6-th INTERNATIONAL FORUM

"FUNCTIONING OF THE AML/CFT SYSTEM IN A CHALLENGING EPIDEMIOLOGICAL SITUATION"

Consultations with the private sector

PRESENTATONS' DIGEST

September 29-30, 2020
Experience of Remote Interaction with the Private Sector Amid COVID-19 Pandemic

Опыт дистанционного взаимодействия с частным сектором в условиях распространения COVID-19

Alexander Kuryanov,
Deputy Head of Rosfinmonitoring's Supervision Department
Механизмы оперативного выявления и информирования о новых рисках

Проведение заочных заседаний Совета комплаенс посредством ВКС

Проведено более 30 заседаний с банками во всех регионах

Направление СПО с пометкой {COVID}

Поступило более 12 тыс. СПО

Оперативное направление информации о рисках через Личный кабинет

Частным сектором направлено более 250 аналитических материалов

Росфинмониторингом подготовлено 2 информационных письма о новых рисках и доведена информация о 14 новых типологиях ОД/ФТ
Mechanisms for prompt identification and communication of new risks

- Conducting remote meetings of the Compliance Council via videoconferencing
  - More than 30 meetings were held with banks in all regions

- Submission of STRs marked with {COVID}
  - Received more than 12 thousand STRs

- Prompt forwarding of information about risks through the Personal Account

- More than 250 analytical materials were sent by the private sector

Rosfinmonitoring has prepared 2 newsletters on emerging risks and provided information about 14 new ML/TF typologies
Public-private partnership mechanisms in the AML/CFT system

Совет комплаенс, Compliance Council

Galina Kuznetsova
COMPLIANCE DIRECTOR
BANK "TINKOFF"

Sergey Meshalkin
HEAD OF THE INTERNAL CONTROL SERVICE
«AK BARS» BANK

Olga Lee,
HEAD OF FINANCIAL MONITORING DEPARTMENT, NBD-BANK PJSC

Lyudmila Sokolova
DIRECTOR OF THE FINANCIAL MONITORING DEPARTMENT, BANK ZENIT

Andrey Lopatko
HEAD OF AML/CFT DEPARTMENT
JSC CB CITIBANK

Filip Khyshiktuev
HEAD OF COMPLIANCE CONTROL DEPARTMENT, MANAGING DIRECTOR RAFFEISENBANK JSC
Типологии, выявленные в период пандемии
Typologies identified during the pandemic

Транзитное движение денежных средств с использованием права оплаты налоговой задолженности за третье лицо
Transit movement of funds using the right to pay tax debt for a third party

- The legal entity transfers funds to the budget account as tax payment for another organization.
- The legal entity (in whose favor the payments were made) submits to the tax authorities an application for the refund of the overpayment or erroneously paid tax amounts.
- After the tax authority has approved the refund, funds are transferred through the Federal Treasury and cashed out.
A number of organizations, as a rule, established shortly before the execution of transactions, transfer to individuals’ bank cards within a short period of time (2-3 days) an amount of funds that significantly exceeds the average annual salary in the industry, with subsequent cash withdrawal...

Often, the provision of financial aid amid COVID-19 pandemic was indicated as the basis for payment.

At the same time, there is a lack of information on the mandatory payments to the budget.
摩托洛洛玛， выявленные в период пандемии
Typologies identified during pandemic

Обналичивание денежных средств с участием скупщиков металлоима,
Cash withdrawal involving scrap metal buyers

- Actually operating enterprises transfer funds to the scrap metal buyers’ accounts directly or through transit companies under the guise of «ferrous/non-ferrous scrap metal».

- The scrap metal buyer cashes out the received funds with the use of corporate cards under the guise of «purchase of scrap».
СПО с идентификатором COVID-19, поступившие в Росфинмониторинг

STRs with the COVID-19 identifier received by Rosfinmonitoring
СПО с идентификатором COVID-19, поступившие в Росфинмониторинг

- Недобросовестный оборот товаров медицинского назначения; 47%
- Уклонение от уплаты налогов; 24%
- Незаконное использование государственных средств выделяемых на поддержку экономики и социальной сферы; 21%
- Обналичивание в противоправных целях; 8%
STRs with the COVID-19 identifier received by Rosfinmonitoring

- Illegal turnover of medical supplies: 47%
- Tax evasion: 24%
- Misuse of public funds allocated to support the economy and social sphere: 21%
- Illegal cash-out: 8%
За период с апреля 2020 года 1674 организаций устранили по вопросам соблюдения обязательных требований ПОД/ФТ посредством Личного кабинета

Since April 2020, 1,674 organizations have eliminated shortcomings related to non-compliance with mandatory AML/CFT requirements through their Personal Account
Индекс качества информационного потока, Information flow quality index

- Количество подотчетных субъектов, информирующих о сомнительных операциях ПДП с апреля 2020 года увеличилось на 23%,
- Повысилась оперативность направления СПО

The number of reporting entities notifying about PEPs suspicious transactions has increased by 23% since April 2020

Improved efficiency in submitting suspicious transactions reports
Risk-oriented approach as a basis for compliance procedures optimization at the time of COVID 19 circulation

Лариса Заломи́хина
Старший управляющий директор – директор Управления комплаенс

Larisa Zalomikhina
Senior Managing Director, Director of the Compliance Division

29 сентя́бря 2020
29th September, 2020
Дневник Штаба Anticov19
Anticov 19 Base Journal

Создание Штаба 03 марта 2020
Base establishment 3rd March 2020

На создание Штаба была выделена финансовая помощь от правительства, что позволило начать работу по всему плану.

1. Создание Штаба Anticov в TB
2. Правовые регулирования по ограничению ковид-19, включая изоляцию, социальные мероприятия и прочие
3. Создание пресс-центра в городе Москве
4. Начало сбора информации и данных по заболевшим
5. Утверждение новых стандартов для диагностики, лечения и профилактики COVID-19
6. Разработка и утверждение плана мероприятий по противодействию распространению COVID-19
7. Утверждение квалификации сотрудников по процессам, связанным с COVID-19, включая медсестры, врачи и др.
8. Более 14 новых случаев COVID-19, из которых 50% - симптомы COVID-19, находятся на карантине
9. Работа в режиме прямого порядка с медицинскими группами и пациентами
10. Организация первичной терапевтической помощи и предоставление ЦА
11. Применение новых стандартов в здравоохранении и подготовке к работе
12. Утверждение стандартов для предотвращения распространения COVID-19
13. Введение новых мер по ограничению бесконтактных систем
14. Утверждение плана работы ЦРВО и МЦЦ в условиях повышенной готовности
15. Проверка пропусков и дежурных в круглосуточном медицинском центре
16. Время в графике работы Штаба компаниях и заведениях общественного питания, включая жесткое, доначное общественное питание
### Непрерывность функции ВСР

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- Обсуждение приоритетов с уполномоченным и надзорным органом
  Discussion of priorities with regulators

- Принятие решения об условиях удаленной работы комплаенс 20 марта 2020
  Taking decision on terms of compliance remote work 20th March 2020
• Оперативная оценка экономической активности по отраслям экономики и регионам
Prompt assessment of economic activities by economy sectors and regions

• Оценка размеров социальных выплат по регионам
Assessment of extent of social allowances by regions

• Типология схем необычных операций по регионам
Suspicious transactions typology patterns by regions

• Интерактивные карты сомнительных операций
Interactive charts of suspicious transactions

• Меры государства по поддержке населения и предприятий
State efforts on population and enterprises support
Работа с клиентами
Interaction with customers

- Минимизация необходимости посещения офисов
  Minimizing office attendance

- Минимизация пакета подтверждающих документов
  Minimizing supporting documents
The Emergency Mechanism for Detecting and Collecting STRs during the COVID-19 Pandemic

Sep. 2020
Content

- Background
- The Emergency Mechanism for Detecting and Collecting STRs
- Case Study
1. Background

(1) From January to May 2020, the STRs related to telecom fraud have increased rapidly.

(2) In February 2020, CAMLMAC has established the *Emergency Mechanism for Detecting and Collecting STRs*. 
2. Mechanism for Detecting and Collecting STRs

- 2. Monitor and analyze specifically on priorities
- 3. Report STRs related to COVID-19
- 4. Analyze STRs immediately
- 5. Disseminate clues
- 6. Feedback of the clues

FIs → CAMLMAC → LEAs
2. Mechanism for Detecting and Collecting STRs

(1) From February to March 2020, more than one hundred STRs related to the pandemic were received from financial institutions.

(2) Many of them are involved in telecom fraud.

(3) CAMLMAC developed and disseminated clues to LEAs within a few days.
3. Case Study

(1) False sales of anti-epidemic supplies. Fraudsters use social softwares, websites and other channels to publish false sales information of masks, alcohol and other tight supplies. After inducing the victim to transfer money, the fraudster does not ship the goods or even directly blocks the victim.
3. Case Study

(2) Fraud in the name of charitable aid. Fraudsters publish false donation information through SMS or online in the name of public welfare organizations, civil affairs organs, etc. and defraud the public to donate money to their accounts.
3. Case Study

(3) Fraud in the process of buying air tickets. Fraudsters trick victims into calling fake customer service line or clicking fake website links under the pretext of canceling flights, changing and returning tickets, or purchasing tickets. By doing so, the fraudster steals sensitive information such as the victim's identity information, bank account information, password, captcha, etc. and afterwards transfer the money out.
THANK YOU!
Chinese Adaption of Oversight Mechanisms to the Outbreak of COVID-19

Yang Lu
People’s Bank of China
2020.09.29
CONTENT

01 COVID-19’s affect on the AML/CFT work in China

02 How authorities and financial institutions cope with the crisis

03 New trending under the new situation
PART 01

COVID-19’s affect on the AML/CFT work in China
COVID-19’s affect on the AML/CFT work in China

Staff Shortage Problem

**Supervisors**
- Onsite inspections
- Risk assessment

**FIs**
- Compliance requirements
- STR
PART 02

How authorities and financial institutions cope with the crisis
How authorities and financial institutions cope with the crisis — the supervisor’s perspective

Risk notice
Strengthen the transaction monitoring

«The Notice on Issues Related to Anti Money Laundering During the Period of Epidemic Prevention and Control»
Terrorist financing and non-face-to-face account opening

Online frauds
Suspicious transaction monitoring and reporting.

Offsite risk assessment
How authorities and financial institutions cope with the crisis — the FI’s perspective

The 《Notice》
- Properly extend the business operation time limit
- Simplify the operation process for customers with specific occupations

 Carry out the compliance procedures flexibly

Complete the compliance work later
How authorities and financial institutions cope with the crisis —— the preparation

Update the inspection manual

Research international supervisory practices
PART 03

New trending under the new situation
New trending under the new situation

New communication technologies
(Tencent conference and Zoom)

The ability to develop remote capabilities of financial institutions
Thanks
AML/ CFT
Supervisions by FIU-India

Shailesh Thakur
Additional Director, FIU-India
Background and object of Prevention of Money Laundering Act, 2002

- In conformity with the international initiatives and obligations, the Act was introduced with a comprehensive framework for, *inter alia*, preventing money-laundering and connected activities, confiscation of proceeds of crime, setting up of agencies and mechanisms for co-ordinating measure for combating money laundering, etc.

- FIU – India, set up as a central national agency under this Act, is responsible for receiving, processing, analyzing and disseminating information to the relevant institutions/law enforcement agencies of the Government as well as for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes.
Powers of Director

- PMLA empowers Director for implementation & ensure observance of the Act by REs
- RE fails to meet obligations imposed under Chapter IV of the Act – initiation of compliance action
- Director can make inquiry/ cause inquiry to be made necessary with respect to obligation of RE under the law
Powers of Director Contd..

- During inquiry if it is found that RE/Designated Director/employee failed to comply with obligation, Director can (Section 13 of PMLA) -
  - issue warning in writing
  - Direct RE to comply with instructions
  - Direct RE to send reports at prescribed intervals
  - By order, impose penalty - 10,000 to 1,00,000 INR for each failure to comply with obligation under the law
Power to issue sanction u/s 13(2) of the Act

- Director can resort to one or more sanctions, as mentioned in section 13(2) of the Act, against the non-compliant RE
- Director is also empowered to impose monetary penalty without resorting to/exhausting first three sanctions.
Legal Provisions – Section 12

- RE is to maintain record of specified transactions and furnish to FIU information relating to such transactions within the specified time period
- Verify identity of all clients
- Identify beneficial ownership of prescribed clients
- Maintain record of documents evidencing identity of its clients and beneficial owners
Legal Provisions – Section 12A

- Director may call for information relating to specified transactions from the RE as well as any additional information.
- Every RE has to furnish the information called for within the time specified and in the manner specified.
- Every information called for by Director and furnished to him shall be kept confidential.
PML Rules

• Rule 3 – specified transactions for STRs, CTRs, NTRs, CWTRs and CCRs
• Rule 5 – specifies the procedure and manner of maintaining information including requirement to evolve an internal mechanism for maintaining information in a manner prescribed by its regulator
• Rule 7 – The Principal Officer shall furnish the information about specified transactions on the basis of information available with the RE and every RE shall evolve an internal mechanism having regard to guidelines issued by FIU for detecting and reporting specified transactions
• Rule 8 – Specifies the timeline for furnishing the information to FIU. Delay of each day in not reporting a transaction or delay of each day in rectifying a misreported transaction beyond the time limit specified constitutes a separate violation.
PML Rules Contd..

- Rule 9(1) – Every RE shall at the time of commencement of an account based relationship identify its clients, verify their identity, obtain information on the purpose and intended nature of business relationship and determine whether client is acting on behalf of a beneficial owner, and identify the beneficial owner and take all steps to verify the identity of the beneficial owner.

- Rule 9(3) – specifies how beneficial ownership is to be determined in case of a company, a partnership firm, an association or body of individuals and trust.
The Principles for Compliance Action Reiterated

Compliance action is invited when there is –

- Failure to register with FIU and failure to register Principal Officer and Designated Director with FIU and re-register when there is change of incumbent
- Failure to implement guidelines/directives issued by FIU or the sectoral regulator in the KYC/AML Policy of the RE
- Failure to maintain –
  - record of all transactions, as required u/s 12(1)(a) of the Act;
  - maintain record of documents of identity of its clients, beneficial owner, etc., as required u/s 12(1)(c) of the Act
The Principles for Compliance Action Reiterated (Contd.)

Compliance action is invited when there is—

- Failure to report what should have been reported as per law
- Failure to report within the prescribed timeline
- Failure to report correctly and completely (and the onus is on the RE to revise a previously incorrectly filed report)
- Failure to report information which was available with the RE
- Failure to report information in the manner prescribed
- Failure in putting in place an internal mechanism to detect and report specified transactions
- Failure to verify the identity of the client, update KYC records and risk categorise accounts
- Failure to determine beneficial owner of the client account
## Statistics

<table>
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<tr>
<th>FY</th>
<th>Number of Orders Issued</th>
<th>Total Amount of Monetary Penalty Imposed</th>
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<td>2017-18</td>
<td>18</td>
<td>1.4 million USD</td>
</tr>
<tr>
<td>2018-19</td>
<td>14</td>
<td>0.3 million INR</td>
</tr>
<tr>
<td>2019-20</td>
<td>17</td>
<td>2.8 million USD</td>
</tr>
</tbody>
</table>
Case Study

- Originated from findings of Inspection of Bank done by FIU-India
- Failure to file certain threshold based reports
- Failure to file threshold based reports accurately and within the prescribed timeline
- Failure to accurately and timely file STRs
- Failure to evolve an effective internal mechanism for threshold based reports and STRs
- Failure to submit correct data to FIU-IND when additional information was called for from the Bank during the proceedings
- Penalty of 2.2 million USD was imposed on the Bank
Compliance during Pandemic

- Hearings through Video Conferencing
- Communications by post as well over email including issue of Show Cause Notices, furnishing of replies, seeking of additional information etc
- Self restraint on issuing of orders during the first four months after outbreak of pandemic
- Face to face review meetings have been substituted by meetings over Video Conferencing and detailed communications exchanged over email
Thank you..

..for listening
Adaptation of Supervisory Mechanisms to New Environment
(remote capabilities, limited number of on-site inspections, enhanced preventive measures)

Banking Supervision Directorate (BSD)
Minsk, 2020
Remote Supervision Capabilities of Banks and Non-Bank Financial Institutions (NBFI)

National Bank of the Republic of Belarus (NB) Board Resolution No. 24 dated January 18, 2017

- Reporting Form 1050 contains information on financial transactions that are subject to special control registered by banks in special forms and reported to the Financial Monitoring Department (FMD) in a reporting month as well as information on total volume of financial transactions carried out by customers in a reporting month.
- Reporting Form 1050 shall be filed to the National Bank on a monthly basis not later than on the 15th banking day of a month following the reporting month.

National Bank of the Republic of Belarus (NB) Board Resolution No. 818 dated December 24, 2014

Self-assessment of potential involvement in ML/TF-related suspicious transactions shall be performed by a bank on an as-needed basis, but not less than once in a calendar year and shall include calculation of the following indicators:
- Rate (in percentage) of involvement of a bank in suspicious financial transactions of its customers;
- Criterion related to exercising by a bank of its right to refuse to carry out suspicious financial transactions;
- Share (in percentage) of high risk customers in the customer base;
- Other indicators determined by a bank.

In 2020, the Methodology and Financial Monitoring Department (MFMD) took part in the process of general supervisory review of 14 banks. The AML/CFT efforts undertaken by the reviewed banks were assessed on the basis of the submitted Reporting Form 1050, previous on-site inspection reports and banks’ internal regulations, which were accessed remotely.
Banks and Non-Bank Financial Institutions (NBFIs) Remote Supervision Flowchart

Banks and NBFIs → Submission of reporting documents to Belarusian National Bank → Automated processing of reporting documents (IAS)

Analysis by the BSD of obtained results and dynamics of certain indicators
- Volume of suspicious transactions
- Engagement rate

Analysis of information from external sources → Detailed analysis of recorded suspicious transactions

Identification and analysis
- Typical suspicious transaction patterns
- Suspicious customers
- Refusals to carry out suspicious financial transactions
- Refusals to provide remote banking services and/or termination of banking services agreements

- Drafting requests to banks and NBFIs
- Compiling the “grey” list of companies and communicating it to banks
- Arranging and holding meetings with banks and NBFIs (primarily via video conferencing)
- Assessing AML/CFT measures implemented by banks
- Supervisory responses (if necessary)
Flowchart of Bank Operation Remote Review, including AML/CFT

For the purpose of remote review, the bank provided:
• All necessary internal regulatory documents governing the AML/CFT processes
• Bank’s computers with remote access to the bank’s software via the secured communication channels
When necessary, the Inspection Directorate officers communicated with the representatives of the bank via video conferencing
Thank You for Attention!
The budgetary sphere is the key risk zone during the COVID-19 pandemic

The budgetary sphere is the key risk zone during the COVID-19 pandemic

И.о. начальника Управления оценки рисков Росфинмониторинга
Шевляков Е.В.
Head of the Risk Assessment Department of Rosfinmonitoring a.i
Evgeniy Shevlyakov
The budgetary sphere is the key risk zone during the COVID-19 pandemic.

**The main groups of risks**

- Risks of embezzlement of budget funds during the process of public procurement
- Risks of embezzlement of budget funds designated to support individuals and economy
Risks of embezzlement of budget funds during the process of public procurement

1. Purchase of anti-epidemic goods at an overcharge price.

2. Using simplified procedure of public procurement while purchasing the goods that do not relate to the fight against the pandemic.

3. Failure to execute public contracts on the pretence that they are impossible to be performed because of the pandemic crisis.

4. Pretending that budget funds are spent on certain needs while they are actually stolen.

5. Sale of low-quality and counterfeit products, anti-epidemic goods in the light of their shortage.
Риски хищения бюджетных ассигнований, выделенных на поддержку граждан и экономики в связи с пандемией коронавируса

*Risks of embezzlement of budget funds designated to support individuals and economy*

- Неправомерное получение бюджетных средств
  *The misappropriation and the embezzlement of budget funds*

- Нецелевое использование выделенных средств
  *The misuse of funding allocations*

- Фальсификация документов, подтверждающих основания на выдачу денежных средств
  *Providing deliberately false information in order to confirm grounds for state funding allocations*
Определение перечня получателей поддержки (юридические и физические лица)

Identification of a list of state support recipients (legal and natural persons)

Выведение рисков на этапе принятия решения по выделению государственной поддержки и заключению контрактов

Identification of risks at the stage of making a decision on providing state support and concluding public contracts

Сведения о выявляемых рисках в оперативном режиме направляются Росфинмониторингом в правоохранительные и контрольно-надзорные органы.

The information about the identified risks is promptly sent by Rosfinmonitoring to law enforcement and supervisory authorities.

Применение мер
• Работа с заказчиком
• Отказ в обслуживании
• Передача информации в правоохранительные и контрольно-надзорные органы

Implementation of measures
- Providing a customer with the information on potential risks
- A denial of service
- The dissemination of the information to law enforcement and supervisory authorities.
Thank you for attention!
EAG/ITMCFM 6th International Forum

Optimizing AML Procedures amid COVID-19 Pandemic

Lopatko Andrey

Moscow
September 30, 2020
MAIN DISCUSSION POINTS / ОСНОВНЫЕ РАЗДЕЛЫ ПРЕЗЕНТАЦИИ

Arranging efficient work of AML department in isolation (switching to “Work From Home”)
Обеспечение эффективного функционирования подразделения по ПОД/ФТ в режиме изоляции (переход на работу из дома)

Understanding the changed environment, defining emerging risks and challenges
Оценка измененной среды, определение потенциальных рисков и угроз

Implementation of practical actions to mitigate risks and adopt AML system to pandemic reality
Внедрение практических мер в целях снижения потенциальных рисков и адаптации системы ПОД/ФТ к работе в условиях пандемии

Identified trends related to COVID pandemic
Выявленные на практике тренды связанные с пандемией коронавируса
March 2020 in view of deterioration of the epidemic situation worldwide, CITIBANK Russia took decision to switch to the “work from home” regime as much as possible.

- We introduced a regime of split operations when all employees were put in 2 separate teams that should never cross physically, office visits could be executed only for critical staff and strictly according to the schedule of split operations.
- Full revision of hardware and applications necessary for efficient distant work was performed shortly, hardware/software was provided where necessary to increase capabilities for WFH to 100%.
- By the e.o. March 2020 more than 95% of AML employees had been working fully remotely.

Even before the Pandemic, Citi was promoting working from home as part of the program of employees well-being and improving their work-life balance.

This strategic approach turned to be beneficial in current times since not only technologies were ready for WHF, but also managers and employees had necessary experience.

В марте 2020 года ввиду обострения эпидемиологической обстановки в мире Банком принято решение о переходе в режим обеспечения работы из дома.

- Создан режим раздельной работы при делении всех сотрудников на 2 не пересекающиеся группы с возможностью выхода в офис строго в установленные для группы периоды
- В кратчайшие сроки проведена ревизия работоспособности приложений при работе в удаленном режиме, а также было предоставлено необходимое оборудование при его отсутствии у сотрудников
- К концу марта более 95% сотрудников подразделения по ПОД/ФТ работало удаленно

Даже до пандемии, СИТИ продвигал возможность работы из дома для сотрудников в качестве части программы по улучшению условий сотрудников и соблюдения баланса между работой и частной жизнью.

Эта стратегия в текущих условиях полностью оправдала себя, т.к. не только технологии были созданы для полноценной удаленной работы, но и управленческая команда, а также сотрудники, имели соответствующий опыт.
Understanding the changed environment, defining emerging risks and challenges
Оценка измененной среды, определение потенциальных рисков и угроз

Obviously, current pandemic situation is unprecedented for the recent history and had massive impact on people’s life, businesses and countries.
Очевидно, что пандемия оказывает беспрецедентное в новейшей истории влияние на жизнь людей, бизнесы и страны.

We need to proactively estimate all new/changed impacting factors, emerging risks and trends to continue running our AML program successfully.
Для обеспечения успешного функционирования программы ПОД/ФТ в организации, нам необходимо проактивно выявлять и оценивать влияние новых/измененных факторов, рисков и трендов.

Main factors to consider:
- Massive lockdowns
- Decrease of in-country and international business activity
- Increasing penetration of “digital” to all aspects of life
- Deterioration of economic situation for people / businesses
- Change of people’ behavior and motivators (fear / ambiguity / panic / safety / less social contacts)

Information (alerts/guidance/case studies) from regulators, PPPs, global and local AML task forces, law enforcement agencies in countries of presence.

Own researches done on company’s big data. Information from local AML units.

Systematization of received data and centralized support of AML units in countries.

CITI GLOBAL FINANCIAL INTELLIGENCE/INVESTIGATION UNITS

AML departments in countries of presence

Влияющие факторы:
- Закрытие сообщения между странами
- Снижение деловой активности как на уровне стран так и в международной торговле
- Ускоренное внедрение “цифровых” решений во многие сферы жизни и бизнеса
- Ухудшение экономической ситуации для людей и бизнесов
- Изменение поведенческих моделей и мотиваторов (страх / неопределенность / паника / забота о безопасности / снижение социальной активности)
Implementation of practical actions to mitigate risks and adopt AML system to pandemic reality

Внедрение практических мер в целях снижения потенциальных рисков и адаптации системы ПОД/ФТ к работе в условиях пандемии

<table>
<thead>
<tr>
<th>MAIN RISKS/THREATS</th>
<th>ОСНОВНЫЕ УГРОЗЫ</th>
</tr>
</thead>
<tbody>
<tr>
<td>could be done by or against CITI customers</td>
<td>Активность может быть совершена как клиентом СИТИ, так и против клиента</td>
</tr>
<tr>
<td>transfers may pass via CITI correspondent network</td>
<td>Осуществление переводов через корр. сеть</td>
</tr>
</tbody>
</table>

**FRAUDS**  
МОШЕННИЧЕСТВО

**CYBERCRIME**  
КИБЕРПРЕСТУПЛЕНИЯ

**MISUSE OF STATE SUPPORT PROGRAMS**  
ЗЛОУПОТРЕБЛЕНИЯ ПРОГРАММАМИ ГОС. ПОМОЩИ

**CORRUPTION/OVERPRICING ON MEDICAL EQUIPMENT PURCHASES**  
ЗЛОУПОТРЕБЛЕНИЯ ПРИ ЗАКУПКАХ МЕДИЦИНСКОГО ОБОРУДОВАНИЯ

**INTEGRATION OF CRIMINAL FUNDS INTO LEGITIMATE BUSINESS**  
ИНТЕГРАЦИЯ ПРЕСТУПНЫХ ДОХОДОВ В РЕАЛЬНЫЙ БИЗНЕС

**SPECIFIC RED FLAGS**  
ПРИЗНАКИ СОМНИТЕЛЬНЫХ ОПЕРАЦИЙ

**UPDATED PROCEDURES**  
ОБНОВЛЕННЫЕ ПРОЦЕДУРЫ

**UPDATED LOGIC FOR SCREENING**  
МОДЕРНИЗАЦИЯ ЛОГИКИ АВТОМАТИЗИРОВАННЫХ СИСТЕМ

**TRAININGS AND DATA SHARING**  
ОБУЧЕНИЕ И ДОСТУПНОСТЬ ИНФОРМАЦИИ

- e-mails bankwide with specific ALERTS on COVID
- Trainings for AML staff on AML Knowledge management tool
- COVID-19 INFORMATIONAL CENTER
- COVID-19 SPECIAL PAGE ON AML PORTAL
- рассылки по эл. Почте с важной информацией относительно COVID
- тренинги для персонала на базе электронной образовательной платформы
- Специальный информационный центр/портал по вопросам COVID-19
- Специальный раздел на AML портале по вопросам COVID-19

Based on determined risks and case studies we’re defining list of specific red flags to look for via automated and/or visual controls

На основании выявленных рисков и практических кейсов мы создаем и обновляем перечень признаков потенциально сомнительных операций, связанных с COVID в целях использования в процедурах автоматического и/или визуального контроля.

Procedures and instructions on investigation process and methods being updated based on inputs received from research and practical cases

Процедуры и инструкции регламентирующие расследования обновляются на основании вводных, полученных в результате анализа рисков и практических кейсов.

CITI MRM team is constantly assessing efficiency of automated tool used and updates related settings to address COVID-specific risks/red flags.

Команда по управлению риск-моделями СИТИ постоянно оценивает эффективность автоматизированных средств контроля транзакций и при необходимости корректирует настройки с целью выявления признаков рисковых транзакций связанных с COVID.
Implementation of practical actions to mitigate risks and adopt AML system to pandemic reality

Внедрение практических мер в целях снижения потенциальных рисков и адаптации системы ПОД/ФТ к работе в условиях пандемии

**TOP 5 FRAUD SCHEMES CURRENTLY OBSERVED DUE TO THE CORONAVIRUS**

- **Phishing/SmsSching**
  - 75% overall increase
  - 48% significant increase

- **Charity and Fundraising Fraud**
  - 69% overall increase
  - 40% significant increase

- **Fraudulent Vaccines/Cures/Coronavirus Tests**
  - 65% overall increase
  - 40% significant increase

- **Third-Party Seller and Buyer Scams on Legitimate Online Retail Websites**
  - 63% overall increase
  - 35% significant increase

- **Business Email Compromise**
  - 62% overall increase
  - 28% significant increase

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**KEEP CALM and Avoid Coronavirus Scams**

Here are **5 things** you can do to avoid a Coronavirus scam:

- **Ignore offers for vaccinations and home test kits.**
  - Scammers are selling products to treat or prevent COVID-19 without proof that they work.

- **Hang up on robocalls.**
  - Scammers use illegal sales calls to get your money and your personal information.

- **Watch out for phishing emails and text messages.**
  - Don’t click on links in emails or texts you didn’t expect.

- **Research before you donate.**
  - Don’t let anyone rush you into making a donation. Get tips on donating wisely at ftc.gov/charities.

- **Stay in the know.**
  - Go to ftc.gov/coronavirus for the latest information on scams. Sign up to get FTC’s alerts at ftc.gov/subscribe.

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**THE TOP COVID-19 SCAMS**

- **Scammers follow the headlines.**
  - Robocalls – HANG UP! Scammers or scammy companies use illegal robocalls to profit from Coronavirus-related fears – posing as the IRS or Medicare. Visit the Federal Trade Commission’s website to hear scam calls: ftc.gov/coronavirus.

- **Testing Scam** – scammers are calling or knocking on doors in white lab coats or hazmat gear claiming to be with the Center for Disease Control and Prevention selling fake at-home Coronavirus tests.

- **Treatment Scam** – scammers are calling or knocking on doors in white lab coats or hazmat gear claiming to be with the Center for Disease Control and Prevention selling fake cures, vaccines, and medical advice on unproven treatments.

- **Supply Scam** – scammers are creating fake shops, websites, social media accounts, and email addresses to sell medical supplies in high demand, like surgical masks. When you try to purchase supplies, they pocket the money.

- **Provider Scam** – scammers are contacting people by phone and email, pretending to be doctors and hospitals that have treated a friend or family member for COVID-19 and demanding payment.

- **Charity Scam** – scammers are soliciting donations for individuals, groups, and causes impacted by coronavirus.

- **Phishing Scam** – scammers are sending emails posing as health officials, including the World Health Organization and the Centers for Disease Control and Prevention. They want to trick you into downloading malware or providing personal identification and financial information.

- **App Scam** – scammers are creating and controlling mobile apps used to track the spread of COVID-19. If used, these apps insert malware on your device that steals your personal and financial information.

- **Compassion & Romance Scams** – scammers will use this opportunity to prey on your vulnerability while you are isolated and isolated to your home, developing a personal or romantic relationship with you to gain your trust and obtain your personal and financial information.

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**BEWARE OF RED FLAGS**

- **Urgency** – SCammers will apply pressure or use fear to get you to act.

- **Scarcity** – Scammers will claim there is a limited supply, so you must “buy now.”

- **Social Consensus** – Scammers want you to think everyone else is doing it too, and you don’t want to be left behind!

- **Credible Sources** – Scammers will claim they are with a reputable business or organization.

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**TIPs**

- Do NOT click links from unknown phone numbers.
- Report scams to ftc.gov/complaint.
The ML/TF Risk Assessment System of ICBC
CONTENTS

1/ Customer Risk Assessment
2/ Product Risk Assessment
3/ Institutional Risk Assessment
Part 1  Customer Risk Assessment "4 Features"
1. Systematic Classification Standards

- **Two phases**
  - “2” new and existing customers.

- **Three categories**
  - “3” individual customers, corporate customers, corresponding customers

- **Four basic factors**
  - “4” customer characteristics, region, business and industry/occupation.

- **Five-grade classification**
  - “5” high, medium-high, medium, medium-low and low risks.
2. Label-Based Risk Control

- List
- Suspicious activity report
- External risk driving
- Independent risk identification
3. Standardized Classification Procedures

- **Outlets**
  - New Access Customers

- **Customer Department**
  - Periodic review

- **AML Center**
  - Trigger event review
4. The Due Diligence Template-based

**Basic Information on Customers**
Display the basic information on customers and the information of beneficial owners, the due diligence personnel check the completeness and validity.

**The Business Risk Characteristic**
Display the variation of customer volumes and risk characteristics, the due diligence personnel verify whether the due diligence matches the customer's identity.

**Due Diligence Conclusions**
Investigate and record the source of customers funds and transaction background, and maintain the customer risk labels.

Due diligence more practical and easy-to-use!
Part 2  Product Risk Assessment: "2 Innovations"
1. Create New Methods for Product Assessment

**Qualitative Assessment**

- Trading nature
- Target customers
- Channels

**Quantitative Assessment**

- Liquidity
- Cash correlation
- Transaction restrictions

**Risk Adjustment**

- LOW RISK
- MEDIUM-LOW RISK
- MEDIUM RISK
- MEDIUM-HIGH RISK
- HIGH RISK

Risk levels:
- High risk
- Low risk
- Medium-low risk
- Medium risk
- Medium-high risk

Diagram showing the distribution of risk factors.

Legend:
- Trading nature
- Target customers
- Channels
- Liquidity
- Cash correlation
- Transaction restrictions
- Transaction transparency

Risk matrix:
- LOW RISK
- MEDIUM-LOW RISK
- MEDIUM RISK
- MEDIUM-HIGH RISK
- HIGH RISK
2. Create New Methods For Product Management

01 The Product Functions and Attribute

02 Business Relevance

03 ML/TF Risk Characteristics
Part 3 | Institutional Risk Assessment: "3+Model"
1. "Comprehensive +Refined" Scope of Assessment
2. "Universal + Customized" Assessment Methods

Institutional ML/TF Risk Assessment

01 Inherent Risk

02 Control Measures

03 Residual Risk

High Risk
Medium-High Risk
Medium Risk
Medium-Low Risk
Low Risk

Risk mitigation
Control enhancing

Risk Appetite
Strategy
Tactic

Effectiveness of control

Low Risk
Medium-Low Risk
Medium
Medium-High Risk
High
Insufficient
Defective

Strong
Substantial
Moderate
Insufficient
Defective

Rectification
3. Assessment Conclusions: “Lines + Nodes”

01 Horizontal results of Departments of ICBC Head Office

ICBC

Headquarters Department A

- Branch A
- Branch B
- Branch X

Headquarters Department B

- Branch A
- Branch B
- Branch X

Headquarters Department C

- Branch A
- Branch B
- Branch X

Internal control effectiveness

02 Vertical results of Departments of ICBC branches

ICBC

- Branch A
- Branch B
- Branch C

Effectiveness of top-level design by head office

Two-direction assessment
Cross-checking effectiveness
THANKS

By your side, as your trust
High-risk Entities.
The Profile of a High-risk Client and His/Her Financial Behavior
High-risk Entities:

- charities, public and religious organizations (associations), non-profit non-governmental organizations, both domestic and foreign
- cash-intensive businesses (including retailers, catering companies, gas and petrol stations, car dealerships, etc.)
- arms traders and intermediaries
High-risk Entities:

- dealers in art, antiques, cars and luxury goods
- tour operators, travel agencies and other tourism businesses
- developers
- providers of consulting, legal, notarial and audit services
High-risk Entities:

- e-commerce firms
- public procurement participants
- politically exposed persons
- medical service providers
The Profile of a High-risk Client and His/Her Financial Behavior

1. Collecting additional customer identification information and documents from accessible and reliable data sources.
2. Requesting additional information from the client regarding the purpose and intended nature of the business relationships, as well as the source of the client's funds.
3. Requesting additional information from the client to clarify the rationale or economic sense of planned or executed transactions.
4. Collecting additional information about the client and beneficial owner for an in-depth analysis of the possible risk of their involvement in criminal activities.
Use of pass-through accounts, i.e., a low start-and end-of-day account balance and intensive daily account activity.

Client carries out multiple transactions within one day and at the same branch with an obvious attempt to be serviced by different bank employees.

Client’s counterparties - persons on whom the bank holds adverse information (refusals to enter into a business relationship, etc.).

Client carries out a transaction or multiple related transactions that is/are not typical/characteristic of the client’s standard practice.

Regular transfers of funds from the account of a legal entity to the personal account of an employee or other persons, and vice versa (except for transfers related to the payment of wages, social benefits, etc.).

Major changes in the intensity of the client’s account activity.

Client's unusual financial behavior.
Client's unusual financial behavior

- Regular cross-border transfers of funds related to payments for services or provision of loans made from the accounts of shell companies
- Mismatch of jurisdictions of incorporation, location of banks or beneficiaries/account managers, including between the types of the actual and stated account activity
- Fake transfers of funds abroad under import contracts
- Payments for goods supplied to third countries are made from the accounts of companies that are not a party to the contract
- Payments under contracts of sale of real estate and high-value assets are made from the accounts of offshore companies
Client’s unusual financial behavior involving the use of IT tools

Several (multiple) accounts are remotely controlled from one group of IP addresses

Suspicious activity in the accounts of companies incorporated through the same registered agent or at the same address

Several (multiple) accounts are remotely controlled from one device (mobile phone, laptop, etc.).

Remote control of accounts of companies registered in different countries, opened in different banks, held by different persons and managed by different directors, is exercised from one group of IP addresses.
THANK YOU FOR YOUR ATTENTION!
COVID-19

How did it challenge Polish commercial banks

Radoslaw Obczyński
Head of AML/CFT
Deputy Head of Compliance
mBank at a glance

4th largest bank

present since 1986

5,6 mln retail customers

2,2 mln mobile users

26.000 corporate customers

2 foreign branches

Commerzbank Group Member
Organisational challenges

- Critical processes
- Critical Management HQ
- Businesss continuity
- Eco friendly
- VPN and servers
- Old technology
Challenges by criminals

- Investments
- Medical equipment
- Cryptocurrencies
Aftermath

- Homeoffice
- Full digitalisation
- New teambuilding
- New supervisory relations
- Digital onboarding
Thanks!

Radosław Obczyński
Deputy Director
Compliance Department

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+48 515 452 483
mBank.pl
EAG/ITMCFM 6th International Forum

September 29-30, 2020

Topic: Emerging ML/TF Risks and Threats in COVID-19 Environment

Presentation by

State Bank of India
Emerging ML/TF Risks

- COVID-19 pandemic has brought unprecedented challenges to human civilization. It has completely disrupted the global economy, caused world-wide human sufferings and has given rise to an atmosphere of fear and uncertainty.

- The Financial Institutions are facing several unprecedented challenges, heightened risk of financial crimes being one of them.
Emerging ML/TF Risks

- There is a global concern that the situation arising out of COVID-19 may be and is already being exploited by criminals especially cybercriminals, to indulge in fraudulent activities, money laundering, terrorism financing and other forms of financial crimes.

- The AML/CFT functionaries world over are keenly watching the transactions for new Money Laundering typologies emerging if any, in the COVID-19 affected economy.

- FATF and other global bodies have issued several advisories in this regard and cautioned public and the Financial Institutions against the possible exploitation of the COVID-19 Pandemic situation by criminal elements.
Emerging ML/TF Risks: The Challenges in Pandemic

New challenges in the prevention and control of financial crimes are seen to be emanating from the following factors:

- A surge in the usage of social media and increasing dependence of the consumers on electronic banking, a large section of which may be unfamiliar with the security aspects and therefore gullible to fraudulent online activities.

- Fraud, cybercrime, misdirection or exploitation of funds or international financial assistance by unscrupulous and criminal elements
Emerging ML/TF Risks: The Challenges in Pandemic

- Money laundering, movement and concealment of illicit funds by criminal elements in the garb of COVID-19 related financial assistance

- Large scale disruption at operating level may impact our ability as well as the efficiency to detect and report suspicious transactions in a timely manner, for an extended period of time.

- The LEAs being overburdened and preoccupied with enforcement and management of COVID-19 triggered Lockdowns etc. may embolden the criminal minded.
Emerging ML/TF Risks: What to expect from the bad actors:

- Corruption related to various Government originated economic stimulus measures to different sectors of economy can generate illicit funds which may find its way into the banking channel.

- Help is pouring in for the COVID-19 affected from within and outside the countries. This is a fertile ground for laundering previously ill-gotten funds by criminals and money launderers.

- The criminals will tend to use the non face-to-face channels and virtual assets to move and conceal the illicit funds.
Emerging ML/TF Risks: Responding to the challenges in a collaborative manner

- Reviewing and redrawing our Contingency Plans capable of sustaining the operations over an extended and uncertain period of uncertainties

- Reviewing and readjusting our established AML scenarios to especially cover the typologies emerging in the COVID-19 environment

- Sharing the learnings out of the COVID-19 experience between FIs

The present workshop by EAG/ITMCFM has presented us with an appropriate platform for discussing the impact of COVID-19 on Financial Institutions
Thank You
Tracking and Preventing Frauds, Embezzlement and Misuse of Public Fund Through Transaction Monitoring and Early Warning System Challenges and Road Head

Vishesh Kumar Srivastava, Group Chief Risk Officer, Punjab National Bank, India

Russian
<table>
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<th>Contents</th>
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</tbody>
</table>
Stages of Money Laundering

Russian

Placement

• Process of moving dirty money into the legitimate economy and away from its source/geography to hide the source.

Russian
• Placement of laundered money is done through (i) Currency Exchanges, through purchasing foreign money with illegal proceeds of crime, (ii) Smuggling dirty money across borders and putting it into a foreign bank account, (iii) Smurfing by sending small amounts of money to bank accounts that are below anti money laundering reporting thresholds, (iv) Placing money into offshore organizations

Russian
Layering

• Involves making the money as hard to detect as possible, and further moving it away from the source.

• It is done by layering multiple financial transactions to obscure the audit trail and sever the link with the original crime. It usually means moving money through multiple countries so fast that a bank cannot detect it.

Russian
Integration

• The final stage of money laundering is successfully putting the ‘cleaned’ money back into the economy. through buying property, receiving legitimate payment of any non existent consideration, buying business at throwaway prices etc.

Russian
Strategy of prevention

• It aims to prevent swindling of public money through frauds or embezzlement, and

• to curb the use of banking channels to prevent Anti Money Laundering at the Placement stage and Layering Stage itself

Russian
• It may be achieved through Tracking and Preventing diversion of funds, Embezzlement and Misuse of Public Fund Through Transaction Monitoring and Early Warning System
Transaction Monitoring and Early Warning System – Indian Context

1. Transaction Monitoring is humongous work in view of large number of customers and transactions.

2. Timely tracking of change in customer profile and its updation in the system requires lot of time and effort.

Russian
3. Monitoring of transactions at near / real time basis is a huge challenge on account of large numbers of transactions fitting in definition of suspicious transactions.

4. Multiplicity of financial institutions and delivery channels make it more cumbersome.
5. Rejection of transactions requires keeping the type 1 and type 2 errors at optimum levels.

6. It is achieved by keeping a Transaction Monitoring and EWS server integrated and in sync with various transaction systems.
1. Rule based technique - managing transactions to block potentially fraudulent transactions through set of rules.
### Rule based technique has some limitations:-

- **a.** Rules are fixed manually, generally based on past incidents
- **b.** Process is reactive, not proactive.
- **c.** Rules fail to capture interactive effects.
- **d.** Rules have to provide for the genuine exemptions
- **e.** Else may lead to many false positives
- **f.** False positives may lead to customer dissatisfaction and complaints
1. Develop a model with the help of behavior analytics to build transactions profile based on beneficiaries, purposes & type of transactions. This will detect unusual transactions by analyzing transactions pattern of a customer/account.
2. Develop a model to detect cross border money laundering on real time basis by identifying unusual transaction volume, risky countries/jurisdictions, inconsistent unusual transactions.
3. Machine learning models can be used to identify the frauds. The ML along with its ability to find interactive relationships in the data. Unlike rules, ML model can account for changing criminal tactics as fraud behavior evolves over time.

Russian
1. The key to accurate detection with ML process is Data. If structured data can be combined with unstructured Data, the better will be chance of detection of fraud.
2. Use of AI, ML, deep learning & other modern techniques to analyse the huge volume of structured/unstructured data to detect or prevent or contain cross border illicit money transaction through banking channels.

Russian
3. Review the rules/scenario based on customer profile, transaction history, geography very frequently. Relevant set of rules will help a lot.
Transaction Monitoring and Early Warning System – Benefits

- The system can also be used for real time data scanning, data storage, real time data processing & real time pattern detection.
- Preventing fraud is deliberate activity that requires regular update of technology, policies & procedures.

- Internal checks and controls also have major role in preventing/reducing fraud.

  - Russian
- Rules only detect the known fraud scenarios which have happened in the past.
- Need to come up with out of box ideas for creating scenarios/rules to prevent fraud in future.

Russian
Analytics performed with examples

Russian

Transaction Monitoring System enables the bank to identify indicative patterns of Fraud – both Internal and External for quick identification and resolution by the Bank’s Fraud Risk Team. There are large number of such patterns deployed for the various systems. A couple of patterns are discussed below –

Russian
A. Lottery Frauds – Identification of Compromised Accounts where sudden small value deposits are observed originating from all across the country and withdrawal of the funds using a non-face to face channel like ATM’s or Internet Banking Funds Transfers etc. This requires us to monitor all the accounts of the bank for this specific pattern and looking back the set of transactions that has happened in the last couple of weeks / months as per the bank’s requirement.
B. Compromised Cards – Compromised Cards, which are deviating from their usual Card Behavior pattern like usage on non-regular ATMs, new Geographies, new Merchants etc. All of the above data points need to be co-related in real-time and used to give decisioning back to the source system on whether to allow or decline the transactions.
C. Monitoring of mule accounts where Money mules receive money from a third party in the accounts, then illegally withdraw the money or transfer them to someone else.

D. Staff frauds: Monitoring of staff accounts where abnormal transactions take place

Russian
E. Scenarios on static info change, Transactions from different geographical locations within a time period, Transactions in high risky country, CBS swift scenarios and many other fraud scenarios are deployed in the Transaction Monitoring System.

Russian
### Challenges

- Data set of transaction is very huge & fraudulent transactions among those set are very low.
- Fraud behavior is dynamic, fraudster continually advances their techniques
- Fraud detection needs to be real –time
- Customer behavior patterns are diverse.
Thank You
Impact of Covid-19 on Credit Risk in India
Влияние КОВИД-19 на кредитные риски в Индии
30 сентября 2020 года
Significant contraction in Q1-2021; revival thereafter...(1/2)

- **India’s GDP** contracted by 23.9% y-o-y in Q1-2021 (FY20 real GDP at USD 2.05 trillion)
  - Manufacturing, Construction declined (39%/50%); Services declined by 21%
  - **Private consumption** declined; Capex spending continued to decline; Govt. spending limited the fall
  - Majority of consumption & investment indicators moderated
- **External trade sentiment subdued**
  - **Exports** declined by ~27.0% during April-Aug 2020, **Imports** declined by 43.0% in April-Aug 2020
  - Non-oil-non-gold imports continue to decline

India’s economy may contract by ~8-12% in FY2021

Существенное падение в 1 квартале 2021 года и последующее восстановление ... (1/2)

- В первом квартале 2021 года ВВП Индии сократился на 23,9%, по сравнению с предыдущим годом (в 2020 финансовом году реальный ВВП составил 2,05 триллионов долларов США)
  - Падение в производственном и строительном секторе (39% и 50% соответственно). Падение в сфере услуг - 21%
  - Потребительские расходы населения - снижение. Расходы на капитальные вложения продолжают сокращаться. Государственные средства поддержки ограничат падение.
  - Большинство показателей потребления и инвестиций были скорректированы в сторону уменьшения.
- Ожидания в сфере внешней торговли снизились
  - Объём экспорта сократился на примерно 27,0% в апреле - августе 2020 года
  - Объём импорта снизился на примерно 43,0% в апреле - августе 2020 года
  - Объемы импорта, за исключением нефти и золота, продолжают снижаться
Significant contraction in Q1-2021; revival thereafter...(2/2)

- **Credit growth** remained close to multi-month low
  - Excl. NBFCs, industry & services credit growth at 2.2%

- **Lower trade deficit** and capital inflows (both FDI & FPI) could support domestic currency

- **Strong foreign currency reserves**

India’s economy may contract by ~8-12% in FY2021

Существенное падение в 1 квартале 2021 года и последующее восстановление ... (2/2)

- **Темпы роста кредитования** оставались на многомесячном низком уровне

- За исключением небанковских финансовых компаний, рост кредитования в промышленности и сфере услуг составил 2,2%

- **Низкий дефицит торгового баланса и приток капитала (как прямых иностранных инвестиций, так и портфельных иностранных инвестиций) может поддержать национальную валюту**

- **Большие валютные резервы**

Падение индийской экономики может составить примерно 8-12% в 2021 финансовом году
<table>
<thead>
<tr>
<th><strong>Reforms</strong></th>
<th><strong>Reформы</strong></th>
<th><strong>Liquidity Infusion</strong></th>
<th><strong>Поддержка ликвидности</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• USD 40 billion: Govt. guaranteed incremental financing to small &amp; medium industries</td>
<td>• 40 миллиардов долларов США: гарантированное поэтапное государственное финансирование секторов средних и малых предприятий</td>
<td>• Reduction in CRR</td>
<td>• Снижение размера обязательного резерва наличных средств</td>
</tr>
<tr>
<td>• Agri marketing reforms</td>
<td>• Реформа системы торговли сельскохозяйственной продукцией</td>
<td>• Collateral subordinate loans / debt for very small industries</td>
<td>• Выделение залоговых субординированных кредитов/ссуд для самых маленьких предприятий</td>
</tr>
<tr>
<td>• Coal, minerals liberalization</td>
<td>• Либерализация в угольной и горнодобывающей отрасли</td>
<td>• Special liquidity and partial guarantee for NBFCs (USD 10.00 billion)</td>
<td>• Предоставление небанковским финансовым компаниям специальных гарантий ликвидности и частичных гарантий (на сумму 10 миллиардов долларов США)</td>
</tr>
<tr>
<td>• Higher FDI in defense production</td>
<td>• Увеличение объёмов прямых иностранных инвестиций в оборонном производстве</td>
<td>• Funds for Electricity Distribution Companies (USD 12.00 billion)</td>
<td>• Выделение средств электрораспределительным компаниям (12 миллиардов долларов США)</td>
</tr>
<tr>
<td>• Airport, Electricity Distribution Company privatization</td>
<td>• Приватизация аэродромов и электрораспределительных компаний</td>
<td>• Employee Provident Fund support</td>
<td>• Поддержка сберегательного фонда сотрудников</td>
</tr>
<tr>
<td>• New policy for PSUs</td>
<td>• Новая политика в отношении государственных предприятий</td>
<td>• USD 30 billion extra credit to farmers</td>
<td>• Выделение дополнительного кредита для фермеров на сумму 30 миллиардов долларов США</td>
</tr>
<tr>
<td>• Agriculture reforms</td>
<td>• Реформа сельскохозяйственной отрасли</td>
<td>• Measures to improve functioning of markets and market participants, measured to support exports &amp; imports</td>
<td>• Меры по совершенствованию функционирования рынков и участников рынков, и меры поддержки экспорта и импорта</td>
</tr>
<tr>
<td>• Labour Reforms</td>
<td>• Реформа трудового права</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial stimulus worth USD 280 billion

Меры финансового стимулирования на сумму 280 миллиардов долларов США
### Infrastructure Push
- Affordable rental housing for migrants
- Extension of middle income housing scheme
- Agri infrastructure fund
- Higher VGF for social infrastructure

### Меры по развитию инфраструктуры
- Обеспечение доступного съёмного жилья для мигрантов
- Расширение программы строительства жилья для населения со средним уровнем доходов
- Создание фонда развития сельскохозяйственной инфраструктуры
- Увеличение финансирования объёма недостающих средств для развития социальной инфраструктуры

### Helping Stressed Businesses
- Relaxation in insolvency law
- Expediting tax refunds
- Funds for stressed NBFCs
- Moratorium on loan repayments
- Relief on debt servicing, improved access to working capital
- Relief measures for real estate
- Steps to ease financial constraints faced by the state governments

### Помощь предприятиям, находящимся в затруднительном положении
- Смягчение законодательства о неплатежеспособности
- Ускорение процедуры возмещения налогов
- Выделение средств для небанковских финансовых компаний, находящихся в затруднительном положении
- Мораторий на погашение ссуд и займов
- Смягчение условий обслуживания задолженности, упрощение доступа к оборотному капиталу
- Меры помощи для застройщиков
- Меры по смягчению финансовых ограничений, с которыми сталкиваются правительства штатов

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Financial stimulus worth USD 280 billion

Меры финансового стимулирования на сумму 280 миллиардов долларов США
Overall activity improved in Aug 20 vs. July 20

Key Trends:
• Positive rural sentiment
• Toll Collections improved
• Manufacturing PMI rose to a six-month high
• Steel production improved lev by re-stocking demand
• Power consumption, Cement production moderated mainly due to heavy monsoon

August levels were 90% of pre-Covid levels vs. 102% of last year levels
Road traffic gradually improving across major cities

• Till mid-Sept, except Delhi, traffic levels increased in Bengaluru, Mumbai and Pune. Delhi traffic was lower compared to August 2020

Дорожное движение постепенно восстанавливается в крупных городах

• До середины сентября, за исключением Дели, интенсивность дорожного движения увеличивалась в городах Бангалор, Мумбаи и Пуна. Интенсивность дорожного движения в Дели была ниже, по сравнению с августом 2020 года.

Источник: данные TomTom Traffic
(Значение указывает на дополнительное требуемое время, по сравнению со временем в период свободного движения в соответствующем городе, зафиксированном в 6 часов утра рассматриваемого дня)
Mobility across categories continues to improve

• Except for visits to workplaces, early September data suggests that mobility on all counts has improved

Источник: Google
(Значения указывают на наблюдаемое движение людей в процентах в разных местах (по сравнению с базовой величиной). Базовая величина - это среднее значение за 5 недель с 3 января по 6 февраля 2020 года)

• Данные по состоянию на начало сентября показывают, что, за исключением поездок на работу, мобильность повысилась по всем пунктам.
На основании отчёtnости 3 209 зарегистрированных на фондовой бирже компаний, за исключением финансовых компаний и государственных компаний по продаже нефтепродуктов. Источник: База данных о компании Capitaline

<table>
<thead>
<tr>
<th>USD млрд</th>
<th>2020ФГ</th>
<th>К прошлому году</th>
<th>1КВ 2020</th>
<th>1КВ 2021</th>
<th>К прошлому году</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>622.78</td>
<td>(5.6%)</td>
<td>168.38</td>
<td>95.04</td>
<td>(43.6%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>101.01</td>
<td>(5.9%)</td>
<td>29.34</td>
<td>15.78</td>
<td>(46.2%)</td>
</tr>
<tr>
<td>EBITDA (%)</td>
<td>16.2%</td>
<td>-</td>
<td>17.4%</td>
<td>16.6%</td>
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<tr>
<td>Interest</td>
<td>25.24</td>
<td>11.6%</td>
<td>6.41</td>
<td>6.10</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>Interest/TOI (%)</td>
<td>4.1%</td>
<td>-</td>
<td>3.8%</td>
<td>6.4%</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>34.83</td>
<td>20.5%</td>
<td>8.75</td>
<td>8.07</td>
<td>(7.8%)</td>
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<tr>
<td>Other Income</td>
<td>23.59</td>
<td>3.5%</td>
<td>4.91</td>
<td>4.34</td>
<td>(11.6%)</td>
</tr>
<tr>
<td>PBT</td>
<td>64.53</td>
<td>(17.9%)</td>
<td>19.09</td>
<td>5.95</td>
<td>(68.8%)</td>
</tr>
<tr>
<td>PBT (%)</td>
<td>10.4%</td>
<td>-</td>
<td>11.3%</td>
<td>6.3%</td>
<td>-</td>
</tr>
<tr>
<td>PAT</td>
<td>49.21</td>
<td>(15.0%)</td>
<td>13.38</td>
<td>3.34</td>
<td>(75.1%)</td>
</tr>
<tr>
<td>PAT (%)</td>
<td>7.9%</td>
<td>-</td>
<td>7.9%</td>
<td>3.5%</td>
<td>-</td>
</tr>
<tr>
<td>Gross Cash Accruals</td>
<td>84.04</td>
<td>(3.2%)</td>
<td>22.13</td>
<td>11.41</td>
<td>(48.5%)</td>
</tr>
</tbody>
</table>
Q1 -2021 sector wise impact on TOI & EBITDA (y-o-y growth)

Based on 3,209 listed companies excluding financial companies & state owned OMCs
Source: Capitaline corporate database
Industry matrix - Impact of Covid

~ 72% of banking sector debt, analysed above, affected by Covid-19

Bar chart represents banking sector debt of the industry in ` billion, Source: RBI, Crisil Quantix
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<th>Demand Impact (Влияние на спрос)</th>
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</thead>
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<td><strong>Low (необходимое)</strong></td>
<td><strong>Medium (среднее)</strong></td>
</tr>
<tr>
<td>Education</td>
<td>Smaller NBFCs</td>
</tr>
<tr>
<td>Pharma</td>
<td>Consumer Durables</td>
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<tr>
<td>Agriculture</td>
<td>Large NBFCs</td>
</tr>
<tr>
<td>Brokerage Services</td>
<td>Media &amp; Entertainment</td>
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<td>Dairy</td>
<td>Non-Ferrous metals</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>IT</td>
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<tr>
<td>Food Processing</td>
<td>Large NBFCs</td>
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<tr>
<td>Packaging</td>
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<tr>
<td>Pesticides</td>
<td>Glass</td>
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<td>Tea</td>
<td>IT</td>
</tr>
<tr>
<td>Telecom</td>
<td>Large NBFCs</td>
</tr>
<tr>
<td>FMCG</td>
<td>Media &amp; Entertainment</td>
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<tr>
<td></td>
<td>Non-Ferrous metals</td>
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<td></td>
<td>Oil &amp; gas</td>
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<td>Paper</td>
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<td>Petrochemicals</td>
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<td>Sugar</td>
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<td>Tyre</td>
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<td><strong>Medium (среднее)</strong></td>
<td><strong>High (большое)</strong></td>
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<td>Cement</td>
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<td>Телеком</td>
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<td>Авто и запчасти</td>
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<td><strong>Covid-19: Sectoral Demand-Supply impact analysis</strong></td>
<td><strong>КОВИД-19: Анализ влияния на спрос и предложение в секторах</strong></td>
</tr>
</tbody>
</table>
Shifting consumer behaviour... (1/3)

- Consumer wallet changing towards Utility Products vs Social experience
- Consumers are prioritizing safety & convenience products; Health & hygiene taking precedence
  - Demand for health & hygiene products surged 32% post Unlock Phase-I
- Unlike previous times, need based buying activity seen instead of discount led buying
  - Despite heavy discounts in just concluded Onam festival, business remains at ~50% of last year levels; activity remains subdued in forthcoming Durga Puja too

Изменение поведения потребителей... (1/3)

- Потребители стали тратить имеющиеся средства на приобретение товаров и продуктов первой необходимости, имеющих практическое назначение, а не на развлечения.
- Потребители предпочитают приобретать средства индивидуальной защиты и хозяйственно-бытовые товары, при этом предпочтение отдаётся продуктам медицинского назначения и средствам гигиены.
- Спрос на продукты медицинского назначения и средства гигиены вырос на 32% на первом этапе после отмены карантина.
- В отличие от более раннего времени, покупки осуществляются, исходя из жизненных потребностей, а не исходя из предлагаемых скидок.
- Несмотря на большие скидки на недавно завершившемся празднике урожая (фестивале Онам), объём товаров и услуг, реализованных коммерческими предприятиями, составил около 50%, по сравнению с предыдущими годами. Ожидается, что на предстоящем празднике Дурга-пуджа объёмы коммерческой деятельности также останутся занизенными.
The factors that influence brand decisions are also changing as “Buy Local” trend accelerates

- Several brands in Beauty, FMCG, Mobile phones etc segment are highlighting their local presence

Consumers are postponing big-ticket expenses (luxury products, travel etc)

- Online shopping & Hyperlocal deliveries gaining share
  - Several FMCG companies and local kirana stores have tied up with various e-commerce platforms

Usage of digital banking & contactless payments has surged as consumers are opting for digital and contact-free payment experiences instead of using cash
Shifting consumer behaviour… (3/3)

• Patients preferring to visit large hospital chains rather than nursing homes owing to better safety protocol compliance at these facilities

• To avail healthcare services, user base for telemedicine has more than doubled
  • Experts estimate tele-consultancy to account for ~30% of OPD consults even post lockdown

• Increased focus on physical and mental fitness; online fitness gaining momentum

• Increased focus online education
  • People are using free time available during pandemic to upgrade their knowledge and skills

• Online gaming has seen sharp upsurge due Covid induced lockdown

Изменение поведения потребителей… (3/3)

• Пациенты предпочитают обращаться в большие сетевые больницы, а не в частные лечебницы, поскольку в больших медицинских учреждениях лучше налажены меры предосторожности, защиты и гигиены.

• Что касается получения медицинских услуг, то на долю теле-медицинских консультаций приходится примерно 30% от общего объёма амбулаторных консультаций даже после отмены карантина.

• Население уделяет повышенное внимание физическому и умственному здоровью - онлайн фитнес-услуги получают широкое распространение.

• Население также уделяет повышенное внимание онлайн образованию

• Люди используют свободное время в период пандемии для повышения уровня своих знаний и навыков

• Наблюдается резкий рост масштабов участия в азартных играх в Интернете по причине карантина, введённого из-за КОВИД-19.
### Strategy change vital for changing business environment

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<th>Change in consumer behaviour</th>
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| Corporate revenues & profits to decline |
| Cost optimization |
| Postponement of Capex |
| Consolidation of small companies |
| Job losses / salary cuts |
| Shrinkage in credit growth |
| Increase in COVID in rural areas |

- Снижение доходов и прибыли компаний
- Оптимизация расходов
- Откладывание расходов на капитальные вложения на потом
- Слияние (объединение) мелких компаний
- Сокращение рабочих мест/ урезание зарплаты
- Сокращение темпов роста кредитования
- Рост числа случаев заболевания КОВИД-19 в сельской местности
Thank You
Спасибо
Digital Compliance

The Digital Compliance is not a luxury, it is a necessity.
Digital compliance

**Impact of COVID-19**

The processes of identifying compliance risks were not suspended.

**Compliance + Risk-based approach**

The COVID-19 pandemic has shown how important the development of digital technologies in Compliance is.

**Online monitoring**

Complete customer and transaction screening in real time. Checking with OFAC, UN, EU, PEP lists, Sanctions lists, WorldCheck, WorldCompliance and internal lists.

**Offline monitoring**

Monitoring operations performed in offline mode to detect suspicious operations according to certain parameters and rules.

**Auto-reporting**

Automatic generation and sending of information about transactions subject to financial monitoring to the CPM.

**Machine learning**

One of the areas of artificial intelligence. Basic principle: machines receive data and “learn” from it. The system learns to recognize patterns and make predictions on its own. Automatic identification of clients who conduct questionable operations. Algorithms can provide a preliminary solution, which can then be used in the work of analysts.

**Suspicious Activity Monitoring**

The functionality will allow you to detect suspicious transactions in real time before they are performed.

**Decision matrix—automated processing of routine requests**

Full risk-profile of the customer is based on internal and external data in the repository of the organization. All the necessary information is collected in a "single window". There is no need to go to third-party sources.

**Tomorrow**

The processes of identifying compliance risks were not suspended. The COVID-19 pandemic has shown how important the development of digital technologies in Compliance is.

**KYC**

KYC processes for remote account opening. Assessment of the client’s risk and accounting for the client’s risk during operations.

**KYC + ROP**

KYC + Risk-based approach.

**KYC + PEP**

KYC + Professional and Experienced Persons approach.

**KYC + OFAC**

KYC + Office of Foreign Asset Control approach.

**KYC + WorldCompliance**

KYC + WorldCompliance approach.

**KYC + WorldCheck**

KYC + WorldCheck approach.

**KYC + WorldSanctions**

KYC + WorldSanctions approach.

**KYC + PEP**

KYC + Professional and Experienced Persons approach.

**KYC + OWASP**

KYC + Open Web Application Security Project approach.

**KYC + OWASPR**

KYC + Open Web Application Security Project Rules approach.

**KYC + OWASPC**

KYC + Open Web Application Security Project Controls approach.

**KYC + OWASPL**

KYC + Open Web Application Security Project Levels approach.

**KYC + OWASPR**

KYC + Open Web Application Security Project Recommendations approach.

**KYC + OWASPS**

KYC + Open Web Application Security Project Security approach.

**KYC + OWASPV**

KYC + Open Web Application Security Project Validation approach.

**KYC + OWASPU**

KYC + Open Web Application Security Project Use approach.

**KYC + OWASPT**

KYC + Open Web Application Security Project Test approach.

**KYC + OWASPV**

KYC + Open Web Application Security Project Validation approach.
Operation of the Bank during Quarantine Period in 2020
Risks to Banking System during Pandemic

- Liabilities & equity outflow
- Increase in the number of suspicious transactions and emergence of new fraudulent schemes
- Cyber threats
- Change of investment strategy
- Delinquency growth
- Decline in profits

Change of investment strategy
What should banks be prepared for during pandemic?

- Need for employees to work remotely
- Online banking and remote services development
- Holding webinars and non-face-to-face meetings with customers
- Rapid adaptation of bank products and processes to new situation
- Flexible decision making process in respect of individual customers
Impact of quarantine restrictions on operation of Levoberezhny Bank

About 40% of employees work remotely.

Number of applications for opening corporate bank accounts decreased by 60%.

Number of customers carrying out potentially dubious transactions increased by approximately 20%.

About 22% of bank processes were promptly adjusted and modified.
Prevention of dubious transactions during Pandemic

The Bank has developed the module for online monitoring of customer transactions that enables us to effectively curb the increase in the number of dubious transactions!

Key Monitoring Triggers:

- Amount of payment is too large (unusual) for a customer
- Money transfers sent to individuals or individual entrepreneurs
- Loan-related transactions
- Outgoing transactions with counterparties involved in risky types of activities
- Lack of cash proceeds when funds are credited to account under merchant acquiring agreement
- Critical words indicated in the purpose of payment (e.g. bill of exchange, assignment of right, gold, etc.)
- Incoming/outgoing money transfers from/to dubious counterparties
- Change of VAT rate in the purpose of payment
- Account closing transactions
- Actual account turnover significantly exceeds the turnover initially declared by a customer
- Incoming subsidies (grants, advance payments under government procurement contracts) etc.
Adjustment and adaptation of Bank processes to quarantine restrictions

Basic AML/CFT processes of the Bank that have been promptly adjusted and modified

- The process of customers’ identification and updating customer CDD data was changed (having regard to extension of period of validity of ID documents and immigration documents);
- The dormant account maintenance process was significantly adjusted;
- The process of acceptance of documents on extension of goods importation terms under foreign trade contracts;
- The process of opening bank accounts for customers that are legal entities and individual entrepreneurs (on-site inspections substituted by video calls) etc.
Main lines of businesses of Bank’s customers that have experienced significant revenues or transaction volume growth

- Online commerce and online stores
- Grocery stores
- Transport companies (taxi, delivery service)
- Drug stores and medical equipment traders
- Tailor shops and special (protective) clothing manufacturers
- Internet and communication service providers
- Investment sphere
Thank You for Attention!
The Bank's operations during the lockdown
New ML/TF risks
Работа Банка в период ограничительных мер.
Новые риски ОД/ФТ
Involvement of unfair market participants in operations mediating the production and/or distribution of primary protective equipment, including masks and disinfectants and other mass market inferior goods

Readiness of the real business to be involved in operations related to shadow economy. Those are considered as means of compensating for regular income loss

The emergence of companies not conducting real business whilst claiming to the state programs resources to support the economy and posing as real enterprises requiring support

The intensification of unfair practice in trade and service industries with high cash turnover

The intensification of unfair behavior of online platforms and online service providers during a given period of time

A decrease in the average tax burden of the real economic sector has complicated the capabilities of AML systems to promptly identify the suspicious activity of market participants.

CoViD-19 restraint measures identified changes in the behavior of unfair market participants|Меры по сдерживанию CoViD-19 определили изменения в поведении недобросовестных участников рынка

Вовлеченность недобросовестных участников рынка в операции, опосредующие производство и/или распределение средств первичной защиты в виде масок и средств дезинфекции и прочих малооценных товаров массового спроса.

Готовность реального бизнеса к вовлечению в проведение операций, связанных с теневым сектором. Эти действия рассматриваются ими как средства компенсации выпадающих привычных доходов

Появление компаний, не ведущих реальной деятельности, но заявляющих о своих притязаниях на ресурсы государственных программ поддержки экономики, выдавая себя за реальные предприятия, которые нуждаются в помощи

Активизация недобросовестного поведения в отраслях торговли и услуг с высоким оборотом наличности.

Активизация в данный период времени недобросовестного поведения онлайн-платформ и провайдеров онлайн-услуг

Снижение средней налоговой нагрузки реального сектора экономики усложнило возможности AML-систем по оперативному выявлению проявлений сомнительной активности участников рынка.
Optimization of AML procedures and revision of risk understanding, considering CoViD-19 | Оптимизация AML-процедур и пересмотр понимания рисков, с учетом CoViD-19

- Increased attention to transactional activity, client behavior, operations specifics
- Assessment and control of the economic feasibility of operations based on state bodies compensation payments (it is possible to form a single base of unreliable entities)
- Control over the activities of customers dealing with production and circulation of health care products
- Special control over the activities of organizations related to the most affected sectors of the economy
- Revision of online platforms and services and conducting sample purchases to affirm the legality
- Control over the customer accounts to exclude transactions related to illegal business activities

Повышенное внимание к транзакционной активности, поведению клиента, специфике деятельности.

Оценка и контроль экономической целесообразности операций, источником которых являются компенсационные выплаты государственных органов (возможно формирование единой базы неблагонадежных субъектов).

Контроль над деятельностью клиентов, связанной с производством и оборотом продукции медицинского назначения.

Особый контроль над деятельностью организаций, относящихся к наиболее пострадавшим отраслям экономики

Проверка онлайн-платформ и онлайн-услуг, их контента и проведение контрольных закупок для подтверждения законности деятельности

Контроль средств по счетам физических лиц в целях исключения проведения операций, связанных с ведением незаконной предпринимательской деятельности
It is advisable, on the basis of the identified typologies on grounds of {COVID}, to create the corresponding message codes to the Authorized body for ranking and assessment of incoming messages by the Authorized body.

Целесообразно на основе выявляемых типологий по признаку {COVID} создавать соответствующие коды сообщений в Уполномоченный орган для ранжирования и оценки Уполномоченным органом поступающих сообщений.
Stabilization of AML/CFT systems and its full functional implementation under CoViD-19 | Стабилизация систем ПОД/ФТ и реализация их полного функционала в условиях CoViD-19

The Bank

- Increased information security measures
- Provided control of employees in an unusual out-of-office environment, taking into account the individual specifics and social options for every employee
- Introduced a new format of interaction with customers, due to inconvenience of visiting business location
- Changed the dominants within implementation of a risk-based approach, because of the increased timing and labor intensity to investigate the client operations
- Raised the requirements for customer information update - many customers now look alike making it easier for unfair market participants to hide among others
- Enhanced the control over the customer accounts, due to the risk of their entrepreneurial activity (without requiring a legal entity status, registering an individual entrepreneur or self-employment)

Банком

- Внедрен повышенные меры информационной безопасности
- Обеспечен контроль работников в непривычной для них внеофисной обстановке, учитывая индивидуальную специфику и социальные возможности для работы каждого из сотрудников
- Внедрен новый формат взаимодействия с клиентами, в связи с тем, что стало сложно осуществлять выезды на место ведения бизнеса
- Изменены доминанты для реализации риск-ориентированного подхода, так как сроки и трудоемкость расследований клиентских операций заметно возросли
- Повышены требования к актуализации сведений о клиентах — многие клиенты стали «на одно лицо» и среди таких клиентов стало легче затеряться недобросовестным участникам рынка
- Усилен контроль движения средств по счетам физических лиц в связи с риском осуществления ими предпринимательской деятельности (без создания ЮЛ, оформления ИП или самозанятости).