

Navigating the Regulatory Tightrope via End-to-End Solutions – Financial Crime and Compliance (FCC) State of the Market 2022

January 2023: Complimentary Abstract / Table of Contents



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Contents

1. Introduction and overview	5
• Research methodology	6
• Key information on the report	7
• Introduction	8
• Focus of the research	9
• How to read this report	10
2. Summary of key messages	11
3. Drivers of the changing FCC landscape	15
• Evolving challenges for enterprises	16
• Newer demand from non-traditional enterprises	18
4. Key emerging trends among FCC BPS providers	21
• Evolving landscape	22
• Modernization pillars: a one-stop shop	23
• Focus on end-to-end services	27
• Investment in talent development	30
• Delivery models	35
5. Market adoption trends	38
• Market size and growth – overview	39
• Market growth by lines of business	40
• Geographic distribution by revenue	41

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Contents

5. Market adoption trends (continued)	
• Adoption by buyer size	42
• Revenue split by buyer segment	43
6. Evolution of service provider relationship	44
• Contractual duration	45
• Pricing trends	46
• Buyer expectations and satisfaction	47
• Service provider action items	49
7. FCC service provider landscape	50
• FCC PEAK Matrix® Assessment 2022	51
• FCC service provider competitive landscape	53
8. Outlook	58
9. Appendix	61
• Glossary	62
• Research calendar	63

Background of the research

Financial Crime and Compliance (FCC) operations have been growing at a fast pace, as most Financial Institutions (FIs) are struggling to meet cost restrictions while trying to address regulatory challenges and the threat of financial crime associated with heavy penalties and a 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. With the pandemic hitting the industry hard and with the looming threat of recession, agent availability has been severely impacted creating a golden window of opportunity for financial crime perpetrators. This further increased the demand for services and technology in FCC.

The growing requirement for FCC support and digital channels has opened opportunities for service providers to further augment their capabilities and add offerings for advisory, platform-led services, and advanced digital solutions. The demand to increase efficiency and productivity by reducing false positives and manual intervention remain of prime importance to buyers.

In this research, we present a view on the state of the market on FCC operations and service providers and highlight the providers featured on the [FCC Operations – Services PEAK Matrix® 2022](#). The state of the market report is based on data collected by Everest Group’s annual RFI process for the calendar year 2021, interactions with leading FCC operations services providers, client reference checks, and a secondary ongoing analysis of the FCC operations market.

In this study, we investigate the state of the FCC market. We focus on:

- Emerging drivers and challenges faced by enterprises in FCC outsourcing
- Evolving need and evolution of FCC solutions
- FCC BPS market overview
- FCC buyer trends and relationships
- Service provider landscape for the FCC market
- Market outlook

Scope of this report



Geography
Global



Providers
27



Services
Financial Crime &
Compliance (FCC)

Overview and abbreviated summary of key messages

This report contains an assessment of the evolving needs of enterprises within the FCC landscape and a consequent reinvigoration of provider capabilities in the FCC BPS space. The report also entails current enterprise adoption trends and near-term outlook to help stakeholders understand expected changes within the FCC market.

Some of the findings in this report, among others, are:

Drivers of the changing FCC landscape

Outsourcing spend among enterprises is increasing across the FCC spectrum as the following changes took place:

- Over the past year, enterprises struggled with lack of adequate talent, evolving regulatory environment, lack of proper technology and increasing number of frauds, for which they sought an additional support from providers
- An increase in the number of digital touchpoints is driving FinTechs and non-financial institutions to increase FCC outsourcing for end-to-end services

Key emerging trends among FCC BPS providers

- **Modernization pillars:** FCC providers are now reaching a point of convergence of technology, advisory, and operations to become a one-stop shop
- **Focus on end-to-end services:** An increase in demand for multi-towered has pushed providers to form technology partnerships to meet the demand
- **Investment in talent development:** Providers are redistributing their talent pool in emerging FCC areas and stepping up training efforts
- **Delivery models:** Outsourcing to offshore locations is expected to expand, as enterprises face rising inflation and a tough onshore labor market

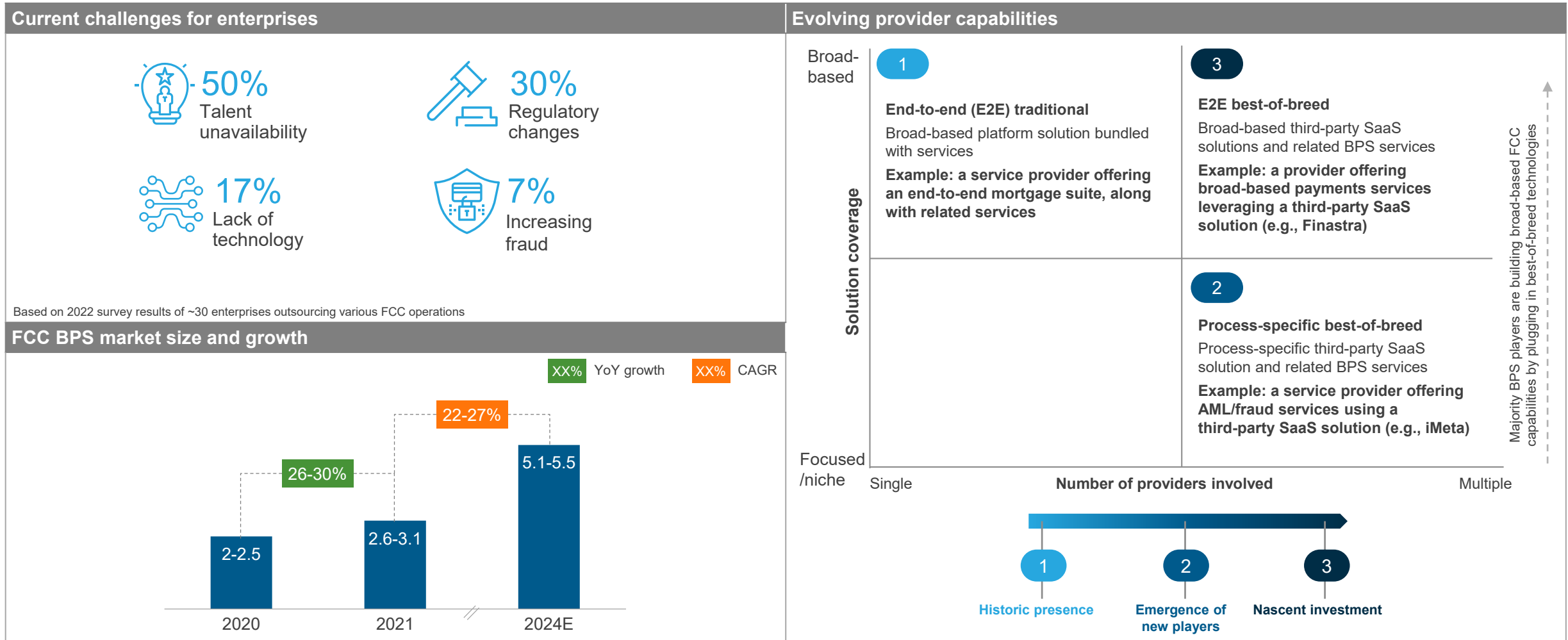
Market adoption trends

- Currently the global FCC BPS industry ranges between US\$2.6-3.1 billion, growing at a rate of ~30%, which is attributable to post-pandemic volumes and new buyer segments. North America remained the largest buyer market, but outsourcing growth was the highest in Continental Europe and the UK
- KYC remains the most outsourced service, though growth in outsourcing spend for fraud management and chargeback services was the highest
- The average contract duration is expected to shorten owing to enterprises' demand skepticism amid a recessionary environment

Outlook

Some of the key trends to watch out for in near-term horizon would be the recessionary environment, recession-related cuts in discretionary spending such as talent training, cryptocurrencies, emerging regulations and the leverage of intelligent automation within FCC services

This study offers three distinct chapters providing a deep dive into key aspects of FCC BPS market; below are three charts to illustrate the depth of the report



Research calendar

Banking and Financial Services Business Process

Published Planned Current release

Reports title	Release date
Capital Markets Operations – Service Provider Compendium 2021	September 2021
Banking Operations – Services PEAK Matrix® Assessment 2022	October 2021
Mortgage Operations PEAK Matrix® Assessment 2022	February 2022
Banking Operations – Service Provider Compendium 2022	March 2022
Mortgage Operations – Service Provider Compendium 2022	April 2022
BPS Top 50 – 2022	May 2022
Financial Crime and Compliance (FCC) Operations – Services PEAK Matrix® Assessment 2022	July 2022
How to Trot When Others Trudge – Recession Forecast for Providers in Banking and Financial Services	October 2022
Put the Pedal to the Metal – An Enterprise Perspective of ESG in Banking	October 2022
Financial Crime and Compliance (FCC) Operations Provider Compendium 2022	October 2022
Navigating the Regulatory Tightrope via End-to-End Solutions – Financial Crime and Compliance (FCC) State of the Market 2022	January 2023
Specialized Needs of Emerging Geographies in Banking, Mortgage, and Risk and Compliance	Q1 2023
Will That Be Check or Card? A Digital Payments State of the Market	Q2 2023
Banking Operations – PEAK Matrix® Assessment 2023	Q2 2023
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