Know your data, know your customer

By Tim Barber, VP EMEA Software Solutions, Pitney Bowes

"It is a capital mistake to theorise before one has data" advised Arthur Conan Doyle wisely, in the Adventures of Sherlock Holmes. Over a century on, his quote still rings true. In the banking and financial services industry, data and its accuracy are the foundations on which establishments are built. Unfortunately, they're also the foundation on which establishments crumble.  Reams of disconnected, outdated information generate inaccurate theories and assumptions, drive inefficient decision making and leave an organisation unsecured and exposed to major risk.

 The Panama Papers scandal is an example of this. It's been a wake-up call to the industry, leading establishments across the world to take a microscopic look at their organisations with a view to answering three (quite literally) million-dollar questions: "Who are we doing business with? Who are our clients doing business with? And can we ever really know?"

Reassuringly, the answer is yes - they can, and must, know. The global financial industry must demonstrate robust compliance in areas of Anti Money Laundering, Fraud Prevention, Politically Exposed Persons, and with Bank Secrecy Act regulations.  Regulators are only going to gain a tighter hold on the financial industry, stipulating that businesses must possess a clear, current understanding of their clients – and their clients' clients – and issuing skyrocketing penalties for those who don't.  In 2015, the F.C.A. issued its highest-ever fine for non-compliance. It remains to be seen whether 2016 will see another record-breaker, but all evidence points to this at the moment.

Transparency is key for firms to comply with regulations, but those firms that demonstrate absolute best-practice in financial industry compliance achieve more than this. They go a step further, joining the dots between their data sets, visualising connections and context, and drawing insight. Understanding their data and its connections in this way they find  - to plagiarise Aristotle – that the whole is greater than the sum of its parts.

Using intelligent software to achieve entity resolution, these firms can:

• Find parties across disparate databases, accounts and transactions
• Verify and validate missing information, such as unmatched addresses
• Discover matches even with misspellings, nicknames or cultural variances
• Utilise unique identifiers to generate comprehensive customer profiles
• Identify beneficial owners for companies and organisations, and the connections between them

As well as driving robust compliance, a firm's in-depth understanding of its customers will ultimately lead it to delivering a better service. Using the right software, it can draw together disparate data sets,

linked records, accounts and relationships to generate a Single Customer View: a detailed profile of an individual which enables firms to deliver a tailored, precise, accurate customer experience.

The financial industry has the tools at its fingertips to reduce risk by generating a clear, detailed picture of its clients, and of their clients, and providing an improved, personalised customer experience.  With these tools, data can become an organisation's greatest asset, not a threat to its stability.

Join Pitney Bowes on Stand 23 at the [ACAMS 12th Annual AML & Financial Crime Conference Europe](), at the QE2 Conference Centre, London from the 24-25 May.  Please click [here]() to arrange a meeting.