

# Intelligente IT-Lösungen für digitale Herausforderungen in der Compliance

Ein ganzheitlicher Ansatz vom risikobasierten KYC-Prozess (Know Your Counterparty) über die Sanktionsprüfung bis hin zur Geldwäsche- und Fraud-Bekämpfung. Die Vermeidung von Datensilos macht diese Lösung fit für digitale Herausforderungen. Erfahren Sie wie dieser Ansatz Ihnen hilft, einen Überblick über den Stand und Effizienz Ihrer Compliance zu bekommen und Sie von einer KI bei der Trefferanalyse unterstützt werden.

Matthias Dennig | targens GmbH

# Compliance: Intelligent IT Solutions for Digital Challenges



# Compliance

## Annoying Duty and High Responsibility



# Compliance - Facing the current challenges

## Strict and steadily growing compliance regulations

- » PSD2 – Payment Service Directive 2
- » 5th EU' AML Directive, etc.
- » ...

## Threat of losing reputation

## Risking high fines

## CEO Fraud



# Challenges in the Software Infrastructure

## Slow and unconsolidated processes

### No unified processes

- » Separate departments for compliance management working with different solutions

### Manual work

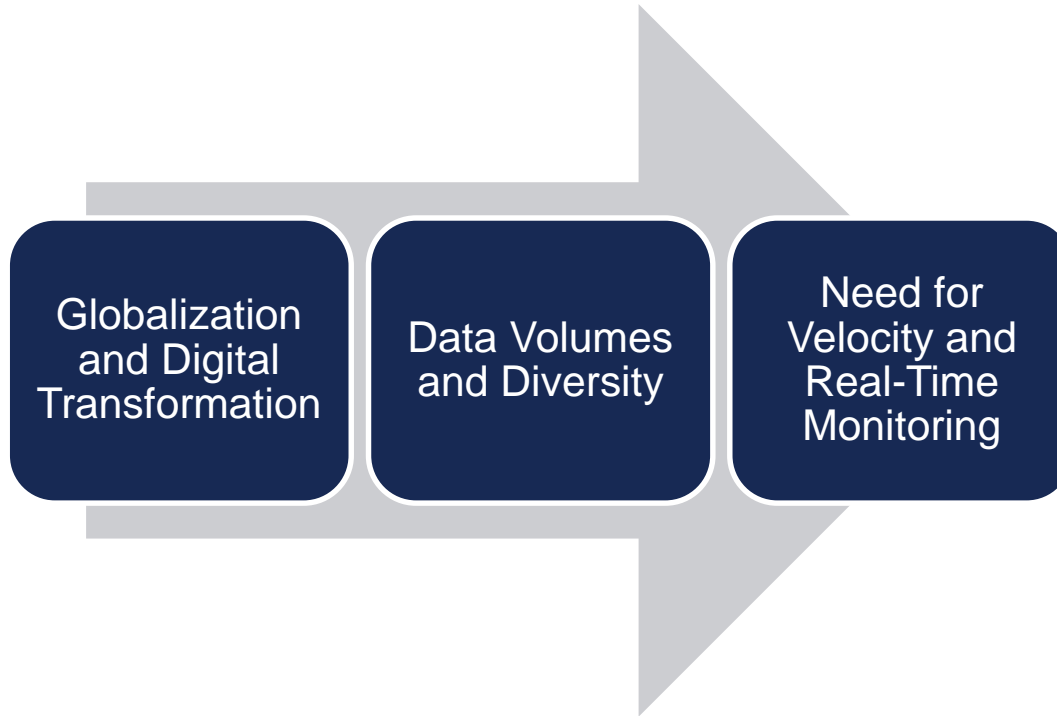
- » Lengthy manual work to single out fraud / money laundering candidates, putting fast payments at risk

### Inadequate results

- » Even with existing software solutions, too many false positives and (too) late identification of real candidates



## What the future will bring





# What the future will bring

## Compliance solutions have to be able to adapt to:

- » New regulatory
- » New data types and techniques

Example: The 5th EU Money Laundering Directive defines the regulation of crypto currency. This requires a compliance solution, that can deal with blockchain technology.



# Challenges for Compliance Professionals

## Increasing workload and personal risks

- » **New and changing regulations** make it difficult to keep the overview
- » **High percentage of manual work** in a complex software environment
- » **Rapidly growing data volumes & diversity** contributes to workload and complexity
- » **Risk of being punished personally** puts pressure on compliance departments

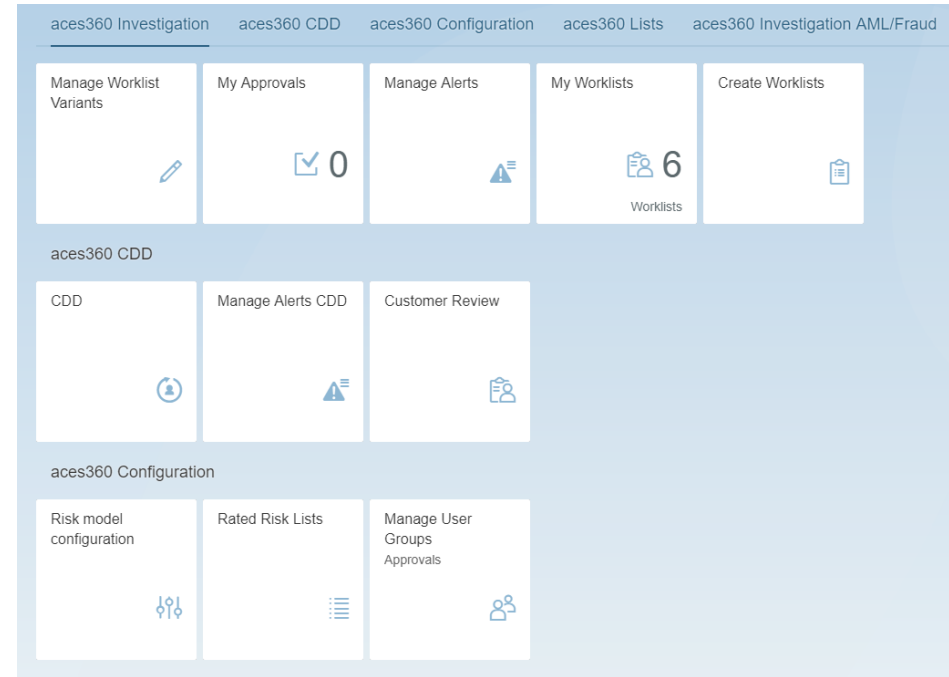




# The Right Software for Your Peace of Mind

» The optimized compliance solution:

- » Provides **an overall view of all compliance topics**
- » Works **discreet, careful and fast**



# About targens and SMARAGD aces360

Based on SAP Business Integrity Screening powered by SAP HANA



## Leading software solutions for compliance

### **SMARAGD Compliance Suite:**

- » Modular Compliance Solution

### **SMARAGD aces360**

- » Integrated Customer Lifecycle Management
- » Runs on SAP® Business Integrity Screening powered by SAP HANA®



## How to find the bad guys?



# Start your search, start simple, but start smart

## **Start with little effort: Start Simple, but start smart:**

- » Classical Sanctions Check
- » Risk-based Sanction Check
- » Strategy-based detection of deviations in behavior

## **Develop your company towards a comprehensive compliance lifecycle**

- » Add more ready2run modules
- » Grow with your own requirements and available resources

No effort for in-house development at customer's site and access to targens' more than 15 years of compliance expertise

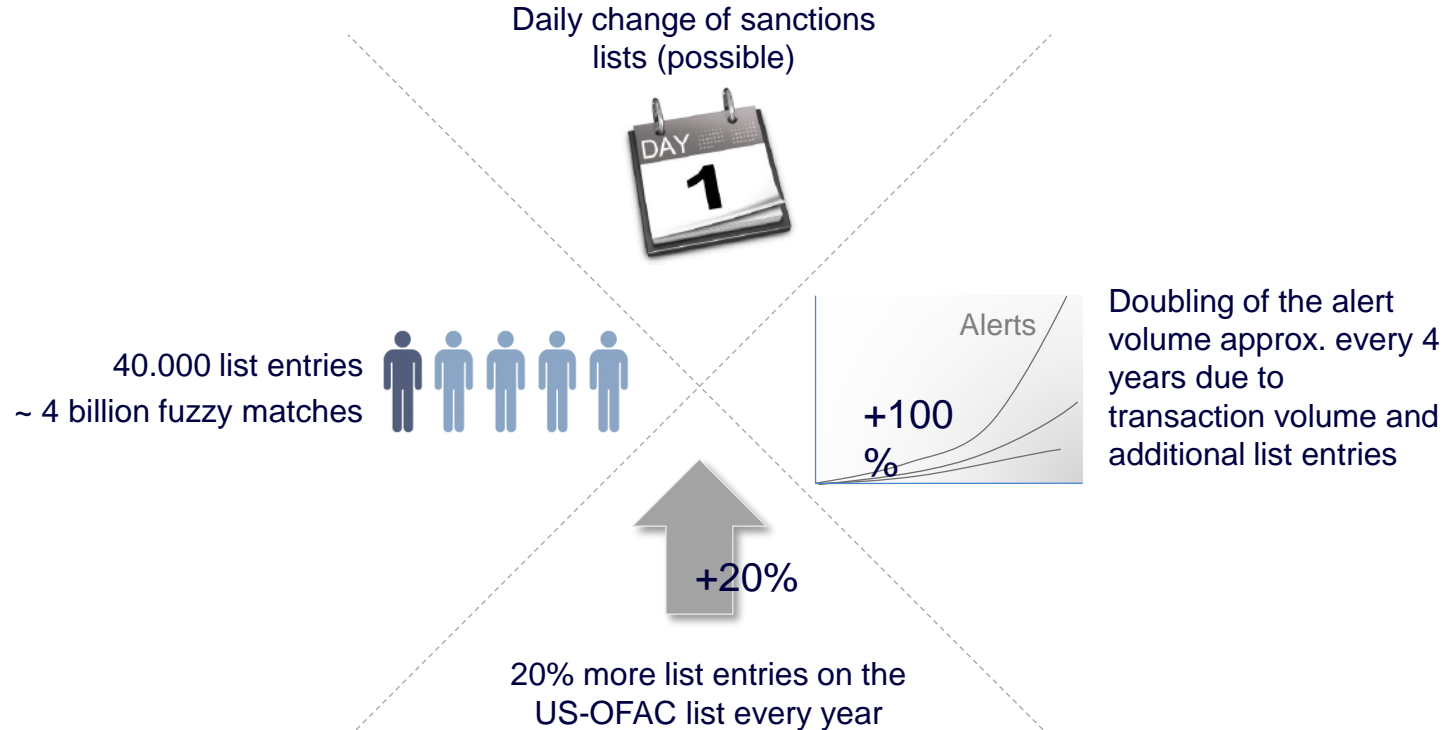
## Sanctions & PEP Screening

- » Specific definition of rules for the similarity check against sanctions and PEP lists
- » Mass detection of counterparties and other business partners
- » Consideration of the phonetic similarity search: Typos, initials, word order etc.
- » Calibration and optimization of the rules to reduce the false-positive rate





# Why is sanction screening such a complex task?



# Did you know that...?

## » Example: spellings

- » Over 100 different spellings in print media
- » 8 of which are on the OFAC list, only 1 on the UN sanctions list

Qaddafi, Muammar  
Al-Gathafi, Muammar  
al-Qadhafi, Muammar  
Al Qathafi, Mu'ammar  
Al Qathafi, Muammar  
El Gaddafi, Moamar  
El Kadhafi, Moammar  
El Kazzafi, Moamer  
El Qathafi, Mu'Ammar  
Gadafi, Muammar  
Gaddafi, Moamar  
Gadhafi, Mo'ammar  
Gathafi, Muammar  
Ghaddafi, Muammar  
Ghaddafi, Muammar  
Gheddafi, Muammar  
Kadafi, Momar  
Kad'afi, Mu`amar al-

Kaddafi, Muamar  
Kaddafi, Muammar  
Kadhafi, Moammar  
Kadhafi, Mouammar  
Kazzafi, Moammar  
Khadafy, Moammar  
Khaddafi, Muammar  
Moamar al-Gaddafi  
Moamar el Gaddafi  
Moamar El Kadhafi  
Moamar Gaddafi  
Moamer El Kazzafi  
Mo'ammar el-Gadhafi  
Moammar El Kadhafi  
Mo'ammar Gadhafi  
Moammar Kadhafi  
Moammar Khadafy  
Moammar Qudhafi  
Mu`amar al-Kad'afi  
Mu'amar al-Kadafi

Muamar Al-Kaddafi  
Muamar Kaddafi  
Muamer Gadafi  
Muammar Al-Gathafi  
Muammar al-Khaddafi  
Mu'ammar al-Qadafi  
Mu'ammar al-Qaddafi  
Muammar al-Qadhafi  
Mu'ammar al-Qadhdhafi  
Mu`ammar al-Qadhdhāfi  
Mu'ammar Al Qathafi  
Muammar Al Qathafi  
Muammar Gadafi  
Muammar Gaddafi  
**Muammar Ghadafi**  
Muammar Ghaddafi  
Muammar Ghaddafy  
Muammar Gheddafi  
Muammar Kaddafi  
Muammar Khaddafi

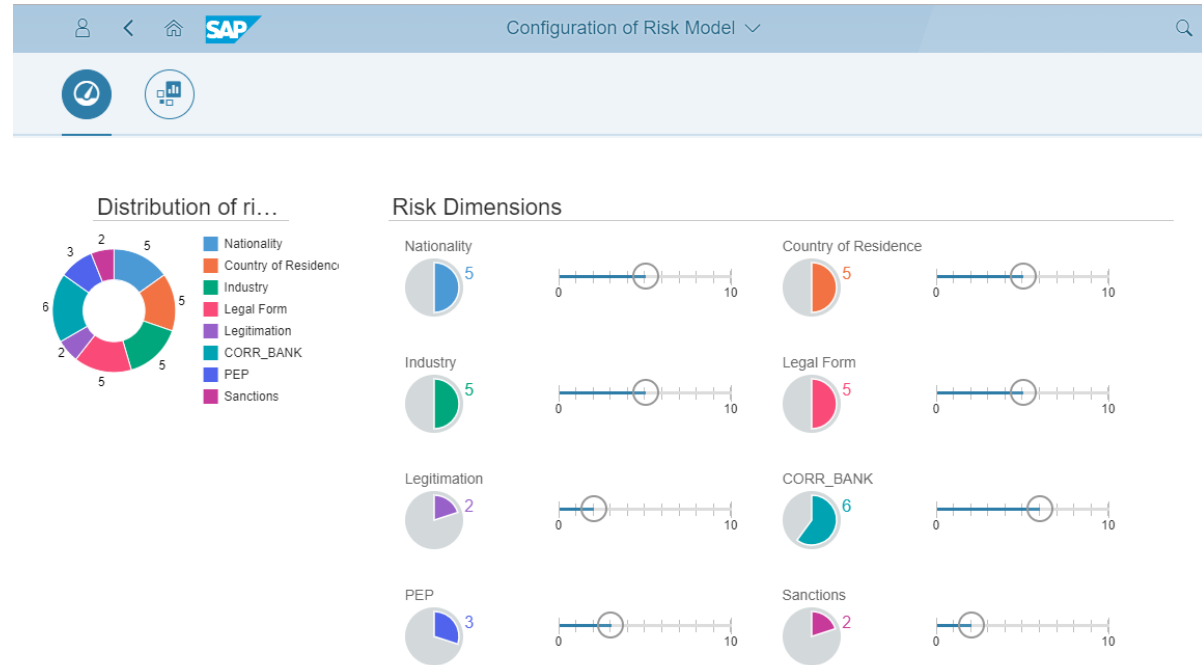
Mu'ammar Qadafi  
Muammar Qaddafi  
Muammar Qadhafi  
Mu'ammar Qadhdhafi  
Muammar Quathafi  
Qadafi, Mu'ammar  
Qadhafi, Muammar  
Qadhdhāfi, Mu`ammar  
Qathafi, Mu'Ammar el  
Quathafi, Muammar  
Qudhafi, Moammar  
Moamar Al Kadafi  
Muammar Gaddafi  
Moamar Gadhafi  
Moamer Gaddafi  
Moamer Kadhafi  
Moamma Gaddafi  
Moammar Gaddafi  
Moammar Gadhafi  
Moammar Ghadafi

Moammar Khadaffy  
Moammar Khaddafi  
Moammar el Gadhafi  
Moammer Gaddafi  
Mouammer al Gaddafi  
Muamar Gaddafi  
Muammar Al Ghaddafi  
Muammar Al Qaddafi  
Muammar Al Qaddafi  
Muammar El Qaddafi  
Muammar Gadaffi  
Muammar Gadafy  
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Muammar el Gaddafi  
Muammar el Qaddafi

# Risk Based Approach

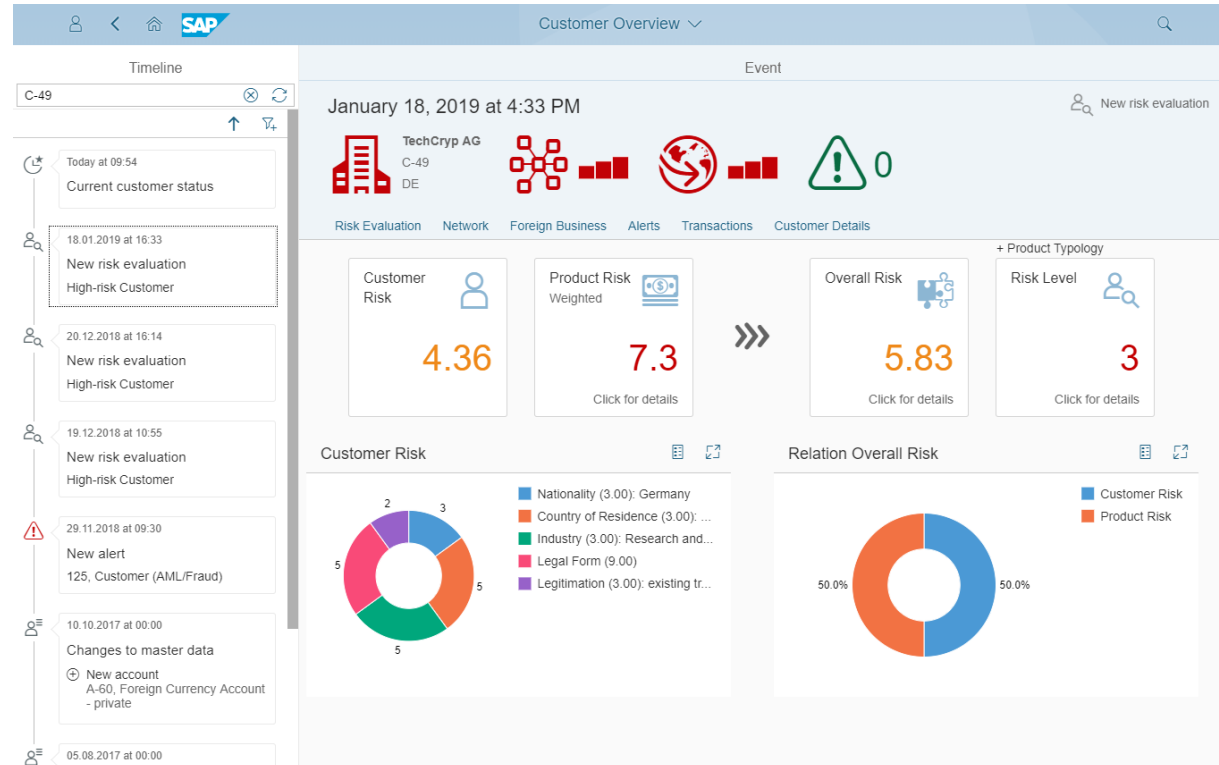
## Know Your Business Partner

- » Use your own risk model
- » Develop your own risk model with targens' support
- » Detect changes in the partner's data
- » Document changes whenever necessary in a smart questionnaire



# Risk Based Approach: Showing Historical Events

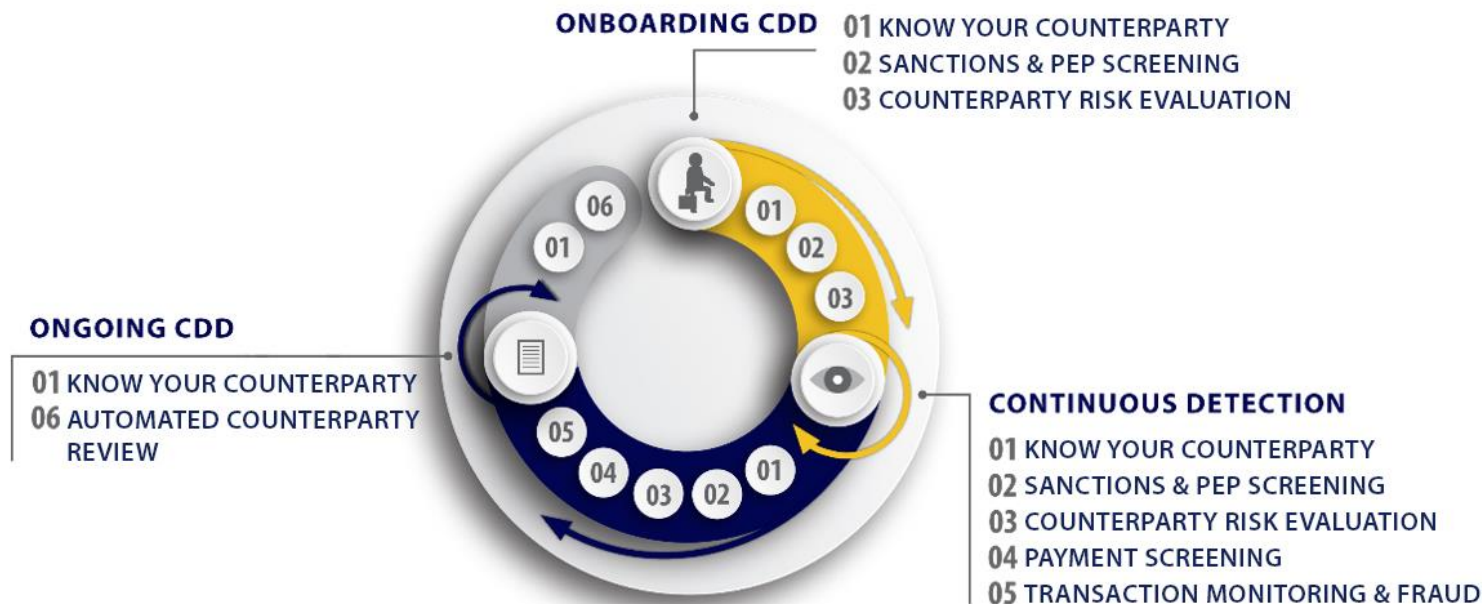
- See all historical changes in your business partner's risk impact
- See at glance his overall risk, size and risk of his network, number and risk of his transactions, number of alerts and their final outcome
- Gain deeper knowledge about the risk relevant events in your business partners behaviour



## Where can I find it?



# Holistic Approach: The Comprehensive Compliance Lifecycle





# SMARAGD aces360 Product Presentation

Discreet. Precise. Future-proof.



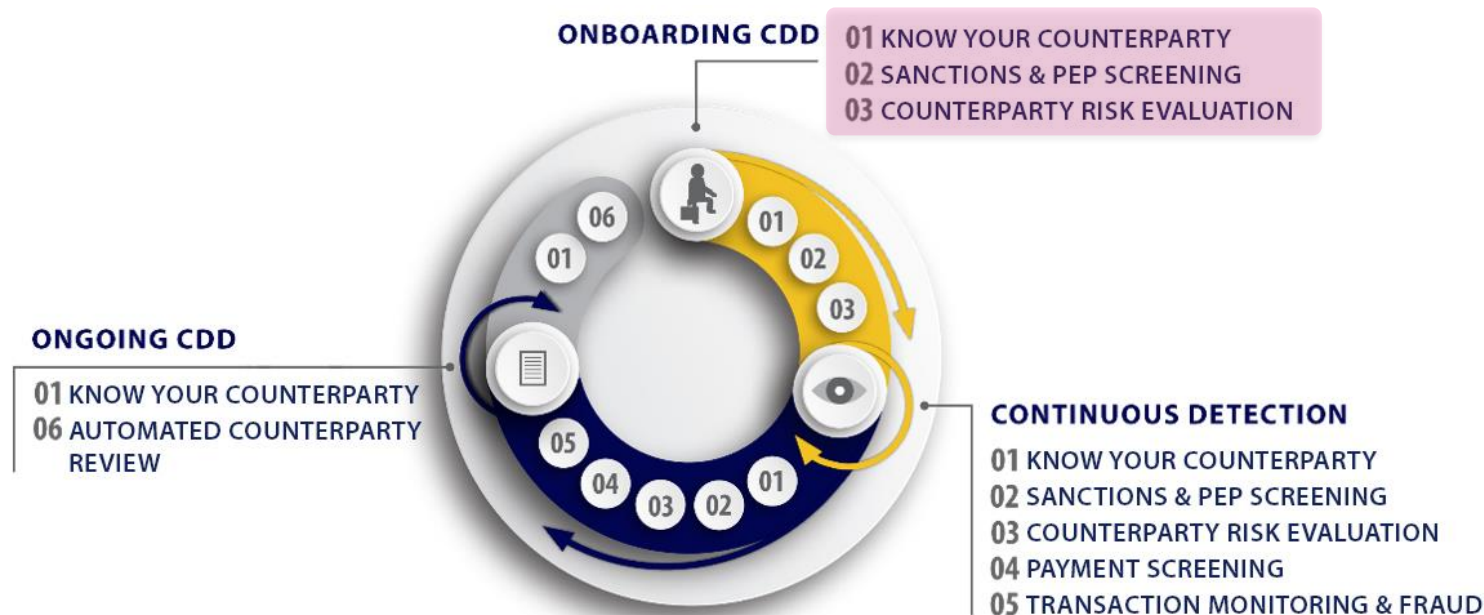
# The All-Around Compliance Solution

## SMARAGD aces360

- » covers **the whole counterparty lifecycle**
- » covers **all aspects of compliance**



# Product Section 1: Onboarding CDD (Counterparty Due Diligence)



# Onboarding CDD: Value Proposition

## Risk Evaluation:

- » Especially important **at the beginning of a business relationship:**
  - » when you still don't know anything
  - » and you want to keep risks low
- » It is necessary to investigate not only the business partner himself, but his **whole environment and his relations**
- » **Evaluation criteria** need to be **adjustable**

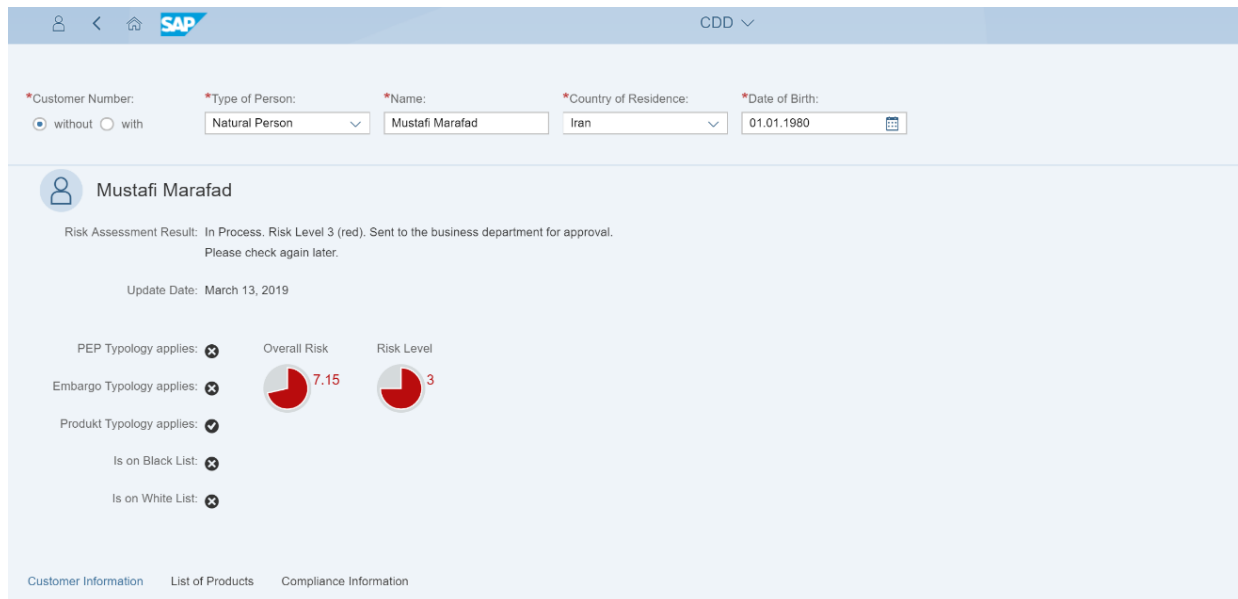


# Live Presentation Onboarding CDD





# Onboarding CDD: Process Screenshot



SAP CDD

\*Customer Number: ☐ without ☐ with

\*Type of Person: Natural Person

\*Name: Mustafi Marafad

\*Country of Residence: Iran

\*Date of Birth: 01.01.1980

**Mustafi Marafad**

Risk Assessment Result: In Process. Risk Level 3 (red). Sent to the business department for approval.  
Please check again later.

Update Date: March 13, 2019

PEP Typology applies: ☒

Embargo Typology applies: ☒

Produkt Typology applies: ☒

Is on Black List: ☒

Is on White List: ☒

Overall Risk: 7.15

Risk Level: 3

Customer Information | List of Products | Compliance Information

Type of Person: Natural Person

Customer Number: Yet undefined

Name: Mustafi Marafad

Date of Birth: January 1, 1980

Country of Residence: ☒ Iran

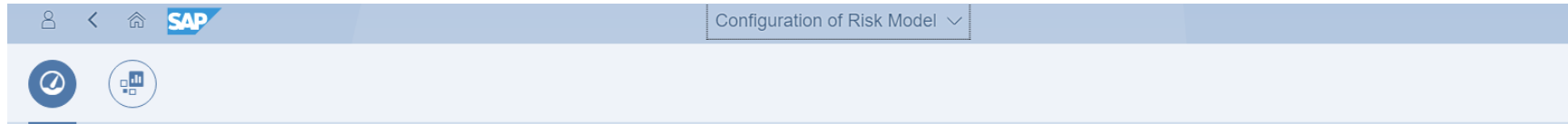
Industry: ☒ Sale of other motor vehicles

Legitimation: ☒ missing legitimation

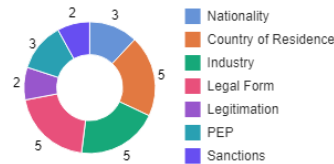
Nationality: ☒ Iran



# Risk Mitigation through Clientspecific Risk Model



Distribution of risk dimensions



Risk Dimensions



**Statutory compliance ensured through appropriate risk models**

Typologies

⚠ Risk level value is automatically set to 4.

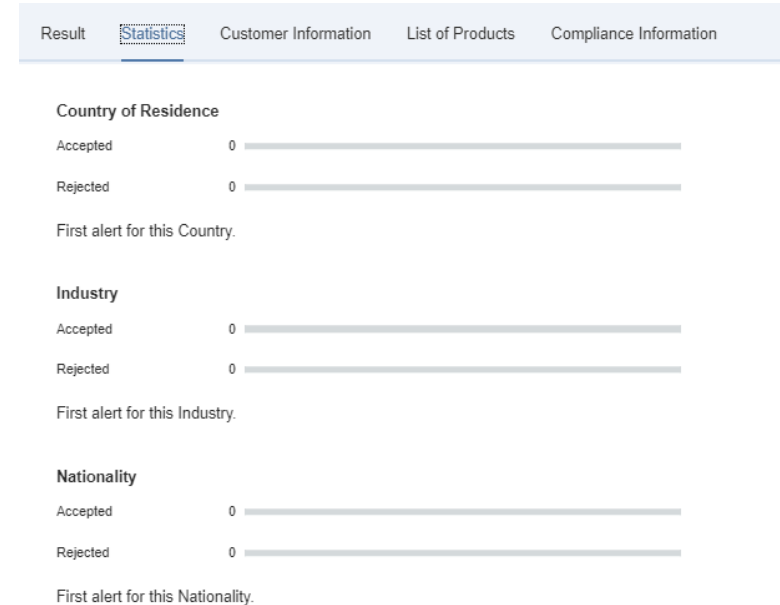
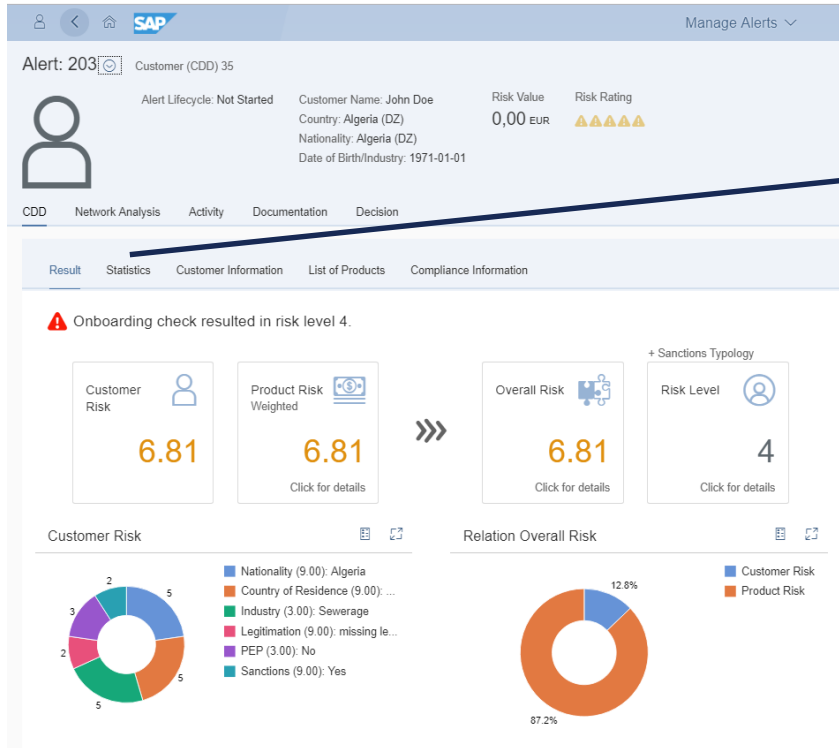
☒ PEP ☒ Sanctions ☒ Product

Risk Level

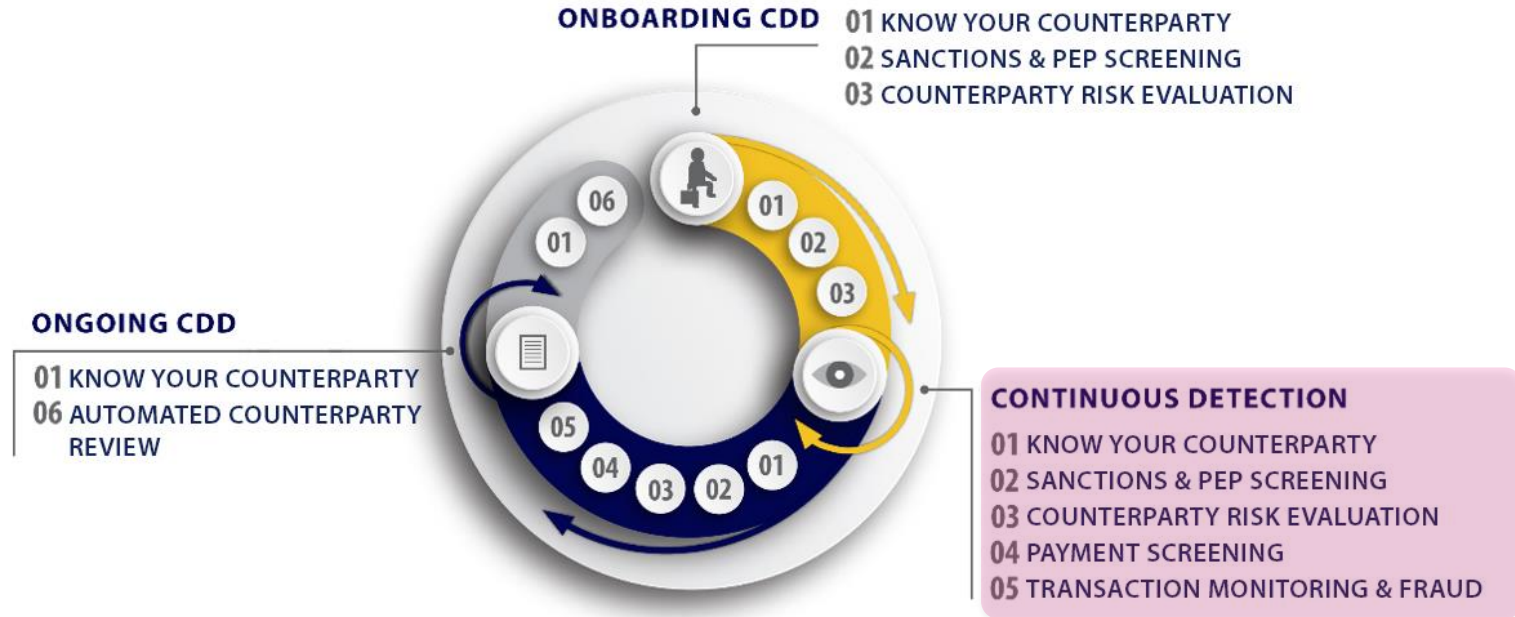
Risk markers



# Onboarding CDD: Risk Evaluation



## Product Section 2: Continuous Detection



# Continuous Detection: Value Proposition

## Know Your Counterparty

### Prevention:

- » Business partner and his risk level can change: Necessity of constant and recurring controlling, to know the current risk status

### Detection:

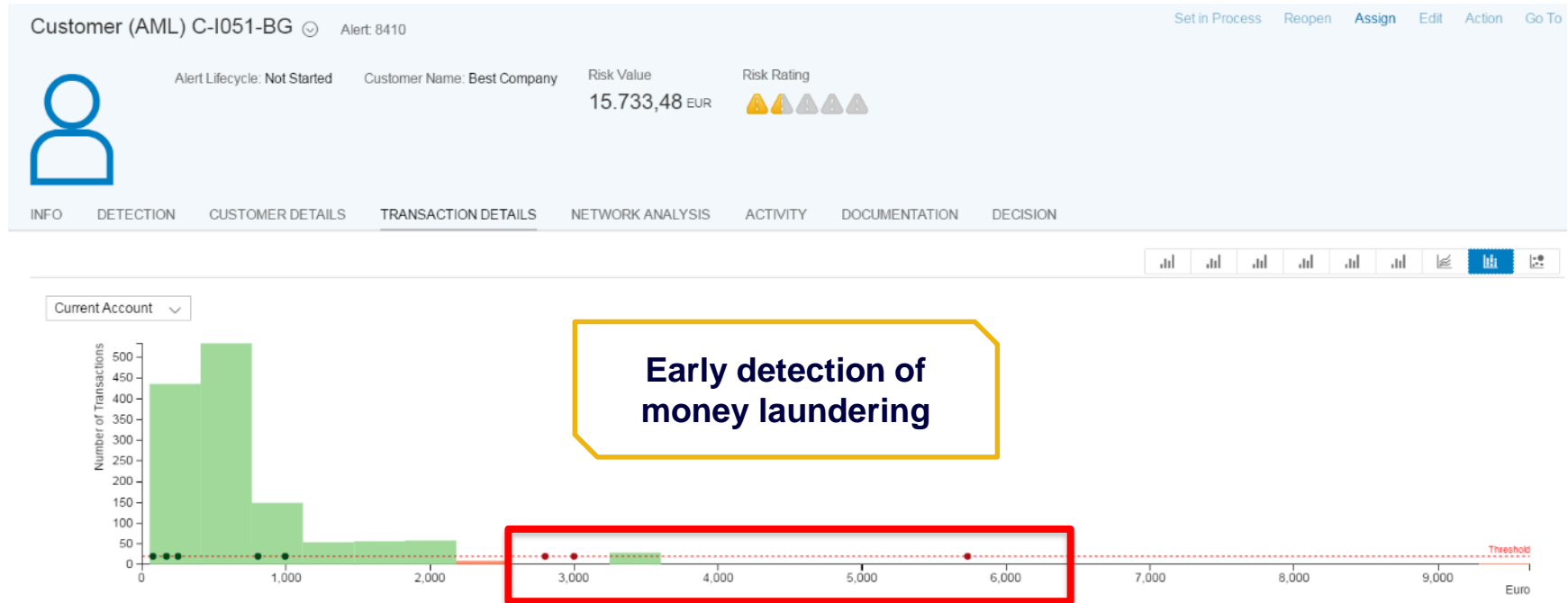
- » Unusual behavior

### Near-time monitoring of payment transactions

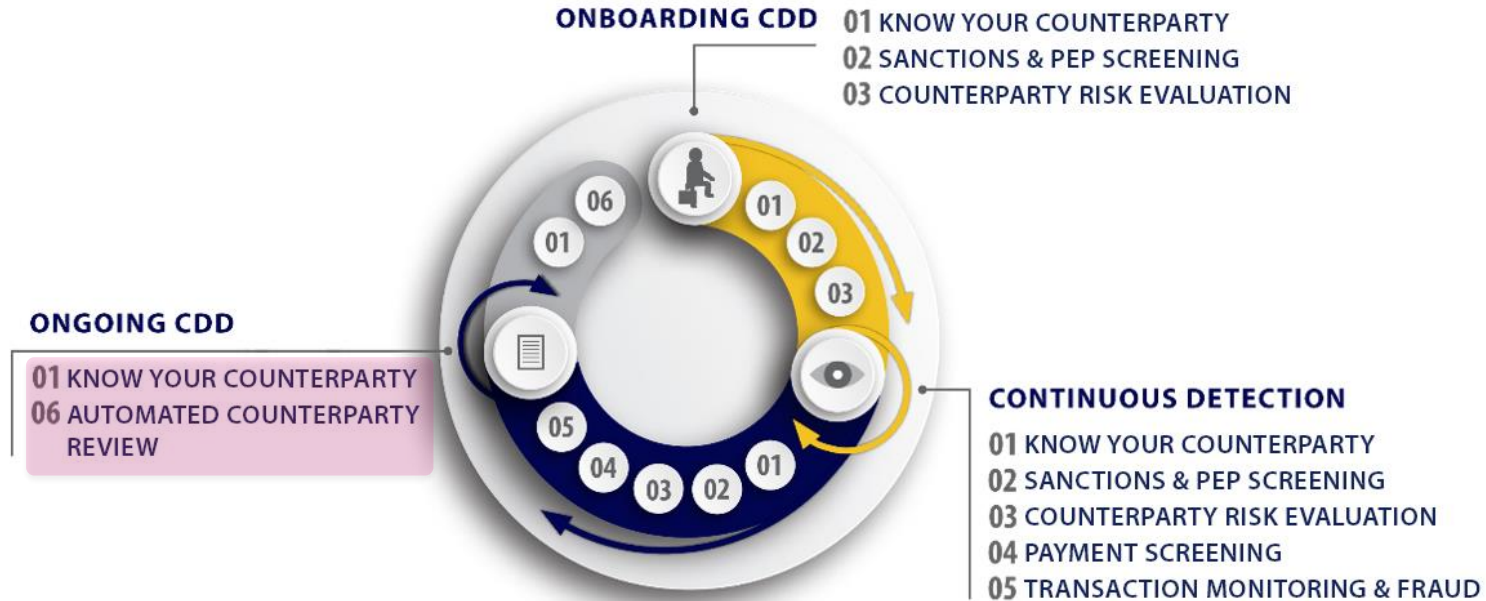
- » Conspicuous transactions have to be stopped before execution



# Transaction Monitoring: Overview



## Product Section 3 – Ongoing CDD



## Ongoing CDD: Value Proposition

**Knowing your business partners is important throughout the entire relationship-lifecycle:**

- » Allow **periodic checks for every partner**, depending on their risk status
- » This requires a **high manual effort**:
  - » Knowing whom to check and when
  - » Manual check even though there have been no changes





## SMARAGD aces360 – Important Aspects





# targens

Thank you for your time  
and attention



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