

OUR SERVICE OFFERING

TRADE FINANCE AML



Our experts are involved in AML projects in **TRADE FINANCE** activity on behalf of various international banking groups. During these projects, they help compliance project teams to the rapid implementation of concrete solutions, by transforming processes and technologies on regulatory aspects as well as the efficiency of their operational model.

YOUR CHALLENGES

TRADE FINANCE is considered to be a high-risk activity as it is very exposed to money laundering practices. Regulators, whether European, American or Asian, are increasing requirements. As for all banking operations, the control and monitoring of trade finance transactions are a regulatory requirement, often stated in the bank's instructions. This process must be integrated into the transformation programs of the transaction control and monitoring devices and tools (*LoD1 and LoD2 first Line of Defense and second Line of Defense*). These are also costly areas in terms of time and expertise to mobilize, and complex ones, because of the crossroads of financial, documentary and logistical flows.

Trend 1

in a context of shrinking margins and stricter Basel III capital requirements, trade finance activity relies even more on the security and profitability of transactions

Stronger regulatory constraints

Trend 2

The boom in the quantity and the complexity of the available information flows is a new paradigm rich in constraints and opportunities. The proper use of innovations, such as blockchain, improves the security and efficiency of operations.

Growing pressure on regulatory Monitoring and controls.

- Strong exposure and responsibility of the bank.
- **Synergy** of the Financial Security monitoring (**AML-CFT, KYC, Embargo / Sanctions**) with other risks: **legal, credit, foreign exchange, operational...**
- **Management and automation of controls:** monitoring of the risk of money laundering by multi-invoicing, over / under invoicing, dual-use goods, monitoring of shipping routes or transshipment points, ...)
- Agility, efficiency and auditability in setting up and monitoring the **calibration of control and monitoring scenarios**.
- Implementation of **performance measurement systems** (KRI, KPI) and correction of the different scenarios by using Data Lab
- Reducing false positives in time by performing a retroactive analysis of alerts processing.
- Implementation of low pragmatic solutions «Cost of ownership».
- Reduce operating costs by **industrializing the processing of alerts**; even consider «off-shore» alternatives.
- Practical synergies between Front and Back Offices and control of the financial security.
- **Agile deployment of innovations**, technical and legal consistency between them and the core SI: **OCR** of invoices, contracts, then pre-entry and RPA reconciliation, monitoring of **Analytics** and Data Fusion for the tracking of goods (tracking of vessels and containers, or even in **IOT/GPS**), support by **artificial intelligence** (pre-trade controls, translation), exchanges between expert systems and **Blockchains** via dedicated platforms.
- Adjustment of AML-CFT devices without destabilizing them

Technological Improvements

The strategy of banking players and new deals

Evolution of customer needs
Cost visibility, Data richness...etc.

Implications
Operational, Commercial, SI, Risks

A MODULAR TRADE FINANCE OFFERING VIA 3 FORMULAS

1 FULL UPGRADE OFFER TF AML-CFT

- Flash Framing of the AML control and monitoring program for Trade Finance.
- Risk identification, risk prioritization (mapping update).
- Definition of the target to respond proportionately to these risks.
- Full functional, organizational and technical implementation (example: roles and responsibilities).
- Updating of the procedural body.
- Testing the organization, and optimum monitoring and reporting processes.
- Control plans quality review.
- Implementation of control plans with the appropriate tools.
- Change management program.
- 6-month review (optional).

2 TUNING & ROI OFFER TF AML-CFT

- Adjustment of risk responses by defining all scenarios of monitoring and control according to the identified risks. Among other considerations to reduce the number of false positives.
- Operational Efficiency and immediate ROI ("Lean TF AML") project for processing, analyzing and managing alerts and controls.
- Tailoring scenarios of monitoring and control according to "local specificities".
- Recommendation of new tools and adaptation of existing ones.
- Fine-tuning of the organization, and optimum monitoring and reporting processes.

3 AUDITABILITY OFFER TF AML-CFT

- Implementation of regulatory documentation as well as auditability tools.
- Monitoring of tool developments (core / specific / case management), scenarios and methods.
- Definition of the organization and processes to mitigate risks.
- Preparation by "Mock Audit" method (« Audit à blanc »).
- Support in optimization and quality of the reporting system.
- 3-month cross-feedback (optional).

OUR MAIN REFERENCES - COMPLIANCE AML



ARE YOU READY ?

- Banks must have an **active AML-CFT device**. However, many establishments are not in compliance, remaining passive in responding to regulatory directives and not adopting industry best practices.
- We recommend that banks anticipate the movement by carrying out **upgrading and optimization projects**. Some players are working on it now. In our view, being an early adopter does not imply taking extra risks but rather leveraging this regulatory project as an opportunity for optimization.
- As much as the innovations of Trade are completely nested with AML-CFT, we help our customers to prepare for it. This allows us to focus on efficiency and quality, and to improve processing costs "out of the factory": **RPA** (Robotic Process Automation), **OCR**, **Analytics** and Data Fusion, **Blockchains**.
- Because we are convinced that financial institutions benefit from sharing their experiences in the fight against money laundering, we invite you to discuss this topic with us during a **presentation** meeting with a business & AML specialist from our team.
- **Let's get in touch soon to organize this exchange. In the meantime, you can visit our website**
<http://www.devlhon-consulting.com>



DEVLHON Consulting ©

DEVLHON Consulting
4, place Saint-Michel
75006 Paris
Tél : +33 1 46 94 61 33
contact@devlhon-consulting.com
www.devlhon-consulting.com



<https://www.linkedin.com/company/devlhon-consulting>



<https://twitter.com/devlhon>