

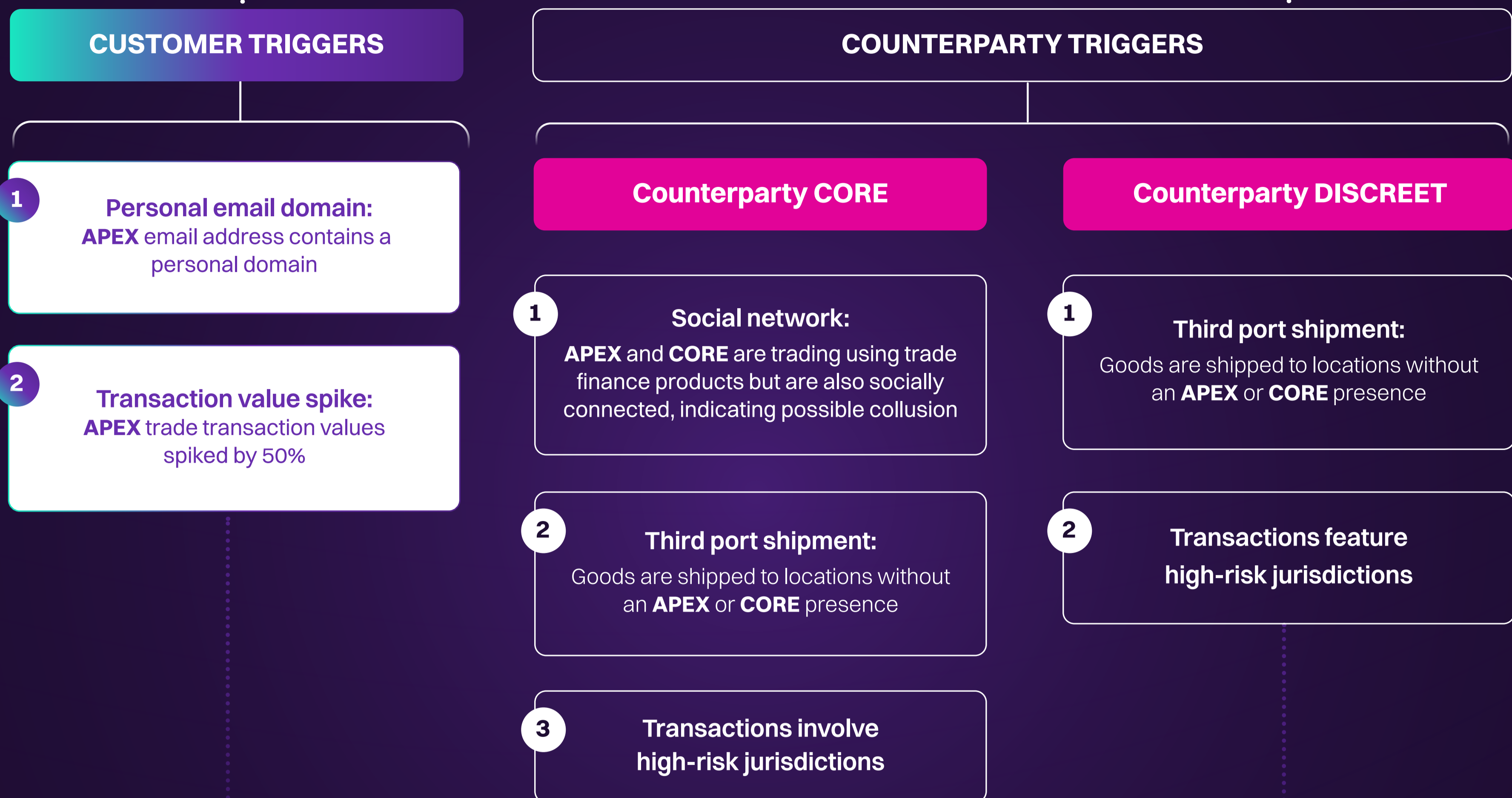
Transforming Financial Crime Risk Monitoring and Investigations

Trade Based Money Laundering typologies are complex, involve multiple layers and predominantly require collusion between the trading parties. Quantexa's Trade Finance solution tackles this problem by assessing risk holistically at a customer and counterparty level using both internal and external data and overall process innovation.

Let's examine a financial crime case study through two different investigative lenses and how they can lead to materially different outcomes.

CASE STUDY

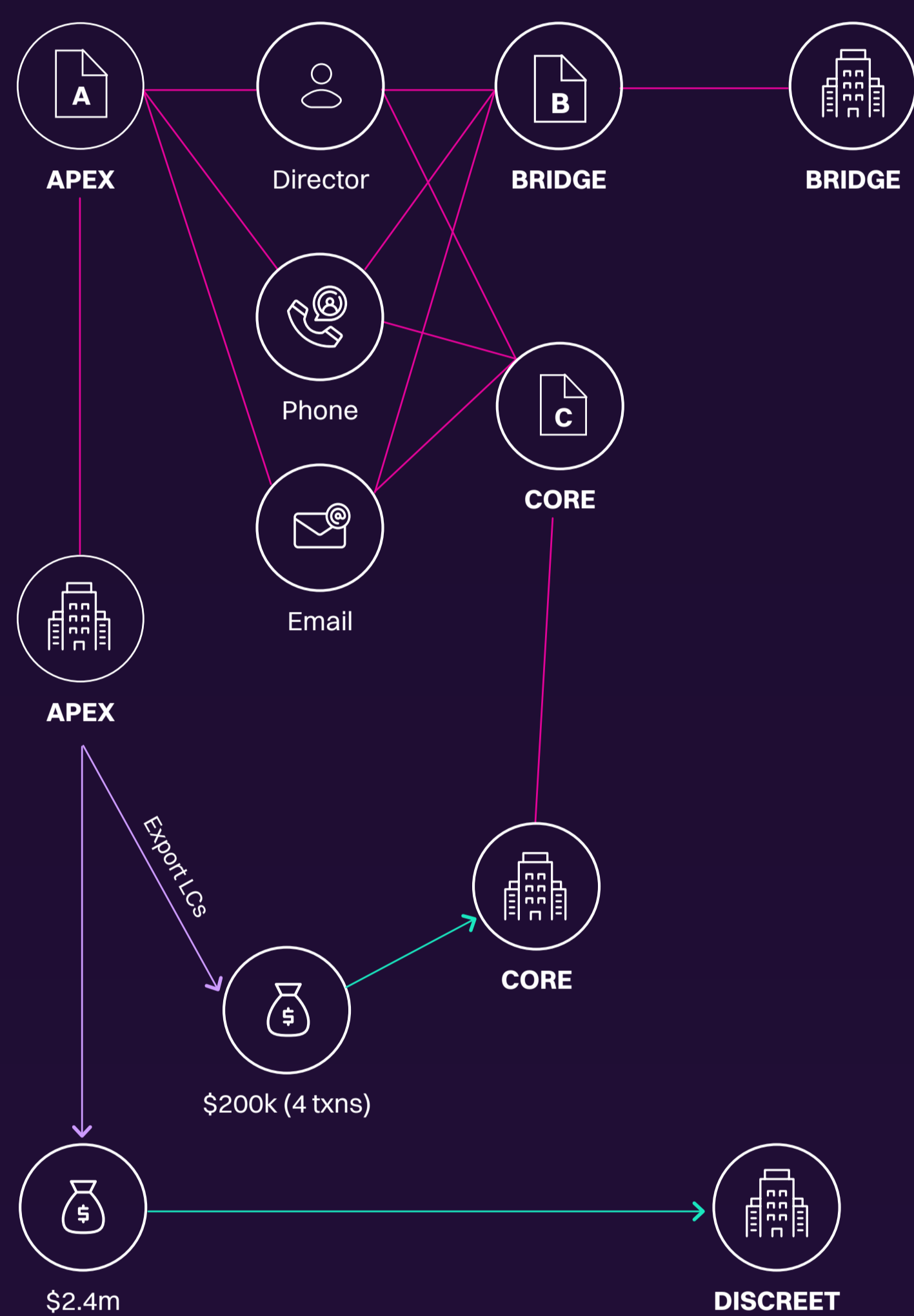
Corporate customer APEX generates a system alert with the following triggers:



1. Traditional investigation approach

Decision: Discount.

A traditional investigator concludes that each individual trigger pertaining to APEX can be discounted.



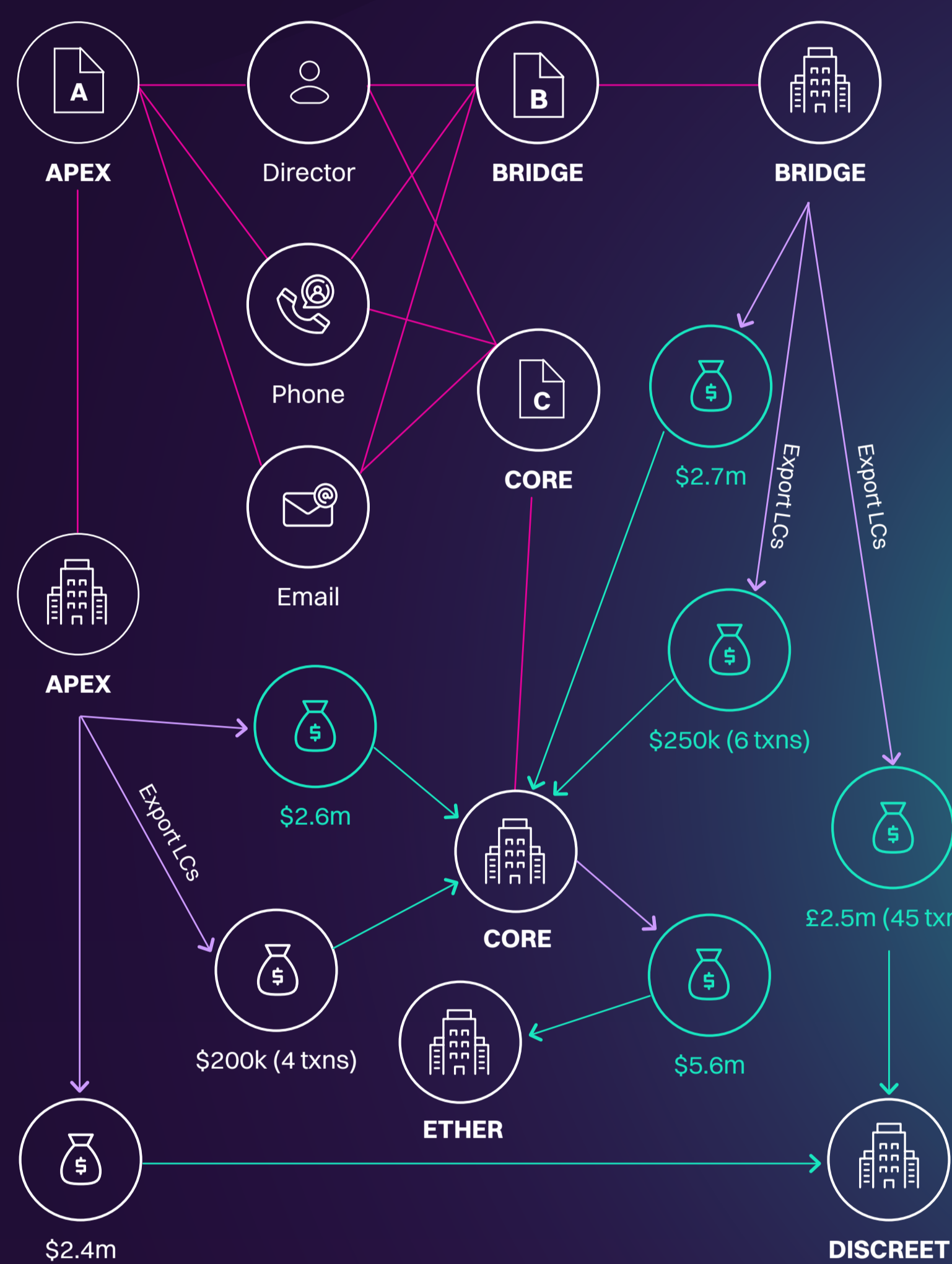
CONCLUSIONS

- Personal email:** The use of personal email domains is common for APEX's geographic & business footprint
- Transaction value spike:** APEX confirms the increase in trade transaction value is a result of APEX transferring their trade finance business to the bank
- Third port shipment with CORE & DISCREET:** APEX is a general trader based on their KYC profile and the featured geographies are listed as expected jurisdictions of business
- High-risk jurisdictions with CORE & DISCREET:** All triggered high-risk jurisdictions align with APEX business activity footprint based on their KYC profile
- Social links between APEX and CORE**
Unusual given the use of Letters of Credit (security for arm's length trading); however following a request for information, APEX confirms that:
 - They use Letters of Credit for all their international trade
 - The transactions with CORE were one-offs to meet urgent business demands

2. Contextual investigation approach

Decision: Escalate.

While a contextual investigator draws similar conclusions for the individual triggers, they also leverage the network for a more holistic risk assessment, uncovering unusual pass-through fund flows.



CONCLUSIONS

- APEX is socially connected not only to CORE but also to BRIDGE**
All 3 companies are customers with the same start date and the same geographic footprint
- A deeper review of BRIDGE confirms:**
 - BRIDGE has trade finance facilities and is also trading with CORE and DISCREET
 - APEX and BRIDGE have identical invoice templates and the documents have indicators of possible falsification
 - Goods prices in APEX and BRIDGE transactions appear manifestly unusual for the goods involved
- A deeper review of DISCREET highlights:**
 - While there are no material system risk triggers for DISCREET, they are a significant counterparty in terms of transaction values for both APEX & BRIDGE and serve as the source of funds for the network
 - DISCREET has little to no online presence despite purchasing goods worth millions of dollars
- Taking an even broader approach to the review and going beyond trade finance transactions to leverage open account payments data within the system reveals:**
 - APEX and BRIDGE are sending large sums of funds from their current accounts to CORE's current account
 - CORE is funneling these funds to ETHET, an unrelated third-party holdings company
 - ETHET is the ultimate destination of funds but like DISCREET, it has a limited online presence and is in a different line of business

Unlike a traditional investigation

A context-driven approach maximizes all available data, drives a holistic review of risk and powers effective investigative actions.

Why Quantexa

Quantexa's Decision Intelligence Platform lets you create a single view of data - helping you build a culture of confidence around decision-making, increase efficiency, and protect, optimize, and grow your organization.

Discover more

