

KYC in 2024

KYC in an Increasingly Complex Landscape

A Global Research Report
by Fenergo

Banking





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Executive Summary



Financial institutions (FIs) must fulfil their Know Your Customer (KYC) obligations to comply with the latest regulatory compliance laws in the jurisdictions in which they are active. The cost of inaccurate KYC can lead to severe penalties, and regulators are in no mood to compromise.

KYC and onboarding trends have followed a bell-curve pattern across the years. From the benchmarks established by Fenergo in 2022, all data trended upwards in 2023 as uncertainty entered the market and the manual focus dominating the banking industry peaked. Some of these numbers are starting to fall as technologies such as AI and automation begin to gain a foothold, and banks are starting to innovate their way out of legacy technology issues.

According to Fenergo's research, in the first half of 2024, global financial regulators issued approximately 80 fines totaling \$263.3 million for breaches of anti-money laundering (AML), KYC, transaction monitoring, sanctions, and suspicious activity reports (SARs)¹. An increase of 31% compared to the same period in 2023 with banks comprising \$168.1 million of the total value. In addition to the tangible cost of these penalties, there is also the negative reputational impact to consider.

KYC and client lifecycle management (CLM) are central to accurate compliance. KYC covers the entire client span, from onboarding to ongoing review and maintenance. KYC can be time and resource-intensive and FIs' onboarding and review processes can shape their relationship with existing and future clients. To add to the complexity, regulations around AML, KYC, and client due diligence (CDD) are constantly evolving, putting added pressure on FIs to improve their KYC operations. During 2024, for example, we have seen significant regulatory changes in the US, European Union (EU) and Asia². The Financial Crimes Enforcement Network (FinCEN) issued multiple significant notices of proposed rulemaking, the EU endorsed the AML single package, and Singapore is updating its AML best practices through information sharing via the Collaborative Sharing of Money Laundering/Terrorist Financing Information Cases (COSMIC) platform.

Our annual KYC Trends report explores activity in three key financial markets spanning three continents – the United Kingdom, the United States, and Singapore. We spoke to 453 C-suite executives to get a clear snapshot of KYC practices within a cross-section of FIs.

In this report we explore the data to understand how the KYC trends have shifted over the past 12 months, specifically looking at:

- Where tech investment priorities are focused for 2024
- What the responses say about the future of the banking industry
- How scandal and regulations are having an effect
- The cost of KYC in 2024
- The impact of digital adoption
- The consequences of global economic shifts

¹<https://resources.fenergo.com/newsroom/regulatory-penalties-for-global-financial-institutions-surge-31-in-h1-2024>

²<https://resources.fenergo.com/reports/aml-regulatory-updates>

Methodology



Fenergo commissioned Censuswide to survey 453 C-suite executives in global banks across the UK, US and Singapore. We spoke to those at corporate and investment banks (C&IB) with more than \$100 billion in assets under management (AUM) and commercial banks with more than \$50 billion in AUM.

The audiences were split with 226 respondents from C&IB and 227 from commercial banks. There were nominal differences in the data between the two groups so (except for costs related to medium-risk KYC) the data has been unified for ease of reading.

The survey was carried out in September 2024.

KYC Costs and Client Abandonment



The cost of KYC is still high – reaching up to a staggering \$280 million for each commercial bank and \$60.3 million for each Corporate and Institutional bank in 2024 for medium-risk clients. But there has been progress in the last 12 months, the average cost of a single KYC review is now \$2274 as compared to \$2598 in 2023.

Calculations

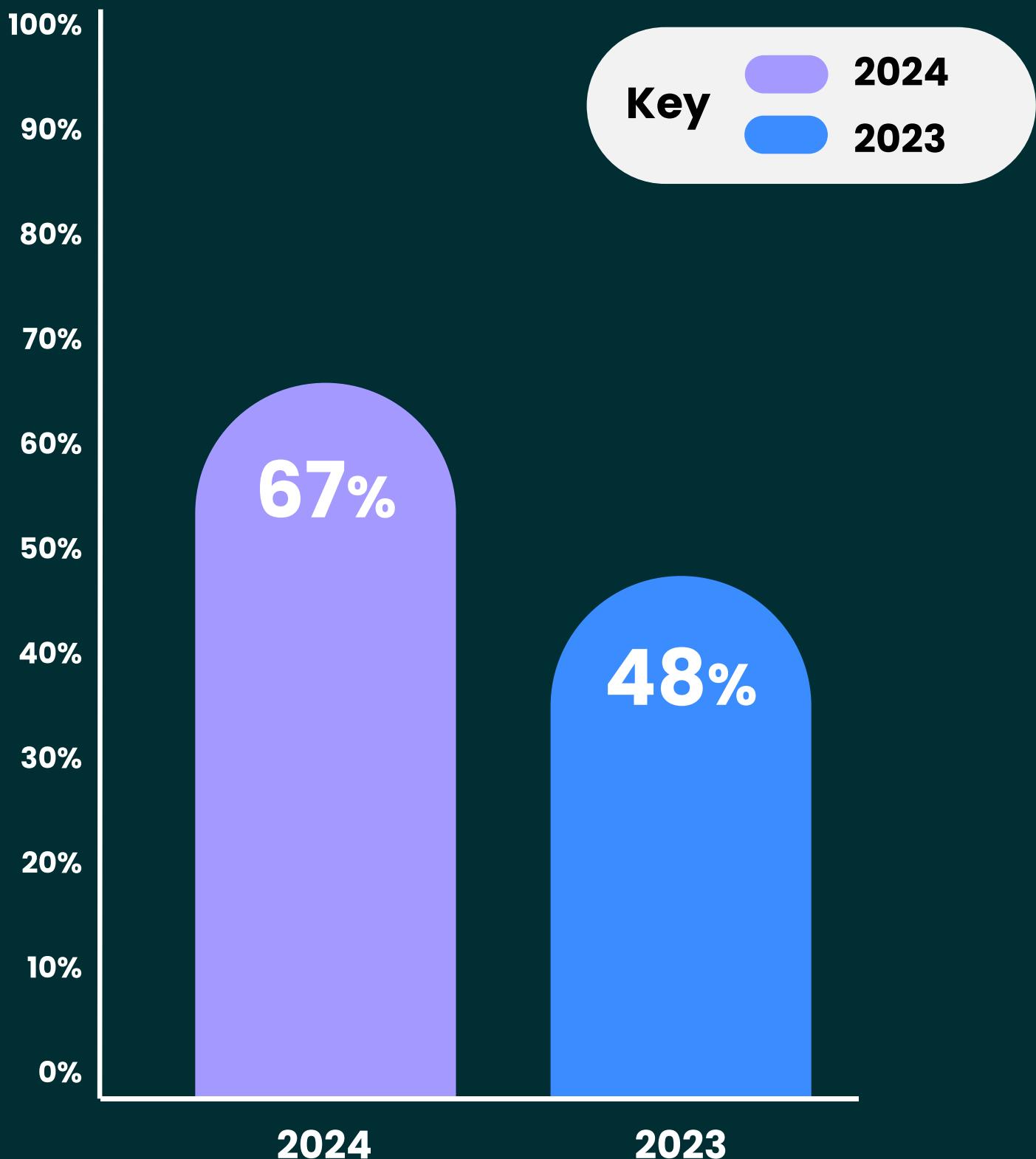
These figures were calculated based on the medium risk KYC requirements for the average number of existing clients (approximately 330,000 for commercial banks and 170,000 for C&IBs), the percentage of medium risk clients (30%), and the average number of new clients onboarded at both types of banks (50,000-100,000 for commercial banks and 10,000 for C&IBs).



However, banks are facing an unexpected crisis with more banks than ever losing clients during the onboarding process despite taking steps to reduce costs. This suggests that they've made a few missteps on their digital transformation journeys.

The slight decline in the average cost of a KYC review seems positive. But when coupled with the sharp increase in banks losing clients during onboarding counteracts any cost savings.

% of Banks that Lost Clients During Onboarding



Two-thirds (67%) of the FIs we surveyed in the UK, US and Singapore said they had lost a client due to slow and inefficient onboarding. This was up markedly since 2023, when nearly half (48%) of global FIs reported losing clients due to their onboarding processes.

Disintermediation is taking place. That's the best explanation for such a sharp rise in client abandonment, better onboarding experiences exist elsewhere, and so potential clients are abandoning the application process to be banked elsewhere with a more efficient process. Why this is happening is more complex.

Not all digital transformation journeys are made equally. For many years there have been a multitude of point solutions that can each handle a single aspect of the client onboarding journey. Banks adopted these solutions early on to adapt to increasing regulatory demands and evidently still rely on them instead of moving to end-to-end enterprise solutions. Unfortunately, that exacerbates data siloes and increases the amount of time spent moving between different platforms to check data. This slows down the entire process resulting in greater inefficiencies and a poor client onboarding experience.

The slight reduction in the average cost for KYC suggests that banks have found stability with their OpEx issues but are struggling to balance this with the need for enhanced CX.

Banks cite poor data management and siloed processes as the key reasons that clients leave during the onboarding process (86% - up from 82% in 2023). This often includes repeated requests for the same information by different departments, for example. Poor data management and siloed processes create complicated client onboarding journeys that fail to leverage client data.

Reasons for Client Abandonment - Global Snapshot

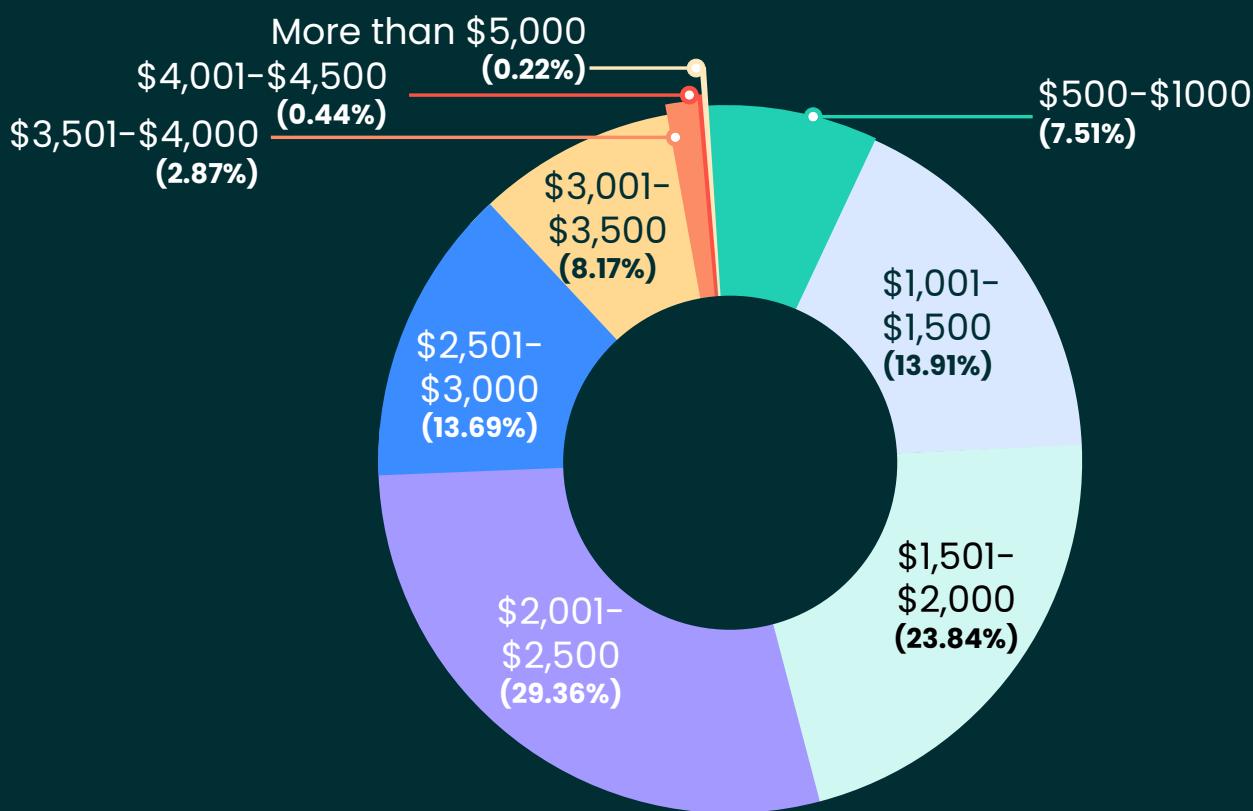


The second most-cited cause for abandonment is poor customer experience and delayed onboarding (77% - down slightly from 78% in 2023). The onboarding process, often manual and labor-intensive, combined with the time it takes to onboard new clients is driving customers away.

FIs also report that general complexity in the onboarding process (45%) is another standout factor causing client abandonment.

While many FIs in the UK, US and Singapore report struggling to maintain clients during the onboarding process, the cost of KYC for onboarding alone is falling. The average cost per bank of a KYC review for a corporate or commercial client in multiple jurisdictions is now \$2,274, which is down 12% from 2023's global average of \$2,598. The average cost of KYC for a single corporate and investment bank client (\$2,250) tends to be higher than assessing a commercial client (\$2,089).

How Much Does it Cost to Complete a KYC Review for a Corporate Client?



In 2023, more than half (52%) of FIs worldwide were spending between \$2,500-4,500 on average to complete KYC for a single client, whereas in 2024, just 25% of FIs surveyed are spending this amount. Although the average cost of KYC is moving in the right direction, the rise in client abandonment and the loss of subsequent revenues counteracts any savings made.

With two-thirds of FIs reporting they have lost a potential client due to a poor onboarding experience in the last year, there are key issues to address.

Tracy Moore, Director of Thought Leadership and Regulatory Affairs at Fenergo had the following insights to share as drivers of client abandonment:

"Potential clients are encountering a compromised client experience as banks streamline their processes at the expense of a user-friendly experience."

Moore went on to share that complex interfaces, security checks, and technical issues can put these clients off onboarding, especially when coupled with poor communication from the bank. Competition has also increased in the space, with more banks available that offer straightforward client experiences and elevating client expectations.

While KYC costs have come down in 2024, they may rise again next year as financial crime risk investment grows as a priority for FIs which we explore later in the report.

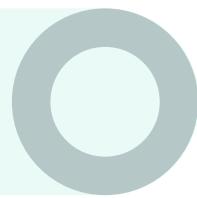
“Potential clients are encountering a compromised client experience as banks streamline their processes at the expense of a user-friendly experience.”

– Tracy Moore,

Director of Thought Leadership and Regulatory Affairs, Fenergo



KYC Costs and Client Abandonment: Regional Breakdown

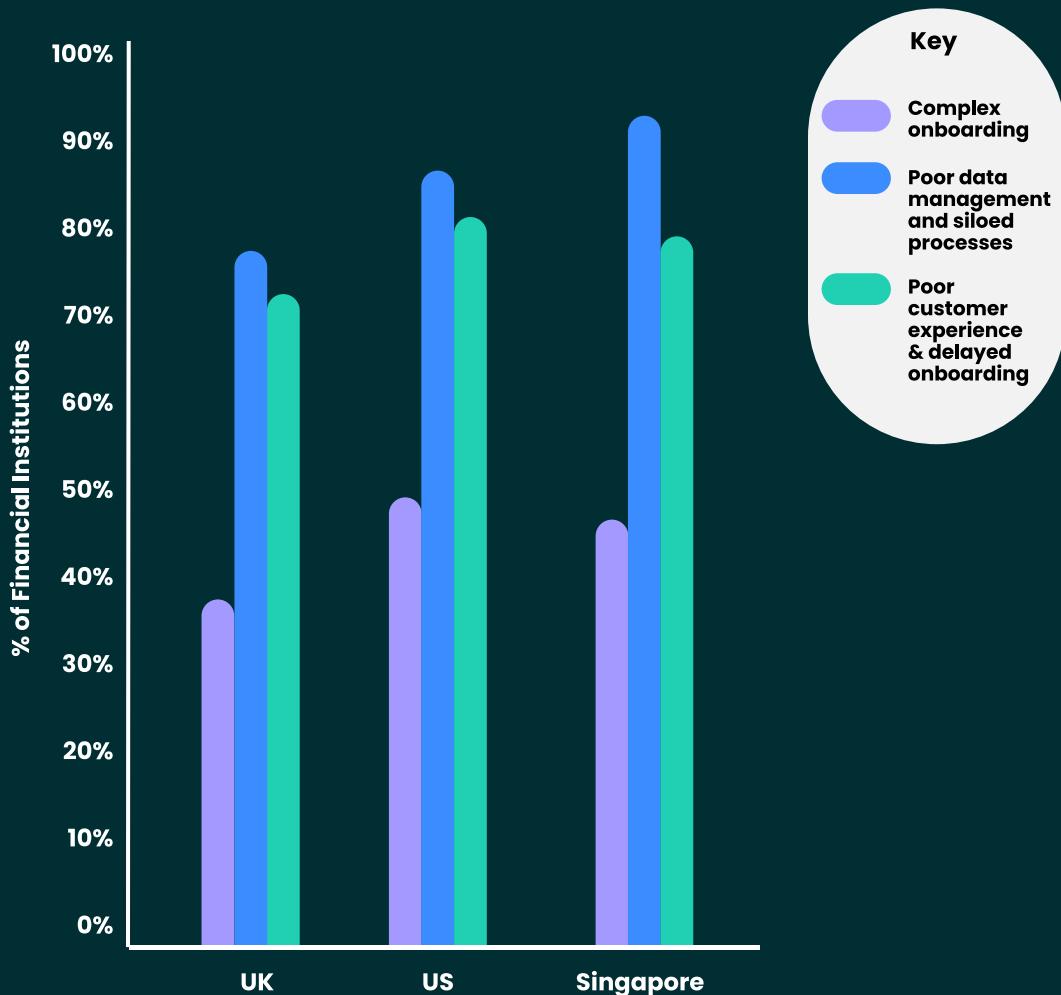


Across the UK, US and Singapore, we see a significant increase in clients abandoning the onboarding process. This change suggests a marked increase in expectation for better digital experiences when interacting with FIs. The issue is particularly pronounced in Singapore.

Bryan Keasberry, Senior Manager, Market Development at Fenergo in Singapore, commented on this result in particular:

"The realities around cloud adoption do not match the marketing from banks. SaaS purchases are being made but integration projects that push adoption are underserved."

Reasons for Client Abandonment - By Region



There are also variations in KYC review costs across countries. Differing regulatory environments affecting trade finance and private banking, as well as major AML scandals have had an impact causing varying levels of regulatory scrutiny.

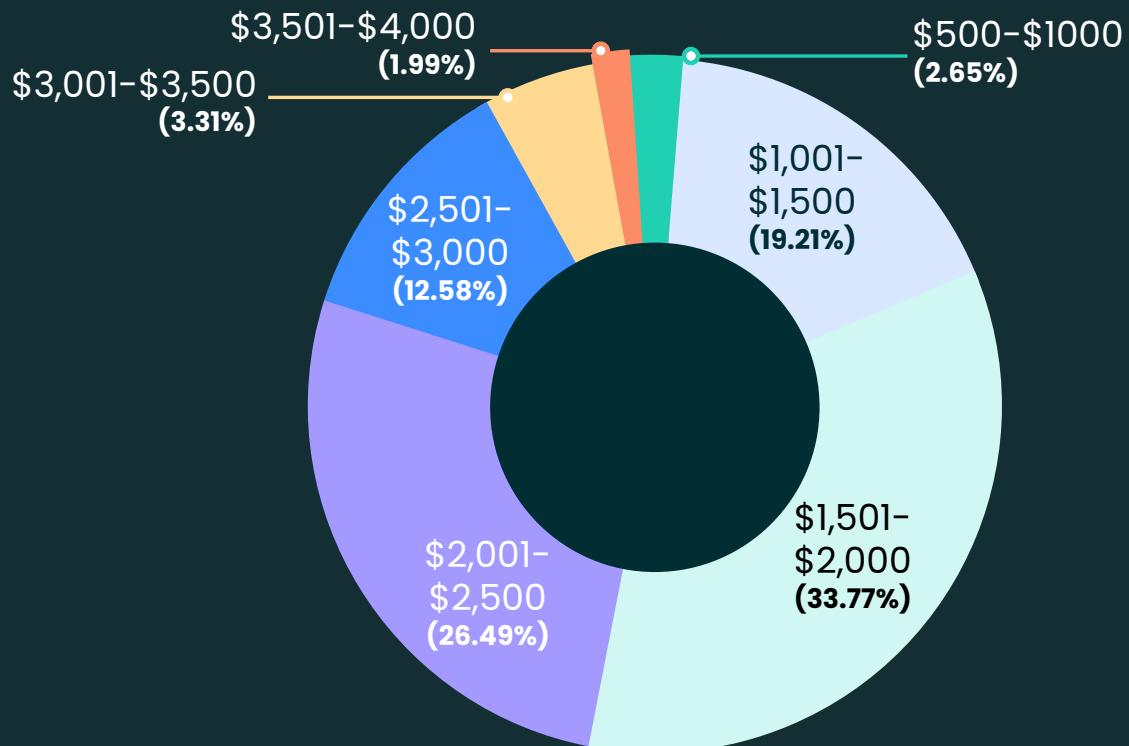
“The realities around cloud adoption do not match the marketing from banks.”

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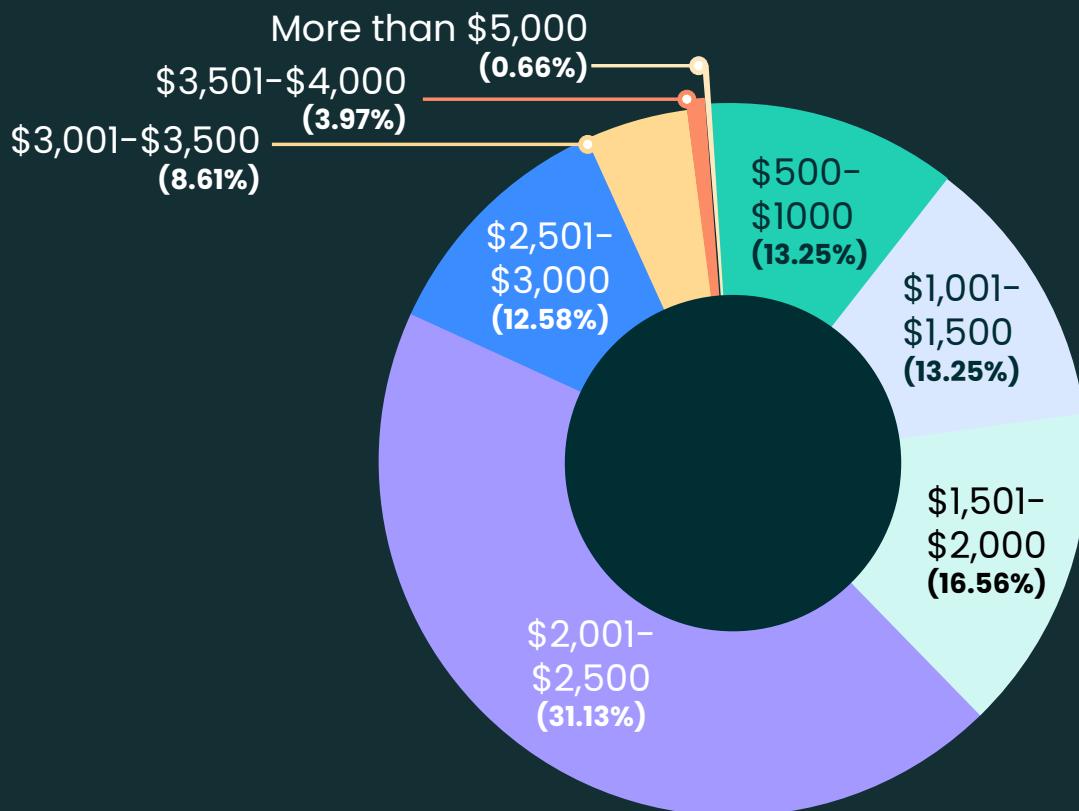
Senior Manager, Market Development, Fenergo



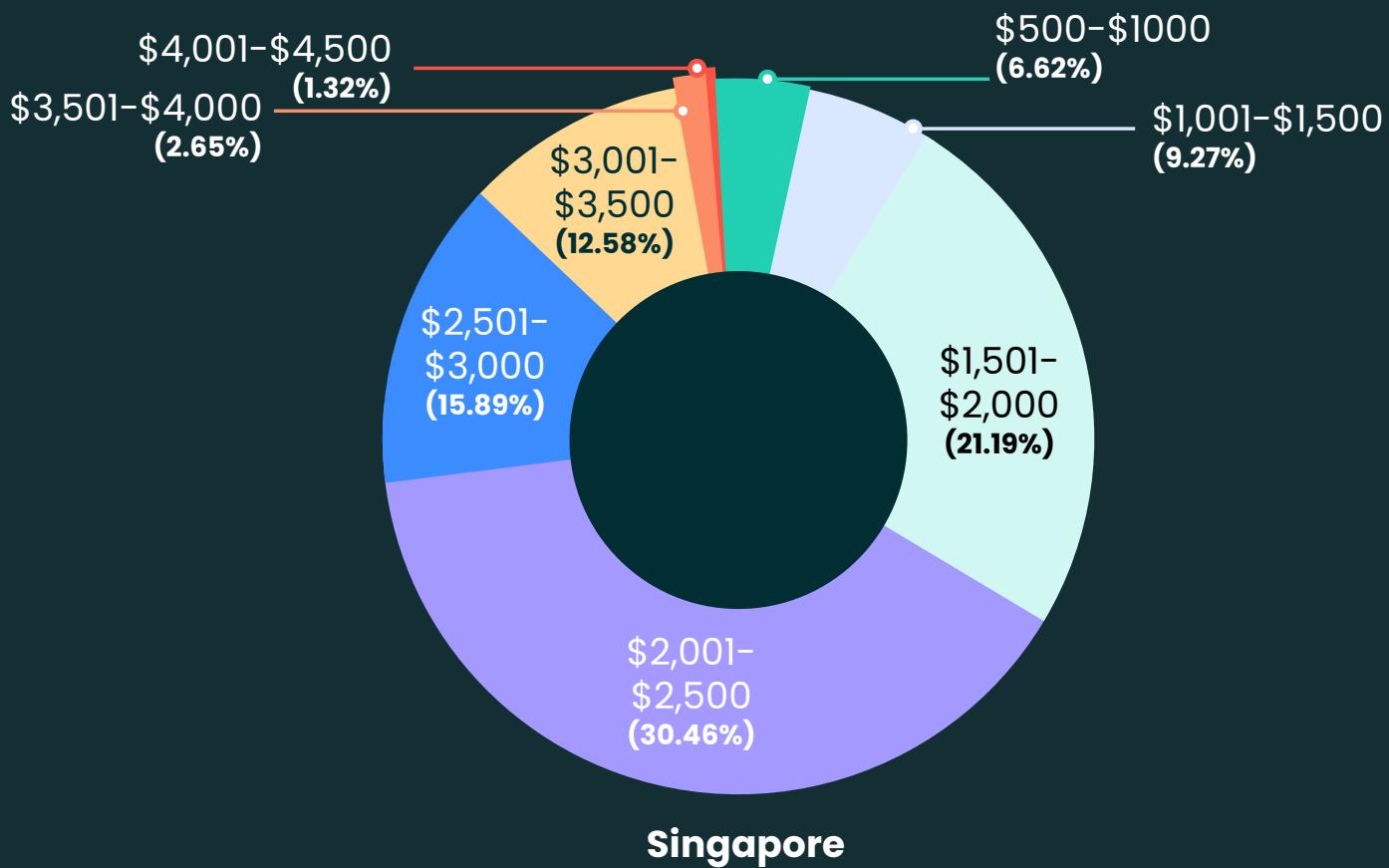
Cost to Complete KYC Review – Regional Snapshot



UK



US



United Kingdom

Nearly six in ten (58%) of UK firms recorded losing a client in 2024 due to slow and inefficient onboarding, up significantly from 39% in 2023. The main factors influencing client abandonment included poor data management and siloed processes (78%), poor customer experience and delayed processes (71%) and complex onboarding (38%).

On the positive side, the average cost of a KYC review for corporate and commercial banking clients across multiple jurisdictions fell around 25% from \$2,613 in 2023 to \$1,976 in 2024.

The UK implemented an AML amendment in late 2023 that changed how domestic politically exposed persons (PEPs) were examined. The Financial Conduct Authority (FCA) has issued guidance to ensure financial firms including banks, payment firms and lenders, do more to ensure PEPs, particularly low-risk domestic PEPs, are not treated unfairly. The guidance requires banks and other financial entities to demonstrate a more nuanced, risk-based approach to PEP due diligence³.

As banks are no longer required to carry out enhanced due diligence for low-risk PEPs, the costs for onboarding entities with PEP stakeholders will naturally fall and which may explain why we're seeing KYC costs decline so significantly in the UK. This move by the FCA was a direct result of a highly publicized and contentious dispute between Nigel Farage, leader of UK political party Reform UK, and a private bank after it decided to close his account.

Rory Doyle, Head of Financial Crime at Fenergo, commented:

"Banks in the UK having to carry out fewer source of wealth and source of funds checks was always going to reduce the compliance cost burden."

Doyle went on to explain that by reducing the risk factor of domestic PEPs, the UK had created a more streamlined compliance environment that no longer investigates these PEPs as deeply.

³<https://www.fca.org.uk/news/press-releases/FCA-calls-on-firms-to-improve-treatment-of-PEPs>

“Banks in the UK having to carry out fewer source of wealth and source of funds checks was always going to reduce the compliance cost burden.”

*– Rory Doyle,
Head of Financial Crime, Fenergo*



United States

US FIs reported that over half (56%) had lost a client due to slow and inefficient onboarding in 2024, up narrowly from the previous year (51%). Like in the UK, poor data management and siloed processes (86%) are the key issue, albeit more pronounced. Poor customer experience and delayed onboarding (80%), and complex onboarding (49%) follow.

The average cost of conducting a KYC review has also dropped in the US by around 17%, from \$2,476 in 2023 to \$2,064 the following year.

In 2023 banks underwent significant cuts, with three major US banks laying off approximately 17,700 staff members. There have been sweeping layoffs, but it appears as though the technology transformation needed to make up for the shortfall has not been implemented in a way that creates a more efficient environment or delivers a better client experience (CX).

Garry Teekah, Senior Manager, Market Development at Fenergo in the US, commented:

"The savings from layoffs only hit the profit and loss statement in 2024, but the wider trend reflects that banks have not solved for KYC effectively."

Teekah went on to explain that this is due to banks not using an advanced end-to-end enterprise solution to offset labor losses. As evidenced by the increase in abandonment during the client onboarding journey.

“The savings from layoffs only hit the profit and loss statement in 2024, but the wider trend reflects that banks have not solved for KYC effectively.”

– Garry Teekah, Senior Manager, Market Development at Fenergo



Singapore

Singaporean FIs face a significant onboarding challenge compared to the rest of the world. In 2023, just over half (52%) of the firms we surveyed had lost a client to onboarding, but within a year, this figure had rocketed to 87%, that's 20% higher than the global average. Why? Like the UK and US, data management and siloed processes (91%) are the key onboarding challenges in Singapore, with poor customer experience and delayed onboarding (79%) and general complex onboarding processes (47%) as key factors.

Despite the increased client abandonment rate, the average cost of a KYC review has also fallen by around a fifth (19%), from \$2,753 in 2023 to \$2,224 in 2024.

While poor client experience is particularly pronounced in the region, Singapore is ahead of the rest of the word with regards to cloud adoption. 99% of banks claim they have placed their CLM and AML systems fully on the cloud yet this appears to be hiding deeper problems.

Bryan Keasberry, Senior Manager, Market Development at Fenergo, gives insight into this:

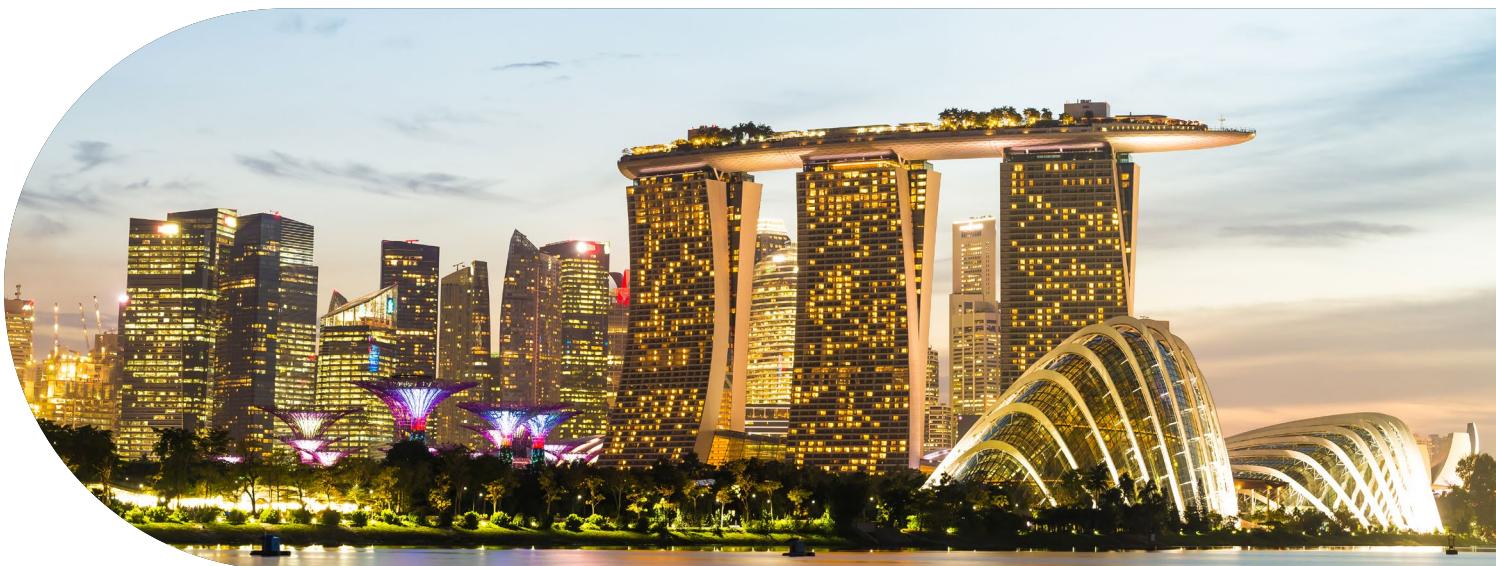
"While most Singaporean banks have cloud plans and have purchased cloud solutions these tend to be niche applications and point solutions."

Keasberry also suggested that this approach to cloud implementation results in poor CX as data remains siloed by these point solutions.

Singapore has also reinforced the need for diligent [source of wealth and source of funds checks](#) from banks in response to a [major scandal](#) in 2023.

“While most Singaporean banks have cloud plans and have purchased cloud solutions these tend to be niche applications and point solutions.”

– Bryan Keasberry, Senior Manager, Market Development at Fenergo



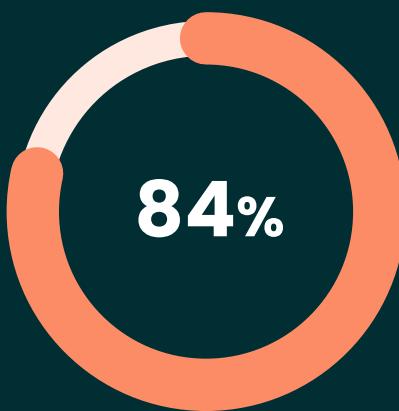
Internal Barriers and Automating KYC

Having established that banks in the UK, US and Singapore face client onboarding challenges due largely to their processes, what are the biggest challenges for FIs in 2024 as they seek to boost efficiency?

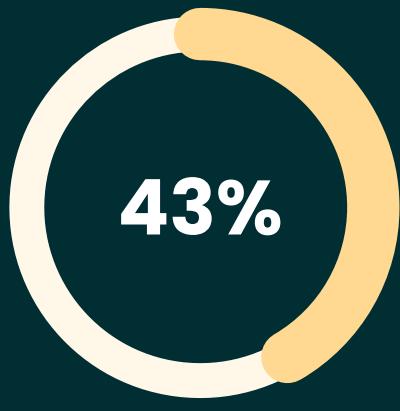
Main Factors Inhibiting Business Efficiency



Manual processing and data management



Siloed data and communication



Generating and analyzing reports

Banks report that the biggest factors inhibiting business efficiency are manual processing and data management (93%).

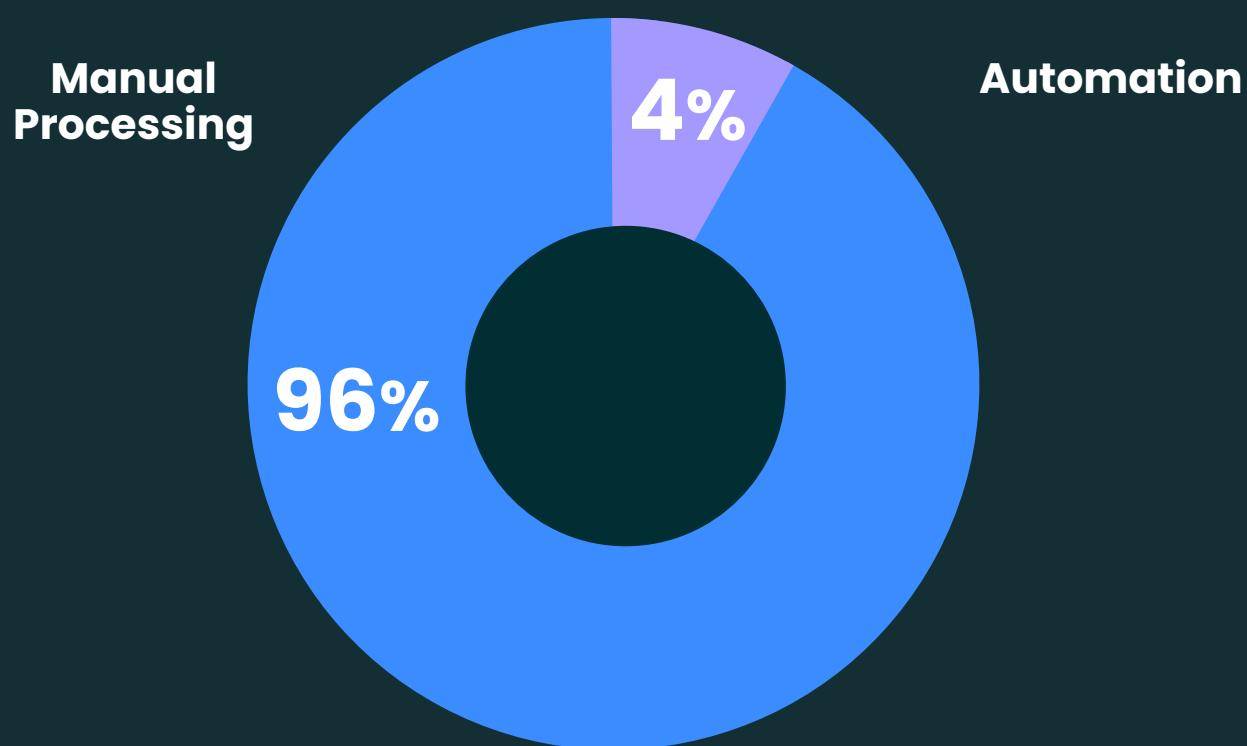
Other key factors inhibiting business efficiency include siloed data and communication between front, middle and back office (84%). These problems can be solved through a single client view. Data silos often result in swivel-chair activity as staff move between different systems, struggle to access them, and must make repeated outreaches to clients for duplicate information.

Finally, FIs report that generating and analyzing reports (43%) is proving difficult with their current processes, key tasks that can be sped up, automated, and made both more efficient and accurate with the use of AI, which we cover later in this report.

Yet, we find that more than half (51%) of FIs in the UK, US and Singapore operate at least 70% of their corporate client onboarding workflow manually. Banks struggle to integrate new technologies into legacy systems. When it comes to AI adoption, they may be hesitant due to the cost or bottlenecks around internal and regulatory policies for AI adoption. This must change. AI will become an essential component in breaking down barriers in the pursuit of profitability.

Only four percent of banks have successfully automated most of their client onboarding processes, with 96% still reliant on manual or semi-manual processing.

Manual versus automated onboarding workflows



What proportion of KYC reviews are triggered by transaction monitoring?



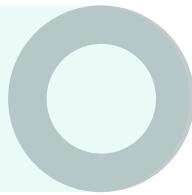
9 in 10 banks say fewer than 20%

More than nine in ten (93%) FIs see less than 20% of their KYC reviews triggered by their transaction monitoring (TM) systems. This demonstrates that many banks are failing to trigger KYC reviews through TM.

Banks need to focus on automating KYC review triggers following TM investigations, increasing compliance, expediting reviews and facilitating perpetual KYC (pKYC).

Moving to a technology-driven pKYC model would deliver real cost savings while enabling the straight through processing of the low-to-medium risk majority. This will free up compliance teams to focus on the 1% of high-risk entities that require manual review. The current situation where under 20% of KYC reviews are triggered through automation means that banks are not receiving the benefits of automation and still have a long way to go on their digital transformation journeys.

Internal Barriers and Automating KYC: Regional Breakdown



United Kingdom

In the UK, manual processing and data management are the biggest inhibitors to business efficiency, with all surveyed banks reporting manual processing and data management as a key factor inhibiting business efficiency.

Main Factors Inhibiting Business Efficiency



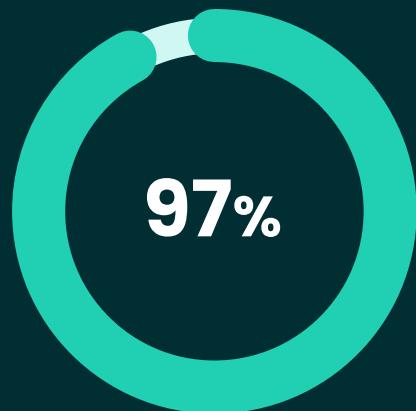
Nearly eight in ten (79%) UK banks reported that having an unclear view of their client, inefficient communications between front, middle, and back office and having to bridge multiple systems handling client data due to data silos were also major barriers. 42% are struggling with generating and analyzing compliance reports.

These challenges could be addressed with increased automation, especially with AI solutions in the market that assist with report generation. Two-thirds (67%) of UK banking firms have less than 60% of their corporate client onboarding workflow operating manually. The vast majority (93%) of UK banks have up to 20% of their KYC reviews triggered by their transaction monitoring systems.

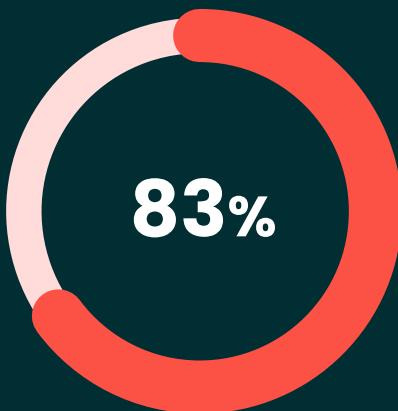
United States

In the US, 97% of banking firms also report manual processing and data management as their key barriers to efficiency.

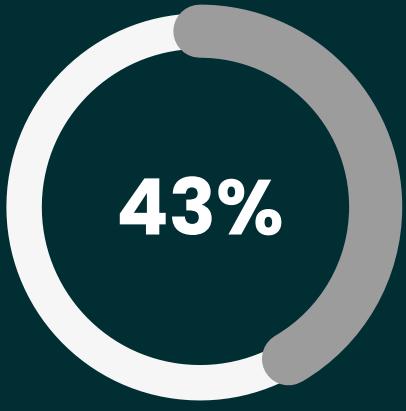
Main Factors Inhibiting Business Efficiency



Manual processing and data management



Siloed data and communication



Generating and analyzing reports

More than eight in ten (83%) report issues with siloed data and communication occurring at the bank, making it clear that data sits at the heart of business efficiency problems. 43% struggle to generate and analyze compliance reports.

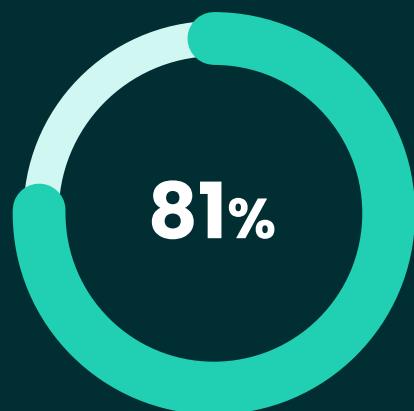
Over half (54%) of US FIs run 70% of their corporate client onboarding workflows manually. And, mirroring the UK, (93%) of US FIs have up to 20% of their KYC reviews triggered via their transaction monitoring systems.



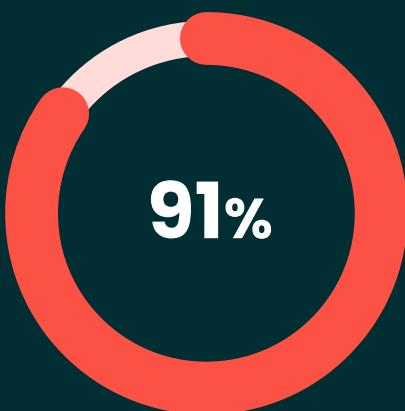
Singapore

Singaporean FIs are less likely than their UK or US counterparts to report labor-intensive processes and manual or semi-manual KYC reviews as a barrier (81%).

Main Factors Inhibiting Business Efficiency



Manual processing and data management



Siloed data and communication



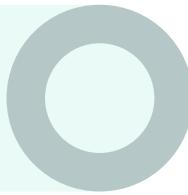
Generating and analyzing reports

However, more than nine in ten (91%) Singaporean banks struggle to get a clear view of the customer due to siloed data. Four in ten (40%) struggle with report generation and analyzing for compliance.

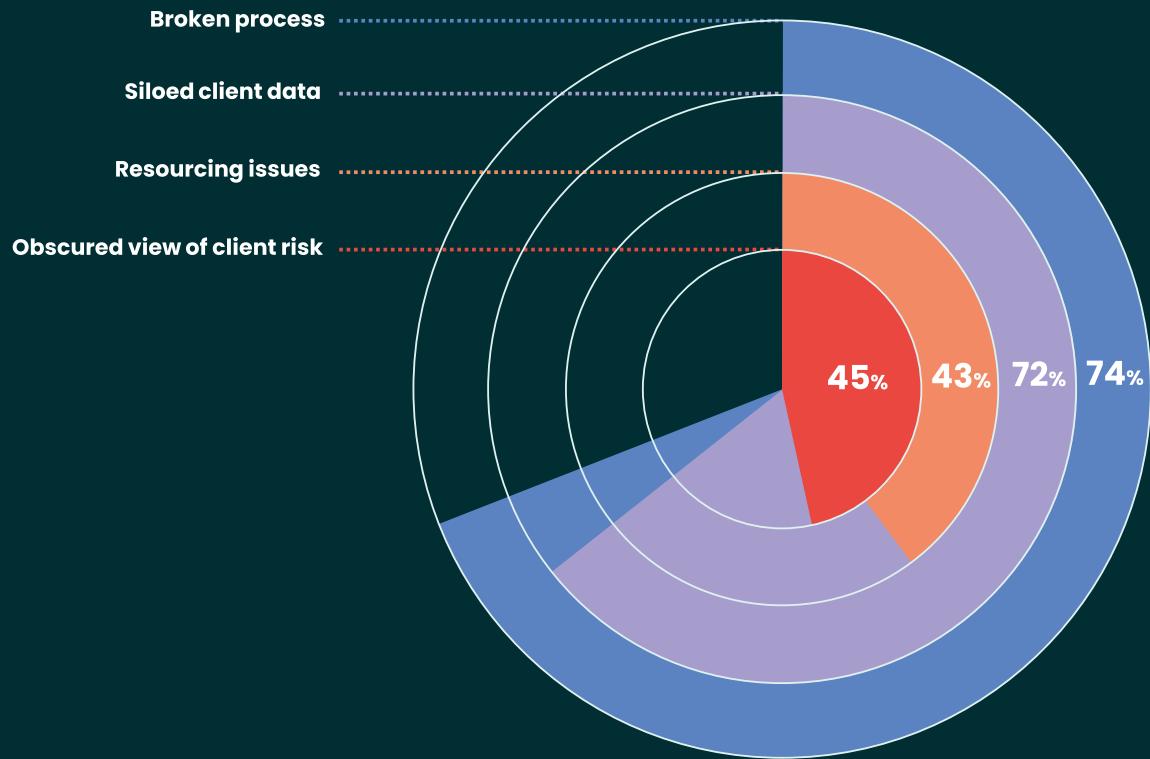
More than half (56%) of banking firms manually operate 70% of their corporate client onboarding workflow. Nearly all (94%) FIs report using transaction monitoring systems to trigger KYC reviews in less than 20% of cases.



Current CLM and Client Onboarding Challenges



Main Challenges with CLM



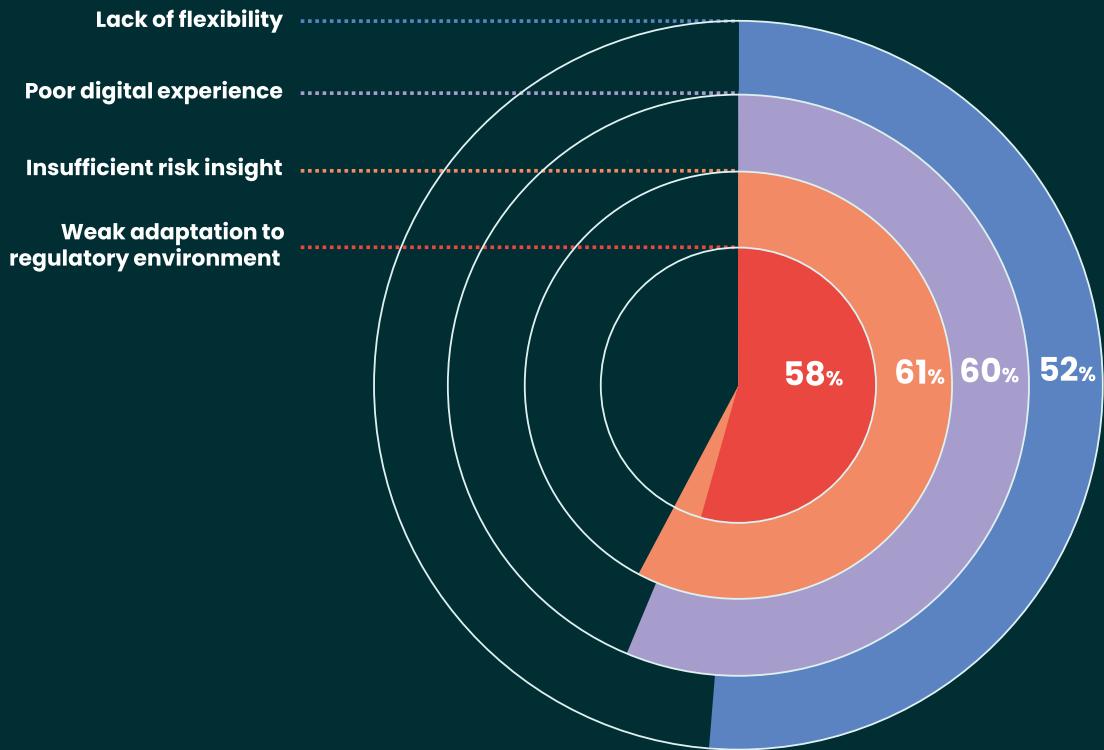
Financial institutions need help with legacy ways of working. Nearly three-quarters (74%) of FIs in the UK, US and Singapore report that broken process is the most significant challenge when it comes to client onboarding and client lifecycle management. This is due to the impact of inefficient workflows and fragmented processes, coupled with the inability to adapt to policy changes. The ability to rapidly respond to change, whether that's from internal, client, or regulatory demands, is key to resolving this issue.

That so many firms share problems with their workflows suggests that many have not fully optimized or integrated CLM solutions, hampering efficiency and leading to ongoing challenges.

72% of banks report that issues around siloed client data is another key challenge. This is formed from a mix of unstandardized data, an inability to understand the client due to data silos and manual tasks, plus inefficient internal communication between departments.

Nearly half (45%) of firms cite obscured view of client risk as a major hurdle. 43% say that resourcing is proving difficult, often due to high churn.

Main Challenges with Client Onboarding



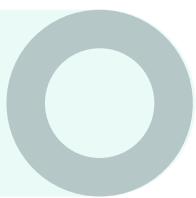
Mirroring challenges in ongoing client lifecycle management, lack of clarity over client risk is a major challenge for the majority (61%) of banks during onboarding. This is partly down to offline risk management processes and fragmented reporting. Poor digital experience is an issue for 60% of firms while 58% find that having a weak adaption to the regulatory environment is a real challenge to overcome. This is directly linked to the difficulties of keeping up with evolving regulations and repeated costs.

Over half of FIs (52%) cite a lack of flexibility in their systems and approach as a key challenge thanks to an inability to scale easily as well as having to rely on rigid and tactical approaches to client onboarding.

Our data suggests that banks need to work smarter, not harder. Regulations are continually evolving, and FIs risk falling even further behind if they do not adopt the technology available to keep them up to date with changing regulations worldwide. Technology also enables banks to automate many of their processes so they can find the information they need without having to submit repeat requests to clients.

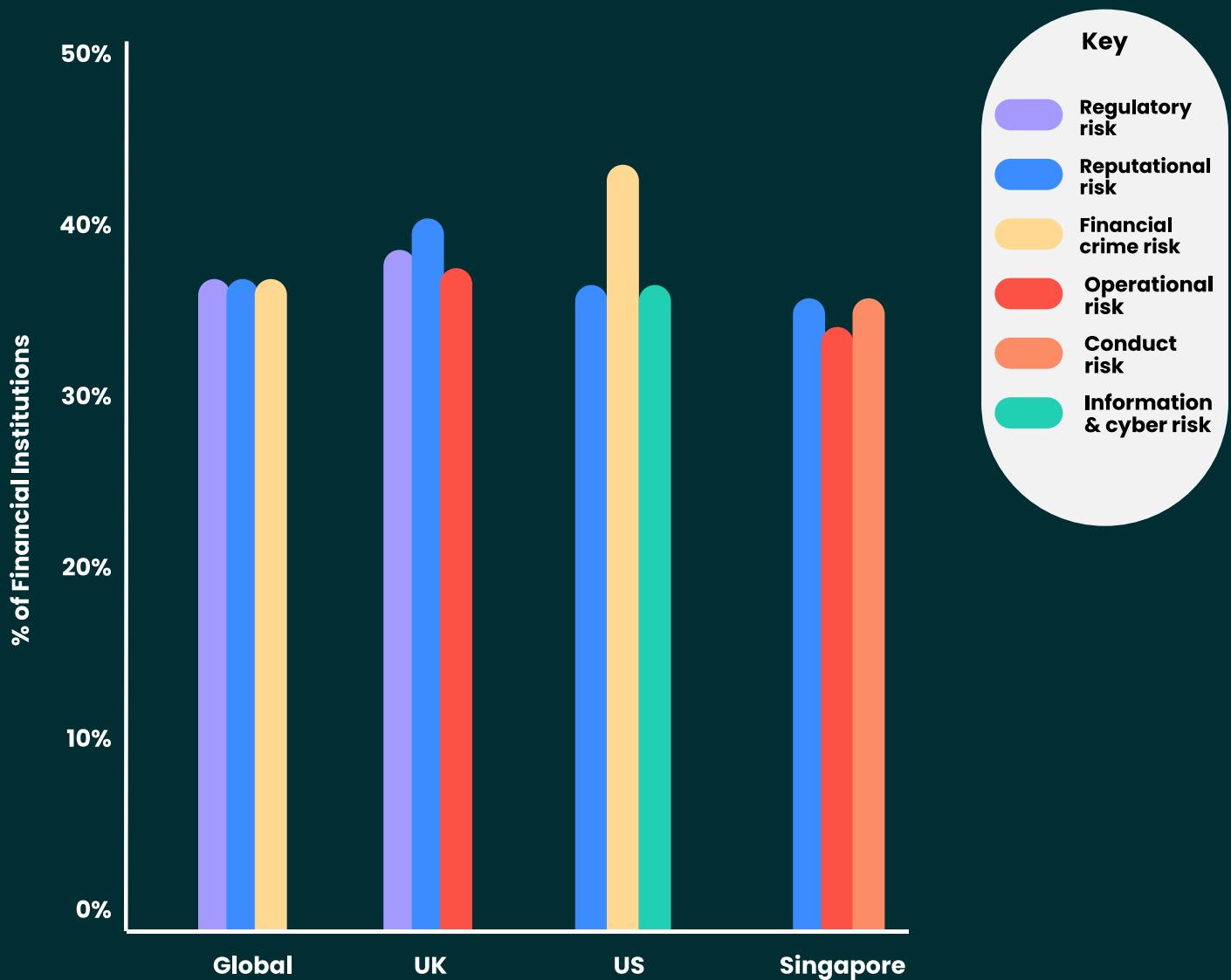
Providing an enhanced digital experience also reduces the risk of churn and empowers the FI's compliance team with a single view of their client. Technology – including AI – assists with both compliance reporting and gaining risk insights into clients.

Technology Investment and the Draw of AI



Flexibility is central to the success of automating KYC and is essential to adapting to fast-evolving regulatory change across jurisdictions. However, 58% of banking firms in the UK, US and Singapore say they cannot respond quickly to regulatory changes because their systems are not fully flexible.

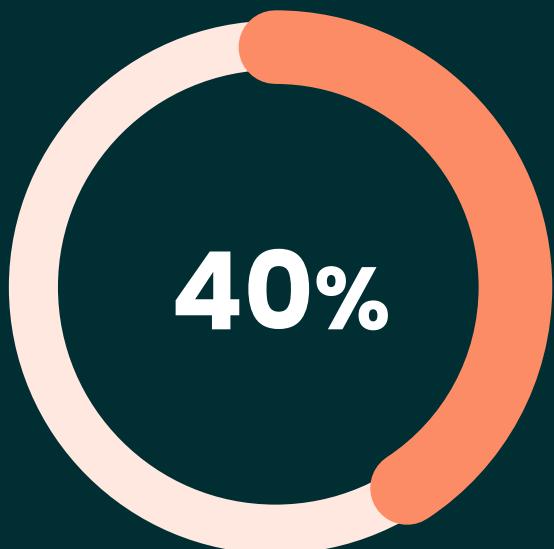
Top 3 Risk Priorities for Technology Investment



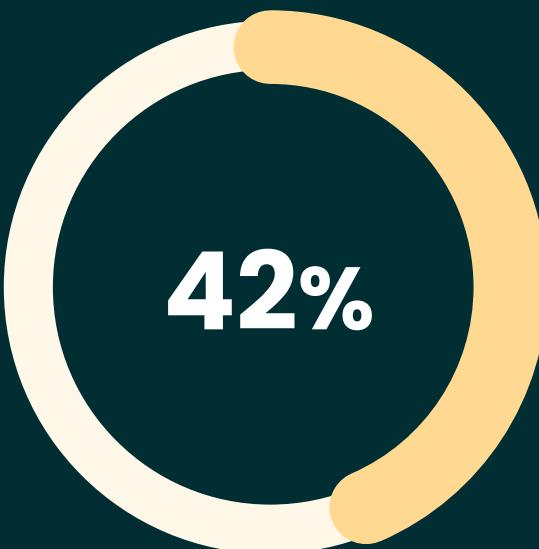
Addressing regulatory risk is a priority technology investment for FIs, alongside reputational risk and financial crime risk (each ranked at 36%). The figures broadly reflect the trend in 2023, when information and cyber risk (37%) was a priority by a small margin.

While there is no standout priority investment, it is surprising to see a drop in focus on information and cybersecurity risk since 2023. This is in part due to banks having established robust controls for cyber security but also because of increased regulatory scrutiny and an ever-increasing range of regulations. In the first half of 2024, global regulators issued approximately 80 fines totaling \$263.2m⁴. Financial crime still poses a significant risk.

What are you Trying to Achieve with AI?



Increased data accuracy



Increased operational efficiency

Artificial Intelligence is already key in helping FIs with their KYC processes. 42% use AI to increase operational efficiency, while 40% currently use it to improve data accuracy.

The focus on AI for data accuracy and operational efficiency reflects the challenges banks are experiencing as evidenced by the data earlier in the report. Generating and analyzing reports becomes far easier with advanced reporting assistants that deliver accurate data. And implementing Intelligent Document Processing (IDP) to conduct document handling sharply increases operational efficiencies by cutting down reducing manual processing by as much as 72%⁵.

⁴<https://resources.fenergo.com/newsroom/regulatory-penalties-for-global-financial-institutions-surge-31-in-h1-2024>

⁵<https://resources.fenergo.com/newsroom/fenergo-launches-ai-powered-clm-to-supercharge-efficiency-gains-amid-intensifying-regulation-and-cost-challenges>

Technology Investment and AI: Regional Breakdown



United Kingdom

More than half (52%) of UK financial institutions report that they do not have fully flexible systems and, as a result, cannot respond quickly to upcoming regulatory changes.

The top three tech investment priorities in the UK are reputational risk (40%), regulatory risk (38%) and operational risk (37%). Operational risk has risen as a focus in the last year, while financial crime and information and cybersecurity risks have dropped out of the top three priorities.

UK firms want to become more efficient with AI, with 46% reporting that they are deploying the technology to increase operational efficiency and to improve data accuracy. AI adoption among FIs is higher in the UK than in either the US or Singapore.

United States

System flexibility is a markedly more significant issue in the US, where nearly seven in ten (68%) FIs report that they do not have fully flexible systems. This compromises their ability to respond to upcoming regulatory changes. Failure to invest could prove costly in terms of financial penalties and reputational damage, as US regulators issued \$482 million in fines to banks in 2023⁶.

Security is front of mind for US banks in 2024. Financial crime risk (44%) is US FIs' top investment priority, followed by information and cyber risk and reputational risk (both 36%). Operational risk – the US priority for 2023 (44%) – has dropped out of the top three.

US financial institutions are more likely to use AI to improve data accuracy (44%) than to increase operational efficiency (40%). Reflecting the US desire for greater data certainty that has been consistent throughout the survey.

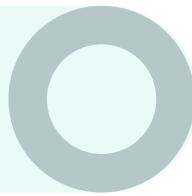
Singapore

In Singapore, more than half (54%) of FIs do not have fully flexible systems. However, regulatory risk is Singaporean FIs' top tech investment priority along with conduct risk (both 35%), narrowly ahead of operational risk (34%). Singaporean priorities may reflect regulatory priorities in the state and are the only country to include conduct risk in their top three tech priorities.

Singaporean FIs are less likely than their UK or US counterparts to use AI. In contrast to the US, Singapore's AI focus is on seeking operational gains.

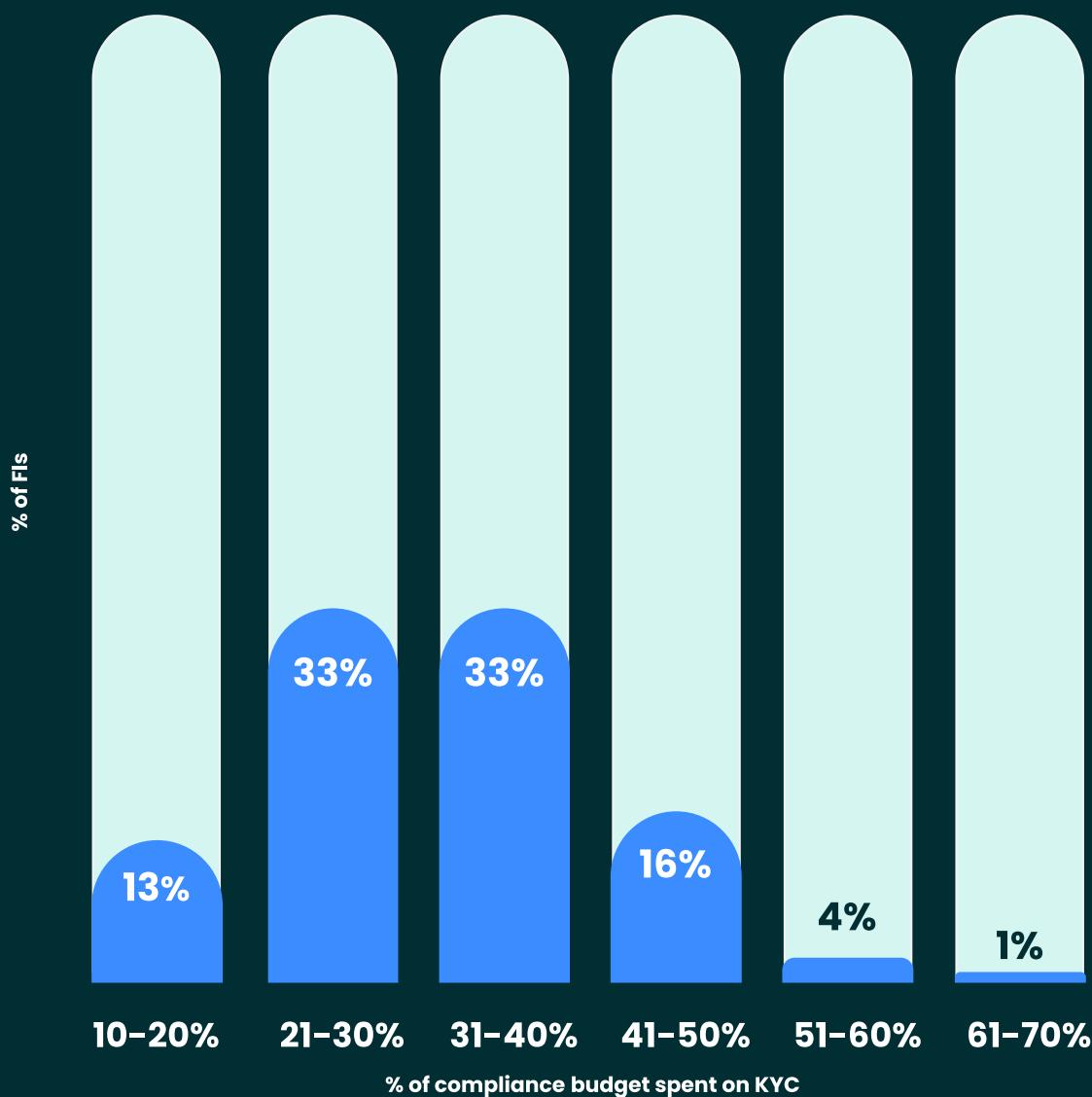
⁶<https://www.fenergo.com/aml-report>

Efficiencies in KYC



Financial institutions in the UK, the US and Singapore spend an average of a third (33%) of their compliance budgets on KYC costs in 2024. This figure is down slightly from 37% from the previous year, but five percent of FIs still spend more than half their compliance budget on KYC.

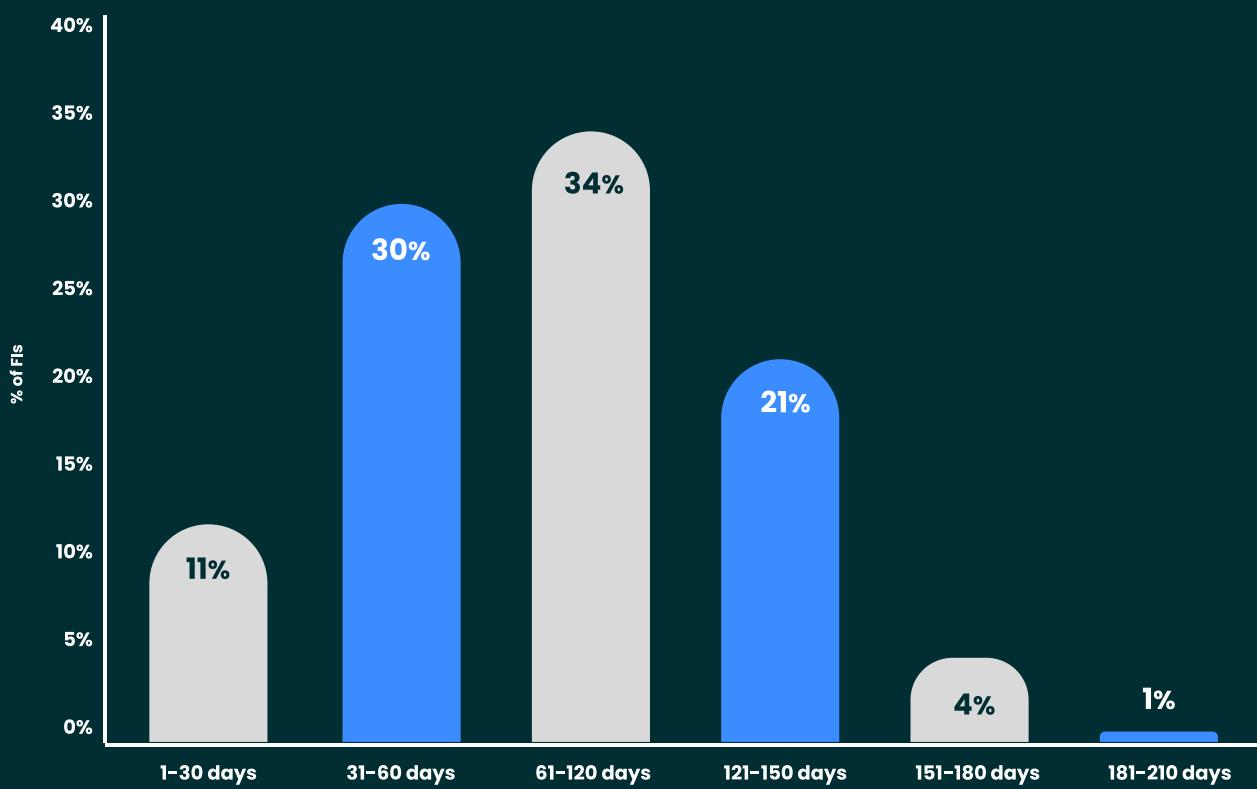
What % of Current Compliance Cost Base Concerns KYC?



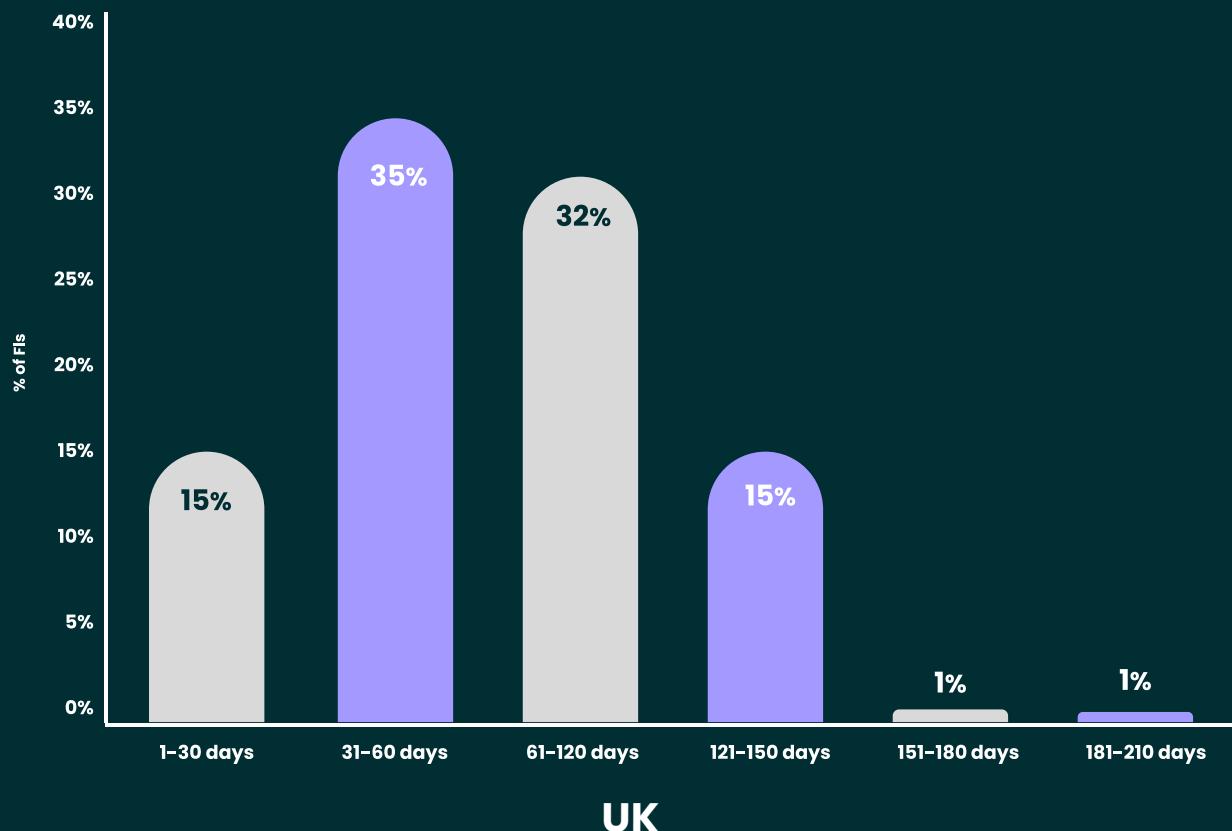
More positively, the average time it takes for a bank to complete a KYC review has fallen from 95 days in 2023 to 90 days in 2024. Just over one in ten (11%) FIs complete KYC reviews within 30 days on average, so KYC remains a challenge for most banks.

Why are KYC reviews still taking so long when advanced technology has been on the market for years that helps FIs automate and reduce onboarding times? Are banks failing to adapt effectively to the technology available to them?

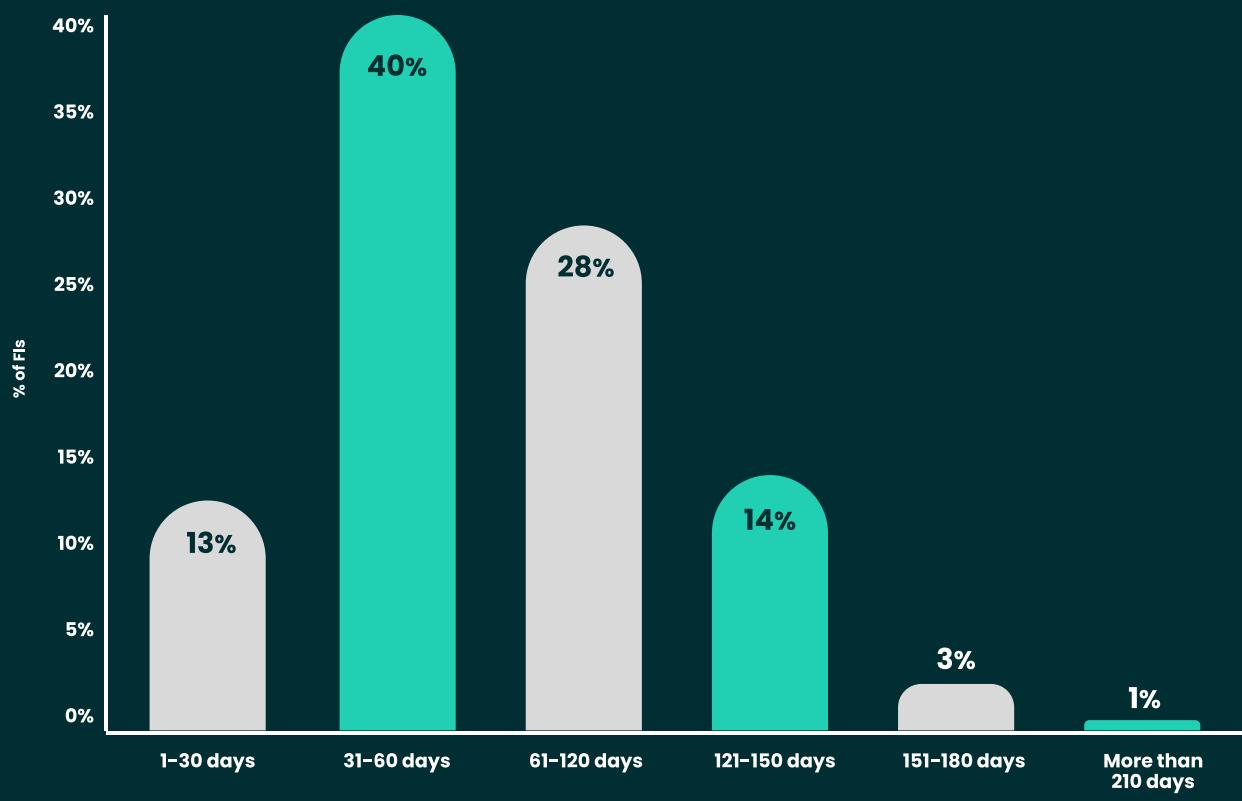
What's the Average Time your Firm Currently Spends on Completing a KYC Review for a Medium Risk Client?



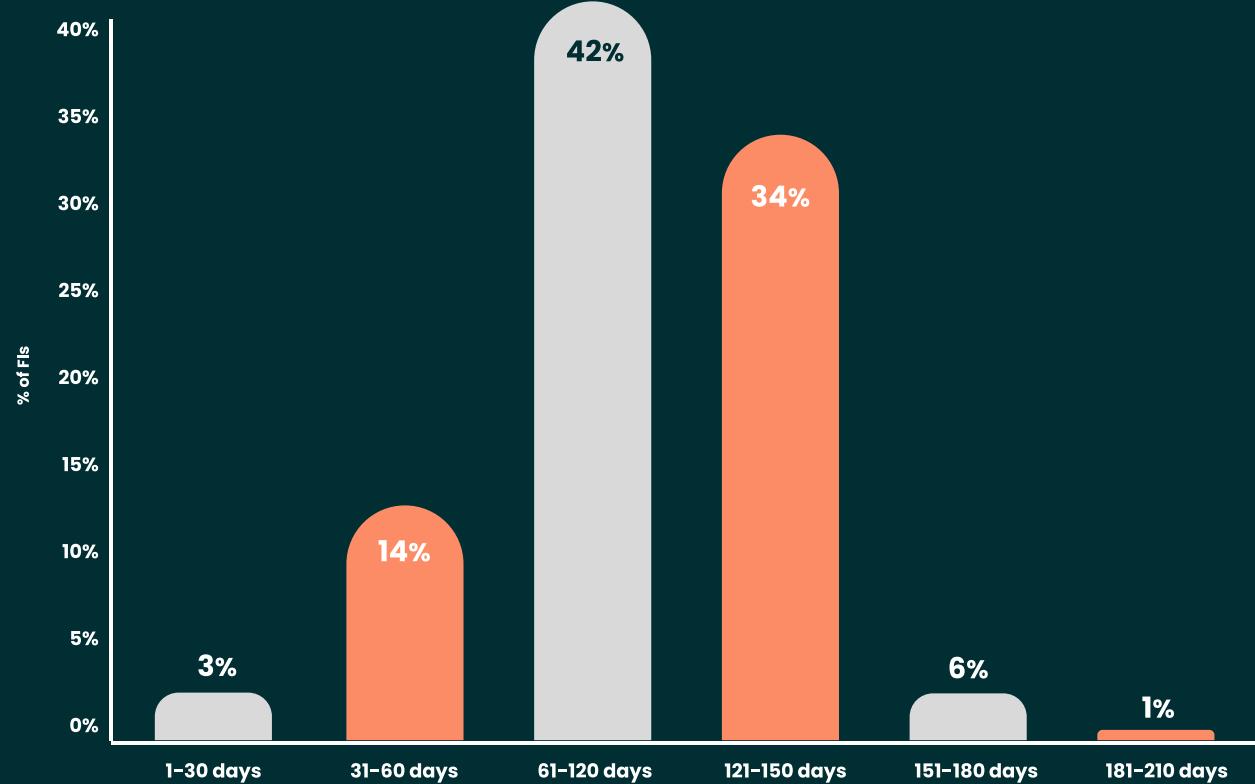
Global



UK

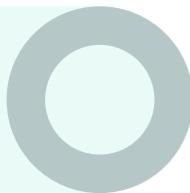


US



Singapore

Efficiencies in KYC: Regional Analysis



United Kingdom

UK banks report a significant drop in the percentage of their compliance budget that was committed to KYC costs in 2024, down seven percent to 30%. UK FIs are also improving at reducing KYC reviews, with the average time to complete the process plummeting from 100 days in 2023 to 71 days a year later.

The AML update in 2023 that reduced the need for EDD when it comes to domestic PEPs is likely to have had an impact here. But it also highlights that UK FIs are working hard to increase operational efficiencies and may have implemented a greater number of end-to-end CLM solutions than the US and Singapore.

United States

Mirroring the UK, US FIs reduced the average percentage of compliance spent on KYC costs from 36% to 30% in 2024. However, the average time to complete a KYC review has increased from 82 days in 2023 to 90 days a year later.

Singapore

Singaporean FIs also report a reduction in the percentage of their compliance budget committed to KYC costs, down from 41% in 2023 to 36% in 2024. The average time to complete a KYC review has fallen by seven days in the past year but is still a substantial 103 days.



KYC in Action – TD Bank



Growth is core to every successful business, which makes it so much more difficult to accept when that growth results in painful repercussions from regulators. Especially when it's a \$3 billion fine.

Rather than casting TD Bank's situation in a negative light, it's important to view it as an opportunity for reflection. The bank's rapid growth between 2018 and 2024, while impressive, outpaced its compliance infrastructure. With the ever-changing landscape of financial crime, maintaining a robust, modern AML system, with robust controls for KYC, is no longer optional but essential for supporting both operational integrity and sustainable growth.

TD Bank's experience underscores the value of continued investment in compliance technology and the importance of adapting to emerging threats. This view is further evidenced by FinCEN's recent "Proposed Rule to Strengthen and Modernize Financial Institutions' AML/CFT Programs".

Centralize Your Compliance

TD Bank has spent years growing effectively through the acquisition of other companies and drawing these subsidiaries into the main operations. However, that left the bank vulnerable in an unexpected way with an inability to rapidly surface risk factors. Multiple systems, one for each subsidiary, that were unable to communicate with each other left management at TD Bank unable to analyze risk easily.

As the [category-leader](#) for Know Your Customer (KYC) solutions, Fenergo is best positioned to respond to technological changes that are needed to rebuild trust with regulators.

Chartis RiskTech Quadrant® for KYC Solutions 2024



Taking a cloud-based SaaS approach to KYC and customer onboarding, like Fenergo, allows each subsidiary business to plug into a centralized compliance system. Handling onboarding, ongoing KYC reviews, and transaction monitoring in one location, where all relevant data can be surfaced to management in real-time for accurate risk assessments. In addition to this rapid delivery of data, access controls can be put in place so that analysts can only see what's relevant to their role. Meaning there are no data silos for management, and the entire compliance ecosystem is secure.

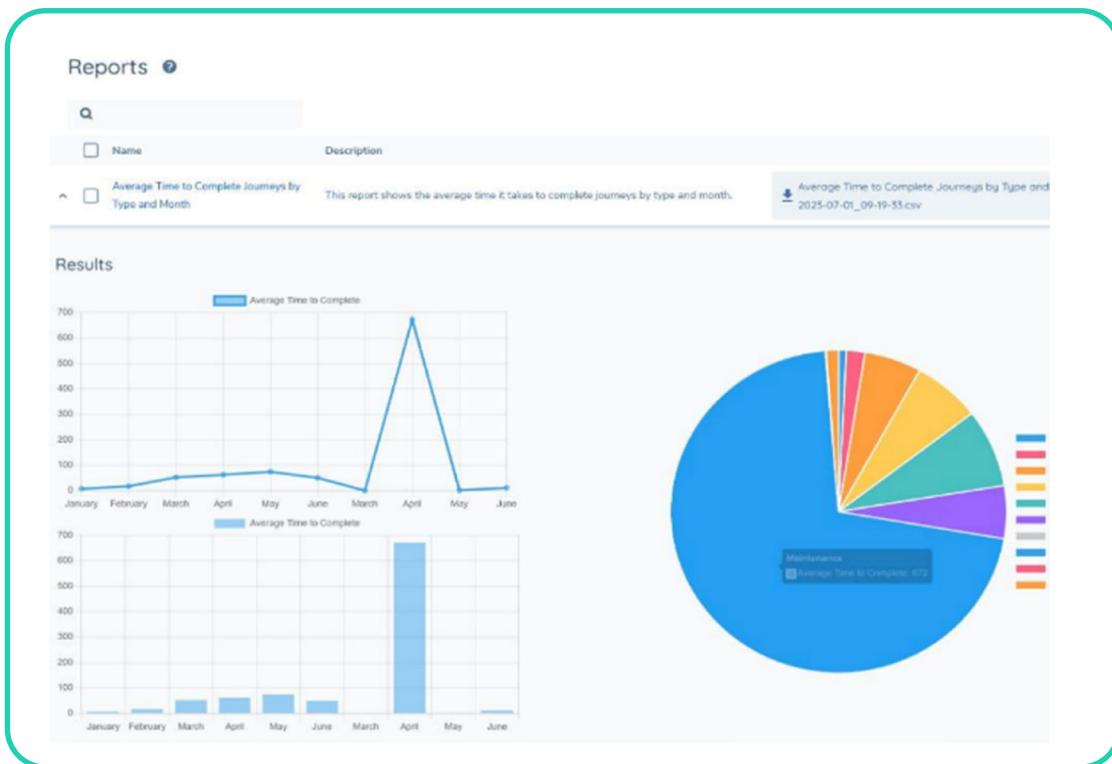
Technology Establishes Trust

When [BNP Paribas](#) received its landmark \$8.9 billion fine in 2015, the bank turned to Fenergo to prove to regulators that by using CLM, a solution that enables streamlined, automated KYC and provides a constant view of client risk profiles, it was possible to eliminate compliance weaknesses and operate efficiently throughout multiple jurisdictions.

Using the CLM approach means clients can be brought onboard at speed while meeting all relevant compliance requirements. And once they've been brought into the bank it's possible to take advantage of AI technology to create operational reports made on real-time data.

Reduce Technical Debt With Real-Time Reporting

The Advanced Reporting tool from Fenergo allows banks to design their own reports using queries created from scratch or alternatively from a list of templates. Using a natural language approach (so users can ask for reports with no need for SQL coding experience) means that non-technical users can easily take advantage of the tool to reduce internal technical debt and handle risk more effectively. Business leaders can use Advanced Reporting to create reports that are as complex or as simple as needed, and the ability to view those reports with the data of any given historical timeframe.



One of our key differentiators at Fenergo is our out-of-the-box rules engine that allows banks to build customer onboarding journeys in 122 jurisdictions. Fenergo allows banks to be compliant with the Banking Secrecy Act (BSA), PATRIOT Act, and Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). As well as any other jurisdictions that a client needs to be onboarded in.

Clients can be onboarded in the US and Canada simultaneously, using the same information, and while complying fully with the regulatory regimes of both countries. Reducing the amount of back-and-forth activity with clients and preventing data silos from forming. This ensures that every person in the compliance chain works from the same information.



Conclusion

Despite positive signs that onboarding times and costs have fallen, banks are failing at client experience and struggling to contain client abandonment rates. Technology adoption is happening, with AI playing a growing role in many FIs' operations, but there is still much work to do and little evidence that the operational efficiency gains from technology are being realized in a uniform way, with only the UK making great strides.

Faced with ever-more demanding regulations and increasingly sophisticated financial criminals, FIs are under greater pressure than ever to understand their clients throughout the lifecycle and report and review accurately.

Technology that automates much of the KYC process can streamline the client onboarding process, reducing not only cost and resource but also lower the chance of abandonment and revenue losses.

With automation technology and AI in the KYC process, FIs can keep on top of their fast-evolving compliance obligations in the jurisdictions where they operate, enjoy greater efficiencies and, ultimately, become more competitive while driving growth.





Achieve More with Fenergo KYC:

1. Reduce Risk & Manage Compliance

Future-proof compliance with Fenergo's risk-based approach to KYC. Ensure ongoing compliance with local and global KYC regulations through a continuous risk monitoring process that is integrated with market-leading data & screening providers.

2. Transform Client Experience

Streamline the KYC process by replacing manual, error-prone tasks with automation and straight-through processing. Increased automation reduces the manual rekeying of data, improving data accuracy and reducing both operational costs and the workload of operational teams.

3. Increase Operational Efficiencies

Fenergo reduces the costs of managing and maintaining technology infrastructure and "cost to change" budget, reducing application, support and configuration (no-code config) costs.

4. Reduce Total Cost of Ownership

Applying a risk-based approach to KYC compliance and having a clear view of the risk profile across the client portfolio will help identify opportunities for growth amongst new and existing clients.

5. Unlock Revenue Potential

Digitally transform the client experience through the automation of KYC data collection, resulting in significantly less touchpoints. A reduction in system hand-offs and duplication of data means teams are more organized around completing high value work tailored to the client's needs.

Request a Demo

www.fenergo.com/know-your-customer-kyc-solution discover@fenergo.com



About Fenergo

Fenergo KYC is an API-first, SaaS solution that enables financial institutions to efficiently manage global KYC due diligence requirements throughout the entire lifecycle. Our intelligent Policy Manager dynamically determines the KYC and AML requirements to be met during every stage of the client lifecycle. The solution incorporates continuous risk monitoring to ensure ongoing compliance with KYC Regulations and is complimented by our sophisticated workflow management capabilities to orchestrate the client journey from onboarding, KYC reviews to offboarding.

It streamlines operational efficiencies by integrating seamlessly with Fenergo's industry-leading data, ID&V and screening partners, eliminating silos between operational and compliance teams, and reducing client outreach.

For further information
about Fenergo

Visit www.fenergo.com

Email us
discover@fenergo.com