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Bangkok Bank's global operations will remain AML-compliant over the long term with technology that can adapt dynamically as regulatory frameworks evolve.

Bangkok Bank Implements Truly Global Anti-Money Laundering-Compliant Operations

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The quality of a bank's analytics capability is proven by its antimoney laundering (AML) operations. Bangkok Bank has demonstrated this – and more – with a platform integrating the data, models, and business processes necessary for AML compliance. This is no small feat considering the many challenges that AML compliance offers for a multi-national bank.

Bangkok Bank (BBL) is the largest bank in Thailand by total assets. The bank has been asserting its dominance in financial services through 300 international branches in 14 economies that include eight other Southeast Asian markets, as well as China, Hong Kong, Japan, Taiwan, the United Kingdom, and the United States. It also operates major international subsidiaries: Bangkok Bank Berhad, Bangkok Bank (China), and PT Bank Permata Tbk. Its international operations, the most extensive among Thailand's banks, have been key to BBL's AML integration strategy.

Suteera Sripaibulya, Senior Executive Vice President of the IT Division at BBL noted, "If anyone asks me what (keeps) me up at night, my answer is AML compliance." It is a comment that speaks volumes about the significant difficulties associated with ensuring a bank manages its AML operations effectively, without room for error.

According to IDC Financial Insights research, the list of issues a bank faces as a result of AML is long and wide-ranging: from a shortage of skills, many false positives from multiple detection and investigation systems, and the weak integration of data sources, to a web of manual steps and processes. These issues vary in extent from bank to bank, but what seems to be

consistent is the challenge of ensuring strict compliance with all regulations, and the need to have an accurate, reliable, and current view of specific guidelines from each regulator.

SOLUTION SNAPSHOT

ORGANIZATION:

Bangkok Bank (BBL), Thailand is the largest bank in Thailand by total assets and has 300 international branches in 14 economies.

ORGANIZATIONAL CHALLENGES:

- » Meeting expanding AML requirements for global operations
- » Ensuring AML compliance keeps up with dynamic regulatory frameworks

SOLUTION:

SAS AML Solution using a Global Image

PROJECT SCOPE:

AML compliance for Bangkok Bank's head office and 14 markets across the world.

BUSINESS BENEFITS:

- » Fully AML-compliant client services worldwide
- » AML risk managed globally and efficiently
- » AML compliance for the long term

In recognition of this challenge, the bank decided to modernize its disparate and rule-based AML systems in 2012, when it was scaling its global operations. Although the systems along with surrounding elements – processes, procedures, and human resources – could still live up to the expectations of each local authority, the bank was increasingly cognizant of the need for transformation.

Khun Suteera said, "We were looking at more advanced analytics tools to replace our legacy systems. We were looking for tools that allow us to apply a more advanced score-based approach to risk-rate our customers; a tool to enable us to apply different threshold values appropriate to each segment in terms of customer type, risk level, and product used; and most importantly, a tool that allows us to centralize AML decisioning in a standardized AML case investigation workflow."

Principles-based and Pragmatic

Every global program at BBL is rolled out systemically, benefiting from economies of experience. During the requirement-specification phase, the bank took into account global best practices and guidelines – ranging from standards like the Financial Action Task Force (FATF) recommendations and the Wolfsberg AML Principles to specific local regulatory requirements. The scan resulted in the most complete and appropriate list of business requirements for each location's regulatory needs and banking activities and outlined minimum AML standards for the BBL group.

Once consolidated business requirements were completed, BBL worked together with SAS to translate them into functional requirements that in turn contributed to a "SAS AML Global Image." The Global Image was piloted at BBL's Hong Kong operations, which has one of the most stringent AML requirements. This allowed the bank to develop, test, deploy, and monitor the Global Image thoroughly.

Khun Suteera said, "Once done with the pioneer location, we built up internal capability to manage the SAS AML solution, so that we can roll out the SAS AML Global Image to the remaining locations very quickly. It is our guiding principle to consistently maintain the Global Image. All subsequent system change requests from any of our global operations would either be part of a local specification or added to the Global Image which all other locations could benefit from."

"The Global Image simplified our global deployment and use of the SAS AML solution. We also developed and deployed a specific SAS AML Image for our global Headquarters operations in Bangkok to address its unique requirements," Khun Suteera added.

As the bank sought to prime the organization for a global standard of compliance, it engaged consultants who worked along with the SAS implementation and advisory team to help define the governance model, as well as roles and responsibility and process flows to support the SAS AML system deployment and adoption.

Khun Suteera said, "From the delivery perspective, SAS provided AML domain knowledge, best practices, project management, technical expertise, and capable resources to BBL. This aspect proved to be invaluable and can be considered one of the key success factors when we look back on our journey thus far."

The new AML Program also called for other bank-wide changes. For example, AML was structured differently in the enterprise. The AML Program required new resources, as well as new ways of working between compliance, business, and IT.

The bank hired compliance analysts who understood the SAS AML and customer due diligence (CDD) analytical model so that the bank could choose the right models for the bank. Second, the bank needed a strong data team to manage the data required for the model to function effectively. Business analysts were recruited to design processes and procedures for better system efficiency and control, and a skilled technical team now operates data ETL (extract,



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transport, and load) tools to give enough focus for data mapping exercises. The smooth collaboration between the IT ETL, data and compliance analytics teams has been another key to BBL's success.

Khun Suteera continued, "With the support of the SAS team who coached us along the process, we were able to gradually learn, adjust, and fine-tune the system to the point where we can do most of the tasks ourselves."

All Requirements Fulfilled

The SAS AML solution has met the functional-, process-, and technical-related requirements that BBL set:

- » Analytics-brokered risk mitigation. The SAS AML system substantially increased AML capabilities with more advanced techniques in analytics. Specifically, the SAS AML system's customer risk-rating capability enabled BBL to use a score-based approach to assign AML risk levels to customers. Additionally, the SAS AML system's transaction monitoring capability has allowed BBL to apply scenarios and risk factors to detect potential suspicious activity against parameter threshold values defined by customer segment and risk level.
- » Integration into critical workflows. Integrated AML and CDD case management workflow capabilities have allowed BBL staff to improve their productivity for AML-related activities, and exercise better control of such activities. IDC believes this is essential to improve case resolution times.
- Technical and delivery skills. SAS provided a complete set of technical tools for BBL throughout the lifecycle of the solution deployment, from development and testing to the deployment, monitoring and maintenance of the solutions.

Compliance Work is Never Done

BBL's AML platform has already been rolled out to the head office and to virtually all overseas locations. However, much more work will be done to strengthen the bank's AML operations. BBL may soon streamline how data is used across the SAS AML solution and two already-deployed applications, SAS Analytics Campaign Management and SAS Fraud Management.

Khun Suteera emphasized the need to address change: "Since AML requirements have been and will be dynamic, we needed to ensure that when there is a change to AML requirements at any of the overseas locations, there is a process and controls in place so that someone must get notified; to analyze requirements, assess impacts processwise and system-wise, initiate the change request, design, test, all the way through deploy and maintain the system. Otherwise, at some point in time, we (could) run into an issue of non-compliance, although we got everything right on day one."

Far from the up-all-night scenario regarding AML, Khun Suteera intends to build on top of what BBL has successfully accomplished, saying, "Our intention is to have this project improve our capabilities on an ongoing basis – and SAS will continue to be a partner on this journey."

Methodology

The project and company information contained in this document were obtained from multiple sources, including information supplied by SAS, questions posed by IDC directly to Bangkok Bank employees, and Bangkok Bank corporate documents.

Our intention is to have this project improve our capabilities on an ongoing basis – and SAS will continue to be a partner on this journey.



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About the Analyst



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Michael Araneta leads the research and consulting work for Asia/Pacific Financial Services, covering the broad range of strategic and tactical issues that Asia/Pacific institutions face as they complete their Digital Transformation programs. Mr. Araneta is the go-to analyst for advice on the technology investments that need to be made for product innovation, Big Data, customer analytics, core banking systems, risk management, and customer channel effectiveness. His research agenda has also focused on the rise of fintech opportunities in the Asia/Pacific region.

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