

EBOOK

# Embracing RegTech

---

accelerating **digital transformation**  
while working remotely

# contents

---

Executive summary .....	3
The impact of falling short .....	4
How banks can prove their worth .....	7
What change could look like. ....	8
RegTech and the 'new norm' .....	9
Software as a Service (SaaS) .....	10
Customer experience .....	11
Control. ....	11
About Encompass .....	13

As most businesses adjust to a new, largely remote, way of working, the benefits of RegTech, both in terms of continuing to tackle financial crime and implementing robust compliance processes, are becoming increasingly evident.

Criminals are taking advantage of the COVID-19 pandemic to carry out financial fraud, which is why businesses must remain vigilant. In this time, when teams are physically distant, the assurances that RegTech solutions bring when it comes to ensuring compliance and allowing for quick, effective processes are all the more important.

For financial institutions especially, the opportunity to accelerate their digital transformation journeys still exist. RegTech can set them apart from the rest as they look to provide the level of service that the customer still demands, as well as deal with the threat of financial crime at a time when, for many, resources are stretched.

In this ebook, we explore why RegTech is more important than ever; from expectations of financial institutions at this time, to issues surrounding remote working and the key features of a RegTech solution that could bolster your business today.



# The **impact** of falling short

---

An increase in compliance teams working away from the office, coupled with a need to stamp down on the growing issue of financial crime, means the time to invest in RegTech to ensure you stay one step ahead of the rest is now.

Today, financial institutions' clients demand a frictionless, fast and easy-to-navigate service. If providers fall short, they will take their custom elsewhere.

This is particularly true in the current climate, when resources are stretched and efficient service is desperately needed.

To get to the heart of what businesses want from their experience with financial services providers, and the possible consequences of not meeting expectations, we surveyed decision-makers in SMEs about their [experiences during the coronavirus pandemic](#).



plan to **change their banking provider** due to slow support offered during the COVID-19 outbreak



revealed their bank has **yet to directly offer financial support** during the COVID-19 crisis



admitted **waiting over two weeks** for a business loan application from their current banking provider



noticed **significant delays** in their bank's onboarding process since start of lockdown



agreed their bank's **online digital services and support** around COVID-19 **has been poor**



In a separate survey, we also questioned key decision-makers about their **applications for services, and attitudes to FinTechs and challengers banks**. The results underline a need for traditional banks to act now, with an increasing number placing their trust in alternative providers.



have **deliberately abandoned an application** for banking services in the last year due to **'slow due diligence processes'**



now **trust challenger brands** and **FinTech providers** more than traditional banks

Aside from customer satisfaction, the need to prioritise compliance cannot be forgotten. There can be long-lasting consequences of breaches. In our research into AML penalties, we found that, in 2019, there was a staggering **\$8.14 billion of AML fines handed down**, with USA and UK firms topping the list.



# How banks can **prove their worth**

---

## The COVID-19 crisis has triggered the most disruptive period to British society in peacetime history.

We know that businesses and the general public need banks more than ever in this challenging time and, while many of the major providers have already stepped up to offer support, more can be done.

There remains a gulf of trust between businesses and banks. However, today, banks are in a position to change this, with deeper capital buffers and better regulation than in years gone by meaning there is potential to regain that trust with dedication to support, deep pockets and generous investment in struggling businesses.

Automated customer onboarding is **effective, efficient** and **empowers analysts** at a time when human interaction is, in many cases, no longer an option.

### What change could look like

This requires adaptation from the financial services industry. The increased dependency on loans and support will inevitably have an overwhelming impact on the skeleton crew of bankers, who are themselves having to deal with the transition to remote working and an unprecedented economic climate brought upon us.

Fortunately, there is an abundance of RegTech solutions at the sectors' disposal.

Automated customer onboarding is effective, efficient and empowers analysts at a time when human interaction is, in many cases, no longer an option. In today's landscape, where consumers have come to expect instant services, automation is all the more crucial. COVID-19 has put consumers in an unfamiliar position, as thousands are having to lean on traditional banks, modern FinTechs and lenders.

Thus, it's vital that banks speed up and smooth out processes in order to provide the best level of service for those who require it most. As our statistics show, if they don't, the ramifications could be significant, with loyalties and customers lost.



# RegTech and the 'new norm'

---

As we adjust to our 'new norm', which, for many, means increased remote working, the benefits of utilising RegTech solutions to ensure compliance and efficiency are becoming increasingly clear.

With compliance teams working in different locations, and opportunistic criminals no doubt eager to take advantage of any weaknesses in processes or controls, RegTech can support businesses at a time when headcount may have to alter and priorities will shift.

In some instances, this realisation is leading those in question to accelerate existing RegTech implementations, while others start looking into how they can benefit from technologies as a matter of urgency.

RegTech, and the key elements of solutions, can support regulated firms through these complex circumstances, with just some of the benefits explored below.

### Software as a Service (SaaS)

SaaS solutions are fast to implement and require very little IT resource. Standard, out-of-the box solutions can be up and running in a matter of days, and can be easily accessed remotely, via computers or mobile devices, without having to contend with firewall issues – something that has posed significant challenge to many organisations in this transition to home working.

Invidem has a unique business model, gathering and validating data from multiple sources, including the customers themselves, in line with a Nordic standard for compliant KYC information. With these advanced partners, we allow our clients to **make even more sophisticated risk assessments.**

**INVIDEM**  
NORDIC KYC UTILITY

## Customer experience

In the current pressured environment that we find ourselves in, enabling a seamless customer-friendly experience is more important than ever. Through Intelligent Process Automation (IPA), our platform assists in promoting effective cost and time management, by reducing the total cost of ownership associated with client and third-party due diligence and improving analyst productivity by eliminating inefficient manual processes.

IPA dramatically reduces the time taken to search, review, collate and report on multiple, structured and unstructured data sources, allowing analysts to focus on more business critical tasks, which ultimately boosts business productivity.

It also automates repetitive manual tasks, like data gathering, saving you time and money while eliminating human error. It provides the opportunity to streamline and bring consistency to onboarding efforts across the organisation.

With IPA delivering a faster and more accurate KYC onboarding process, productivity increases. And the KYC process is smoother and easier than before.

## Control

Control is a critical element of a robust, successful KYC programme. However, maintaining effective oversight of remote teams of hundreds, if not thousands, of KYC analysts may seem impossible.

A single platform for KYC discovery, screening, IDV and ongoing monitoring can automate these activities in line with a firm's documented policies and procedures.

Utilising automation means that each task is completed consistently, and a detailed audit trail ensures every search and action is accurately recorded for regulatory purposes. Furthermore, KYC files can be accessed by analysts as and when needed to onboard or refresh, ensuring a level of confidence and consistency that could not be felt otherwise.

The current global crisis has put consumers in an unknown position, as thousands are having to lean on traditional banks, modern FinTechs and lenders, making it the ideal time to trust in the power of RegTech solutions.

This partnership with **Encompass** is a natural fit for us, since the **highest quality data is absolutely key** to effective KYC.





We've got our cycle time down from a mean of 12 days to two days. **80% of the effort in onboarding is removed instantly...**

We've seen lots of efficiencies across the process and all of that creates a more elegant and speedier customer process.



Watch the Santander case study  
[encompasscorporation.com/santander](https://encompasscorporation.com/santander)





## About Encompass

A full and accurate picture of beneficial ownership is the foundation of effective KYC.

Manually building this picture from a plethora of documents and third party data sources, however, is a long, expensive and error-prone process.

Encompass' intelligent process automation conducts live document and data collection, analysis and integration from public and premium sources to bring transparency to complex corporate structures and ultimate beneficial ownership, delivering the most accurate and complete KYC on demand.

The full picture of a customer significantly enhances the effectiveness and efficiency of subsequent KYC activities including screening and IDV - both of which can be carried out seamlessly in the Encompass platform if required.

All information on a customer, along with supporting documents, is dynamically compiled into a comprehensive, digital KYC profile that Encompass can also monitor for ongoing regulatory risk.

Find out more at [encompasscorporation.com](https://encompasscorporation.com).



**encompass**  
the full picture, fast

**t** +44 (0) 333-772-0002  
**e** [info@encompasscorporation.com](mailto:info@encompasscorporation.com)  
**w** [encompasscorporation.com](http://encompasscorporation.com)

#### **GLASGOW**

Level 3, 33 Bothwell Street,  
Glasgow, G2 6NL

#### **LONDON**

Level 2, 60 Ludgate Hill,  
London, EC4M 7AW

#### **SINGAPORE**

9 Straits View,  
Marina One West Tower, 05-07,  
Singapore, 018937

#### **SYDNEY**

Level 10, 117 Clarence Street,  
Sydney, NSW, 2000