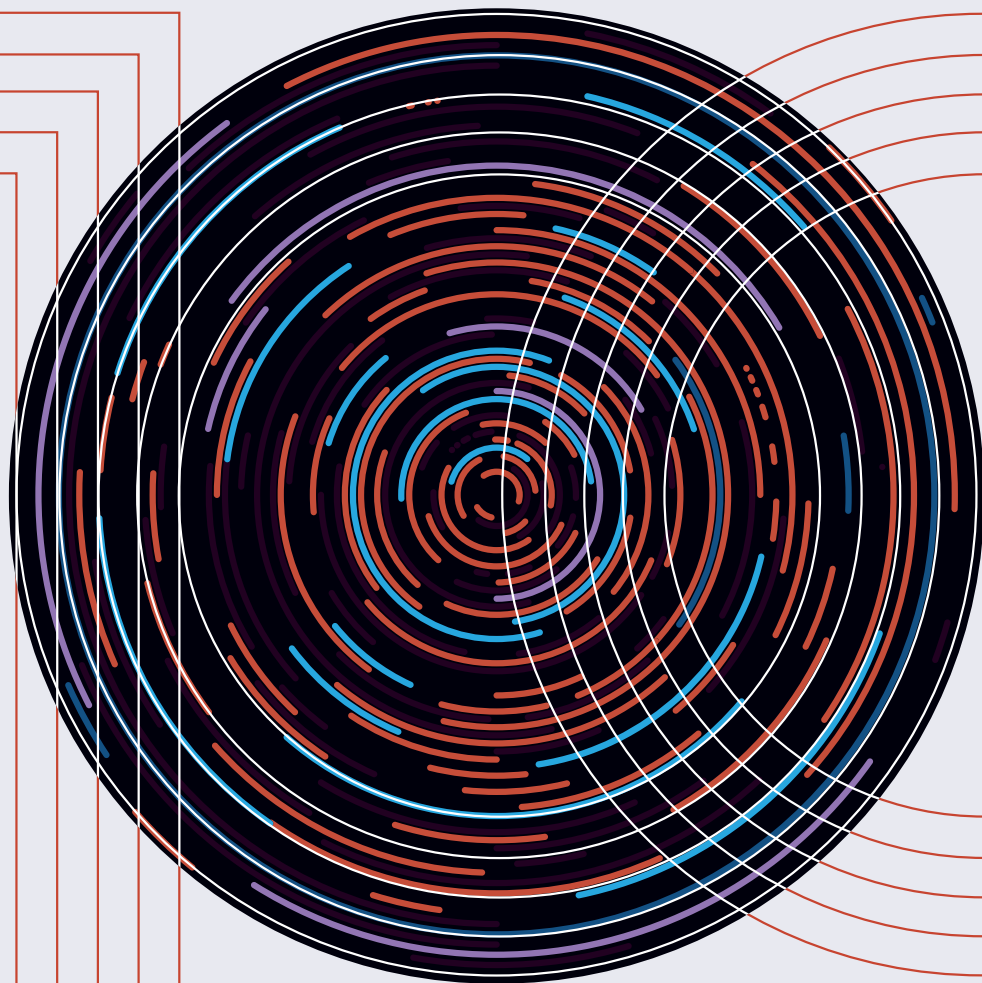




Chartis
RiskTech100
2024

Winner's Spotlight: Encompass



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Encompass Corporation, a leading provider of digital Know Your Customer (KYC) profiles for banks and financial services organisations, makes its debut appearance on the Chartis RiskTech100 this year.

Encompass was founded in 2011, with a mission to help firms comprehensively detect and prevent financial crime and reduce regulatory risk. This is a somewhat personal mission for co-founders Wayne Johnson and Roger Carson, who have been victims of financial crime themselves. Both invested in an organisation they would have avoided had they known the full details of the counterparties involved. The information that would have flagged this risk was overlooked due to inefficient and manual processes. This experience led them to launch Encompass Corporation's dynamic KYC automation platform to improve and streamline the KYC process.

Founded in Australia, the firm has since grown rapidly and expanded its global footprint. It now has offices in New York, London, Amsterdam, Sydney, Singapore, Glasgow and Belgrade. Its customers are global banks, financial institutions and other regulated entities.

Challenging KYC landscape

Chartis has noted the strides that Encompass has made in the last 12 months, particularly in terms of product development. The firm is aligned with the key industry trends of automation and operationalisation, helping its clients to overcome mounting challenges within KYC and related areas.

These challenges are the result of an increasingly stringent, and ever-changing, regulatory landscape that is developing in response to soaring levels of financial crime. In addition, Russia's invasion of Ukraine has created volatile, complex and inconsistent systems of sanctions and restrictions.

Yet traditional, manual KYC processes are cumbersome and slow, requiring large amounts of time and resources. Outdated technologies and data siloes are exposing firms to greater risk of non-compliance as they struggle to keep pace with evolving financial crime and growing regulatory scrutiny.

Dynamic KYC process automation

In this rapidly evolving landscape, Wayne Johnson, Encompass CEO and Co-Founder, believes the firm's success is due to the benefits its solutions bring to customers by simplifying and automating complex and time-consuming KYC tasks.

'We enable global banks and financial services organisations to deliver revenue faster, drive operational efficiency and demonstrate consistent compliance through dynamic KYC process automation,' he says.

'What really sets our solution apart is Encompass' digital KYC profiles, complete with source documents, data attribute lineage and audit trails. Not only are these created using unrivalled real-time data access, but data is normalised, and conflicts resolved to deliver deeper and more meaningful customer insight – the level of which is both extremely difficult and time-consuming to gain manually. Having such information quickly and easily available significantly improves the customer experience and means that organisations can be confident that policies have been followed and activity is compliant and documented,' Johnson continues.

Driving operational efficiency and compliance

The Encompass platform and its real-time digital KYC profiles drive operational efficiencies for its customers by:

- Automating 100% of the search procedure and eliminating manual and repetitive data gathering tasks. This saves time and money and reduces the risk of human errors generated by the manual re-keying of information from multiple sources.
- Enabling multiple searches to be performed concurrently. Encompass claims this can reduce manual KYC from an average of 5-10 hours to 8 minutes.
- Only sending digital KYC profiles to analysts for review where necessary. This means that compliance teams can focus on high-risk investigations and analysts can spend time on more complex, and rewarding, activities.

Encompass' unrivalled data access comes from over 175 pre-built public and premium data products that its platform brings together, integrates and analyses. This gives customers access to real-time golden source information and documentation and ensures complete, up-to-date ownership structures, corporate hierarchies and ultimate beneficial ownership, providing organisations with a more complete picture of their corporate customers.

A digital record of all KYC activity is automatically stored, including full data attribute lineage and source documents, providing a complete, downloadable audit trail. This shows every search, result and action taken in a regulator ready format, providing demonstrable and consistent AML compliance.

Delivering revenue faster

In addition to the benefits of operational efficiency and consistent compliance, Johnson highlights Encompass' ability to deliver faster revenue for its customers by speeding up the onboarding process.

'Manual KYC processes severely impact the speed of customer onboarding, slowing up the sales process and causing internal friction. Our analysis shows that the average onboarding process for a new corporate client can take up to 100 days; our solution can improve these onboarding times by 80%. In a competitive market, banks require the tools to maximise operational efficiency and deliver top-class customer experience in order to stay ahead. The Encompass platform can create competitive advantage with a better and faster customer onboarding experience,' explains Johnson.

Strength of the Encompass team

'Another key differentiator for us is our team of industry and subject matter experts who have worked across the sectors we serve and know the problems that customers face on a daily basis,' adds Johnson. 'This includes a global transformation team, which is led by seasoned KYC professionals who use their decades of experience of banking operations to help customers get the best out of their journey with Encompass.'

The path to perpetual KYC (pKYC)

Encompass offers flexible delivery options and has established a number of strategic alliances and partnerships in order to help organisations integrate its platform into their technology stack, workflow and digital ecosystem.

'Most recently, this has included launching an industry-first perpetual KYC (pKYC) sandbox, alongside other best-in-class vendors - Capgemini, Google Cloud, Pega, Quantexa and Workfusion,' says Johnson.

Rather than periodic refresh cycles and remediation workloads, which result in an unknown exposure to risk, pKYC involves continually monitoring for changes and investigating alerts from a wide range of channels, from internal systems to transaction monitoring and sanctions screening. This not only provides continuous compliance, but it also improves operational efficiency by automating KYC refresh work and reducing due diligence review backlogs.

While the industry is moving steadily in the direction of pKYC, Encompass observes that, for most financial institutions, the shift is proving difficult to implement. Firms must be able to demonstrate to regulators that a new pKYC process meets expectations, particularly in terms of explainability, auditability, transparency, proper data management and security. It must also demonstrate compliance with privacy requirements, provenance and governance, and model risk management.

Encompass Corporation's pKYC maturity model

In addition to being involved in this pKYC sandbox, earlier this year Encompass unveiled its pKYC maturity model. 'This model sets a new benchmark for regulatory compliance,' says Johnson. 'The model, devised by Encompass' pKYC Advisory Board – comprised of representatives from leading global banks and a selected group of trusted data, technology, and consulting partners – is designed to place financial systems into a pKYC framework to evaluate their maturity and readiness to more effectively identify and prevent financial crime,' he explains.

The framework evaluates financial institutions on five core areas: Policy, People, Process, Data, and Technology. These factors are then broken down into subcategories and attributed a necessity against the four stages of KYC: Manual KYC, Early Automation, Mature Automation, or pKYC, to benchmark readiness for pKYC.

'With this model, Encompass is helping banks consider their preparedness for pKYC by facilitating crucial stakeholder discussions and assisting them to evaluate the progress of their transformation journeys. It also offers advice from expert transformation practice, as well as technology solutions, to fast-track the process,' Johnson adds.

Future ambitions

Over the next 12 months, Johnson states, Encompass will continue to focus on increasing its expertise of, and insight into, the issues that really matter to customers. Customers can expect enhanced benefits from the increasing completeness of its digital KYC profiles and the firm is committed to driving improved customer experience, reducing outreach and improving Straight-Through-Processing rates.

'The overarching purpose of Encompass, since its inception in 2011, has been to deliver the full picture, fast. From personal experience, we know that having access to the full picture can empower businesses to fight financial crime, and this is what we strive to give our customers,' says Johnson.

'As part of this, a key focus for us is improving data quality. By continually adding access to additional data sources and the data points that matter, we are enabling our customers to make the most accurate, well-informed decisions possible when it comes to KYC.'

'By delivering on these areas of focus, as well as continuing to improve customer experience when it comes to corporate KYC – bringing this closer to the retail banking experience by enabling quick, seamless processes - Encompass will continue to lead the market and be the solution of choice in 2024 and beyond,' Johnson concludes.

