

15/11 Grand Hyatt  
Athens

# Credit Risk in the age of Crisis Continuum

16<sup>ο</sup> Συνέδριο Credit Risk Management

**Compliance: how to avoid sanctions and reputational risk, increase accuracy and reduce operating costs**

**Paola Galassi, Executive Director Global B2B & B2C Services, CRIF**



[www.icapcrif.com](http://www.icapcrif.com)

Credit Risk in the age  
of Crisis Continuum



## Compliance

*How to avoid sanctions and reputational risk, increase accuracy and reduce operating costs*

European regulatory context

Banks and corporates pain points

How Information and technology address complexity

Compliance can be cooperation

# European regulatory context

## EU Regulation Single book

## European AML Authority

At the end of March 2023, the Responsible Committees in European Parliament voted their **report**  
The vote in EU Parliament Plenary is expected for the next months



Definition of homogeneous measures to be applied by obliged entities



Beneficial ownership transparency requirements for legal entities and arrangements



New players obliged to comply with AML regulatory: Crypto, Crowdfunding, Traders in precious metals



Bringing about EU-level AML/CFT supervision



Preventing the use of the Union's financial system for the purpose of ML/TF



Establishing a support and cooperation mechanism for Financial Intelligence Units

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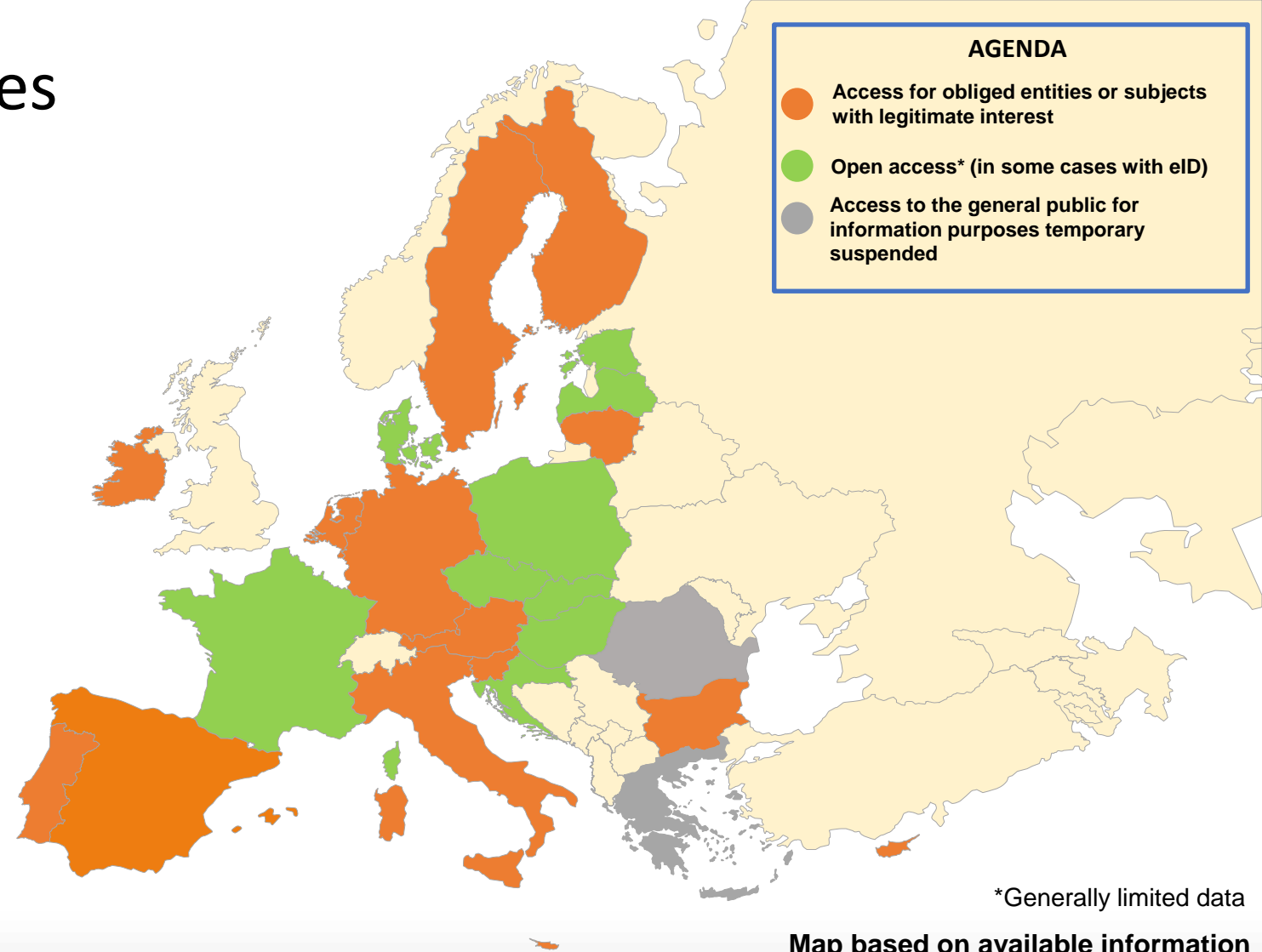
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# Public access to UBO registries

On 22 November 2022, the EU Court of Justice (CJEU) published a judgment regarding the public access to UBO register in Luxembourg

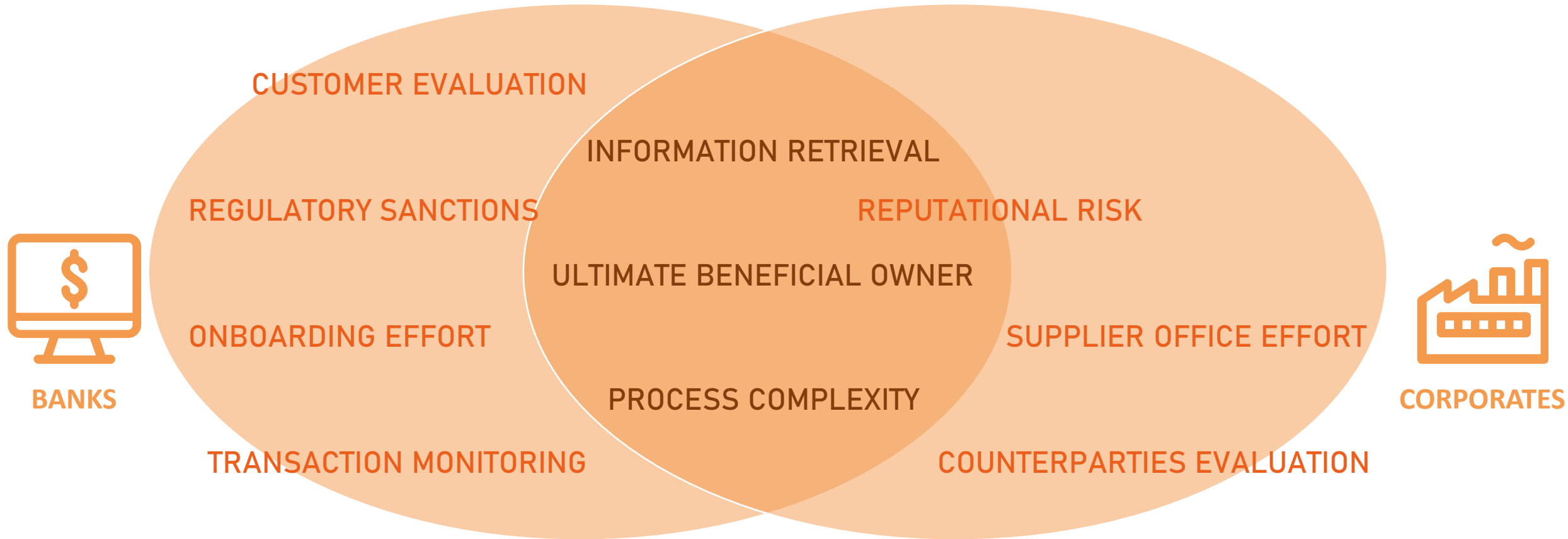
It was set as invalid Article 30(5)(c), formerly mandating the UBO register to be **accessible to the public in all cases**

This issue will also be revised during 6<sup>th</sup> AML directive (currently in its final stage of discussion) and the EU Parliament has proposed access **based on legitimate interest**.





# Banks and corporates pain points



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# How Information and technology address complexity on KYC

The screenshot displays the KYC MORE software interface. On the left, a sidebar menu includes options like 'Start new process', 'Worklist', 'Waiting Activities', 'Search', 'Process Monitor', 'Personal Data Manager', 'Custom Views', and 'Worklist Manager'. The main area is divided into several sections: 'ALLERGAN GMBH' with 'COMPANY INFORMATION' (Headquarter: Mainzer Str. 81 Wiesbaden 65189 Germany, Legal ID: HRB 100580, Web Site: www.allergan.de, Ownership Type: Private limited company), 'BVD BENEFICIAL OWNERS' showing a graph of ownership relationships (e.g., ALLERGAN GMBH 100% owned by SUM100%, which is 100% owned by ABBVIE DEUTSCHLAND GMBH & CO. KG, which is 100% owned by ABBVIE KOMPLEMENTÄR GMBH, which is 100% owned by ABBVIE DEUTSCHLAND GMBH, which is 100% owned by ABBVIE INC.), and 'DASHBOARD' with various alerts and tables for 'BUSINESS ACTIVITY DETAILS', 'BENEFICIAL OWNER', and 'HIGH RISK COUNTRIES'. The interface also shows a 'MANUAL CHECKS' panel with 'COMPANY BUSINESS INFO' and 'BUSINESS ACTIVITY DETAILS' sections.

Global coverage  
+400 millions companies

All in one  
Save up to 70% of process time

Local requirements  
Country specific

Policy based Score  
Entity specific

Workflow management  
User assisted flow

Audit proof  
Automatic tracking

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# KYC More in figures

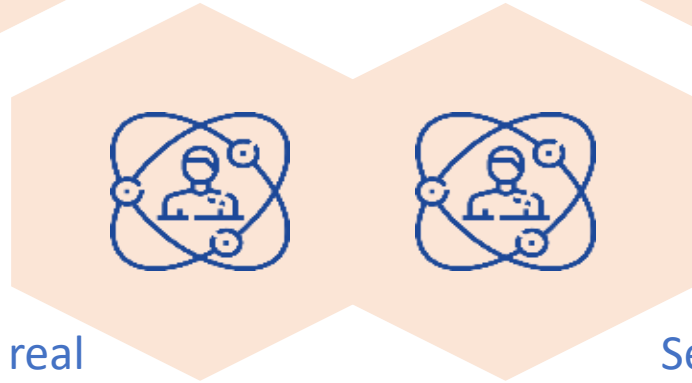
17 seconds the average time to collect and check fully a complex company

Including company groups, economic activity, risky countries, beneficial Owners, Power of Signature, PEP, sanctions, blacklist



UBO automatic monitoring

Every month 2% of companies have a change on UBO structure  
You receive the updates only



Ultimate Beneficial Owner real time and worldwide

+95% of cases

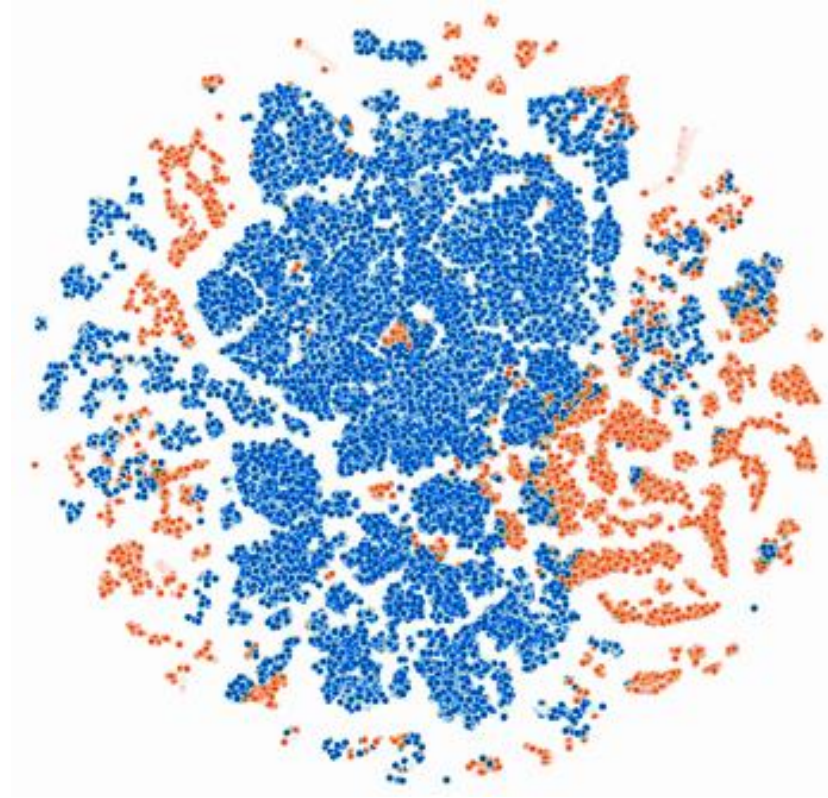
Seamless to complexity for UBO and networking analysis

Real cases with over 500 companies connected, made simple with UBO interactive graph



# How Information and technology address complexity

## On Transaction Monitoring



Network Analysis reduce complexity by automating reliable identification of false positive

### CONTEXTUAL REPLAY

- Learning from previous & ongoing case decisioning
- Previous decisions can be applied to new cases
- Avoiding risk-prone customer whitelisting

### FALSE POSITIVE PATTERNS

- Learning from previous case decisioning trends identified as FP
- Identify False Positive patterns from clusters of operator comments
- Trained models to detect & filter rule-based FP

### BEHAVIORAL ANALYTICS

- No operator feedback needed, False Positive reduction from day 1
- Behavioral profiles are enriched with information about past rule hits
- Model finds rule hits that do fit into normal behavior & don't need to be investigated

## BENEFITS OF FALSE POSITIVE REDUCTION

- Freeing investigator resources to focus on suspicious cases
- Fully explained and understandable audit trail
- Auto-close False Positives rates between 70-99%



# Compliance can be cooperation

INTESA  SANPAOLO

 UniCredit

Compliance not as competitive arena but a field where **cooperation created a standardization “de facto”** and providing a stronger position

## «KYC Synergies»

The solution is based on a set of API interfaces aimed to provide an information flow and related printable documents fed by certified sources (official registries and best of breed worldwide providers) with an adequate frequency of update to ensure data quality. In the perimeter of the project are both legal persons (and related intermediate shareholders) as well as individuals' customers.

ECB informed, mentioning CRIF as an external provider.  
Test done by Italian Ministry of Economy recognized CRIF solution as best performer  
European Commission selected CRIF to support Next Generation EU for Italian KYB  
CRIF solution presented to the Bank of Italy FIU (Financial Intelligence Unit)

Both banks are using CRIF KYC for all their products and branches  
95% of banks portfolio are provided with an automatic and reliable UBO result  
Banks onboarding time, effort and cost significantly decreased

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Thank you  
for your attention

