



Brochure

Screening in KYC

Strong, Integrated Party Screening is Essential
for Accurate Customer Risk Ratings

The Importance of Screening

Party screening, also known as customer screening, is a critical part of a customer due diligence (CDD) and a strong Know Your Customer (KYC) program. Not only is screening against watchlists a regulatory requirement, but it also enables financial institutions (FIs) to identify risky customers by determining if they're:



Politically exposed persons (PEP)



Sanctioned



Subjects of adverse media



Appear on another watchlist identifying risk

With integrated party screening, FIs can more accurately determine the risk of the customer, and if that risk is within the organization's tolerance in order to accept them as a customer. The outcome of screening also helps FIs determine how the relationship will be managed. FIs won't provide banking services to any confirmed sanctioned individuals or entities.

Challenges to Successful Screening

There are three main challenges which impact effective screening of customers. These are:

Profiles

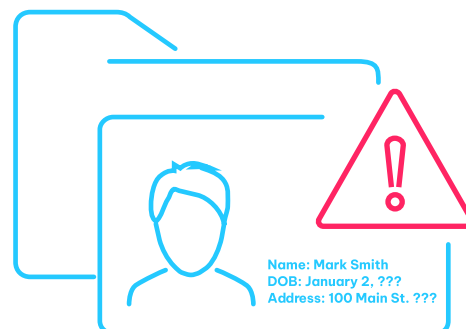
Incomplete, inaccurate and disconnected entity profiles can make screening difficult. FIs using partial and erroneous profiles might have high false positive hits or miss true positive matches.

Data

If not regularly updated, data becomes outdated over time due to geopolitical developments and changes to government and trusted third-party watchlists, which will impact screening accuracy and effectiveness.

Department Silos

Another challenge stems from siloed departments and solutions. Disconnects between front-middle-back office teams and stakeholders may lead to unaccounted-for risk factors, posing unnecessary risk to organizations.



Accurate Customer Risk Scoring

Party screening helps FIs in their customer risk scoring process. Screening customers against watchlists enables FIs to identify additional risks that customers may pose and effectively determine how to manage those relationships.



Technology-Enabled Screening

Continual list changes, nuances in cultural names and limited information can make it challenging to correctly determine positive screening hits.

Significant advances in technology have made accurate screening a reality. Technology capabilities include:

- **Data intelligence.** With automatic integration of updated watchlist information to ensure customers and counterparties are always screened against the latest information
 - » Advanced Fuzzy Matching Analytics—Increases accuracy in identifying true matches when dealing with multicultural names and language variations, for exact name matches
 - » Augmented with machine learning to analyze the outputs for continued accuracy
- **Scoring Optimization.** AI-driven modification of scoring algorithms based on disposition history
- **Predictive Scoring.** Leverage historic information and ongoing learning to accurately predict the likelihood of a new hit being a strong match against the entity being screened
- **Segmentation.** AI-driven segmentation for an enhanced risk-based approach, providing valuable insights to accurately categorize entities into the right risk groups for ongoing monitoring, especially for PEPs, where risk levels can vary

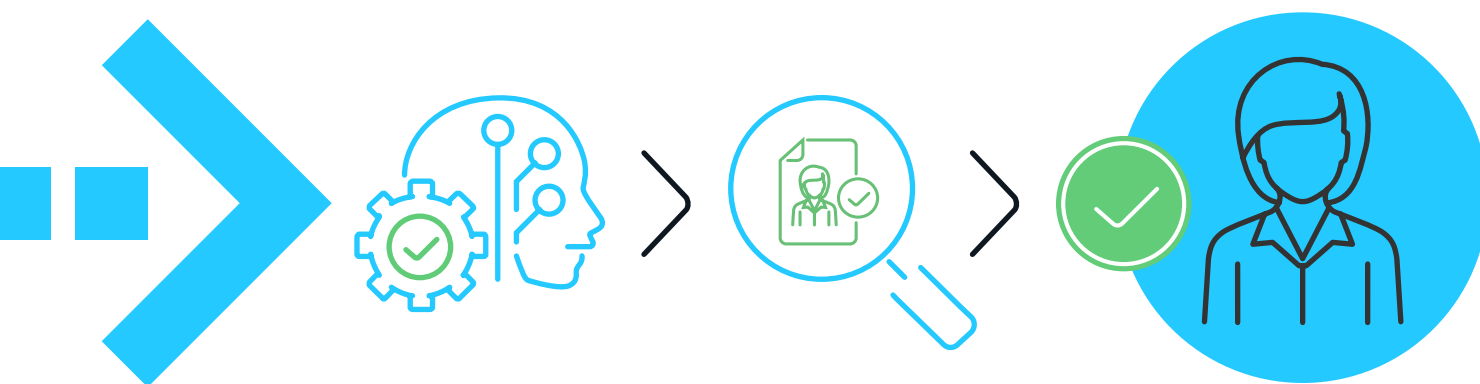


Achievable Comprehensive Screening

FIs need comprehensive, integrated and ongoing party screening to mitigate risk and maintain compliance. Customers must be precisely matched against global watchlist sources for their risk to be accurately identified and assessed.

Technology enables access to always-accurate data, the right sources and a complete, consolidated customer profile. This is critical to ensure precise screening matches. Machine learning technology drives a more optimized screening process to continually drive accuracy of identifying true positive hits while reducing false positives.

Tight integration between screening, KYC, and compliance solutions is crucial to achieve an automatic, ongoing feedback loop, ensuring always-accurate customer profiles and risk scores.



NICE Actimize's KYC offering is tightly integrated and leverages always-accurate data for effective screening and customer risk rating. Discover how an AI-powered screening solution can enhance KYC programs.

→ [Schedule a demo](#)

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