



Crowe

Smart decisions. Lasting value.™

# Anti-money laundering

## A smarter, smoother path to compliance



## AML/sanctions compliance: A continuing concern

After several years of heightened regulatory scrutiny and rigorous enforcement, providers of financial services have committed significant time and resources to ensuring compliance with global and U.S. sanctions and anti-money laundering (AML) regimes. As these efforts continue, a growing number of financial services organizations have begun focusing on identifying sustainable and innovative ways to manage compliance risk more efficiently, while at the same time deriving added value from the resources they commit.

Regulatory enforcement agencies continue to be vigilant in their evaluation of AML and sanctions compliance programs. In addition to requiring risk-based programs with strong processes and controls that reinforce good governance, regulators also are looking for effective model risk management, strong enabling technology, and robust program documentation. In response, financial services organizations of all types and sizes have invested heavily in the development of comprehensive AML and sanctions compliance and risk management programs.

Many organizations are now ready to advance to the next stage of AML risk management – seeking out and implementing new tools and methodologies that make compliance more cost-effective. Many also are engaging in proactive human and technology resource planning for their AML initiatives, working to anticipate and attack new threats and risks rather than waiting to react to regulator-driven compliance concerns after they arise.

Leading providers of financial services are also looking at the impact of their AML programs on competition and customer relationships, viewing AML compliance as an opportunity to expand their knowledge of customers and deliver a higher level of service. The challenge is how to manage compliance better, faster, and smarter – at lower cost and with more effective results.

# Streamlining compliance: Customized solutions

The risks of noncompliance are still substantial, and meeting evolving AML requirements can feel like a moving target. Moreover, rapid advances in data analytics, artificial intelligence, machine learning, robotic process automation, and other technological innovations introduce further uncertainty and new variables into the environment.

Nevertheless, there is good news. Drawing on years of experience and thought leadership, Crowe specialists can help you create a risk-based AML program tailored to your specific needs, or upgrade and enhance your existing program to achieve maximum efficiency and

effectiveness in today's complex and evolving environment. In addition to leveraging today's technology, the Crowe approach also helps you position your organization for future innovations by laying a sound data governance foundation and establishing a sustainable risk management infrastructure.

Crowe services are being successfully applied in all types and sizes of financial services institutions. Crowe AML solutions can be customized to your organization based on risk profile, business model, size, location, customer base, corporate culture, delivery channels, products, and service offerings.



# Crowe CLAMP™ model: An AML operating model for regulated financial services companies

The Crowe framework for efficient and effective AML compliance is based on the Crowe CLAMP operating model. This highly developed model enables companies to achieve a high level of maturity in nine interrelated areas of AML compliance:

## 1 Strong enterprise foundation

Crucial to an organization's AML program is an enterprise foundation that determines an organization's ability to respond to changes in both the business and regulatory environments.

## 2 Principal capabilities

Four principal capabilities serve as the backbone of an organization's AML program:

- An enterprise-wide compliance risk assessment
- Comprehensive processes to guide AML compliance models
- Effective monitoring and self-testing of AML controls
- Robust written procedures

## 3 Demonstrated execution

Every AML program must demonstrate the ability to execute the plan and its components, including an AML risk assessment and profile, effective internal controls, staffing and training, and models and systems that are independently validated.

## 4 Customer due diligence

The goal of customer due diligence is to identify, screen, and manage new and existing customers that present a higher risk for money laundering and terrorist financing.

## 5 Activity monitoring

The goal of AML activity monitoring is to identify potentially suspicious or prohibited customer activity through high-quality alerts while minimizing false positives through the use of rules-based, profiling, or machine learning technology and advanced analytics.

## 6 Investigations and reporting

Suspicious activity, regardless of its origin, requires detailed investigation and documentation by qualified individuals and timely and accurate reporting to law enforcement.

## 7 Single customer view

An organization must be able to demonstrate that it understands customer information and has properly determined linked relationships both within a line of business and across subsidiaries.

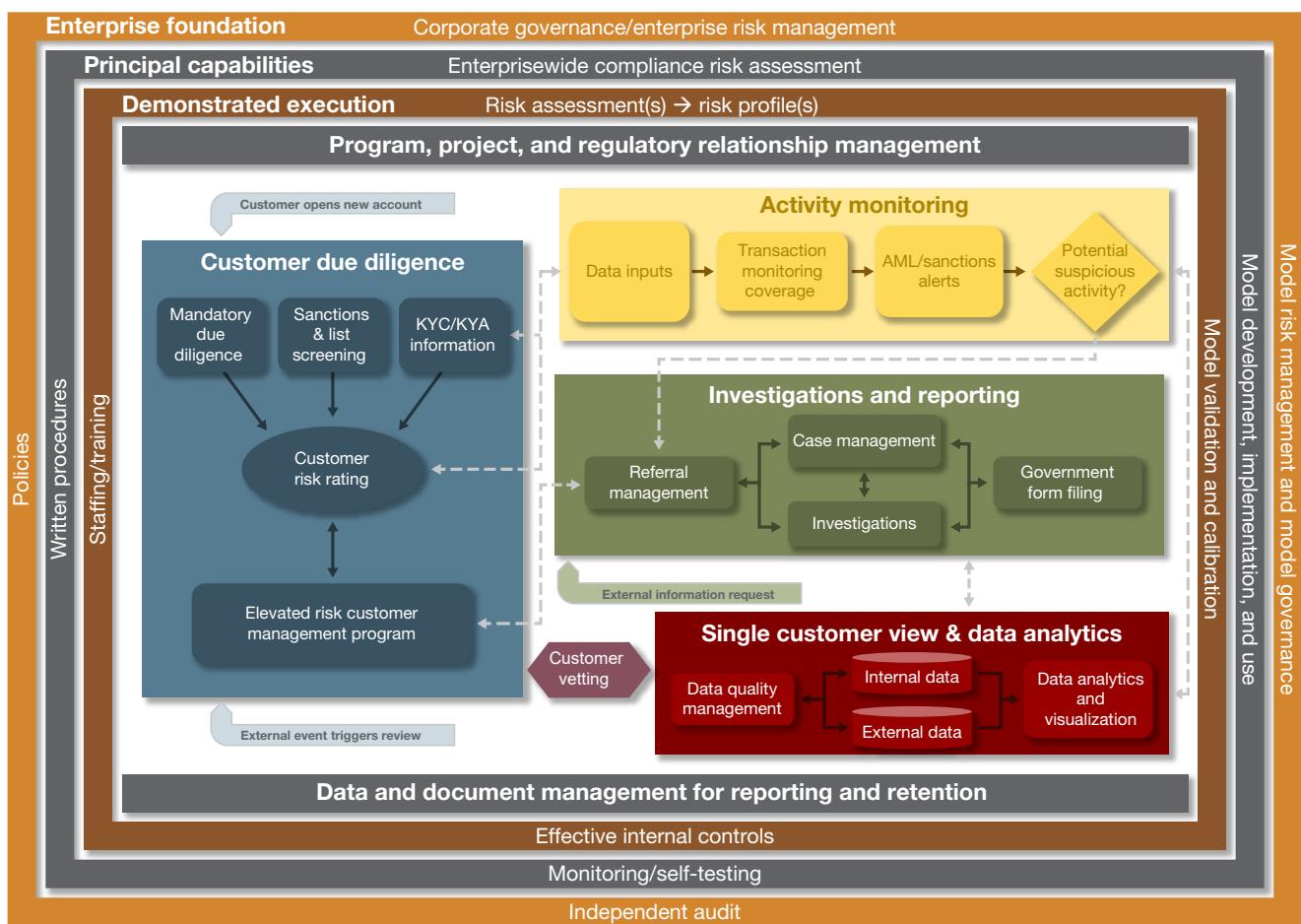
## 8 Data and document management

Regulatory mandates require maintenance of documents and historical data, with organized and timely archive retrievals and clear audit trails that track data and document warehousing.

## 9 Program management

Organizations should demonstrate an ability to plan, organize, and manage AML projects through a program office, and execute projects on time and within budget.

## The Crowe CLAMP model



# Crowe AML services and solutions

At Crowe, we view AML compliance as a continual process of vigilance grounded in a proactive program. Our solutions are readily scalable – they can be implemented as a comprehensive compliance program or delivered as point solutions targeting specialized areas of need or specific regulatory challenges.

## Model risk management

Crowe has an established model risk management methodology and framework to help organizations meet regulatory expectations. These services include:

- Identifying and managing the AML model inventory
- Assessing AML model risks
- Developing and implementing AML models and systems
- Validating models relied upon for AML compliance
- Calibrating or optimizing AML system parameters
- Establishing governance and oversight for the model risk management program

## Financial crimes system implementation

Crowe has extensive experience providing advisory, project management, and consulting services related to the implementation of AML and fraud systems. This includes assisting clients to retire old and dated transaction monitoring, customer due diligence (CDD), currency transaction reporting, and fraud systems; upgrading existing systems to newer versions of the same product; or implementing state-of-the-art system solutions.

## AML analytics and reporting

Enhanced analytics and statistical techniques are necessary to effectively analyze and calibrate AML models to support all AML program capabilities. Other critical components of a strong AML program include data warehousing, integration, and governance, as well as effective data visualization and dashboards to provide management with enhanced visibility. Crowe services include:

- Defining AML analytics programs
- Establishing program KPIs and KPIs
- Calibrating AML system parameters
- Designing and developing management reporting capabilities

## Independent AML testing services

Crowe conducts annual AML and sanctions independent testing services for more than 100 financial institutions, money service businesses, broker-dealers, and financial technology organizations around the globe through a dedicated professional team with AML and audit experience. The Crowe approach is designed to adapt to each of our clients' unique AML risk profiles, empowering institutions to satisfy regulatory requirements while applying our perspectives.

## Regulatory response and remediation

Crowe has extensive experience working with regulators to help institutions address examiner concerns. We offer a broad array of AML-specific services for institutions facing regulatory issues and enforcement actions, including:

- Independent third-party monitoring services
- AML look-back reviews
- Consent order validation and independent testing services
- AML activity review services for ongoing support, backlogs, or special assignments
- Exam preparation and management

## **AML program enhancement services**

Crowe frequently provides program oversight and compliance integration services in addition to specific enterprise risk assessment efforts. Crowe also has extensive experience helping institutions maintain compliance with Office of Foreign Assets Control (OFAC) requirements and other global trade and economic sanctions. Crowe services include:

- Enterprise compliance, AML, and sanctions risk assessment
- Formulation of policies, procedures, and program standards
- AML program assessment and future-state road map documentation
- Formation and optimization of financial intelligence units
- Convergence of financial crimes programs
- Merger and acquisition management
- Ongoing advisory services and thought leadership
- Business-as-usual support and optimization
- Annual and ongoing AML training
- Global service delivery model for more cost-efficient delivery of AML activity review services

## **Customer due diligence**

Know your customer (KYC), CDD, and accurate customer risk rating capabilities are essential components of an effective AML program. Crowe offers in-depth knowledge and technological expertise in helping institutions:

- Establish enhanced due diligence (EDD) processes and procedures
- Support business-as-usual EDD reviews
- Design and develop customer risk rating models
- Implement CDD and single-customer-view systems
- Design and execute calibration for customer risk rating models
- Validate CDD and customer risk rating models

## **Data management**

As AML programs increase their reliance on technology for effective and efficient compliance, data management and quality grow in importance. Crowe provides services to assist with:

- Mapping and integrating data sources to AML systems
- Assessing data quality and completeness
- Developing data management strategies
- Leveraging data visualization tools to support AML compliance and reporting

## **Technology**

Through collaboration and extensive experience with AML clients, Crowe has developed technology solutions that support and bring efficiency to AML program components. These include:

- **Crowe Model Risk Manager** – assists institutions by enabling an effective, efficient, and sustainable AML model risk management program
- **Crowe Dynamic Customer Insight** – facilitates the collection of customer information, evaluation of customer risk rating, and execution of EDD and high-risk customer reviews
- **Crowe MRM-Caliber** – supports a complete, technology-enabled calibration approach that assists institutions in tuning and optimizing their transaction monitoring system, adding efficiency to the tuning process
- **Crowe Activity Review System**<sup>TM</sup> – also known as the CARS<sup>TM</sup> solution – leverages dynamic questioning and automated narrative generation to significantly reduce the amount of effort required to review suspicious activity alerts
- **Crowe Collaborative Risk Manager** – a dynamic and sustainable risk management application, helping institutions to identify and evaluate risk, quantify and assess risk and control impact, and identify and track remediation activities to risk closure



## Learn more

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