ICA Essentials: Transaction Monitoring

ICA INTERNATIONAL COMPLIANCE ASSOCIATION

Transaction monitoring is a key area of importance in managing financial crime risk. Through this essentials workshop, learners will get a fundamental understanding of the topic, and its vital role in the control framework. This workshop is suitable for individuals who would like a fundamental understanding of the topic.

What will you learn?

- Define the AML Regulatory requirements for transaction monitoring
- Understand how Client Due Diligence and transaction monitoring work is performed within the three lines of defence the challenges faced
- Appreciate how TM systems architecture and key processes work in practice
- Consider ways to overcome limitations and challenges in TM systems
- Understand how AML/CFT alerts are being generated, investigated, escalated and cleared
- Apply their knowledge in a case study

Course Outline

1. International AML/FT framework
- FATF
- Wolfsberg
- EU/US/UK/MAS

2. Role of transaction monitoring (TM)
- Money laundering process, Know Your Customer (KYC) and TM
- Overview of KYC and TM process and stages
- The 3LoD model and KYC and TM in Financial Institutions

3. How TM systems work
- Legacy TM system architecture overview
- Fuzzy logic and name screening
- Limitations with screening tools and fuzzy logic matching
- How TM systems work(ed) – rules and scenarios
- Limitations with rules and scenarios

4. TM alerts and risk based approach investigation
- Externally generated alerts
- Internally generated alerts - the risk rating model.
- RMA alert investigation model and approach
- Documenting the AML investigation – case narratives and suspicious transaction reports

5. Case study 1: Susie Huang - group discussion
- Review a short case study, evaluate and comment on the efficacy of the alerts being generated by Bank ABC. The case was initiated by a transaction monitoring alert.

6. Latest ML/TF typologies and current trends
- Pandemic response – digital transformation
- FATF related ML/TF risks and policy responses

Related Course: ICA Certificate in Anti Money Laundering