Building and maintaining a risk based KYC/Due Diligence Program

Wednesday, November 2  •  13:00PM – 16:00PM

George Pearson
Associate Director
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Workshop Outcomes

- Elements of a robust risk based KYC/DD program
- Review best practises to obtain beneficial ownership information, especially when a new account is opened
- Understand what to do with the information you obtain
- Assess monitoring and/or risk rating strategies to employ in your programme
Workshop Structure

- Group discussion
- Presentations from facilitators
- Facilitated discussion regarding topics of interest
- Sharing information regarding best practices developed within industries
- Mid workshop break
INTRODUCTION TO A RISK BASED APPROACH?

• Identifying and assessing the money laundering risk of your institution

• Implementing systems and controls to adequately manage and mitigate the risk

• Resources are deployed where the greatest risk lies

• The approach will vary according to the nature of the risks and products sold

• It requires proactive effort to continuously review the risks and revise mitigation strategies where necessary

• It is not designed to prohibit financial transactions, but to manage money laundering risks.
IS THIS A NEW CONCEPT?

• It is not an entirely new concept!

• Institutions have been managing risk for decades

• Basel II

• AML has brought a new class of risk with potentially damaging effects
  • The risk of your institution being used for money laundering
  • The risk of your institution not complying with AML regulations

• Risks can be reviewed using current structures with expert AML advice

• It should be an ongoing exercise and not a once off assessment
BENEFITS

• More effective risk management
• Longer term cost savings
• Focused on actual threats
• Flexibility to adapt to changes

CHALLENGES

• Identifying the correct information with which to conduct a risk assessment
• Short term costs
• More expert employees required who are able to make judgement calls
• Regulatory response to approach
GUIDANCE TO FOLLOWING A RISK BASED KYC/DD APPROACH?

- Guidance from the Financial Action Task Force (FATF)
- Guidance from the Joint Money Laundering Steering Group (JMLSG)
- Financial Intelligence Centre Guidance Note Concerning the Identification of Clients
- Guidance from other regulators and international bodies
- Best practice followed by industry peers
SENIOR MANAGEMENT BUY IN AND APPROVAL

- Senior management who is ultimately responsible for risk management must know and understand
  - What the money laundering risk is
  - What the need is for regulations and subsequent compliance

- Approve documented policies and procedures

- Understand the working of the risk based approach

- Understand the risk posed by higher risk customers in relation to the business incentive of dealing with such clients

- Appoint the MLRO to ensure the policies and procedures are enforced
CLEARLY DOCUMENTED AML AND CDD POLICIES & PROCEDURES

• The golden rule is to document, document, document...

• If you are going to follow a risk based approach it needs to be documented in your group policy as proof to the regulator or supervisor

• The risk based KYC/DD process will form part of the larger risk based program
  • Clear definition of a PEP
  • Working methods to identify high risk clients

• The policy must be accessible to employees

• Overall it should show the institutions risk assessment procedures and risk appetite

• Clearly indicates that risk assessments are an ongoing exercise
CDD FOR NEW HIGH RISK CLIENTS

• Conduct enhanced due diligence on high risks

• Establish governance processes for client acceptance

• Use commercially available databases

• Supplement due diligence with searches on public domain websites

• Sufficient independence from AML/MLRO to challenge client on boarding

• Face to face meetings with potential client before on boarding

• Steer clear from the “client known to me” syndrome

• Obtain independent intelligence
Customer Due Diligence
A Risk Based Approach

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Purpose of the Section

• Discuss international standards and industry best practices regarding Customer Due Diligence (CDD)

• Discuss common problems associated with implementing a CDD programme and a risk based approach
Customer Due Diligence

Guidance & Legislation
Customer Due Diligence

• Financial Action Task Force (FATF) 40 + 9
  – FATF 40 key recommendations: 7 & 18
  – Key recommendations for commercial & correspondent banks: 5, 6, 7 & 8
  – http://www.fatf-gafi.org/

• 3rd EU Money Laundering Directive
  – Specific requirements in relation to customer due diligence
Customer Due Diligence

• **Basel Committee - Bank for International Settlements**
  - Customer due diligence for banks
  - Considers KYC for client on-boarding
  - [http://www.bis.org/publ/bcbs85.htm](http://www.bis.org/publ/bcbs85.htm)

• **FinCEN Code of Federal Regulations**
  - Title 31 Chapter X Money and Finance: Treasury
    • Title 31 CFR 1010.220 – Customer Identification
    • Title 31 CFR 1010.610 – Correspondent Banking
    • Title 31 CFR 1010.620 – Private banking
    - [http://www.fincen.gov/statutes_regs/ChapterX/](http://www.fincen.gov/statutes_regs/ChapterX/)
Customer Due Diligence

• South Africa - Prescribed by Section 21 FICA and FIC Guidance

• General Guidance Note Concerning Identification of Clients
  – Does not mandate a one-size fits all approach
  – Provides risk scoring matrix
  – Risk Classes:
    • Client attributes
    • Nature of Product
    • Source of funds
    • Client conduct
    • Country classification
JMLSG Guidance

Typical constituents of risk:

• Customer, product and activity profiles
• Distribution channels
• Complexity, value and volume of transactions
• Jurisdiction(s) of business operation
• Processes and systems
Customer Due Diligence

Example Risks
Examples of Risk Scenarios

• Economic rationale for business
• Business with Politically Exposed Persons
• Customers based in, or conducting business in or through, a high risk jurisdiction
• Customers engaged in a business which involves significant amounts of cash, or which are associated with higher levels of corruption
• Introduced business
• Risk posed by the products/services
• Non face-to-face business (depending on the circumstances)
Business Banking

- Large corporates (domestic and international)
  - International (inc FX and Trade Finance)
  - Treasury and investments
  - Retail deposits
  - Corporate advice
  - Payments
  - Relationship managed – individual corporate by corporate basis

- Smaller businesses (predominately domestic)
  - Current account
  - International
  - Volume business
Business Banking Risk Scenarios:

- High cash turnover businesses
- Money service businesses
- Computer/high technology/telecom/mobile phone sales and distribution
- Companies registered in one offshore jurisdiction as a non-resident company with no local operations but managed out of another, or where beneficial owners resident in a high risk jurisdiction
- Unregistered charities based or headquartered outside the country, ‘foundations’, cultural associations and similar organisations
Customer Due Diligence

Implementation Requirements
CDD – Basic Requirements

At account opening and on an *ongoing* basis:

- Identify the customer and wider business relationships
- Understand the economic rationale for the business and the anticipated behavioral characteristics
- Risk assess the customer in relation to their presented characteristics and products & services
CDD – Basic Requirements

May also need to perform *Enhanced Due Diligence* for:

- Private banking
- High risk customers
- Non-face-to-face business
- Politically exposed persons
CDD – Basic Requirements

*Simplified Due Diligence* can be applied:

- Financial institutions
  - Supervised firms subject to AML & CTF requirements

- Public companies that are subject to regulatory disclosure requirements
  - Listed firms

- Government administrations or enterprises

- Customers using other low risk products
Corporate Banking - Basic CDD

At account opening and on an ongoing basis:

- Verify the identify the customer (corporate)
  - Entity
  - Beneficial ownership
  - Controllers/directors
- Understand the economic rationale for the business
- Understand expected account usage
- Risk assess the business relationship in relation to their presented characteristics and products & services
Corporate Banking – EDD

When do we apply EDD:

- When the applicant is a PEP or has material linkage to a PEP
- When there is no face-to-face contact with the applicant
- When the business of the customer is considered to present a higher risk of money laundering or terrorist financing

• Correspondent banking
Corporate Banking – EDD

Additional requirements:

- Deeper understanding of customer
  - Source of business wealth over longer term
  - Nature of individual transactions
  - Reputational checks
  - If PEP linkage – further assessment of risk
  - Deeper assessment of beneficial ownership

- Higher level management approval and oversight of business relationship

- More sophisticated account monitoring or greater human scrutiny
Common Problems

1. Different needs in high volume corporate and individually tailored deals

2. Economic rationale – can we take this as given for simple products such as current / checking accounts?

3. Assessment of risk?

4. How far do we have to dig for EDD?

5. Aggregation of relationships across the bank

6. Establishing effective corporate monitoring systems
UK FSA Guidance

- Review published June 2011
- 35 institutions considered as part of review
- Focus on:
  - Wire Transfers
  - Correspondent Banking
  - High Risk Customers and PEPS
    - AML Policies & procedures
    - Risk assessment
    - Customer take-on
    - Enhanced monitoring of high-risk relationships

UK FSA Guidance

Key Findings in relation to CDD:

- 1/2 of banks visited failed to apply meaningful EDD
- 1/3 failed to adequately identify PEPs
- 3/4 failed to adequately determine source of wealth
- Inadequate safeguards to mitigate RM conflicts
- 1/3 inadequately managed due diligence records
- 1/2 failed to perform on-going review of high-risk
Q&A
RISK ASSESSMENT

• The client risk assessment will help identify high risk CDD situations

• Use robust models to undertake assessments which take into account a variety of risk factors

• Use reliable risk information

• Use weighted scores for determining eventual risk

• Dynamic and ongoing

• Do NOT alter risk scores in order to circumvent EDD responsibilities
Building and Maintaining a Risk-Based KYC/Due Diligence Program

Wednesday 2 November 2011 • 13:00 – 16:00

Kevin West
Director/Partner – KPMG Services (Pty) Ltd
Developments in the RBA

- FATF issued its “GUIDANCE ON THE RISK-BASED APPROACH TO COMBATING MONEY LAUNDERING AND TERRORIST FINANCING” in June 2007
- 3rd EU Directive - identify and verify the identity of their customers and/or their beneficial owners and to monitor transactions with their customers, while taking into account a risk-based approach
- FICA
  - It is imperative that money laundering risk in any given circumstance be determined on a holistic basis. In other words, the ultimate risk rating accorded to a particular business relationship or transaction must be a function of all factors that may be relevant to the combination of particular client profile, product type and transaction.
What does RBA mean?

- Using a risk-based approach to discharge certain anti-money laundering (AML) and counter-terrorist financing (CFT) obligations.
- Measures to prevent or mitigate money laundering and terrorist financing are commensurate to the risks identified.
- This process encompasses recognising the existence of the risk(s), determining the risk appetite of the bank, undertaking an assessment of the risk(s) and developing strategies to manage and mitigate the identified risks.
- Proportionate procedures should be designed based on assessed risk (EDD).
Implementing a Risk-Based Approach

- There are no universally accepted methodologies that prescribe the nature and extent of a risk-based approach or framework.
- Application of a well-reasoned and documented risk-based approach is vital in managing potential money laundering and terrorist financing risks and allowing financial institutions to exercise reasonable business judgement with respect to their customers.
- In order to implement a reasonable risk-based approach, financial institutions should identify the criteria to assess potential money laundering and terrorist financing risks.
Implementing a Risk Based Approach

The process encompasses:

- Risk assessment of business activities and clients;
- Controls to mitigate risks identified;
- Ongoing monitoring of accounts and financial transactions that pose higher risks;
- Keeping client information, and if applicable beneficial ownership, up to date.
Risk Assessment – Stage 1
(Business Risk Assessment)

Conducting a Risk Assessment of the following elements:
– Bank’s risk appetite;
– AML/TF Typologies;
– Customer types;
– Economic activity;
– Products and services;
– Delivery channels;
  • Sales channel
  • Transaction channel
– Geographic locations;
  • Place of birth/registration
  • Nationality
  • Country of residence/operation
– Other relevant factors – Automatically Higher Risk Relationships.
Risk Assessment – Stage 2
(Relationship Risk Assessment)

- Assess overall client relationships (including duration, number of accounts, products and services used by clients and clients’ activities).
- Consider the Risk Assessment elements
- Should be done at the outset of a new client relationship (during customer acceptance).
- Conduct on-going risk assessments based on the aggregated risk of a customer relationship
- Assess beneficial owners of a business if required to obtain this information
Implementing a Risk Framework

- Customer relationships need to be assessed by using a Risk Framework which combines all the elements of the Risk Assessment;
- Initial risk assessment of a customer relationship at the outset may change over time;
- System needs to allow on-going customer risk assessments to be performed;
- Consider automating the risk assessment of a customer relationship if the type of banking allows this (i.e., Retail or mass market banking)
The system works through tables in the banking system that hold the various categorisations and risk scores which feed the scoring matrix:

**Customer Table**

<table>
<thead>
<tr>
<th>Customer</th>
<th>Risk Allocated</th>
<th>Risk Score</th>
</tr>
</thead>
<tbody>
<tr>
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**PRODUCT TABLE**

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<thead>
<tr>
<th>Product</th>
<th>Risk Allocated</th>
<th>Risk Score</th>
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<tbody>
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</tbody>
</table>

**Economic Activity table**

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Risk Allocated</th>
<th>Risk Score</th>
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</tbody>
</table>

**Country table**

<table>
<thead>
<tr>
<th>Country</th>
<th>Risk Allocated</th>
<th>Risk Score</th>
</tr>
</thead>
<tbody>
<tr>
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</table>
How does the Risk Assessment process look?

**CUSTOMER ACCEPTANCE**

- **Initial client information**
  - Sanctions Screening
  - PEP Screening
  - Customer is a PEP

**Risk Framework**
- High Risk
- Medium Risk
- Low Risk
  - enhanced due diligence for higher risk entities

**CUSTOMER MONITORING**

- On-going risk assessment
  - Schedule Risk Assessments
- Transaction monitoring
- Changes to risk tables

- Customer take-on, new products and changes to customer data

- Conduct Risk Assessment if a PEP
- Automatically Higher Risk

**PEP Screening**
- Customer is a PEP

**Sanctions Screening**
- Higher Risk

**CUSTOMER ACCEPTANCE vs CUSTOMER MONITORING**
An example of a Risk Framework

<table>
<thead>
<tr>
<th>Indicator</th>
<th>High Risk</th>
<th>Medium Risk</th>
<th>Low Risk</th>
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</thead>
<tbody>
<tr>
<td>Customer Type</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Product</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Delivery channel</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>National/Country of Registration</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Country of Residence/Operation</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Automatically Higher Risk</td>
<td>Between 5 - 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>considerations</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated Score</th>
<th>Risk Grading</th>
<th>Due Diligence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 8</td>
<td>Low</td>
<td>Standard Due Diligence</td>
</tr>
<tr>
<td>9 – 14</td>
<td>Medium</td>
<td>Standard Due Diligence</td>
</tr>
<tr>
<td>15 and above</td>
<td>High</td>
<td>Enhanced Due Diligence</td>
</tr>
<tr>
<td>A</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Element</strong></td>
<td><strong>Sub Element</strong></td>
<td><strong>Rating Score</strong></td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>Entity</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Industry/Occupation</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td><strong>Jurisdictions</strong></td>
<td>Nationality/Country of Registration</td>
<td>55%</td>
</tr>
<tr>
<td></td>
<td>Country of Residence/ Operation</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Channel</strong></td>
<td>Account opening</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Transaction</td>
<td>50%</td>
</tr>
<tr>
<td><strong>TOTAL SCORE</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating Score</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>20</td>
<td>55</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aggregated Score</th>
<th>0 - 50</th>
<th>51 - 85</th>
<th>86 and above</th>
</tr>
</thead>
</table>

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Linking Customer Risk with Due Diligence Requirements

- Infant
- Salaried Employee (no other income)
- Salaried Employee (with other income)
- Self-Employed
- Pensioner, state or occupational pension contributions
- Company Director
- Retired living off accumulated wealth
- Family income, trust funds, etc
- Named as a suspected terrorist

Increase in Due Diligence Requirements

- Birth Certificate
- Photo ID
- Mandated Salary/Pension
- Address
- Plausible verifiability of source of income/wealth

Enhanced Due Diligence

- Independent verification of all documents
- Senior Management Sign Off
- Regular Monitoring
- Freezing of assets

Statutory Obligations
Linking Channel Risk with Due Diligence Requirements
Enhanced Due Diligence required to address increased risk posed by customer.
Conducting Risk Assessments on current customers

- Current customers who have not been risk assessed will need to be risk assessed – “Bulk Risk Rating”
- Such an assessment is best performed using an IT intervention
- A risk framework for Bulk Risk Rating will need to be designed
- Conducting a Risk Based remediation on customer files for KYC
Ongoing Monitoring

– Ongoing monitoring is about taking reasonable measures to conduct ongoing monitoring of customers and financial transactions that pose high risk of money laundering and terrorist financing.

– Policies and procedures should detail:
  • What kind of monitoring is done for particular high risk situations?
  • When monitoring is done and its frequency?
  • How it is reviewed or approved?
  • How consistently it is applied?
Applying a Risk Framework to PEP’s

- PEP’s are considered high risk internationally.
- How are Associated PEP’s classified, and how are they to be managed within the Risk Framework?
- Consider implementing a PEP Risk Framework.
- Conduct a robust PEP risk assessments and document these.
- Determine what is to be assessed and how often.
- When is a PEP no longer a PEP?
- Maintain a PEP register with sufficient detail.
Presenter’s contact details

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LEVERAGING TECHNOLOGY

• Compliance obligations are becoming more onerous

• The larger the organization the greater the risk

• Smaller businesses can assess technology which is scalable

• Technology becomes a key contributing factor to maintaining effective risk based CDD compliance

• Automating manual processes decreases long term costs
Customer Due Diligence
A Risk Based Approach

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Purpose of this Section

• Discuss approaches to automate the processes of CDD

• Consider business benefits of a successful CDD programme
Customer Due Diligence

Challenges
1. Challenges: Verification and Assessment

• Need to verify identity of customers
  – Understand the ownership structures and beneficial ownerships
  – Identify directorships, PEPs, shell companies
• Consider extended business relationships associated with directorships, and national and international linkages
• For correspondent banking operations, the need to audit and understand AML controls
• Respond and re-assess risk on an ongoing basis
• Audit, record & document
2. Challenges: Risk Based Approach

- Increasing pressure to adopt a principles based, risk based approaches to AML and CFT
  - Move away from checklist based approaches

- Institutions must risk assess customers and correspondents
  - Customer type, business relationships, ownership structures
  - Products and services

- Assessment must be proportionate and systematic
  - At point of new business and on an ongoing basis
  - Appropriate risk based treatments
3. Challenges: Alignment with AML Program

- Integrate CDD risk assessment with transaction monitoring regime
- Support regular review and re-assessment
- Capture and maintain documentation
- Centralize and make information available for other processes
- Increase productivity, improve quality of investigations and reduce program costs
- Respond to introduction of new products and services
Customer Due Diligence

Successful Strategies
1. Successful CDD Strategies: Map Risk

Map & understand your business risks

• Classify & quantify risk factors

Assess across two key dimensions:

• Your internal business risks
  – Products & service arrangements
  – Transaction types, Business Units
  – Geographies …

• Your customer risks:
  – Customer (location, incorporation)
  – Products & services used
  – Business relationships & ownership
  – Business Sector, Asset size …
1. Successful CDD Strategies: Map Risk

Assess the complete customer relationship
- Combination of your business risks
- And your customer risks

Outcome risk assessment:
- Customer risk tiers / bands
- For each customer
- On an ongoing basis throughout the complete lifecycle

Evidential assessment and reporting:
- Understand whether outcomes align to risk assessment
2. Successful CDD Strategies: Automate

• Automate where possible
  – Based on operational process and business assessment of risk
• Use open source data and information services – CIP, PEP lists, Negative News
  – Automate identification of business relationships
• Capture and store relevant documentation
  – Reviews and document management
• Perform continuous risk assessment
• Provide manual response only when risks exceed acceptable levels
  – Or when regular review required
2. Successful CDD Strategies: Automate

1. Automate applications and detection of changing risk factors
2. Systematic assessment process - identifies risk / exceptions / items for review
3. Investigate - reject and report unacceptable risk
4. Mitigate acceptable risk with evidence and record justification
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A Commercial CDD Solution

Complete Customer Record

Understand Business Relationships

Multi-Factor Risk Assessment
3. Successful CDD Strategies: Integrate

- Apply risk scoring as part of ongoing transaction monitoring, use transaction monitoring to improve CDD

  - **Customer Due Diligence** = AML Risk Prevention
    - Understanding the customer relationship
    - Assessing the ongoing risk of the customer relationship
    - Understanding the economic rationale of the relationship
    - Assessing wider risks that might be present
    - Managing, auditing and controlling the interaction process

  - **Transaction monitoring** = AML Risk Detection
    - Detecting red flag behaviours and known scenarios
    - Detect patterns of unusual behaviour
Customer Due Diligence

Benefits & Business Opportunities
CDD Benefits and Opportunities

• Use CDD results to align risk in your transaction monitoring program
  – Focuses ongoing transaction monitoring
  – Aligns results to risk policy
  – Reduce false-positives and wasted investigations

• Standardization of Compliance Process
  – Consistency, control and audit
  – Document decisions and risk assessment
  – Supports independent audit and test
CDD Benefits and Opportunities

• Business & operational efficiencies
  – Streamline Applicant and Ongoing Due Diligence
  – Respond only where risk management is required
  – Automation benefits – regular review, risk triggers, documentation management
  – *Reduce compliance cost*

• Single View of Customer Risk
  – Audits client interaction and responses
  – Capture profile of anticipated and historic behaviour
  – *Re-use across compliance, credit, operational risk and fraud investigations*
CDD Benefits and Opportunities

Additional Cross-Functional Efficiencies & Due Diligence

- Remove Regulatory Overlaps
  - FINRA Rule 2090 (Know Your Customer), FINRA Rule 2111 (Suitability)
- FATCA – US Foreign Account Tax Compliance Act
  - Identify US customers, manage, review, document & report
- Bribery & Corruption
  - Due diligence of suppliers & employees is a key requirement
- Fraud Prevention
  - Enhance your fraud detection processes with customer’s anticipated behaviour

Generate value for the rest of your business
TRAINING

• Develop a comprehensive training program for high risk customer facing employees which includes
  
• Private Banking
• PEPs
• Correspondent Banking
• Practical examples
• How to manage high risk customers
• Which due diligence or enhanced due diligence procedures must apply
• Risk assessment strategies
• Controls

• Regularly update training

• Provide for initial as well as ongoing training

• Provide for training as part of remediation efforts
MONITORING

• Close monitoring of new clients both for
  • Suspicious Activity
  • Consistency with DD information provided

• Continuously update customer risk profiles

• Data base of all high risk customers

• Ongoing transaction monitoring on high risk customers
  • Lower thresholds
  • Higher focus on higher value transactions

• Reporting of suspicious activity

• Forwarding results of monitoring to MLRO for review and remediation
RECORDKEEPING

• Keep records and provide an audit trail throughout the client lifecycle
  • Risk assessment and score
  • Identification and verification documents
  • EDD research
  • Source of wealth
  • Expected activity
  • Changes in customer profile

• Changes in risk based strategy
  • Requests
  • Governance
  • Approvals
CONTROLS

• Appropriately stringent controls commensurate with the risk to ensure all:
  
  • High risk client facing employees are trained
  
  • Details are captured according to policy
  
  • Records of identification and verification information are kept
  
  • Accounts and transactions are continuously monitored
  
  • High risk customers are regularly reviewed
  
  • Remediation is undertaken in a timely manner
REMEDIATION

- Immediate remediation of any high risk accounts without appropriate info
- Immediate remediation of any PEP accounts without appropriate info
- Ongoing remediation when there is a lack of information
- Follow up on referrals from monitoring
- RemEDIATE control weaknesses
- RemEDIATE outdated risk assessments or frameworks
- Make training a part of remediation efforts
- RemEDIATE gaps in training as well
THE LOWER RISKS

• A risk based approach does not mean lower risks are excluded

• Requires controls commensurate with the risk

• Less focused but remains important

• May only require simplified due diligence

• Ensuring high risk customers don’t have duplicate low risk records

• Managing the movement from a low risk client to high risk is important