

Document 3: Compliance and Risk in Payment Processing

Banks must enforce a high level of compliance and risk management across the payment lifecycle.

1. Sanctions Screening:

- Payments are scanned against OFAC, EU, UN sanction lists.
- Blocked transactions are reported and held for review.

2. AML Checks:

- Payments are scored for patterns that indicate money laundering.
- Suspicious transactions are flagged for SAR filings.

3. Fraud Detection:

- AI/ML models or rules-based engines are used.
- Device ID, IP address, amount anomalies are checked.

4. Data Privacy and Security:

- Sensitive information is encrypted in transit and at rest.
- Access control and audit logging is enforced.

5. Regulatory Reporting:

- Banks must maintain transaction logs for 7+ years.
- Reports are submitted to regulators as per jurisdiction.