

Multinational Bank Successfully Implements In-house Know-Your-Customer Data Validation Process with FrescoData

Client Profile

A large multinational bank providing financial services across the globe.

Challenge

The bank is subject to unique "Know-Your-Customer" (KYC) compliance regulations for all countries it operates in. Its Risk and Compliance team needed to conduct identity verification for millions of customer records without sending data outside its intranet.

Solution

FrescoData's provided an in-house install of large, official government databases across all of the client's target countries for KYC.

Results

- The bank validated customer identity information without sending data outside its internal network
- Staff accessed current, official data for 20+ countries, e.g. 200 million mobile phone users in China, 500 million voters in India, and 9 million residents in Greece
- Significantly reduced the time and effort required to perform recurring KYC verifications
- Saved money on data licensing fees.

Company Background

A multinational bank with hundreds of thousands of employees and operations in more than sixty countries, needed to comply with "Know-Your-Customer" (KYC) regulations within their infrastructure. Because it serves more than 30 million customers worldwide, this project would stretch the bank's Risk and Compliance team's technical capabilities, and substantially increase its workload.

The Challenges

The bank maintains a massive database of people data for its U.S. and overseas customers that includes: name, complete address, phone numbers, national ID, gender, date of birth, e-mail address, and much more.

The bank operates in a strict regulatory environment that mandates recurring KYC validation of customer data. KYC is a process where financial institutions confirm the identity and location of their customers in order to prevent identity theft and fraud. Depending on the risk level of the customer—i.e. low, medium, or high—the process must be performed more or less frequently.

Different countries have different KYC regulations, increasing the complexity and work effort for bank staff.

"Even though we manage millions of records, our KYC process was mostly manual, prone-to-error, and time consuming," noted the Risk and Compliance department's manager. "Most banks send data outside their networks for customer identity verification. That wasn't an option for us. We performed a lot of manual verifications by sending letters to customers. They would scan a copy of their National ID card or driver's license, and mail it back to us. Then our team had to process those documents."

"We originally tried working with another database provider, but they couldn't provide the data quality and international coverage we were looking for," she added.

The bank needed official data, compliant with local laws, for more than twenty countries. It had to be transferred securely to the bank's own servers and updated regularly. If they couldn't find a single vendor, the Risk and Compliance team would have to contract with multiple overseas providers and setup secure data transfer channels for each firm. They would also have to confirm that the data, recorded in different languages, met their quality standards and contract terms.

The Solution

The bank's team eventually discovered that FrescoData could provide high-quality, official data from sixty-plus countries, and expert guidance.

"FrescoData offered a truly innovative solution that we didn't even know was possible. Our team can now perform due diligence on the identities of millions of records, unbeknownst to customers and without having to send their data out," commented the Risk and Compliance manager. "This is especially beneficial for our low and medium risk customers who don't like to be bothered with the KYC process in the first place, and definitely don't like to mail or e-mail us their personal information."

Validating Data Integrity and Quality

FrescoData performed quality checks on all the data the bank received. The process sounds simple but it required a deep understanding of how different types of data—names, mobile phone numbers, voter IDs, etc.—are structured and formatted in other countries.

When the firm verified data from China, for example, it had to know the specific format for National IDs. To confirm consumer identities for Brazilians, it checked that full names were comprised of three or four individual names. To confirm addresses, a comparison against each country's Universal Postal Union (UPU) standards had to be performed.

It was a tedious and demanding process that the bank's team was eager to offload.

Providing Consulting & Support Services

FrescoData would be a "one-stop" vendor, eliminating the need to for the bank's team to work with individual country's data providers. The bank also requested that the firm participate in onsite planning meetings and be "on-call" throughout the project, available to answer questions with twelve hours' notice, from any time zone.

The bank created a list of source countries and the type of official people data it wanted. FrescoData explained what their team could expect as far as data completeness, and coordinated with overseas providers who could meet the requirements.

The bank relied on FrescoData during contract negotiations with the foreign firms to secure favorable terms and license rates.

The Results

The bank was able to bring comprehensive data for countries in each major global region—European Union (EU), Asia-Pacific (APAC), and Latin America—inside its network, to perform KYC validation. As an example, FrescoData delivered records for:

- 500 million voters in India
- 200 million mobile phone users in China
- 200 million consumers in the U.S.
- 160 million residents in Brazil
- 30 million people in Argentina
- 9 million residents in Greece
- 1.5 million residents in Hong Kong

The bank also secured data from six countries that are notoriously difficult to work with and routinely restrict access. Overall, the bank expanded the number of records it used for identity validation by 50%.

Cutting Costs and Saving Staff Time

Instead of paying a fee for each country, list, and data check, the bank paid a single license price, and FrescoData coordinated with the international vendors. The bank's Risk and Compliance team saved hours each week because they didn't have to validate the identity data, and it was updated automatically.

"FrescoData solved one of our biggest data challenges, in a fraction of time and for a lot less money than our own team could have," commented the bank's Risk and Compliance manager.

Future

The bank plans to expand its relationship with FrescoData by procuring additional international data sources and using its customer data standardization and validation services.

