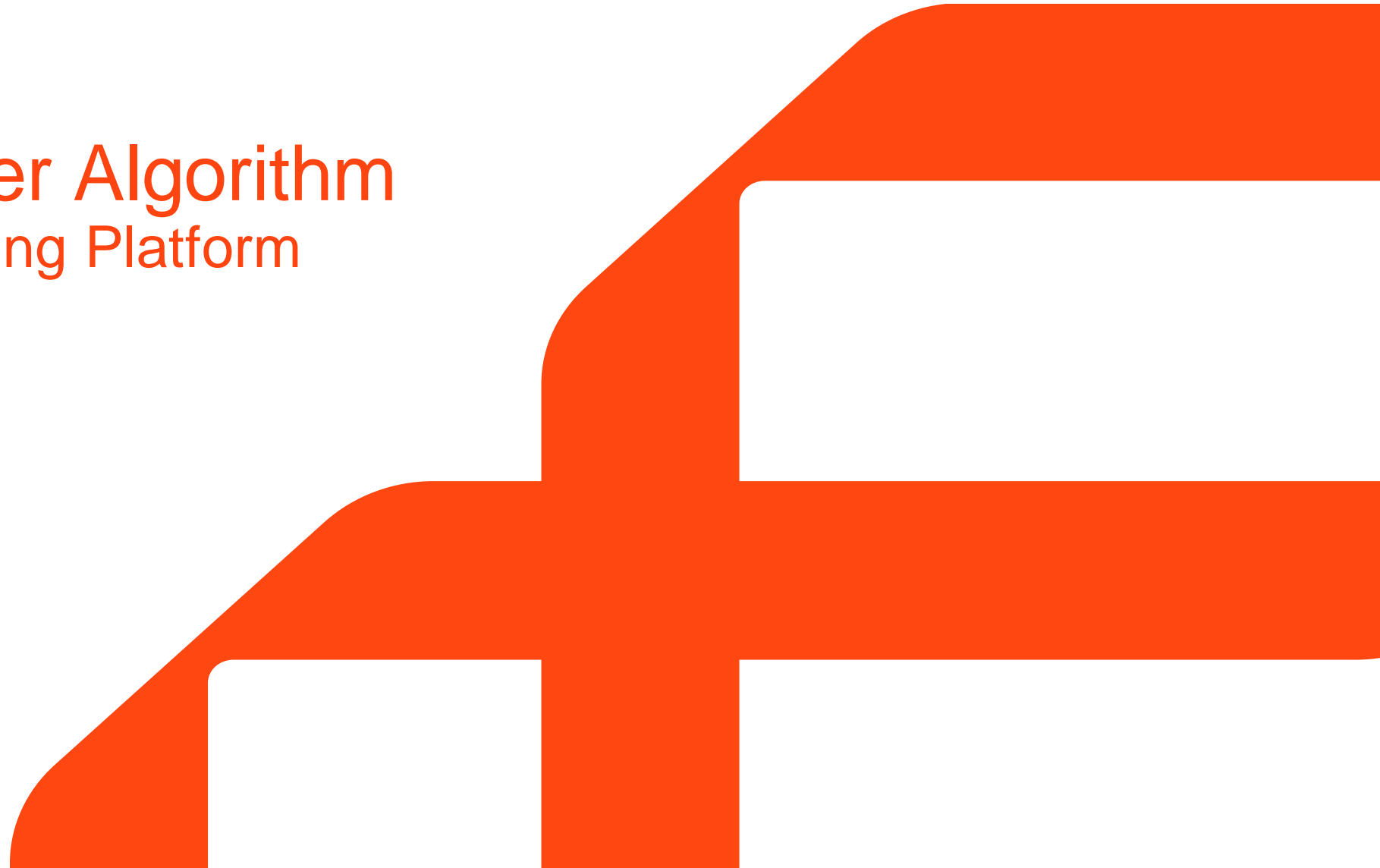


# The FinTracer Algorithm

## Core of the Alerting Platform

AUSTRAC



# FinTracer Overview

- FinTracer enables us to **identify suspicious transaction activity** occurring between multiple bank accounts **without sharing the transaction, account, or customer information** between the banks or to AUSTRAC.
- Banks running FinTracer will exchange opaque, ephemeral 'tags' associated to their accounts which **represent whether the account is relevant or not to a particular investigation**.
- Most accounts that get tagged during a FinTracer 'run' are **unlikely** to be relevant to the specific operation. We guarantee the privacy of these innocent bystanders by encrypting the tags during the run; only the tags of suspicious accounts are revealed to AUSTRAC at the end.
- **FinTracer is the building block for sophisticated typology-matching.**

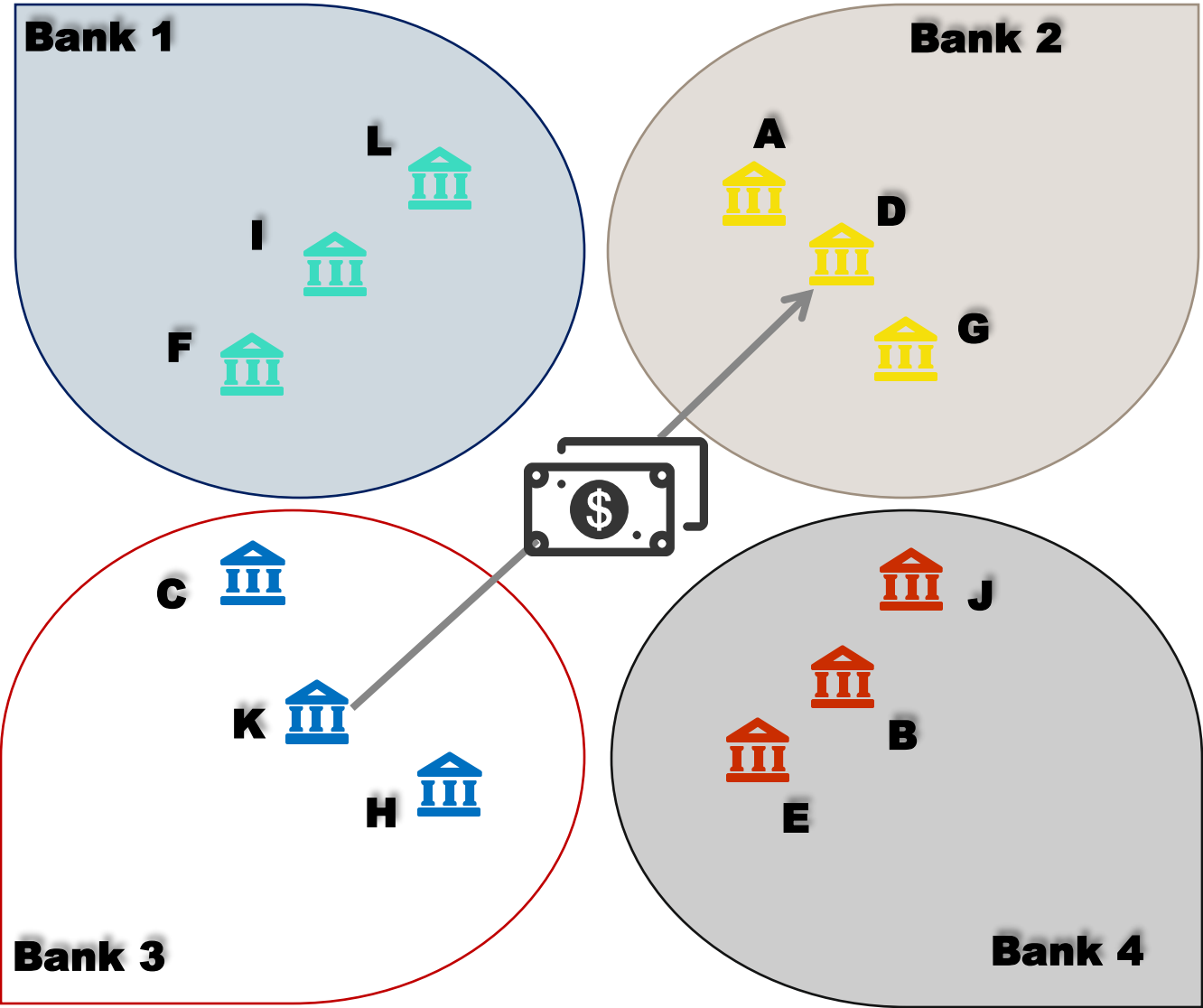
# Example Use Case

- Reporting entities have submitted SMRs on businesses that were apparently unaffected by the pandemic, contradicting expectations.
  - **Hypothetical example:** A city gym still receiving pre-pandemic levels of income during a lockdown.
- AUSTRAC and our Partner Agencies may be interested in determining whether these businesses are connected to known serious and organised crime (SOC) figures.
  - **Hypothetical investigation:** The Fintel Alliance may want to discover **indirect** financial links between the gym's account and the account of a SOC person-of-interest (direct links are straightforward).

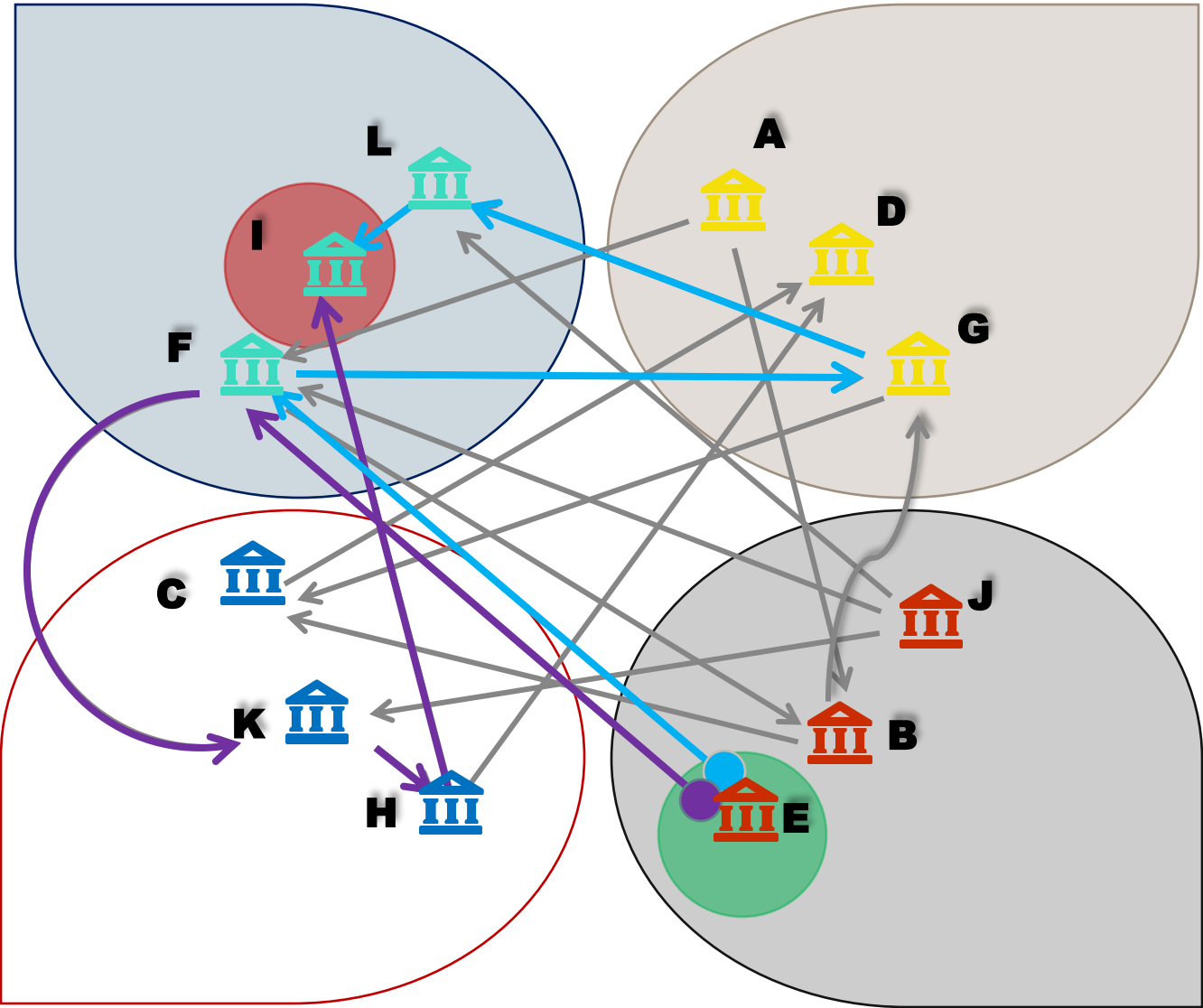
# FinTracer's Mechanism

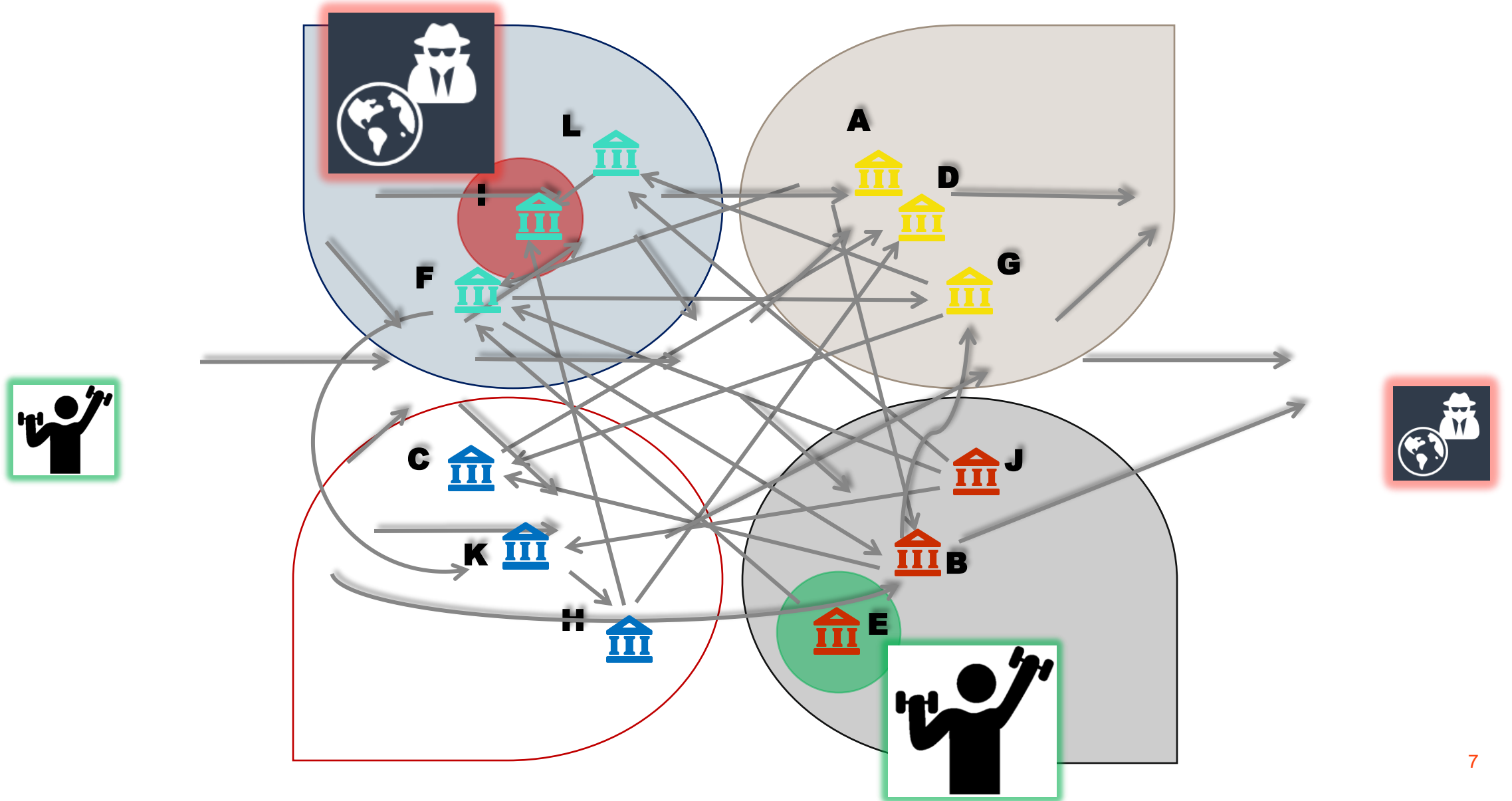
- A 'sticky note' is attached to each account. **The sticky notes on source accounts like the gym are marked with ticks, the rest are blank.**
- These sticky notes are encrypted: **their contents is unknown to the banks.**
- The FinTracer software **coordinates, but does not see** the process of exchanging and updating the sticky notes between the banks.
- AUSTRAC then requests the encrypted sticky notes for certain accounts.

# Siloed transaction data

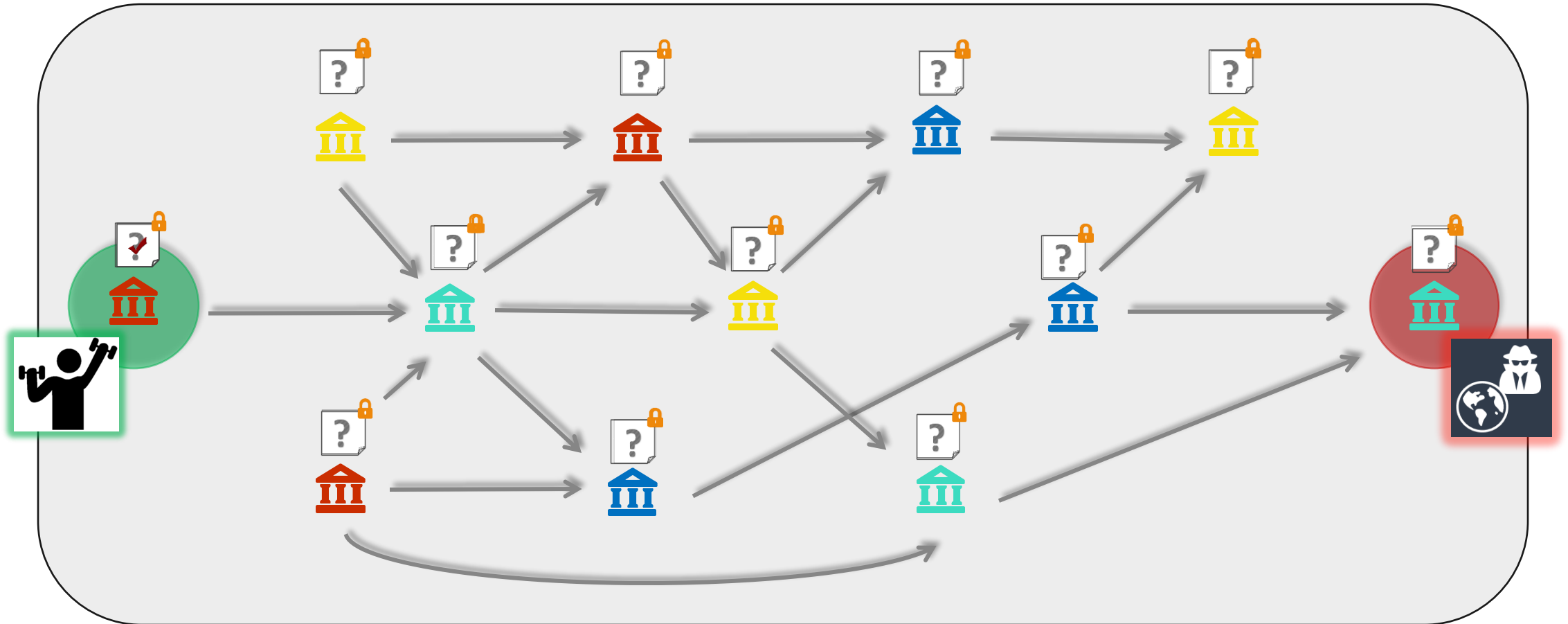


# Siloed transaction data



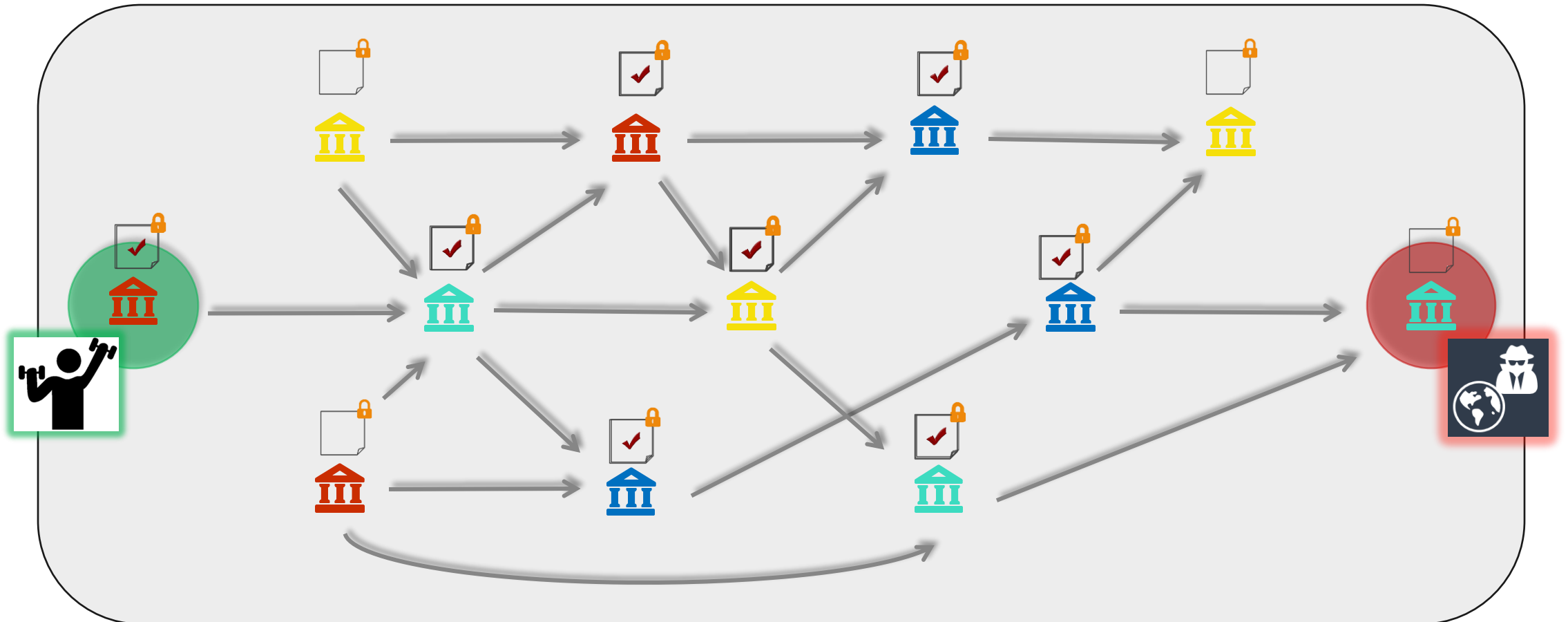


# Encrypted sticky notes

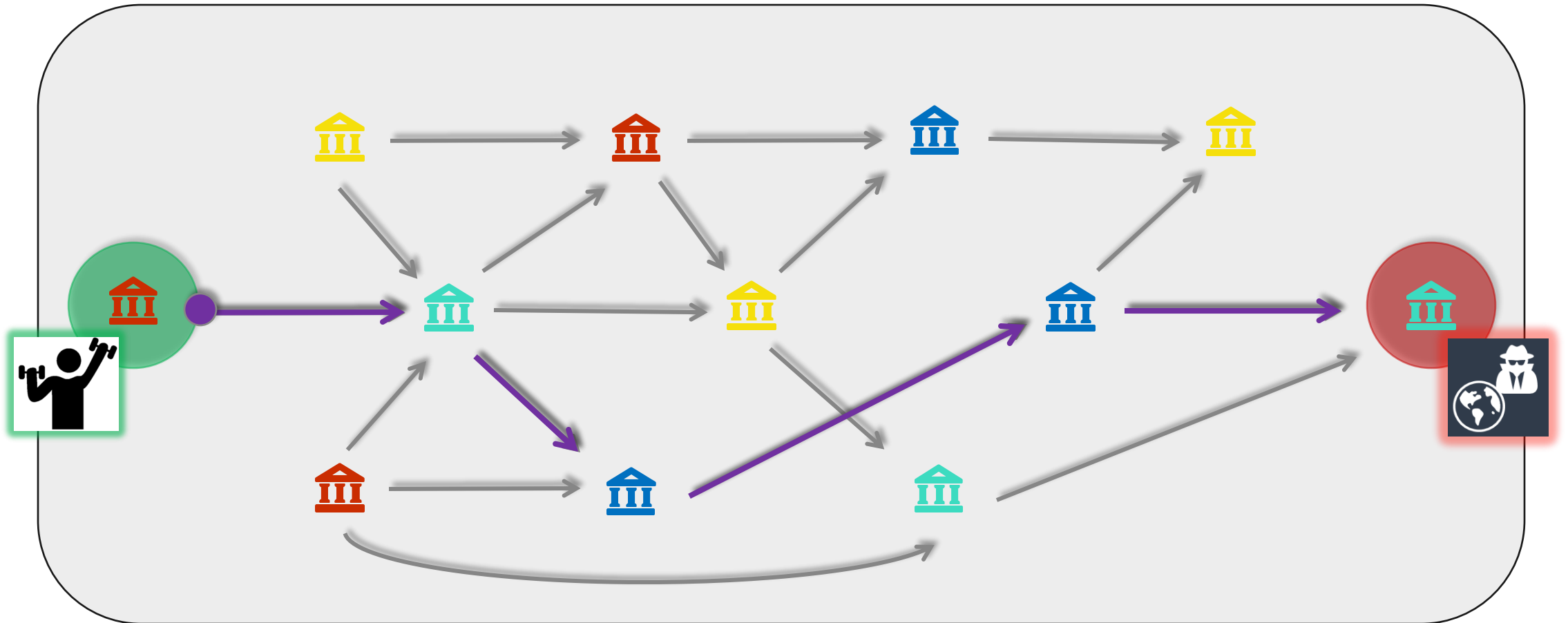




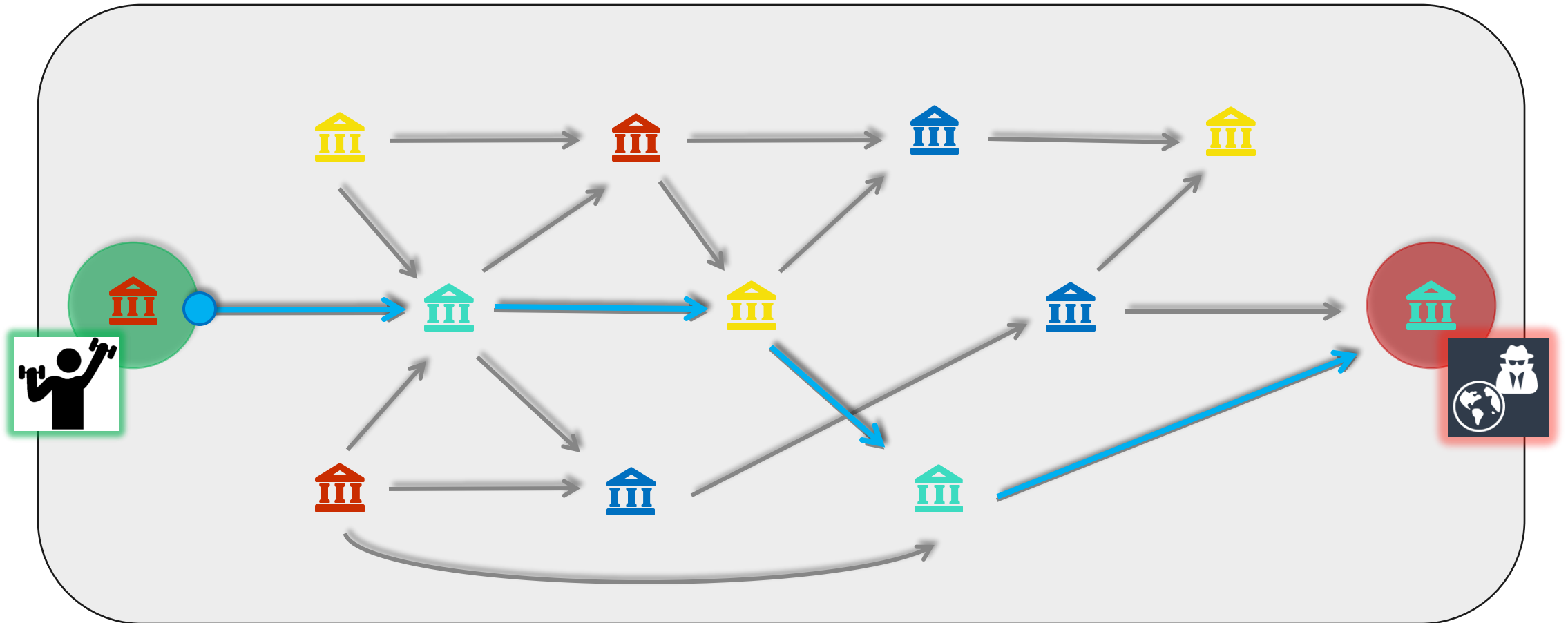
# Propagation of sticky notes



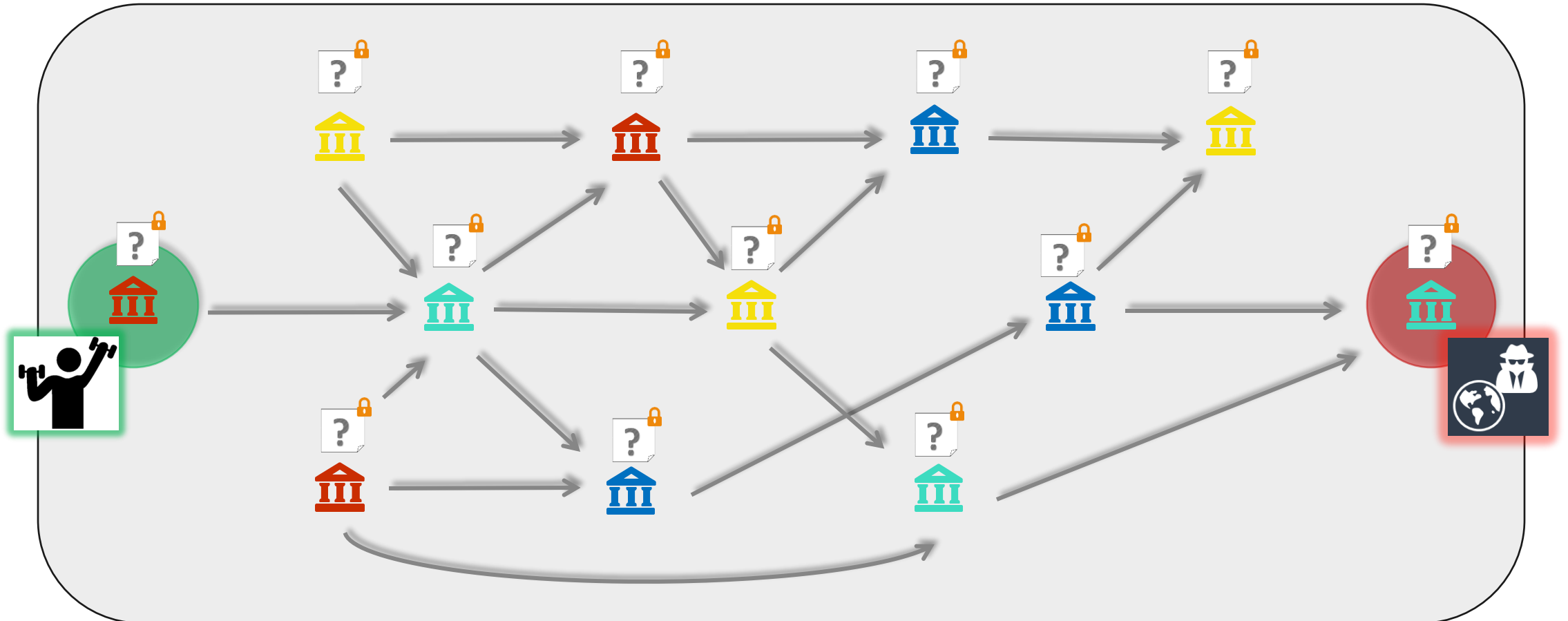
# First path traversed...



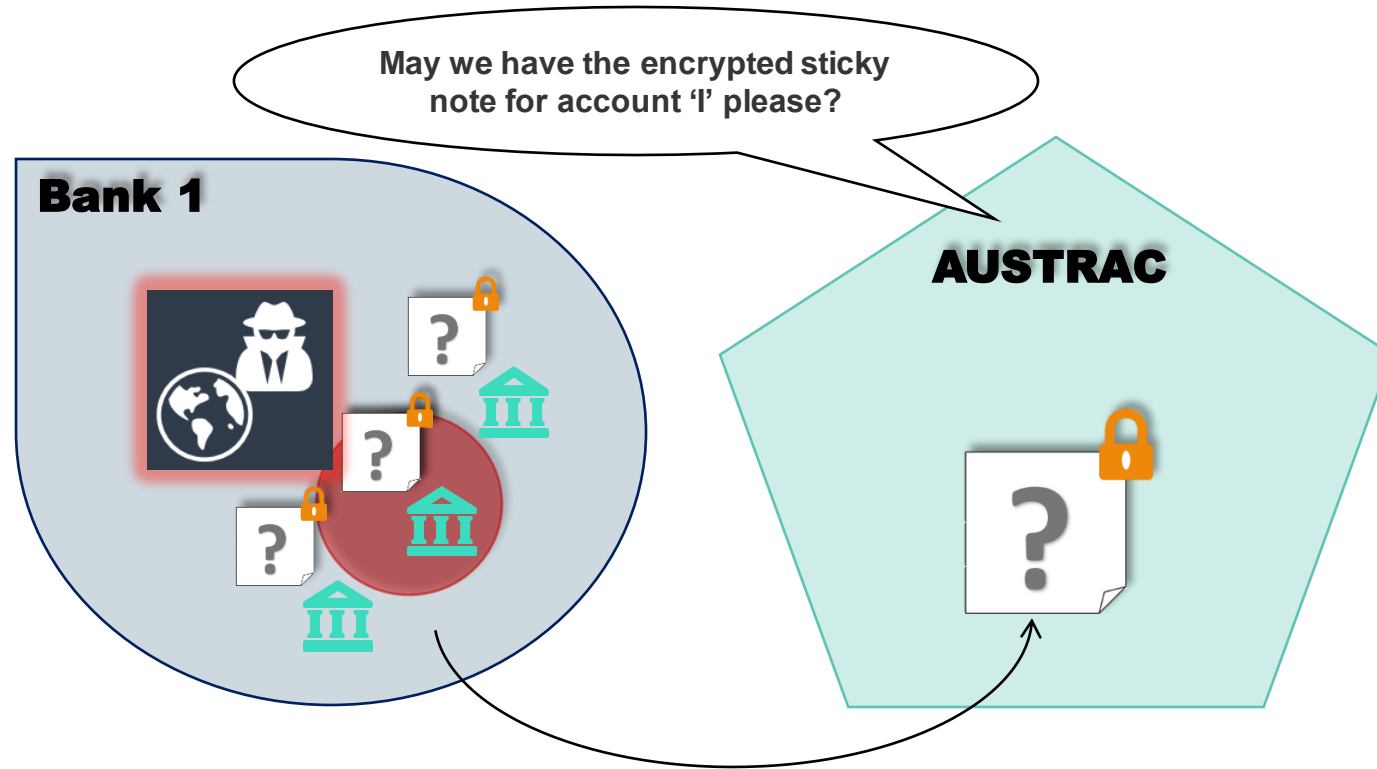
## Second path traversed...



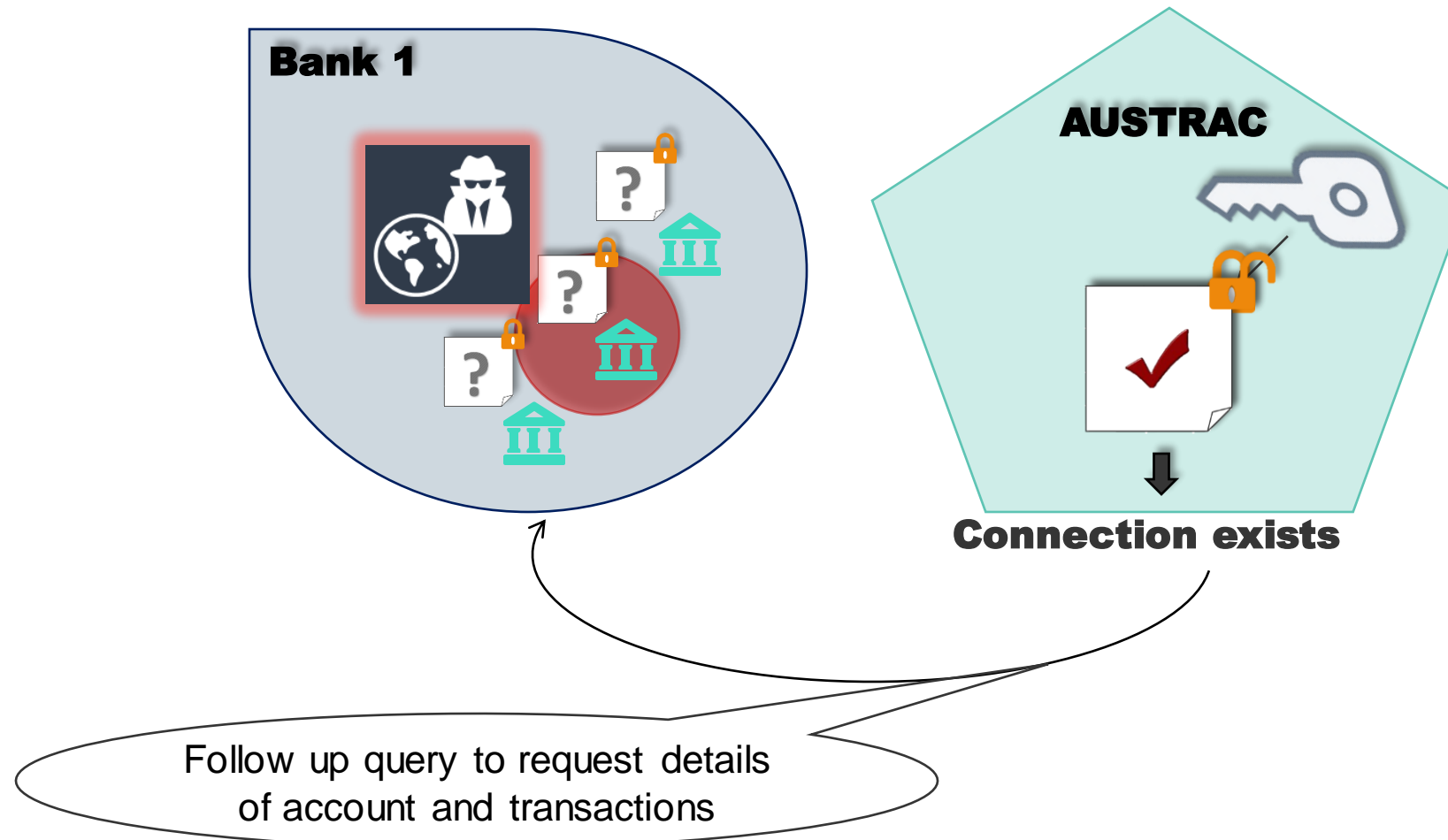
# How do we identify the connection?



# Retrieving and reading the sticky note



# Retrieving and reading the sticky note



# FinTracer Summary

- A 'sticky note' is attached to each account. **The sticky notes on source accounts like the gym are marked with ticks, the rest are blank.**
- These sticky notes are encrypted: **their contents is unknown to the banks.**
- The FinTracer software **coordinates, but does not see** the process of exchanging and updating the sticky notes between the banks.
- AUSTRAC then requests the encrypted sticky notes for certain accounts.

# The Alerting Platform

- The FinTracer algorithm is the **primary building block** of the Alerting Platform.
- **Sophisticated typology-matching** can be achieved by combining variations of the building block. For example, we can
  - Specify **multiple source and destination** accounts by filtering on account attributes and find the pairs that match
  - **Filter the connections** between accounts based on certain intel criteria
  - Identify **compound typologies** by using the destination accounts of one FinTracer run as the sources of the next one, and so on.
    - Using intel criteria for different filters on the connections on each run



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