

Knowledge Brief

Quadrant Knowledge Solutions

Oracle is Leader in SPARK Matrix™: Know Your Customer (KYC) Solution, 2021



2021
SPARK MATRIX
LEADER

Know Your Customer
Solution Market

An Excerpt from Quadrant Knowledge Solutions
"SPARK Matrix: Know Your Customer (KYC) Solution, 2021"

Oracle is Leader in SPARK Matrix: Know Your Customer (KYC) Solution, 2021

The rise in financial crimes has prompted FIs to evaluate and know their customers in detail. Hence, organizations are taking Know Your Customer/Customer Due Diligence (KYC/CDD) processes very seriously. Financial institutions and organizations use KYC/CDD solutions to conduct customer identity verification, assess their financial transactions, and review risk factors to help eliminate anomalies, mitigate financial crimes, ensure regulatory compliance, and manage customer relationships. KYC/CDD is being offered as a standalone solution or an integral part of the Anti-Money Laundering (AML) solutions suite.

With the increasing financial crimes, organizations must know their customers, the nature of their activities, and the level of money laundering risks associated with them. Hence, KYC/CDD has become a fundamental practice for organizations worldwide. KYC/CDD solutions help assess customer risks, determine involvement in fraudulent activities, and comply with the KYC laws. KYC/CDD solutions include identity resolution and customer onboarding, regulatory reporting, risk score assessing & management, and customer lifecycle management. Even after customers are approved and successfully onboarded, customers' financial activities are monitored and evaluated throughout their lifecycle. Such rigorous customer verification measures are essential as money laundering is usually involved with criminal activities such as organized crime, drug trade, human trafficking, and terror financing. Therefore, a robust KYC/CDD solution is of immense help to banks and FIs.

The need for a robust KYC/CDD solution is further enforced by the regulations such as BSA, EU's AMLDs, USA's Patriot Act, FinCEN, etc. from around the world. Apart from regulatory compliance challenges, organizations face various operational challenges with KYC/CDD processes. The globally inconsistent, non-standardized, and labor-intensive KYC/CDD processes often result in poor customer experience. Juggling between regulatory compliance and customer satisfaction often results in customers having limited or zero access to services until the onboarding is finished. Another key issue is data aggregation from multiple channels and sources. The fragmented and inconsistent customer data limits the processability to identify risky customers accurately.

Apart from the alarming identity thefts, data breaches, and complex global regulation and compliance requirements, the primary drivers for the adoption of KYC/CDD solutions include growing digitalization in the banking and financial sector, broadening purview of KYC/CDD to include cryptocurrencies and virtual assets, increasing focus on seamless customer experience, increasing collaboration and sharing for enhanced KYC/CDD solutions, and continued advancements in technologies supporting KYC and such others.

Adopting a robust KYC/CDD solution is thus beneficial to banks and FIs, as the solution can handle compliance challenges in a cost-efficient manner without any compromise on customer experience. A robust KYC/CDD solution helps combat financial crimes by making consolidated customer data available to the FIs and banks. The solution also enables banks and FIs to identify potential risks beforehand and avoid reputational damage and penalties arising from non-compliance and fraudulent behavior. A robust solution will also help reduce the overall cost and time of the KYC/CDD processes by automating manual operations.

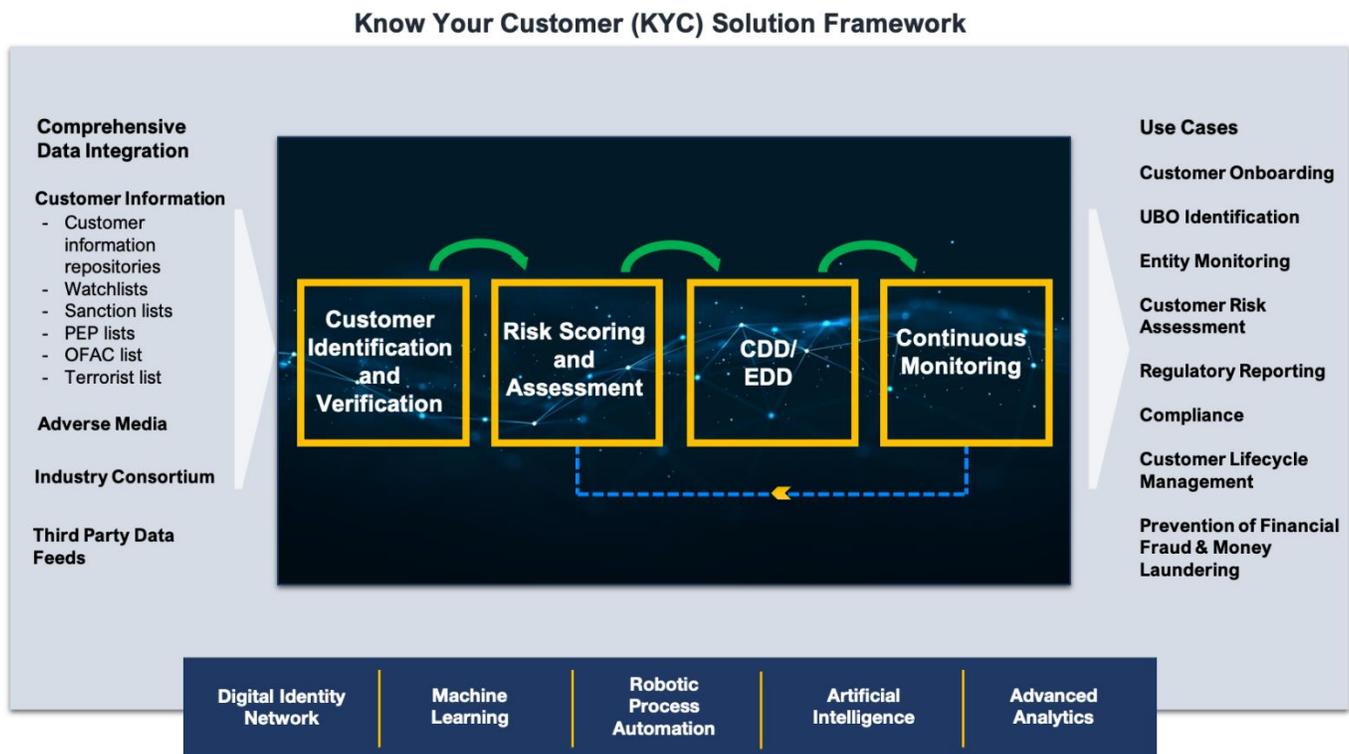
Apart from FIs and banks, KYC/CDD solution also helps other sectors to comply with complex AML/KYC regulations, and avoid reputational damage and penalties arising out of unwanted associating with money laundering activities. KYC/CDD solutions are getting more efficient with the influx of new tools and technologies like AI, ML, RPA, advanced analytics, and behavioral biometrics. The convergence of technology and intelligent automation is strengthening the KYC/CDD process by enabling seamless customer onboarding and detecting anomalous customers, beneficial owners & authorized signatories, thereby mitigating potential instances of financial fraud.

Driven by the impact of Covid-19 on the global economy, industry, and infrastructure, Quadrant Knowledge Solutions have revised the market forecast estimates for all the technology market. The global economy, along with industries, is facing significant challenges and is expected to post negative growth. Driven by the extended lockdown imposed by global economies around the world and continued uncertainty around Covid-19, the technology investments in 2020 are significantly impacted. Quadrant analysts believe that from the year 2021 onwards, the technology investments will rise again, mainly driven by the pent-up demand, increasing financial frauds and money laundering activities, and economic recovery for the key market. The global KYC solution market, which has grown by 5.7% in 2020, is expected to grow at a CAGR of 13.7% from 2020-2025. The KYC solution market is valued at \$1.84 billion in 2020 and is expected to reach \$3.50 billion by 2025.

Quadrant Knowledge Solutions' [SPARK Matrix: Know Your Customer \(KYC\) Solution, 2021](#) research includes a detailed analysis of global Know Your Customer (KYC)/Customer Due Diligence (CDD) solution market dynamics, major trends, vendor landscape, and competitive positioning analysis. The study provides competition analysis and ranking of the leading KYC solution vendors in the form of SPARK Matrix. This research provides strategic information for technology vendors to better understand the market supporting their growth strategies and for users to evaluate different vendors capabilities, competitive differentiation, and its market position.

The research includes a detailed competition analysis and vendor evaluation with the proprietary SPARK Matrix analysis. The SPARK Matrix includes analysis of key vendors, including Accuity, Acuant, AML Partners, BAE Systems, Encompass, Equiniti, Fenergo, FICO, Fiserv, GBG, iMeta, Know Your Customer, NICE Actimize, Oracle, SAS, and Silent Eight.

Figure: A Framework for Know Your Customer



Source: Quadrant Knowledge Solutions

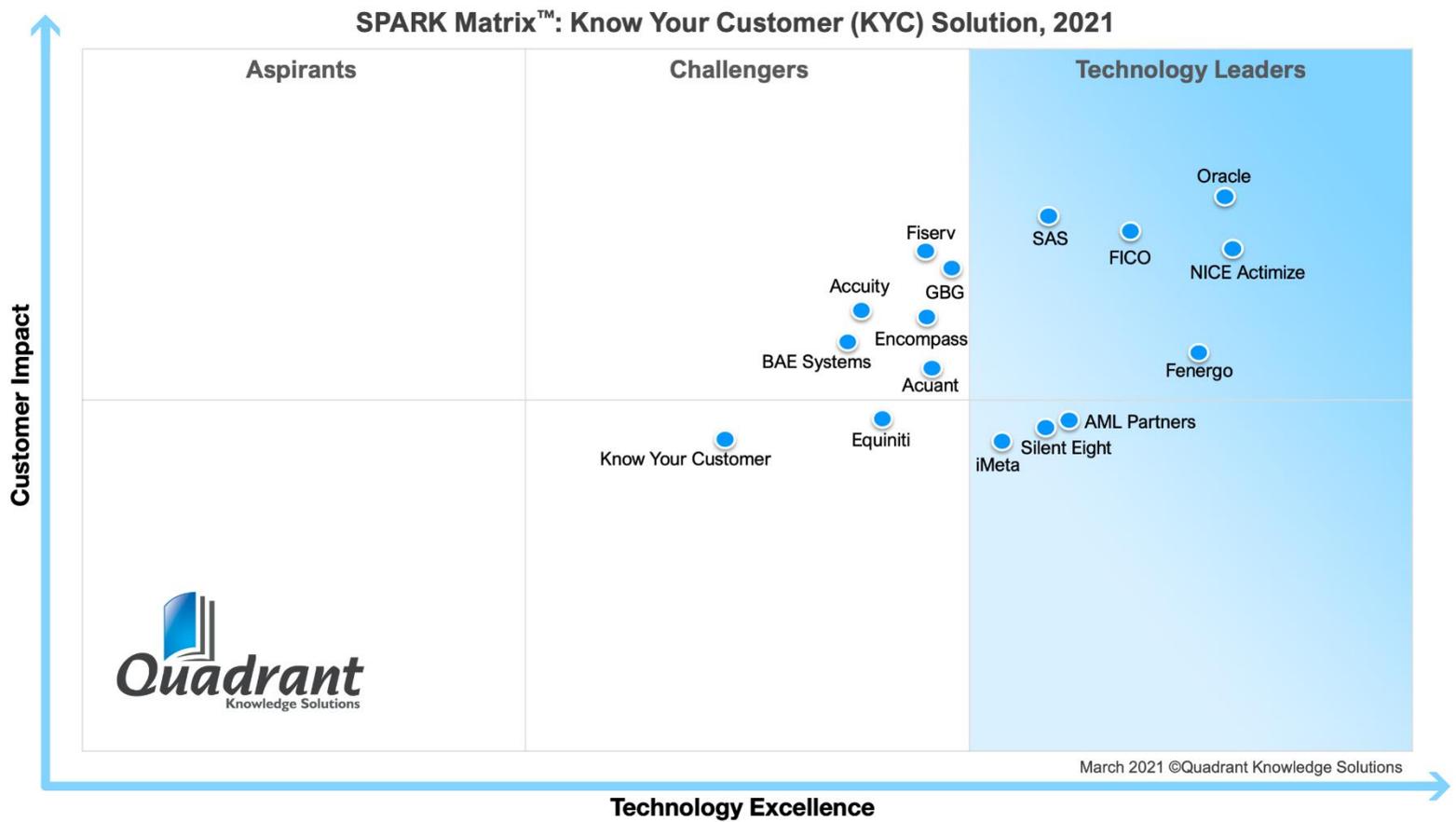
SPARK Matrix Analysis of the Know Your Customer (KYC) Solution Market

Quadrant Knowledge Solutions conducted an in-depth analysis of the major Know Your Customer (KYC) solution vendors by evaluating their product portfolio, market presence, and customer value proposition. The study provides competitive analysis and a ranking of the leading vendors in the form of a proprietary SPARK Matrix™. SPARK Matrix analysis provides a snapshot of key market participants and a visual representation of market participants. It provides strategic insights on how each vendor ranks related to their competitors based on their respective technology excellence and customer impact parameters. The evaluation is based on the primary research including expert interviews, analysis of use cases, and Quadrant's internal analysis of the overall Know Your Customer (KYC) Solution market.

Technology Excellence	Weightage	Customer Impact	Weightage
Sophistication of Technology	20%	Product Strategy & Performance	20%
Competitive Differentiation Strategy	20%	Market Presence	20%
Application Diversity	15%	Proven Record	15%
Scalability	15%	Ease of Deployment & Use	15%
Integration & Interoperability	15%	Customer Service Excellence	15%
Vision & Roadmap	15%	Unique Value Proposition	15%

According to the SPARK Matrix analysis of the global Know Your Customer Solution market, “Oracle, with robust KYC capability of its FCCM suite has secured strong ratings across the performance parameters of technology excellence and customer impact and has been positioned amongst the technology leaders in the 2021 SPARK Matrix of the Know Your Customer solution market.”

Figure: 2021 SPARK Matrix
 (Strategic Performance Assessment and Ranking)
 Know Your Customer Solution Market



Oracle in the Global Know Your Customer (KYC) Solution Market

Founded in 1977, headquartered in Texas, USA, Oracle offers integrated applications and secure, autonomous infrastructure in the Oracle Cloud.

Oracle Financial Services KYC product, part of Oracle's Financial Crime and Compliance Management (FCCM) product suite, offers comprehensive customer onboarding capabilities to its customers and ensures regulatory compliance while eliminating friction at the intersection of compelling customer journeys and accurate customer risk assessments through integrated, data-driven, and intelligent digitization.

Oracle's KYC enhanced with its Advanced Analytics (ML, Graph) capabilities provides a holistic view of risk across the entire customer lifecycle, including customer onboarding, ongoing due diligence, and enhanced due diligence (EDD) processes. In addition, it offers a comprehensive, flexible, and extensible risk-scoring module for continuous KYC to meet diverse regulatory requirements across global institutions.

Equipped to deliver a 360-degree view of entities and risks, leveraging Oracle's multi-dimensional risk scoring engine, the Oracle FCCM KYC application enables actionable risk assessments with Omni-channel integrations and digital connectivity throughout the customer lifecycle. The risk indicators from various dimensions like customer profile, transactional risks, and temporal risks, risks associated with similarities with customers with a history of SARs, credit risk, external risk factors, and others provide accurate risk identification. The risk assessments can be done across 210+ risk indicators available out of the box and can easily integrate with external risk dimensions, including structured, unstructured data for entity profile enrichment. The KYC solution takes advantage of Oracle's advanced analytics capabilities to resolve entities, identification of UBOs, provides discovery and visualization capabilities that bring agility and effectiveness to the KYC process.

Automated screening against sanctions lists, PEP watchlists, negative news, blogs, forums, and other forms of unstructured data improves the onboarding experience while lowering costs. In addition, the Oracle FCCM KYC application integrates with data providers to incorporate biometric, facial matches, SMS or email, IP address, and dark web verifications.

Built on a single, unified data model and infrastructure that enables financial services institutions to meet all their financial crime and compliance needs, Oracle Financial Services KYC comes pre-integrated with our other FCCM applications. Oracle enables “Seamless KYC” through its integrations with Oracle Customer Experience and Banking platforms there by eliminating data silos and the inherent friction in bringing regulatory compliance and rich customer onboarding experiences across the customer lifecycle.

Analyst Perspective

Following is the analysis of Oracle’s capabilities in the KYC market:

- ◆ Leveraging over 25 years of experience in providing financial crime and compliance management solutions, Oracle offers a robust KYC capability as part of its AML solution suite. The Oracle suite offers seamless KYC capability with intelligent, multi-dimensional risk scoring and actionable risk assessments throughout the customer lifecycle. The suite offers Omni channel and digital connectivity from customer acquisition to off-boarding.
- ◆ The company’s ‘function first’ approach is configured to fulfill demanding AML/FATF-based KYC regulatory requirements, thus making it a key differentiator. The platform is comprehensive & integrated with Transaction Monitoring, Customer Screening, Compliance Regulatory Reporting, and FATCA/CRS solutions with an underlying unified enterprise case management capability. It also incorporates advanced analytics such as AI & ML, integration with smart automation tools (RPA), and graph-based investigations to support digital transformation. Oracle also offers comprehensive end-to-end customer lifecycle management for data, process, and risk management.
- ◆ Wider product integrations with Oracle CX and Banking products are another dimension expected to bring great value and synergies to existing and new customers. With an eye on end-to-end customer journey i.e. from customer acquisition to off-boarding, Oracle provides complete control of the customer lifecycle management (CLM) process providing best in class customer experience without losing the focus on regulatory compliance.

- ◆ Additionally, Oracle provides integration with multi-dimensional data sources and partners to enable complete and continuous risk assessments. The KYC capability leverages automated screening against industry watchlists, NLP & AI assisted faster decision making, and graph-based advanced entity resolution.
- ◆ In terms of geographical presence, Oracle has a global presence. Oracle supports use of its products across multiple Geographies through its OOTB risk indicators covering multiple industries including banking, investment & insurance along with other banking-related businesses such as retail, private, wealth, cards, corporate/commercial, and investments. Oracle KYC product supports multiple use cases like customer onboarding, sanctions screening, continuous monitoring, accelerated re-reviews, case management, 3rd party data integrations, management reporting with advanced analytics capabilities across the value chain and integration with CRM tools for complete customer lifecycle management (CLM).
- ◆ From a product strategy and roadmap perspective, Oracle's investment themes are centered on completeness of coverage, enabling customers to adopt innovation at scale and improving end user experience. The company plans to invest in further enhancing its advanced analytics capability to increase detection effectiveness, enable better investigator efficiency and robust KYC assessments. In addition, Oracle continues to focus on enhancing infrastructure updates and uptake of the latest innovations coming from Oracle labs. The company continues to enhance its SaaS capabilities, leveraging the power of Oracle Cloud Infrastructure (OCI), micro-services architecture and a myriad of advanced analytics capabilities.