

FSA Report Outlines Key Functionality for Sanctions Screening

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Recommendations mirror the strengths of Datanomic's award winning dn:Director Sanctions & PEP Screening software

Clean, accurate and up-to-date customer data combined with sophisticated fuzzy matching algorithms are the fundamental keys to effective financial sanctions screening, according to the Financial Services Authority's (FSA) latest report "Financial services firms' approach to UK sanctions", produced by the FSA's Financial Crime and Intelligence Division. The report's recommendations to ensure that firms' data is fit-for-purpose for Sanctions screening closely mirror the functionality available to customers of Datanomic's award-winning dn:Director Sanctions & PEP (Politically Exposed Persons) Screening software, and underlines why dn:Director is now the solution of choice for the UK Financial Services sector.

Some of the key challenges highlighted by the FSA report include:

- "Ensuring that customer data used for ongoing screening is kept up-to-date and correct." (Page 25). Firms must ensure their client data is kept up-to-date and as complete as possible. Datanomic's software identifies and eradicates problems with customer data that cause inaccuracy or even failure in Sanctions screening. dn:Director includes powerful data auditing, cleansing, restructuring, standardisation, validation and indexing capabilities to ensure firms' customer data is fit for purpose prior to Sanctions screening.
- "Weaknesses from the difficulties of operating multiple legacy IT systems across the group." (Page 8). dn:Director enables vast quantities of customer data from disparate systems to be integrated into a universal Sanctions screening platform. Some companies using Datanomic screen tens of millions of customers globally every 24 hours against Sanctions sources.
- "The inability to flag individuals or entities adequately on all of their systems meant that the risk of payments or services being provided to persons on the HMT list was not adequately mitigated in some parts of the business." (Page 8). Datanomic's dn:Director software includes sophisticated data mining and investigation capabilities to automatically discover customer data no matter where it resides in a database. dn:Director finds individuals and entities and systematically screens them against Sanctions lists no matter where they are hiding in the data.
- "Failure to review the rules of automated screening systems, or to set the calibration in accordance with the firm's risk appetite." (Page 25). dn:Director enables easy calibration and tuning of customer screening rules. The simple drill-down approach and clear user interface allows even non-technical users to monitor and adjust screening rules according to their company's risk based approach. Likewise, it's also easy for independent assessors to review and audit the company's Sanctions screening implementation.
- "No, or insufficient management oversight of the day-to-day operation of systems and controls." (Page 13). dn:Director's dashboard allows executives and other stakeholders to monitor the day-to-day

performance of their Sanctions screening processes.

“A complex IT infrastructure is not an excuse for poor systems and controls when it comes to ensuring compliance with the UK financial sanctions regime,” said Simon Pearson, Director of Compliance Screening at Datanomic Ltd. “The FSA report highlights some of the critical challenges and key functionality required in order to comply with current legislation. Datanomic’s dn:Director Sanctions & PEP Screening software delivers exceptional accuracy for proactive risk protection. Datanomic’s ‘Decision Intelligence’ minimises ‘false positives’ (potential matches requiring deeper manual assessment) which is a burdensome by-product of other automated screening solutions. Companies using Datanomic benefit not only from the industry’s highest accuracy thereby driving down cost of Compliance, but from complete case management, workflow, auditability and reporting in an enterprise Sanctions screening platform.”

Pearson adds, “As the FSA points out, the consequences of getting it wrong can be severe – ranging from fines to up to seven years’ imprisonment for individual MLROs. The consequences to firms themselves include compliance fines, brand and reputation damage, and business disruption due to corrective measures imposed by regulators.”

Datanomic’s dn:Director Sanctions & PEP Screening software enables organisations to rigorously and systematically screen their customers against Sanctions, PEP, money laundering, terrorist financing and other risk data sources. Industry-leading accuracy and Datanomic’s unique ‘Decision Intelligence’ drive down compliance costs by reducing the burden of false positives. End-to-end data preparation, case management, workflow, auditability and reporting tools ensure that businesses are protected from compliance risk.

A full copy of the FSA report on financial services firms’ approach to UK financial sanctions is available for download at <http://www.fsa.gov.uk/pubs/other/Sanctions%20Final%20Report.pdf> More information about Datanomic’s dn:Director Sanctions & PEP (Politically Exposed Persons) Screening software is available at <http://www.datanomic.com/solutions/sanctions-pep-screening/>

About Datanomic

Datanomic’s holistic approach to delivering fit-for-purpose data and screening accuracy enables its growing list of blue chip clients around the world to achieve a rapid Return on Investment, by exposing and correcting deficiencies in information their businesses rely upon, and by discovering potential regulatory and legislative compliance data issues in line with proactive risk management. Our clients come from a wide spectrum of industries including financial services, telecommunications, government, healthcare, utilities, professional services and engineering. www.datanomic.com

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