

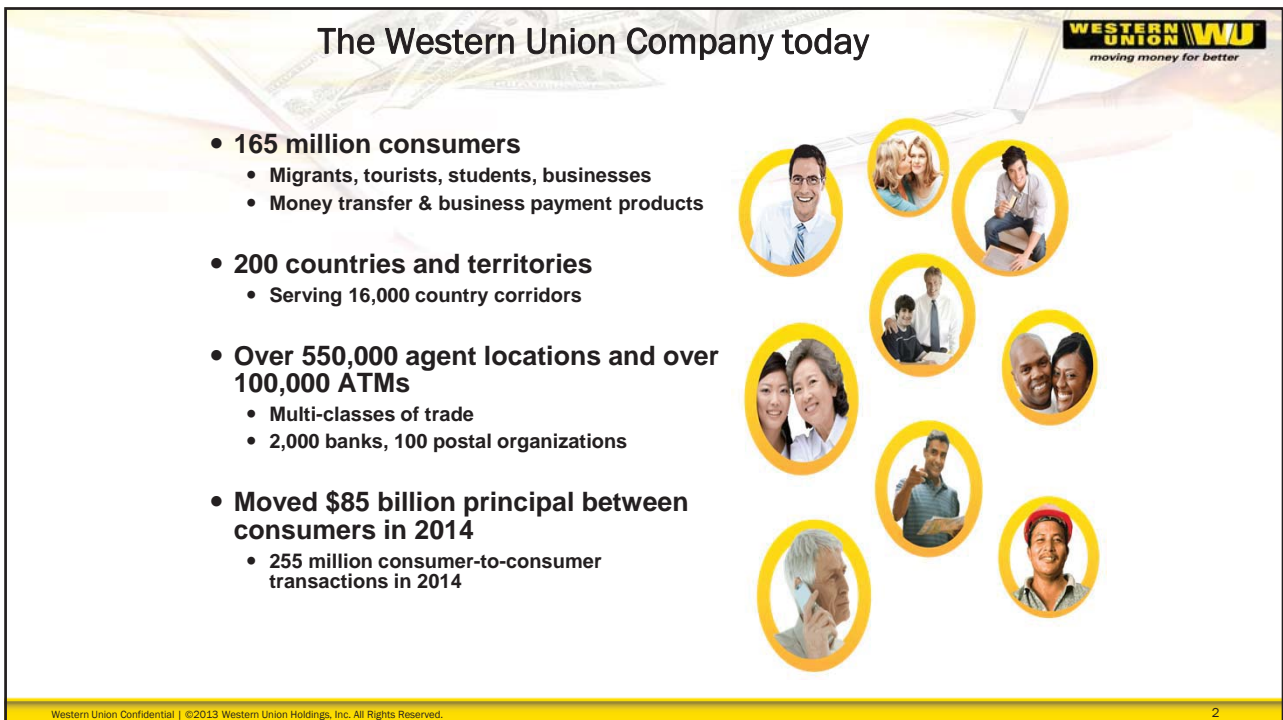


**WESTERN UNION WU**  
moving money for better

## Promoting Integrity in the Private Sector


OSCE - 24TH ECONOMIC AND ENVIRONMENTAL FORUM, PRAGUE, 14-16 SEPTEMBER 2016

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## The Western Union Company today

- **165 million consumers**
  - Migrants, tourists, students, businesses
  - Money transfer & business payment products
- **200 countries and territories**
  - Serving 16,000 country corridors
- **Over 550,000 agent locations and over 100,000 ATMs**
  - Multi-classes of trade
  - 2,000 banks, 100 postal organizations
- **Moved \$85 billion principal between consumers in 2014**
  - 255 million consumer-to-consumer transactions in 2014



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## The Financial Inclusion Challenge



- Financial inclusion goes beyond access to banking services and includes payments
  - 2.7bn unbanked adults in developing countries (72% of adults) and 160m (19% of adults) in developed countries
  - Non-bank payments provider such as WU target underserved groups often serving as a first entry point into formal financial services
  - Sound Financial Inclusion strategy requires a proper risk assessment and solid AML/CFT Controls
  - Financial inclusion diminishes the role of informal service providers in developed and emerging markets
- *Increased transparency*
  - *Increased AML/CFT integrity*
  - *Level playing field for industry*



## Modern Ways of Remittances & Challenges



Online money transfer is where the old-fashioned concept of wiring money converges with the modern technology of electronic funds transfer. Money can be transferred electronically from and/or to a bank account, a MSB retail shop or into mobile wallets.

Challenges: limited KYC



No BITCOIN products offered by WU at this time

Bitcoin is electronic money that uses peer-to-peer technology to operate. The issuing of bitcoins is carried out collectively by the network, which means there is no owner. Bitcoin is open-source and still widely unregulated and uncontrolled by authorities or banks.

Challenges: deter, detect and reporting of criminal use (limited legislation & regulation, KYC, Dark Web)

## Best Practices for a robust AML Program



Implement a robust Global AML/CFT Regime and KYC Program designed to deter, detect, and report criminal threats in compliance with applicable regulations & FATF standards

Government Sanctions & Interdictions Unit

AML/CFT Risk Assessment Unit

Internal Financial Intelligence Unit ("FIU")

Global Analysis & Investigation Unit, MLRO desks

Global Financial Investigators – ("GSGI")

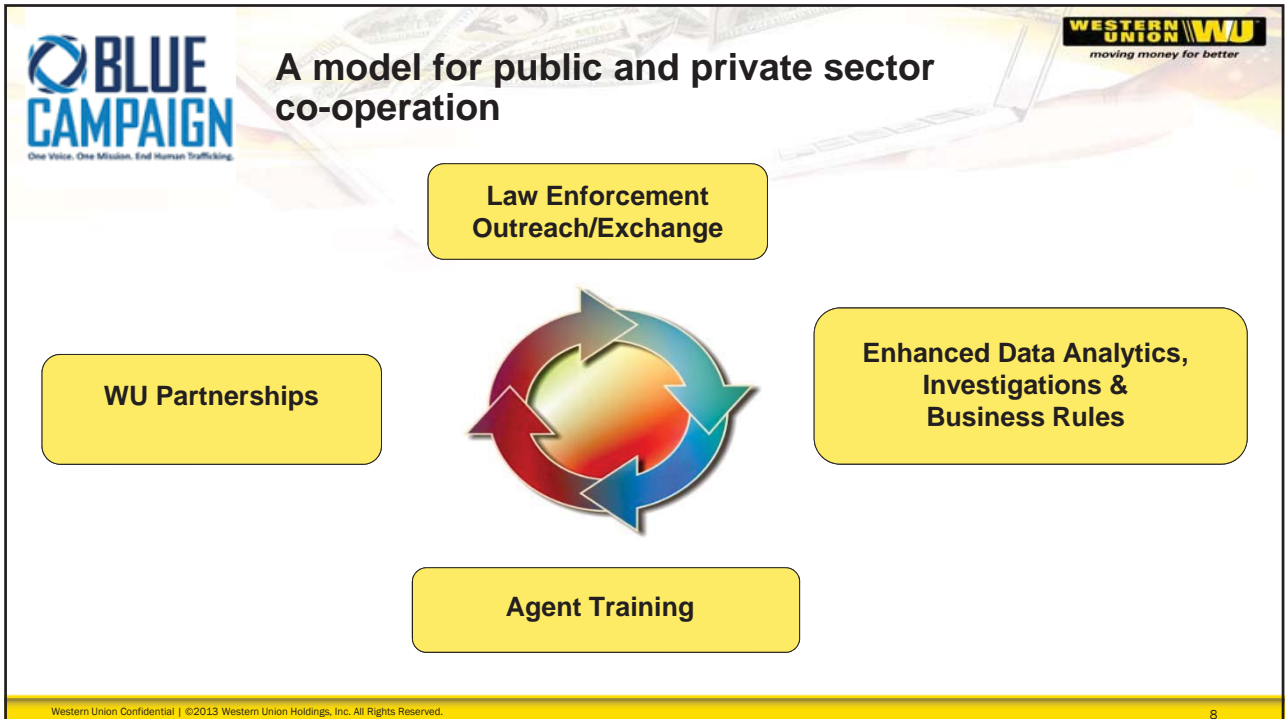
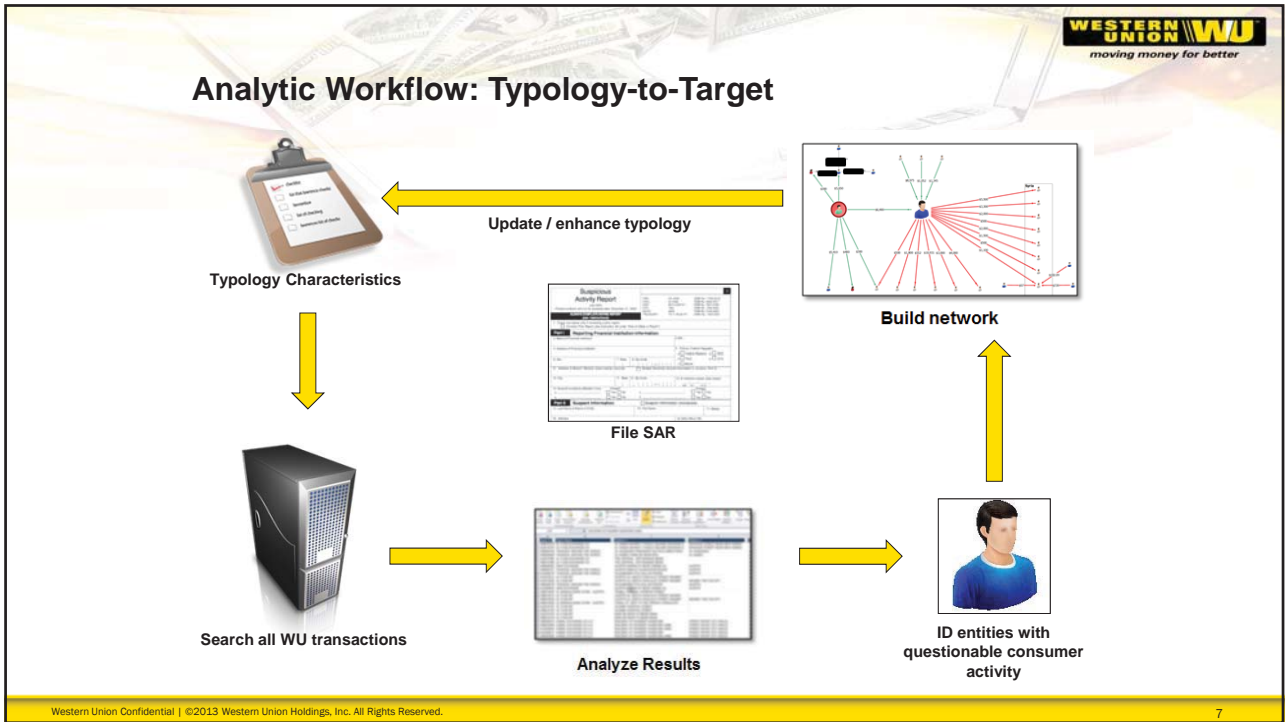
AML/CFT Training Unit for Employees and Agents

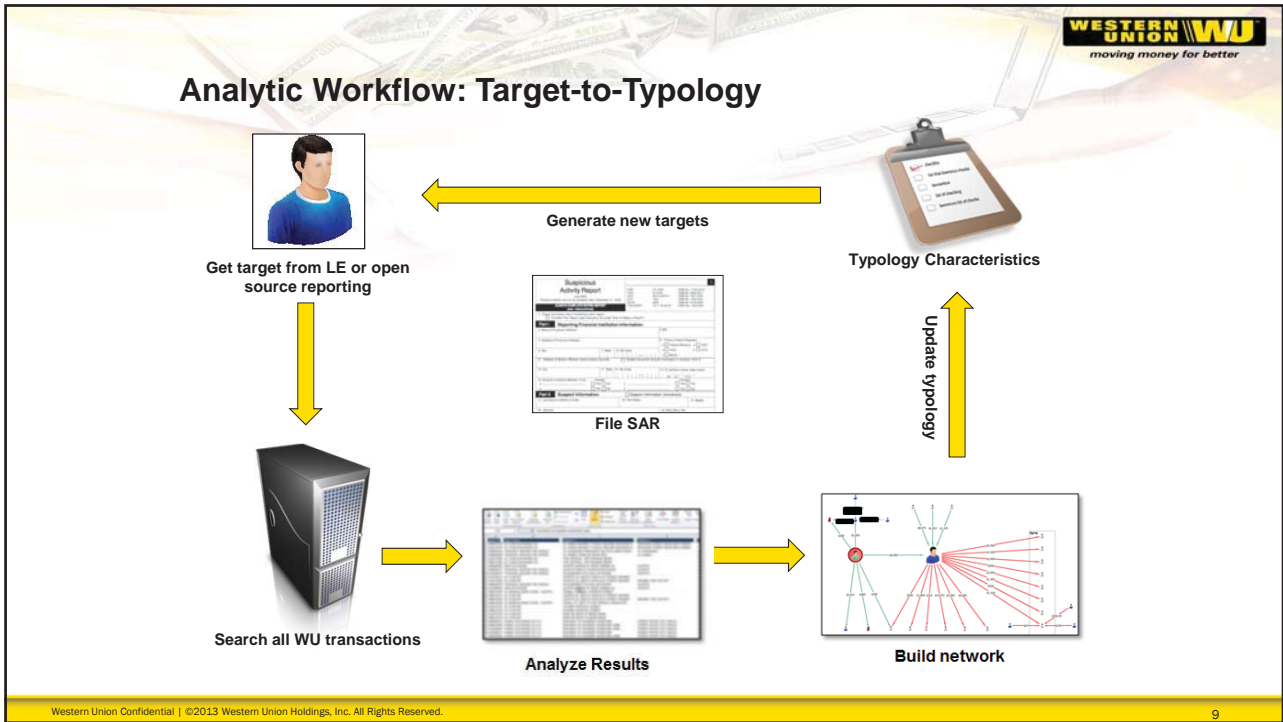
- Government Sanctions Screening Program (asset freezing & reporting)
- Identify, analyze, and manage ML/TF threats, vulnerabilities, and risks
- Enterprise-wide product, geographic, and consumer risk assessment; identification of emerging typologies
- Utilize risk assessment tools to deliver actionable, all-source intelligence analysis
- Global Rapid Response team to cover crisis situations
- Proactive collaboration with LE & Anti-Terrorist Units
- Preventive interdiction program
- Customized AML/CFT training program

## Focus on the Internal FIU & GSGI



- The internal FIU is central collection and analysis point for AML, Terrorist Financing and higher risk issues
- Strategic Intelligence sub-unit targets latent and emerging threats and focuses on most serious typologies, including Terrorism, Narcotics, Human Trafficking, Transnational Criminal Organization
- FIU & Global Security Global Investigations (GSGI) Investigators work in tandem
- Using SARs to provide high quality targets and lead data; deliver intelligence to the right people at the right time
- GSGI manages the relationship with law enforcement across the region
- Develop a partnership approach to identify financial crime risk
- Assist police with high risk investigations
- Share the intelligence with other internal AML Compliance Risk teams





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## Recommendations

A primary function of states is to provide security to society. International Organizations can facilitate this goal where co-operation of multiple states is key, such as the financial sector.

- ❖ States and international organizations should foster initiatives that lead to deep co-operation with the private sector in the spirit of partnership and trust
- ❖ Introduce reasonable and harmonized controls and eliminate blind spots
- ❖ Strike the right balance between data protection of the innocent and the timely exchange of data relevant to stopping crime across jurisdictions
- ❖ Fortify security through fluid exchange of knowledge and best practices

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***Thank You!***