

CRS **SMARAGD**

Determination of the customer risk for the risk-based approach and the risk analysis

SMARAGD CRS is a product from the SMARAGD Compliance Suite by targens GmbH in Stuttgart. With our software solutions we support banks during the creation of the risk analysis and implementation of the risk-based approach for anti-money laundering and the KYC process. All customers of the bank must be evaluated ad hoc or referring to a record date according to their respective money laundering risk. At this point SMARAGD CRS delivers the answer by a reliable, flexible, and audit-proof determination of customer risks.

Motivation

Financial institutes are required to create a risk analysis according to the anti-money laundering law in respect to the risk of money laundering, fraud and terrorism financing. In respect to that factors for the following risks must be considered: customer, product, service, transaction, sales channel, and geographical risks. This is where SMARAGD CRS comes in with its determination of the customer risk which then becomes an integral component of the KYC onboarding process and the implementation of the risk-based approach in the money laundering prevention.

Goal

The evaluation of all customers of a company according to the risk types of money laundering, fraud, terrorism financing and the provision of the results on a daily basis for the money laundering prevention as well as on record day basis for the creation of the risk analysis for the compliance with regulatory requirements are the goals of SMARAGD CRS.

Solution

SMARAGD CRS detects the compliance risks within a company according to a sophisticated mathematical model. Risk can thereby be detected early, and respective measures can be carried derived in order to meet these identified risks.

Risk Structuring

In SMARAGD CRS a customer-specific risk model can be configured. Therefore, the customer, transaction and product risks are divided into several risk dimensions. They are evaluated with the help of configurable indicators via a questionnaire. Thereby you achieve an individual and still unified, objective, and well-founded risk evaluation. This procedure fulfills all checking requirements according to transparency and comprehensibility.

RISK MODEL

The risk model is completely configurable by the users. The focus is on a risk evaluation of countries, products, branches etc. The evaluation is the result of answers in a questionnaire per risk dimensions, e.g. "How high is the corruption rate in country X?", "Is there an opportunity of cash payments for product Y?", "Does the industry sector Z have a high cash intensity?". These questions can be formulated individually for each risk dimension. There exist public ratings for some risks (e.g., country corruption index by Transparency International). Each answer contributes on a scale of 0 to 10 to the overall risk of a country, product, or branch. The risks are indicated by stoplight colors. For each detection of the overall risk (e.g., country or customer) a risk indicator and risk dimension can be weighted differently. Furthermore, SMARAGD CRS supports group sorting, so the product variants can be aggregated to one group and be evaluated together. This is a decisive factor in order to reduce the configuration effort in compliance.

At one glance - SMARAGD CRS

-  Daily detection of the money laundering risk
-  Integration into the KYC process
-  Portfolio evaluation for the risk analysis

Risk Evaluation

The overall risk of a customer is the result of individual customer risks, risks of relationship customers and products. Special effects from legal regulations, e.g., PEP, sanctioned countries) are considered by the typology function. At the same time users can note down subjective assessments. The evaluations lists (e.g., corruptions index) can be exported to Excel® and be imported from there

Simulation Run

In order to optimize the evaluation of the risks money laundering, terrorism financing and fraud, SMARAGD CRS offers a simulation function. Therefore, it is possible to check with the first productive run, how the changes affect the system. Via a data import and a downstream evaluation run all results can be simulated. Using that as a basis, respective refinements of the risk model can be carried out. The users therefore have the change to install adaptations before the system is launched and to adapt it to the needs and requirements of the company.

Risk Transmission

During the detection of the customer risk the relationship network the customer is part of is always taken into consideration. Thereby, the high risk of a customer can be transferred onto a customer who is in a relationship with him. In order to do this, the customers have to have a direct relationship via a customer-customer-relationship (e.g., beneficial owner) or in an indirect relationship via a commonly used product (e.g., account holder and representative).

Depiction of Company Group Structure

In SMARAGD CRS evaluation for the risk analysis can be carried out on a company group level or in respect to a single unit. The risk mode is maintained on a group level, copied into all group-related companies, and can be individually adapted if needed. Therefore, the coherence of the risk model can be ensured over all units and the work effort can be greatly reduced.

Webservice

In the KYC process of the customer a customer risk is needed, to comply with the respective processes regarding the due diligence. This is where SMARAGD CRS comes in with its webservice. The risk model maintained within SMARAGD CRS can be used during the customer onboarding. From the operative system of a customer a customer risk can be retrieved in real time and integrated into the onboarding process. The webservice completes the onboarding of a new customer during first registration.

Copying of the Risk Model

The risk model is usually cared about in the testing environment. The adapted changes can be copied from one environment to another reliably and without mistakes by the function risk model import and export. This makes sure that all tested changes are transferred into the productive system.

EVALUATION

SMARAGD CRS offers a great number of standard evaluations to cover the information requirements of the risk analysis. Evaluations over several years show the changes over the course of years. A special highlight is the query customer evaluation that shows the risk composition of a single customer in a graphic depiction. Therefore, it is easily recognizable for an administrator which environment the customer is part of in the company and which risk from outside influence the customer.

IMPLEMENTATION

SMARAGD CRS is integrated into the IT environment easily. Standard interfaces for data import and export make a fast and reliable connection possible, even within the first implementation project. The configuration of the system is easily comprehensible and can be adapted at any time.

SUMMARY

SMARAGD CRS is a product for the efficient identification of compliance risks and its evaluation as well as the creation of a reliable risk analysis under consideration of the current regulatory requirements.

SMARAGD

With the targens product line SMARAGD Compliance Suite as an intelligent software solution we support companies in the fields of finance and corporates in their fight against financial crime and fraud. Innovative AI components are also used in our products.

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targens is a professional service provider for banking, compliance and Digital Finance, as well as a leading provider of consulting, software and product solutions. Based on a professional consulting, high-performance products and the mastering of disruptive technologies, the consulting and software company supports its customers in their corporate management, trading activities, the protection of their business processes and the accelerated attainment of sales activity success.

**Your contact for
SMARAGD CRS**

**Frank Moser
Product Manager**

Frank.Moser@targens.de