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How Banks Can Use Behavioral Analytics To Detect Suspicious Activity

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Understanding Behavior

o Humans are:

- Social beings--no one works alone

- Creatures of habit and follow similar patterns

- Similar but different

Behavioral Analytics

o Behavioral analytics defines behaviors and uses data to look for those behaviors

o Answers the "what" and the "how" of customer behavior to help understand the "why"

Considerations

- o Manual processes are not sustainable
- o Enhance existing tools or build new ones
- o Build in-house or engage third parties and software providers
- o Application across financial crimes compliance
- o Risks of implementing new technology
- o Regulatory expectations

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Implementation

o Evaluate your current program and capabilities

- KYC
- Screening
- Fraud
- Transaction monitoring

o There are three common stages:

- The Fundamentals Stage
- The Analytics Stage
- The Innovation Stage

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Fundamentals Stage

o Mastering the fundamentals of data

- Governance
- Security
- Infrastructure
- Strategy
- Curation
- Communication

Analytics Stage

o Study and exploration

o Categories of analytics:

- Descriptive - establish a baseline
- Diagnostic - review distributions and anomalies
- Predictive - classification and measurement
- Prescriptive - moving forward

Innovation Stage

o Statistical and empirical analysis

- Significant variables
- Notable groups
- Common attributes
- Detection strategies

Technology

o Compliance and Technology interaction is critical

- Technology is a service provider to compliance
- Technology and Compliance share the development lifecycle
- Compliance builds technology stack

Application to Sanctions

- o AML transaction monitoring and sanctions screening interaction
- o Reduction in false positives and its impact on detecting potential prohibited activity
- o Sanctions lists enhancements

Panel

Moderator and Opening Remarks

Drew Bach

Moderator

VP - BSA Manager, The First National Bank of Long Island

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Meryl Lutsky

Opening Remarks

ACAMS Chapter Co-Chair

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Howard Spieler

Opening Remarks

ACAMS Chapter Co-Chair

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Speaker:

Pawneet Abramowski
Chief Compliance Officer, Community Federal Savings Bank
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Pawneet serves as Senior Vice President, Chief Compliance Officer at CFSB since January 2020. She brings 21 years of achievements in the public and private sectors with a special focus in compliance, risk management, and law enforcement. She has key subject matter expertise spanning anti-money laundering (AML), fraud, sanctions, anti-corruption, regulation, and compliance. Prior to joining CFSB, she was the Founder & Principal of PARC Solutions LLC, a consulting firm providing Financial Crimes advisory services in the banking/payments sector. From 2014 – 2017 she held various roles at the Bancorp serving as Managing Director, Head of Financial Crimes Risk Management and Interim Chief Compliance Officer. Before the Bancorp, Ms. Abramowski also held senior level roles at wall street firms, CIT Group Inc., RBC Capital Markets and Morgan Stanley. Additionally, Ms. Abramowski has experience working in the technology sector and the public sector in an investigative and intelligence capacity with municipal, state and federal agencies ending with the Federal Bureau of Investigation. She also is a Distinguished Lecturer at Case Western Reserve University School of Law's Financial Integrity Institute since 2017, focusing on the master's program which provides comprehensive and practical education in all aspects of preventing illicit international financial flows, anti-money laundering (AML) and combating the financing of terrorism. Ms. Abramowski is quoted regularly as a Financial Crimes expert in media publications on key topics and is a regular speaker in the financial services industry focusing on supporting innovation and finding a balance between financial crimes risk.
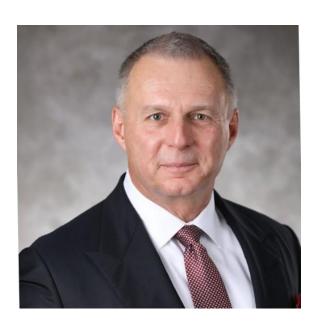
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Speaker:

Nishi Gupta
Head Of Compliance, Eco

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Nishi is Head of Compliance at Eco, a novel consumer fintech company focused on putting money back to work for its users. Prior to joining Eco, Nishi spent 10 years in financial crimes compliance at American Express. In his last role at American Express, he led a team that provided technical and subject matter capabilities and services to the other financial crime compliance program areas (Sanctions, Anticorruption, AML, and KYC). He was also responsible for developing and executing American Express' financial crime compliance technology strategy and oversight of relevant technology projects. Prior to American Express, Nishi was in-house counsel at Take-Two Interactive Software, Inc. and served for three years at the Manhattan District Attorney's office assisting and advising on white collar crime and terrorism financing investigations.

Speaker:

B.J. Moravek
Director, Kaufman Rossin & Co., P.A.
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B.J. Moravek is a Director of AML & Sanctions Compliance in Kaufman Rossin's Risk Advisory Services group in New York City. He brings over 30 years of experience in banking, regulatory compliance, and financial crimes investigation. He is a federally designated expert in BSA and most recently served as a Senior Bank Examiner with the Office of The Comptroller of the Currency in Washington, D.C. specializing in BSA/AML and Sanctions compliance.

Prior to that, BJ served as a Senior Special Agent within the Office of Enforcement at the Financial Crimes Enforcement Network. He completed a twenty-year career as a Supervisory Special Agent with the United States Secret Service and served as a Senior Advisor to United States Senator Alfonse D'Amato, Chairman of the Senate Banking Committee.

Additionally, he has served as a BSA/AML/OFAC Compliance Officer for several large complex multinational financial institutions during his career. He earned a bachelor's degree in the Administration of Justice from Moravian College and is a Certified Global Sanctions Specialist.

Speaker:

Nirvana Patel
Head of Core & Financial Crimes Compliance, Prime Trust
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Nirvana Patel is Head of Core and Financial Crimes Compliance at Prime Trust, a provider of financial infrastructure across payments, custody, settlements, liquidity, and compliance. Prior to Prime Trust, Nirvana worked for Citi, where he directed end-to-end compliance risk management for Citi's consumer businesses and managed cross-functional initiatives to build and enhance transaction monitoring for its credit card businesses. Before joining Citi, Nirvana oversaw strategic operations for American Express' FIU and managed teams of investigators. Nirvana started his AML career as an investigator with American Express.

Speaker:

Peter Piatetsky
Co-Founder and CEO, Castellum.AI
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Peter served at the US Treasury Department in multiple roles, including as Senior Policy Advisor, advising the President, Treasury Secretary and other principals on sanctions, anti-money laundering and terrorist financing related to Iran, Lebanon and Israel/Palestine. Prior to Treasury, Peter supported US Special Forces in Afghanistan.

Following Treasury, Peter held a leadership role at Woori, one of Korea's largest banks, supervising all of its financial crimes compliance in the US and advising the Chief Compliance Officer. He speaks regularly at industry conferences and is an Adjunct Professorial Lecturer at American University.

Thank you