

Gear up to fight financial crimes during these stressed times

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The COVID-19 pandemic has resulted in two challenges to almost every nation: first, the prevention of community spread of the virus, and second, the outbreak's economic impact (both immediate and long-term).

Very often, global pandemics and crises bring out the best not only in humanity but also in terms of ingenious ideas for profiting at the expense of the public. Both during such crises and once order is restored, financial institutions generally have to quickly and then continue to mitigate new money-laundering threats.

- Transaction monitoring:
 - Re-profiling customers whose accounts have seen (or will see in the near future) a sudden surge in deposits. This is to ensure that businesses do not try to cover the inflow of illicit funds by disguising themselves as companies providing "essential services"
 - Increase in trade-based money laundering
 - Increase in cross-border transactions, especially by migrants
 - Changes in customer behaviour would require changes to customer segmentation and frequent changes to the thresholds set to detect suspicious transactions
 - Reporting:
 - Increase in filings of suspicious activity reports (SARs) and suspicious transaction reports (STRs)
 - Due diligence:
 - Tightening the process of screening for adverse news, to identify allegations, ranging from unfair practices to fraud and bribery/corruption
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- Increase in the number of reviews triggered due to changes in a client's transactional behaviour
- Increase in the number of personal contacts and site visits wherever enhanced due diligence is identified as being required to ensure unscrupulous entities/individuals are barred from making transactions
- Increase in the number of new product/service extension requests without proper justification or new client on-boarding by unscrupulous entities/individuals in efforts to exploit the financial system by trying to launder their illegal money

Not only are we likely to face money-laundering threats during and after the present crisis, but all firms (financial and non-financial) could face reputation risk of doing business with unscrupulous entities/individuals.

Some sectors that would require enhanced checks across the know your customer (KYC)/anti-money laundering (AML) regimes are as follows:

1. Businesses associated with essential services (e.g., food, milk, and fuel)
2. Businesses associated directly and indirectly with healthcare, ranging from production and distribution of medicines and supplies to R&D units to last-mile medical units connecting with the public
3. Enabling businesses such as transportation and cold storage
4. Charitable organisations (both incoming and outgoing funds)

A separate mention is required for ecommerce businesses that would require increased scrutiny, as certain businesses are likely to see a spike in activity and others a complete stop.

An increase in fraud and business malpractice is certain but cannot be addressed overnight and will require pooling talent and technology at unprecedented levels. At Acuity Knowledge Partners, we remain committed to partnering with our clients to help them meet their business-as-usual commitments as they re-align their AML regimes to respond to the new risks.

We believe COVID-19 will have a deep impact on how we do business around the world. Everyone will need to be more alert and united to deal with the increase in online threats.

Here is where Acuity Knowledge Partners can help you navigate through these challenging times. We remain committed to partnering with our clients to help them meet their business-as-usual commitments as they re-align their AML regimes to respond to the new risks.

To help our clients navigate both the people and business impact of COVID-19, we have created a [dedicated hub](#) containing a variety of topics including our latest thinking, thought leadership content and action oriented guides and best practices.

About Acuity Knowledge Partners

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 300+ financial institutions and consulting companies through a team of over 2,500+ subject matter experts who work as an extension of the clients' teams based out of various global delivery centres.

We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.