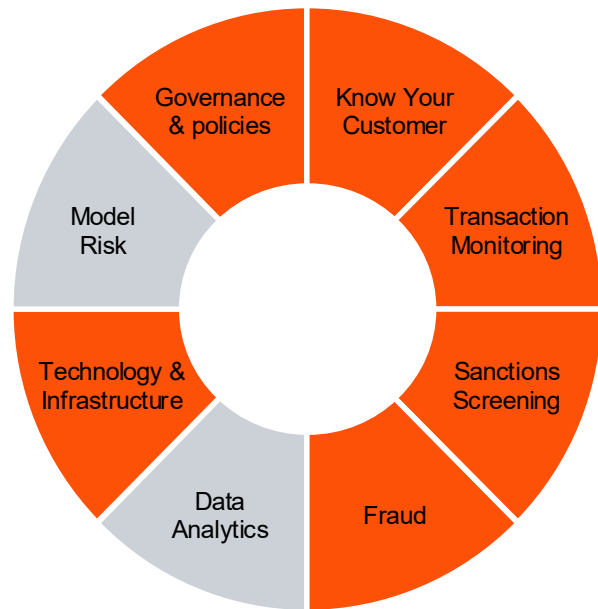


Fraud and Financial Crime Target Operating Model Design

Design of a Financial Crime TOM for a FinTech

A US-based Fintech approached PwC for support with the setup of their Fraud and Financial Crime operating models as they were in the process of establishing a new organisation and obtaining a banking license in the near future. PwC was engaged to support developing the overall FC framework for the client from scratch, including fraud, AML/ BSA and sanctions.. This covered support with building the Compliance team, designing key processes, implementing systems and ensuring compliance with relevant regulatory requirements.



Key Activities

Worked alongside the Head of Compliance to set up the FC operating model for the fintech. Amongst others, this included:

- Undertaking a firm-wide fraud and FC risk assessment for all business units to serve as the basis for setting the control environment
- Assisting with the integration and configuration of the newly selected Transaction monitoring system
- Undertaking testing and calibration of the customer screening system
- Supporting the analysis around selecting an ID&V vendor for digital onboarding
- Design of a Country Risk Rating and a Customer Risk Rating model
- Supporting the bank with the drafting of some of their fraud and FC policies and procedures

PwC Deliverable

- A risk assessment summary report for the organisation
- Fraud loss estimates analysis for each product
- Customer screening efficiency and effectiveness testing to cover sanctions, PEP and adverse media screening
- A set of transaction monitoring scenarios to provide back-up to the main system
- Documented systems configuration
- Fraud Risk Assessment
- AML Risk Assessment
- Customer Risk Rating model
- Country Risk Rating model
- A fraud policy, FC testing procedure and a policy exemption template
- A set of KPIs and KRIs for fraud and AML
- A segregation of duties matrix

Client Outcome

- Compliance readiness for “go-live” with confidence that regulatory requirements are met
- A view on which areas of the business present heightened FC and fraud risk
- A set of controls, either implemented or under development, to address each identified risk
- Ability to determine country risk from an FC perspective
- Ability to rate customers for FC risk in order to apply a risk-based approach
- Documented key fraud processes and procedures
- Up-and-running customer screening system
- Configured transaction monitoring system
- Ability for regular tracking of risk and performance using customised indicators