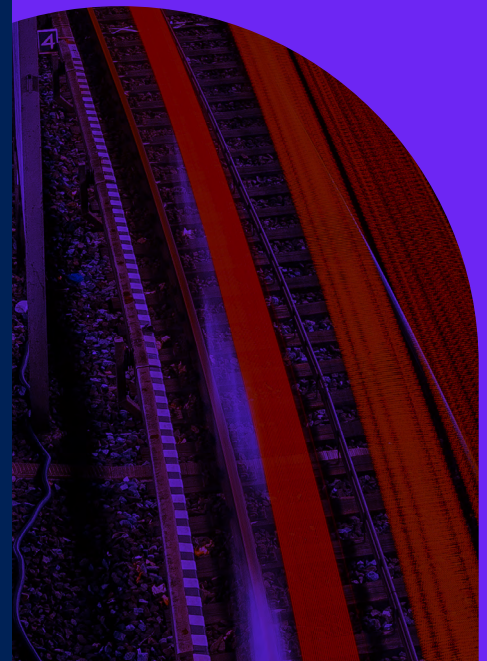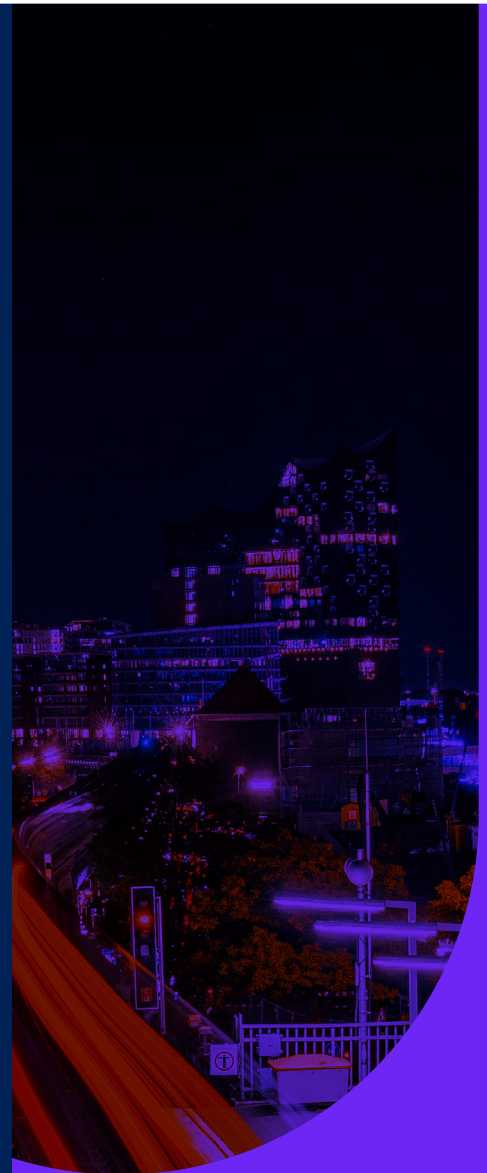Know Your Customer

Hamburg Commercial Bank

Case Study

Digital Corporate Onboarding in Commercial Banking

Digital Corporate Onboarding in Commercial Banking

"Our new centralised onboarding platform provides a streamlined KYC experience to our range of domestic and international corporate clients, while simplifying back-end processes for our internal stakeholders and compliance team members."

— Jan Sojka, Head of Digital Excellence Center, Hamburg Commercial Bank

The Client

Hamburg Commercial Bank (HCOB) is the first privatised Landesbank in Germany. HCOB are market leaders in commercial project finance for the real estate, renewable energy and infrastructure sectors.

As a commercial bank, HCOB specialise in tailored finance for medium-sized businesses, structuring guidance (including syndications), payment services, risk-hedging products and expert advice on corporate finance. In the maritime shipping sector, HCOB´s primary focus is on building strong partnerships at home and abroad (Singapore and Greece in particular).

The Project

HCOB was looking to embark on a digital transformation journey for the onboarding process of their corporate clients. The objective was to digitise the steps involved in the collection and verification of company documents as well as to centralise some of the traditional AML/KYC-functions through a secure digital platform. The project was spearheaded by the bank's internal DEC (Digital Excellence Centre), which was instrumental as the bridge between the bank's internal stakeholders and KYC's digital-first approach.

HCOB selected Know Your Customer as the RegTech partner of choice for the following key functions:

1. Provide centralised connections to company registries for the download of official incorporation documents and extraction of key data points from these

2. Gather information on Ultimate Beneficial Owners (UBOs) from multiple data sources and automatically build complex company structure charts

3. Integrate multiple AML-related data sources within the Know Your Customer platform to equip relationship managers and compliance officers with a comprehensive view of prospective and existing customers

4. Digitise relationship managers' step-by-step application process of new customers, replacing long-established paper-based and manual processes.

To achieve a successful implementation of the new system, HCOB and Know Your Customer were required to collaborate and focus on the following areas:

1. Work together in an agile manner

2. Integrate multiple data sets for stronger data quality

3. Deploy the customer onboarding process in the Cloud

4. Refine the end customer journey

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1 Work together in an agile manner

From the off-set, Know Your Customer and HCOB agreed on utilising the agile project management methodology for working together. This entailed multiple iterations and adjustments to required features and products instead of a "one-off" implementation based on extensive documentation.

This approach initially generated a few challenges as long-established internal manual processes at the bank had to be promptly adjusted and replaced by the new agile approach. Similarly, new requirements or roadblocks that hadn't been initially considered by KYC arose in later stages of implementation.

Despite these challenges, the agile methodology represented a unique opportunity to bring together Know Your Customer's digital-first approach to client onboarding with HCOB's extensive experience and solid internal structure, generating learnings for all involved. Both teams' commitment to transparency resulted in a system where on-going updates were visible in a digital dashboard to track progress on all functions in real time.

2 Integrate multiple data sets for stronger data quality

A key objective of the KYC-HCOB collaboration was the creation of a centralised KYC hub for client-related information, combining and comparing multiple data sources for a comprehensive and constantly updating overview of prospective and existing clients.

Initially, this approach required additional effort from both teams to satisfactorily normalise the data quality and structure collected from multiple data sources. The different maturity levels of the partner organisations involved in the project also determined occasional challenges.

After overcoming the initial hurdles, the newly implemented solution empowered HCOB with an integrated view of all data sets within the KYC platform. This set-up combined multiple external databases fed into the KYC platform through Rest APIs, as well as KYC's proprietary direct connections to official company registries. The vision for the creation of a centralised platform pushed both teams to work collaboratively to devise workflows and automated processes that would ensure compliance officers could rely on the best available set of data.

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3 Deploying the customer onboarding process in the Cloud

While the KYC platform is usually deployed in the Microsoft Azure Cloud, HCOB had historically only worked with traditional on premises deployments for Information & IT Security.

To an extent, embracing Cloud technology for client onboarding meant the bank had to assume the role of early adopters in their specific sector. On the other hand, this also resulted in HCOB being able to avail of the full scalability and flexibility features of cloud computing ahead of the curve, maintaining full compliance with current data protection and security requirements throughout the entire customer onboarding process.

4 Refining the end customer journey

The Know Your Customer deployment represented an opportunity to refine the entire end customer journey, reviewing every step of the existing process for further digitisation and automation of manual or repetitive tasks.

Due to varying processing capabilities and different levels of IT expertise across internal and external stakeholders, replacing long-established manual processes with a new digital system initially represented a challenge that required ad hoc training and support.

However, the new system achieved the objective of harmonisation of front-end and back-end processes, resulting in seamless, consistent and secure collection and distribution of required customer documents among the different departments of the bank.

More specifically, the newly implemented platform included the customisation of the standard PDF report of the customer due diligence profile, which was coded to mirror almost identically the previous paper-based form. This approach sensibly improved efficiency while minimising disruption for in-branch relationship managers at HCOB.

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Learnings

Active Collaboration
The project showcased the importance of frequent and open communications, transparency, and collaborative mindset to overcome challenges.

Flexibility
Willingness from all sides to test assumptions, learn from each other's experience and continuously review and adapt to change was fundamental to ensure the success of the project.

Agile Prototyping
This project was an opportunity to introduce a new agile way of working at HCOB. In this model product changes and new features are implemented, reviewed and adjusted in quick cycles to reduce unforeseen outcomes.

Results

On-going regulatory compliance
The new digital system confirms HCOB's ability to demonstrate on-going regulatory compliance of their onboarding process in line with both current and future German and EU-wide AML requirements.

Enhanced depth of compliance checks
Relying on official information sourced from company registries and automatically fed into multiple internal compliance systems helps HCOB enhance the depth of customer information available to their compliance officers.

Standardised Onboarding Process
A simple step-by-step digital process is now available to all in-branch relationship managers through a highly intuitive UI for a more seamless customer onboarding experience.

About Know Your Customer

Established in 2015, Know Your Customer is a **global RegTech company** with offices in Hong Kong, Dublin, Singapore, and Shanghai. Our clients span across **11 sectors** – including banking, FinTech, insurance, payments, real estate, asset management, legal, among others – and **18 jurisdictions** and are using our technology to verify and **onboard customers from more than 180 countries**.

Our technology enables organisations to ensure on-going KYC/AML compliance while digitising their customer onboarding process end to end.

To discover more about our range of digital KYC solutions, visit knowyourcustomer.com or request a demo here.