



Financial Economic Crime

From Remediation to Institutionalization – VP&P vision and track record

Introduction

VP&P vision on Financial Economic Crime

Context

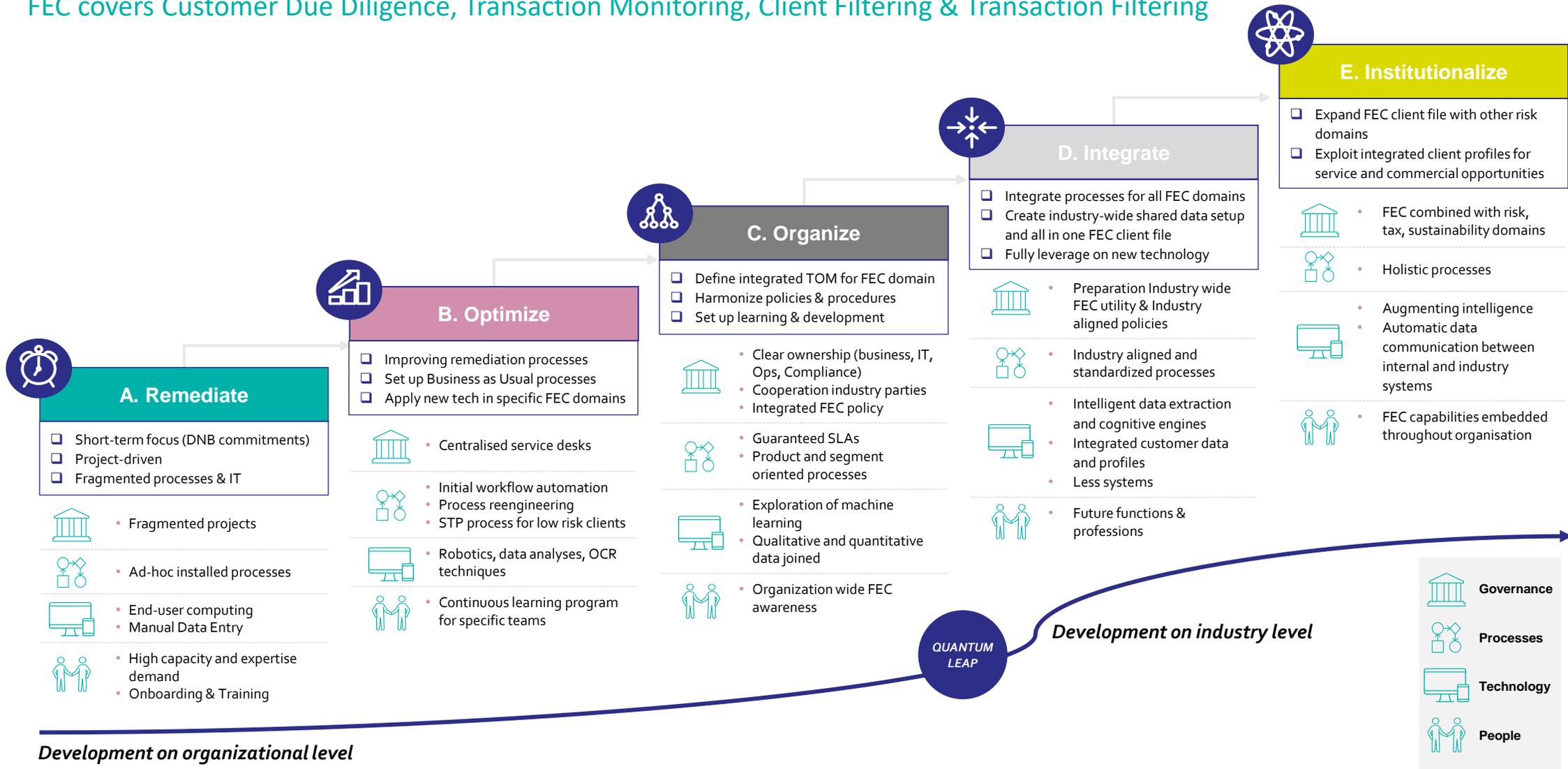
Since the introduction of the EU Anti Money Laundering Directive and first translation towards Dutch law by means of the Wet ter Voorkoming van Witwassen en Financiering Terrorisme (WWFT) per August 2008, banks have put strong effort in getting in control regarding their Anti Money Laundering (AML) and Counter Terrorist Financing (CFT) processes. Over the years, banks have matured with respect to their AML/CFT approach by optimizing certain aspects of their Target Operating Model in subsequent stages. Whilst first focusing on remediating their client portfolio, mainly as a result of supervisory bodies, banks have made a shift towards implementing structural solutions to enhance effectiveness and efficiency. They are utilizing new technologies and optimizing their internal organization focusing on Financial Economic Crime. Most recent developments are aiming for industry wide collaboration in the area of policy alignment and utility tooling leading to a first movement in creating interbank operating models.

Purpose of this document

Over the last decade, Voogt Pijl & Partners has provided knowledge and expertise towards all major Dutch banks to overcome their challenges in the area of AML / CFT. The purpose of this document is to share our vision on how banks can evolve from focusing on remediation towards full AML / CFT institutionalization. It explains how different maturity stages are characterized by looking at different dimensions: governance, processes, technology and people. In addition, this document details the steps which need to be taken to climb the maturity ladder. And defines how certain aspects of the Target Operating Model should be transformed in order to be successful. All models and elements described are based VP&P's experiences and best practices in the industry.

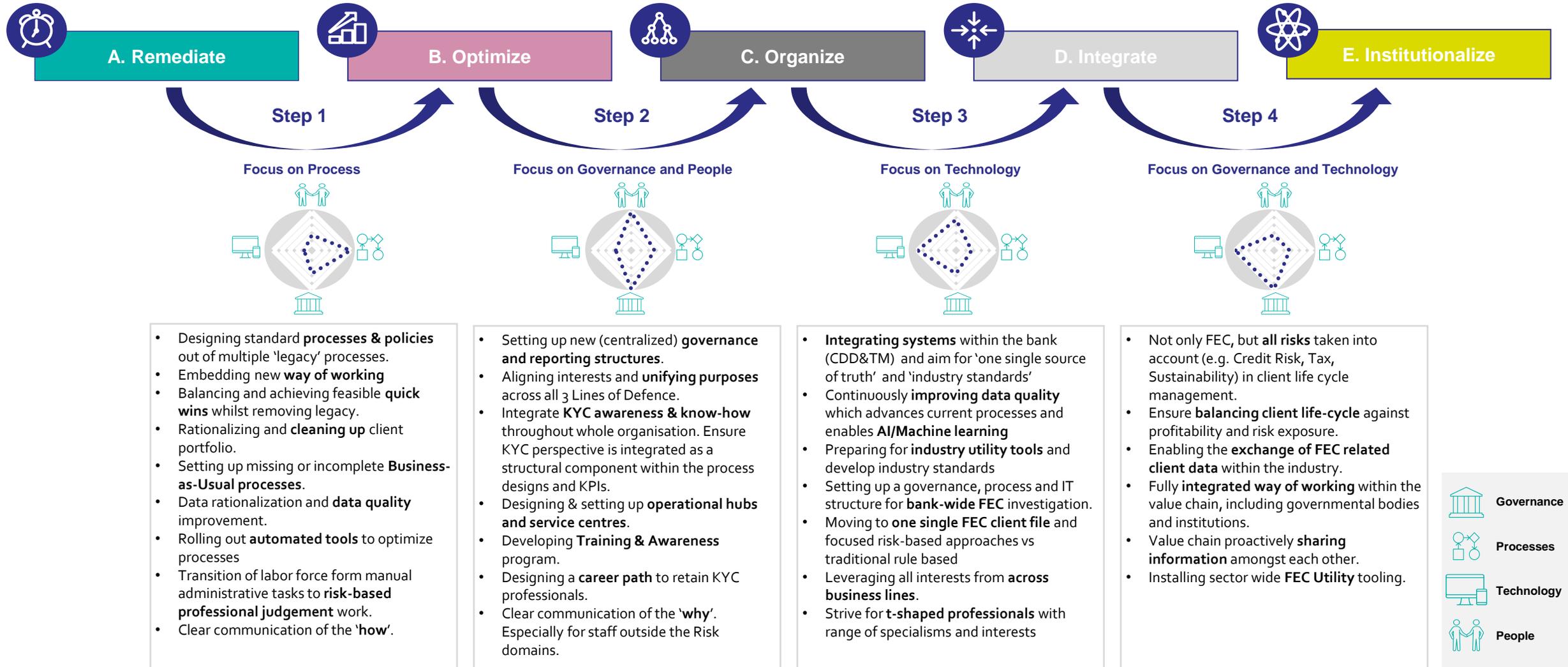
Financial & Economic Crime (FEC) within the banking industry captured in maturity stages

FEC covers Customer Due Diligence, Transaction Monitoring, Client Filtering & Transaction Filtering



Key challenges while advancing in FEC maturity

Four steps guide the transition each focusing on different domains of the Target Operating Model



Voogt Pijl & Partners has supported all major Dutch banks in the area of Financial Economic Crime

A wide array of projects enabling banks to climb the FEC maturity ladder

1 Global Transaction Monitoring

Optimize Transaction monitoring processes on a global scale including:

- ❑ Benchmarking the Transaction Monitoring set up and processes.
- ❑ Defining the Target Operating Model (TOM) with regard to Transaction Monitoring on a global scale.
- ❑ Designing and Implementing hub-based alert handling, including Sanctions, COB and TM Processes.
- ❑ Set-up and alignment of 3 LoD model

2 Global FEC Harmonization

Implementing one global TOM for a private banking division including:

- ❑ Defining and implementing a global FEC policy including standardized processes and procedures
- ❑ Set-up and organize global CDD units for client file remediation
- ❑ Roll-out of a generic instance of CDD work flow tooling

3 Strategic FEC Roadmap

Develop strategic FEC roadmap for business line departments to take a more accountable role:

- ❑ Determine key objectives and results for the FEC domain
- ❑ Envision future FEC organization within business lines regarding client outreach, risk classification allocation and business risk appetite
- ❑ Develop transformation map and draft implementation plan

4 Client File Enhancement

Coordinate bank-wide client file enhancement project focusing on retail and SME client portfolio including:

- ❑ Coordination and installment of temporary multidisciplinary FEC organization (market segments, operations, data analytics, robotics, client services risk, legal) to realize DNB Commitments
- ❑ Organize large scale client outreach and design future digital customer journey
- ❑ Design and implement exit strategies based on business risk appetite

5 CDD Process Optimization

Reduce manual effort on clients life cycle processes including:

- ❑ Set up a new KYC department, in which a new process approach was implemented, integrating the front and back-end
- ❑ Applying Big Data analytics and Robotics Process Automation to improve efficiency and effectiveness of client onboarding and review process
- ❑ Install STP process for low risk clients
- ❑ Develop and implement a bank-wide KYC Training & Awareness program, incl. content development, measurement/reporting and the integration within the (e)-learning platform of the bank

6 Client / Transaction Filtering

Global crisis program for structural improvement and implementation of the AML Sanction domain

- ❑ Plan of approach for the roll out and implementation of policies and standards in the field of CF, TF and TM worldwide
- ❑ Coordination of harmonization and improving the CF, TF and TM processes, systems and set-up of operational units

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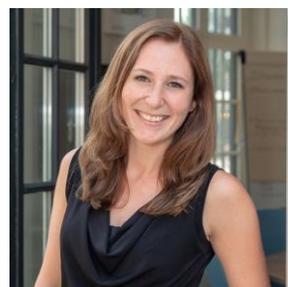
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