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# The True Cost of AML Compliance

“If you think Compliance is expensive, try non-compliance!”

This wise old saying by Former U.S. Deputy Attorney General Paul McNulty proves to be accurate every time. EU regulations governing anti-money laundering (AML) compliance are becoming all the more stringent and as we move towards the 6th EU Directive, the cost of resisting these new rules increases, fines are becoming excessive and possible reputational damage is even more severe.

LexisNexis Risk Solutions recently conducted an in-depth survey of compliance professionals across five European markets including France, Germany, Italy, Switzerland and the Netherlands, focusing mainly on the banking industry, insurers, asset management and monetary financial institutions. The objective of this research was to identify the true cost of compliance and the underlying factors driving it.

The results showed that the true cost of AML compliance across these countries amounted to **an average of US\$83.5 billion annually**.

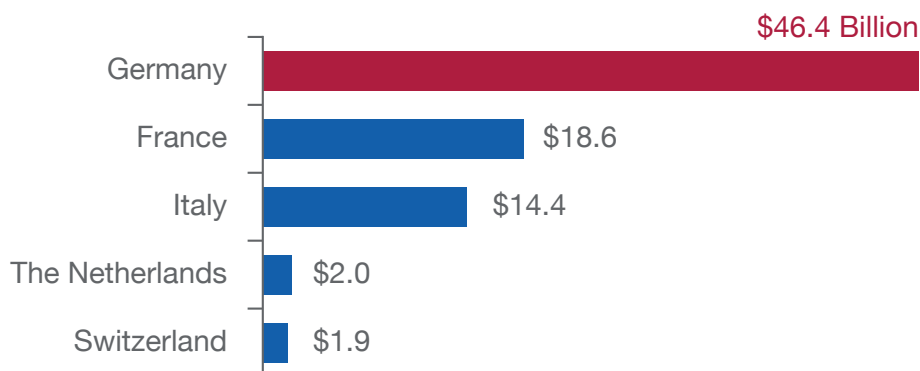
With the increasing pressure placed on the workforce for compliance, it is only natural that labour costs top the list (representing **an average of 74%** of compliance spend); not just in terms of salaries but also incorporate taxes, benefits and other corporate contributions. Moreover, delays and lost productivity along with customer friction also lead to more indirect costs.

Many banks and other regulated entities voiced their dislike of AML policies and their belief that these are both costly and inefficient. Some even claimed that the AML systems currently in place are largely ineffective and not worth their money. Although, due to the nature of their business, financial institutions get hit hard by AML compliance costs, the real cost is more noticeable in smaller firms that need to invest in human resources and is expected to grow even more in the near future.

But is this as daunting as it appears? Not if you have a plan and stick to it!

So what can an organisation do to protect itself while minimizing costs?

“The cost of implementing effective AML compliance can be managed efficiently.”



Note: Costs are extrapolated towards all monetary financial institutions within each country, small to large

Through its strategic partnership with LexisNexis Risk Solutions, Infocredit Group assists organisations in Cyprus and in the immediate region to mitigate their risk as well as reduce the cost and productivity burden of their human resources, while increasing the accuracy of their due diligence processes.

Our solutions combine identity authentication, global data sources and coverage of current sanctions/enforcement lists regarding high-risk individuals and entities, offering businesses high levels of security. By integrating these solutions into their current system workflows, businesses can streamline their processes for improved productivity.

Additionally, organisations may benefit from:

- **Shortening the on-boarding process**
- **Minimising false positives** and exceptions which in other cases result in lost business opportunities;
- **Reducing time accessing critical information** through global sanctions and enforcement lists, extensive PEP coverage, profiled adverse media, SWIFT/BIC information and data on personal and business assets;
- Enabling **more accurate and informed compliance decisions** that protect the organisation and those held personally liable from non-compliance by quickly locating and associating links between people, businesses, assets, and locations;
- Using innovative matching algorithms to achieve a significant reduction of false-positives, **freeing up resources to focus on mission-critical, revenue-generating activities** and;
- **Streamlining due diligence for improved productivity by using automated screening** and powerful batch capabilities including a fully detailed audit trail

Compliance Officers do not have to be superheroes, so long they have the right solutions and systems in place!

**Infocredit Group is the strategic partner of LexisNexis in Cyprus, Greece, Malta, Romania, Russia and UAE.**

Source: LexisNexis survey “TRUE COST OF AML COMPLIANCE – EUROPE, 2017”

Sophie Ioannou, CAMS  
Compliance Advisory Head, Infocredit Group