

Compliance Automation



**KfW: Better customer
profiling & lean
compliance management
through automation**

actico

KfW: Better customer profiling & lean compliance management

Goals of the compliance automation project



Automate customer data checks (KYC)



Accelerate customer profiling and risk assessment



Automate for lean compliance management

KfW - one of the world's leading promotional banks

KfW has been committed to improving economic, social and environmental living conditions across the globe on behalf of the Federal Republic of Germany and the federal states since 1948. KfW has offices in around 80 countries. Its headquarters are in Frankfurt am Main (Germany).

Background of the compliance project

At KfW, the KYC process was decentralised. This meant that the onboarding process, in-house coordination, procurement of documents, and evaluations took a considerable amount of time. In order to create more transparency for auditing and to streamline processes, KfW has set up a compliance project.

The target: a compliance database with defined processes for customer profiling, auditability, and a high degree of automation.

Decision for central compliance application

After the evaluation phase, KfW opted for a central compliance application – ACTICO Compliance Solutions. Functionalities in the individual software modules now enable the automated processing of all compliance-relevant issues, such as sanctions lists checking, financial transactions analysis, detection of potential money laundering cases, analyses, and reporting to auditors.

Sanctions lists review and risk profiling

In order to gain transparency on customers and to remain audit-proof, KfW performs an automated comparison of its customer data with name lists.

It uses ACTICO Compliance Solutions for this purpose. This sanctions lists check is the basis for customer profiling, which is the risk assessment based on various parameters such as customer's financial products and the industry in which the customer operates.



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Dirk Hahn, KfW

Controlling the onboarding process

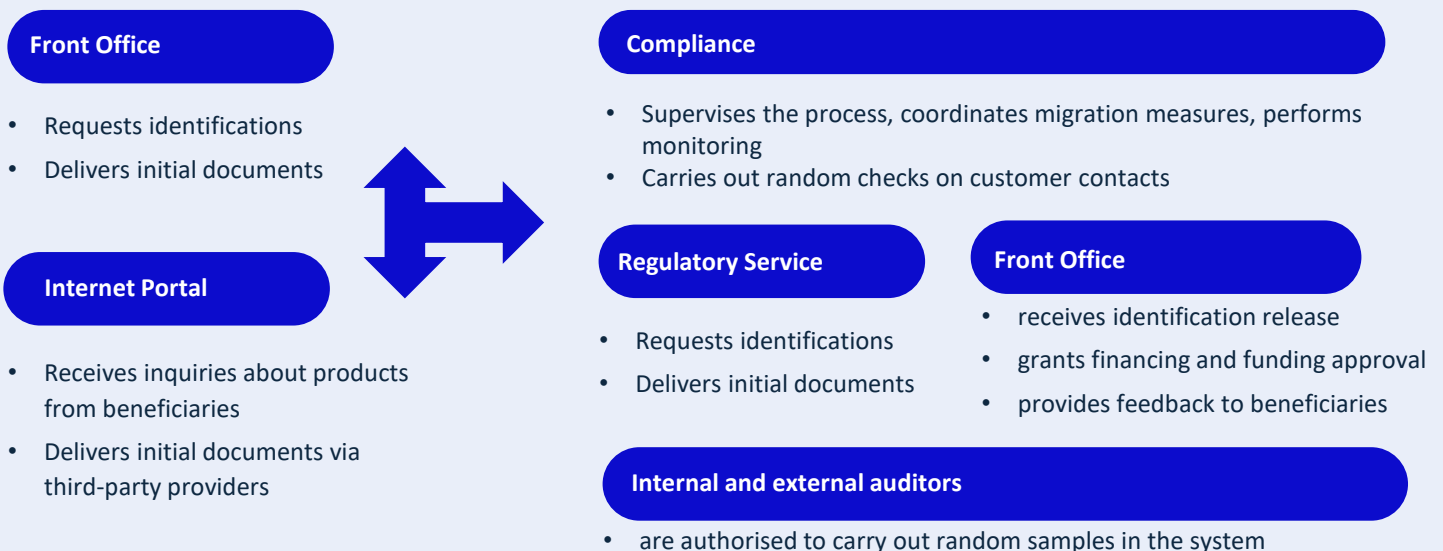
KfW's risk assessment supports the entire client onboarding process and provides the account manager with automated instructions on how to proceed with a lead. This includes the client's verification documents, which vary depending on the financing enquiry. The aim of automation is to be able to process client enquiries securely and efficiently from a compliance perspective. Dirk Hahn, KfW, explains: "Here are some key figures: We currently have 4.5 million active customers in our portfolio, over 4,000 products in use and are on the move in practically every country. The entire client onboarding area consists of eight people. In terms of efficiency, that is a very lean organisation."

Financial transaction analysis and money laundering prevention

ACTICO Compliance Solutions are used to monitor transactions. KfW examines incoming and outgoing payments for embargo violations and identifies patterns (scenarios) that indicate fraud or money laundering, such as cycles of loan repayment and simultaneous raising of new loans.

Ongoing risk assessment of business partners

Every day, ACTICO Compliance Solutions check the Dow Jones sanctions lists for persons at risk and PEPs. Depending on the business partner category, such as international organisations, consortia, or public administration, the Compliance Solutions determine which documents must be collected. They regularly assess the business partner's risk and requests re-identification as soon as the risk changes.



01.**Continuous improvement of digitalisation, automatic compliance checks**

KfW is committed to pushing ahead with digitalisation by such means as video identification. All data coming from the customer is automatically checked against sanctions lists and compared with existing data. "This makes the workflow significantly more streamlined and manageable", says Dirk Hahn.

02.**Flexibility in the integration of new financial products (Hazard assessment)**

Since KfW finances a wide range of projects on an international scale, it has to adapt its financial products frequently or launch new promotional programs. For compliance, this means that new products have to be included in the hazard analysis. The faster required measures are defined for each new product, the better the time-to-market.

03.**Reporting for better documentation and collaboration**

KfW favours reporting compliance measures via database queries with the SQL Reporting Engine. "Across departments, reports are wonderfully easy to create. This allows us to document our work effectively and has significantly improved cooperation with other departments", says Dirk Hahn enthusiastically.

04.**Transparency for auditing**

Automation makes coordinating with auditing much easier than it was with paper documents. The declared aim was to ensure transparency through documented processes and analyses.

05.**Central compliance versus decentralised organisation**

According to KfW, the centralisation of compliance processes with ACTICO Compliance Solutions brings clear advantages over the decentralised structure. The focus is on improving the completeness of customer documents. Using shared data helps streamline processes, and the technical interface between front office and back office creates a much better workflow. Hahn says: "It used to be necessary to coordinate measures. Approvals can now be obtained from the business department and from supervisors much faster. This results in significantly shorter lead times, and we are able to carry out our processes immediately. The ACTICO Compliance Solutions authorisation concept gives every employee involved access to the system he needs to process cases."

06.**Faster traceability of audit processes**

Using shared data helps KfW, especially in its cooperation with auditors. Almost at the push of a button, reports can be drawn on the processed cases. This makes the processes transparent, reduces the effort required and allows detailed questions to be answered precisely. "By and large, we have dramatically reduced the running times and time spent on the issues described", Dirk Hahn concludes.

Benefits of the central ACTICO Compliance Solutions for KfW

- ✓ Improved organisation of regulatory issues
- ✓ Common database shared by back office and compliance, meaning no documented exchange of data
- ✓ Technical interface for mitigation process involving front office, back office, and compliance for high-risk customers
- ✓ Joint database with internal and external auditors
- ✓ Immediate access by compliance to all risk-relevant data without requests sent to the back office or business department
- ✓ Traceability of history data for identification and risk rating of the relevant business partner
- ✓ Audit-compliant storage of all relevant data
- ✓ Faster response times to evolving regulatory requirements

KfW has been financing sustainable changes in economy, society, and environment in Germany and abroad since 1948. As a bank owned by the Federal Republic of Germany, it has a legal mandate to promote development and progress. This is the basis of its actions. Germany's excellent creditworthiness allows KfW to obtain favorable refinancing on international capital markets. In Germany, companies, private customers, and municipalities benefit from KfW's funding programs in the areas of SMEs, business start-ups, home ownership, initial and continuing training, municipal and social infrastructure, and environmental and climate protection. In addition, KfW accompanies the German and European economy in global markets.

More information: www.kfw.de



ACTICO empowers companies worldwide to significantly increase their efficiency – always in line with regulatory requirements.

With ACTICO Advanced Decision Automation Technology, powering scalable, AI-supported software and SaaS solutions for Regulatory Compliance and Credit Risk Management, the company creates significant added value for its customers – primarily financial service providers.

With the experience and expertise of over 25 years of successful business activities, ACTICO shapes long-lasting global customer relationships and partnerships with renowned financial, industrial and technology companies around the world. The company combines high-performance, cutting-edge technology with exceptional customer focus and operational agility.

ACTICO GmbH is part of the ACTICO Group, which brings together specialised providers of digital solutions for the financial services sector under one roof. With four companies in six locations and 230+ employees, the Group serves over 300 of the world's leading financial companies.

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