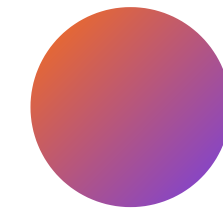




Use of Data Analytics for AML CFT

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most prevalent predicate offences detected in Romania

**tax evasion;
corruption;
human trafficking;
cyber-crimes;
smuggling;
drug trafficking;
environmental crime.**



the AML / CFT Ecosystem

Key area of interest

""between 2% and 5% of global gross domestic product is washed/recycled on a global scale"

UNODC - <https://www.unodc.org/unodc/en/money-laundering/globalization.html>

Increasing sophistication of some offences

fraud, cybercrime, human trafficking, slavery, environmental crime, online child exploitation and organised crime on property

Increased digitisation among financial institutions

The rapid evolution of technology is leading to an explosion in the number and volume of transactions, the growth of electronic payment methods and the development of cryptocurrencies, and the increased sophistication of criminal money laundering methods.

Barriers to efficiency in the AML/CFT area

failure to adequately identify, assess and mitigate the risk of money laundering and terrorist financing, including the fundamentals of risk identification (customer identification/verification and transaction monitoring);



The Digital Transformation

- digital transformation is a solution that can help to boost economic activity and foster sustainable growth
- the alignment with these trends in the digital development of the public sector at all levels of decision-making and implementation is remarkable



New technologies and the work of the financial analyst

The financial analyst

carries out its financial intelligence analysis work in accordance with internationally established principles and standards relating to the prevention and combating of money laundering and terrorist financing, involving the same steps as for intelligence analysis work (collection, collation, integration, analysis and dissemination).

FIU ROMANIA

its activity is to receive, analyse, process and disseminate financial information, supervise and control the reporting entities for the purpose of preventing and combating money laundering and terrorist financing, having access to a number of relevant databases to obtain the necessary information in real time.



Challenges

Traditionally, AML systems have followed an approach based on time-intensive manual processing but nowadays, the total number of transactions and the volume of bank data have grown exponentially and traditional AML methods need to be supported by some automated tools to extract suspicious money laundering patterns.



Adapting to technological change

The financial analysis work carried out at the FIU tries to adapt to technological developments by using aggregated data from FIU databases, structured according to various criteria, such as types of reporting entities, individuals and legal entities in order to determine the extent of the phenomena analysed and to provide feedback to reporting entities and institutional partners.



Integrated Information Analysis System of FIU Romania

A complete solution for managing the processes of data acquisition (reports, information and requests) - processing - analysis - dissemination - statistics - archiving



Capabilities to retrieve data from reporting entities' IT systems efficiently, securely and consistently

Capabilities for automatic electronic recording of all reports submitted by reporting entities in special electronic registers

Ability to connect to national databases or registers held by public institutions in Romania

Equipped with fuzzy search algorithms to allow analysts to identify all potential matches in a navigation interface

search capabilities on Social Networks

Capabilities to monitor transactions reported by legally obliged reporting entities

Capabilities that enable analysts to conduct targeted searches related to money laundering/terrorist financing

Enabling the elimination of manual operations required to process reports taken on a daily basis



Conclusions

New technologies must advance and improve identity verification, collect a large volume of information, distribute it and thereby improve the financial services consumer's experience of AML/CFT procedures and regulations.

The risk-based ML/FT approach as well as risk management in this area is not possible without accurate and complete information and technology that allows information to be used to benefit the mission and role of this activity in a well-coordinated and transparent manner.

Financial education is called upon to have its say in the fight against money laundering, noting that there is still a significant gap between the public's desire to strengthen the fight against money laundering on the one hand and its willingness to comply with the rules imposed to monitor it on the other.

Digitisation must be implemented on the basis of an open architecture, with high interoperability capacity, in a context marked essentially by the creation and strengthening of sustainable partnerships between all actors of the AML/CFT ecosystem.



THANK YOU!

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