Fact Sheet

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Overcoming Challenges of the 4th European Anti-Money Laundering Directive
Comply With New, Expanded AML Requirements and
Put Evidence at the Heart of Decisions

All European Union countries must implement the 4th European Anti-Money Laundering Directive (MLD4) into their national law by June 26, 2017. In anticipation of the new regulations, organizations will need to review their existing anti-money laundering policies and systems, including their AML software solutions.

Anti-money laundering solutions from Fiserv take ongoing monitoring of customers and their transactions to a new level of efficacy with superior analysis, detection, investigation, link analysis, risk rating and mitigation, case management, and regulatory reporting.

The MLD4 has been strengthened to comply with the latest Financial Action Task Force recommendations. There are new, stricter rules for customer due diligence, beneficial ownership transparency, politically exposed persons, tax evasion and more. There will also be registers for ultimate beneficial owner information provided by all EU members.

Requirements for compliance with MLD4 apply equally to the entire gaming industry as well as to financial institutions and other entities in scope of MLD4. Fiserv can help organizations overcome the top compliance challenges.

Putting Evidence at the Heart of AML Decisions

MLD4 indicates, for the first time, that organizations must take an evidence-based approach to anti-money laundering (AML) measures such as risk assessment and mitigation. To meet this requirement, organizations need to assess where data can be used to support their decision making processes.

Organizations can adopt evidence-based AML decision making with risk-based due diligence and case management solutions from Fiserv. The risk-based due diligence solution combines sophisticated automated risk modeling with human intelligence to support dynamic, risk-based initial and ongoing due diligence risk assessment and risk mitigation. Such an approach is fully risk-based and includes support of evidence-based decision making as indicated in the 4th EU AML directive.

Risk scores are calculated for every customer and relationship on an ongoing basis. If an irregularity or a material deviation in score is detected indicating a change in a customer or relationship risk score, alerts are generated and sent to an investigator to review. This process allows investigators to focus on and remediate alerts relating to customer and relationship risk score deviations, adjust risk ratings as needed, and collect auditable evidence to support the decisions that are made.

The case management solution offers a centralized, holistic investigation tool for managing cases; pooling multiple alerts; recording notes; and attaching files, documents and emails as required.

Verifying Beneficial Ownership Information and Central Registers

The MLD4 introduces new measures for beneficial ownership transparency. As a result, all EU members will be obliged to keep central registers with up-to-date beneficial ownership information for entities incorporated in their jurisdictions.

Information held in these registers will help organizations understand ownership structures and to identify and verify who ultimate beneficial owners are. However, with data held in multiple registers, the administrative burden for investigators and bankers is likely to be significant.

AML Risk Manager from Fiserv enables organizations to fulfil the new due diligence obligations on beneficial ownership. It ingests beneficial ownership data from multiple central registers and/or third-party data sources, enabling investigators to check customers against the registers and quickly visualize complex ownership structures.

Effectively Monitoring Politically Exposed Persons

MLD4 extends the definition of politically exposed persons (PEPs) and applies enhanced due diligence requirements to domestic, as well as foreign PEPs. Organizations also need to evaluate the risks posed by ex-PEPs and monitor their relationships on an ongoing basis.

Fiserv supports internal, external, domestic and international PEP lists, and our risk-based due diligence solution makes it possible to apply both a risk-based and evidence-based AML approach. This ensures that PEPs and ex-PEPs are monitored in an appropriate way, as well as helping organizations quickly identify cases of corruption or other financial crimes.

Detecting Tax Crime and Complying With Multiple Tax Regulations

In MLD4, the definition of criminal activity is expanded to include tax crimes, increasing focus on tax evasion risks within AML programs. As well as meeting tougher AML requirements to mitigate tax crime risks, organizations must also comply with additional tax requirements (including FACTA and CRS requirements), multiplying noncompliance risks.

Financial Crime Risk Management Platform from Fiserv includes a FATCA/CRS module, enabling financial institutions to meet FATCA/CRS regulatory due diligence and reporting requirements. The module allows organizations to identify taxable customers and classify accounts, analyze reportable accounts and monitor for irregularities.

Financial Crime Risk Management Platform gives organizations a single, fully integrated platform for AML, fraud and tax compliance, making it possible to see the big picture and detect hidden risk with regard to financial crime.

Multiple Financial Crime Requirements–One Platform

As regulatory pressure continues increasing and becoming more complex, fragmented systems and processes become less effective and inefficient when managing financial institutions' risks. With fragmented systems and processes, one may overlook the complete picture and miss well hidden red flags. Plus multiple compliance systems can significantly increase operational risk, IT complexity and costs.

Fiserv helps organizations accelerate AML compliance by integrating all aspects of AML and fraud risk management on a single, fully integrated platform. With the ability to ingest and analyze data from multiple sources, organizations can enhance detection of real risks, significantly improve operational efficiency and leverage investments. Our solutions also provide the scalability needed to handle rapidly growing transaction volumes.

Connect With Us

For more information about anti-money laundering and fraud risk management solutions, call +44-845-013-1000, email getsolutions@fiserv.com or visit www.financialcrimerisk.fiserv.com.