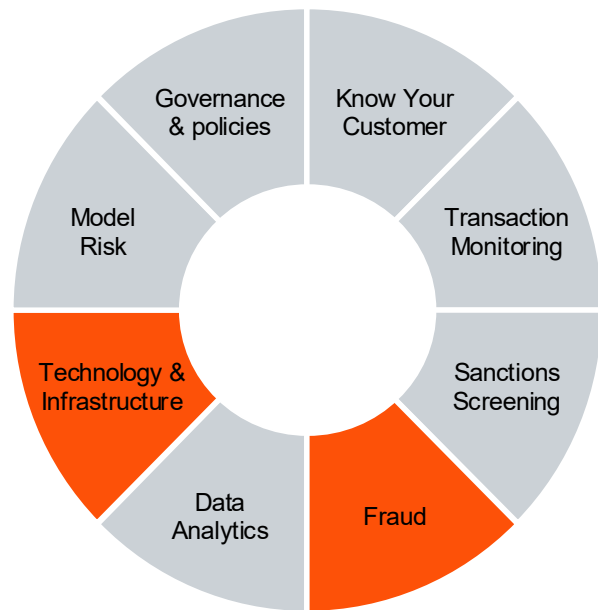


Fraud Target Operating Model Design

Design of a Fraud TOM for compliance with PSD2 requirements

The European head quarter of an Asian bank initiated a project to design a TOM for its fraud management framework as they were going through the process of implementing a new fraud monitoring solution. PwC was engaged to support both processes and the work came on the back of a gap assessment we completed to determine if the bank was compliant with PSD2 requirements.



Key Activities

Worked alongside the Head of Operational risk to create a new Target Operating Model for the bank. This included:

- Creating a new governance model for fraud risk management with clear split of responsibilities between 1st, 2nd and 3rd Line of Defence
- Undertaking a firm-wide fraud risk assessment for all of the bank's branches in Europe and helping the bank define its risk appetite for fraud
- Designing a fraud framework and policy for the bank
- Drafting all relevant fraud procedures
- Designing of the bank's fraud training programme including creation of the mandatory training module to be undertaken by all employees

PwC Deliverable

- A risk appetite statement for each branch and business line
- A risk assessment report for each branch in Europe
- New Fraud Framework and Fraud Policy documents at Group level, with guidance on how these should be customised locally
- A set of fraud procedures documents to correspond to the newly created processes
- Updated Terms of Reference for the key governance committees where fraud would be discussed
- The content for an online mandatory fraud training module

Client Outcome

- Clear understanding of how fraud risk should be managed within the bank and how the responsibilities are split
- Documented key fraud processes and procedures
- Clearly articulated fraud risk appetite that reflects the outcome of the bank's risk assessment
- An informed decision making process when it came to setting the rules in the new fraud risk management solution