

FACT SHEET

Risk-based Scorecard

Achieve a dynamic and accurate understanding of customer risk

Financial Institutions (FI) are expected to accurately risk assess the customers they interact with to apply appropriate behaviour monitoring measures and ensure any potential criminals are swiftly detected. Holistic customer understanding can not only protect FIs from regulatory fines and reputational damage, but also from poor business decisions.

The decision-making process, however, can prove very burdensome owing to the sheer volume of intelligence that FIs need to consider. Moreover, regulatory requirements mandate that the customer

risk assessment process is transparently documented, easily accessible, consistent, and regularly reviewed.

Napier's Risk-based Scorecard helps to resolve these issues. It allows the analyst to capture more information and data from multiple sources, and forms part of the continuous review cycle for customers by calculating and recording a customer's risk level.

Benefits

- **Regular customer risk re-scoring provides a dynamic risk understanding – know how risky a particular customer is at that moment in time**
 - **Mitigate the risk of customers who cheat their way to a low-risk score by providing false information at onboarding**
 - **Gather and structure relevant data that is buried deep inside your data systems**
 - **Use data in a wide range of formats and from various sources**
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Dynamic risk understanding

Napier's Risk-based Scorecards provide organisations with a dynamic understanding of the risk posed by each customer. This is done in the form of a risk score which is determined according to the policy and company-defined customer risk level. Regular, and on-demand reviews of the customer will produce subsequent risk scorecards to determine if the customer's risk score is still in line with expectations. Any increase in risk should warrant further investigation.

Improve the effectiveness of screening and transaction monitoring

Dynamic risk understanding is based on a customer's actual behaviour and allows for more effective screening and transaction monitoring with efforts focused on high-risk customers. Risk-based Scorecards can also help build a case for a suspicious activity report.

Mitigate risk

If historical data is not used to create the Risk-based Scorecard, then a customer could potentially cheat their way to obtaining a low-risk score.

However, an effective transaction monitoring system would soon flag when the customer's behaviour deviates from what would be expected, following the data given during the risk scoring process. This situation highlights why regular monitoring, that takes the customer's risk profile into consideration, is important.

Scorecards are unique to your organisation

Scorecard risk levels will be specific to an organisation's risk appetite, customers, products, and geographies served. Napier's Risk-based Scorecard is flexible to allow for those variations in the most effective way.

The solution can be sensitive to any data known about the customer and be tailored to the type of entity being scored, for example, a financial institution, corporate entity, government entity or individual, etc.

Data flexibility

For new customers, the onboarding process can be tailored to capture the information required by the scorecard and risk model.

For existing customers, the solution ingests existing KYC/

CRM data, historical transactional behaviours and will also highlight where data is missing to conduct a thorough risk assessment.

Then in both cases, going forward, the system will automatically use data collected from screening, transaction monitoring and other data sources to assess the risk presented by the customer.

Bolt on to enhance any existing AML system

The Risk-based Scorecard can be used as a simple bolt-on to enhance any existing onboarding/AML system, or be run in conjunction with Napier's AML products for a fully integrated approach with effortless automatic data flow.

Features

- Easy integration with any AML system
- Total configurability to adapt to unique risk requirements
- Automatic data processing from a wide range of sources

"We are delighted to have joined forces with Napier, whose next-generation technology and AI-enhanced capabilities are leading the way in AML compliance."

STUART MORLEY
CHIEF INFORMATION OFFICER, CLEARBANK

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For more information about our award-winning platform, or to find out how we can help you meet your AML compliance requirements...

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