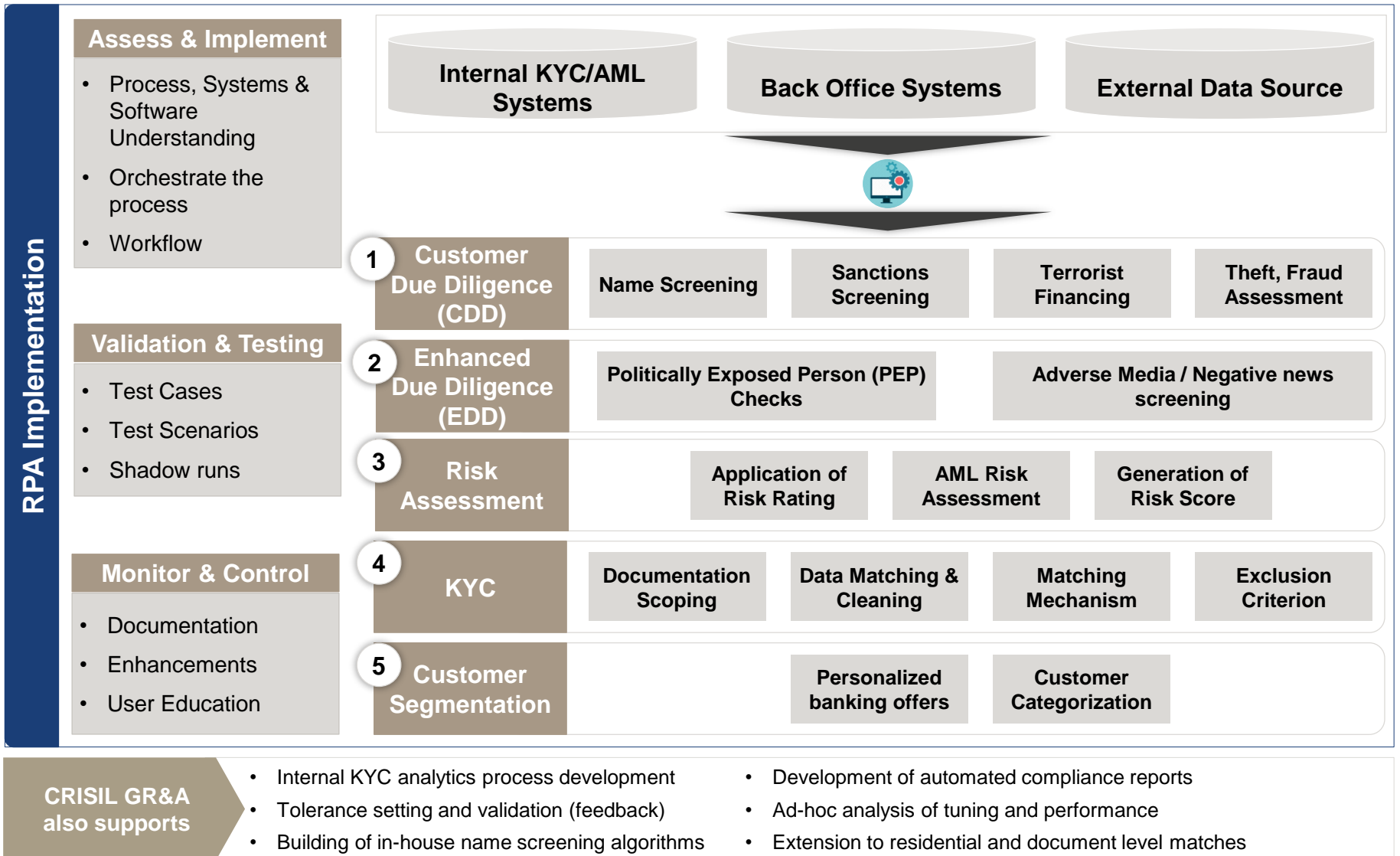


Know Your Customer(KYC) / Onboarding

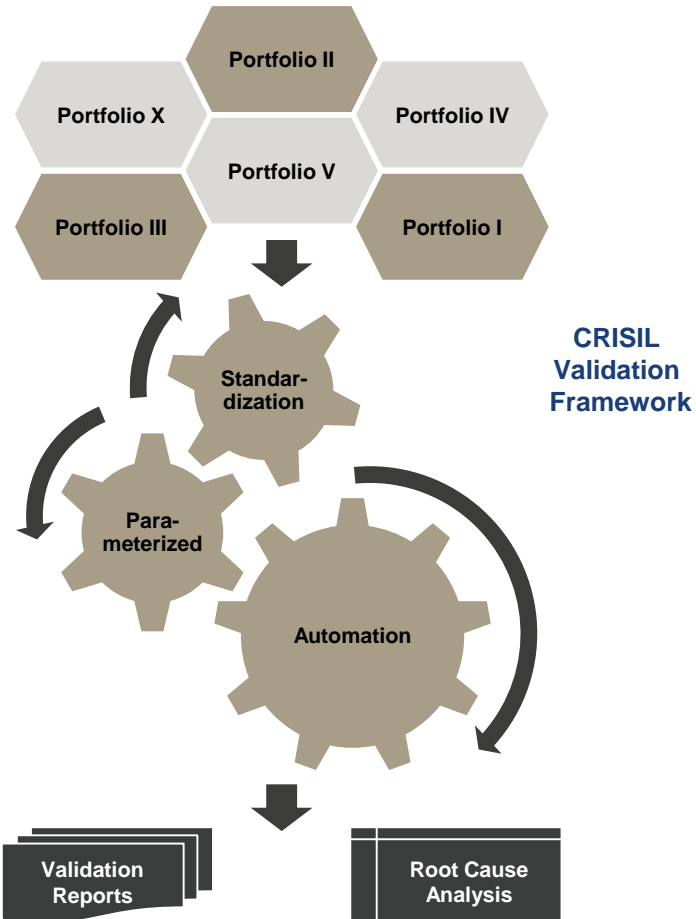


Case Study – AML Transaction Monitoring

Case Study: AML Transaction Monitoring (1/2)

Objective

- Develop and validate the current standardized customer segmentation model for a large bank holding company headquartered in the UK
- Develop a methodology to determine thresholds for each segment
- Develop and execute scenarios to generate alerts and transactions, by tuning the parameters for thresholds



Client Impact

- The implementation was done globally across countries, with integration of local regulations
- The bank was able to meet the timelines of this validation
- The suite of tools developed could be reused (with little or no modifications) for future validation exercises
- Risks associated with failed segments were quickly mitigated
- Coverage redundancy reduced due to improved segmentation and scenario tuning
- False positives reduced by 5% due to threshold tuning

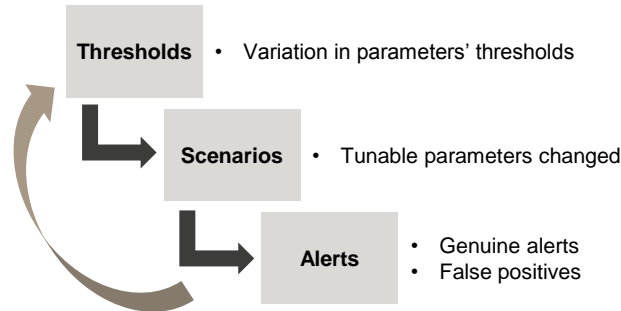
Execution Highlights

Segmentation Validation:

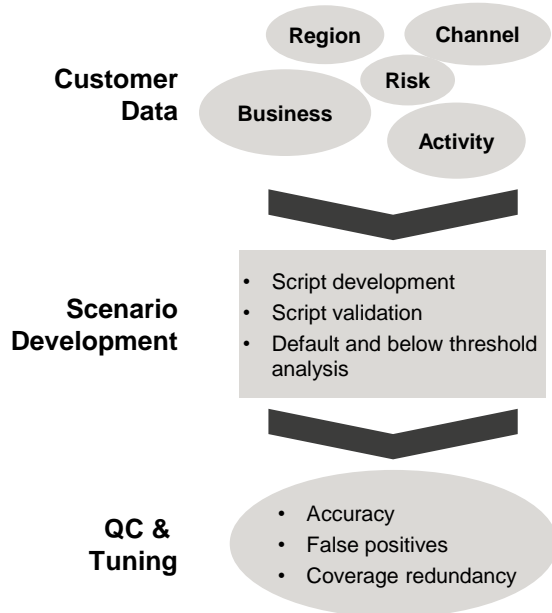
- **Generalized Validation Framework**
 - Developed a suite for validating the segmentation model for standardized segments and risks for different portfolios
 - Gained an in-depth understanding of various input parameters for different portfolios to derive common 'plug-in' solution for validation tasks
- **Automated Reports**
 - Produced automated validation reports for portfolios
 - Automated deep dives for root-cause analysis for segmentation validation failures
 - Provided scalable reporting aspects to monitor/include additional KPIs

Case Study: AML Transaction Monitoring (2/2)

Threshold Tuning Approach



Scenario Tuning Approach



Execution Highlights

Threshold Review & Tuning

- Determine relevant basis population for each scenario based on
 - Transactional level scenarios
 - Non-transactional level scenarios
- Derive and validate thresholds based on tunable parameters to ensure alert rules for scenarios are met
- Have a QC process to verify the threshold bands selected and to verify events and alerts generation

Scenario Testing & Tuning

- Scenario development/modifications based on the following parameters (not extensive)
 - Customer segment
 - Geographies, channels and risk levels
 - Line of banking business
 - Amendable transaction patterns
- Scenario Validation to confirm
 - Business requirements, specifications and transaction/alert counts are met within the select scenario
 - Coverage and redundancy aspects between scenarios
- Develop a threshold table for each scenario to analyze or modify parameter threshold based on feedback