

FINANCIAL SERVICE PROVIDERS ARE CONTINUALLY LOOKING FOR FASTER WAYS TO BOARD NEW CUSTOMERS. BUT HOW DO THEY DELIVER A SMOOTH CUSTOMER JOURNEY IN 'REAL TIME' - AND ALSO PROTECT THEIR BUSINESS FROM FRAUD?

With the advent of Open Banking, FinTech and fast payments, customers have come to expect instant access to financial products and purchasing services.

But along with the rise of this new, more customer-focussed, financial environment have arisen new challenges in the fight against fraud. How can you combat this effectively while reducing risk? How can you ensure that genuine customers are boarded without delay - which you need to do to protect your business in a highly competitive market, with all its tech-savvy new entrants? Is it possible to screen applicants in real time, without compromising the sophistication and accuracy of the checks and balances which apply to a slower paced approvals journey?



"Banks must become more agile. New payment players and the likes of Google, Apple, Facebook and Amazon, collectively known as GAFA, know what their clients want and are able to adapt quickly."



REAL TIME CUSTOMER BOARDING AND FRAUD ANALYSIS

A changing financial environment...

Open Banking

means that customers want faster access to products and services

The rise of FinTech

(financial technology) start-ups is bringing new entrants into the market



93+

new challenger and start up banks and financial providers in just 12 months*



Many offer almost

instant decisions

on finance



26%

of Gen-Z's have opened a new challenger bank account in the last 5 years**



Tech giants like

Amazon, Google, Facebook & Apple

are threatening to further disrupt the market

"A 2018 executive survey found that nearly 80% of top executives feared that their firms were at risk of disruption and displacement from highly agile, data-driven competitors. Three quarters of the executive respondents represented the largest financial services firms."

How FinTech Initiatives Are Driving Financial Services Innovation. Forbes.com July 10th, 2018

40% of banks

list having to make decisions based on partial/non real time data as one of their main challenges for them and their clients.*

32% intend to offer real time/instant payment capability in the next 12/18 months*

Source: Ovum 2017 Transaction Banking Survey

In a digitally-driven modern consumer environment, customers are looking for instant access to financial services. Many, especially the young, happily open a new bank account as easily as installing a mobile app. Monzo, for instance, had attracted 1,275,000 customers by December 2018, having only gained their banking licence in April 2017**. Like many of the new providers, they are fast, flexible and tech-savvy. That's one of the main attractions for today's consumers. **And it's not just personal banking which is changing.**

80% of corporates

are willing to change their banks for those that offer better servicing and products.*

"Banks must become more agile. New payment players and the likes of Google, Apple, Facebook and Amazon, collectively known as GAFA, know what their clients want and are able to adapt quickly. Banks have to keep up, restructuring their business models to ensure that new products and features can be integrated quickly across physical and digital channels."

Whose customer are you? The reality of digital banking ©The Economist Intelligence Unit, 2018

There are significant opportunities for organisations who can deliver services which give them a keen competitive edge.

The provider who can clear an application and bring customers on board fastest will often be the one which gains the business.

So how can financial service organisations underwrite business competitively without compromising on the comprehensive fraud and risk processes that they have put in place to protect themselves from financial criminals?

"FinTech and digital lenders have created new excellence in customer experience and have permanently changed customer expectations with regards to speed of credit decisioning and the choice and flexibility available with regards to range of offers and prices".

Ash Gupta, former Chief Risk Officer and President of Global Credit Risk for American Express

How FinTech Initiatives Are Driving Financial Services Innovation Forbes.com July 10th, 2018

*Since the launch of Open Banking in January 2018: figure based on information from UK challenger banks: who's who (and what's their tech), www.bankingtech.com

**UK consumer survey report, CREALOGIX January 2019

“One thing is certain that procrastination in this area is no longer an option if banks and finance companies are going to avoid a significant erosion of their business in the next few years.”



The Challenge

Despite wide spread agreement on the need to adapt systems to offer real-time availability of financial products to remain competitive, there remains many major challenges.

One of these challenges is that underlying regulatory compliance and risk mitigation systems in most large banks were not designed to work in the digital age. Many of these back office systems were designed to usher in the age of the ATM and BACS transfers – which were all innovative in their day. However, these huge systems were not built to be agile and adaptable for the requirements of today's demanding online real-time marketplace.

So while some lenders may have been able to partially create a competitive platform by integrating their core legacy systems with third party data management systems to enable some kind of online offer – very often the supporting systems that allow a bank to engage its wider risk mitigation and compliance analysis just can't keep pace with the demands being made on them to work in a real-time environment.

This effectively creates a significant drag on competitiveness when it comes to expanding services or launching new products – where remaining regulatory compliant and not exposing the company to too much risk is a concern.

Banks and finance providers in this situation have some important choices to make if they are to avoid becoming increasingly out of date or irrelevant to an increasingly demanding and less loyal customer base.

Do they completely overhaul their platforms, migrate to a third party completely or try to update some of their legacy compliance and risk mitigation solutions so that these services are no longer a drag on business competitiveness?

While overhauling banking platforms or migrating lock-stock-and barrel to a new platform often sounds logical, the investment decisions and risks around performing this are often highly unpalatable. Possibly one solution that poses less risk is to use a collaborative partnership that provides comprehensive regulatory and risk analysis capabilities that are capable of leveraging the latest technologies and techniques in real-time – and can still feed that intelligence back to host systems without the need for hugely expensive and risky IT investment.

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The Risks

Fraudsters will always seize upon new opportunities presented to them.

While wishing to deliver with a smooth approvals 'journey' for customers who now expect an instant decision, providers need to complete regulatory checks, due diligence and Know Your Customer and the like, needed to ensure that an applicant for finance is who they say they are – and that they are acceptable. This causes a risk of losing business to new entrants to the market like FinTech start-ups who may be more agile. Though there is no guarantee, of course, that those new providers are not opening themselves up to fraud and/or customers with poor credit ratings or other factors which would normally disqualify them, they have far less to lose in terms of reputation and market share.

"Moving to real-time payment infrastructures poses increased financial crime risks for banks, preparation is key: 69% said that KYC risks are increased, rising to 80% among Tier 1 banks."*

What is needed is accurate and actionable information, provided in real time, to accelerate customer boarding with no compromise on fraud analytic checks.

“Very often the supporting systems that allow a bank to engage its wider risk mitigation and compliance analysis just can't keep pace with the demands being made on them...”



The Solution: SIRA Real-Time

“The ability to introduce new services is greatly dependent on the functionality of underlying platforms.”*

Many financial providers are effectively countering fraud with National SIRA, from Synectics Solutions. Now the service has taken a step forward to address the need for real-time fraud analysis with the enhancement of its real time service, which has already been successfully trialled in several sectors where instant decision making is commercially critical in a highly pressured sales environment.

Banks need to mitigate new fraud risks by implementing controls based on advanced analytics to detect fraud attacks. Real-time risk analysis must detect abnormal requests originating from third-party providers, identify suspicious transactions and, most importantly, detect atypical API calls.”

About SIRA

SIRA is an all-in-one data processing platform which speeds up customer finance applications by providing ID verification, anti-fraud screening and checks which ensure that regulatory obligations are being met.

SIRA is successfully deployed by a growing number of insurance and financial service companies throughout the world.

The system brings together a multitude of machine learning algorithms and comprehensive workflow management to put real control into the hands of front line investigation teams.

 **It cross-references millions of items of data from every sector**

This enables providers to make quick and informed decisions against the proposals their networks and dealers generate



Valid applicants are processed faster and more efficiently, enhancing customer service, while bad or fraudulent applications are rapidly identified with minimal use of time and resources

Unlike other providers, the SIRA service is integrated into a single, flexible and customisable solution. It is capable of immediate response to a changing business environment and evolving threats



SIRA synchronises smoothly with your current strategy and makes fraud detection fast and effective

SIRA Real-Time

With SIRA Real-Time the client's team can board customers in a matter of seconds rather than hours or days.

Under standard batch data matching systems, clients send batches of applicant files to be processed overnight – so in the morning, they have the results. With enhanced SIRA Real-Time decisions can be made almost instantly, in as little as 5 seconds. This is a huge advantage compared to the intra-day batch system, and enables organisations to match the agility of new entrants and FinTech start-ups, whilst also applying the same level of advanced and thorough applicant checking as the legacy system.

Results are available instantly, making SIRA Real-Time users competitive in terms of real-time customer on-boarding. And there is no compromise on the sophistication and accuracy of the checks and balances which apply to a slower paced approvals journey.

- SIRA Real-Time provides access to the very latest information on potential high risk applications, enables business to make truly informed decisions at all stages of the customer application process
- The dynamic nature of SIRA Real Time enables clients to create bespoke verification, risk and compliance checks using their own local data, but also match to data of known fraud cases, in addition to a number of leading third-party data sources
- SIRA Real-Time also gives the flexibility to screen customer applications against those submissions that were previously considered as genuine or clear. This functionality helps clients to be more agile and identify emerging patterns in applications, as well as detecting the manipulation of applications throughout the customer boarding journey

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SIRA Real-Time will give you...

Prompt results which enable you to make decisions immediately to increase the efficiency of your customer boarding processes.



There's **no compromise on the number of rules**, allowing you to receive actionable insight in real time immediately.

Multiple rule sets **allow rule flexibility, including velocity and clear matching**, enabling a wider use of matches regardless of status.



Confidence that you are completing all the necessary customer identification and verification checks to satisfy regulatory compliance such as Know Your Customer and Anti-Money Laundering obligations.

Commercial advantage to ensure you remain competitive in a growing and fast paced market.



Increased efficiencies so your team can reduce their workload and prioritise the most serious cases of financial crime first and bring them to the forefront of the customer journey.

Why you should consider upgrading to SIRA Real-Time

SIRA Real-Time provides a seamless instant service which clears 'good' applicants for acceptance on the spot, putting you at the forefront of financial service providers in a highly competitive and time-sensitive market. It enables you to attract custom from an ever-more demanding public who expect and demand instant decision making and service - with no compromise in fraud prevention and detection. By upgrading to SIRA Real-Time, you can both protect your existing business from increasing competition, and give yourself an advantage which can help you build your market share.

For more information about how SIRA Real-Time can enhance your business, please call 01782 664000, email info@synectics-solutions.com or visit www.synectics-solutions.com



About Synectics Solutions

Synectics Solutions provide services for a range of industries in the UK and internationally. For over 25 years, we have been providing leading edge data driven solutions to help organisations harness the power of data.

The systems we build and host for our clients are highly successful in creating more profitable customer relationships, reducing risk, combatting financial crime and enabling organisations to meet their compliance and regulatory commitments.

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