

# TRANSACTION MONITORING

Transaction Monitoring (TM) is a vital part of a financial institution's control framework, which supports the ongoing fight against financial crime by stopping the flow of illicit funds. Protiviti helps you to implement validated transaction monitoring systems and a framework of controls to mitigate financial crime related risks.

## Challenges to Transaction Monitoring

Organizations face various challenges when establishing effective transaction monitoring. Therefore, staying up-to-date is crucial as monitoring laws, regulations and expectations are complex and change frequently. Furthermore, businesses should avoid siloed infrastructures which may lead to duplications of work, and which can result in poor data quality overall – whereas high data quality allows for transparency in data sources.

Additionally, labour intensive processes, a lack of data integration, proper system calibration, and automation can result in significant false positives. This requires investigators to gather data from multiple sources and duplicate it in their case management tool. However, these manual investigative processes absorb too many resources and add unnecessary complexity to their workflow.

## Components of an Effective Transaction Monitoring Model

Protiviti's helps to build an effective transaction monitoring model to reduce your organization's exposure to financial crime related risk. Our approach is grounded on four vital elements:

- **Governance framework:** policies, procedures, access control, roles and responsibilities, risk appetite, change management, system controls
- **Data, system and process validation:** model design, data integrity and validation, system validation, and threshold setting
- **Continuous calibration:** ongoing verification, sensitivity testing, scenario rationalisation, alert optimization techniques
- **Risk assessment:** continual updates to capture frequent regulatory changes, assess industry, country and ally-country exposure, product risk, inter alia

## How Protiviti Can Help

**Target Operating Model**  
Streamlining processes to align with company goals, structuring teams, using technology for seamless operations and scalability, and reviewing on- and off-shore models.

**Transaction Monitoring Risk Assessment**  
Examining risks, evaluating threats and tailoring your organization's TM model.

**Model Governance Review**  
Reviewing documents and processes related to system management oversight and user accountability, assessing deployment processes and sufficiency of model documentation.

**Model Validation & Data Quality**  
Ensuring integrity and effective data management through end-to-end validation of data flows, performing logic validation, and executing below and above the line testing to identify ideal thresholds.

**Data Analytics & Automation**

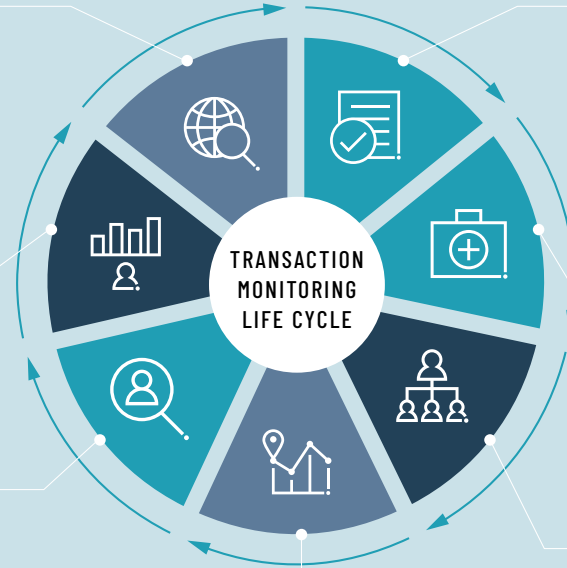
Leveraging analytics and machine learning concerning risk score alerts, prioritizing, triage and auto-close, streamlining and automating process to capture, document, and organize alerts, and improving innovation with simulation-based approaches.

**Health Check & Gap Assessment**

Assessing system and process alignment with TM regulatory requirements, and aligning controls to ensure compliance with relevant laws and regulations.

**Managed Service Solutions**

Gaining insight through level 1 review alerts on an outsourced basis, large scale lookback reviews and outsourced SAR reviews.



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Protiviti advises companies in a hands-on way and on a par in the areas of strategy, organizational transformation and optimization, ESG, digital transformation, risk management, internal audit and control systems, compliance, and IT. Together, we find individual solutions to position your company for years to come. Face the Future with Confidence.

### CHECKLIST

## THE PROTIVITI ADVANTAGE

- INDUSTRY EXPERTISE**  
highly skilled TM, FCC, and transformation experts
- ESTABLISHED PARTNERSHIPS**  
with leading and emerging software companies
- TECHNOLOGY ACCELERATORS**  
fast tracking technology deployments
- TAILORED SOLUTIONS**  
shaping your TM transformation journey to your needs and goals
- FLEXIBLE DELIVERY MODEL**  
run your TM operations locally, remotely, on- or offshore
- DESIGN THINKING WORKSHOPS**  
working sessions to create innovative solutions
- INNOVATIVE PRICING**  
approach to pricing based on "we win only if you win"

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