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# AML compliance management support

Deloitte Risk Advisory Financial Crime  
2023

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# AML/CTF Advisory

We are part of the EMEA and Global Financial Crime Advisory Practice which helps our clients protect their brand and reputation by performing specialised assessment of money laundering ("ML"), terrorism financing experience ("TF") and sanctions risk exposure. With the knowledge and experience of our experts from Deloitte global network, we provide highest-quality products and services to our customers.

## Global reach, local expertise

We are one of the largest and most experienced Anti-Money Laundering ("AML") and Counter Terrorist Financing ("CTF") practice, providing continuous and consistent support to our global clients. Our AML / CTF experts have helped financial institutions around the world to create and implement effective AML / CTF programs for over 20 years. Deloitte CE supports the largest financial institutions in the implementation of their AML / CTF obligations.

## Unique competences

Financial Crime Team specialists are professionals with experience in the banking sector, experts in AML / CTF and Regulatory Compliance. We have extensive experience in designing policies and procedures, implementing new regulations and solutions as well as AML / CTF risk management. We combine expertise in Know Your Customer ("KYC"), transaction and regulatory changes monitoring, new technologies and experience in court proceedings.

Our practical approach helps us provide products that support our clients in their pursuit of simplifying business operations, remembering that effectively implemented procedures are the key to achieving regulatory compliance.



## CONTACT



### Paweł Szałowski

Risk Advisory Leader, Poland  
+48664199183  
pszlawski@deloittece.com

# Our Key Competences



# Independent AML assessment



# Independent Business AML/CTF Compliance Program Assessment

As penalties for non-compliance increase, the importance of AML/CTF periodic reviews grows significantly. In order to ensure Compliance review objectivity and independence, many institutions choose to hire an external advisor.

Third party assessment of AML/CF program provides independent comprehensive evaluation of institution's compliance with regulatory requirements and best market practices. Independent assessment is important not only for the company's management board but also it plays important role for their business partners.

External AML/CTF assessment helps institutions to identify and address potential AML/CTF issues, before the regulator does it.



Protecting institution's reputation is currently one of the most crucial business objectives.

## Key elements of AML independent assessment

- 01. Financial Security Measures**  
The catalogue and use of security measures
- 02. AML/CFT Department**  
Responsibilities, competences, trainings
- 03. Risk Assessment**  
Definition of risk factors, Methodology of AML/CTF risk assessment
- 04. Technology**  
Tools and systems supporting AML/CTF processes
- 05. Reporting**  
correctness and accuracy of external and internal reporting system



# AML/CTF Risk Management Model



AML/CTF Risk Management Model tailored to the institution's needs, promotes business development while reducing costs of regulatory compliance.

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## Efficiency Assessment

Assessment of AML/CTF compliance program operational efficiency



## AML Compliance department

Review of target operating model including Three lines of defence



## Controls testing

Testing of operational efficiency of AML/CTF controls, including synthetic data testing



## Tools analysis

Analysis and evaluation of technology supporting KYC process as well as transaction monitoring and Suspicious Transactions reporting



## Corporate structure analysis

Analysis of company profile and identification of areas for improvement



## Risk analysis

Inherent and residual AML/CTF risk analysis considering specific company's risk

# Implementation Support



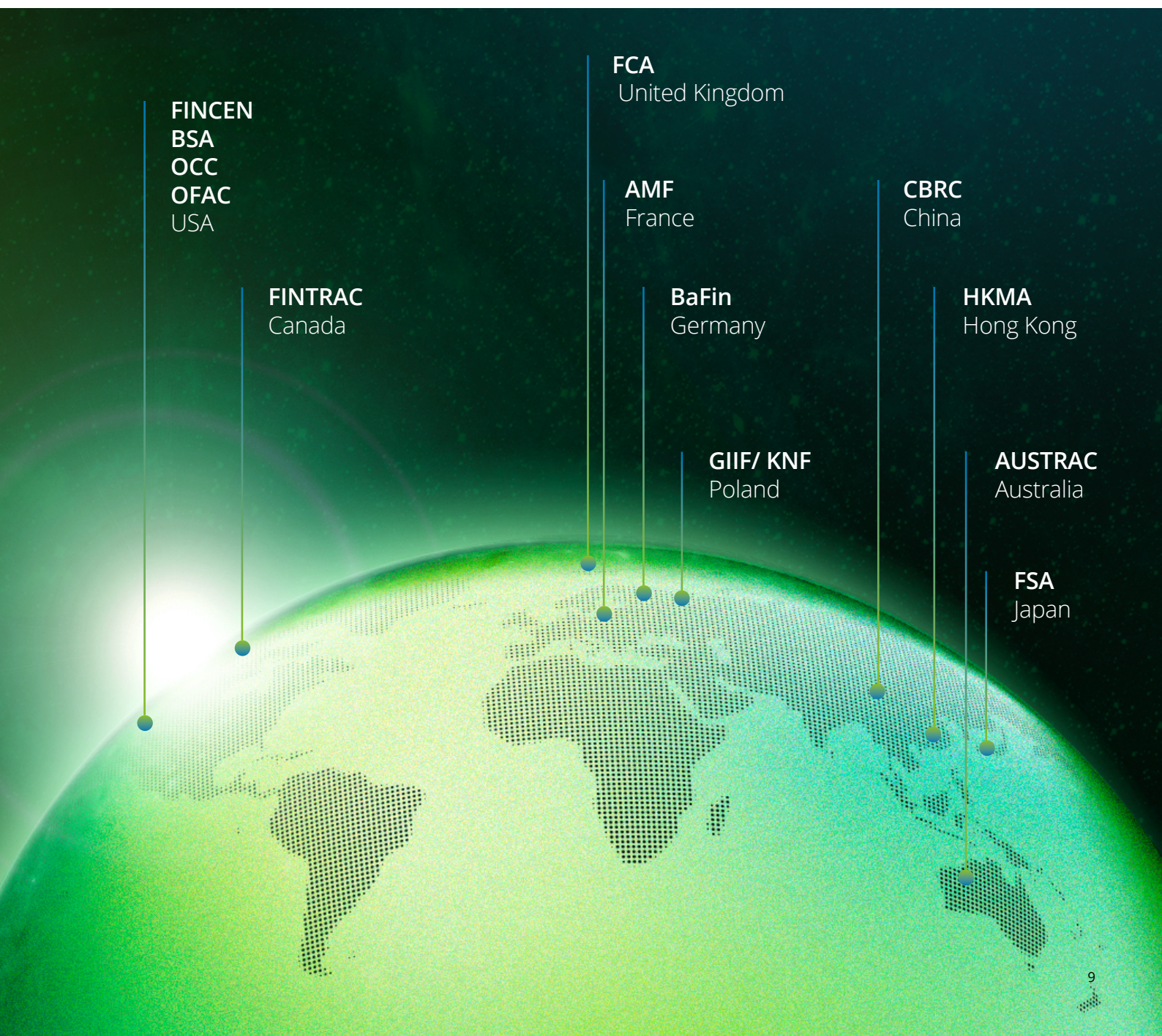


# Global services

For many institutions, meeting AML/CTF requirements means complying with different regulations from all over the world.

Deloitte's Global AML & Sanctions Practice has assisted many of the world's leading financial services organizations in developing and implementing all aspects of AML & Sanctions programs.

We have one of the largest and most mature AML/Sanctions practices that delivers seamless and consistent services for our global clients.



**FINCEN**  
BSA  
OCC  
OFAC  
USA

**FINTRAC**  
Canada

**FCA**  
United Kingdom

**AMF**  
France

**BaFin**  
Germany

**GIIF/ KNF**  
Poland

**CBRC**  
China

**HKMA**  
Hong Kong

**AUSTRAC**  
Australia

**FSA**  
Japan

# Comprehensive AML/CTF Compliance Program for Obligated Institutions



We support our clients throughout the process of implementation of AML/CTF regulations and adoption of best practices.

## Implementing Regulations in Obligated Institutions

Support in implementation of regulatory requirements tailored for client's needs



Our solutions are based on modules available as a comprehensive Compliance service or separately, to best address our clients' needs.

### Process Analysis

Assessment of institution's policies and procedures, processes, controls and supporting technology

01.

02.

### Gap Analysis

Identification of gaps between internal regulations and regulatory obligations and remediation plan

03.

### Interpretation of Regulations

Analysis and interpretation of institution's regulatory obligations

04.

05.

### Technology Implementation

Adjusting parameters of IT tools supporting AML/KYC processes, selection of new technologies suited for clients' needs

06.

### Documentation preparation

Update of client's internal AML/KYC documentation i.e. policies and procedures

# Enterprise AML risk assessment



Under current regulations, institutions are obliged to perform and periodically update their AML/CTF risk assessment.

At Deloitte, we believe that risk assessment is not only a document among company's policies and procedures, but a continuous process influenced by changes in the institution and its environment.

Risk assessment should not be seen solely as a response to regulatory requirements but as the basis of effective AML/CTF

Risk Management model. It helps to understand specific AML/CTF threats and the degree of institution's vulnerability and establishes basis for remediation measures implementation.

Deloitte's approach is based on hybrid model, recommended by the FATF and covers all relevant risk factors identified in relation to the company's activities at the inherent and residual level, the institution's susceptibility to the indicated risks, the probability of their materialization and

the data included in the National Risk Assessment. As a result of the analysis, a spreadsheet is created containing quantitative data, easily editable in the event of changes, a risk matrix, and a descriptive risk assessment.

## Examples of Risk Areas and Factors

Risk Areas	Customers	Products and services	Transactions	Distribution channels	Geographical factors	Other factors
Risk Factors	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Customer type</li> <li>• Ownership structure</li> <li>• Sector</li> <li>• PEP Status</li> <li>• Relationship length</li> </ul>	<ul style="list-style-type: none"> <li>• High anonymity level or limited transparency</li> <li>• Cash-intensive business</li> <li>• Facilitation of payments to third parties</li> </ul>	<ul style="list-style-type: none"> <li>• Ease / frequency of transferring funds between different jurisdictions</li> <li>• Transactions processed on behalf of clients' counterparties</li> </ul>	<ul style="list-style-type: none"> <li>• Executions of transactions without customer's physical presence</li> <li>• Customer's agents</li> </ul>	<ul style="list-style-type: none"> <li>• Company location</li> <li>• Customers location</li> <li>• Transactions origin and destination</li> </ul>	<ul style="list-style-type: none"> <li>• Significant increase in customers' activity</li> <li>• Mergers and acquisitions</li> <li>• New services</li> </ul>

# Technology solutions



# Deloitte Competence Centre

Deloitte has established a **Centre of Excellence for FinCrime Technology implementations** that has performed engagements helping financial services organizations to **analyse their needs, scope, plan, manage, develop, configure and test** FinCrime solutions together with other Deloitte Local Member Firms.



The result of a successful innovation process is new technology, supporting processes in the organisation. The key to success is selection of appropriate technology, taking into account the nature and strategy of the organization. Deloitte supports clients in choosing the right technologies from the range of solutions available on the market.

## Our Centre of Excellence uses the following approach for the implementation of solutions and tools:

### Testing and rollout

Quality assurance throughout the testing and rollout process thanks to change management processes previously agreed upon.

### Implementation

Implementation of all required functionality through the optimal leverage of selected solutions and their customization where needed.

### Data migration

Effective data migration requires transformations that leverage a deep knowledge of the data requirements – Deloitte knowledge is invaluable in this.

### Interface

Implementation of any required interfaces for communications between the technological solution installed and another third-party systems

### Business requirements

Identification of the requirements for the business, analyzing regulatory needs and the specific business target operative model.

### Functional design

Determination of products/ modules to deliver, data storage and management needs, documentation and report generation.

### Functional specification

Specification and design of components based upon the needs surfaced in previous phases and a complete market analysis to identify the best means of achieving aims.

### Data feeds

Definition and build of data models according to the modules and functionalities determined, as well as specific tool requirements.



# Sanctions screening effectiveness testing



Over **200** reviews have been completed



Reviews performed at approximately **30** banks



Tried and tested methodology that **leverages accelerators**

Deloitte offers the unique ability to provide you with a holistic and global understanding of the tools and vendors that are available for your firm.

Our global expertise and established cooperation with different technology suppliers, enable us to provide high quality services covering implementation and optimization of sanctions monitoring systems

Our methodology is based on measuring effectiveness of systems controls, comparing them with other solutions available on the market and identifies potential risks in the processes.

“Where commercially available automated screening software is implemented, firms should understand its capabilities and limits, and make sure it is tailored to their business requirements, data requirements and risk profile. Firms should also monitor the ongoing effectiveness of automated systems.

- The Joint Money Laundering Steering Group (JMLSG)

## 01. OUR APPROACH

Our approach specifically entails that we:

- Perform a review of the effectiveness of sanctions screening solution(s) using a Deloitte generated Test-File containing terms from agreed regulatory lists, and benchmark the results against users of similar technologies in the Financial Services industry.
- Prepare a report outlining our observations on areas where risks were identified, and recommendations to strengthen the configuration and use of your screening solution(s) based on findings from our benchmarking assessment.

## 02. METHODOLOGY

We test the ability of the screening solution(s) to produce alerts on names of sanctioned individuals, entities, vessels and aircrafts, and their aliases from an agreed set of regulatory lists.

These names are tested on an exact and a non-exact basis. The exact tests provide a view on the completeness of your sanctions lists and the effectiveness of the Good-Guy lists. The non-exact tests are designed to test the fuzzy matching capabilities of your solution. These fuzzy tests comprise 31 tests and are categorised into four areas:

- Name Variation
- Permutation
- Substring tests (i.e. concealed terms).
- Permutations generated by OFAC.

As part of the agreement of the testing scope, you will be able to choose the lists you would like to test against. Our Test-Files can be designed to include terms from the following regulatory lists at no additional cost:



The US Treasury Department Office of Foreign Asset Controls ('OFAC') lists; The UK Her Majesty Treasury list ('HMT'); The European Union consolidated list ('EU'); The United Nations Security Council resolution 1267 list ('UN 1267'); The State Secretariat for Economic Affairs list ('SECO'); The Department of Foreign Affairs and Trade list ('DFAT').

Regulatory lists not listed above will be considered on a case by case basis. Additionally, internal lists that you may wish to test may also be included.

# D.KYC and uComply

## AML/KYC technological support

Constantly changing AML regulation and greater emphasis on risk-based approach increase the importance of technological AML/KYC solutions.

To meet our customers' expectations, Deloitte created end-to-end solution D.KYC (Deloitte Know Your Customer) - a system supporting KYC process and workflow management and uComply - a solution facilitating AML/CTF risk management, sanctions screening and PEP status.

Stay one step ahead of the competition with technological support of AML / CTF processes created by Deloitte in cooperation with market leaders.

### 01. DELOITTE UCOMPLY

- User-friendly & automated Screening & Risk Assessment solution
- Leading name matching technology
- Sanctions & PEP Watchlist from a leading provider (DowJones)
- End-to-end workflow, from Watchlists management to decisions on alerts
- Specific business rules & re-use of past decisions in order to lower review workload
- Enhanced and customizable Risk Scoring module
- Robust case management, audit trail and reporting features
- Transliteration capabilities (i.e. uComply is able to match strings from several alphabets)
- Multi-team (i.e. 4-eyes principle) & multi-user enabled
- Access to the Dow Jones "Risk & Compliance" platform
- Unlimited "Google-like" queries on real-time refreshed content
- Strict confidentiality: your data never goes outside your walls
- uComply is installed and operated in your premises
- Local compliance with private and/or custom black lists e.g. local justice list, internal black list, etc.
- Reduced time to compliance: the service is implemented and fine-tuned in a very short time-frame
- No expensive hardware investment, no implementation project, no internal Watchlist management

### 02. D.KYC

- D.KYC is an integrated service that combines numerous KYC features & workflows together with AML/CTF expertise.
- The service is supported by a multi-channel & web-based platform and allows (as an option) our clients to delegate the execution of predefined KYC activities to Deloitte
- Counterparty onboarding - Initial risk scoring and due diligence
- KYC data capture
- Shareholding structure definition
- Initial sanction, PEP & adverse media name screening (real-time)
- Initial risk scoring
- Initial due diligence level definition
- KYC documents collection (based on counterpart type and due diligence level)
- Flexible workflow engine to support tailored counterparty acceptance process
- Ongoing Monitoring and Due Diligence
- Sanction, PEP & adverse media name screening (daily batch)
- Counterparty risk scoring and due diligence level update
- Counterparty data and documents remediation based on automated notifications (expired document, due diligence term, risk update, etc.)
- Flexible workflow engine to support tailored counterparty monitoring process
- Digital Due Diligence on Distributors – D2D2 (dedicated due diligence digital platform)



# Outsourcing





# AML/KYC processes outsourcing

## Deloitte Services

We believe that outsourcing is the future of the financial sector. In line with our vision and to meet expectations of our clients, Deloitte created Shared Services Center.

For many institutions, effective AML / CTF risk management means involvement of a large number of experienced specialists and implementation of new technology solutions. In order to reduce the risk and costs, more and more companies decide to entrust the AML processes to third party vendor.

In cooperation with market technology leaders, we offer comprehensive support for our clients' business, from AML / CTF and Compliance processes, through legal and tax services, to project management and IT systems support.

We have extensive experience in providing outsourcing service mostly for large and medium companies. Thanks to a flexible approach and cooperation with market leaders, including technology suppliers, our service is tailored to the specific needs of the organisations.



### Building AML function and corporate culture

- Creating AML/CTF department, defining target operating model
- Acquiring highly qualified employees (Subject Matter Experts, Team Leaders, Quality Assurance Reviewers)
- Building the AML function
- Implementing local and group procedures
- Conducting AML/CTF trainings
- Review of current AML model validation
- Assess the effectiveness of controls and testing process including (KYC, TM, sanctions screening etc.)
- Benchmarking to the best practices in Polish market



### KYC

- Collection and verification of customers' data
- Identification of customers' ownership structure and determination of UBO
- Establishing the status of politically exposed person ("PEP")
- Sanction check
- Bad press checks
- Risk level analysis in line with customer's group policies and procedures
- Ongoing monitoring of changes in customers' and UBOs data



### Transaction monitoring

- Investigation of alerts
- Performing and documenting transaction analysis
- Ensuring timely escalation of suspicious transactions
- Adjusting reporting of suspicious and above-threshold transactions to the requirements of regulators
- Defining rules for transactions monitoring based on account products / services and customers portfolio
- Maintaining transaction monitoring systems and required IT infrastructure

# AML/KYC Outsourcing

## Key Benefits



**Outsourcing of AML / CFT processes to a third-party helps to significantly reduce costs** of employment, systems (including transaction monitoring, external database licenses), maintenance of IT infrastructure, training of employees and office space. Outsourcing allows to adjust size of resources, which is now more important than ever.



Institutions gain access to experts' knowledge from various fields and jurisdictions. As our experience shows, **outsourcing helps to significantly increase quality of AML / CFT processes in terms of compliance with regulations and internal procedures.**



Based on standardized approach, outsourcing of AML / CTF processes ensures **compliance of KYC and transaction monitoring with local and group procedures.**



**Using third party services helps to shorten time required to perform** AML / CTF processes while maintaining required standards. This is particularly important in the case of processes involving a large amount of analyst work, e.g. new customers onboarding, periodic data updates and transaction monitoring.

# Contact Financial Crime Team in Poland



# Our Team



**Paweł Spławski**  
Partner | Deloitte Poland

+48 664 199 183  
psplawski@deloittece.com

Paweł is a Partner at Deloitte responsible for the Risk Advisory Financial Crime area. He has extensive experience in business consulting for financial institutions



**Monika Strzelecka**  
Senior Manager | Deloitte Poland

+48 660 088 562  
mstrzelecka@deloittece.com

Monika is a Manager in the Risk Advisory Financial Crime, specializing in Anti-Money Laundering and Counter Terrorism Financing (AML / CFT) issues. She has over 11 years experience in implementation and management of projects in the area of financial crime prevention.



**Andrzej Kępa**  
Senior Manager | Deloitte Poland

+48 698 964 394  
akepa@deloittece.com

Andrzej is a Manager in the Risk Advisory Department (Financial Crime) at Deloitte. His advisory experience includes AML/CFT projects, implementation of European and local regulations regarding banks, broker offices, insurance brokers and fund management companies.



**Piotr Jagodziński**  
Senior Manager | Deloitte Poland

+48 539 545 951  
pjagodzinski@deloittece.com

Piotr is a Manager in the Financial Crime Risk Advisory Team. He has over ten years of advisory experience in AML/CFT, including the adjusting of policies and procedures to the requirements of EU and local law, AML/CFT risk assessment and remediation projects.



We are happy to answer any additional questions regarding our services. We can provide detailed information about the offer of the Financial Crime Team and present the possibilities of tailoring our services to the individual needs of your organization.

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