

Effective Anti Money Laundering / Countering the Financing of Terrorism System

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Why We Need to Combat Money-laundering, Financing of Terrorism and Financing of Proliferation of WMD?

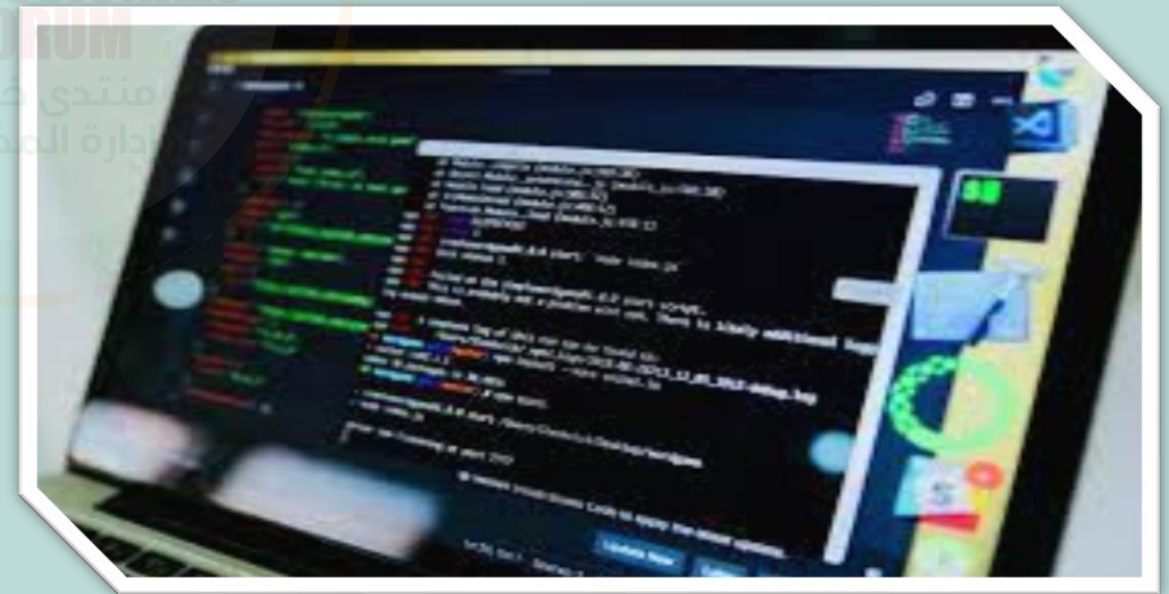


To Achieve The Regulatory Objectives:

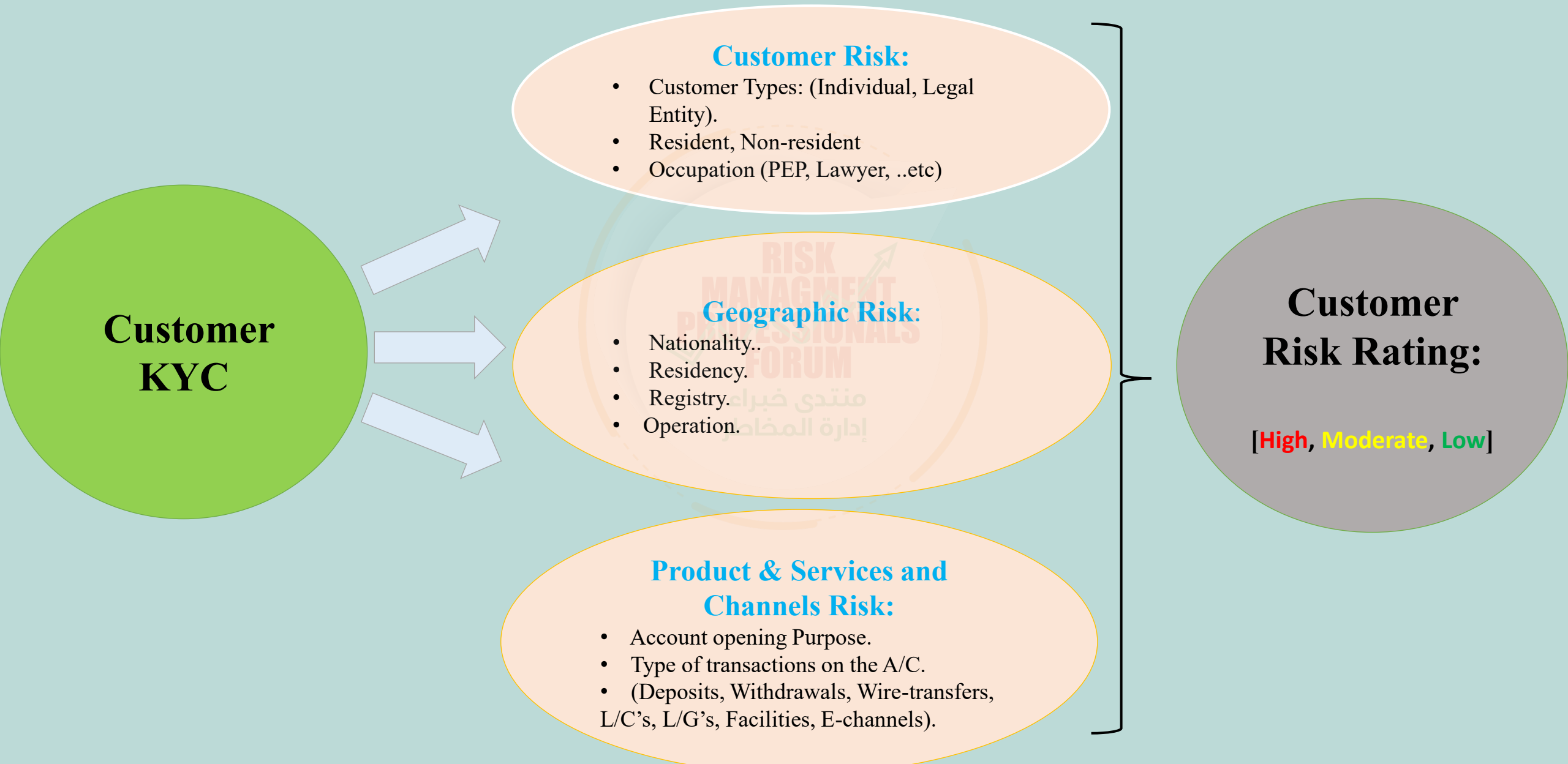


Anti-money laundering Countering the Financing of Terrorism System(AML/CFT) system

AML/CFT system: is a technical tool designed to help Financial institutions to meet regulatory requirements to combat financial crimes; particularly money laundering, terrorist financing and proliferation of weapons of mass destruction.



Customer Risk Classification System



Transaction Monitoring system (TMS)

An Effective Transaction Monitoring (TMS) System:

Strong Governance and role of board of directors

Updated Scenarios to reflect any new behaviors/patterns of customer.

High Quality of Data to combat ML/TF

Users Training and Awareness.

Transaction Monitoring System (TMS) Process:

**Core System:
(Customer Transaction Data, KYC)**

**TMS:
Rules Engine / Scenarios**

Alerts /Workflow

Analysis & Investigations

**Decision Making
(Filing SAR, Follow-up, Closed)**

Rules and Scenario Types

Transaction monitoring system (TMS) uses **Rule-based, Risk-based, profiling (AI)** monitoring methods.

Rule-based

- Compares customer activity/transaction to **fixed pre-set thresholds**, for example (20K JOD).

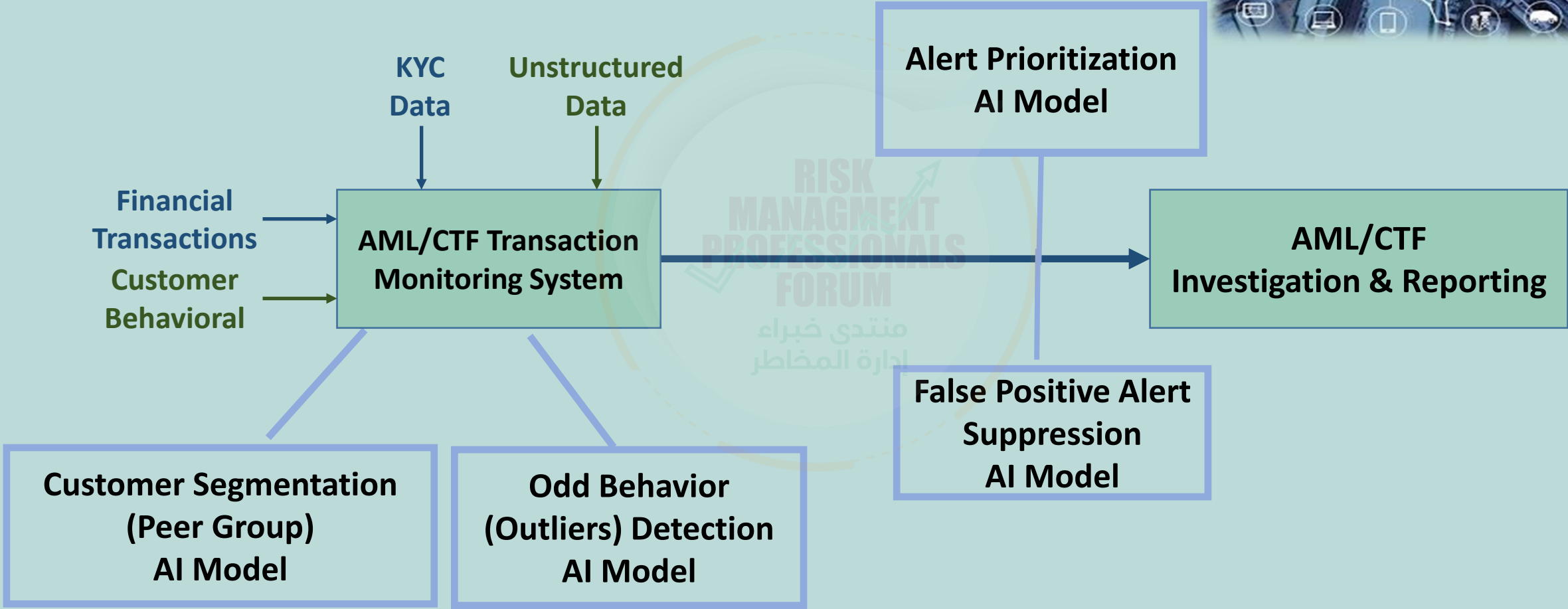
Risk-based

- Compares customer activity/transaction depending on customer classification (**high, moderate, low**) risk level.

Profiling (AI)

- These compare current patterns of activity to **historical activity / transaction** for that customer or peer group.

AI Implementation in TMS



Sanctions Screening Types, & System Process

Name Screening:

- It is the process of matching an internal record (customer, counterparty, related account party) against a official sanctions lists and internal countries list.

Payment Screening:

- focuses on screening payment messages (**SWIFT**).

- Customer Name:
- Payment Messages (Swift).

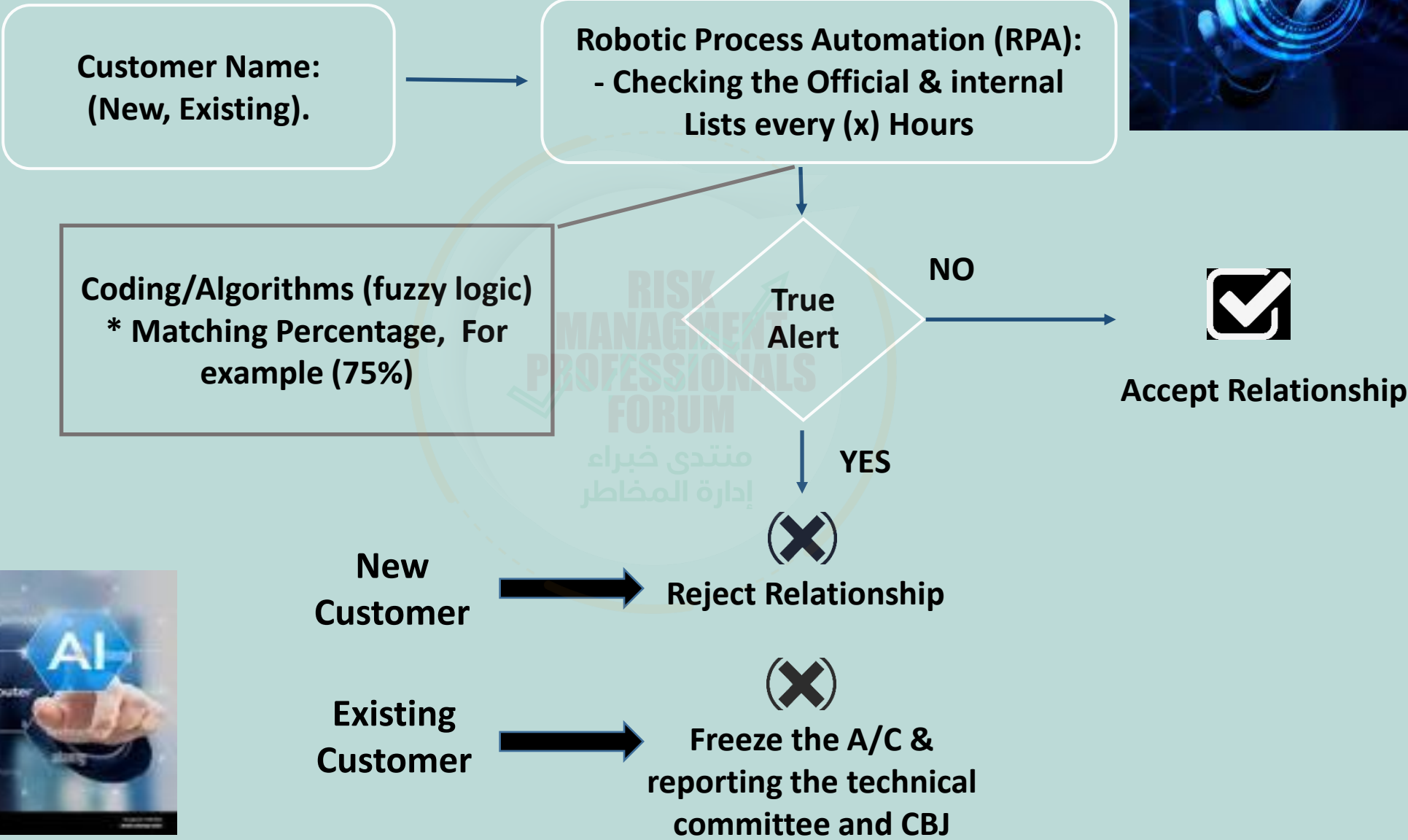
Automated Screening Tool (AST) Depending on:

- Coding/Algorithms.
- Matching percentage.

Screening Results:

- True Match.
- False Positive.
- False Negative.

AI Implementation in Sanctions



Risks of Inadequate AML/CFT System

Failure to Classify The Risk Level of Customers.

Failure to Identify Suspicious Activity And Filing / Submitting a SAR / STR.

Excessive False Positives Alerts.

Expensive Remediation.

Reputational Risk.

Regulatory Penalties.

Thank You

