

**KYC Solutions,
2024**

FinScan

Executive Summary

Increasingly, financial institutions are seeking to create unified, perpetual customer records or centralized data repositories to enhance their customer insights and Know Your Customer (KYC) processes. Traditional core banking technologies have proved inadequate for this task, as they lack the flexibility and scalability needed to manage dynamic customer data across multiple touchpoints. Advanced technologies, offering native integrations into core banking environments, with machine learning (ML) and artificial intelligence (AI) capabilities, are helping institutions manage this complexity by automating data transfer and maintaining consistency across domains.

The KYC vendor landscape is expanding rapidly with new entrants offering a range of solutions, from workflow automation to advanced analytics. As the regulatory landscape evolves and financial institutions demand more data and sophisticated analysis, leading firms are enhancing their data management capabilities to automate processes, transfer third-party data and improve data accuracy.

Chartis' assessment of FinScan as a category leader in its RiskTech Quadrant® for KYC Solutions reflects FinScan's ability to:

- Cleanse and de-duplicate customer data.
- Offer comprehensive customer due diligence (CDD) modules.
- Conduct dynamic risk assessments in real time on key risk elements, which can be configured based on a business's specific risk appetite and circumstances.

FinScan has also embedded more in-depth analytics and data management into its KYC processes, capitalizing on its strong position as an anti-money laundering (AML) compliance and data quality specialist.

Key Considerations

- To address the challenges stemming from the lack of flexibility and scalability in traditional banking technologies, institutions are adopting advanced workflow and KYC platforms. These integrate data from diverse sources, enabling real-time, comprehensive customer views to assess the risk a customer could bring to the organization.
- Chartis views Innovative Systems as addressing these challenges by:
 - Improving on the flexibility of FinScan's compliance risk model by integrating alerts and information from diverse systems used in KYC, sanctions, monitoring and other business operations.
 - Expanding the data-driven insights FinScan delivers to ensure that accurate and complete data flows through the KYC verification and risk scoring products.
 - Enhancing the breadth of FinScan's capabilities to ensure it is a more complete KYC product for CDD.
- Data sources and formats coming from various structured and unstructured sources add complexity, however. Bridging data flows and developing comprehensive customer views will increasingly become more complex as well. The solution ensures interoperability between different systems, which can be governed by analyzing key risk indicators and variables that are critical for actionable insights. Advanced data integration technologies using ML/AI tools are helping institutions manage this complexity, and the enhanced data quality and linking engine embedded in the FinScan solution address this core need.

FinScan: Category Leader – KYC Solutions

Our analysis of FinScan is included in the Chartis report [KYC Data and Solutions, 2024](#), published in September 2024. The report also includes other providers of KYC data and solutions, including AML Partners, AP Solutions IO, Appian, ComplyAdvantage, Complytek, Diligencia, Dixtior, Dow Jones Risk & Compliance, Dun & Bradstreet, Eastnets, Effectiv, Encompass, Fenargo, FIS, Flaminem, FOCAL, FullCircl, IMTF, Kharon, Muinmos, NICE Actimize, NominoData, KYC2020, KYC360, KYC Hub, Kyckr, KYC Portal, Oracle, Pega, Rozes, LexisNexis Risk Solutions, Manipal Group, Moody’s, Quantexa, Quantifind, Ripjar, Sigma360, smartKYC, SymphonyAI, Tookitaki, valid8Me, Vneuron, WorkFusion and Xapien.

Chartis has named FinScan a category leader in the 2024 RiskTech Quadrant® for KYC Solutions (see Figure 1). FinScan’s focus on data quality is a differentiator, and its specific capabilities for covering sanction screening and AML compliance for securities and other complex financial instruments were integral to its positioning. The platform can identify and populate customer profiles with additional data and can carry out accurate risk scoring in real time. We believe this makes for a strong solution in the KYC marketplace – one that has evolved and realized high growth in the Middle East and Asia-Pacific.

Figure 1. FinScan’s positioning – KYC Solutions, 2024



Solution breakdown

Reporting and dashboarding

The FinScan solution contains tabular dashboard widgets, with bespoke report functionality, configurable analytics within the dashboard, and data manager functionality to connect with business intelligence (BI) tools externally. The ability to facilitate the production of AML and KYC reports that highlight key risks and outstanding alerts, as well as the ability to monitor the productivity of compliance personnel, were key considerations.

KYC risk scoring

FinScan's risk scoring enables clients to consider more than 95 unique fields. The solution conducts real-time risk scoring that looks at any changes a customer profile may be experiencing across business operations. Network and segmentation analytics, together with specific scoring for complex financial instruments, also contributed to FinScan's high score in this area.

Customer profile enrichment with additional data

FinScan's onboarding workflow includes ID validation, address verification, and sanctions and watchlist checks using third-party datasets to ensure comprehensive CDD and background checks. These checks can be extended to evaluate political exposure, relatives and close associates, ultimate business owners (UBOs) and persons with significant control in the case of entity customers. They can also include adverse media checks to evaluate any negative news for subjects under consideration. In conducting all these operations, FinScan:

- Applies advanced data quality procedures to identify the right entity and consider duplicate data.
- Applies advanced linguistic algorithms to account for cultural nuances.
- Enables granular configuration to select the appropriate risk database based on risk variables.

FinScan's focus on data quality and proprietary matching technology is a differentiator and, combined with its historical strength in screening and monitoring, earned it high scores in this area.

Deployment options

The FinScan solution includes hybrid, on-premise and cloud deployment options. It offers the same functionality in cloud and on-premise environments, enabling multinational organizations to comply with data residency and privacy laws across various jurisdictions.

Customer support

FinScan serves clients in more than 65 countries, delivering 24/7 support through a 'follow-the-sun' approach enabled by its presence across all continents. Recognizing the mission-critical nature of compliance operations, FinScan ensures that its customers always receive personalized, human-driven resolutions rather than automated responses. Furthermore, the company has grown organically, maintaining an entirely in-house technical team. This dedicated team possesses deep knowledge of the system's controls, enabling FinScan to troubleshoot and resolve issues swiftly during the customer relationship – in stark contrast to providers that rely on third-party implementation services.

Market Context

Chartis is seeing a greater number and variety of vendors entering the KYC space, offering a range of solutions that cater to different industry needs, organization sizes and use cases. Included in our analysis are case management and workflow automation firms that focus on enhancing KYC compliance by streamlining and automating complex processes. Their platforms reduce manual workloads by automating tasks that include document collection, approval workflows and ongoing monitoring, enabling financial institutions to conduct KYC checks more efficiently and accurately. Many vendors provide configurable dashboards and rule-based decision engines, allowing institutions to customize workflows to meet specific compliance requirements while improving tracking and reporting on KYC activities.

Analytics-focused firms leverage advanced data analytics, ML and AI to improve decision-making processes. These firms use large datasets to offer deeper insights into customer risk profiles, detect suspicious behavior patterns and flag potential issues early. By analyzing both structured and unstructured data with sophisticated algorithms, their platforms help institutions better assess risks related to identity verification (IDV), transaction monitoring and customer activity. As regulatory scrutiny increases and instances of synthetic identity fraud rise, analytics-driven KYC solutions are becoming crucial for risk mitigation and compliance.

Focused KYC vendors offer highly specialized and tailored solutions to cover the specific needs of financial institutions and regulated industries with more complex requirements. One example is the increase in vendors offering generative AI (GenAI) capabilities, such as AI-powered chatbots, which assist in customer onboarding by engaging with customers in real time to answer any questions, collect documents and walk people through the process.

In-house IDV has become more significant, reflected in the increase in IDV capabilities being integrated into broader platforms, leveraging such technologies as biometrics and document verification. Vendors that do not provide IDV capabilities are recognizing its growing importance and are often choosing to partner with specialized IDV providers to integrate these capabilities into their offerings.

Methodology

Chartis Research ('Chartis') is a research and advisory firm that provides technology and business advice to the global risk management industry. Chartis assesses risk technology vendors using consistent, objective methodology, regardless of business relationships.

Chartis' RiskTech Quadrant® has been used to explain the structure of the market. It employs a comprehensive methodology of in-depth independent research and a clear scoring system to explain which technology solutions meet an organization's needs. The RiskTech Quadrant® does not simply describe one technology solution as the best; rather, it has a sophisticated ranking methodology to explain which solutions would be most suitable for buyers, depending on their implementation strategies.

Chartis evaluates vendors on both current and future dimensions: completeness of offering and market potential.

- **Completeness of offering** criteria include reporting and dashboarding, KYC risk scoring, customer profile enrichment, customer onboarding and customer maintenance.
- **Market potential** considers business model, market penetration, financials, customer satisfaction and growth strategy.

Chartis uses detailed evaluation forms, customer surveys, expert interviews, vendor briefings and other research sources to assess solutions. This rigorous methodology provides an independent view of solutions and vendors.