




Policy Wizard

Background

Many Know Your Customer (KYC) operational inefficiencies are a symptom of poorly understood policy documents. These documents are usually created by a centralized financial crimes/compliance team, with little input from the business lines or units and operational leads. It is those groups, however, that must put policies into action, so they need a strong understanding of policy prescriptions and implications.

The KPMG Policy Wizard: Technology that transforms

- KPMG has built an innovative cloud-based KYC policy lineage tool for use in decomposition exercises to identify/clarify KYC business rules, data attributes, and requirements. This lineage then allows for the codified data to be used in entity type specific templates, supporting job aids and procedures, and other ways.
- KPMG works collaboratively with clients' financial crimes and compliance teams as well as operations and technology teams to review their policies and procedure documentation line-by-line. The team hosts workshops to clarify and finalize the decomposition of the policy into actionable (including the specific data and document rules, attributes, and procedural requirements) and not actionable (varies from headers to context) pieces.
- An engagement follows the process depicted below, with the timeframe for each phase depending on the complexity of the documentation and the availability of the client's key stakeholders to participate in review workshops.



Key features:

- Serves as the 'source of truth' for operations and financial crimes teams, reducing the need to redo guidance later
- Actively captures updates, with the ability to switch on/off document versions
- Version updates showcase the tangible affect on operations— i.e., a new data field to be captured or a new workflow to be built
- Breakdown of requirements applied to rules automatically builds and configures a 'Customer Portal' output to be used to self-service clients



Review and decompose Bank's policies within KPMG's Policy Wizard tool



Conduct workshops to review/ approve rules/ requirements



Finalize rules/ requirements and lineage to policies



Adjust rules/ requirements based on future policy changes

Potential challenges

- Vague instructions: Legal jargon, lengthy prose, and overly narrative passages are typical of most financial institutions' Anti-Money Laundering (AML) policies. Operationalizing these policies can be as difficult as translating a foreign language one has never learned.
- Subjective interpretations: By allowing analysts or operations teams to enact policy without specific requirements, financial institutions lack a single interpretation or "source of truth." The risk is that policies will be applied and interpreted subjectively.
- Frequent need for guidance: Questions often arise when operations group attempt to enact policies, leading to frequent and lengthy meetings between financial crimes compliance teams and operations groups, distracting all parties from their business-as-usual roles.
- Heavy reliance on a few "experts": In the complex field of AML, a small group of full-time employees (FTEs) often becomes the go-to resource to navigate operations. Overly relying on these FTEs leads to burn-out and the risk of losing vast amounts of institutional knowledge when resources move on.
- Version control: As laws change, compliance policies must also be updated. Institutions often lack appropriate change management processes to ensure policy updates are made and enacted throughout operational applications.
- Minimal technology: At its core, AML/KYC is a data collection exercise designed to ensure that financial institutions can evaluate the risk their customers pose. But often, minimal technology is employed to simplify the exercise.

Our team



Binoy Palakkal
Principal, Financial Services
KPMG US
T: +1 212-954-2239
C: +1 857-225-0975
E: bpalakkal@kpmg.com



Laurence Birnbaum-Sarcy
Principal, Forensic
KPMG US
T: +1 212-872-5808
C: +1 646-234-3590
E: lbirnbaumsarcy@kpmg.com



Chetan Nair
Director, Advisory
KPMG US
T: +1 614-249-2338
C: +1 614-638-7048
E: cnair@kpmg.com

Business impact

Technology can provide clear traceability from policy to operations—the KPMG Policy Wizard translates the art of law and compliance into the science of defined requirements and streamlined operations.

Policy traceability

- Direct traceability allows for full transparency on compliance to documentation.
- Requirements are normalized, thus reducing redundancies across policies (i.e., jurisdictional differences, business unit differences, customer attributes).
- Codified requirements bridge the gap between 'what is done' and 'what is supposed to be done.'

Consistent data model enabling technology configuration

- The Policy Wizard's final output is a comprehensive data-model supporting a glossary of terms and codification of business rules.
- The data model clearly defines the requirements and will expedite the configuration and implementation of supporting technology (e.g., Client Portal, Workflow).

Proactive change management

- Facilitates proactive change management by enabling easy identification of how new policy changes will affect downstream processes since the requirements are easily traceable to the policies using a visual/graphical representation.

Process enhancements

- Easier identification of requirements pertaining to specific cases based on case attributes allows for:
 - Lower average handling times, higher quality scores and greater employee satisfaction and productivity

KPMG KYC policy subject matter professionals are experienced and have successfully reduced the complexity of numerous clients' documentation—across business lines, customer types, and jurisdictions. They understand not only what a policy means for compliance but also its direct impact on operations—enabling improvement of both the employee and the customer experience.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP121227-1A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.