Global Customer Profile Risk Score & Retail Transactional Risk Screening

KYC Initiative

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Overview - Customer Profile Risk Score

The Customer Profile Risk Scoring approach will allow Western Union to identify higher risk customers to determine the level of due diligence required.

Customer Profile Risk Score - Calculation

- Absolute Attributes
- Activity Risk
- Transactional Risk
- *Absolute Attributes + Activity Risk + Transactional Risk = Customer Profile Risk Score*

Customer Profile Risk Score - Reporting

- Drill-down, filtered reports
- All attributes used to calculate risk score available for reporting

Overview – Retail Transactional Risk Screening

Use of Customer Profile Risk Score, **along with other factors**, to determine if additional due diligence (CDD/ECDD) is required.

Customer Due Diligence (CDD)

- Principal Thresholds (aggregate over X period)
- Number of Transactions Threshold (aggregate over X period)
- **Risk Score Threshold**
- 3rd Party Transactions
- For all transactions, if required by country regulatory requirements

Enhanced Customer Due Diligence (ECDD)

- **Risk Score Threshold**
- PEP (confirmed)

Customer Profile Risk Scoring Attributes

Transactions for 90 days

Absolute Attributes

- PEP Status
- Number of SARs
- FIU Customer Risk Levels
- FRM Customer Risk Levels
- Subpoena History
- ID Status

Activity Risk

- Average Transaction Principal
- Number of Send Agents Used
- Number of Receive Agents Used
- Number of Counter Parties
- Number of Counter Jurisdictions
- Number of Customer IDs Provided
- Number of Products Used
- Number of Channels Used
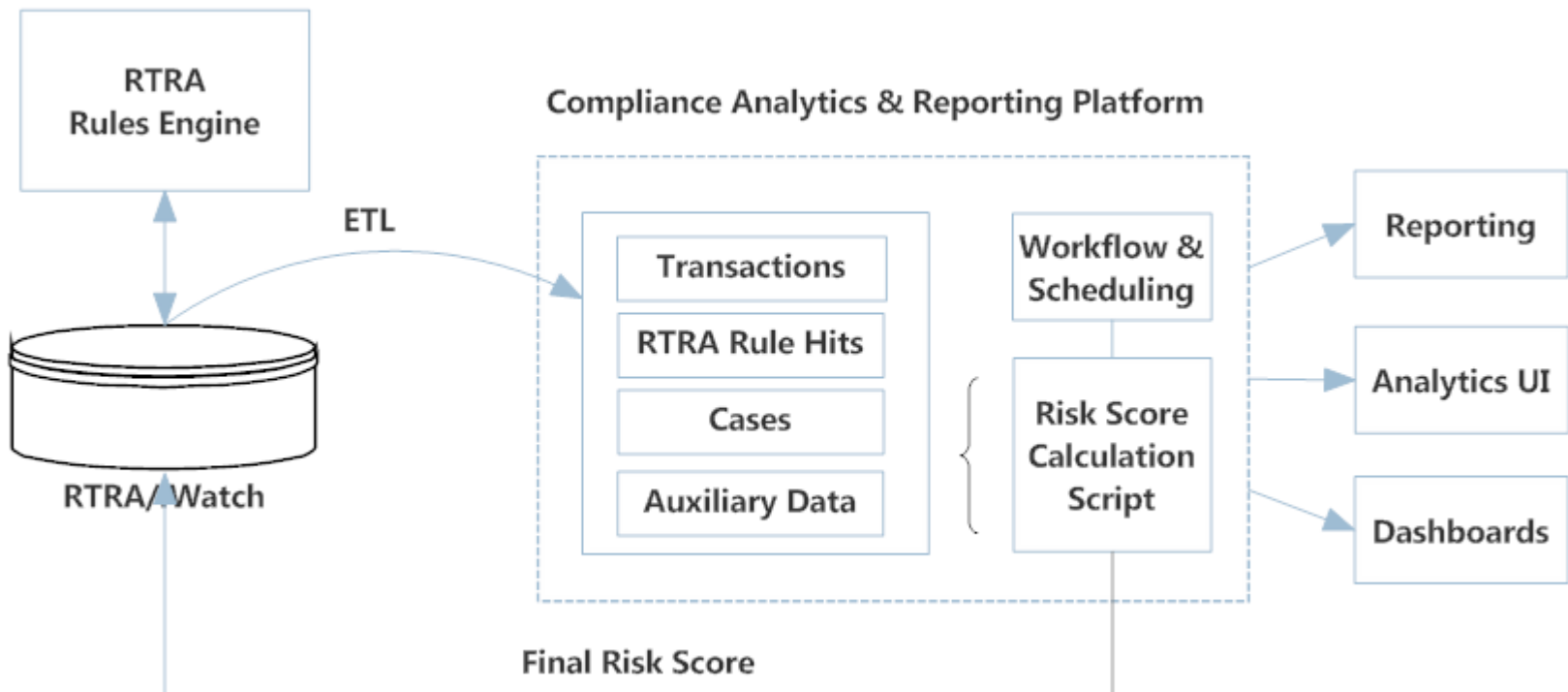- Number of Transactions

Transactional Risk

- Transaction Amount
- Send From Country Risk
- Received In Country Risk
- Product Risk
- Channel Risk

High-Level Flow

Compliance Analytics & Reporting Platform

RTRA — Transactional ▶

iWatch — Case ▶

Absolute Attributes

Activity Risk

Transactional Risk

Customer Profile Risk Score		
Customer GID	Score Components	Score

RTRA Rules Engine

High-Level Architecture

Hardware for Analytics & Reporting Platform

Charlotte
Primary Site

Plano
DR Site

32 Node Shared Hadoop Cluster

8 Node DR Hadoop Cluster

Cost

IT Labor Cost

Customer Profile Risk Score	$ 241,200
Retail Transactional Risk Screening	$ 25,850

Plano Analytics & Reporting DR Hardware

Hardware Cost	$ 400,000
Software Licensing Cost	$ 125,000
Total	$ 792,050

Detailed ITCP available on request

Delivery Timeline

MVP

Q4 2014

- Risk score calculation using **available attributes**
- Basic reporting
- RTRA Risk Screening Rules

Full Solution

Q1 2015

- Risk score calculation using **all attributes**
- Reporting with filtering and drill-down capability

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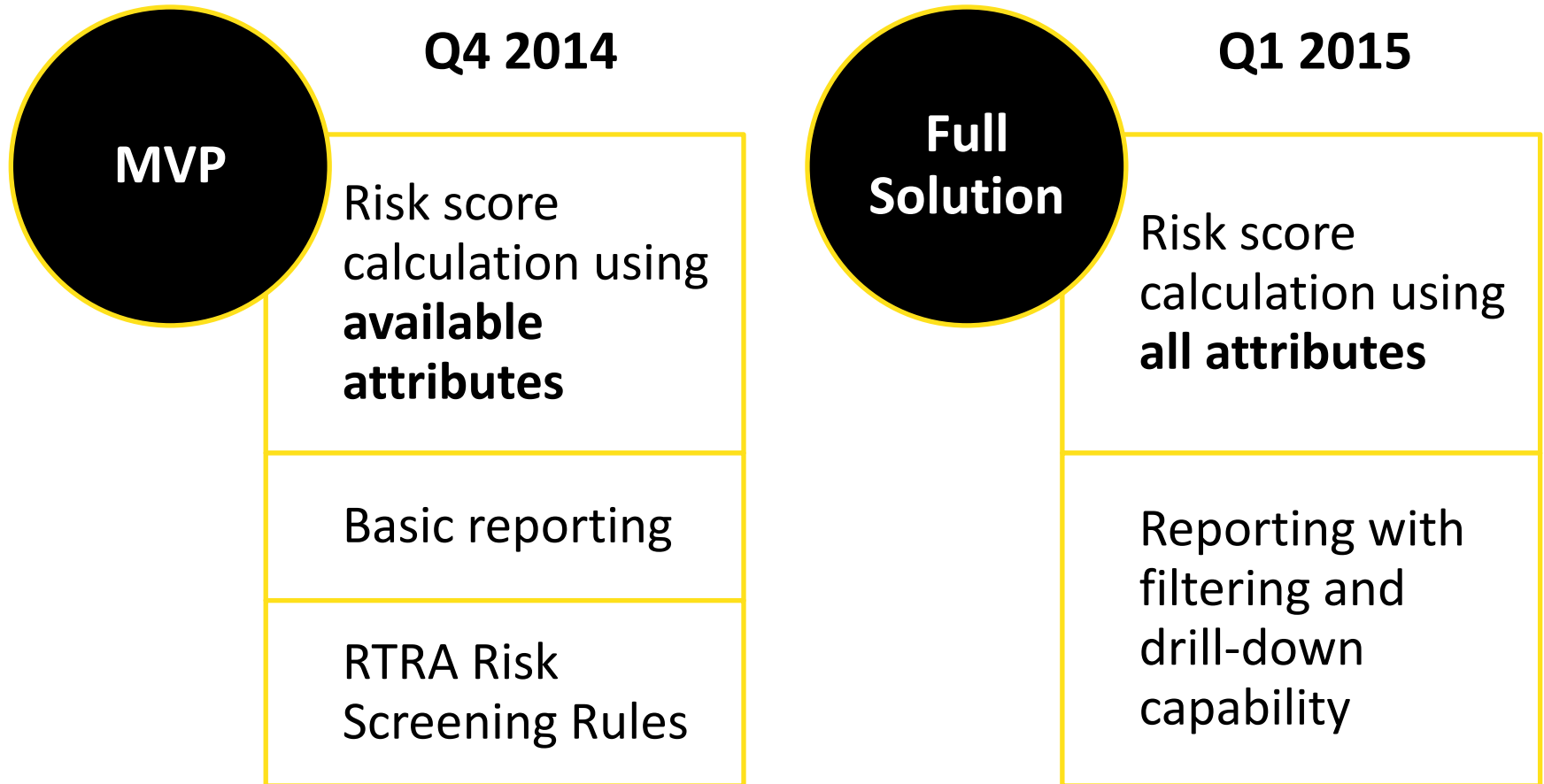
Phase 1: Risk Scoring Attributes

Transactions for 90 days

Absolute Attributes

- PEP Status
- Number of SARs
- ~~FIU Customer Risk Levels~~
- ~~FRM Customer Risk Levels~~
- ~~Subpoena History~~
- ~~ID Status~~

Activity Risk

- Average Transaction Principal
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Transactional Risk

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Phase 1: High-Level Architecture