

Abstract

Avantage Reply was engaged to support and reinforce the Compliance department. This was done by reviewing and improving the tools and processes used for monitoring compliance with laws, regulations and internal policies. Through the review of compliance, the client wanted to gain assurance of its capacity to oversee controls, both from business operations and in terms of detecting and correcting compliance-related issues.

A black and white photograph of a classical building facade, likely a government or institutional building, featuring a prominent portico with large columns and a pediment with intricate carvings.

Compliance Review, Recommendations and Improvements

THE CLIENT

The client is a global actor and online payments system with global presence.

THE CHALLENGE

For each electronic transaction, the client has to protect both buyer and seller. It also has to comply with the legislation of all countries in which it is present and with international restrictions or sanctions. Due to its online business, the number of countries in which it is present and the number of transactions it processes, the risk of attempted fraud, money-laundering and other criminal activity is significant. In order to counter this risk, the client asked Avantage Reply to help consolidate their Compliance department in the client's headquarters. As second line of defence, the compliance function has the responsibility to ensure that transactions and customer accounts are checked, detect suspicious activities, ensure regulatory compliance, report suspicious activities in due time, and to collaborate with the "Parquet" (public prosecutor) in its investigations.

APPROACH AND SOLUTION

Our approach was to review, make recommendations and to implement these recommendations in collaboration with the client. We looked at the tools and processes used for monitoring compliance with laws, regulations and internal policies. These oversight tools included templates for monitoring Key Performance Indicators linked to outsourcing Service Level Agreements with service providers. The templates were used to assess the effectiveness and efficiency of business operations.

The review of the processes included testing controls from the first line of defense. We assessed the effectiveness and efficiency of business operations, measured the reactivity to compliance-related breaches and issues, and improved the reporting to management, including more granular reporting and better tracking of issues.

Part of our approach was to completely review all transactions flagged by the client's business operations as potentially suspicious during 2014. We looked at the suspicious activity detection rules and the investigation procedures, including communication with customers and how conclusions of 'true alert' and 'false alert' were arrived at and documented. We also investigated the process of escalation to the Compliance Committee and suspicious activity reporting to the Parquet. We

worked with business operations to improve the speed of time-critical reporting of potential criminal activity.

Based upon our comprehensive review, we implemented numerous corrective actions with the client and enhanced the suspicious activity procedures.

RESULTS AND BENEFITS

The benefits were a complete assessment of all processes and KPIs in place, implementation of a more robust compliance monitoring program based on this assessment and an improvement in the quality and content of compliance reporting.

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