Presentation Outline for SAR Activity Report (Boot Camp Activity)

* **Background Information and Introducing the Problem**
  + Investigation teams in US banks flag suspected illegal activity, which if unresolved, results in the filing of Suspicious Activity Reports (“SARs”)
  + SARs are used to identify and address high risk customers
  + CAST has been asked to identify SAR groups that should be given the highest priority
* **CAST Analysis and Relevant Data**
  + Association with Activity Types
    - *Refer to graph titled “% of SARs\* that are significant, by product type\*\*”*
    - Significant SARs are more frequently associated with certain activity types (e.g., Wires, Personal/Business Checks, Monetary Instruments)
    - Suggests that investigation teams should focus on these activity groups to prevent future illegal activity
  + Reduction in % of New SARs
    - *Refer to graph titled “% of New SARs that are significant”*
    - From December ’14 to June ‘15 significant New SARs have decreased by 11.4 percentage points (from 15.3% to 3.9%)
    - Fewer significant SARs represent the number of high-risk accounts in the Bank going down: the accounts likely to generate the worst activity were closed, so the worst activity should decrease
    - These data suggest that the SAR problem is getting better
  + Reduction in % of Follow-up SARs
    - *Refer to graph titled “% of New SARs that have a follow-up”*
    - From December ’14 to June ’15, Follow-up SARs have decreased by 13.3 percentage points (from 20.0% to 6.7%)
      * Moreover, from Jun ’13 to Jun ’15 (last 2 years) they have decreased by 28.8 percentage points (from 35.5% to 6.7%)
    - Generally a reduction in follow-up SARs represents high-risk (i.e., significant) accounts being closed more quickly than in the past: the accounts from the parent SAR are being closed, so there is nothing to follow up on
  + Increase in % of Significant Follow-up SARs
    - *Refer to graph titled “% of Follow-up SARs that are significant”*
    - In the past year, % of significant Follow-Up SARs has been above the 3-year overall average
      * Suggests that reports being closed were not significant SARs
* **CAST Recommendations**
  + Focus on High Risk Activity types (e.g., wires)
  + Continue good work in overall SAR reduction
    - Both quantity and duration
  + Direct further attention to significant follow-up SARs