Cost effective Anti-Money Laundering solution for a cooperative bank

The Client

The Client is a prominent cooperative Bank in New Delhi with 8 branches and around 20000 customers. It provides all types of accounts facility like Current Deposit, Savings Bank Deposit, Recurring Deposit and Fixed Deposits. The bank serves customers belonging to lower income strata, helping them uplift their standard of living.

Business Challenges

Criminal legislation and regulation, in all major jurisdictions, have made it mandatory for banks and financial institutions to make the necessary arrangements to combat money laundering with harsh criminal penalties for non-compliance.

In response to increased regulatory pressures and tighter AML compliance requirements, the client wanted to implement an effective and efficient business solution that can ensure adherence to guidelines laid down by RBI on the AML front. The client was faced with a number of challenges in a quest to implement a cost effective Anti-Money Laundering (AML) system.

The key challenges faced by the client were:
- Unstructured approach to KYC
- No insights into the categorization of Customer Risk
- Inadequate generation of critical Regulatory reports
- Manual intervention during report submission

Business Solution

NIIT Technologies’ implemented a comprehensive, cost-effective and automated solution - AMLEasy - to help the client meet and comply with the directives and mandates pertaining to AML. With the advantage of its scalability and flexibility, the client could easily integrate it into their banking IT ecosystem. It enabled automation of processes as per the mandates by the regulatory bodies.

- RBI recommended template was applied by our team for identifying and categorizing customers at high/medium/low risk level.
- The solution was used by the client to constantly monitor the customer transactions and get automated early warning alerts.
- A process oriented approach to KYC was used to ensure the completion of documents and procedures, and help the client screen the identity, background and source of wealth of potential and existing customers.
- The client used AMLEasy to auto generate requisite regulatory reports as STR, NTR, CTR and CRR, and ensure adherence to compliances as per the RBI mandate.

The AML solution developed by NIIT Technologies’ comprise of the following features that ensured that all clients’ documentation and procedures were complete:

Know Your Customer (KYC)

The KYC feature of AMLEasy helped the client with the Customer Identification procedure at different stages –
1. While establishing a banking relationship;
2. Carrying out a financial transaction;
3. When the client doubted the authenticity/veracity or the adequacy of the previously obtained customer identification data.

Customer Risk Categorization (CRC)

The Customer Risk Categorization feature helped the client classify their customers into three risk categories namely low, medium and high, and links the CRC with transaction monitoring process. This feature helped the client monitor high risk accounts more aggressively as compared to the low risk accounts.
CASE STUDY

Reporting
Cash Transaction Reporting (CTR): helps generate Cash Transaction Report (CTR) reports, taking into account all the formats as per the directives issued by RBI.

Counterfeit Currency Reporting (CCR): helps generate CCR reports to be reported to the Financial Intelligence Unit – India (FIU-IND) as per the mandate format.

Suspicious Transaction Report (STR): helps generate Suspicious Transaction Report (STR) to be submitted within 7 days of any suspected illegal transaction.

User and Master Maintenance
AMLEasy helped captured the data as per the client’s requirements. The system was driven by an interface that managed user and master data. The user permission and roles was also configured using configuration management feature of AMLEasy.

Rules Engine
AMLEasy rule engine was configured as per the client’s rules to identify customers for high, medium and low risk categories.

Analytics
AMLEasy robust analytics in the Know Your Customer (KYC) and Transaction Analysis segments used algorithms and rules for pattern recognition of transactions, monetary instruments, and transactions dates, among others. The Artificial Intelligence technique of this feature was used by the client to get a wide array of predictive and early warning alerts. A powerful combination of proven anti fraud, anti money laundering and business intelligence utilities was also provided to the client.

Business Benefits
- Constantly monitors client’s financial transactions; thus preventing criminal elements from using the banking system for money laundering activities
- Ensures transparency on the KYC status to help the client manage risks prudently
- Provides auto alerts on suspicious activities in accordance with the applicable laws/laid down procedures
- Significantly reduces time and effort required to generate and submit regulatory reports
- Ensures compliance with the applicable laws and regulatory guidelines
- Provides complete visibility of high/medium/low risk customers

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