



**TEMENOS**  
THE BANKING SOFTWARE COMPANY

# Financial Crime Mitigation

An award-winning solution that covers watch-list screening, anti-money laundering, fraud prevention, and KYC.

Temenos Financial Crime Mitigation (FCM) solution enables banks of any size and in any region to protect their reputation, and their customers while avoiding regulatory fines and loss, and improving throughput and optimizing TCO.

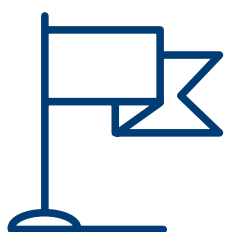


INNOVATION

DATA

# I Introduction

Temenos award-winning Financial Crime Mitigation is a complete solution that covers watch-list screening, anti-money laundering, fraud prevention, and KYC through a range of intelligent and flexible modules that seamlessly embed into any core system to ensure the highest detection rates at the lowest costs. With more than 200 active clients, from the global tier 1 banks to smaller regional financial institutions, our complete FCM solution offers pre-packaged financial crime mitigation protection across all Temenos products and is also available standalone. Componentized, the product can be deployed in its entirety or partially to cover only specific business needs. Customers can then add capability as these needs change or evolve.



**25 years**  
of experience in banking software  
and financial crime mitigation



**UBS**

Within the last two years using the financial crime tools from Temenos, we were able to **reduce our TCO by approximately 50%**, following a major project to identify our cost saving potential by identifying gaps, centralizing as much as we could and making use of our economies of scale.

Peter Haener, Head of AML Monitoring and Surveillance Compliance



Temenos provides a **specialist offering**, evidenced with a **strong market position**, and should be considered by financial institutions looking to review their financial crime solutions.

# Market Background

As clients are rapidly moving from traditional to digital banking, more channels are being added to keep the client experience consistent and positive. Thus, banks are facing difficulties in controlling all new access points exposing them to an increased risk of financial crime and damaged reputation. According to the United Nations, an estimated \$1.6 trillion is laundered globally through banks each year for criminal enterprises and terrorist activities. Compliance costs are rising, estimated to climb by 50% in the next five years. Since the Global Financial Crisis in 2008, fines to non-compliant banks exceed \$320 billion, while only 1% of money laundering flows are intercepted. With the 99 percent of illicit financial flows going undetected, trust in banks is falling, prompting regulators to focus more and more attention on them. There is plenty of room for improvement, and banks have already started identifying financial crime mitigation as one of their key priorities. Banks that invest will have the advantage of protecting their reputation, long-term value and avoiding cost. Leveraging technological advanced solutions is mandatory for banks to quickly identify threats, rather than trying to do so by adding more headcount.

## Counter terrorism financing

One of the main weapons to combat terrorism is targeting finance. Alternative payment methods that hide both users and transactions like virtual currencies are of particular appeal.

## A piecemeal approach to financial crime

Many organizations have financial crime systems for a given task or coverage area however, these are often used in isolation offering a superficial yet functionally inadequate layer of protection. Sophisticated criminals exploit the gaps between these independently operated systems, often leveraging weakness in one channel to gain access to another.

## Fines from sanctions breaches

The extensive utilization of sanctions as a foreign policy tool is on the rise. As a result, there is an increasing focus on breaches which are resulting in increased fines to individual banks (some running into US\$ billions). Such fines are often accompanied by a requirement for enhanced compliance to be carried out by the offending organization.

## Failure to connect across multiple systems

By neglecting to view information across their myriad systems, many financial institutions fail to identify criminal activities as they are in progress (or even after they have occurred).

## Cost cutting to the detriment of prevention

Viewed primarily as “cost centers”, fraud detection groups, and Financial Investigation Units (FIUs) are continually facing budget cuts and staffing reductions. Yet as regulators increase scrutiny on the financial industry, the number and amount of fines are growing precipitously. Customer trust and a frictionless user experience can also be seen as a business enabler, translating to bottom line benefits.

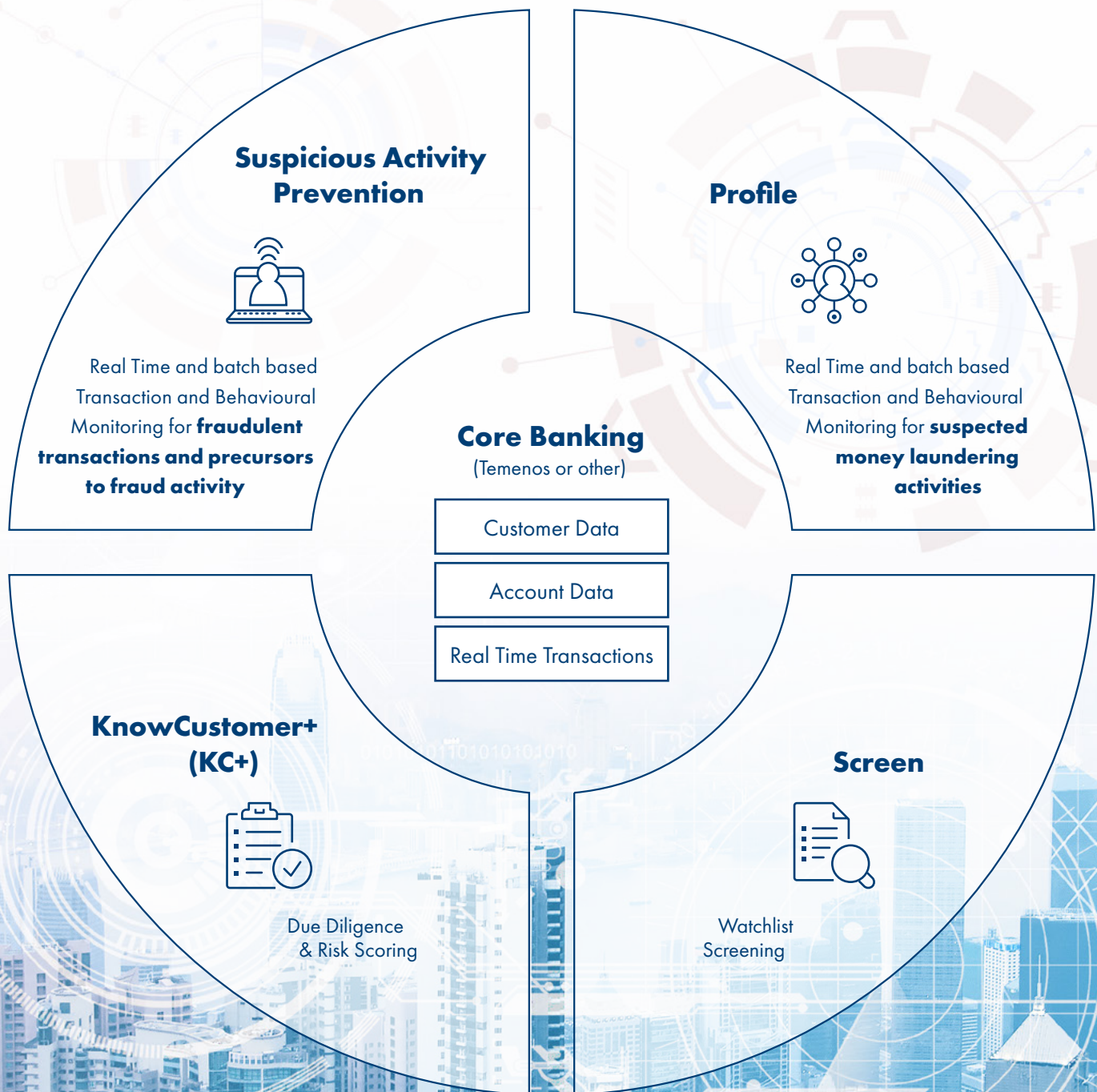
## Fraud

Fraud costs the banking industry approximately \$67 billion per annum<sup>1</sup>. Using technology-enabled techniques fraudulent attacks are becoming more sophisticated and their consequences more severe. Fraud can happen across multiple accounts and jurisdictions. Being able to accurately identify fraud in real-time, and before it occurs, is essential in order to protect your customer’s assets and your brand. Trust is ever more critical in a digital banking world.

1) Association of Certified Fraud Examiners



# Financial Crime Functionality Overview





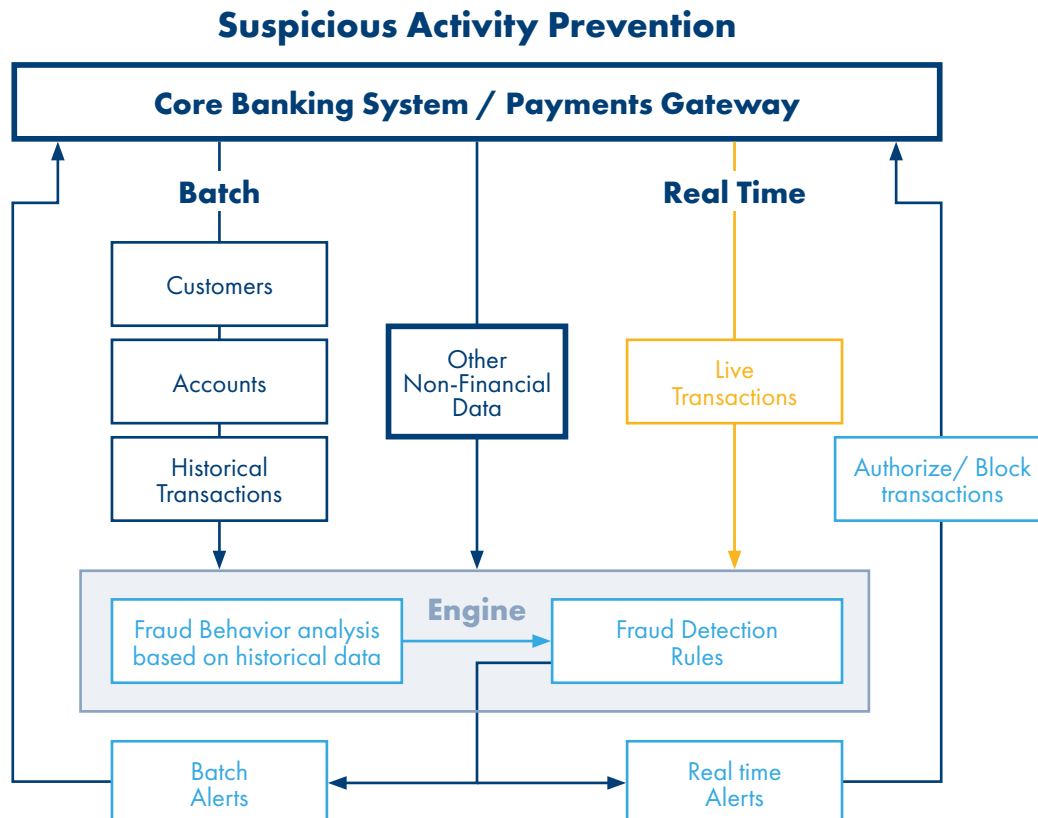
# Suspicious Activity Prevention

Suspicious Activity Prevention (SAP) is a pre-packaged real-time, online transaction monitoring solution, highly efficient in identifying fraud.

SAP uses a combination of AI-based sophisticated algorithms and expert business rules to block suspicious transactions based on real-time behavioral analysis. In this way it allows clients to identify in real-time fraudulent and money laundering transactions as they occur. It uniquely builds user and customer profiles to detect and stop suspicious transactions. Looking at attributes such as balance, frequency, transaction amount, currency, and transaction type parameters can be combined and compared to “usual behavior” or predefined patterns.

The addition of Peer Group Identifier capability offers further assistance, by focusing the detection efforts on the highest risk transactions. Specifically, the tool uses advanced statistical analysis and machine learning to assess large quantities of data to build a unique financial ‘DNA’ for each customer, it then compares their behavior to that of their peers. In this way, it enhances detection and reduces alerts. All this provides an essential function, the ability to stop suspicious transactions before the funds are moved.

The Suspicious Activity Prevention module monitors transactions in real-time to block transactions that are identified as suspicious.





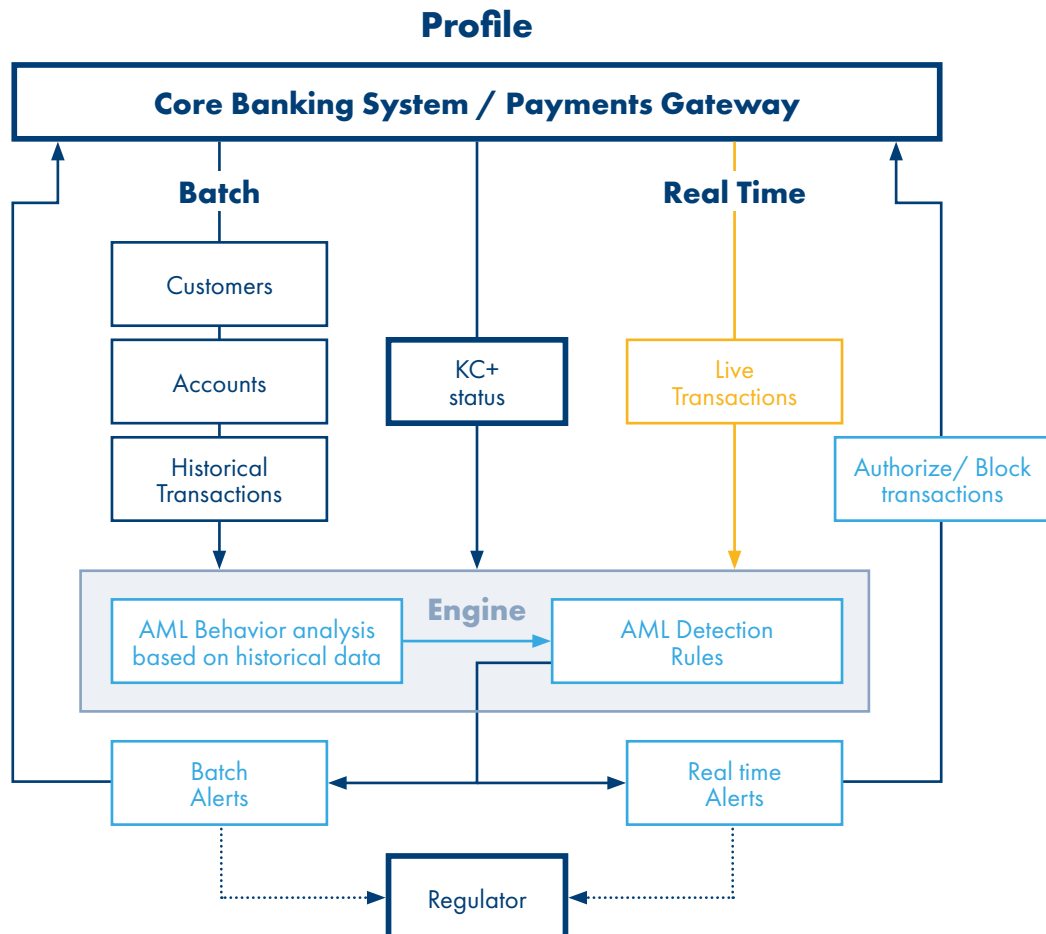
# Profile

Profile is a pre-packaged anti-money laundering solution.

Profile provides web-enabled, end-to-end customer profiling, and transaction monitoring which easily integrates into any core-banking platform. Full control is also ensured through flexible configuration as well as an automatic report generator and customized reporting reducing your data mining costs. Profile's processing and detection engines are accurate, fast, easy to configure, and simple to use. It ensures clarity through comprehensive dashboards and reports.



The Profile module creates alerts when current customer behavior differs from previous behavior or is indicative of money laundering, matching reference patterns.







## Screen

Screen protects your business by delivering industry-leading levels of detection and false positives at the lower costs.

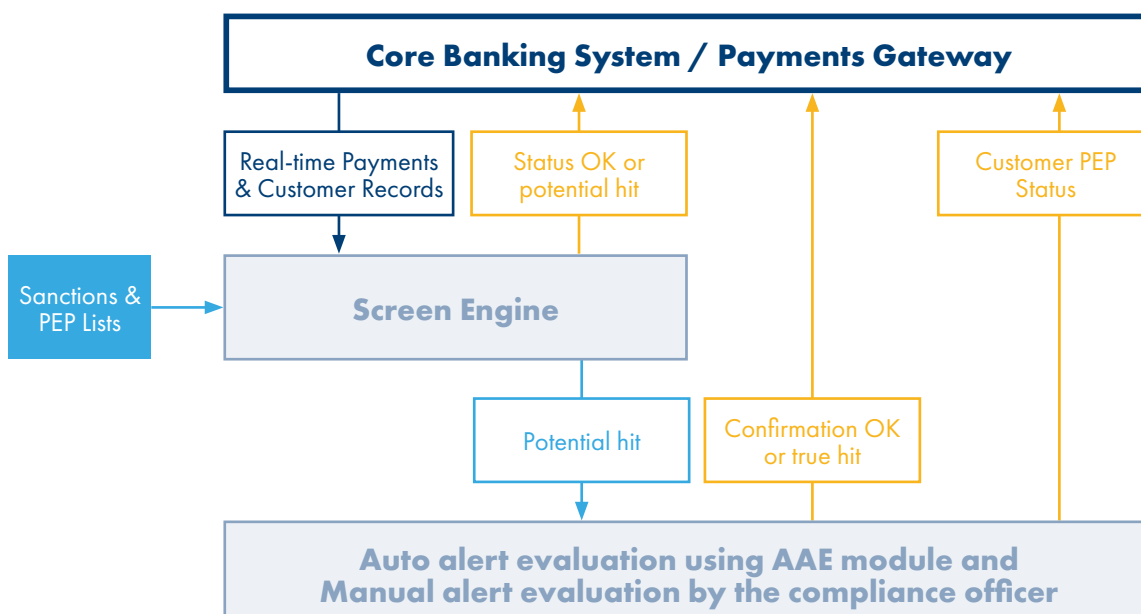


**Lowest rate of  
“false positive” alerts**  
in the industry

Using sophisticated algorithms, smart contextual whitelists, and robotic processes automation dramatically reduces overheads and costs by reducing “false positive” alerts. Screen protects your business by screening your customers and all types of transactions against watch lists (including sanctions). Its versatile, risk-based approach integrates lists from various sources; public, commercial or private applying geographical and business rules. Sophisticated algorithms and highly effective scanning methods deliver the lowest rate of “false positive” alerts in the industry without compromising your detection rates. Screen’s flexible workflow framework allows you to define roles/ access rights, context-based validation and 4, 6 or any number of review steps with the objective of operator productivity and accuracy. Screen provides additional complementary features such as sophisticated wizards to further reduce false positives; a comprehensive solution for all your screening needs.

The Screen module screens transactions and customers against sanctions and a bank’s own lists.

### Screen





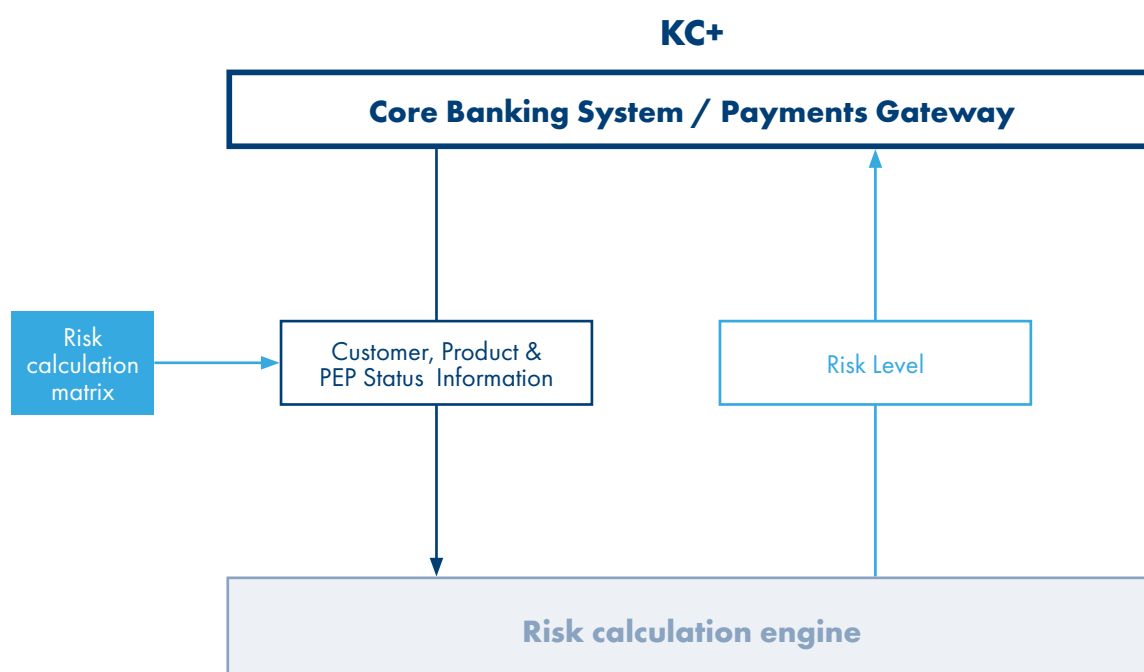
# KnowCustomer Plus

KnowCustomer Plus (KC+) is a risk-based solution that allows banks to formalize information and calculate risk based on customer attributes.

A KYC solution that allows banks to formalize customers' information according to their risk profile. At the account opening process, but also during the entire customer life cycle, KYC workflow builder is using configurable dynamic forms to enable tailored questions to each specific profile. More thorough and advanced than standard KYC (Know Your Customer) solution it uses a detailed matrix including the status, range, and counts to calculate the risk based on customer's attributes. The system offers the ability to add search criteria filters or create, amend or delete assessments. It uses advanced and fully configurable algorithms to calculate compliance risk scores of new and existing customers based on the customer profile. In this way, the system provides greater flexibility, accuracy, and control.



The KC+ product allows a risk-based approach. The risk level calculation is flexible, automatic, and executed during the entire customer life cycle.





# Financial Crime Mitigation

## Key Features

### Industry Leading Levels of Detection and False Positives:

Using a combination of AI, sophisticated algorithms, smart contextual whitelists, and robotic process automation smart evaluation dramatically reduces the number of alerts and in-turn overheads and costs. This “virtual employee” uses information such as an address, date of birth passport number, historical transactions, and earlier evaluations, to provide deep insights to detect unusual behavior.

Our clients report having **doubled their efficiency in hit evaluation**

**+250%**  
increase in efficiency

### World-class performance and throughput

Vertical and horizontal scalability ensure FCM delivers exceptional performance together with the highest possible availability. A trusted, fast, and resilient solution, handling the highest volumes of transactions and throughput in the best possible way, the solution is relied upon from small financial institutions to very large banks.

A number of live deployments process more than **2 million transactions per hour** with **100% system availability**

### Proven rules, algorithms and AI combination

Based on key metrics such as income, spending patterns, and transaction types, a unique financial fingerprint or “DNA” is assigned to each customer. Together with pre-built typologies and AI-based self-learning algorithms, this enables identification of both usual and unusual behavior. With more than 15 years of experience and proprietary data, FCM provides access to the most expansive bank, city, and country database and unrivaled levels of detection. All of which is, configurable to an individual bank’s specific needs.

**// LUNAR®**

Temenos FCM, which incorporates cutting-edge technologies like AI and machine learning, will give us the **highest level of protection against financial crime** and at the same time enable us to deliver seamless customer experiences. Running FCM in the cloud will also provide us with unparalleled agility to adapt and scale as we grow our business in the Nordics.

Morten Sønderskov,  
Chief Operating Officer

## Enterprise-wide solution

A complete solution for all financial crime mitigation needs from watch-list screening, KYC, anti-money laundering, and fraud. FCM employs a risk-based approach monitoring ongoing transactions for continual risk assessment, thus enabling financial institutions to focus their effort and resources where most needed.

## Flexible and Configurable

A flexible and configurable solution that is fit for institutions of all sizes in all regions, and can run on-premises and in the cloud to achieve cheaper implementation and greater efficiencies. Using highly configurable business rules, it allows coverage of specific regional requirements and can easily connect at any core banking system, offering the quickest time in the market.



IBSintelligence

**#1 best-selling** compliance and risk management system

IBS Intelligence Sales League Table 2019

**The only system to fully embed** into No.1 bestselling core banking system

IBS Intelligence 2018

## Easy to deploy, supporting gradual adoption and migration

Based on pre-built models that are configurable to an individual bank or FI's needs, FCM offers fast implementation with low impact installation, and the option to install only those components needed. The phased implementation allows gradual adoption and migration at any level.

## Enhanced user productivity with workflow management

Configurable workflow management drastically reduces the total cost of ownership by providing highly efficient tools like case management, alert management, configurable workflow, and report builder. This fully flexible solution satisfies all the operational needs of any bank.

New clients able to **go live within 1-4 months**

**50%** reduction in TCO (total cost of ownership)

# Benefits of our Financial Crime Mitigation Product Family

Reduced  
risk

Cost  
Efficiency

Accuracy

Clarity and  
control

Easy  
integration

Fast  
implementation

**Over 100**  
banks protected globally



# Summary

Temenos provides pre-packaged financial crime protection within its banking solutions. Integrated with the cloud-native, cloud-agnostic Temenos Infinity and Temenos Transact, the award-winning Financial Crime Mitigation (FCM) product, which is also available for standalone use, enables banks to enhance operational efficiency, improve customer service and protect their reputation by building client and regulator trust and confidence.



Temenos is well suited for banks of all sizes and worldwide regions seeking **a complete AML solution** from a vendor that invests heavily in R&D, enabling implementation of the latest technologies.

# Getting in Touch

To learn more on Financial Crime, contact us at [sales@temenos.com](mailto:sales@temenos.com)



More about this product  
[tem.mn/fcrime](http://tem.mn/fcrime)



[tem.mn/allProds](http://tem.mn/allProds)

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## About Temenos

Temenos AG (SIX: TEMN) is the world's leader in banking software. Over 3,000 banks across the globe, including 41 of the top 50 banks, rely on Temenos to process both the daily transactions and client interactions of more than 500 million banking customers. Temenos offers cloud-native, cloud-agnostic and AI-driven front office, core banking, payments and fund administration software enabling banks to deliver frictionless, omnichannel customer experiences and gain operational excellence.

Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8% half the industry average and returns on equity of 29%, three times the industry average. These clients also invest 51% of their IT budget on growth and innovation versus maintenance, which is double the industry average, proving the banks' IT investment is adding tangible value to their business.

For more information please visit [www.temenos.com](http://www.temenos.com)

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