Archiving And Digitizing Of Customer Records Of Golden Rural Bank Of The Philippines, Inc.

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Abstract: Automation and innovation sought to transform financial services and revolutionize operations with the goal of streamlining processes and reducing costs. Integrating document archiving and digitization into banks can play a vital role in improving manual document management, revealing improvements in the accuracy and efficiency of document processing while ensuring that sensitive information is not compromised. This paper discusses a digitization initiative to store and recover customers' digital records and transactions at Golden Rural Bank of the Philippines, Inc. The researcher tried to highlight the need for digital preservation, approaches, and concerns of the bank's relevant as well as digital preservation activities to protect its customer records.

Index Terms: Anti-Money Laundering, Archiving, Customer Records, Digitization, Financial Institutions, FinTech, Identification, Regulatory Body, Security

1 INTRODUCTION

Customer records are often stored manually, without centralized storage. This leads to difficulties in timely access to records and jeopardizes the banks' regulatory compliance with the Anti-Money Laundering Council (AMLC), in particular. Searching for or retrieving customer records also becomes difficult in a timely manner as it has often been stored in physical form. In any company large percentage of documents are preserved and archived for future references after their present usefulness ends and it takes an employee an average of 10 minutes to retrieve old documents which is extremely time-consuming, costs of handling paper documents also increase each year, e.g. in re-printing / duplicating documents in hardcopy form can be unreasonably high. In addition, the need for large storage spaces wasted valuable resources that became a resource conversion commodity due to the lack of extra storage space. Stored documents are also exposed to the risk of damage, being misplaced or misfiled as there is no assurance in handling or moving to protect physical documents and guaranteed security and privacy. Such problems also result in significant business inefficiencies that may hamper confidentiality, growth and productivity. This is why more financial firms see digitization as an attractive and cost-effective alternative solution. Moreover, regulatory bodies in the Philippines envisions digitization as a step towards addressing more issues and transforming the competitive landscape of the banks. In connection with this, Last January 14, 2019, the Bangko Sentral ng Pilipinas issued a circular letter no. CL-2019-002 with the Subject: Anti-Money Laundering Council (AMLC) Resolution Nos. 149 and 191 on Digitization of Customer Records and Identification of Beneficial Owners, with these said resolutions all BSP-Supervised Financial Institutions (BFIs) are granted a deadline for the full digitization of all its existing customer records. On the other hand, Golden Rural Bank of the Philippines (GRBP) as regulated by the BSP needs to comply and follow the said guidelines.

As such, to make it possible checking and reviewing its workflow process towards handling and storing records was done. While reviewing the existing system of the bank, particularly the Client Information System (CIS), it is noted that its functionality needs to be upgraded to manage both customer records and identification requirements. The information stored in the CIS is still insufficient to comply fully with the AMLC guidelines. The researcher has suggested a program to accommodate all records to be digitized in this regard.

2 BACKGROUND

To have a broader understanding of the related concepts, initiatives, programs, solutions and concerns regarding archiving and digitizing the following are the regulations, related study, articles, research, and technology development providing a full range of solutions to assist in a successful digital transformation. The Anti-Money Laundering Council (AMLC) has adopted a new set of guidelines for the digitization of customer records in all banks, one of the key features of the DIGICUR Guidelines is: digitizing customer records and creating a central and secure customer record database. In addition, the AMLC, under the leadership of its Chairman, Bangko Sentral ng Pilipinas Governor Nestor A. Espenilla, Jr., supports ongoing financial development that can drive voluminous data generation. Simultaneously, it poses the challenge of how to make such data workable. The AMLC calls for the implementation of the DIGICUR Guidelines as a move to tackle the issue of timely data extraction. Through centralized digitized records in place, protected persons are required to become active collaborators in promoting the efficient transmission of data to the AMLC and assisting the AMLC in gaining actionable knowledge that is vital to undertaking its investigation. In regards, the AMLC Secretariat's Executive Director Mel Georgie B. Racela said, "I am very optimistic that, with the DIGICUR Guidelines in place, covered individuals will be partners of the AMLC in conducting financial investigations, the essence of which is confidentiality and speed. The AMLC will be able to conduct inquiries without drawing unwanted attention through the Guidelines and, at the same time, take appropriate action promptly. When money launderers and terrorists found out about our investigation, it is a foregone conclusion that they would whisk their assets away and thus defeat the law's purpose."
2.1 Review of Related Literature

Important principles involved in the digitization process, includes planning and workflow processes, its advantages in terms of Access which offers the benefit of searching over print media, Conservation — holding all digital information on guard to allow multiple copies, Reduced Handling Costs — preserving and duplicating paper documents can replicate lost documents in some cases, and Organization and Distribution — indexing and storing in a document recovery system [1]. The researchers regarded digitization as the most important strategy for preserving and sustaining the cultural and intellectual heritage resources that keep it alive, intact and accessible, as Philip Ward poetically states- "Our heritage is all that we know of ourselves; what we preserve of it, our only record. The record is our beacon in the darkness of time; the light that guides our steps” [2]. To meet current challenges, including inefficiencies, manual search system for information and materials, and limited access, digitization is the key, as it will allow the preservation of endangered resources, enhance the efficiency of information search mechanisms, and improve access to resources through online services [3]. Digitalization is the key to bringing about the transformation along with transparency and competitiveness in modern economies. Technology plays a very important role in incorporating complexity into the system in order to deliver simplicity and portability conveniently at low cost for large volumes of data [4]. There is also a relationship between technologies and structures of the organization. The users plan, develop and implement software. The technology itself, however, shapes the interactions between humans and it as well as between themselves. If the technology is not appropriated, structural changes will be introduced. Continued reliance on technology and the expansion of the services and roles of organizations has resulted in a complexity that criminals can exploit to carry out their activities [5]. Identity in finance is essential. From a business perspective, knowledge of consumer identity is important to defend against fraud and abuse, which underpins all the responsibilities of the know-your-customers responsibility, as well as being necessary to deliver quality services. From a risk management and regulatory point of view for the integrity of the market. At the same time, identification and KYC rules can be major barriers to accessing financial services, different identification requirements and the evolving nature of identity and its evolution from analog to digitized to digital. The researchers argue that technology provides an opportunity for digital identity and related utilities to solve the challenge by developing an infrastructure. Such digital or electronic identification utilities need to address design issues such as registration methods, data availability, and cross-jurisdiction recognition [6]. Meanwhile, there are also some challenges in other factors like in the Digital Transformation of production in Berlin, digital networking is a challenge [7], while inadequate infrastructure and cultural barriers pose problems in Dubai transformation [8]. Digital infrastructures are often large, difficult to undergo control [9], require large financial resources with expected long term returns [10] and complete business process reorganization [11]. In general, the digital transformation of the society is characterized by the misunderstanding of digital processes and their importance for society as a whole. In addition, society does not recognize the need to increase IT specialists and advocate for digital culture, which is inevitable today [12], and is also characterized by a deficit of society [13]. High cost and limited budget are challenges for digital transformation of libraries in Brunei Darussalam [14], while digital inequality is challenge for DT in Ukraine [15]. To explore the convergence of transaction banking and technological innovation and the factors underpinning system selection criteria and the degree to which fintech adoption on transaction banking will affect revenue generation, quality of service, and risk mitigation, etc. Ultimately, the transaction banking and technological advances affirm fintech adoption theory. Taken together, a likely explanation argues that regulatory control, risk mitigation, revenue growth, and dynamic customer expectations are common goals of digitization in financial institutions by co-developing competitive advantage with external partners.

3 WORK DONE/ CONTRIBUTIONS

In order to help the bank fully comply with the BSP and AMLC resolutions, a related research study was conducted focusing on the principles, process, significance, and system development to account for archiving and digitization functions. The researcher has established the following action plans for the purpose of archiving and digitizing,

1. Digitization Phase
2. Bank’s Compliance Measures

3.1 Digitization Phase

The figures below are the bank’s latest digitization initiatives from the origination of the document to the proposed project.
Defining the bank’s existing compliance with the regulations and drawing up action plans for archiving and digitizing, it will enable the bank’s processes to be radically reconfigured and improved, not only in the form of compliance but also in securing and preserving its records. And all of this will be possible with system integration aimed at,

1. Digitization and archiving of all existing customer records;
2. Storing information in a centralized database;
3. Fast and easy access to records as needed;
4. Access from all bank branches (only authorized users with required credentials);
5. Streamlined search options within seconds to find records;
6. Save records in secure environments via servers, databases and encryption and can only be accessed by authorized users, providing greater security;

The proposed system plan will focus on client records and identification stored in a centralized database, including but not limited to, full identity of customers in accordance with their Customer Due Diligence (CDD) policies and procedures, such as customer information files where the customers provide minimum information e.g. Client Information Form and Account Information Form; copies or records of official identification documents or similar documents, establishing the true and full identity of customers e.g. Valid ID’s, Specimen and Signature Card; account files and business correspondence, including
the results of any analysis undertaken such as inquiries, to establish the background and purpose of complex, unusually large transactions, collectively referred to as CDD records or CDD documents e.g. AMLA Risk Assessment; and account transaction histories or statements of accounts e.g. Deposit Slip, Withdrawal Slip and SOA. System users are only those involved in the banking operation, such as the Account Representative, Teller, Bookkeeper, Branch Manager, and other Overriding Officers, while the Compliance Department, IT Department, and other departments or regulatory bodies will also have access to the system upon request for verification and audit purposes. The system will not be integrated into the core banking system as it will have its designated database. Nonetheless, for easy verification of data, the Client ID should suit those contained in the core banking system customer information.

4 CONCLUSIONS
The research subject and the related literature described were intended to provide an alternative arrangement for the recovery and reproduction of information contained in traditional print materials, such as bank records relating to loans, deposits and customer information, which become fragile and unusable in a certain period of time, preserving such valuable information through digitization would result in an increased accessibility, rapid recovery and greater security. With the established principles and best practices of the RRL, the researcher was able to construct action plans that include Digitization Phase, Compliance Measures, and Engagement with Online Solutions Development, information flows are built from these plans and converted into an infrastructure that provides the overall process of digitization that play a significant role in developing and implementing the right system.

5 FUTURE WORK
For future work, it may be possible to improve this study to completely develop and implement digital solutions that will turn rural banks into a highly competitive and modernized institution.

6 REFERENCES
[16] Impact of digitization on transaction banking in Financial Industry: An evolving landscape Priyanka Sharma1