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ABSTRACT

The current global financial landscape is riddled with increased money laundering incidents, resulting in colossal fines imposed on banks worldwide. In response to this, the Irish Government has diligently transposed major EU regulations into national law through the Criminal Justice Act 2010, aiming to fortify Anti-Money Laundering and Countering the Financing of Terrorism measures.

Cleversoft, a Reg-Tech company, is a dedicated ally to financial institutions, offering a comprehensive suite of solutions to ensure compliance with CJA 2010 regulations. The company's multifaceted approach encompasses cutting-edge technology, including AI-powered mechanisms, and a team of trained analysts committed to meticulous KYC, Due Diligence, and risk identification. Cleversoft's solutions facilitate early detection of potential money laundering red flags, assist in governance, streamline Suspicious Transactions Reports with advanced algorithms, provide comprehensive training modules, and meticulously screen international financial sanctions, ensuring a robust and compliant framework for financial institutions to effectively combat financial crimes.

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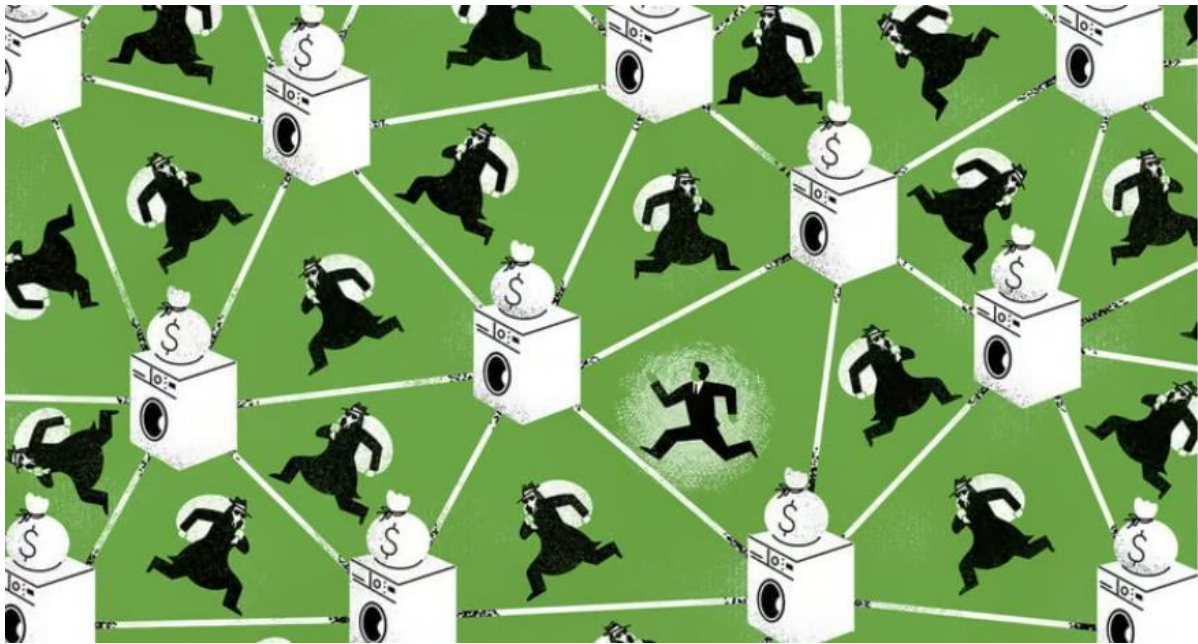
INTRODUCTION

As **The Economist**, a leading business magazine has commented, "Last FY of 2022, the global system for financial crime is hugely expensive and largely ineffective." The global banks around the world were hit with whooping $10.4bn in fines for their failure to curb money-laundering violations. According to Fenergo, there has been an increase of more than 80% inthe Money Laundering business since 2019. In the recent past, American bank - Capital One, was fined $390m for failing to report thousands of fishy transactions. The UK witnessed a nasty blow againstits leading bank – NatWest with a penalty of £265m for failing to abide by Money Laundering Regulations. In the EU, we have witnessedDanske Bank has failure to identify over $200bn of potentially dirty money washed through the Danish lender's Estonian branch while their top management ignored the red flags.

Considering such global turmoil, the Irish Government has already transposed all major EU Regulations and Directives into National Law to combat Money Laundering and Terrorist Financing. A robust framework for Anti-Money Laundering and Countering the Financing of Terrorism has been implemented through the Criminal Justice Act 2010(CJA 2010), further updated in 2019 with the transposition of 5AMLD. The Act ensures that the economy is protected from corruption by illicit funds and allows the smooth functioning of business by avoiding relations with countries having deficiencies in their AML/CFT frameworks.

RISK MANAGEMENT

As a Reg-Tech company, our primary focus will be to safeguard the interest of your esteemed bank by fulfilling all the obligations and regulatory requirements as laid down in CJA 2010. We will provide complete solutions over AML & CTF with our exhaustive coverage on every aspect of Sec 7 of CJA 2010 andSec 13 of CJA 2005. Our accurate and structured information will help you to meet your KYC and Due Diligence screening with zero tolerance which will help you to make informed decisions and stay compliant in this evolving landscape.

Our software is well equipped for early detection of any defiance of Money Laundering norms whether there is an attempt to conceal the nature of the business, ownership of the business entity, type of transaction or channels used for the business flow. Our researchers and analystsperform a thorough screening through state-of-the-art technology combined with human expertise, of every customer data against reliable and reputable available sources - such as watch lists, government records and media searches, to screen out clean customers who can bank with you.

Our technology is backed up with an AI-powered mechanism to successfully raise red flags for any transaction breach above the threshold or someone trying to conceal by keeping limitslower than the margin. Our strong data warehouses can filter out all such customers who are Politically Exposed Persons, family members &and their close associates. We will also deep-check any customers who are involved with Non-Profit Organizations, State Owned Entities or Enterprises, High Risk and Cash Intensive businesses along with the list of all Beneficial Owners as associated with the business stakeholders.

Our strong subject matter experts are all trained KYC and Due Diligence analysts who will detect any early Risk arising from the customer type, Nature of Product and services dealt with, and Transaction Mechanism through multiple channels and the geographic locations catered by them.

We offer an easy and dynamic data integration platform where every relevant AML & TF update and new emerging risks are categorized and automatically screened against your existing firewall to assess your risk position. Periodical suspicious transactions reporting from internal agencies &and departments as well as risk identified by internal and external auditors are auto-compiled with an existing data structure to mitigate risk.

As a Reg-Tech company, our De-risking measures deliver a 100% guarantee that you will always be updated and protected from all AML and TF threats. Our team is committed to offering exclusive coverage of the regulations and compliance news that help keep you in the know and keep you compliant.

CUSTOMER DUE DILIGENCE

Cleversoft offers a comprehensive suite of services and products specifically tailored to meet the stringent requirements outlined in Sections 33-39 of the Criminal Justice Act 2010, focusing on Customer Due Diligence (CDD) for financial institutions.

One core focus of their services revolves around Anti-Money Laundering compliance, aligning with Section 33(1) of the CJA 2010, necessitating customer identification before contractual agreements. Cleversoft's specialized AML tools facilitate the verification of customer identities, including Politically Exposed Persons, Non-EEA state individuals, those from high-risk third countries, and categories defined in Sections 37-39. Their process involves ongoing identification, risk assessment, meticulous record-keeping, and trigger-based further due diligence.

"Know Your Customer" forms a fundamental part of CDD, and Cleversoft provides dynamic document verification and authentication solutions for secure and seamless customer onboarding. These tools enhance identity verification, assess business objectives, scrutinize fund sources, and evaluate potential future risks, effectively reducing fraudulent activities.

Periodical risk management is crucial in CDD, involving risk categorization of customers as high, medium, or low risk based on document and business verification. Cleversoft's risk management software employs advanced algorithms for effective risk assessment, aiding resource allocation for enhanced due diligence and continuous monitoring of high-risk accounts. The software conducts routine checks and screens against relevant risk parameters across the customer database.

To comply with the record-keeping requirements of the CJA 2010, Cleversoft provides robust solutions for data storage and audit trail management. These tools securely store all CDD-related data, ensuring accessibility for regulatory inspections or audits. The software validates beneficial ownership information with central registrars while maintaining an electronic KYC history for easy retrieval.

Maintaining accurate information about business activity aligns with Section 35(1) of the CJA 2010. Cleversoft's software continuously monitors transaction patterns to ensure alignment with intended purposes, both presently and in the future.

In summary, Cleversoft's tailored services address AML compliance, KYC, risk management, stringent record-keeping, business activity monitoring, and international collaboration, ensuring that financial institutions meet CDD requirements as outlined in the CJA 2010.

GOVERNANCE

Having an efficient governance structure is the bedrock of effective AML & TF risk identification and mitigation. Failure to identify risk, insufficient risk management, governance and policies will endanger the reputation of the bank andexpose it to financial penalties and sanctions.

We have designed our product development to provide hands-on support in this respect. Our system is enabled to identify, and assess risk, effective identification of PEP, assess any correspondence relation with your organization and provide instant access to the senior management with a dynamic dashboard and periodical reports. Accordingly, any review and recommendation ofpolicies and procedures passed by the Board of Directors will be incorporated into our system to upgrade the same.

The focused approach to facilitating the Compliance Officer will be another key offering wherein periodical training will be conducted especially for the Compliance Officer and related team to assess business risk and discharge his responsibility effectively.

Our advanced technology will ensure the "Three Lines of Defence" model is executed properly. There will be a smooth flow of information across departments for easy coordination between front-line business units, risk, compliance, and internal audit so that the senior management can review and test any AML controls before launching the same.

SUSPICIOUS TRANSACTIONS REPORTING

Suspicious Transactions Reports (STRs) are the preeminent component against money laundering and terrorist financing. With the help of STRs, the authorities counteract the money laundering and the resulting terrorist financing activities (Central Bank of Ireland, 2021).

At Cleversoft, we understand the critical need for robust financial security against money laundering and terrorist financing activities. Our innovative solutions stand as the vanguard in safeguarding your institution against such threats by streamlining the process of reporting STRs.

With the ever-evolving landscape of financial crimes, identifying suspicious transactions is vital. Our products offer a comprehensive suite of tools and services to empower financial institutions in detecting and reporting suspicious activities promptly and effectively.

In 2022, many big corporations and banks like Danske Bank, Credit Suisse, and Santander Bank were fined millions of dollars over anti-money laundering compliance failures, mainly due to inadequate transaction monitoring and failure to report suspicious activity (RiskScreen, 2023). Our solutions comply with Section 42(1) of CJA 2010 and help target these issues with efficiency and ease. Our cutting-edge algorithms scrutinise transactions without relying on fixed monetary thresholds, adapting to diverse customer behaviours and

transaction patterns. We provide continuous monitoring of transactions, flagging any deviations or anomalies, and enabling proactive detection and reporting.

Also, our simplified reporting mechanisms within our platform allow for the swift and accurate submission of all required information to the Financial Intelligence Unit (FIU) and Revenue Department using machine learning and artificial intelligence solutions making your system compliant with Sections 42 and specifically 42(2) of the CJA 2010.

We also ensure the sensitive data relevant to the transactions and customers are safeguarded by securing the databases with multiple levels of authentication and approvals. Our dedicated support team offers ongoing training and assistance to guarantee that your staff can effectively utilize the system, maximising its potential in combating financial crimes.

TRAINING

To stay compliant with Sec 54(6) of CJA 2010, our focus is to ensure that your employees are proficiently trained with the ability to recognize money laundering and terrorist financing risks to detect and prevent unlawful activities.

Our unwavering commitment will ensure all employees across departments, job responsibilities and hierarchy possess a thorough understanding of ML & TF risk and stay updated with all relevant legislation and their associated responsibilities.We prepare tailored training modules and conduct periodical refreshers to ensure employees can identifyrisks, assess the intensity and report to the right authority as per procedure.

Weensure all employees, from new employees to the employees handling high-risk departments, are thoroughly trained to deliver their obligations and the company's obligations. Wealso emphasise the internal reporting procedures including Suspicious Transaction Reports and the role of MLRO (Money Laundering Reporting Officer) is relevant to present risk categorisation. We also create a well-informed and comprehensive training approach to keep your esteemed bank compliant with regulatory guidelines.

INTERNATIONAL FINANCIAL SANCTIONS

We conduct detailed screening of all sanctions, both diplomatic and economic, to drive policy changes impacting the financial domain. In line with EU Sanctions Regulations, our responsibility will be to track whether any business or trade transactions are being conducted with any sanctioned countries or peoplelisted in the EU Sanction List. If any Hit occurs such transaction with Sanctioned Countries or Persons, then the system will raise necessary red flags to freeze such accounts and raise a report to the compliance authorities like the Central Bank of Ireland. Our global network will also ensure all UN Sanctions lists are screened and alerts are raised wherever necessary.

We will periodically prepare relevant reports of any match or potential match and provide a dashboard to your senior management to keep them well-informed about our financial sanctions obligations to ensure they have the necessary authority to take further action.

For more details and a personalized demonstration of our product, please contact us. Join the financial security revolution with our products by Cleversoft.

Cleversoft – Securing Your Financial Future Against Threats.

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