

## IDC MarketScape

# IDC MarketScape: Worldwide Business Process Outsourcing for AML and KYC 2019 Vendor Assessment

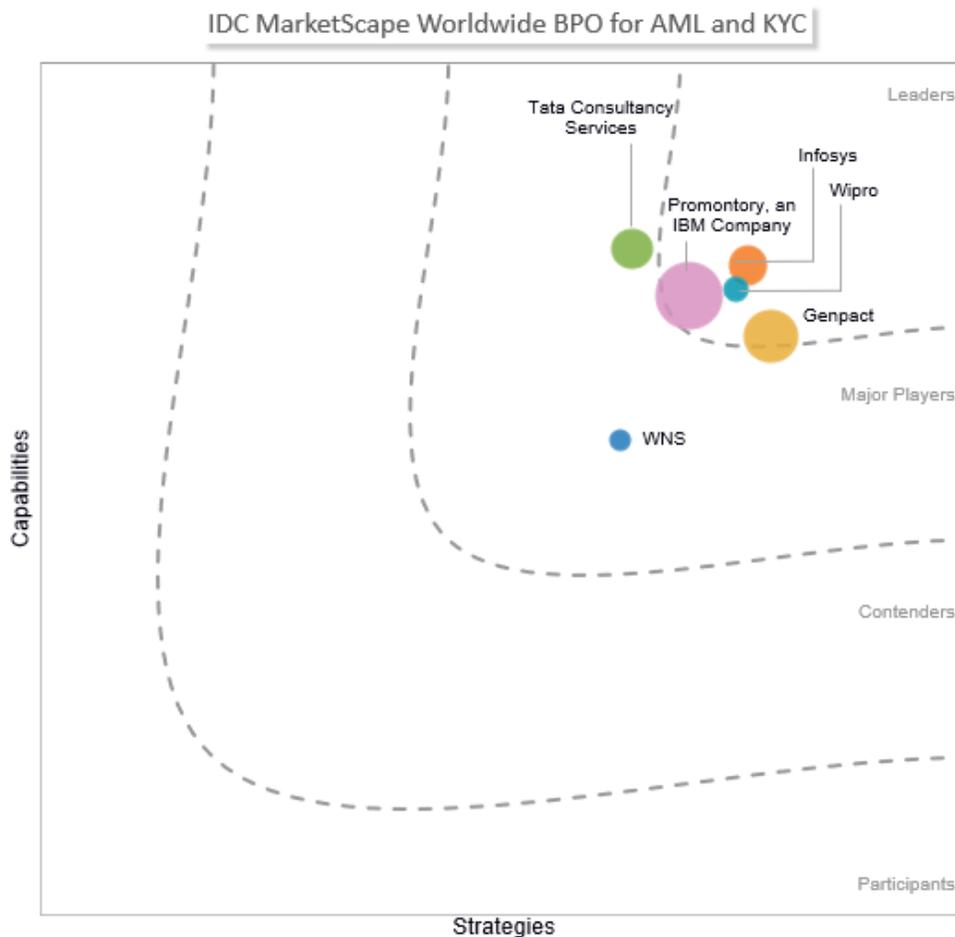
Steven D'Alfonso

THIS IDC MARKETSCAPE EXCERPT FEATURES GENPACT

### IDC MARKETSCAPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide Business Process Outsourcing for AML and KYC Vendor Assessment



Source: IDC, 2019

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly IDC MarketScape: Worldwide Business Process Outsourcing for AML and KYC 2019 Vendor Assessment (Doc # US44398519). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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This IDC Financial Insights study presents a 2019 vendor assessment of worldwide business process outsourcing (BPO) for anti-money laundering (AML) transaction monitoring and know-your-customer (KYC) service and technology providers. This research quantitatively and qualitatively assesses multiple characteristics that help explain a services firm's success and position in the marketplace relative to the vendor's peers. This IDC MarketScape covers professional services firms that provide AML and KYC BPO solutions to the worldwide banking market. This evaluation is based on a standardized set of parameters from which IDC can produce a comparative analysis of AML and KYC BPO service providers.

The AML and KYC regulatory pressures of recent years have led to unsustainable compliance expense levels at financial institutions (FIs). Adding to the workload are legacy AML and KYC applications that generate high levels of unproductive alerts or false positives. These legacy systems are also characterized by inefficient and manual processes to piece data together from various systems.

Regulators are becoming more comfortable about financial institutions using innovation to combat money laundering. Innovative artificial intelligence (AI)-based technologies can enable FIs to develop or buy applications that provide better results, more efficiently, in their efforts to limit financial crimes. Using third-party professional services firms to assume AML and KYC operations, FIs can reduce expenses, improve quality, and achieve better compliance.

Professional services firms with AML and KYC BPO practices can be an advantageous way for FIs to access state-of-the-art technologies. Furthermore, BPO providers usually bring deep domain expertise with which FI-specific technology and process offerings can be tailored to meet an institution's needs.

The number of banks that have opted to transfer the operational load for managing AML and KYC to services firms is small relative to the universe of banking institutions. However, through this study, IDC Financial Insights has learned that it is a segment of the financial crimes market that is growing well. Financial institutions are recognizing that outsourcing some, or all, of their AML and KYC operations is potentially a quicker way to reduce expense and improve quality rather than trying to achieve the same results through internal efforts. Several of the firms included within this study have invested heavily in purpose-built AI technologies and have acquired technology providers to support the demand that they envision.

## IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

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This research includes six worldwide providers of AML and KYC BPO services. The vendors included in this research are all substantial competitors within the financial crime BPO services market. To be included within this study, vendors must provide their solution in multiple worldwide regions and have at least five active customers in at least two regions (North America, EMEA, Latin America, and Asia/Pacific [APAC]). Other services firms were considered for inclusion in this assessment but did not meet the evaluation criteria. Other firms that met the inclusion criteria, but declined to participate, were excluded because IDC could not source enough information independently to fairly evaluate them.

## ADVICE FOR TECHNOLOGY BUYERS

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IDC Financial Insights offers the following guidance to financial institutions for the selection of an AML or KYC BPO services provider:

- All the firms assessed in this study are worthy of consideration regardless of placement. Each firm has unique characteristics that would make it a suitable partner for numerous FIs.
- While not a heavily weighted criterion within this study, there is a significant variation in the level of staff that are certified through the Association of Certified Anti-Money Laundering Specialists (ACAMS). IDC found that the level of certified staff ranged from about 5% to as high as 30%. Seek out firms with a level of staff certification that is appropriate for your FI.
- Selecting the right BPO provider should be less about transferring operations but more about viewing your operations and technology from a transformational perspective. Seek out BPO partners that will help lead you through the digital transformation of your FI's AML and KYC functions.
- Financial institutions can use this IDC MarketScape to help develop a short list of vendors from which to solicit information about their services. Buyers may use this document to help evaluate a vendor's proposals and demonstrations to measure the breadth and depth of a provider's capabilities compared with the overall market.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### Genpact

Genpact is positioned as a Leader in this IDC MarketScape for worldwide BPO for AML and KYC in financial services.

Genpact is a professional services firm delivering business transformation using technology to provide intelligent operations for its clients worldwide. The firm has more than 800 clients, primarily in the Fortune 500, and 90,000 employees across 30 countries.

The firm leverages its AI platform, Cora, to create optimal business process designs for its clients. Genpact's business process expertise, financial services industry expertise, and experience from running complex business processes for the clients since 1997 enable the company's staff to help their financial services clients select appropriate technology and organizational design and workflows.

Genpact Cora is an open infrastructure, fully modular AI platform with governance controls built-in. The platform enables its professionals to design robotic and cognitive solutions geared toward the individual BPO clients they are serving.

### **Strengths**

- In the past several years, Genpact has made investment in financial crime management a strategic priority, including the acquisition of riskCanvas, an advanced financial crime technology from Booz Allen Hamilton. This focus has resulted in a stated three-year revenue growth rate that exceeds the current highest growth by more than 16%.
- Genpact has developed a purpose-built AI platform (Genpact Cora) to drive AML and KYC transformation and innovation for its clients.
- An even distribution of clients across the Americas, EMEA, and APAC regions indicates a solid global delivery system.
- Genpact has established eight centers of excellence (COEs) between the United States, India, and the Philippines.
- Approximately 20% of the AML and KYC professional services staff are ACAMS certified.

### **Challenges**

Genpact has laid the groundwork to build and establish an AML and KYC services offering through its investments and has shown impressive revenue growth. However, the firm should enhance its name and brand recognition in the financial crime managed services space to build awareness around its capabilities.

### **Consider Genpact When**

Financial institutions of all sizes that are looking to partner with a services firm that can provide innovative solutions to help transform AML and KYC operations should consider Genpact.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

## IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## Market Definition

For purposes of this study, IDC defined AML to include transaction monitoring, alert generation, alert triage, and case investigation services. IDC defined KYC to include customer risk assessment, alert management, customer due diligence, enhanced due diligence, and beneficial owner risk services. In addition, we defined BPO to be long-term outsourcing services in which the bank transfers the day-to-day AML and KYC operations and analytics functions, in whole or part, to a third-party firm.

## LEARN MORE

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### Related Research

- *IDC MarketScape: Worldwide Analytics for Business Operations Services 2019 Vendor Assessment* (IDC #US44118519, October 2019)
- *IDC MarketScape: Worldwide Anti-Money Laundering Solutions in Financial Services 2018 Vendor Assessment* (IDC #US40133316, September 2018)
- *IDC MarketScape: Worldwide Know-Your-Customer Solutions in Financial Services 2018 Vendor Assessment* (IDC #US44292018, September 2018)
- *Worldwide and U.S. Business Process Outsourcing Services Forecast, 2018-2022* (IDC #US42631018, May 2018)

### Synopsis

This IDC Financial Insights study presents a 2019 vendor assessment of worldwide business process outsourcing (BPO) for anti-money laundering (AML) transaction monitoring and know-your-customer (KYC) service and technology providers in financial services. With regulatory demands and cost management pressures increasing, financial institutions are recognizing that outsourcing some, or all, of their AML and KYC operations is potentially a quicker way to reduce expense and improve quality rather than trying to achieve the same results through internal efforts.

According to Steven D'Alfonso, research director, IDC Financial Insights, "Outsourcing financial crime compliance operations to a trusted provider with advanced technologies and processes in place will increasingly become a favored option for banks of all sizes."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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