

# ELECTRONIC KNOW-YOUR-CUSTOMER FOR FINANCIAL INSTITUTIONS

CLPM-102

Duration: 2 days; Instructor-led | Virtual Instructor-led

## WHAT YOU WILL LEARN

This training outline is designed to provide participants with a comprehensive understanding of e-KYC and its implementation in the financial services industry. It covers a range of topics from regulatory compliance and risk management to data privacy and staff training, and includes case studies and examples to demonstrate best practices and potential pitfalls.

## AUDIENCE

All level of managerial roles, business owner, product owner, process owner, operations, customer support

## METHODOLOGY

- PowerPoint Presentation
- Interactive Group Activities
- Case Study
- Group Discussions
- Simulation

## COURSE OBJECTIVES

Upon completing the workshop, participant will be able to:

- Understand the concept of e-KYC and its benefits for the financial services industry.
- Gain an awareness of the regulatory landscape for e-KYC and its impact on financial institutions.
- Learn about the different digital identity verification methods available for e-KYC and how to choose the right method.
- Gain an awareness of the importance of Confusion Matrix in evaluating Machine Learning models.
- Develop an understanding of the e-KYC customer onboarding process and how to streamline it for an improved customer experience.
- Understand how e-KYC can help mitigate risks in financial services and how to integrate it into overall risk management strategies.

- Plan and design a sampling approach for eKYC implementation.
- Be able to identify successful e-KYC implementation in financial institutions and understand emerging trends and innovations in e-KYC.

## ASSESSMENT CRITERIA

- Participants should be able to explain the benefits of e-KYC for the financial services industry and identify the differences between traditional KYC and e-KYC.
- Participants should be able to identify and discuss the local regulations and guidelines for e-KYC and their impact on financial institutions.
- Participants should be able to identify and compare the different digital identity verification methods available for e-KYC and choose the appropriate method for their institution.
- Participants should be able to describe the e-KYC customer onboarding process and suggest ways to streamline it for an improved customer experience.
- Participants should be able to identify the risks associated with e-KYC and suggest ways to mitigate them, as well as integrate e-KYC into overall risk management strategies.
- Participants should be able to calculate and interpret different evaluation metrics using Confusion Matrix.
- Communicate the results of the sampling approach effectively to stakeholders.
- Participants should be able to explain the importance of customer experience monitoring and operational efficiency monitoring in eKYC implementation.

## COURSE OUTLINE

### Module 1: Introduction To Kyc And E-Kyc

- Overview of e-KYC and how it differs from traditional KYC
- Benefits of e-KYC for financial institutions and customers

- Understand the role of e-KYC in streamlining the customer onboarding process and how it complements the existing checks for screening rules and post transaction monitoring
- Case studies of successful e-KYC implementation in financial institutions

### **Module 2: Regulatory landscape for e-KYC**

- Overview of Bank Negara Malaysia requirements for e-KYC
- Compliance with Bank Negara Malaysia's Risk Management in Information
- Technology and Personal Data Protection Act 2010
- Overlap with the Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions (AML/CFT)
- Discussion of challenges and opportunities in compliance with e-KYC regulations

### **Module 3: Digital Identity Verification**

- Types of digital identity verification methods available for e-KYC
- Advantages and disadvantages of each method
- Case study of non-ideal and fraudulent scenarios which challenges the limitations of the different identity verification methods
- Case study of existing digital identity verification methods among financial institutions

### **Module 4: Risk management**

- Understanding and managing all types of risks associated with e-KYC
- Integrating e-KYC into overall risk management strategies with other authentication factors and post transaction monitoring
- Understanding the importance of e-KYC in safeguarding the entry point to the financial and banking ecosystem in Malaysia
- Case study of how mule accounts and scams have evolved with the introduction of the e-KYC technology

### **Module 5: Building and Evaluating a Machine Learning Model**

- Overview of the steps involved in building a Machine Learning model

- Awareness of the difference between the training data and validating it on non-training data to prevent the scenario of underfitting or overfitting
- Understanding the importance of data preprocessing, data splitting, and feature selection
- Case study of the end-to-end process of collecting training data, training its own machine learning model and validating it with non-training data

### **Module 6: Fine-Tuning a Machine Learning model using the Confusion Matrix**

- Definition of Confusion Matrix and its role in Risk Management
- Explanation of True Positive, True Negative, False Positive, and False Negative
- Understanding the importance of accuracy, precision, recall, F1-score, and ROC curve
- Understanding how to fine-tune a Machine Learning model using Confusion Matrix and its derivatives such as False Acceptance Rate, False Rejection Rate and Equal Error Rate

### **Module 7: A Sampling Approach to Evaluate the Effectiveness of the e-KYC Implementation**

- Understanding the definition of sampling and the different type of sampling methods
- Plan the sampling approach by selecting a suitable sample size and sampling frame to avoid bias in data
- Understanding the role of confidence interval and its interpretation in assessing how representative the sample is to the actual data
- Case study of how to conduct a sampling exercise to determine the effectiveness of a eKYC solution

### **Module 8: Customer Experience Monitoring**

- Understanding the importance of customer experience monitoring in eKYC implementation
- Overview and the explanation of the different operational efficiency metrics to monitor
- Understanding of how to evaluate the trade-off of risk management versus customer experience
- Strategies for improving the customer experience during e-KYC onboarding