

Money Laundering Detection System Know Your Transaction

Bosch Software Innovations



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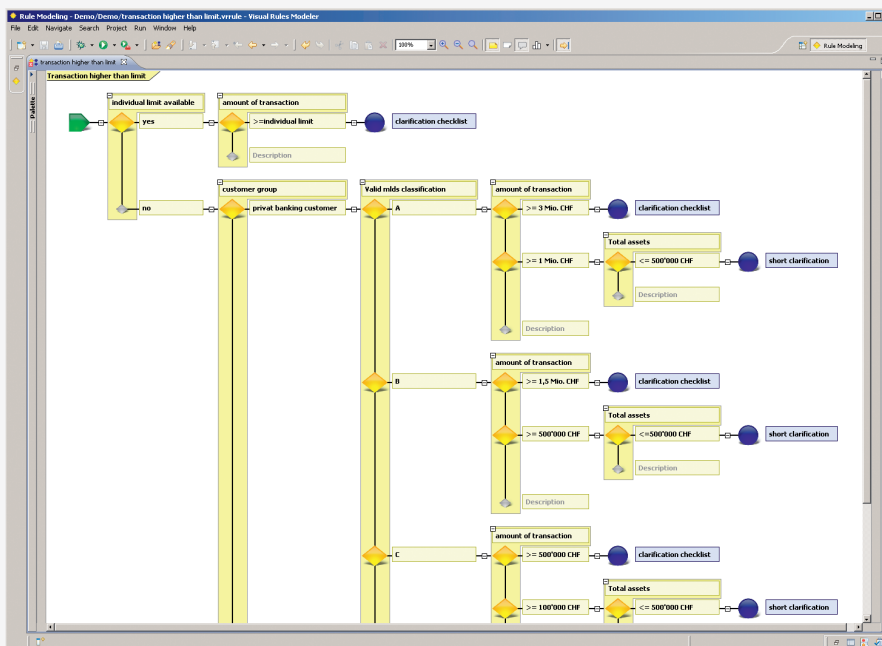
“A Culture of Keeping Tabs” – in Financial Markets. Identify and Clarify Unusual Transactions and Patterns of Behavior.

MLDS provides the expert knowledge you need to successfully prevent money laundering. Every type of transaction (inflows, outflows, physical deposits, withdrawals, etc.) is individually analyzed. After an initial analysis is completed, a combined analysis is performed according to parameters that identify unusual transaction patterns, as well as changes in behavior. After the customer and transaction parameters are combined and analyzed, the resulting risk scenario may trigger a variety of clarifications.

Individual Requirements Can Be Adjusted by the Operating Department

Compliance staff can adjust rule sets and the reasoning that guides transaction analysis. Business logic can be adapted to bank-specific circumstances, such as different limits, and calibrated to meet the bank’s unique business needs. Of course, changes in rule sets are also retroactively traceable and auditable, as are the results of the transaction analyses themselves.

MLDS - Know Your Transaction



Analysis of Individual Transactions:

Limits on transaction amounts: dependent on the type of business, the business event, and the customer’s rating. Physical properties of the transactions: transactions to or from a country of risk, deposit/ withdrawal of unrated securities, high cash transactions early in a business relationship, transactions from or to an account that has been inactive for a long period of time.

Analysis by Time Periods and Transaction Patterns:

High physical deposits at the start of a business relationship. Large deposits and withdrawals in close time proximity (rolling time periods). High physical turnover. Pass-through transactions. Unusually high number of transactions. Significant changes in customer behavior; deviations from the KYC profile. Dormant business relationship.

MLDS - Know Your Transaction

With MLDS, clarification forms and workflows can be defined flexibly.

One clarification is required per event. The clarification, and the transactions associated with it, are bundled when the transactions are assigned to that clarification.

When a customer gives notice of an unusual transaction, it can be clarified ex ante. The transactions can be coupled with the clarification at a later time.

Flexibly Define Clarification Processes

Transactions identified during risk monitoring as unusual, and therefore requiring clarification, are fed into the clarification workflow. That workflow is subject to internal definition, which is dependent upon whether or not the clarification within the bank is performed decentrally by the relationship manager, or centrally by the compliance department. Workflow can be multi-stage and can be designed to include the dual (or more) control principle. Escalation mechanisms can be integrated to ensure that clarification is performed on a timely basis.

Clarification requires an individual assessment of plausibility. The employee entrusted with this responsibility obtains all details of the transaction and provides natural-language reasons for classifying it as unusual. He has access to the KYC profile, customer data, and knows the customer's risk classification.

The KYT Principle within MLDS ...

- ▶ Identify unusual transactions and behavior patterns – trigger clarifications
- ▶ Rule sets tested in practice prevent money laundering for customer segments that include private and retail banking, corporate customers, and institutional investors
- ▶ Risk scenarios are modeled in graphs with clear layout, reasons can be tracked at any time, and documentation of the rules applied can be generated with the push of a button

Europe
Bosch Software Innovations GmbH

Ziegelei 7
88090 Immenstaad
Germany
Tel. +49 7545 202-300
Fax + 49 7545 202-301
info-de@bosch-si.com
www.bosch-si.com

Americas
Bosch Software Innovations Corp.

161 N. Clark Street
Suite 3500
Chicago, Illinois 60601/USA
Tel. +1 312 368-2500
Fax +1 312 368-5898
info@bosch-si.com
www.bosch-si.com

Asia
**Bosch Software Innovations
c/o Robert Bosch (SEA) Pte Ltd**

11 Bishan Street 21
Singapore 573943
Tel. +65 6571 2220
Fax +65 6258 4671
info-sg@bosch-si.com
www.bosch-si.sg