Bottomline

4 Common Cornerstones of a Successful AML Compliance Program

MLROs and Compliance Officers require a holistic view of their business when creating and implementing an AML compliance program. You look to adopt an adequate risk-based approach (RBA) for your organization, leveraging technology to provide transparency and a high-credence audit trail to show the decision process for official regulators with the four common cornerstones of a compliance program.

Recent regulatory changes provide alignment across countries and regions, closing the gaps and loopholes for money laundering gangs and terrorist financing networks to launder funds via digital transaction channels. The broadening of AML regulations is relevant for both FIs and corporations. Increased corporate and personal liabilities for AML compliance breaches or doing business with sanctioned entities can result in hefty fines or even imprisonment.

4 COMMON CORNERSTONES OF SUCCESSFUL AML COMPLIANCE

ADOPTED BY FIS AND BUSINESSES

1 TECHNOLOGY

- Frictionless API integration
- Ongoing flexibility to meet new regulations and changing business needs
- Automation to reduce the manual burden and support digital payments 24/7
- Aligned tailored algorithms and internal custom list management to combat false-positives
- One source of truth that provides credible transparency for official regulatory bodies
- A unified technology platform that enables collaboration and knowledge-sharing
- Periodic regulatory stress testing of technology and tools

Recent regulatory changes include the EU AMLD6 and the US Anti-Money Laundering Act (AMLA).

AMLD6

The AMLD6 lists 22 predicate offences (defined as “criminal activities”), including terrorism, human trafficking & migrant smuggling, illegal arms dealing, and counterfeiting products.

AMLA

The US Anti-Money Laundering Act (AMLA) is the most significant change in US regulation since the PATRIOT ACT (2001) was introduced, and stipulates the following:

- Explicit coverage of digital assets
- AML staff must be located in the US
- FinCEN’s Customer Due Diligence (CDD) rule places the burden on Financial Institutions to identify their customers’ Beneficial Owners (BOs)
- Whistleblower program
- BSA penalty increases
- Streamlined Suspicious Activity Reports (SARs) and Currency Transaction Reporting (CTRs) processes

2 DATA-DRIVEN

- Integrated business critical and aligned AML/KYC data
- Track trends, risks, bottlenecks and performance
- Informed compliance and risk decision-making

3 PROCESS

- Formalized processes, automated escalation pathways and the 4-eyes principle applied
- Centralized, streamlined and optimized risk-based processes
- Reduced task duplication across Compliance, Fraud and Risk teams
- Periodic stress testing to ensure processes are fit for purpose

4 REPORTING

- Suspicious Activity Reports (SARs) and Currency Transaction Reports (CTR)
- Periodic reviews of trends, risks, bottlenecks and performance KPIs
- Timely board management reporting highlighting key areas of risk & concern

FLEXIBLE COMPLIANCE TECHNOLOGY

MLROs and Compliance Officers always face the challenge of balancing restricted budgets and resources against business needs and multiple compliance risks. The increasing demand for powerful and flexible technology shows no sign of slowing down and is driven by new AML regulations, increased personal and corporate liabilities and the need to stay competitive.

Wider adoption of cloud-based SaaS technology for managing payments, compliance and risk is accelerating across regions, enabling technology vendors to continually innovate with new products, features and functionality to meet changing customer needs.

The days of static technology with costly development, lengthy delivery cycles and high support costs are slowly fading away. There is a growing trend for FIs and Corporate entities to centralize their technology vendors, reducing duplicated effort, decreasing the overall cost of compliance and aligning technology solutions hosted on one unified SaaS platform.

About Bottomline

Bottomline (NASDAQ: EPAY) makes complex business payments simple, smart and secure. Corporations and banks rely on Bottomline for domestic and international payments, efficient cash management, automated workflows for payment processing and bill review, and state of the art fraud detection, behavioral analytics and regulatory compliance solutions. Thousands of corporations around the world benefit from Bottomline solutions. Headquartered in Portsmouth, NH, Bottomline delights customers through offices across the U.S., Europe, and Asia-Pacific.

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Bottomline

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