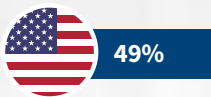


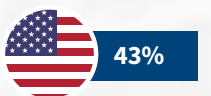
SEVERAL KEY DIFFERENCES ARE EMERGING BETWEEN U.S. AND CANADIAN FINANCIAL INSTITUTIONS.

NEARLY HALF OF BOTH U.S. AND CANADIAN FINANCIAL INSTITUTIONS HAVE:

- » Created teams to evaluate emerging payment technologies



- » Expanded compliance screening hours (which adds to labor costs)



U.S. FIRMS (MID TO LARGE):



Leverage BSA/AML compliance technology more



92% expect shared interbank compliance databases to be standard within 5 years

CANADIAN FIRMS:



Are more active in implementing Financial Technology (FinTech) or Regulatory Technology (RegTech)



91% expect in-memory processing and **70%** expect machine learning and artificial intelligence will become standard within 5 years



More investment activity is expected in both the U.S. and Canada over the next 1-2 years to deal with these emerging pressures.

U.S. FIRMS HAVE REPORTED **HIGHER BSA/AML COST INCREASES** DURING THE PAST 24 MONTHS. CANADIAN FINANCIAL INSTITUTION COSTS FOR AML MAY BE HIGHER IN THE NEAR TERM.



CANADIAN FIRMS HAVE REPORTED:

- » Pressure on better beneficial ownership due diligence
- » The need to speed up the process of reporting to authorities



U.S. FIRMS EXPRESS MORE CONCERN ABOUT AML COMPLIANCE, SPECIFICALLY:

- » **69%** of U.S. polled 'somewhat to very concerned about job satisfaction of compliance staff'
- » 26 annual hours of lost productivity due to job dissatisfaction



Increased external support will be needed as more BSA/AML scrutiny is being placed on asset management/investment firm transactions.

Increased investments in compliance technology could benefit the efficiency of asset management/investment firm functions at mid to large scale banks.



Just under 2/3 of all firms that leverage less BSA/AML compliance technology report a negative compliance impact on productivity and customer acquisition efforts

Just over 1/3 among those leveraging more technology

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