



Compliance Automation

KfW Group: Better Customer Profiling & Lean Compliance Management

actico
Smarter Decisions

Goals of the compliance automation project

- Automate customer data checks (KYC)
- Accelerate customer profiling and risk assessment
- Automate for lean compliance management

KfW Group

As a promotional bank, KfW supports financing projects such as domestic promotion and export and project and development finance. It promotes sustainable changes in the economy, society, and environment in Germany and abroad. KfW has offices in around 70 countries.

Background of the KfW compliance project

At KfW, the KYC process was decentralized. 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 Suite. 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 Suite 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.

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. The information provided includes customer verification documents that vary



*Dirk Hahn, Senior Regulatory Law/
Know Your Customer (KYC) Consultant at KfW*

depending on the financing request. The goal of automation is the ability to process customer inquiries safely and efficiently from a compliance point of view. Dirk Hahn, Senior Consultant Regulatory Law/Know Your Customer (KYC) at KfW, says: “To name a few numbers: We currently have 4.5 million customers and more than 4,000 products in use, and we operate in virtually every country. The entire client onboarding department consists of eight people. That is very lean in terms of efficiency.”

Financial transaction analysis and money laundering prevention

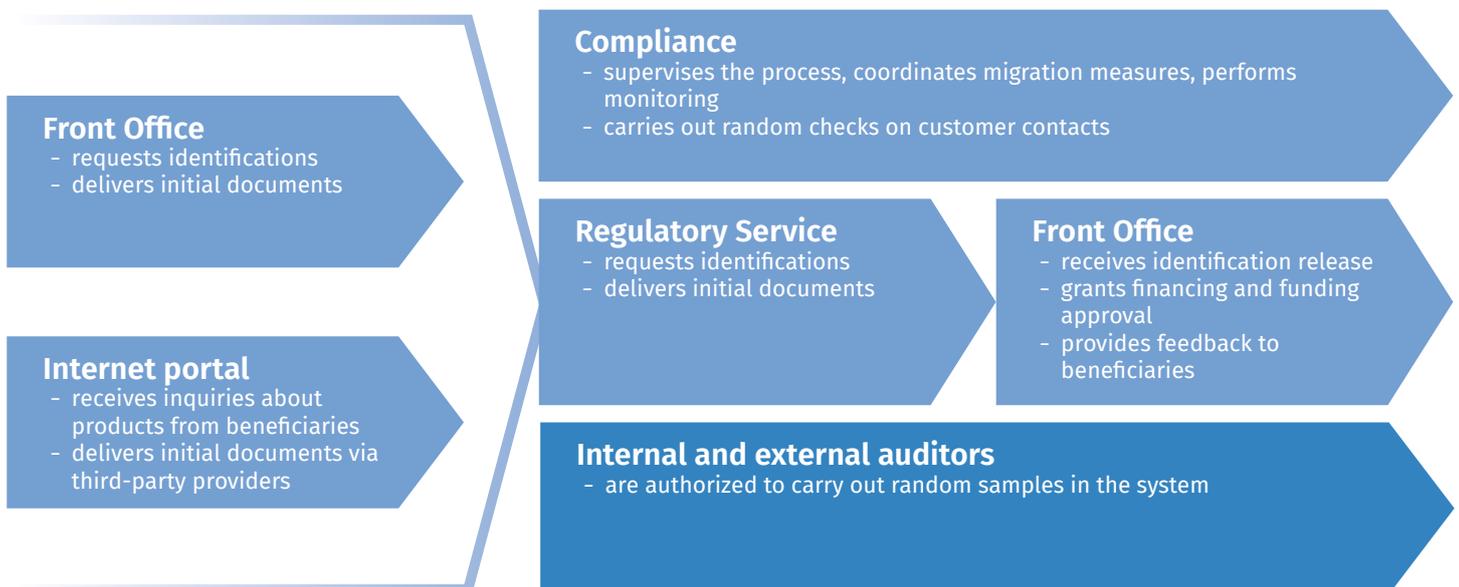
ACTICO Compliance Suite is used to monitor transactions. KfW examines incoming and outgoing payments for embargo violations and identifies patterns (scenarios) that indicate fraud or money laundering, such as cycles of loan repayment and simultaneous raising of new loans.

Ongoing risk assessment of business partners

Every day, the compliance Suite checks the Dow Jones sanctions lists for persons at risk and PEPs. Depending on the business partner category, such as international organizations, consortia, or public administration, the Compliance Suite determines which documents must be collected. It regularly assesses the business partner’s risk and requests re-identification as soon as the risk changes.

Continuous improvement of digitalization, automatic compliance checks

KfW is committed to pushing ahead with digitalization 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 somewhat streamlined and therefore manageable“, says Hahn.



» We currently have 4.5 million active customers and over 4,000 products in use worldwide. The entire client onboarding department consists of eight people. That is very lean in terms of efficiency.“

Flexibility in the integration of new financial products (hazard analysis)

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 analyses. The faster required measures are defined for each new product, the better the time-to-market.

Reporting for better documentation and collaboration

KfW favors reporting compliance measures via database queries with the SQL Reporting Engine. “Across departments, reports are wonderfully easy to create. This is a good way of documenting our own work and has significantly improved cooperation with other departments”, says Hahn enthusiastically.

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.

Central compliance versus decentralized organization

According to KfW, the centralization of compliance processes with ACTICO Compliance Suite brings clear advantages over the decentralized 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 Compliance Suite authorization concept gives every employee involved access to the system he needs to process cases.“

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”, Hahn concludes.

Benefits of the central Compliance Suite for KfW

- Improved organization 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
- Quicker response to changing regulatory requirements

About KfW Group

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

EMEA

ACTICO GmbH
Ziegelei 5
88090 Immenstaad
Germany

info@actico.com
www.actico.de

Americas

ACTICO Corp.
200 S. Wacker Dr.
Suite 3100
Chicago, IL 60604/USA

info@actico.com
www.actico.com

Asia & Pacific

ACTICO Pte. Ltd.
#11 - 04, The Arcade
11 Collyer Quay
049317 Singapore

info@actico.com
www.actico.sg

ACTICO is a leading international provider of software solutions and technologies for decision management. In a digital world, it is necessary to process large volumes of data and make real-time, consistent, and auditable decisions. ACTICO software allows companies to implement highly flexible applications to optimize their daily decision-making on a continuous basis. This enables them to accelerate growth, innovate effectively, stay compliant and, as a result, increase profits.

ACTICO provides software solutions for the following areas:

- Credit Risk Management: Assess and monitor credit risk
- Loan Origination: Automate credit checks and decisions
- Compliance: Enable transparency, comply with regulations, and avoid fraud
- Claims Management: Make claim settlement processes quicker, consistent, and cost-effective
- Client Management: Handle sensitive customer data securely – from onboarding to reporting

Since 1997, ACTICO has delivered software and services to our customers' benefits. Headquartered in Germany with offices in the U.S. and Singapore.

More information: www.actico.com