HEXAWARE

KYC Operations Transformation and Automation

Driving KYC transformation in onboarding and periodic reviews for an APAC-headquartered global investment bank's GCC.

Case study

Client

The client is a prominent APAC-headquartered global bank with a portfolio spanning investment banking, trading, and wealth management solutions. The client sought a reliable partner to drive a seamless transformation in its know-your-customer operations (KYC operations), including KYC onboarding and periodic KYC reviews.

Challenge

The client faced critical hurdles in their KYC operations. A significant backlog of cases demanded immediate resolution to ensure compliance and avoid penalties. The inherently manual and labor-intensive process, involving multiple screenings and validations of unstructured data, further compounded the complexity.

Adding to the challenge wWas the localized nature of KYC regulations, with each region requiring specific expertise to meet compliance standards. The niche nature of the work made finding and retaining skilled resources particularly difficult, leading to high attrition rates and increased operational costs.

The scope of challenges included:

- **Manual extraction of data** required to complete customer identification program (CIP) checks
- **Incomplete or missing customer information** led to delayed/missed KYC renewal deadlines
- **Risk of manual errors** in capturing information like revenue, ownership structure, and holding percentage.
- **Complex ownership structures and commentary requirements** made the process highly domain-intensive
- **Delays in KYC onboarding/incomplete reviews** exposed the client to regulatory compliance risks

To address these issues the client sought a trusted partner to streamline KYC transformation and resolve their backlog.

Solution

Hexaware implemented a two-pronged strategy to address the client's KYC challenges. The approach began with stabilizing operations and understanding the client's requirements, followed by a reengineering phase introducing KYC process automation and operational enhancements to ensure compliance and efficiency.

Phase-1: Stabilization

Hexaware deployed a team of seasoned professionals with extensive experience in KYC operations and regulatory compliance. Leveraging expertise from similar engagements with other financial institutions, the team quickly adapted to the client's environment, gaining access to applications, understanding SOPs, and addressing regional nuances.

To meet the client's urgent needs, Hexaware utilized its established hiring and training framework, ensuring rapid deployment of skilled resources. The introduction of an internal KYC simulation tool accelerated the onboarding process for new joiners, enabling them to contribute effectively within a short time frame.

A structured governance model ensured close collaboration with the client's operations and compliance teams, incorporating regulatory updates efficiently and aligning operations with global standards.

Solution

Phase-2: Transformation

After the stabilization phase, Hexaware suggested changes to the client's existing operating model and introduced KYC process automation. Some of these initiatives included:

- Tactical automation using robotic process automation (RPA) along with a centralized modular solution to manage end-to-end client outreach function within a secured and automated environment
- Joint governance model with the bank's operations and IT teams to drive transformation across the KYC operations
- Automated ETL solution for real-time sourcing, aggregation, and transformation of information from public and private sources
- Automated extraction of data from documents, performed rule-based evaluations, and updated the KYC platform in real time using AI and ML
- Compliance frameworks for financial crime prevention, including automated adverse news screening, PEP (politically exposed person) assessments, financial crime risk evaluations, and remediation of high-risk cases
- Streamlined screening processes by automating searches, dismissing false positive alerts, and scoring adverse news articles using AI and ML, to reduce handling time
- Implemented Hexaware's proprietary automated outreach solution, featuring a workflow-driven approach with integrated email communication, automated follow-ups, and tracking capabilities

Hexaware's solution was customized to address the client's specific requirements, balancing standardized KYC compliance practices with the client's operational nuances. Collaborative governance with the client's operations and IT teams ensured seamless transformation while maintaining regulatory adherence.

Benefits

Hexaware delivered a transformative solution that combined immediate impact with long-term sustainability. By deploying an augmented talent pipeline, the client experienced an immediate reduction in pressure on their existing team. This allowed for faster resolution of KYC cases, improved output quality, and significantly reduced backlogs.

Once operations were stabilized, Hexaware collaborated with the client to reimagine their KYC processes, introducing changes that enhanced efficiency and sustainability. A robust quality framework and sampling methodology were implemented to ensure measurable improvements in work quality, enabling the client to maintain high standards over the long term.

Key highlights:

- Hexaware's advanced workflow-based automated outreach solution **reduced customer outreach by 30%.** Features like automated follow-ups, email integration, and real-time tracking streamlined the process, enhancing efficiency and reducing errors.
- Automation and process reengineering resulted in a **40% faster completion of customer onboarding and periodic reviews.**
- The client achieved a **35% reduction in total cost of ownership (TCO),** driven by automation, streamlined operations, and a focus on long-term process improvements.
- Hexaware's structured change management approach ensured that **process enhancements were not only impactful but also sustainable,** meeting the client's evolving regulatory and operational needs.

Summary

Hexaware aligned with the client's objectives to resolve a critical KYC review challenge, preventing potential reputational and regulatory risks.

By introducing a fresh outlook, process reengineering, and an automated outreach solution, Hexaware delivered sustainable improvements, reducing costs, enhancing efficiency, and ensuring long-term compliance success.

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About Hexaware

Hexaware is a global technology and business process services company. Every day, Hexawarians wake up with a singular purpose: to create smiles through great people and technology. With this purpose gaining momentum, we are well on our way to realizing our vision of being the most loved digital transformation partner in the world. We also seek to protect the planet and build a better tomorrow for our customers, employees, partners, investors, and the communities in which we operate.

With offices across the world, we empower enterprises to realize digital transformation at scale and speed by partnering with them to build, transform, run, and optimize their technology and business processes.

Learn more about Hexaware at https://www.hexaware.com

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