Presentation Outline for SAR Activity Report (Boot Camp Activity)

* **The bank was facing an extremely high amount of risk and was mitigating that risk through the Suspicious Activity Reports** **(SARs) process**
  + Investigation teams in US banks flag suspected illegal activity, which if unresolved, results in the filing of SARs
  + SARs are used by Anti-Money Laundering departments (AMLs) to identify and address high risk customers
  + The risk of the client bank was high as reflected by the number of SARs reported and the percentage of SARs that were significant
* **CAST has been given two objectives: identify the characteristics of transactions that indicate higher risk activity and assess the effectiveness of the bank’s current SAR practices**
* **Given the objectives, CAST performed analysis on over 4500 SARs**
  + Investigation teams should focus on specific activity types based on the activities most likely to involve higher risk
    - On which SARs should the AML team focus their efforts?
    - Significant SARs are more frequently associated with certain activity types: Wires, Personal/Business Checks and Monetary Instruments
  + The level of account risk has decreased over the course of the AML process re-design
    - A decrease in the percentage of significant SARs indicates a reduction in the number of high-risk accounts in the bank: if the accounts likely to generate the highest-risk activity were closed, the highest-risk activity should decrease
    - The percent of significant New SARs has gone down in the past year
      * High-risk activity has decreased
  + SAR accounts are being closed more quickly than in the past
    - A reduction in follow-up SARs, which occur 90 days after the creation of the parent SAR, indicates accounts being closed more quickly than in the past: if the accounts from the parent SAR are being closed, there is nothing to follow up on
    - The percentage of new SARs that have a follow-up has decreased over the past two years
      * SARs are being closed more quickly than in the past
  + Focus of account closures should be shifted toward significant SARs
    - Follow-up SARs are representative of their parent SAR: if the accounts that are being closed are significant, then the percentage of follow-up SARs that are significant should decrease
    - In the past year, the percent of follow-up SARs that are significant has been above the 3-year overall average
      * Accounts on significant SARs are being closed less quickly
* **CAST has developed the following recommendations for the investigation team and the SAR process**
  + Focus the investigation team on transactions involving wires, personal/business checks, or monetary instruments, which are more likely to be involved in significant SARs
  + Continue existing practices that contributed to the reduction of new SARs
  + Direct further attention to significant follow-up SARs
    - CAST can conduct further investigation for how to best implement this change