Financial
Crime Mitigation

A uniquely flexible range of intelligent, versatile solutions for financial institutions, large and small, to combat financial crime.

TEMENOS

THE BANKING SOFTWARE COMPANY

Introduction

Our Financial Crime Mitigation product family is a range of intelligent, analytical detection engines that are accurate, fast, easy to configure and simple to use to mitigate financial crime. Its sophisticated approach ensures increased efficiency by saving time and lowering data-mining costs for enhanced decision making and improved collaboration, ultimately completely mitigating against risk. You choose the solution you need, whether it be to fight fraud or money laundering, accurately screen against sanctions lists or ensuring customer enhanced due diligence.

50%
reduced total cost of ownership

"

Within the last two years using the financial crime tools from Temenos, we were able to r**educe our TCO by approximately 50%**, following a major project to identify our cost saving potential by identifying gaps, centralizing as much as we could and making use of our economies of scale.

- Peter Haener - Head of AML Monitoring and Surveillance Compliance - UBS

Highlights

Our Financial Crime Mitigation product family customers benefit from a range of highly efficient and effective analytical modules which quickly identify the likelihood that a financial crime has occurred, while offering access to a raft of customer data to support profitability.

Safe and accurate

Criminal transactions are identified through safe and accurate algorithms; both the Screen and Profile modules offer the lowest rate of 'false positive' alerts in the industry, without compromising a financial institutions (FIs) detection rates. All transactions follow an automated 4-eye review process by default along with contextbased validation. All of these settings and workflows are configurable.

> Lowest rate of 'false positive' alerts in the industry

Agile

Allowing for "progressive renovation", you can install only the components that the business needs. They can be integrated with existing systems at your own pace and have the ability to run concurrently. Profiles for all modules can be as simple or comprehensive as required, enabling analysis of all transactions, or specific accounts, or defined segments, achieving high quality alerts.

Experienced

We have over 25 years of banking software and financial crime mitigation experience. This means we are sitting on a quarter of a century's transactional records to create historical behavioral patterns to ensure ultimate accuracy and scenario information.

Clear and controlled

Our solution offers complete transparency throughout the process. Graphical summary dashboards demonstrate risk levels to measure and govern efficiency and effectiveness of the modules, based on a variety of criteria. You benefit from full empowerment with customizable workflow manager tools which are managed according to local requirements and easily defined roles and access rights.

> 25 years of experience in banking software and financial crime mitigation

Efficient

Modules are completely automated for complete straight through processing, but with the ability for users to manually intervene at any time. As well as automatic analytics and processing, modules include automatic report generator engines which generate reports on a daily, weekly and monthly basis.

Ready and easy integration

Our open technology fits the operational needs of any financial institution. It offers 'out-of-the-box' modules that provide comprehensive customer and transaction profiling. A fully integrated system working with any core banking or payments system, it provides flexible configuration and high performance with independently recognized speed and precision. It is available on-premise or with cloud deployment.

> ### Rich source of information
>
> Our modules provide you with a rich source of up-to-date customer information that have already undergone extensive analysis. Offering access to a customer's transactional information in one record, regardless of how many accounts they have, it can provide a picture of several days, giving a detailed insight into a customers' recent behavior, enabling you to direct more targeted offers to your customers.

Real-time

Our Financial Crime Mitigation range also supports real-time transaction monitoring. Our real-time, online transaction monitoring solution has been designed to support your fraud detection needs and can also be used to support real-time anti-money laundering requirements, recognized speed and precision. It is available on-premise or with cloud deployment.

Market background

Between three and five percent of global GDP is laundered annually and this figure is set to increase. As a result, anti-money laundering (AML), and sanctions breaches are coming under increasing scrutiny; resulting in record breaking fines from regulators (over US$40billion in 2016). In addition proliferation of channel banking has significantly increased bank's exposure to fraud.

Open Banking, where banks need to share systems and data with third party service providers, adds an additional dimension of complexity and vulnerability. As well as the direct financial loss associated with fines and fraud, banks and financial institutions are experiencing serious reputational damage. In one case, a firm lost over 20 per cent of its market capitalization within a week as a result of publicity arising from a 'bad news' event.

Costs are spiralling and no longer sustainable: anti-financial crime efforts can cost banks up to 1.8% of total assets, close to US $1 BN in larger organizations and disproportionately high in smaller.

Counter terrorism financing

One of the main weapons to combat terrorism is targeting finance. Alternative payment methods that hide both users and transactions like virtual currencies are of particular appeal.

Money laundering growth

Increases in organized crime, corruption, drugs trafficking and smuggling globally (but particularly in developing nations) is driving an increase in financial crime. Non regulatory/legislative compliance results in monetary penalties, regulatory sanctions and reputational impacts.

A piecemeal approach to financial crime

Many organizations have financial crime systems for a given task or coverage area, however these are often used in isolation offering a superficial yet functionally inadequate layer of protection. Sophisticated criminals exploit the gaps between these independently operated systems, often leveraging weakness in one channel to gain access to another.

Fines from sanctions breaches

The extensive utilization of sanctions as a foreign policy tool is on the rise. As a result there is an increasing focus on breaches which are resulting in increased fines to individual banks (some running into US$billions). Such fines are often accompanied by a requirement for enhanced compliance to be carried out by the offending organization.

Failure to connect across multiple systems

By neglecting to view information across their myriad systems, many financial institutions often fail to identify criminal activities as they are in progress (or even after they have occurred).

Cost cutting to the detriment of prevention

Viewed primarily as "cost centers," fraud detection groups, and Financial Investigation Units (FIUs) are continually facing budget cuts and staffing reductions. Yet as regulators increase scrutiny on the financial industry, the number and amount of fines are growing precipitously.
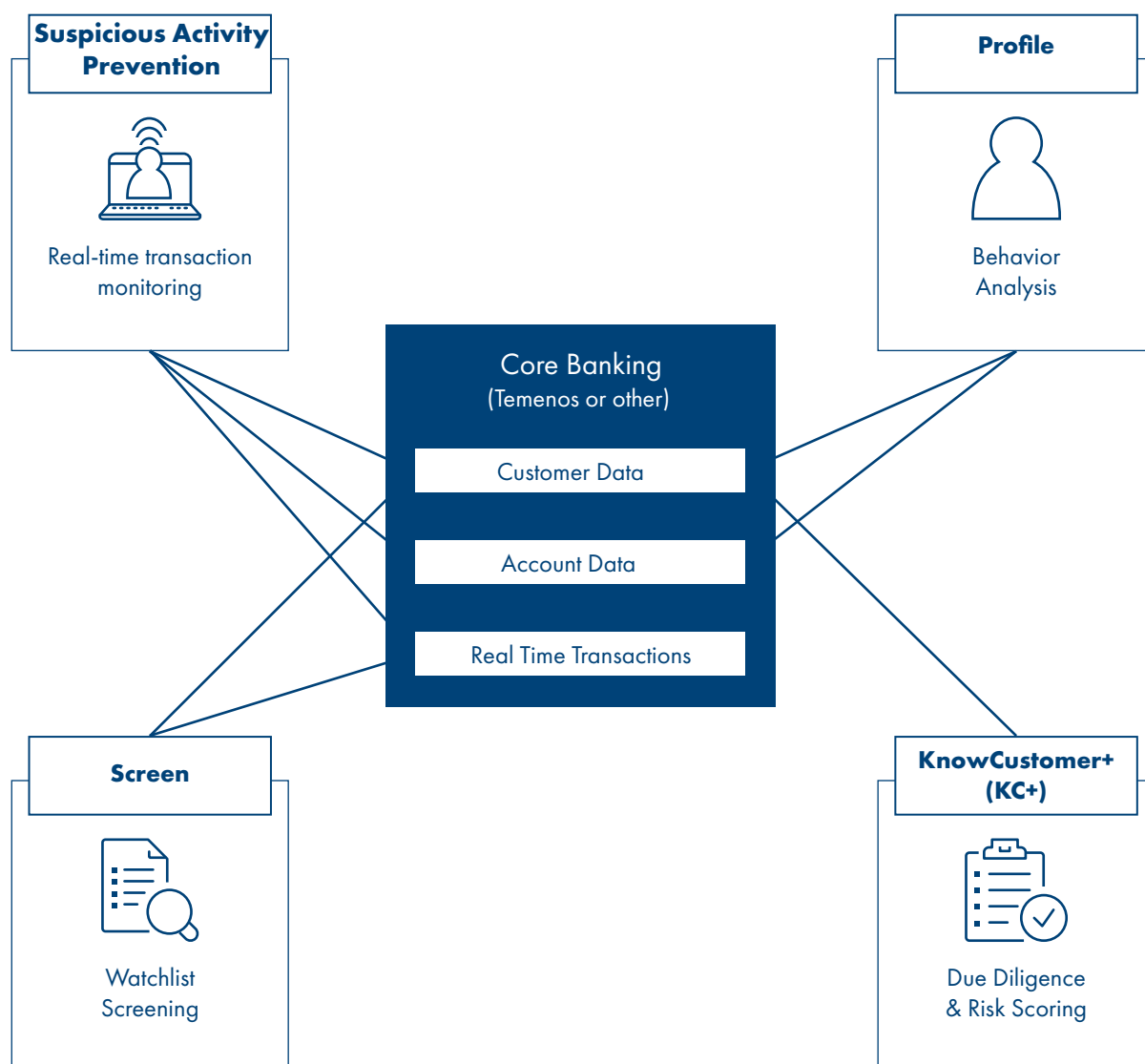
Fraud

Fraud costs the banking industry approximately $67 billion per annum[1]. Year on year, fraudulent attacks are becoming more sophisticated, using technology-enabled techniques, and their consequences more severe. Fraud can happen across multiple accounts and jurisdictions. Being able to identify fraud in real-time accurately is essential.

1 Association of Certified Fraud Examiners [Associação de Examinadores de Fraude Certificados]

Financial Crime functionality overview

There are currently four modules available within the Financial Crime Mitigation product family.

- Suspicious Activity Prevention
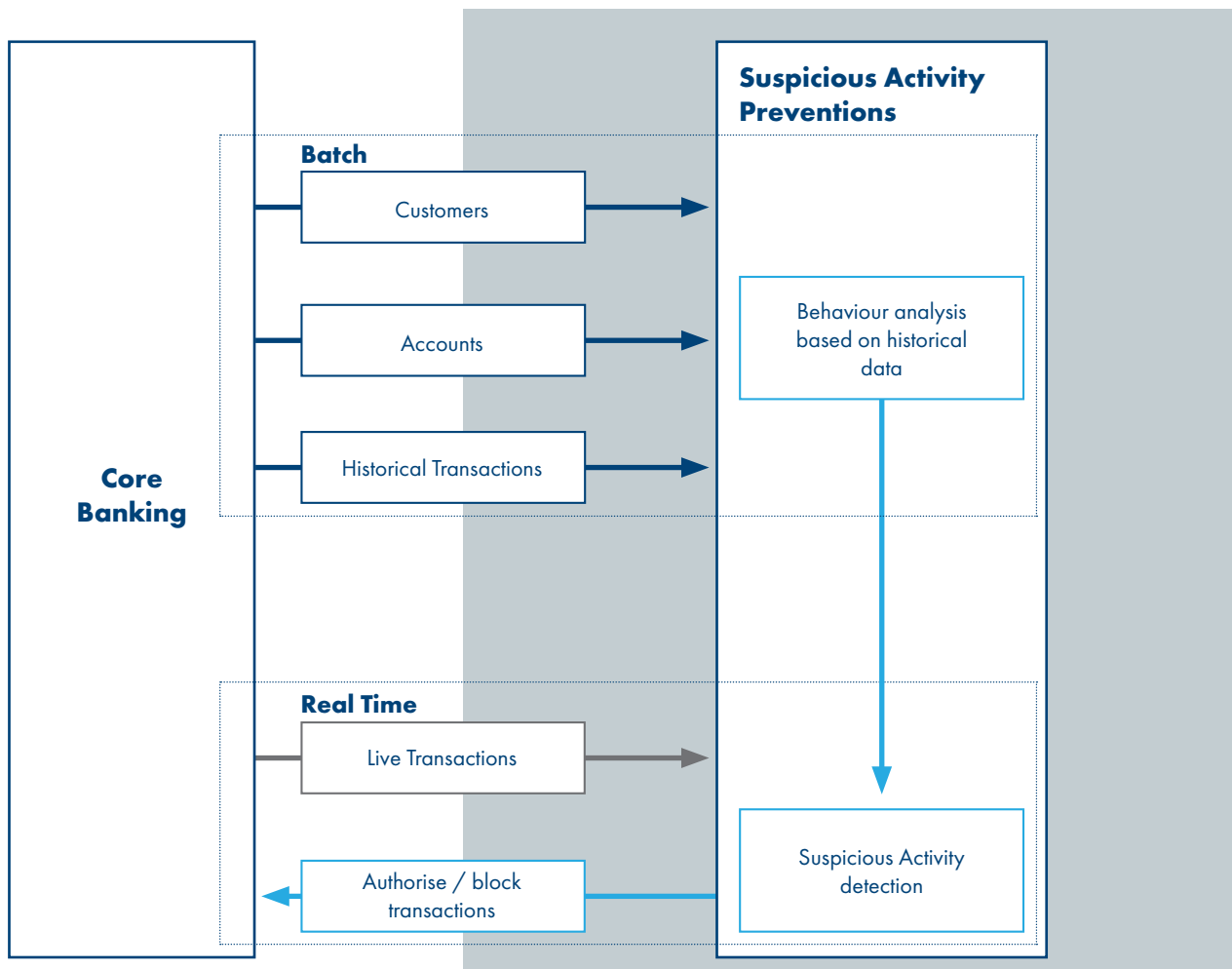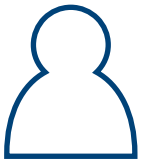- Profile
- Screen
- KnowCustomer+

Suspicious Activity Prevention

Real-time transaction monitoring

Profile

Behavior Analysis

Core Banking
(Temenos or other)

Customer Data

Account Data

Real Time Transactions

Screen

Watchlist Screening

KnowCustomer+ (KC+)

Due Diligence & Risk Scoring

Suspicious Activity Prevention

Suspicious Activity Prevention is an 'out of the box' real-time, online transaction monitoring solution. Highly efficient in identifying fraud, it can also support real-time anti-money laundering scenarios. Using rules configurable by any business user, the application has been designed to block suspicious transactions based on real time behaviour analysis. It uniquely builds user and customer profiles to detect and stop suspicious transactions with unusual amounts, abnormal frequency, suspicious location and transactions to not-seen-before business partners. Taking into account elements such as transaction amount, currency, transaction type and frequency, parameters can be combined and compared to 'usual behaviour' or predefined patterns. All this provides an essential function; the ability to stop suspicious transactions before the funds are moved.
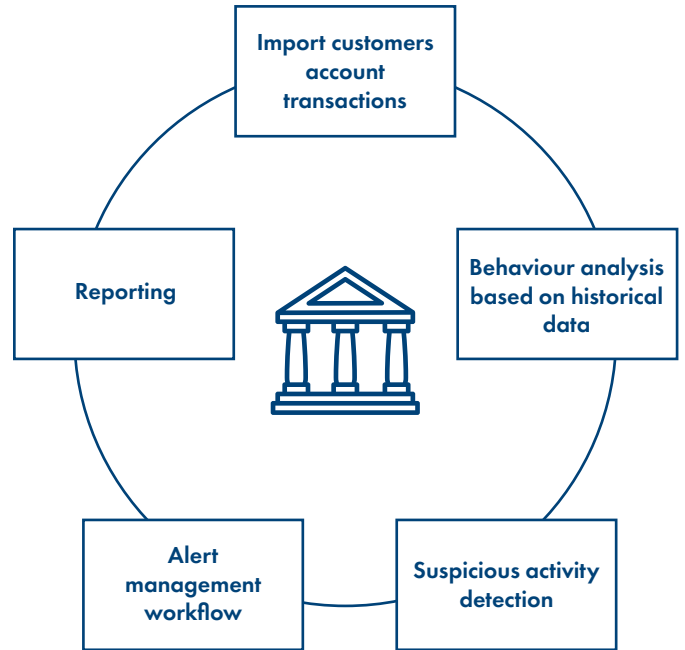
The Suspicious Activity Prevention module monitors transactions in real-time to bloc transactions that are identified as suspicious.

Profile

Profile is an 'out of the box' anti-money laundering solution. It provides web-enabled, end-to-end customer profiling and transaction monitoring which easily integrates into any core banking platform. Full control is also ensured through flexible configuration as well as an automatic report generator engine and customised reporting reducing your data mining costs. Profile's processing and detection engines are accurate, fast, easy to configure and simple to use. Clarity is ensured through comprehensive dashboards and profiling that is comprehensive or as simple as you need.
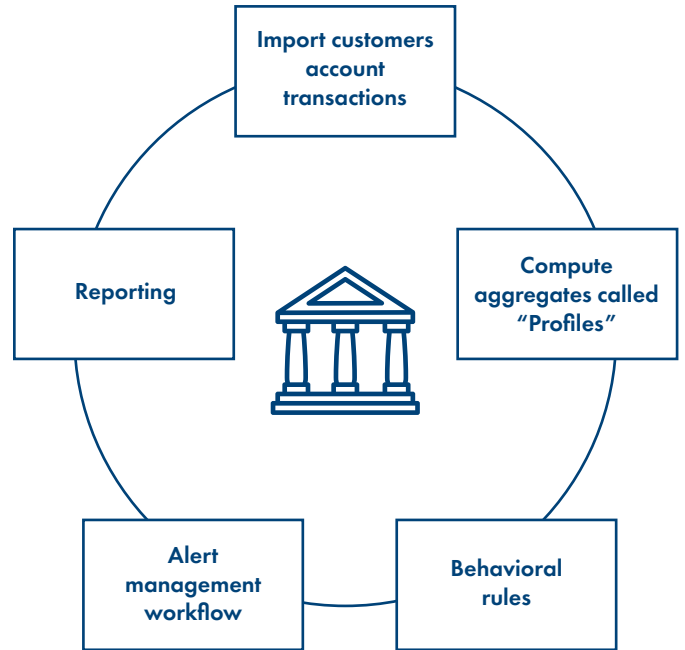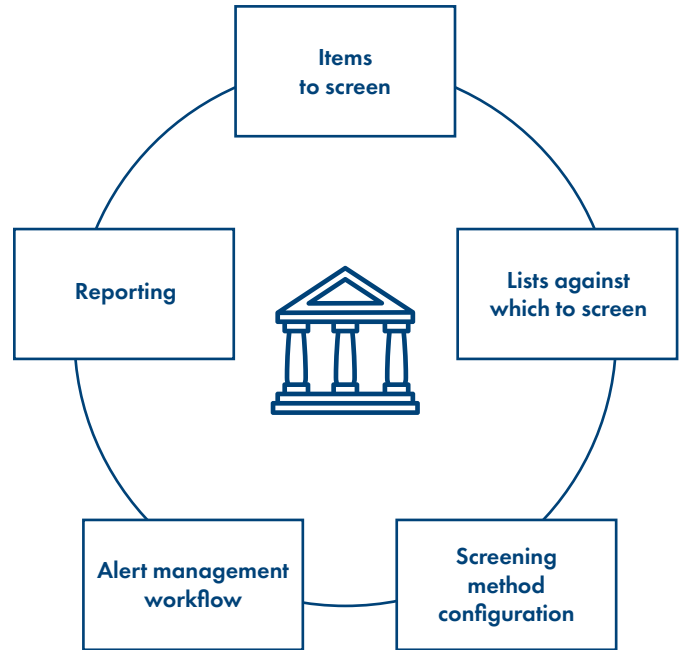

The Profile module creates alerts when current customer behavior support money laundering, differs from previous behavior or reference patterns.
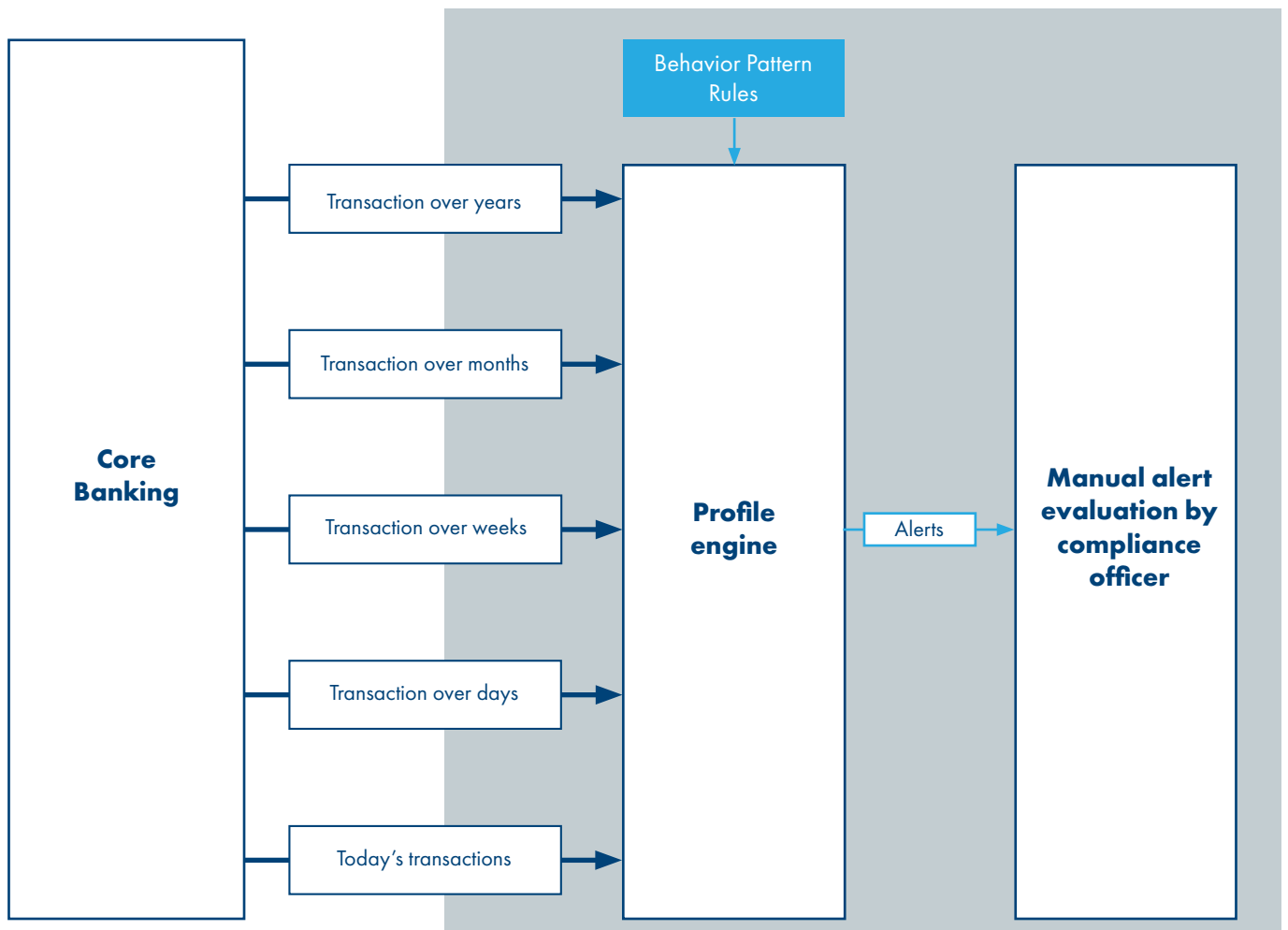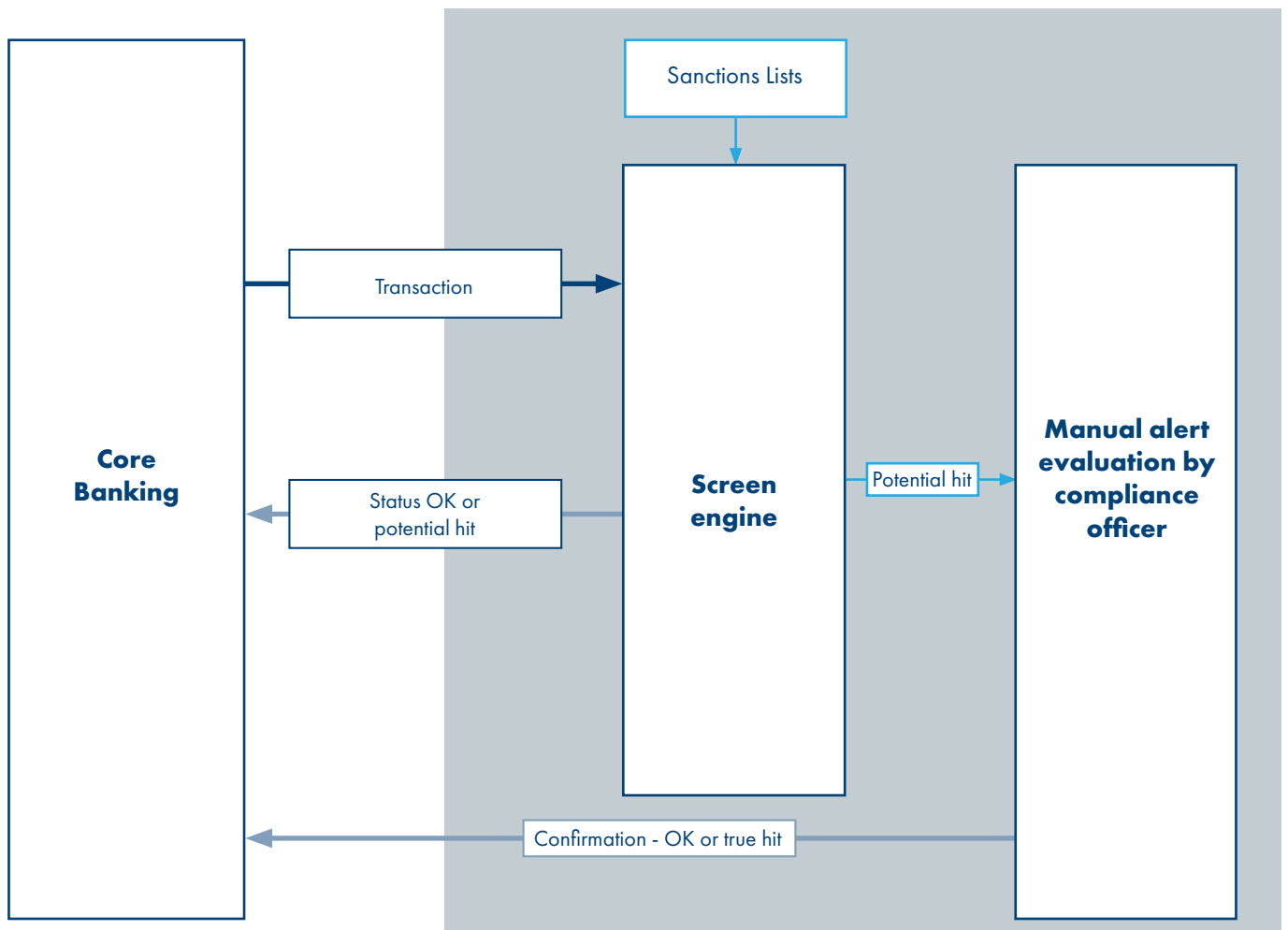
Screen

Screen protects your business by screening your customers and all types of transactions against watch lists (including sanctions). Its versatile, risk based approach integrates lists from various origins: public, commercial or private applying geographic and business rules. Sophisticated algorithms and highly effective scanning methods deliver the lowest rate of 'false positive' alerts in the industry without compromising your detection rates. Screen's flexible workflow framework allows you to define roles/access rights, context-based validation and 4, 6 or any number of review steps with the objective of operator productivity and accuracy. Screen provides also additional complementary features such as sophisticated wizards to reduce false positives, you have a comprehensive solution for all your screening needs.

Items to screen

Lists against which to screen

Reporting

Alert management workflow

Screening method configuration

The Screen module screens transactions and customers against sanctions and a bank's own lists.

Core Banking

Sanctions Lists

Transaction

Screen engine

Status OK or potential hit

Potential hit

Manual alert evaluation by compliance officer

Confirmation - OK or true hit

KnowCustomer Plus

KnowCustomer Plus (KC+) is a risk based solution to classify financial institution customers' according to their risk profile at the account opening process and during the entire customer life cycle, which easily integrates into any core banking platform. More thorough and advanced than standard KYC (Know Your Customer) solutions, it uses a detailed risk matrix dashboard including the risk status, range and count to ensure full customer profile awareness. The system offers complete flexibility including the ability to add search criteria filters (at simple, advanced, column, identity, address, country or risk level) or create, amend or delete assessments. It uses advanced and fully configurable algorithms to calculate compliance risk scores of new and existing customers, on the basis of the customer profile.
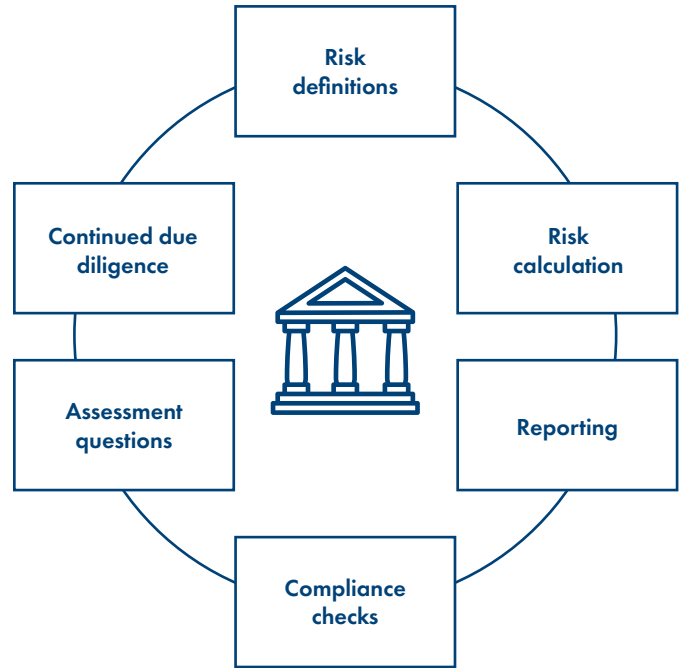
The KC+ product allows a risk based approach. The risk level calculation is flexible, automatic and executed during the entire customer life cycle.
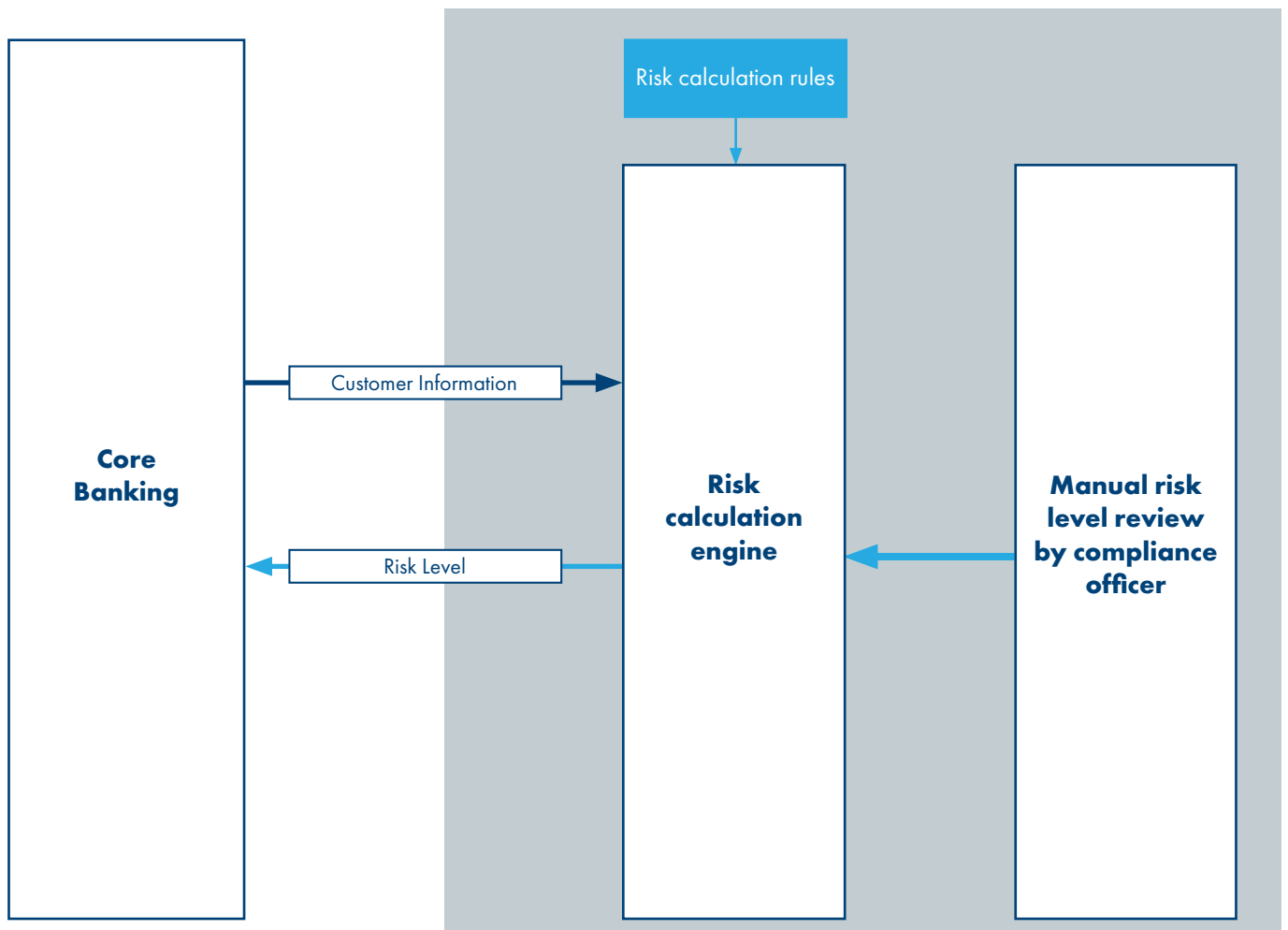
Benefits of our
Financial Crime Mitigation product family

Clarity and control

Accuracy

Reduced risk

Agility

Efficiency

Full operational and technical control

Return on investment

Easy integration

Over 100 banks protected globally

Summary

Between 3-5% of global GDP is laundered annually and this is set to increase along with US$billion fines for non-compliance. However, budgets for financial crime mitigation are limited. But there is a way of protecting yourself and profiting. 91% of financial institutions believe that 'customer data is a bank's most valuable asset'; a $1.6 trillion opportunity. Financial crime data holds the key, having the right solution unlocks it.

Next steps

To hear more on Financial Crime, contact us at sales@temenos.com

More about this product
http://tem.mn/fcrime

tem.mn/allProd   *marketplace.temenos.com*   *temenos.com*

temenos.com

Temenos AG (SIX: TEMN), headquartered in Geneva, is the world's leader in banking software, partnering with banks and other financial institutions to transform their businesses and stay ahead of a changing marketplace. Over 3,000 firms across the globe, including 41 of the top 50 banks, rely on Temenos to process both the daily transactions and client interactions of more than 500 million banking customers. Temenos offers cloud-native, cloud-agnostic front office and core banking, payments, fund management and wealth management software products enabling banks to deliver consistent, frictionless customer journeys and gain operational excellence. Temenos customers are proven to be more profitable than their peers: over a seven-year period, they enjoyed on average a 31% higher return on assets, a 36% higher return on equity and an 8.6 percentage point lower cost/income ratio than banks running legacy applications. For more information please visit www.temenos.com.