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creating value through innovation



CASE STUDY

Revolutionizing Fraud Detection & Compliance in **Cross-Border Payments**

A Case Study of the UK bank enhancing
Fraud Detection and Compliance with
NetRemit

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Introduction

Banks are expanding widely, bringing in new technology, and enhancing the infrastructure to cope with the needs of the people and to abreast themselves to serve their glowing clientele. The advent of innovative technologies in Fintech has made a significant impact in the world, changing the way the finance industry was operating earlier, and giving newer dimensions of growth and development across different countries.

A bank in the UK had recently partnered with Macro Global, to enhance their technical capabilities, and to cope with the current trends of enduring compliance, and online monitoring of their customers including operations involving real-time transactions. To ensure a seamless process and modernisation, along with bringing enhanced customer satisfaction, they have implemented NetRemit, a one-stop remittance platform with enormous capabilities, that could identify the gaps, and fortify the requirements of the bank in one go.

Opening the possibilities of limitless commerce, money has been flowing seamlessly from developed countries to developing countries through immigrants. As the scope of remittance expands, the bank was forced to expand its capabilities to accommodate new customers. Meanwhile, ensuring the safety of deposited funds, preventing fraud, and automating compliance become vital with increased clientele, as there can be several possibilities of offenders bringing risks and involving in fraudulent activities like terrorist funding and anti-money laundering.

In this case, study, let us analyse various challenges the bank had managing its compliance requirements, and how Macro Global through its innovative platform NetRemit, gave a comprehensive solution that has enabled the efficiency of the bank in diverse spheres. Let us also discuss how the comprehensive expertise of Macro Global, that has helped the bank to cope with modern regularisation, at the same time fulfil the expectation of its customers across different spheres.



Empowering the bank's prowess through Implementing Netremit

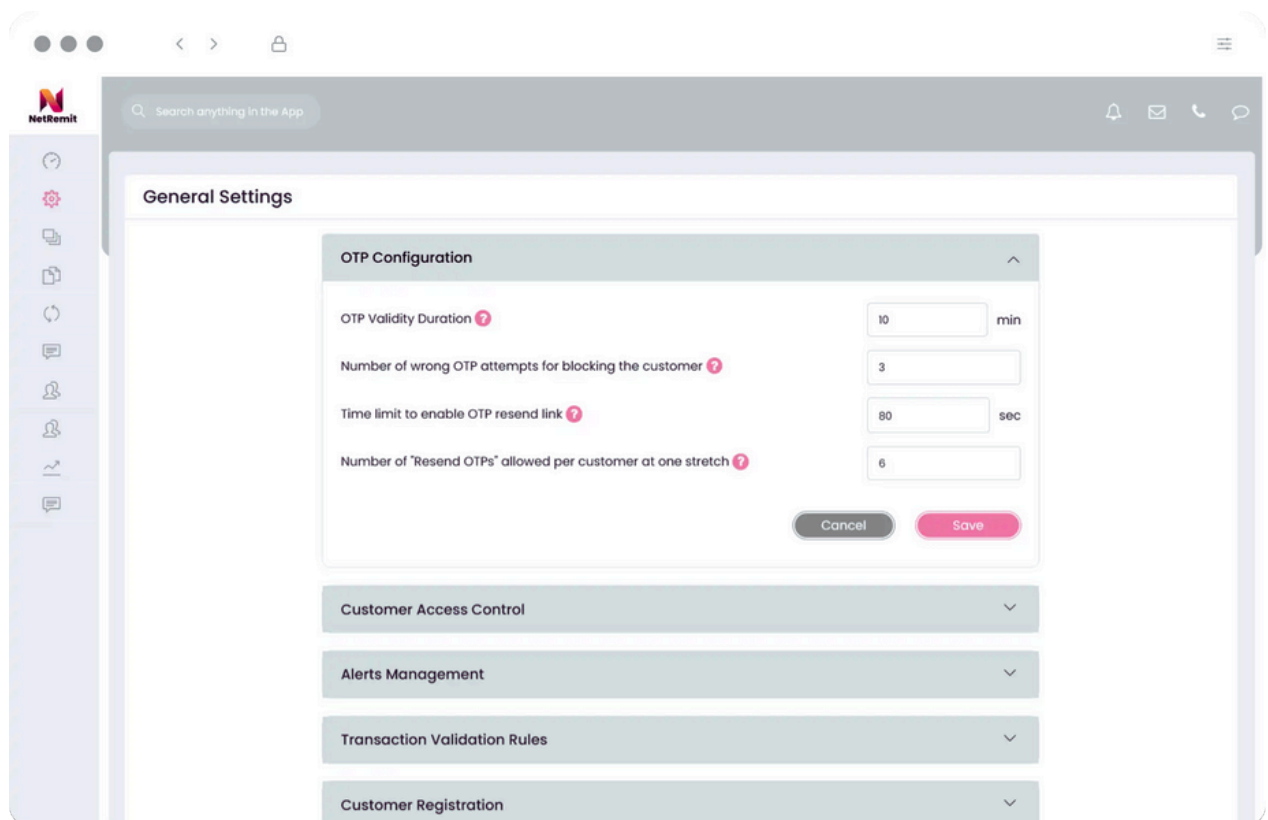
Constant cyber-attacks and increased customer friction have always challenged the effectiveness of legacy fraud controls, which continues to be one of the major causes of concern for the development of the bank. The bank was looking for a quick and effective solution, that could help them to tide over the challenge. Introducing new technology to alleviate risk in existing complex environments is still considered a challenge, where the process of migration should be seamless, encompassing all the relevant data, associated with the transactions of customers, spread over the world.



NetRemit – the Future-Proof Cross Border Payment Suite has served as the backbone for the Bank's AML, KYC, and Fraud monitoring operations. By implementing the NetRemit platform, the bank is ensuring a seamless customer journey while adhering to compliance across various directions.

Fortified with diverse compliance solutions including customising the onboarding process with facial verification, liveness check, and document verification, providing a secure and efficient way to authenticate customers. By introducing beneficiary validation, it adds an extra layer of security to transactions. Administration Console in NetRemit (NAC) offers a powerful feature set that allows customisation and intensification of enhanced due diligence protocols, which will enhance the bank to orient its risk management processes to meet specific requirements.

While focusing on the compliance management system, it efficiently handles support documents, such as the source of funds, to validate transactions, ensuring regulatory compliance. Equipped with advanced features for fraud detection, including smurfing and structuring fraud detection, it enhances the bank's ability to detect and prevent fraudulent activities.





Empowering Compliance Excellence through NetRemit

With the advent to empower the bank in compliance, NetRemit with its advanced Behavioural Biometrics and Enhanced Compliance, fortified with the integration of behavioural biometrics and advanced technology, revolutionises online KYC, delivering unified functionality. On one side it leverages human digital behaviour to extract actionable insights, and on the other side, it fortifies security and implements a robust risk management framework. It also ensures a trusted and frictionless environment to combat fraud, drive digital transformation, and foster business growth, elevating the bank's digital security and ensuring paramount customer satisfaction.

Let us look at the instances where NetRemit fulfilled the security and endurance.

Enduring compliance in Cross Border Transactions

The National Crime Agency (NCA) estimates the cost of money laundering to the UK economy would rise to hundreds of billion pounds a year. This staggering information has made enduring compliance highly critical in banks and other financial institutions to avoid potential legal and financial repercussions. It is inevitable for banks to maintain a reputation for integrity and trust, which involves enduring compliance involves compliance culture, regulatory compliance, risk management, KYC, due diligence, monitoring, and reporting. KYC performs strong due diligence along with the collection of documents for customer identification, performing background checks, and assessing potential risks.

Macro Global has proposed comprehensive due diligence that would mitigate risks associated with financial crimes involving assessing the source of funds, the nature of the transaction, and the potential risks associated with the counterparty. Along with that, coping with strong regulatory compliance with relevant laws and regulations, such as anti-money laundering (AML), counter-terrorist financing (CTF), and sanctions, becomes necessary while handling transactions across borders. Adherence to these laws and regulations is incredibly important for banks and other financial institutions to avoid risk.

The bank in the UK has taken all the recommendations given by our subject matter experts who are in the remittance industry for 20+ years and installed a full-fledged Risk Management framework to validate the customers and their transactions by integrating trusted third-party providers of AML, KYC, Sanctions, PEP, and Fraud checks to mitigate risk and ensure compliance. Now monitoring every transaction, to prevent potential risks, and all employees involved in banking processes must undergo training on compliance, policies, and procedures have ensured that it significantly reduces several risks. Along with that, many suspicious activities that were recorded also got notified and lodged a complaint directly to the compliance consortium.

Thus, in every step, NetRemit has helped to scale the functionality and bring a future-proof process, purpose, and service across different departments of the bank to ensure the overall performance of the bank is elevated.

Opportunities and Challenges in Fraud Detection, AML & KYC

Several opportunities and challenges are identified while implementing crime prevention, and NetRemit has been the backbone in curbing the challenges and enhancing the opportunities. Shifting the focus from economic crime compliance to economic crime prevention in the UK, the bank also took enough measures to be on track in coping with the Joint Money Laundering Intelligence Taskforce (JMLIT).

Unleashing a plethora of advantages through NetRemit

NetRemit's transformative capabilities have brought a wealth of benefits, ensuring the Bank leverages cutting-edge transformation.

Technological Advancements

The partnership of the Bank and Macro Global has opened a plethora of benefits to the bank. With the advancement of technology, the bank can leverage the benefits of machine learning, artificial intelligence, biometrics, and customer behavioural and transaction data analytics to improve fraud detection, AML, and KYC. Since Macro Global has a deep-down understanding of biometrics, which involves facial recognition and fingerprint scanning will bring more sensitive information to the system. With the advent of newer technologies, numerous transactions are on record, which has made a paradigm shift in which the financial industry operates. Full-fledged knowledge of Data Analytics is helping to identify the pattern and take prominent steps. The development of technology is skyrocketing, and it becomes important for banks to cope with the changes.

Cross-Border Cooperation

Many countries have come together to combat the challenges put forth by financial crimes such as money laundering, tax evasion, and terrorist financing. Countries now share information regarding the suspects and any suspicious activities, including tracing illegal financial transactions across different jurisdictions. Through Mutual Legal Assistance, a legal framework share evidence, freeze assets, and extradite suspects. International standards like Financial Action Task Force (FATF) recommendations and United Nations Convention Against Corruption, which supports a legal framework are some of the organisations which unify many countries to wage a war against terrorism. Joint investigation enables countries to share information, and work collaboratively, pooling experts and resources from many countries.

Unleashing a plethora of advantages through NetRemit

Increased Awareness

The rise in awareness across all the aspects involved with the banks has helped it to bring newer capabilities, and to abreast the functionalities that are beneficial to an organisation, customers, and all the stakeholders involved. Banks and other financial institutions have increased their perception of financial crimes, which helps in better detection of many fraudulent activities like unusual account activity, suspicious transactions, and false identities.

With the partnership of companies like Macro Global, which connects with other several third-party companies like Trulioo, Lexis Nexis and GBG, offering quick onboarding; conducts comprehensive research of consumer, business, and location identity attributes that may indicate fraud risk. Trulioo, is one such organisation to identify global businesses, turn to for growth, innovation, and compliance. Credit Safe is a company that provides solutions designed to finance and credit teams with all the tools and details needed to make informed and data-driven decisions. Early Intervention prevents many frauds to explode to the next level, which has been achieved through the wider awareness of banks and other financial institutions. Adhering to compliance, and jointly working towards better results against crimes have enhanced the quality of the banks, ensuring superior customer services. Overall, the bank is now investing its time and acumen to ensure seamless operations.

Roadblocks identified in the bank, and how Macro Global has enhanced the capacity of the bank by fixing them with superlative solutions.

Complexity

Combatting financial crimes is one of the biggest roadblocks for the bank, as the number of criminals, along with organised crimes such as smurfing is on the rise. With crimes being more sophisticated, it is very difficult for the bank to mitigate and identify evolving fraud schemes, money laundering techniques, and identity theft. With the partnership of Macro Global, which is compliant with all key industry regulatory requirements on security, data privacy, and cyber threats and endures frequent internal and external audits and remediation.

This gives bank, trust and relief from the challenges that combat the challenges like validations, AML limits, fraud screening parameters, EDD (Enhanced Due Diligence) metrics, geo-location wise grouping, access control, transaction routing, repairing and re-rerouting, secure messaging, exchange rates, partners and more within an innovative unified platform. With the comprehensive ease of virulent checks, many of the vulnerabilities are curbed.

Cost

One of the big challenges in this era of technology is the enhanced cost of conducting due diligence and comprehensive checks which has increased the overall operational costs of the bank. KYC onboarding checks take around 33% of the cost, followed by Anti-fraud checks due to remote identity management which takes around 9%. AML screening costs around 10%, with 8% for transaction screening and monitoring of the total operational costs. To meet the increase in costs, and to bring an efficient system in place, the bank needed a robust solution, that can enhance the overall effectiveness.

NetRemit as a White-labelled SaaS-based solution, fortified with the capacity to connect with other third-party service providers, helped the bank with the ease of communication and curbs the hassle to collaborate with several service providers at the same time for diverse tasks. Offering the bank, a single-channel connection has streamlined several operations and added several capabilities to the bank. Thus, through One Partner! One Contract! the bank was able to cut down costs drastically.

Roadblocks identified in the bank, and how Macro Global has enhanced the capacity of the bank by fixing them with superlative solutions.

Raise in infrastructure requirements

Onboarding, ongoing monitoring, and transaction monitoring require six to eight separate systems for the average firm, and as the customer base increases, it even requires a lot of investments in the infrastructure. With the advent of complex algorithms to mitigate risks, banks are requiring powerful hardware. Real-time processing of KYC and AML is also on the rise and integrating with several internal and external vendors for transactions has enhanced the need to have a strong infrastructure.

NetRemit is a SaaS-based solution, that works on the cloud, which ensures that it does not require a very high investment to set it up. It is a plug-and-play platform, where the IT support team from Macro Global will take care of the integration, support, and maintenance, concerning the entire growing demands of the bank.

Security and Privacy Concerns

UK is highly strict with implementing data protection laws, and collecting sensitive information leads to data breaches and financial losses. The use of personal data is essential for effective fraud detection, AML, and KYC, but this can raise privacy concerns.

NetRemit is built in adherence to ISO standards which has strong security features including Strong customer authentication, IP restrictions for Admin Portal, Microsoft Enterprise Grade Security, Secure data capture, Stringent data retention policies, Malware Protection, Robust 256-bit Encryption, Periodic VAPT (Vulnerability and Penetration Testing) to the web server, 3D Secure authentication, URL copy prevention, along with strong SAS, EIT, EAR, NLC, Physical, and Web App Level Firewall. Further, we also update ourselves with the latest compliance up to the mark, offering complete and latest compliance.

Roadblocks identified in the bank, and how Macro Global has enhanced the capacity of the bank by fixing them with superlative solutions.

Regulatory Compliance

The UK's regulatory environment is complex, and compliance can be challenging, especially for financial institutions that operate across multiple jurisdictions. Financial crime detection has increased expectations on firms to implement KYC/AML processes with improved risk assessment.

NetRemit is compliant with all key industry regulatory requirements on security, data privacy, and cyber threats and endures frequent internal and external audits and remediation. This helps to remediate the privacy concerns involved in an organisation and brings good benefits for the bank.

Technology Consulting

There is a high demand for professionals with expertise in fraud detection, AML, and KYC, as it requires to require a combination of technical, analytical, and investigative skills. Along with that, there is also a shortage of formal training programs, which can help banks to leverage their capacities.

Macro Global fills this knowledge gap. Strengthened with the pool of subject matter experts, with their hands-on experience in the field of remittance, banking, and technology will together offer the bank, extensive SME consulting services including gap analysis, system architecture planning, and go-to-market strategy for several banks, financial organisations, and MTOs (Money Transfer Organisations). This would be a one-stop solution for their skill and talent shortage challenges.

Reengineering FI's approach to Fraud, AML & KYC

The Bank had the pressure to balance both the customer experience and curb the rising financial crimes that are burgeoning. They wanted a robust mechanism that could handle the challenges and support the bank in the process of fighting fraud, data theft, anomalies, and other challenges. With a spurt of increase in remittance all over the world, along with a growth in financial transactions, the bank immediately wanted a robust solution, as the traditional methods for fraud detection, and customer verification like AML, and KYC were no longer sufficient. The bank needed comprehensive support in terms of technology, infrastructure, and training, along with planning and execution.

Macro Global gave a tailored solution, which can elevate the bank's capacity and enhance how they operate. Powering the latest technology-enabled analytics, hi-tech infrastructure, and biometrics connected to innovative solutions, it brought newer capabilities to the banks in terms of speed, agility, and ability to handle volumes. Deriving newer strategies has enhanced the quality of diverse financial transactions, at the same time keeping the operational cost lower. Achieving operational excellence has fuelled the bank to detect fraudulent transactions, customers with criminal backgrounds, terrorist funding, and other malicious activities. All these changes were evident in just shifting the operations to NetRemit.

The bank now checks every transaction, as they have the much-needed technology and infrastructure in place. Multiple silos are broken down between departments to enable finer customer insights to strengthen the detection of various frauds and malicious activities. Currently, once the information is fed inside the KYC, it further triggers the background due diligence process and leads to further investigation. After re-evaluating compliance and associated agreements, several banks have a mutual agreement with diverse countries to have a uniform structure for compliance. With the assurance from the World Bank to bring structured regulatory compliance, it enhances the proficiency of several banks and financial organisations.

With enormous customer data collection, the bank was forced to enhance its IT architectures, in the segments of validation, due diligence, and background checking. With effective archival systems, the transaction monitoring and screening systems have now got improved with several risk-based approaches. As this runs automatically in the background and classifies the KYC risk ratings from high-risk customers from low or moderate risks, this helps the bank to stay up to date in handling risk and ensuring compliance. Applying granular customer segmentation through advanced analytical methods is now replacing traditional methods. Overall implementing the latest technology has elevated the performance in terms of security.

Reengineering FI's approach to Fraud, AML & KYC

The trend is now to use a single platform to access multiple streamlined analytical solutions. This helps in both compliance and investigation cases effectively related to any suspicious activity or fraud, and with NetRemit, the bank was fortified with future-proof technology. Many tools and utilities are also in place to help the process of KYC like entity resolution, natural language processing, machine learning models, and configurable workflows, which helped the bank to have uninterrupted services. Owing to a massive re-engineering and bringing adherence to the latest AML/KYC compliance, the bank is now able to fight against financial crimes, however, with the advent of supporting technologies and infrastructure.

Conclusion

NetRemit through Macro Global captures the trend in the market, understands the nuances, and brings a world-class product that helps the bank to raise its capabilities. As a feature-rich platform, it offers diverse benefits. Being a Cross-Border Payment Suite, it provides financial institutions the essential support it requires to raise their capabilities in all spheres to maximise their remittance success rate. It helps financial institutions to stand out from the competition by delivering a market-leading cross-border payment service to your customers.

Macro Global, one of the pioneers in the FinTech Industry, has earned an elaborate clientele, serving prominent banks and financial institutions. We are highly proficient in understanding modern requirements, adhering to compliance, and adding several functionalities to all the products or services. While we do the heavy lifting and ensure you with the time, peace of mind, and acumen, we strengthen you to focus on your core business and expand it in newer dimensions. To partner with us, call us at +44 (0)204 574 2433 or mail us at salesdesk@macroglobal.co.uk. Our executives will stay connected with you to understand your requirements.

Technology Partnership



ISO Certifications



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