

Intelligent AML Model Governance

Enforcement Actions Issued to Community and Regional Financial Institutions

Compliance or operational failures due to lack of appropriate governance, oversight, risk management systems and controls have resulted in many recent EAs issued by OCC.

Community and regional financial institutions received a higher number of EAs than their larger counterparts.



More than individual 5,500 institutions with less than \$10 billion in assets have received an EA since 2000.¹

A steep increase in the dollar amounts of Civil Money Penalties and restitutions in the post-2009 period suggests that the cost of doing business is rising.²

Top Reasons for Severe Enforcement Actions

- Model Risk Management weaknesses with operations, BSA/AML compliance and internal controls drive concerns around EAs and Matters Requiring Attention (MRA).
- New enforcement actions include civil money penalty orders, cease and desist orders, corrective action directives and prohibition orders.

Without adequate disclosure from the software vendor, a “black box” model cannot be justified to a regulator.



Nearly 63% of EAs issued against community and regional financial institutions stemmed from weakness in model soundness and deficiencies in their current AML/BSA models.²

An average penalty for lack of appropriate model governance is around \$70 million.

Using Intelligent AML Models



- Intelligent AML models based on advanced analytics mean greater transparency, operational efficiency, regulatory compliance and less false positives.
- This is good news because this model methodology can be easily validated and justified to regulators.

When regulators come knocking, the investigation teams at community financial institutions can:

- ALWAYS be ready**
- Spend more time showing how they catch bad guys versus spending time defending the model**

See how NICE Actimize can help community and regional financial institutions address model governance challenges.

[Schedule a Demo](#) >

¹ Federal Issues Agency Rule-Making & Guidance Consumer Finance Courts State Issues Lending Privacy, Cyber Risk & Data Security Fintech Financial Crimes Securities OCC announces recent enforcement actions and terminations, BSA/AML deficiencies targeted. (2018, January 25). Retrieved March 1, 2018, from <https://buckleysandler.com/blog/2018-01-25/occ-announces-recent-enforcement-actions-and-terminations-bsaaml-deficiencies-targeted>

² V. S., R. W., A. R., & V. K. (2015, December 9). Enforcement actions in the banking industry. Retrieved March 1, 2018, from <https://www2.deloitte.com/insights/us/en/industry/banking-securities/bank-enforcement-actions-trends-in-banking-industry.html>