

## TCM **SMARAGD**

### Sanctions Monitoring of Payment Transactions and Customer Portfolio Check

Financial institutions have a special obligation to protect the financial system as a whole against criminal financial abuse. Companies are therefore required to implement sufficient measures to comply with international and national embargo regulations. Intelligent IT Systems contribute greatly to this challenge.

#### Motivation

Financial crime becomes a very big problem for companies. Especially the international crosslinking is confronting financial institutions with the challenge to monitor payments to critical banks or countries, and to stop them if necessary.

#### Goal

SMARAGD TCM represents a crucial element for the implementation of these technical requirements. The system checks all relevant information for sanctions violations while placing a key focus on the payments and customer data, and thereby utilizes all available internal and external information sources. If SMARAGD TCM discovers a conspicuity, this will be reported to the compliance officer and further pursued.

#### Solution

The use of SMARAGD TCM will reduce the operational risk for financial institutions, and economic damages for the financial institution can be avoided. Although it was originally designed for the financial embargo monitoring, SMARAGD TCM is currently being used in many other areas within and outside of the financial industry.



#### Technical Application Fields

##### PAYMENT TRANSACTION MONITORING IN REAL TIME

Checking of all relevant payment messages with the goal of detecting people or countries that are subject to a financial embargo. Such conspicuous payment messages are initially stopped and must then be analyzed by the responsible compliance employees. The monitoring of the payment transactions is performed based on the official embargo lists maintained by the various agencies.

##### MONITORING OF THE EU REGULATION FOR FUNDS TRANSFER (FTR)

Monitoring of all bank transfers for completeness or the stated customer data as well as recipient data and their sufficient identification. Hereby, formal criteria will be examined and it is also important if unspecific information e.g. "one of our customers" was stated.

##### ONLINE CHECKING OF NAMES AND OTHER TERMS

Flexible embargo or PEP checking of names used in a business process, for example, for the creation of a letter of credit or in the CDD environment. With the online checking, the employee has the option to check embargo and PEP factual circumstances for names and terms at any time with an intranet application.

##### PREVENTION OF PAYMENTS TO CRITICAL BANKS

Efficient suppression of payments to financial institutions, which are regarded as insolvent. The payments must first be confirmed by competent employees, before they can actually be executed. If necessary, the monitoring can be expanded to the country level.

##### PEP CHECK OF THE CUSTOMER PORTFOLIO

Regular checking of the customer base for politically exposed persons (PEPs) Customers with PEP status are subject to a higher duty of care, and must therefore be especially monitored. The PEP detection is performed on the basis of external lists.

##### FINANCIAL EMBARGO CHECKING OF THE CUSTOMER PORTFOLIO

Regular checking of the customer base against the official embargo or internal bad-guy lists. In addition to customer data, it is also possible to easily include further partner data.

## Specialist Components

### ALERT MANAGEMENT

If SMARAGD TCM determines a conspicuity in a checked transaction (payment message etc.), a process in the form of an electronic file will be created in it. The alert extensively indicates why the transaction became conspicuous and displays all available information on the approved transaction. All alerts identified by SMARAGD TCM will be illustrated in an alert overview with their essential characteristics. The alert processing is integrated into a multi-stage workflow, which can also be performed with a two-person integrity if required.

### USER MANAGEMENT

The access to and the use of SMARAGD TCM is controlled by the user management. A very fine-grained control is possible through the authorization concept, that specifies which user will be able utilize certain functions. The assignment of rights to users is performed in the User Editor with the help of roles, in which individual permissions are consolidated to sensible technical groups. A continuous two-person integrity principle has been integrated into SMARAGD TCM, which can be activated for any editor. In addition, all user actions will be documented in an audit-proof manner in an electronic journal.

### LIST MANAGEMENT

The checking capabilities of SMARAGD TCM are largely based on official embargo and internal sanctions lists. These lists can include sanctioned persons, countries, or special indicators such as „weapon“ etc. With the help of these lists entries it can e.g. be checked whether the payment initiator of a transaction can be found on one of the official embargo lists. The relevant lists can be flexibly configured according to the number and structure, according to the requirements of the individual financial institution.

### RULE MANAGEMENT

The rule management is responsible for the check logic of SMARAGD TCM. Here it is set, how the individual transactions are to be checked in detail. Before the actual embargo checking, SMARAGD TCM will identify all relevant attributes of a payment message or a customer dataset. In the rule management a rule code will then be established in detail, to specify how the individual attributes are to be checked. Hereby, it is also possible to consider particularities of individual fields, e.g. payment reasons.

### MULTI-ORGANIZATION CAPABILITY

SMARAGD TCM is fully multi-organization capable: Various institutes can be installed and operated simultaneously on a common server. The multi-organization capability in SMARAGD TCM thereby supports a two-stage concept: Each business unit is completely independent and has an individual institution-specific configuration regarding payment messages or the customer data, rule code and lists to be checked. In any alert, all institute-specific data such as alerts or list entries are clearly separated from each other. A business unit is therefore treated as an independent SMARAGD TCM installation.

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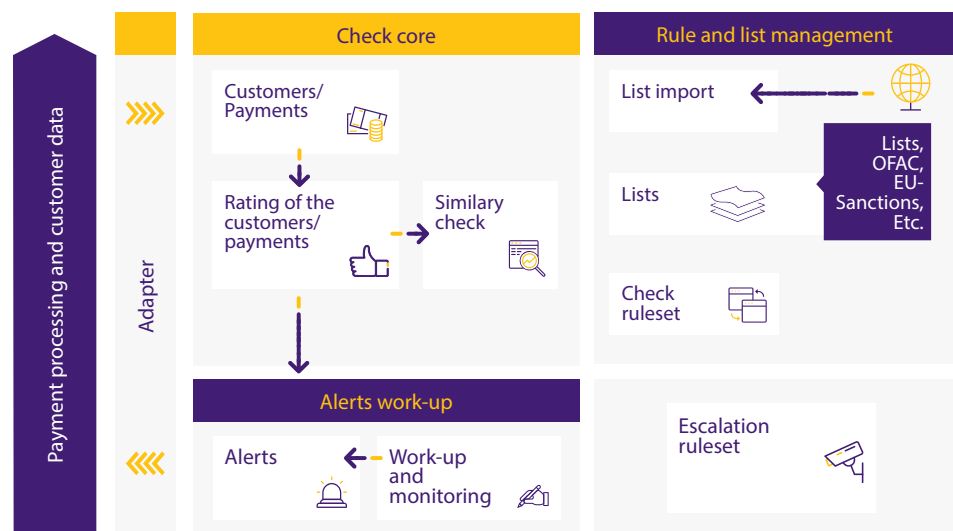
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## Implementation

During the development of SMARAGD TCM we focused on a simple and standardized procedure. Thus, a fast and uncomplicated implementation is guaranteed.

### Summary

SMARAGD TCM is a product for the monitoring of embargo violations and financial sanctions. Furthermore, companies can seamlessly check their customer portfolio. By allowing that, SMARAGD TCM enables compliance departments to protect their companies from financial crime.



## At one Glance - SMARAGD TCM

- » Covering of all legal financial embargo requirements
- » Customer portfolio: identify unwanted persons
- » Embargo violation: avoid frozen payments

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SMARAGD TCM

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