

What you need to know: making a third party vendor switch



The Financial Crimes Enforcement Network (FinCEN)'s new due diligence rules went into effect in May 2018. With policies and procedures now in place to comply with the Customer Due Diligence (CDD) Rule, organizations are turning their attention to streamlining processes.

What tools can you use to keep CDD Rule compliance on track? The answer for many financial institutions is a third-party vendor. A third-party service can consolidate all the relevant information you need about a business or a person into one place – decreasing your workload while maximizing limited resources.

This checklist includes practical tips for what to consider when choosing a third-party vendor and navigating changing systems at your organization.



Quality of the Data

A third-party service is only as good as its data, so the quality of the data itself is extremely important. Choose a vendor with:

- Comprehensive data.** To obtain a complete picture of a person or a business, analyze comprehensive data including current and historic public records, social media and negative news feeds. You also need to uncover connections potential customers have, because missing a connection due to spotty data could put your company in harm's way.
- Transparent data.** Select a vendor that discloses the sources of their information. Knowing where your data come from ensures your business decisions are based on quality data from reliable sources.
- Current data.** Choose a vendor with time-stamped data. You need to assess your risk based on the most recent information available, and stale data could change the course taken with a customer. Whether it's M&A activity or criminal activity, don't miss it due to a vendor's static information.



Ease of Use

CDD Rule compliance can be time consuming and complicated, but using a third-party vendor should not be.

- Getting up to speed should be easy.** The more straightforward a vendor's platform is to use, the more quickly you can deploy it to support your organization's decisioning.
- The vendor's tools should **quickly generate the results** you need in a format you can use to help clearly, concisely show the basis for your decision to others in your organization.
- A vendor should **provide a holistic view** into everything you need to know about whether a business or an individual poses a risk to your organization, all in one spot.



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Training and Support

In-depth training should not be required for a third-party service, but initial training and ongoing support should be mandatory.

- Once you've chosen a vendor, anticipate the questions you'll have about the new platform and **schedule an introductory mandatory training session** for employees to learn the new system.
- Remember: Third-party vendors are not interchangeable.** If you switch from one provider to another, set up a network to support you during the transition. Your new vendor should provide a point person to immediately address your questions and concerns.
- While navigating a third-party vendor should require minimal training and knowledge, **vendor support should continue** beyond your initial training session. Vendors should offer additional training sessions as needed, and ongoing support should be a call or email away.



Navigating Organizational Change

You may need to support colleagues experiencing change fatigue given the continual shifts in managing compliance processes.

- Foster a smooth transition by working closely with a new vendor to **address all users' questions during training** and to make sure everyone is comfortable with the platform.
- Acknowledge that evaluating vendors and adapting to a new platform takes time, but **emphasize the advantages:** A third-party vendor can make compliance processes more efficient, greatly decreasing your workload and maximizing limited resources.
- Integrating a vendor may require a cultural shift in your organization, whether you're automating a manual CDD process or switching to a new vendor. Recognize that **it may take some colleagues longer than others to adapt.**



Helping Colleagues Adapt

Successfully integrating a third-party vendor involves ensuring that all colleagues are on board.

- Someone who is resistant to using a new vendor most likely missed training and is therefore uncertain as to how the platform works.
- Meet with hesitant colleagues** to identify their concerns about the vendor. Then, schedule a training session to demonstrate how the new platform works and address specific issues.
- Follow up with the team** to ensure use of the new platform continues and questions arising through use are addressed. Ensuring people feel supported through the transition is important to their full adoption of the new platform.

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