



Irrefutable Evidence: Enterprise-Wide Approach Reduces Cost and Improves Financial Crime Fighting Performance

New research from Norkom reveals economic benefits of shift to consolidation of anti-money laundering and fraud prevention technologies

BOSTON and DUBLIN, IRELAND - December 9, 2008 - International financial services organizations that have adopted an enterprise-wide, risk-based approach to the management of money laundering and fraud are achieving substantial cost savings and performance benefits, according to *Conquering Crime: Building Sustainable Financial Crime Infrastructures*, a recently released research whitepaper from Norkom Technologies.

Sixty-four percent of organizations that have consolidated their crime fighting operations and implemented unifying technologies have achieved cost savings of up to 34%. In addition, 68% reported up to 40% improvement in their crime detection performance.

“For the past three years, our annual research program has charted the industry’s progressive move towards an enterprise-wide approach to financial crime,” said Norkom’s Managing Director of Global Solutions, David Dixon.

“Irrefutable evidence that this approach is paying dividends could not have come at a better time. In the recessionary aftermath of the credit crunch, the pressure is on for the whole financial services community to demonstrate operational effectiveness and economic efficiency in every area of business – financial crime management no less than any other. Savings of the magnitude observed in our research will make a significant contribution to the bottom line,” continued Dixon.

Norkom’s research also makes it clear that financial crime continues to grow dramatically. Sixty percent of respondents say they’ve seen an increase in fraud attacks on their business in the past 12 months. Norkom believes that this increase, coupled with increasing regulatory scrutiny, has placed financial crime management high on the corporate agenda in the financial services industry. More than half (56%) of organizations now view financial crime and compliance as part of an overall operational risk challenge, and manage them under a single operational risk management governance model.

“If this trend to elevate fraud and AML is, as we believe, symptomatic of a broader move to improve the disciplines of risk management within financial institutions, then it is one that regulators in the post-credit-crunch world will undoubtedly welcome,” observed Dixon.

Norkom's research also reveals evidence of greater strategic focus and planning in the area of financial crime prevention. Fifty percent of respondents now have fully articulated three-to-five year strategic plans to develop their financial crime fighting capability. In 79% of those cases, the plans embrace the entire enterprise – all geographies and all business units. A further 22% will develop such plans over the next two years.

“In today's tough economic climate companies may be tempted to relax their focus on financial crime management, cutting costs in an arbitrary fashion to achieve short-term gain. They will do so at their peril, exposing themselves to criminal infiltration and regulatory attention. This report provides clear evidence that, though financial crime continues to rise, the fight to prevent it can be mounted cost-effectively,” concludes Dixon.

Norkom's research also indicates that industry regulators – who until now have concerned themselves with the anti-money laundering (AML) activities – are turning their attention to other areas of financial crime. Forty percent of respondents noted increased regulatory interest in their fraud management activities.

“The first indication that regulators intend to increase their jurisdiction to fraud has appeared in France, where the regulator has initiated a review of top tier financial institutions for proof of fraud risk governance,” stated Dixon. “The history of regulatory progress, in which activities initiated in one country are rapidly adopted by others, suggests that this trend is likely to spread across the globe”.

Some organizations are already preparing for that eventuality, applying disciplines and approaches used in AML to their anti-fraud activities. Forty percent of respondents said that their fraud operations are already using and deriving benefits from disciplines developed in AML environments, including ‘Know Your Customer’ (KYC) and ‘Customer Due Diligence’ (CDD).

[Click here to obtain a free copy of *Conquering Crime: Building Sustainable Financial Crime Infrastructures*](#). Copies of the complete research findings, print-ready illustrations and interviews with Norkom's David Dixon are available on request.

NOTES FOR EDITORS

Research methodology

Research respondents were taken from the full spectrum of financial services companies including retail banks, commercial banks and integrated financial services companies. 14% of organizations polled had assets between US\$1 billion and US\$10 billion, while 53% had assets over US\$10 billion. The research was completed using an online survey tool during summer 2008.

About Norkom Technologies (www.norkom.com)

Established in 1998, Norkom Technologies (AIM: NORK.L, IEX: NORK.IE) enables financial organizations to take intelligent action, control defences, and evolve strategies against fraud, money laundering, and other types of financial crime. By combining a unique investigative technology platform with deep domain expertise, Norkom has established a solid track record of reducing financial losses, protecting users' reputations, improving operational efficiencies, and lowering the cost information technology.

Norkom serves clients in over 100 countries, including HSBC, Credit Agricole, DnB NOR, Rabobank, Standard Chartered Bank and Dubai Islamic Bank.

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