Promoting Integrity in the Private Sector

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

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
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

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 | • Government Sanctions Screening Program (asset freezing & reporting) |
| AML/CFT Risk Assessment Unit | • Identify, analyze, and manage ML/TF threats, vulnerabilities, and risks |
| Internal Financial Intelligence Unit (“FIU”) | • Enterprise-wide product, geographic, and consumer risk assessment; identification of emerging typologies |
| Global Analysis & Investigation Unit, MLRO desks | • Utilize risk assessment tools to deliver actionable, all-source intelligence analysis |
| Global Financial Investigators – (“GSGI”) | • Global Rapid Response team to cover crisis situations |
| AML/CFT Training Unit for Employees and Agents | • Proactive collaboration with LE & Anti-Terrorist Units |

**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
### Analytic Workflow: Typology-to-Target

1. **Typology Characteristics**
2. **Search all WU transactions**
3. **Update / enhance typology**
4. **File SAR**
5. **Build network**
6. **Analyze Results**
7. **ID entities with questionable consumer activity**

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### A model for public and private sector co-operation

- **Law Enforcement Outreach/Exchange**
- **WU Partnerships**
- **Agent Training**
- **Enhanced Data Analytics, Investigations & Business Rules**
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
Thank You!