



# Client Due Diligence

## Combatting financial crime in the digital age

The threat posed by financial crime and money laundering is high on the agenda for regulators, government and financial service authorities. The impacts are real and hard hitting, they can affect our families, our friends, our communities and the wider economy.

The National Crime Agency estimates up to £90 billion of criminal money is laundered through the UK each year. The UK Financial Conduct Authority warns that money laundering and financial criminality pose significant risks to the UK, and are undermining the integrity of our financial system.

Against this backdrop, financial services providers must to know exactly who their customers are and they must be able to identify, and act on, illegal activity or suspicious behaviour. That means navigating a complex web of local and global regulation; delivering fully traceable audit trails; and demonstrating financial crime policy standards.

Failure to do so risks large fines and significant reputational damage in the eyes of customers, regulators and society as a whole.

### Shifting client due diligence from a cost of remediation to delivering customer insight

For many financial services organisations, client due diligence (CDD) operations are still focusing on dealing with large backlogs of remediation or periodic reviews of corporate, commercial and retail customers. These are often driven by the need for extensive rework to meet the Banks Financial Crime policies, resulting in high costs and poor customer experience.

KPMG's client due diligence solution can help transform this into a fully automated, high quality, cost efficient process. Our robust, scalable, end-to-end solution is built on Amazon Web Services (AWS) cloud. It is designed to help you complete the necessary due diligence checks throughout the customer lifecycle, ensuring you have what you need to make a business decision in a holistic and risk based manner. Demonstrating full transparency and traceability of your security and regulatory response, which is fully auditable rather than a tick-box exercise.

### KPMG's CDD solution at a glance

- It digitalises the bank's Financial Crime policy and provides a full lineage from policy statements, to customer facing questions and the necessary operational checks to identify and verify data at an individual data attribute level.
- The solution is built on highly secure infrastructure which meets the bank's and regulator's InfoSec standards.
- It is delivered as a fully managed service from KPMG operation centres in the UK, India and China resourced by KPMG Financial Crime experts.
- It uses digital channels and automation to present tailored requests for information and asks the customer the right question at the right time.
- Priced on a case fee basis, which is backed by stringent SLA's for quality and time, eliminates the traditional exposure to cost of rework.
- All risk based assessments are supported by a full audit trail, with all the evidence held in the electronic customer record.
- The solution can be rapidly deployed, operates at scale and has been proven to significantly reduce the effort time it typically takes a bank to complete customer reviews.
- The solution has a full suite of operational MI and also provides portfolio analytics to create a deep insights into your customer base which can allow the bank to raise the bar of financial crime and to better serve the customer.

KPMG is working with AWS to offer customers access to a fast, flexible cloud platform that allows you to meet your regulatory obligations, and embed strong risk controls throughout your organisation.

Our depth of knowledge and breadth of capabilities can help you navigate the regulatory environment, meet new requirements as they come into force, and interpret guidance in a focused and efficient way. We've combined that expertise with the capabilities of the AWS cloud, to give you a robust client due diligence solution.

We can help you rapidly build a managed CDD service that's tailored to the needs of your business – giving you reassurance that your risk assessments are in safe hands.

## Case study

A bank turned to KPMG to take its compliance with financial crime regulation to the next level.

### The challenge

Against a backdrop of high regulatory scrutiny, the bank needed to review a large portfolio of commercial and business banking customers against their Financial Crime Policy standards. The challenge set was to deliver high quality decisions on each customer, ensuring good customer experience and to optimise the CDD process.

### Our solution

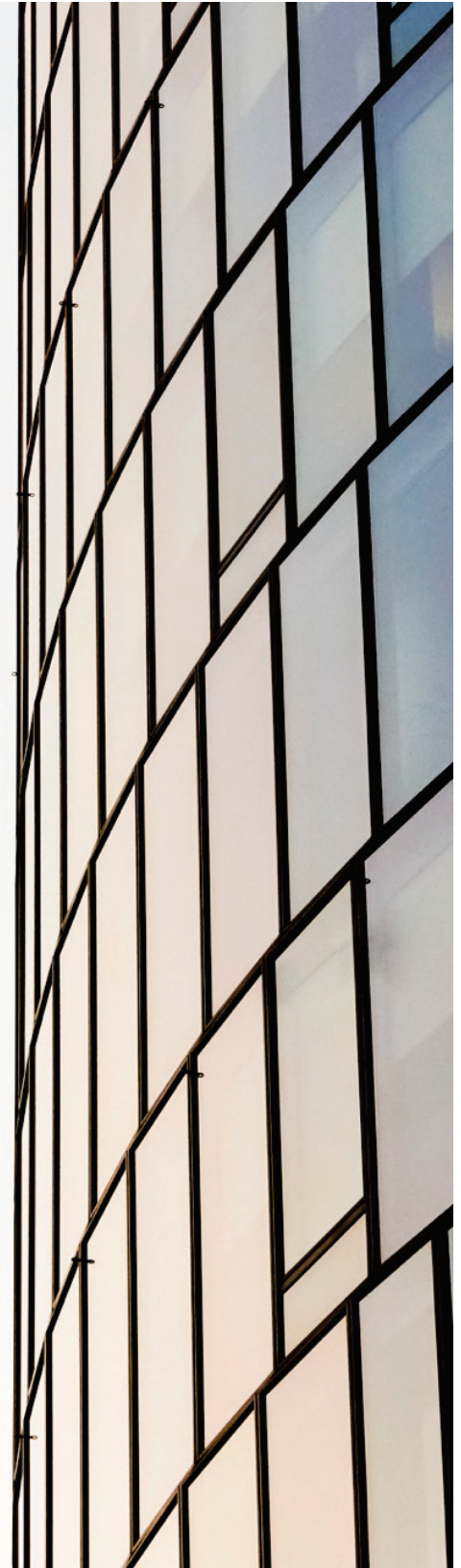
Combining our Technology and Financial Crime advisory expertise, we deployed in just six months our CDD technology solution with the end to end process run out of a KPMG operational centre. We operate at scale processing high volumes of high risk customers per month.

Key components of the solution:

- Policy rules engine which codifies the Bank's Financial Crime and Tax transparency policies.
- A customer portal that interacts with the client's internet banking system via a single log-in.
- Integration processes to source data and documents from the bank systems, as well as access publicly available information about the customer.
- Retrieval and processing high volumes of customer documents from the bank's image system and smart processing of new documents submitted by customer.
- A workflow system that creates fully auditable electronic customer files – generating a holistic view of the bank's customers.
- Customer analytics engine that enhance the client's ability to monitor financial crime and provide the business with customer insight.
- A content ingestion and policy rules engine that assesses and classifies customer documents .

### Results

The solution halved the time taken to complete a CDD review and produced very high quality scores for the risk assessment decision and the customer experience. The final digital customer profile ultimately help to enrich the Bank's relationships with its customers, by providing a greater understanding of their business activities and needs.



## Stay compliant with KPMG and AWS

Because the solution is built using AWS services, it is designed to deliver reliable services that can facilitate growth in a cloud environment you can trust. Combine that with KPMG's extensive knowledge of developing technology for regulated businesses; our deep financial sector experience; and our AWS capabilities, you can benefit from the agility of the cloud, without worrying about issues such as data residency and security.

As the solution benefits from many of the latest AWS services, you can have confidence in how it manages critical aspects of your CDD operations – for example:

**Customer access:** AWS Key Management Service (KMS) allows the use of a single, customer-generated encryption key, which is owned and controlled by you.

**Data storage:** Deployed together, KMS and Amazon S3 combine highly scalable data storage with bespoke access rules. This ensures that users only access the right applications, while enabling no-delete policies and full activity logging and monitoring.

**Data residency:** Delivering virtual desktops via AWS WorkSpaces means customer data doesn't have to be moved out of your corporate environment when being reviewed.

**Data back-up and recovery:** AWS Lambda runs automated back-ups, while optimising costs by automatically shutting down non-production environments that aren't in use.

**Solution updates:** As the solution uses the Amazon Relational Database Service (RDS), AWS can automatically manage patching, maintenance and server security at no extra cost.

## Why KPMG and AWS?

KPMG is a trusted adviser when it comes to delivering purpose-built AWS solutions.

Working with AWS, enables us to proactively develop offerings that leverage the power of the cloud, automation, AI, machine learning and data analytics to transform your business.

Our solutions and capabilities can help you to:

- Meet the changing needs of your business and customers
- Increase efficiency and reduce costs
- Manage risk, compliance and security
- Support scalable data-management processes

As an AWS Advanced Consulting Partner, KPMG has:



Over 35 Professional and Associate Technically Certified AWS professionals in the UK



More than 65 live AWS projects for over 55 clients



85-plus cloud engineering and operations technical experts



Extensive cross-sector experience within highly regulated industries

# Contact Us

Take the next step towards fully automated financial sector compliance.

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