multiplying its reported total asset amount by the average percent that financial crime costs represent of that amount. As demonstrated above, the average percent of spend-to-assets varies by organisation size; therefore, this calculation is conducted separately for each asset-size category and then summed for an overall total. While the survey included range of decision makers for financial crime compliance, it can be difficult for some portion of them to know the exact spend as more compliance work gets delegated down to operational and business units. Therefore, there could be some variance in the total cost amount. However, a census-type calculation, as described above, brings rigor to the process and should ensure a good estimation of total spend in the Singapore market.

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KEY FINDING 01
Financial Crime Compliance Cost Drivers

In addition to ongoing money laundering and financing of terrorism threats, financial crime compliance costs have been driven higher by COVID-19.

REGULATORY/ENFORCEMENT PRESSURES

- Singapore's new Payment Services Act went into effect on January 28, 2020. The Act creates a single regulatory framework for payment services, expanding the regulatory scope of the Monetary Authority of Singapore (MAS) to include various types of payment services, including electronic payments and cryptocurrency dealing and exchange services. All payment service providers holding a license must now meet anti-money laundering and countering the financing of terrorism (AML/CFT) requirements imposed by the MAS.[1,2]

- While Singapore has been said to have made progress in addressing compliance deficiencies identified in the 2016 Mutual Evaluation Report, the country will remain in enhanced follow-up. Three recommendations for technical compliance remain only partially compliant, while seven outcomes for effectiveness remain low-to-moderate.[3]

- MAS is increasingly focusing on financial institutions that lack rigorous systems and processes for combating AML/CFT. It has imposed S$11.7 million in civil penalties, S$3.3 million for money laundering-related control breaches, convicted nine people for market misconduct or related offenses, and issued 25 prohibition orders against unfit representatives since 2019.[4]

FINANCIAL CRIMES DURING COVID-19 PANDEMIC

- Scammers are trying to take advantage of the COVID-19 pandemic by tricking customers for personal gain. This includes scamming companies out of purchases of surgical masks and had sanitizer, with transactions sometimes processed through online e-mail correspondence. The money gained through these scams is often transferred out of the country via multiple banks.[5]

Negativve COVID-Related Impacts on Organisations

- Based on survey findings, financial crime compliance professionals attribute 12%, on average, of recent cost increases to the COVID-19 impact.

1 https://www.loc.gov/law/foreign-news/article/singapore-new-payment-services-act-takes-effect/
2 https://www.corporateservices.com/singapore/payment-services-act/
3 http://www.fatf-gafi.org/media/fatf/documents/reports/fur/Follow-Up-Report-Singapore-2019.pdf
4 https://www.bloomberg.com/news/articles/2020-11-04/singapore-to-prioritize-misselling-money-laundering-crack-down
5 http://letstalkaml.com/man-arrested-in-covid-19-related-money/

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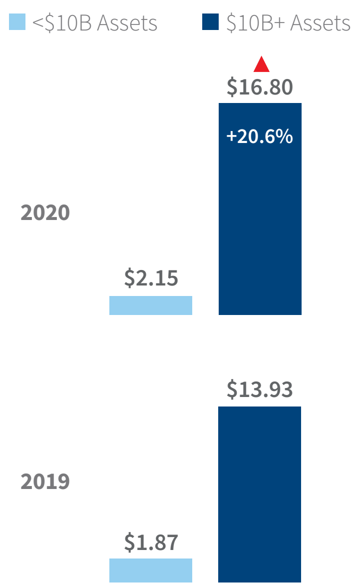
KEY FINDING 01
Annual Average and Distribution of Financial Crime Compliance Costs

Average annual financial crime compliance costs have increased by nearly 21% for larger Singapore financial firms.

This increase in costs is due in part to a shift toward labour costs.

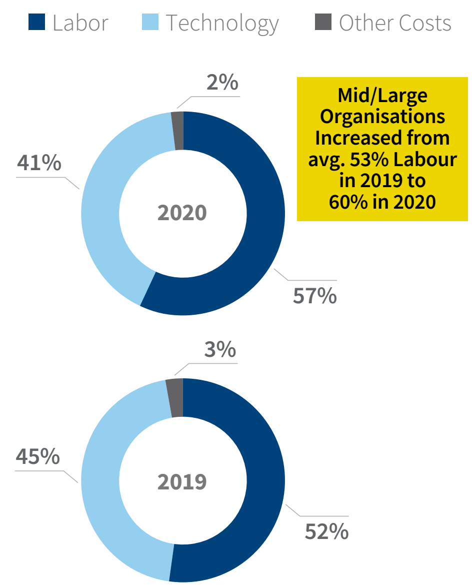
Financial crime compliance spend continues to be weighted a bit more toward KYC Program, with the remainder spread across remaining activities.

Average Annual Financial Crime Compliance Operations Costs per Organisation: ***Pre-COVID-19***
(Costs in US$ Millions)

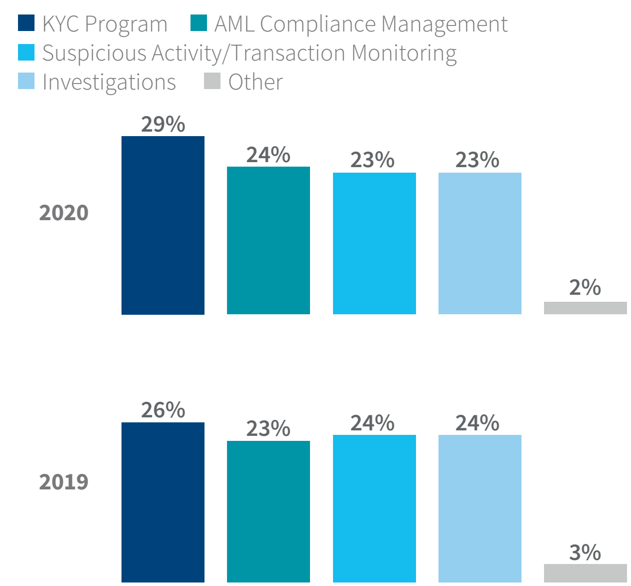


▲ = Significant or directional increase from 2019

Average Distribution of Financial Crime Compliance Operations Costs



Distribution of Financial Crime Compliance Costs by Compliance Activity



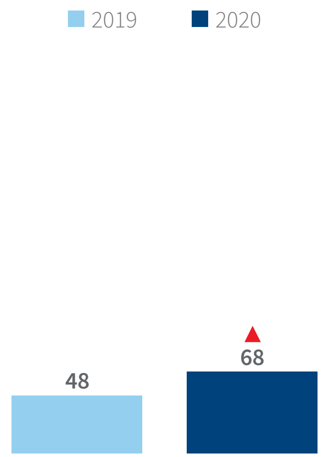
Q5: Please give your best estimate of the total annual cost of your financial crime compliance operations in USD. Q5b. What % would you say is related to labour, technology/solutions, and other? Q6: Thinking again about the estimated total annual cost of your financial crime compliance operations, please give your best estimate of the percentage that is spent on each of the following areas.

KEY FINDING 01
Increased Screening Volumes and Labour Contributing to Compliance Costs

The average number of FTEs has grown for mid/large financial institutions since last year, particularly as some institutions hired additional employees as part of their commitment to protect jobs during the COVID-19 pandemic.[6]

Some of this increase in staffing relates to screening volumes, which have increased for both compliance and sanctions since last year, and which have been key challenges during COVID-19.

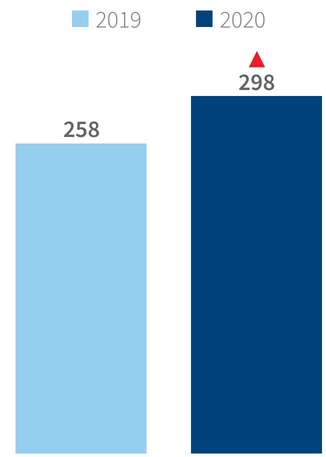
Average FTE Staff Employed in Financial Crime Compliance Operations



Mid/Large Organisations Increased from avg. 77 FTE in 2019 to 105 FTE in 2020

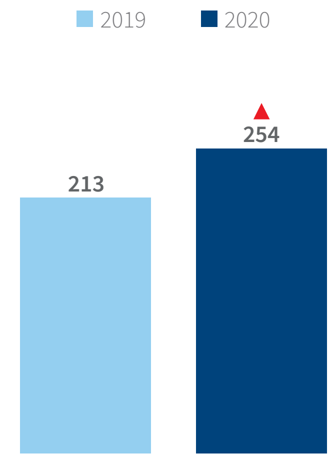
▲ = Significant or directional increase from 2019

Average Names for Compliance screening (per day)



Mid/Large Organisations Increased from avg. 328/day in 2019 to 361/day in 2020

Average Names for Sanctions screening (per day)



Mid/Large Organisations Increased from avg. 289/day in 2019 to 429/day in 2020

Q2c: Please indicate your best estimate of the number of FTE staff employed in the financial crime compliance operations departments.
Q3: On average, how many names are screened per day across all of the FTE analysts in your financial crime compliance screening operations?
Q4: On average, how many names are screened per day across all of the FTE analysts in your sanctions screening operations?

6 https://www.channelnewsasia.com/news/business/dbs-to-hire-2000-people-amid-covid-19-coronavirus-downturn-12732518

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KEY FINDING 02

Financial institutions are dealing with a broader set of compliance challenges in 2020, as unexpected and difficult changes occurred, particularly from retail, e-Commerce, real estate, and legal/accounting sectors.

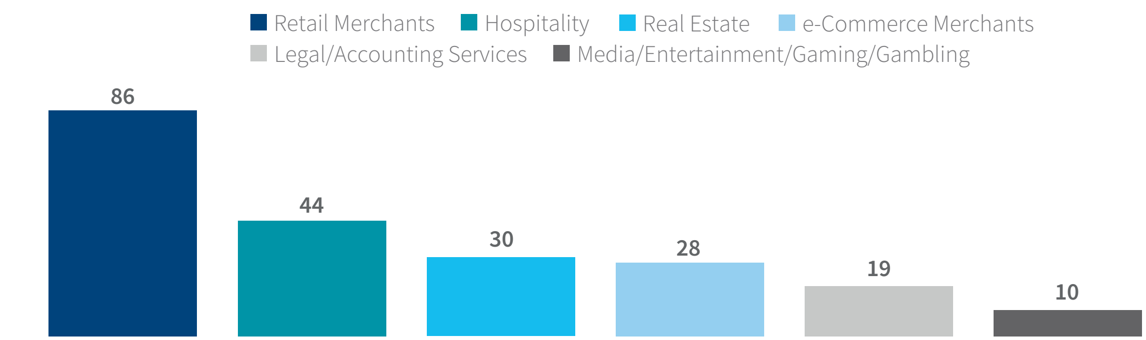
- Retail/e-Commerce merchants, real estate and legal/accounting services are key risk sectors for financial crime.
- Financial institutions are experiencing a variety of compliance operations challenges. These tend to differ by firm, indicating a broader set of challenges across firms overall compared to previous years.
- All of this is increasing pressure on compliance teams, lessening productivity, becoming a barrier to new customer acquisition and increasing costs.

KEY FINDING 02
New Account Opening Risks

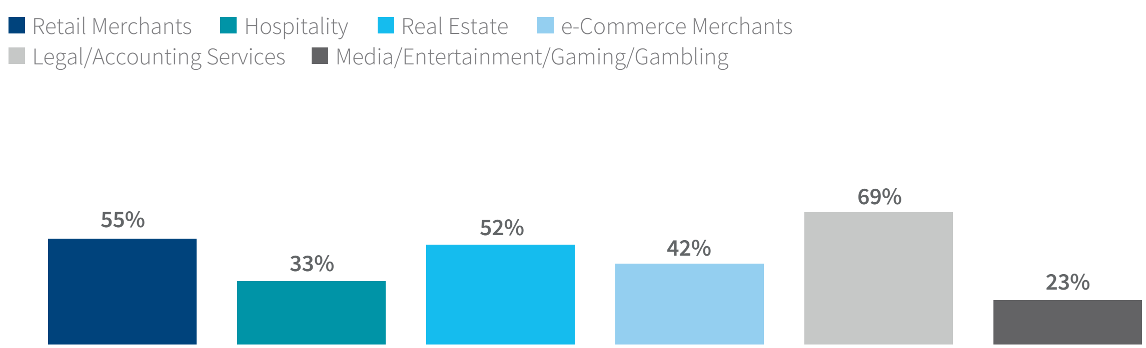
Retail/e-Commerce, real estate and legal/accounting services pose the highest money laundering risk for Singaporean financial firms. Retail/e-Commerce is particularly challenging given the number of new accounts opened per month which should require extra due diligence time and attention.

Starting a new company in Singapore is relatively easy, making it a target for the creation and misuse of shell companies, resulting in the diversion illegal funds to other entities.[7,8] Additionally, FATF has deemed Singapore only partially compliant regarding adequate customer due diligence and recordkeeping requirements applicable to casinos, real estate agents, and accountants.[9] Most recently, e-commerce scams involving money laundering activities have run rampant, with over 300 suspects arrested just in the first half of August.[10]

Number of New Accounts Opened Monthly



TOP 3 Sectors That Pose the Highest Risk of Money Laundering



Q1b: For each of the following, please give your best estimate of the number of new accounts opened monthly. Q1c: Please select the TOP 3 sectors that pose the highest risk of money laundering for your financial institution.

7 https://www.reuters.com/article/us-singapore-cenbank/singapore-steps-up-scrutiny-of-shell-firms-to-combat-money-laundering-idUSKCN1V2231
8 https://www.deccanherald.com/business/business-news/jp-morgan-used-sham-deals-shell-firms-to-launder-amrapali-home-buyers-funds-to-its-mauritian-singapore-entities-ed-845330.html
9 http://www.fatf-gafi.org/media/fatf/documents/reports/fur/Follow-Up-Report-Singapore-2019.pdf
10 https://www.straitstimes.com/singapore/313-people-arrested-for-e-commerce-scams-and-money-launderingtotalling-over-1-million

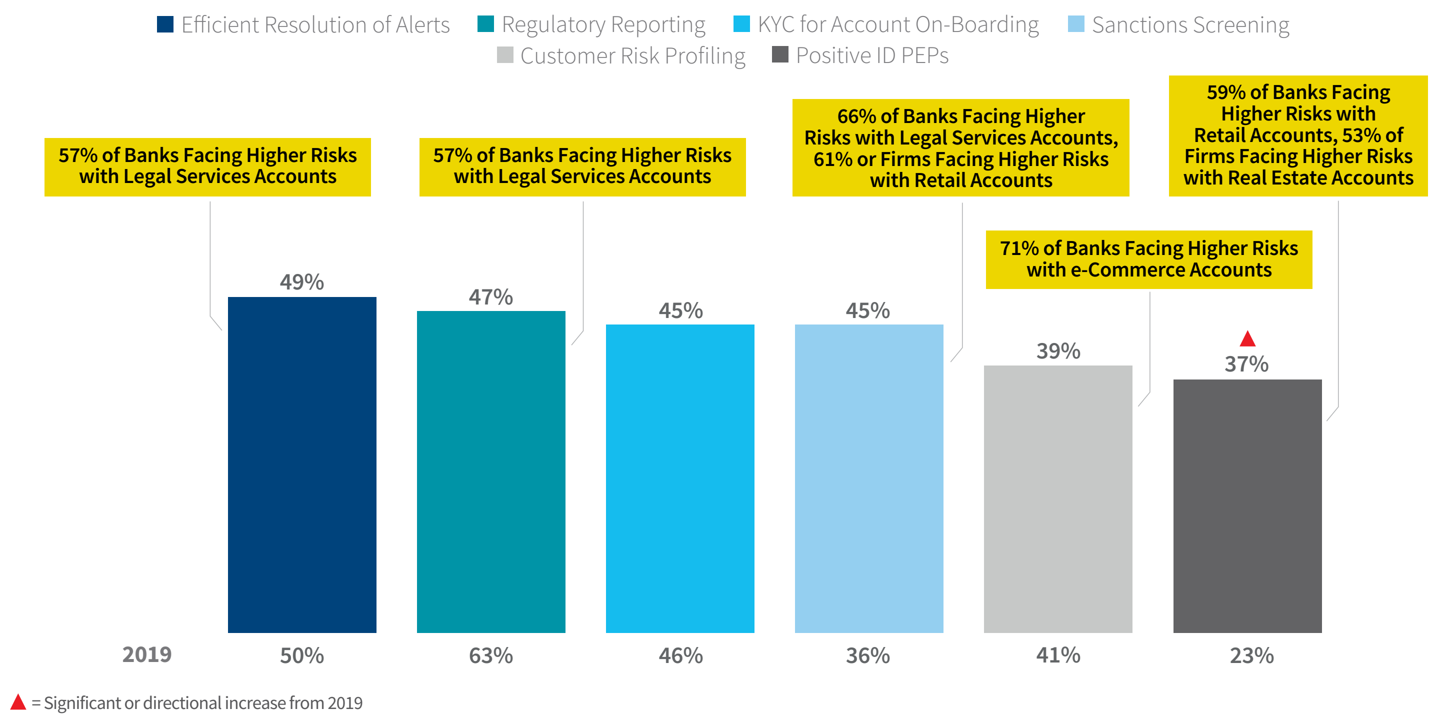
KEY FINDING 02
Financial Crime Screening Challenges

The nature of compliance screening challenges has broadened. When forced to choose only three top challenges, Singaporean financial institutions varied in their selections compared to 2019.

Since the findings are based on ranking top 3, rather than select all that apply, the interpretation focuses more on how respondents coalesce (or not) around certain challenges. In 2019, many selected regulatory reporting, with around half also coalescing around alert resolution efficiency and KYC for account on-boarding. 2020 findings are more evenly distributed, indicating that different firms are experiencing different challenges as this year brought unexpected and difficult changes. A year-on-year decline for a specific challenge (i.e., regulatory reporting) does not mean that it is less of a challenge this year, rather that other / more challenges are presenting themselves.

Firms that face higher risks with retail, legal services and real estate accounts are even more likely to cite a number of these challenges.

Key Challenges for Compliance Screening Operations
(% Ranked Among Top 3)



Q1b: For each of the following, please give your best estimate of the number of new accounts opened monthly. Q1c: Please select the TOP 3 sectors that pose the highest risk of money laundering for your financial institution. Q25: What areas in your compliance screening operations face the largest challenges?

KEY FINDING 02
Financial Crime Screening Challenges

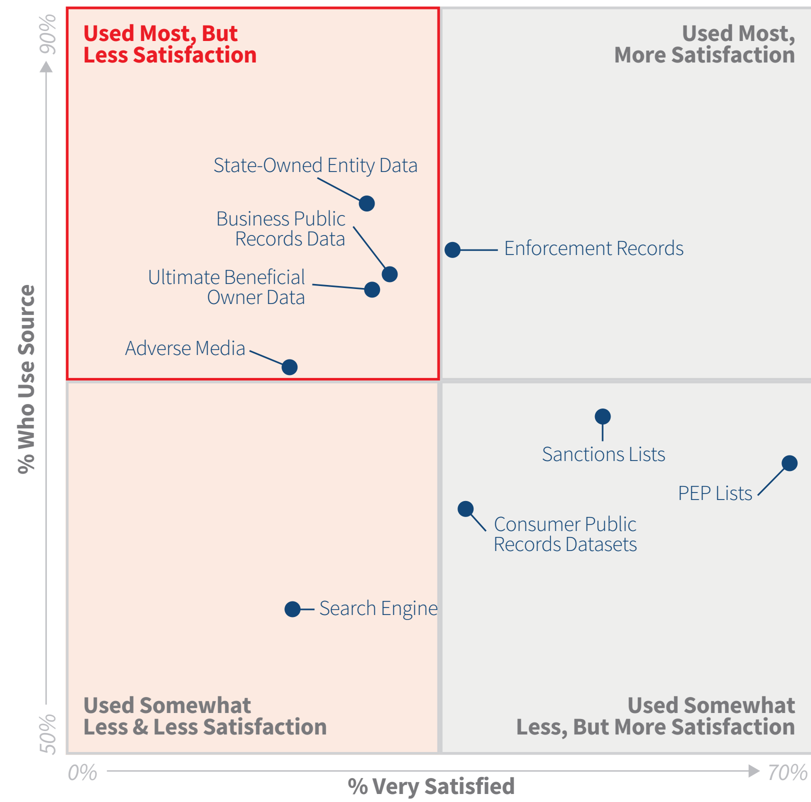
Various sources are used to screen for customer due diligence, most commonly including:

- state-owned entity data,
- enforcement records,
- business public records data,
- ultimate beneficial owner data, and
- adverse media.

While satisfaction tends to be higher for enforcement records, it is less for other widely used sources.

Sanctions and PEP lists are used by fewer in comparison, which is interesting given the challenges that institutions face with sanctions screening and ID of PEPs.

Satisfaction With Sources Used to Screen Against Customer Due Diligence



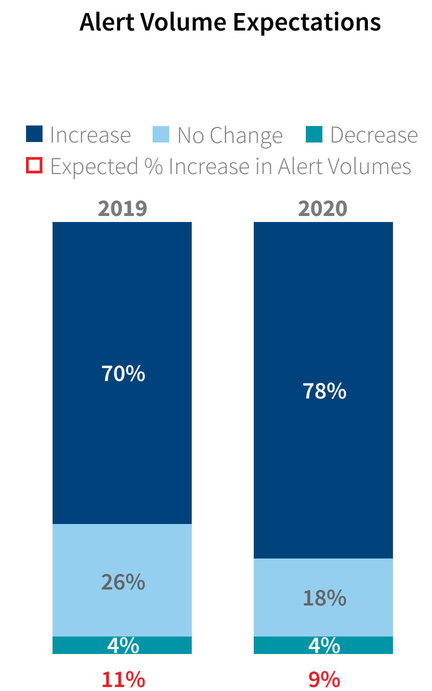
Q17c. How satisfied are you with the quality of data you use for screening?)

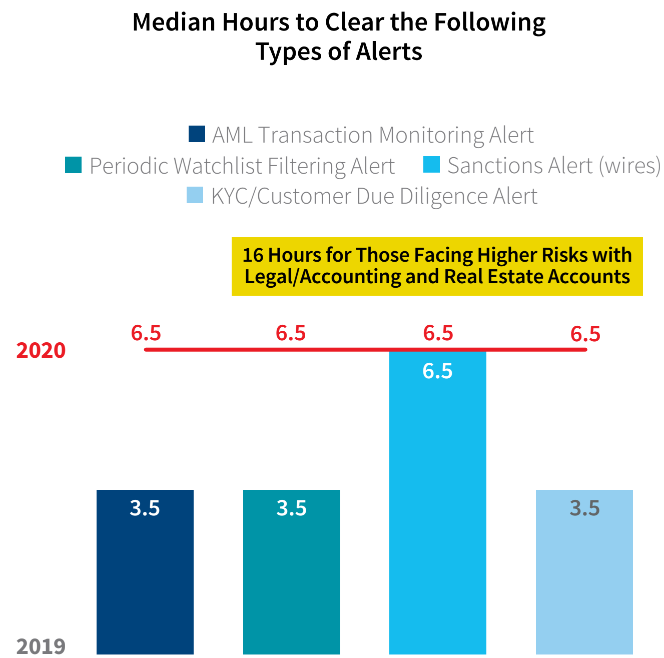
KEY FINDING 02
Alert Resolution Challenges and Impacts on Organisations

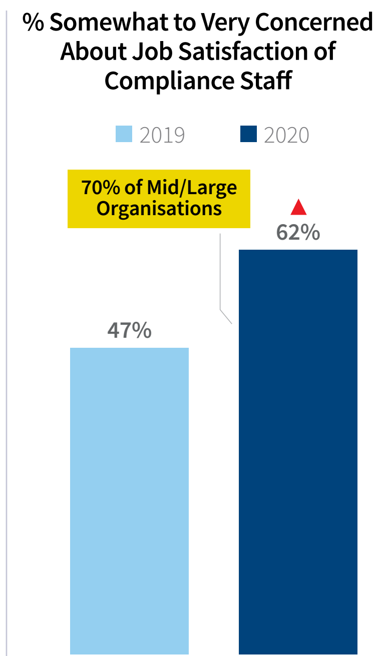
Even more Singaporean financial firms expect alert volumes to increase this year compared to 2019.

Part of this could be related to expected ongoing challenges presented by non-bank payment providers, including increased alert volumes, as mentioned in 2019 survey findings.

Not only are alert volumes increasing, but the time taken to clear these alerts has doubled year-on-year; median clearance times are even longer for firms that face higher risks with legal/accounting and real estate accounts. This growing workload impacts employee satisfaction, with significantly more firms concerned about it than last year – particularly mid/large firms which have experienced rising volumes and screening challenges.







▲ = Significant or directional increase from 2019

Q19a: Do you expect alert volumes to increase or decrease in 2020? Q19b. Q18: What is the average time required for an analyst to clear each of the following alert types? Q14: How concerned are you with job satisfaction in your compliance department?

KEY FINDING 02
Impact of Financial Crime Compliance Challenges on Productivity

An increase in alert volumes, along with the effects of other financial crime compliance challenges, has caused productivity to suffer for significantly more firms this year, with a majority losing at least 50 or more hours per FTE.

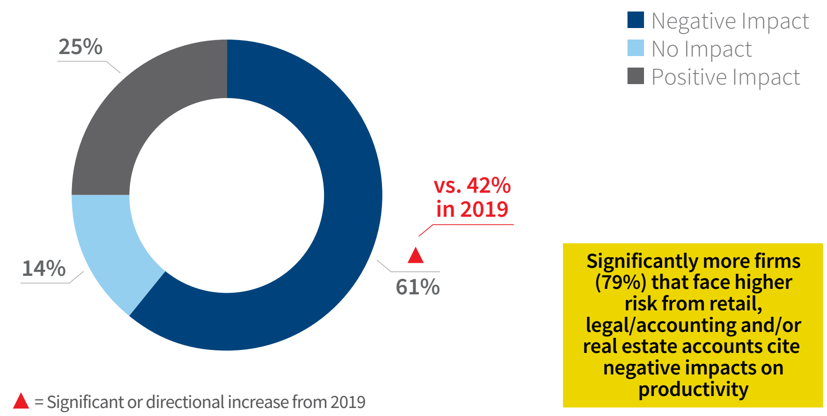
Significantly Singaporean financial institutions that face higher risks from retail, legal/accounting services and real estate accounts indicate productivity issues with compliance operations.

But, technology can help. Firms which allocate more annual compliance spend to technology are less likely to indicate negative impacts of compliance on productivity, and with slightly lower average annual compliance costs compared to others.

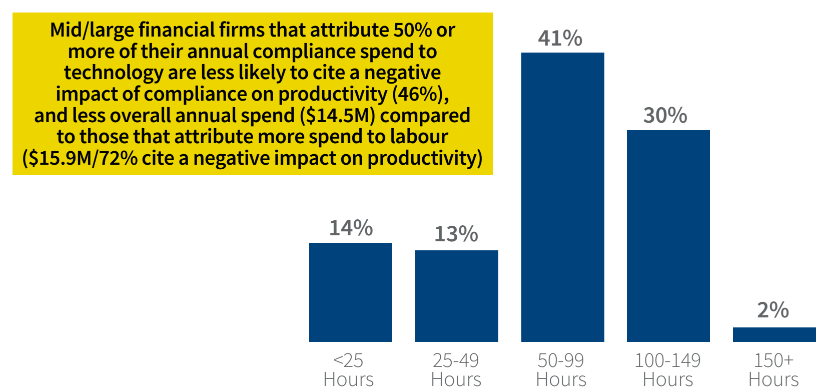
There is a clear relationship between more allocation of compliance spend on technology, fewer challenges with screening efficiencies, less negative impact on productivity and less of a year-on-year increase in compliance costs.

This illustrates that there is a point of diminishing return when adding more staff to combat rising compliance due diligence / alert volumes and screening challenges.

Financial Crime Compliance Impact on Productivity



Annual Loss in Productivity Due to Financial Crime Compliance



Q20a: What kind of impact does the financial crime compliance process have on LoB productivity?
Q21: What is your best estimate of the annual loss in LoB productivity due to financial crime compliance at your firm, expressed in average hours of lost productivity per line-of-business FTE?

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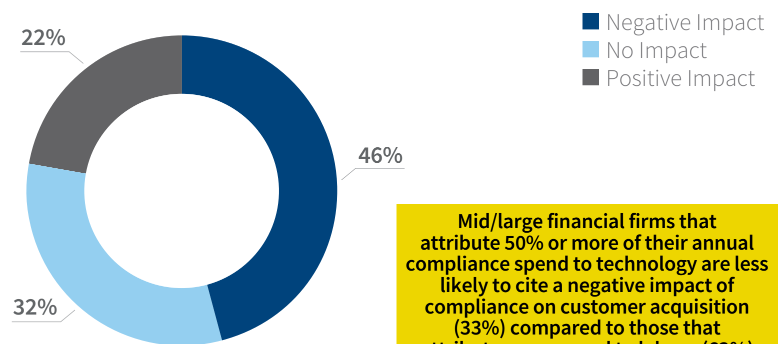
KEY FINDING 02
Impact of Financial Crime Compliance Challenges on Customer Acquisition

And financial crime compliance continues to have a negative impact on customer acquisition, with a majority now losing 3%+ of new customer opportunities due to refused accounts/walkouts during onboarding.

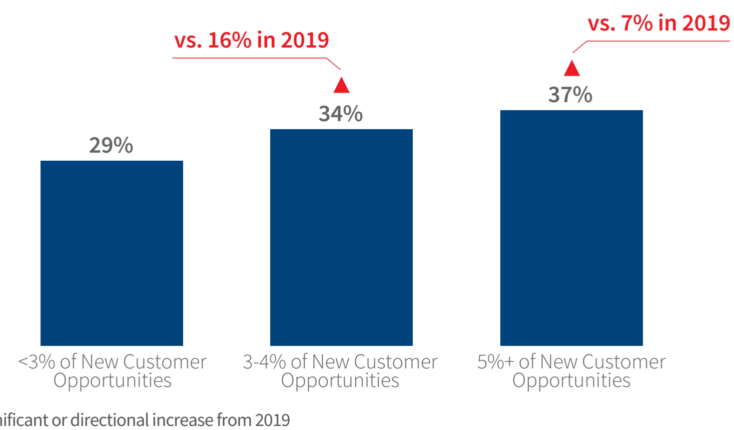
Firms that attribute more of their annual compliance spend to technology are less likely to indicate negative compliance process impacts on new customer acquisition. This is directly related to fewer challenges with KYC on-boarding for new accounts.

Financial Crime Compliance Impact on Customer Acquisition



Mid/large financial firms that attribute 50% or more of their annual compliance spend to technology are less likely to cite a negative impact of compliance on customer acquisition (33%) compared to those that attribute more spend to labour (63%)

Estimated Annual Opportunity Cost of Refused Accounts or Customer Walkouts Due to Financial Crime Compliance



Q22: What kind of impact does the financial crime compliance process have on customer acquisition?
Q24a: What do you estimate is the annual opportunity cost of refused accounts or customer walkouts due to financial crime compliance, expressed as a % of new account applications?

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KEY FINDING 03

COVID-19 has significantly impacted financial crime compliance operations across Singaporean financial institutions. It has compounded the already broadened set of current challenges faced by firms prior to the pandemic and will likely lead to investments in compliance technologies to address anticipated COVID-19-related cost increases over the next 12 – 24 months.

The impact of COVID-19 has added to increased compliance costs among mid/large financial institutions.

Any type of turbulence in a market can increase the risk for financial crime. COVID-19 has done that, with more suspicious transactions that Singaporean financial institutions need to deal with. As a result, significantly more firms indicate compliance operations challenges compared to the pre-COVID-19 period.

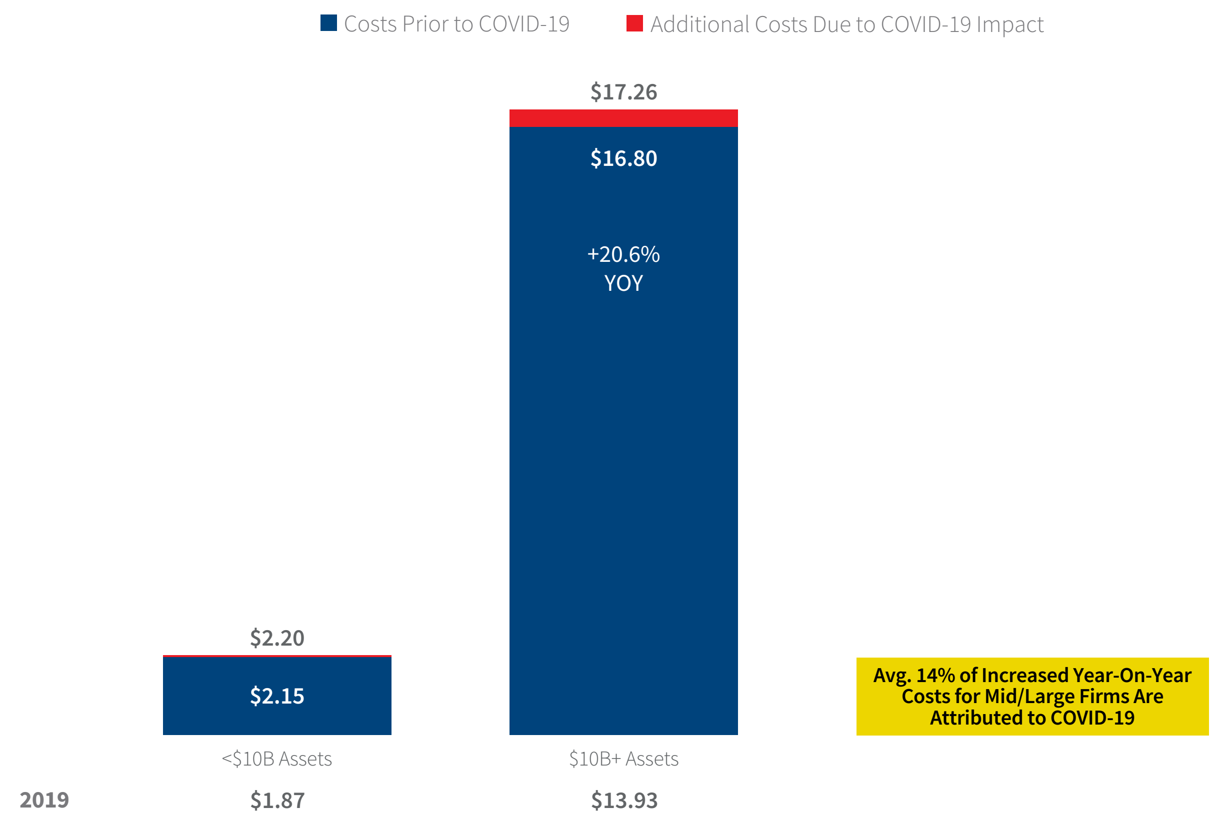
Many expect COVID-19 to impact the cost of financial crime compliance costs over the next 12 – 24 months, with increased spend involving technology.

KEY FINDING 03
COVID-19 Impact on Financial Crime Compliance Costs

COVID-19 added to year-on-year compliance cost increases, particularly for larger Singaporean financial firms.

On average, mid / large financial institutions attributed 14% of their year-on-year compliance cost increases to COVID-19. That is somewhat lower compared to other regions. The actual percentage that COVID-19 contributed to the annual cost increases could be much more than 14% given the negative impacts on the compliance process; it may be too early to assess actual cost effects.

Average Annual Financial Crime Compliance Operations Costs per Organisation: ***Including COVID-19 Impact***
(Costs in US$ Millions)

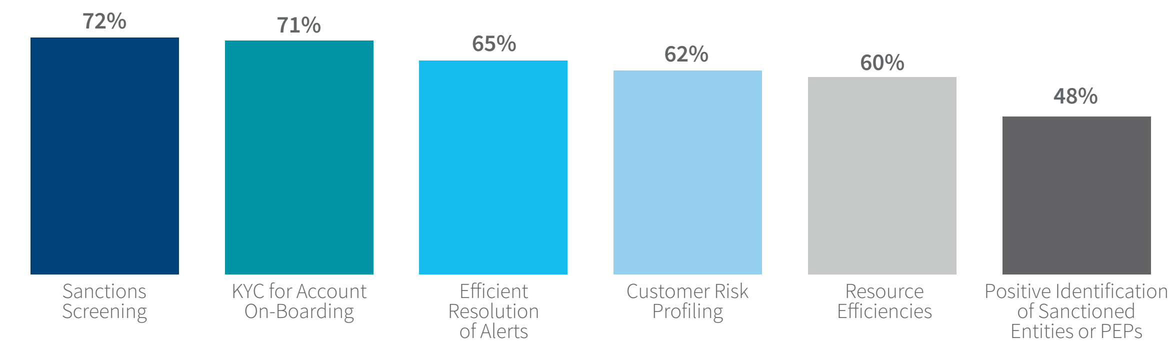


Q5: Please give your best estimate of the total annual cost of your financial crime compliance operations in USD. This includes resources/labour, systems/solutions/data and other governance activities for all aspects of compliance such as customer due diligence, sanctions screening, transaction monitoring, investigations, reporting, etc.

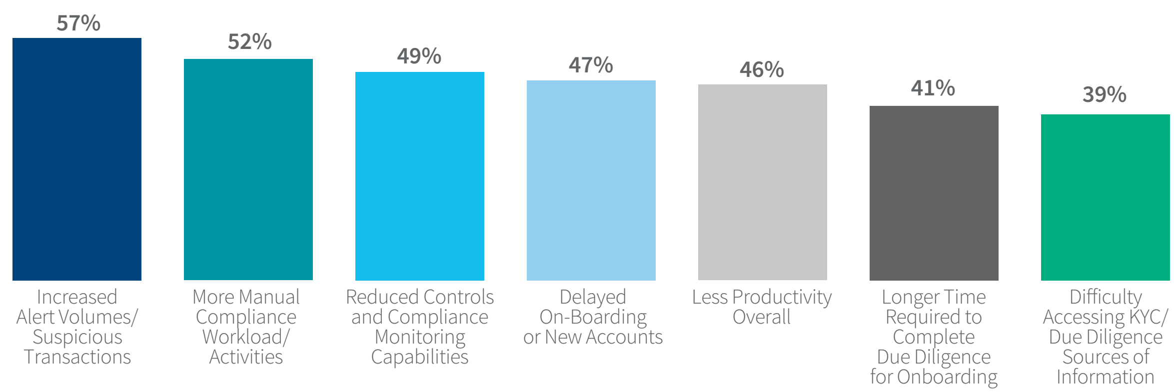
KEY FINDING 03
COVID-19 Impact on Financial Crime Compliance Operations

COVID-19 heightened compliance operations challenges that were already issues for Singaporean financial institutions through increased alert volumes / suspicious transactions, more manual work, reduced compliance controls and monitoring capabilities, delayed on-boarding, less productivity and difficulty accessing KYC sources of information.

Impact of COVID-19 on Financial Crime Compliance Operations
(% moderately/ significantly negative)



Challenges Experienced During the COVID-19 Pandemic



Q33: To what degree has the Covid-19 pandemic and subsequent remote working requirements negatively impacted your financial crime compliance efforts for the following: Q34: Which, if any, challenges has your financial crime compliance organisation experienced during the Covid-19 pandemic and the remote working period?

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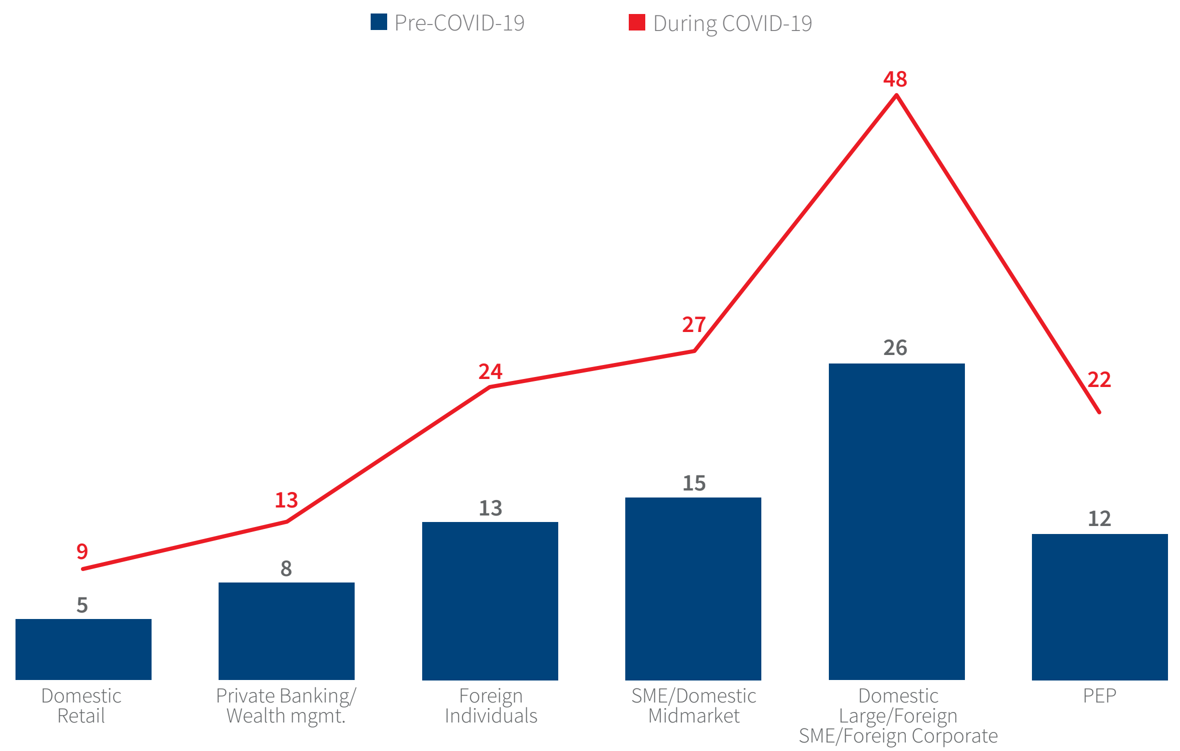
KEY FINDING 03
COVID-19 Impact on Financial Crime Compliance Operations

Not surprisingly, average due diligence times have been nearly twice as long during the COVID-19 pandemic, and remain longer for larger and foreign business accounts.

Average Hours Required for Completing Customer Due Diligence



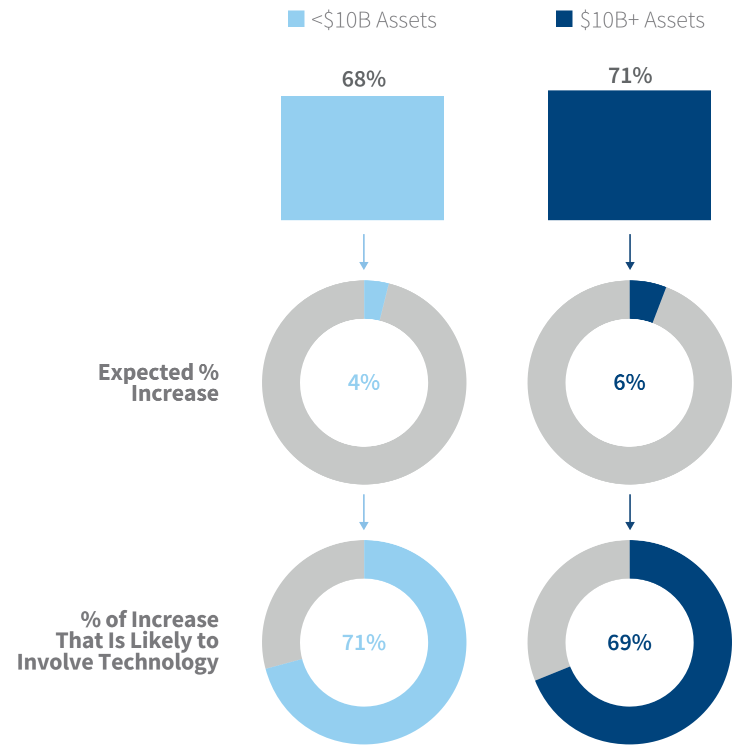
Q17a: What would you say is the average time required for completing customer due diligence on the following? Q35: Thinking only about the time period involving the Covid-19 pandemic and subsequent remote working requirements, what would you say has been the average time required for completing customer due diligence on the following?

KEY FINDING 03
Expected COVID-19 Impacts into 2021

A majority of Singapore financial firms expect COVID-19 to increase financial crime compliance costs over the next year or two.

This includes a sizeable investment in technology. Part of this could be in relation to the digital banking transformation, which has accelerated since the beginning of the year. Consumer attitudes toward the digital channel have changed, causing them to adopt it out of necessity during the pandemic.[10]

% Expecting COVID-19 to Cause Further Financial Crime Compliance Spending over Next 12–24 Months



Q36C. Do you expect the Covid-19 pandemic to cause your organisation to spend more on financial crime compliance over the next 12 – 24 months than it ordinarily would have had the crisis not occurred? D. Distributing 100 points, what percent of these increased costs over the next 12 – 24 months, based on the Covid-19 impact, do you expect to be for technology versus labour / human resources?

10 https://www.spglobal.com/ratings/en/research/articles/200603-tech-disruption-in-retail-banking-singapore-banks-are-front-runners-in-digital-race-11402164

KEY FINDING 04

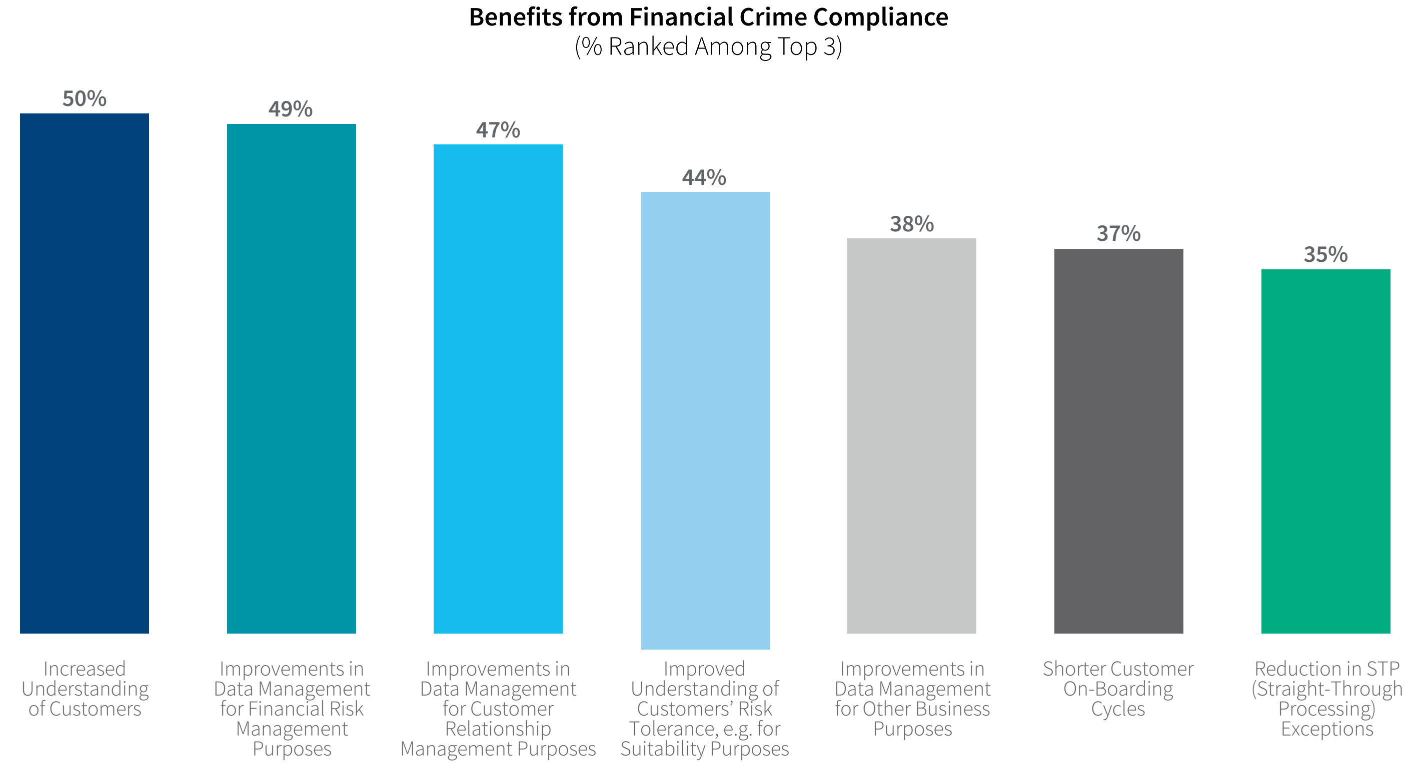
Challenges aside, financial crime compliance activities do provide a range of benefits to Singapore financial institutions, allowing more effective risk management and management of customer relationships.

Knowing more about customers not only supports risk assessment, but also ways in which customer relationships and business opportunities can be managed.

KEY FINDING 04

Financial Crime Compliance Processes Provide Benefit to the Wider Organisation

Though challenging, firms realise various benefits from financial crime compliance, including improved data for risk management, customer relations, and improved understanding of customers.



Q26: Which of the following do you see as benefits to the business brought by financial crime compliance?

KEY FINDING 05

Financial institutions which have invested in technology solutions to support financial crime compliance efforts have experienced smaller cost increases and less negative impacts overall and during COVID-19.

- Year-on-year compliance cost increases are less among those allocating more spend to technology.
- Greater efficiencies are realised among those allocating more spend to technology.
- Fewer pandemic-related challenges are cited among those allocating more spend to technology.

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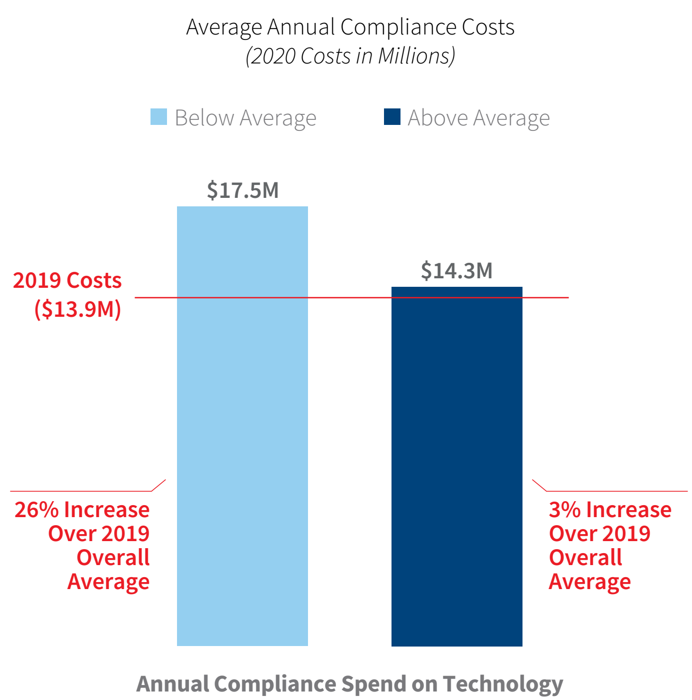
KEY FINDING 05
Compliance Technology Reduces Costs and Challenges

Singaporean financial institutions that allocate a larger share of their financial crime compliance costs to technology experience less severe impacts to cost and compliance operations compared to those allocating a smaller percent to technology. Also, fewer of these firms experienced negative impacts from COVID-19 on their compliance operations; established use of technology helped them be more prepared.

As an illustration, mid/large financial firms with compliance costs involving 50% or more technology experienced the following during 2020.

A lower cost of compliance



Fewer negative impacts from compliance requirements overall and during COVID-19

Annual Compliance Spend on Technology

% Mid/Large Indicating the Following as Compliance Challenges Overall	Below average	Above average
KYC for account on-boarding	53%	33%
Alert resolution efficiency	52%	22%
Negative impact on productivity	67%	46%
Negative impact on customer acquisition	50%	33%

% Mid/Large Indicating Significantly Negative Impact from COVID-19	<40%	>=50%
Sanctions screening	78%	61%
Resource efficiencies	66%	44%

% Mid/Large Raking the Following as a Top Challenge Based on COVID-19	<35%	>=50%
Less productivity	49%	27%
Delayed on-boarding	58%	43%

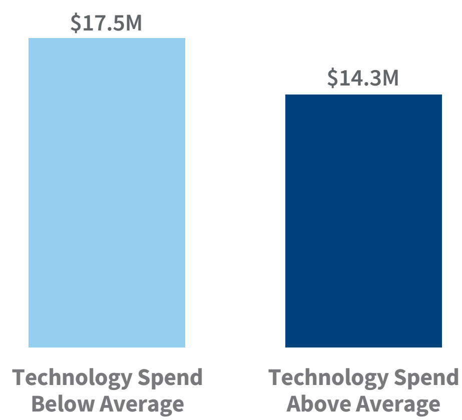
KEY FINDING 05
Compliance Technology Reduces Costs and Challenges

Singaporean financial institutions that allocate a larger share of their financial crime compliance costs to technology also have lower cost per compliance professional compared firms that allocate more of their costs to labour.

Below is an illustration based on mid/large financial firms in Singapore.

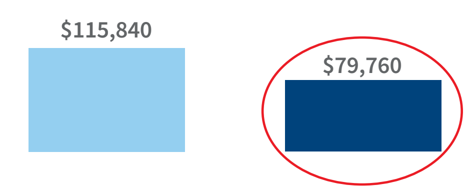
Average of AML Compliance Spend:

Mid/Large Financial Institutions
(Annual Cost USD in Millions)



	Technology Spend Below Average	Technology Spend Above Average
% Costs for Labor	67%	47%
Average Cost of Labor	$11.7M	$6.7M
Average # Compliance Staff	101	84

Average Cost of Compliance per FTE
(Annual Cost USD in Thousands)



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IMPLICATIONS

1 Singapore financial institutions need to be extremely prepared for increased risks of financial crime for the foreseeable future.

- It is unclear what the landscape will look like over the next 1 - 2 years as shaped by the COVID-19 pandemic.
- Financial institutions could be faced with greater spikes in financial crime for at least for the foreseeable future – particularly as digital/cryptocurrency transactions provide criminal opportunities.

2 Skilled compliance professionals will continue to be in demand, as financial crime grows in complexity. But, financial firms should consider fast-forwarding efforts towards compliance technology to counter challenges and costs to compliance operations.

- Financial firms which have invested in compliance solutions will be more prepared to deal with the new normal and any further sudden changes. As the cost of doing business rises in this COVID-19 environment, the *added* cost of compliance may become a negative tipping point; there comes a point of diminishing returns with more labour resources added.

3 A multi-layered solution approach to due diligence and financial crime risk assessment is essential to financial institutions.

- As financial crime complexity grows in the digital age, while regulations require more due diligence on beneficial ownership and risk assessment, in-house compliance solutions may be challenged to keep pace.
- There are unique risks that emerge from individuals, transactions, and contact channels. It is Important to assess both the individual and the business, with a particular need for real-time behavioral data/analytics in this digital age.

4 In addition to technology, it is essential to have robust and accurate data. Without the support of expanded sources, bad data can lead to bad decisions. Good data can lead to lower risks with benefits to the wider organisation.

- Having accurate data and highly capable solutions generates a degree of utility for not just compliance, but other functional areas as well. This includes business development and marketing; knowing more about customers can help inform the right products and services to position with customers.

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WE CAN HELP.

Description	Firco Insight®	Firco Filter	Firco Compliance Link	Firco Online Compliance	Firco Global Watchlist	Firco Trade Compliance	Firco Continuity
Accounts Screening Validate customer databases against sanction lists, Politically Exposed Persons (PEPs), Reputationally Exposed Persons (REPs) and other watchlists to determine potential risk.	✓	✓	✓	✓	✓		✓
Trade Screening Deliver speed and precision to trade finance screening and automate customers screening, dual-use goods, locations, and transportation vessels against sanctions, politically exposed persons (PEPs) and other lists.			✓		✓	✓	
Payment Screening Provide accurate Know Your Customer (KYC) intelligence to reduce compliance burden		✓	✓		✓		✓
Click here to read case studies on how our Financial Crime Screening products have helped organizations achieve operational efficiency and effective compliance risk mitigation.	**Firco Insight** • Feature-rich customer and third-party screening and alert management platform. • Combine high-performance processing with advanced filtering using proprietary risk scoring.	**Firco Filter** • Unique filtering technology provides world-class screening in highly configurable solutions. • Can be finely tuned to fit specific operational requirements and limit false alerts.	**Firco Compliance Link** • Automate the assessment of sanctions and money laundering risk • Screen customers, vendors, third-party relationships, financial transactions and trade activity against financial crime data.	**Firco Online Compliance** • Fast and robust online lookup tool ideally suited to organizations with low volume but high-value accounts. • Enables search on individuals against sanctions and politically exposed person (PEP) lists, and manually review information against a range of data points	**Firco Global Watchlist** • Proprietary compilation of multiple regulatory and enhanced due diligence lists including sanctions watchlists, law enforcement agencies, Politically Exposed Persons (PEP) data, and adverse media from around the world	**Firco Trade Compliance** • Robust trade compliance screening solution that automate customers, dual-use goods, locations and transportation vessels screening against sanctions, politically exposed persons (PEPs) and other lists	**Firco Continuity** • Seamlessly screen large volumes of transactions against a wide range of sanctions lists in real time.

Accuity and LexisNexis Risk Solutions have merged operations. Both businesses are RELX companies and leaders in their respective focus areas in the global financial crime compliance sector with complementary solutions. Learn more about the Firco suite of account, trade and payment screening solutions at https://accuity.com

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