

Money laundering Risks you cannot ignore



Negative publicity...Damage to corporate reputation and loss of goodwill...Legal and regulatory sanctions...An adverse effect on the bottom line. All are possible consequences of an organization's failure to manage the risk of money laundering.

Financial institutions face the challenge of addressing the threat of money laundering on multiple fronts. The challenge is even greater for complex institutions that operate in several lines of business, IT systems and business cultures. With the regulators adopting stricter regulations on financial transactions and increasing their enforcement efforts, institutions are facing increased complexity on customer identification and monitoring programs.

Cobrapost, an online magazine, claimed to have caught on camera what it describes as a massive expose, which alleges that some of the largest financial institutions in the country may be complicit in money-laundering. According to the report, it is alleged that financial institutions are assisting in channelizing vast amounts of black money into the regular banking system as laundered white money.

Some of the allegations include

- Accepting huge amount of cash for investment in the insurance products being offered by banks and for purchase of gold
- Helping the client to remit black money abroad through the banking system, and transferring the money telegraphically
- Opening multiple accounts and closing them at will to facilitate the investment of black money and withdrawal
- Opening bank accounts without following the mandatory Know Your Customer (KYC) norms, including PAN cards

- Facilitating procurement of demand drafts for the clients from their own bank and other banks against cash
- Using accounts of other customers to facilitate conversion of black money into white, and advising customers in investment plans to escape the purview of income tax

With these allegations, financial institutions face the challenge of determining whether:

- Any of the transactions, as alleged have actually taken place, and/or
- Are the policies, process and controls robust enough to prevent such events from happening



Gathering, securing and preserving evidence

Technology is an essential component of almost every investigations. To build a robust case and to comply with statutory rules, investigators must understand the various ways information can be stored and retrieved. Looking for a specific entry in a spreadsheet, or a single e-mail, can be daunting, but crucial. We

- Understand applicable legal requirements and policies
- Secure and collect evidence in a manner consistent with rules of admissibility
- Analyze the evidence with trusted and validated tools
- Present the evidence in an understandable manner

Interview Suspects and Witness

Our team has extensive experience and training in conducting both informal and formal interview with suspects and witnesses. Our interviews follow accepted leading practices to ensure that we can determine the modus operandi and identify other employees who are complicit in this act.

Forensic analytics

Deloitte DTect is a data analysis and interrogation methodology that is equipped to identify and isolate suspicious financial transactions within the vast data sets fields that may not otherwise be detected through standard procedures and reviews of paper audit trails. Based on our experience of working with other financial institutions on similar allegations, our tools have been customised to identify patterns, non-obvious relationship identification and inductive analysis techniques to analyze customer and transactional data which can identify potential outlier transactions.

Review documents and arrive at facts of the case

Our team of Anti Money Laundering (AML) specialists has in-depth understanding of the regulatory requirements and processes who will review the underlying documentation for each potential outlier transactions. These potential outlier transactions would be based on forensic analysis, interviews and review of emails/documents. This is essential to eliminate false positives and arrive at the facts of the case.

Review AML controls and framework

Our team has in-depth understanding of the regulatory requirements to tackle your challenges and help you raise your compliance standards and assist in the development/ customization of internal anti-money laundering compliance programs, policies, process and control systems.

These include:

- Advice on Indian AML requirements and leading practices in the country
- Gap analysis and benchmarking against industry best practices
- AML assessments, including reviews of account opening process and adherence to KYC requirements
- Development of risk rating framework incorporating customer, geography and product risk rating
- Customer risk rating, due diligence and account monitoring
- Assessments and independent testing of existing AML transaction monitoring system



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