

Everest Group PEAK Matrix™ for FCC Operations Service Providers 2020

Focus on TCS
October 2019



Background and methodology of the research

Background of the research

Financial Crime and Compliance (FCC) operations is a fast-growing segment within the overall banking BPS market. Most of the banks and Financial Institutions (FIs) are struggling to meet their cost restrictions while trying to address the regulatory challenges and the threat of financial crime associated with heavy penalties and loss of reputation. The evolving regulations in the financial sector call for a dynamic regulatory compliance check, which is difficult for these institutions to manage globally. Enterprises are looking for support to meet the regulatory challenges as well as fight financial crime while managing costs.

The growing requirement for FCC support has opened up opportunities for service providers to further augment their capabilities and add offerings for fraud management and chargeback processes, in addition to the traditional Know Your Customer (KYC) and Anti Money Laundering (AML) offerings. The demand to increase efficiency and productivity by reducing false positives and manual intervention remain of prime importance to buyers. Service providers have the opportunity to incorporate digital elements into their solutions and add value to their services in a client relationship.

Scope and methodology

In this research, we analyze the global FCC operations service provider landscape. We focus on:

 **The relative positioning** of 21 service providers on **Everest Group's PEAK Matrix™** for FCC operations

 Analysis of service providers' **market share**

 Service provider **strengths and areas of improvement**

Introduction and scope

Everest Group recently released its report titled “[Financial Crime and Compliance \(FCC\) Operations Services PEAK Matrix™ Assessment and Service Provider Landscape 2020](#).” This report analyzes the landscape of the FCC operations services and assesses service providers across several key dimensions.

As part of this report, Everest Group classified of 21 service providers on the Everest Group PEAK Matrix™ for FCC operations into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of FCC operations service providers based on their absolute market success and delivery capability.

Based on the analysis, **TCS emerged as a Leader**. This document focuses on TCS’ FCC operations experience as well as capabilities and includes:

- TCS’ position on the FCC operations PEAK Matrix
- Detailed FCC operations profile of TCS

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers’ relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

Everest Group PEAK™ Matrix for FCC operations – summary

Everest Group classified 21 FCC operations service providers on the Everest Group PEAK Matrix into the three categories of Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework to assess the absolute market success and overall capability of service providers:

- **Leaders:**

There are five service providers in the Leaders category – Accenture, Genpact, PwC, TCS, and Wipro

- **Major Contenders:**

The Major Contenders category has twelve service providers – Cognizant, Exela Technologies, EXL, HCL Technologies, Infosys, KPMG, Mphasis, Navigant, NTT Data, Sutherland Global Services, Teleperformance, and WNS

- **Aspirants:**

Atos Syntel, Capgemini, DXC Technology, and TMF Group are the Aspirants on the PEAK Matrix for FCC operations

Everest Group PEAK Matrix™

Financial Crime and Compliance (FCC) Operations Services PEAK Matrix™ Assessment 2020

Everest Group Financial Crime and Compliance (FCC) Operations Services PEAK Matrix™ Assessment 2020



Note: Assessment for Atos Syntel, Capgemini, DXC Technology, Exela Technologies, HCL Technologies, KPMG, Navigant, NTT Data, Sutherland Global Services, Teleperformance, and TMF Group excludes service provider inputs on this particular study and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, ongoing coverage of these service providers, their public disclosures, and interaction with buyers. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2019)

Measure of capability:  High  Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
								

Strengths

- Apart from enhancing its technology offerings and augmenting its domain capabilities, TCS has significantly invested in blockchain solutions with Microsoft and R3 and with Google for industry-specific cloud solutions, which have a huge use case in KYC and AML
- With significant investments to strengthen its talent pool by onboarding of SMEs, various training programs to upskill and reskill FTEs, and partnerships with hiring agencies abroad to support their initiatives at different onshore and offshore locations, TCS is building differentiated capabilities in the market
- TCS has recently developed an Enterprise Regulatory Compliance Management Framework (ERCMF) that offers an end-to-end structured approach to streamline compliance activities
- TCS is working on integrating its FCC operations offering with its consulting capabilities and helps its clients transform, enhance, and augment their FCC operations

Areas of improvement

- With its technology capabilities in fraud management, the scale of business remains limited and leaves room for further growth. Similarly, traction for FCC activities for lending can be worked upon as it is dominated by onboarding functions including KYC and AML screenings
- Despite having superior technology offerings embedded with digital elements, the leverage of digital levers in FCC deals remains low. TCS can work toward creating a strategy to gradually incorporate these elements in the existing FCC deals
- TCS' buyers feel that it would benefit from setting up better structures for its transition management and undertaking initiatives to retain skilled talent

Overview

Company overview

TCS is an IT services, consulting, and business solutions provider. The company manages end-to-end FCC solutions such as customer on-boarding, due diligence, customer screening, sanctions screening, AML transactions monitoring, fraud management, chargeback, analytics, change management, and consulting. As a horizontal support, they offer cognitive-based automation point solutions and process accelerators across banking functions.

Key leaders

- K Krithivasan, Global Head, BFSI
- Mohan R Veeturi, Global Head, BFSI CBO
- Srividya Konduparthi, Head-Banking and Cards
- Muralidharan Raghavan, Head, FCC

Headquarters: Mumbai, India

Website: www.tcs.com

Suite of services

- AML transaction monitoring
- Analytics
- Consulting
- Customer due diligence / enhanced due diligence
- Disputes and chargeback
- Fraud management
- KYC customer onboarding
- Referral management
- Screening
- Technology change management

FCC operations	2016 ¹	2017 ¹	2018 ¹
Revenue (US\$ million)	Not disclosed		
Number of FTEs	3,400-3,600	5,300-5,500	4,800-5,000
Number of clients	12-14	14-16	14-16

Recent acquisitions and partnerships

- **2018:** Partnered with RSA to leverage its Adaptive Authentication platform, a cyber crime compliance solution, to provide cyber crime operational services
- **2018:** Partnered with a UK-based hiring company for FCC related manpower support
- **2018:** Partnered with Bureau van Dijk to leverage data for the Asia Pacific region

Recent developments

- **2018:** Piloted the design studio for KYC, an algorithm-based design framework that predicts an event by asking a "what-if" question
- **2018:** Enhanced knowledge management framework from manual to web-based training to leverage in-house platform ION for testing, checking, and assessing the knowledge of associates
- **2018:** Engaged with platform development domain experts for KYC/CDD
- Invested in technology conducting Proof of Concept (POC), a KYC Dutch language capability
- **2018:** Developed HUB model to manage multiple regulatory data changes leveraging commonality of data to avoid repeated client contact
- **2017:** Developed AML e-learning tool POC for quicker onboarding on AML skilled resources
- **2017:** Opened a new delivery center in China for KYC for Mandarin language support

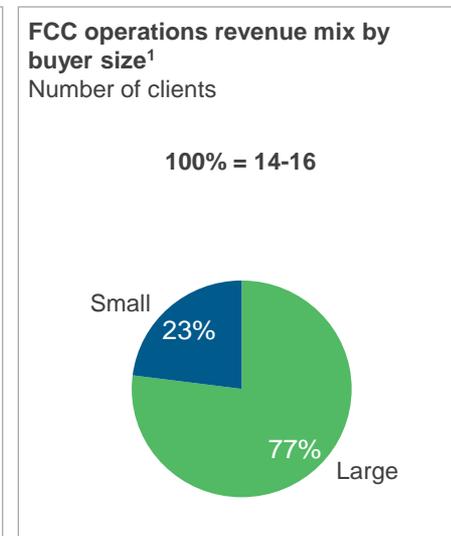
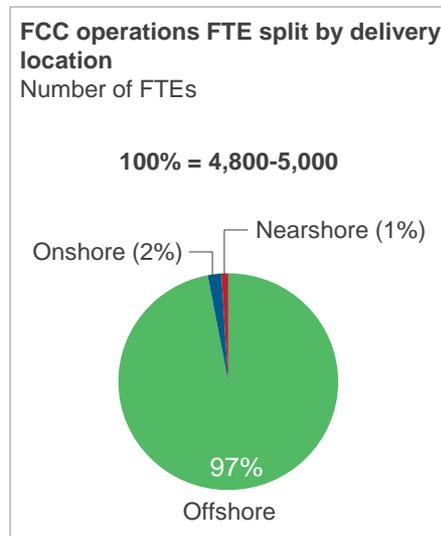
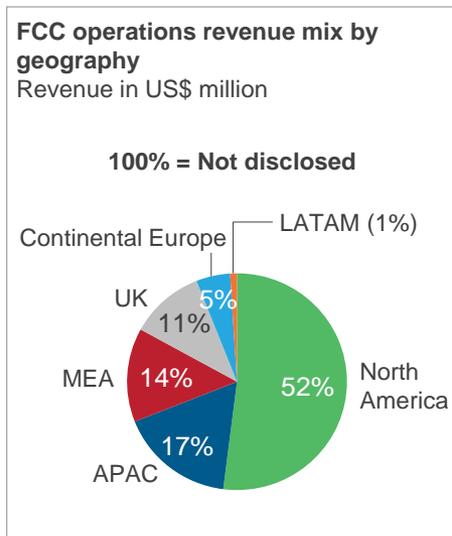
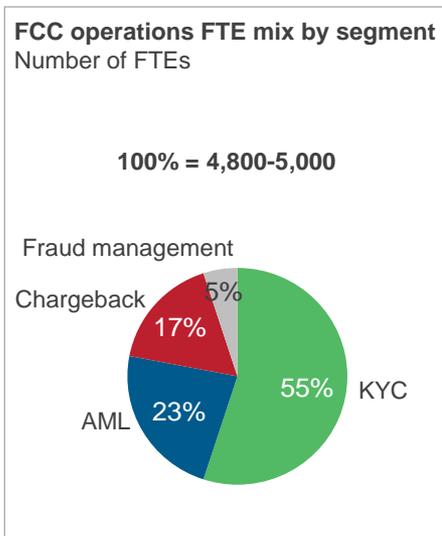
¹ 12 months ending December 31 of any particular year, i.e., from January 1, XXXX to December 31, XXXX

Key delivery locations



Capabilities and key clients

Key FCC operations engagements			
Client name	LOB (KYC, AML, fraud management, and chargeback & recovery)	Region	Client since
One of the fortune 100 European financial services providers	KYC and AML	Europe	2017
One of the top 10 US investment banks	KYC, AML, and fraud management	Global	2017
One of the fortune 500 financial services and annuity providers	KYC and AML	Global	2015
One of the top three banking and financial services providers	KYC, AML, fraud management, and chargeback	Global	2015
A leading global bank	KYC, AML, fraud management, and chargeback	Global	2013



¹ Buyer size is defined as large (>US\$10 billion in revenue), medium (US\$5-10 billion in revenue), and small (<US\$5 billion in revenue)

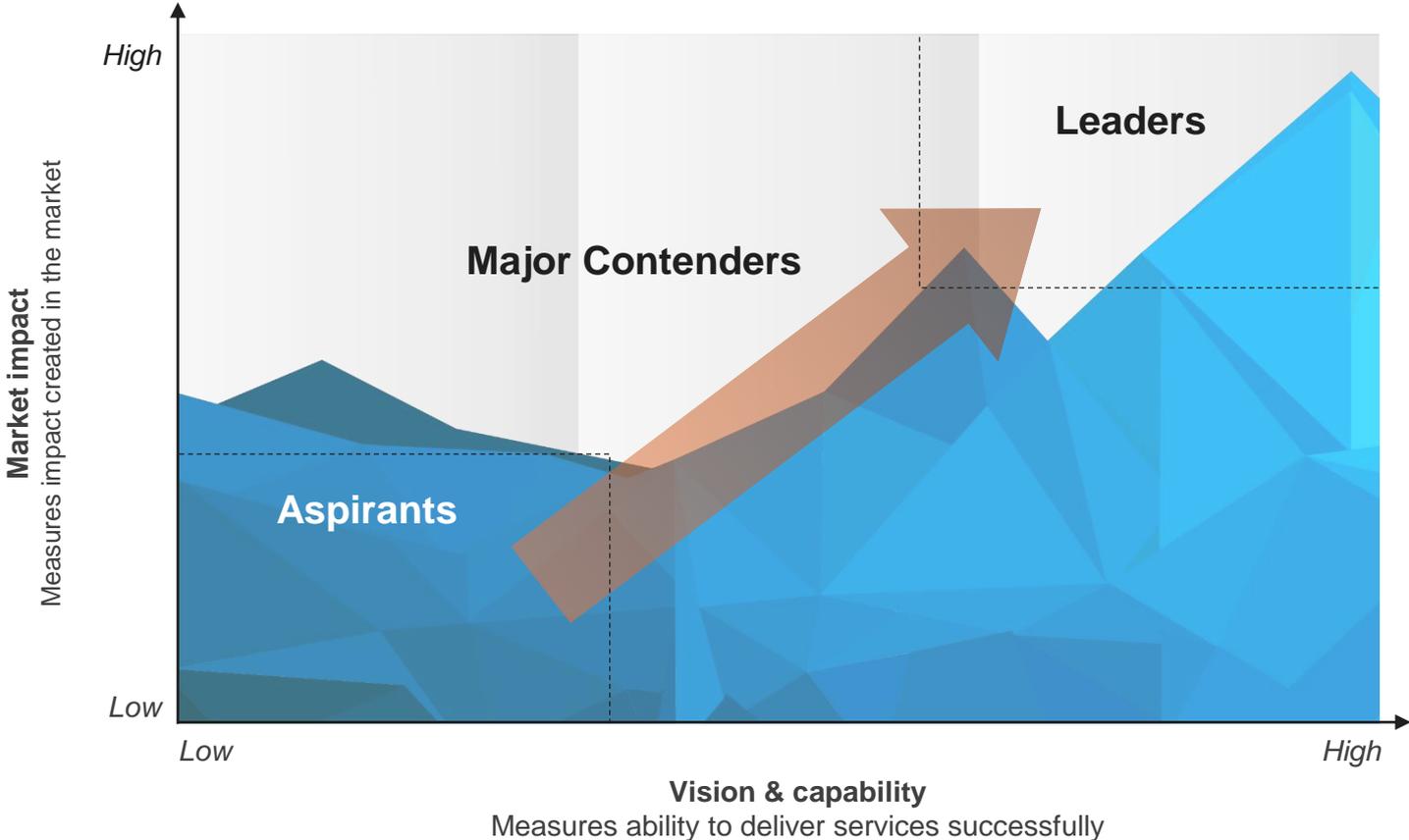
Technology solutions/tools

Application	LOB	Year launched	Description	No. of operations clients
Sanctions query resolution leveraging blockchain	AML	2018	It demonstrates blockchain-based handling of sanctions enquiries coming in from regulators that are primarily managed offline	Not disclosed
Analytics in customer and transaction screening	AML	2018	It modifies the customer screening match logic to improve the screening process and the transaction screening by using analytics	Not disclosed
AML alert review	AML	2018	It reduces false positives in the alert monitoring process using alert scenario, parameter, and threshold reviews	Not disclosed
Fraud analytics	Fraud management	2018	It verifies the application and external data to reduce fraudulent transactions and queuing of fraud cases based on classification of fraud types such as Account Takeover (ATO), Identity Theft (IDT), and First-Party Fraud (FPF) to improve operational efficiency	Not disclosed
Cognitive Computing KYC Suite – OCR and Webcrawler	KYC	2018	It reduces manual intervention for listed and regulated entities in the low risk segment, leveraging in-house Machine Learning (ML) and Artificial Intelligence (AI)-based OCR technology. It acquires document and data from approved public sources to automate the process using a homegrown WebCrawler	Not disclosed
Transaction extraction tool	KYC and AML	2018	It eliminates the manual process of extraction and categorization of account activity and helps the client save manpower	Not disclosed
Dispute 360	Chargeback	2018	It provides end-to-end workflow to process any payment card disputes. It is configurable "Assisted Intelligence" to automate fraud disputes	Not disclosed
RPA based solution for L1 AML alerts in investigation and Triage	AML	2017	It collects the data from multiple sources and generates the investigation report. It leverages RPA to automate the first level triaging of AML alert	Not disclosed
AML process accelerator tools	AML	2016	It consists of alert allocation process, alert referral process, sorting of counter-parties, and MIS generation. It helps improve the process efficiency and reduce the Alert Handling Time (AHT)	Not disclosed

Appendix

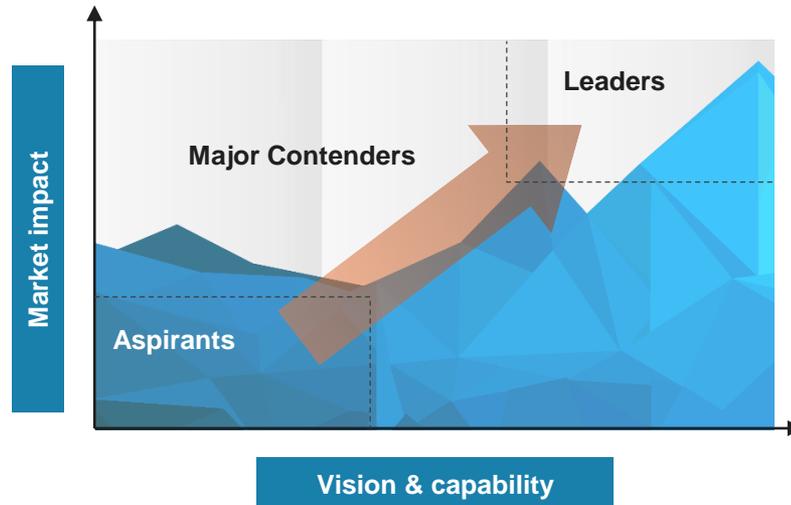
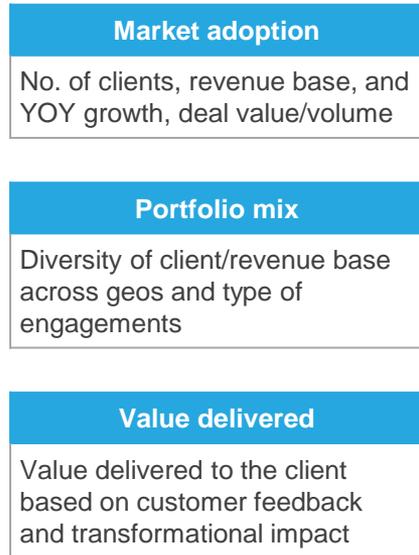
Everest Group PEAK Matrix™ is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix

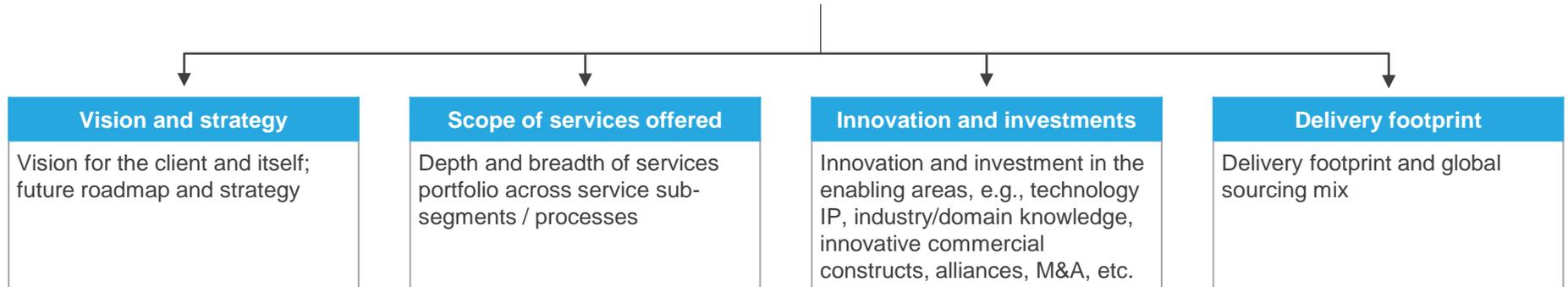


Services PEAK Matrix™ evaluation dimensions

Measures impact created in the market – captured through three subdimensions



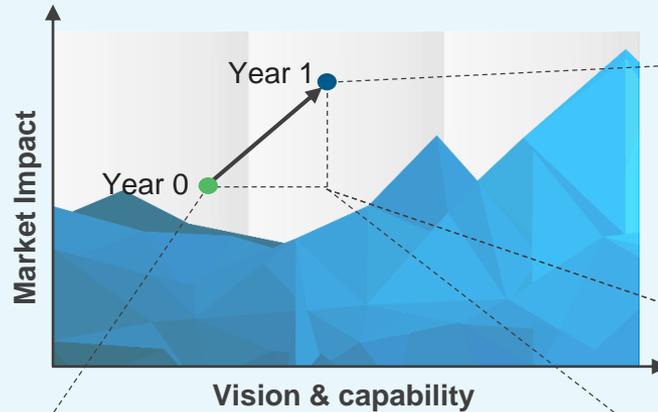
Measures ability to deliver services successfully. This is captured through four subdimensions



Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

Methodology

Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix



In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:

- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:

- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:

- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

The Star Performers title relates to YOY performance for a given vendor and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

Does the PEAK Matrix™ assessment incorporate any subjective criteria?

Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a “Major Contender” or “Aspirant” on the PEAK Matrix, an unfavorable outcome?

No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the “PEAK Matrix position”?

A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a “Leader”, “Major Contender,” or “Aspirant” title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own “profile” that is published by Everest Group as part of the “compendium of PEAK Matrix providers” profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or “Star Performer” status ?

- Providers/vendors can use their PEAK Matrix positioning or “Star Performer” rating in multiple ways including:
 - Issue a press release declaring their positioning. See [citation policies](#)
 - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
 - Quotes from Everest Group analysts could be disseminated to the media
 - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?

PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises



About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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