Fighting Financial Crime –

Safeguarding Your Organisation to Stay One Step Ahead

The anti-bribery and corruption (ABC) solution offered by NICE Actimize is designed to provide ongoing monitoring of procurement, payments, travel, and expense data within organisations. Initial focus for the solution has been on financial services organisations and extractives industries including oil, gas, and mining. To find out more about how the ABC solution helps an organisation assess risk, stay compliant with ever-changing regulations, and keep one step ahead of the criminals, *Scandinavian Oil-Gas Magazine* queried Micah Willbrand, Global Head – Anti-Bribery & Corruption Solutions at NICE Actimize.

An expert in working with organisations to identify effective practices to mitigate bribery, corruption, money laundering and other financial crime risks, Micah Willbrand has more than 14 years of experience in financial services, retail, gaming, and technology specific to global AML/CFT initiatives, and brings a wide range of experience to enable organisations to streamline customer onboarding and monitoring programs.

How does the Foreign Corrupt Practices Act (FCPA) compare to EU and other similar international legislation? Is NICE Actimize ABC compliant with a variety of different international anti-corruption requirements? Is it possible to customise the ABC platform for transnational businesses?

"There are some distinct differences between the FCPA and regulations seen in EMEA, specifically starting with the UK Bribery ACT (UKBA). Passed in the 1970s, the FCPA was meant to make it illegal to bribe public officials for the reason of attaining government contracts. Thus it regulated what types of gifts could be given to government officials and how much could be spent on them. However, it did not go fully to prevent bribery and corruption in the business world. This is what the UKBA and other regulations passed in EMEA more recently accomplished."

"These regulations, while also banning bribing for public contracts, also ban bribing for private contracts. Further, it eliminates a large loop hole in the FCPA around what is called 'facilitation payments'. A facilitation payment is a payment which is meant to influence how quickly someone completes their job or task, however, the payment is not intended to influence the outcome of the decision by the official. For example, this would be paying a zoning clerk to put a business application at the top of a list for approvals rather than waiting in the order it was received."

"So today, whilst the FCPA still allows facilitation payments in practice, the UKBA and other subsequent regulations ban this practice, and nearly all European companies now ban the use of facilitation payments."

"The solution provided by NICE Actimize is specifically built to handle multi-jurisdictional issues related to various regulations. By providing customised analytics, workflows and case management capabilities, the service will enable organisations to manage themselves on a local, national, regional and even global level."

Could you explain transactional analytics and how the process works to identify possibly corrupt transactions? What sort of behaviours does the ABC platform identify as potentially corrupt?

"The system is meant to automate what a lot of companies do today as part of their internal and external audit processes. Today, organisations utilise teams of accountants, analysts and lawyers to manually review transactions, invoice and procurement data for suspicious behaviour related to bribery and corruption. But due to the volume of data and complexity of some bribery and corruptions schemes, it is very easy for these teams to miss things."

"The NICE Actimize ABC solution is meant to automate this identification process by using sophisticated analytics and rules to spot suspect and suspicious transactions, invoices and procurement data. These will then be alerted to teams to then investigate the results of the technical analysis, thus making the entire process significantly more efficient and productive."

"The behaviours that the system is looking for are, for simplicity, things that look out of the norm for the business. Be it ill-timed payments, duplicative payments, falsified invoices, etc., the service will scroll through all the data help in an organisations general ledger to spot these suspect activities."

"In a real life example, the oil and gas industry is especially exposed to a lot of risk in the acquisition of oil or mining licenses. During the bidding process, a local third party agent, employed by the company to secure the contract, may be working behind the scenes to route bribes to the officials offering the license. Upon the successful awarding of a contract, these bribes are then paid to the local officials and are disguised as payments to various individuals or sub-contractors."

"The Actimize ABC system would analyse all the transactions related to a deal and would look to identify the suspect payments which range from timing of the payments, types of organisations, or unusual payment behaviour – like a one off bonus payment paid to the agent that was not agreed on prior to working with the individual."

How does artificial intelligence come into play? Is the platform continuously learning? Are lessons learned about one client's activities applied to other clients, or is each client's domain discrete?

"AI comes into play right from the beginning. The service has a 'fast track' capability of prebuilt analytics that have been developed based on thousands of hours of research and experience in the field to identify some of the more common scenarios which trigger alerts. But once the organisation begins submitting transactions, this is where machine learning comes into play."

"As was mentioned earlier, the service is looking for activity that is outside the norm for the business. Whilst the fast tracks analytics can get a baseline set-up for identification of suspect transactions, every business is different. And so the analytics in the system will begin to learn what is "normal" for that particular business as it sees more data."

illustrations: NICE Actimize

"These high level learnings are also fed back to the overall service as our data scientists continue to build more sophisticated analytics going forward for the benefit of all of our customers. Thus the service allows both customised learning as well as group level learning for everyone."

"In the example mentioned above, what we expect to happen is that these individuals will get smarter over time as they try to evade detection. This is where our 20 years of payment risk scenarios come into play, as the AI we are releasing is meant to stay up to date with this criminals and enable organisations to identify these crimes in weeks rather than years."

How scalable is ABC? Is there any limit to the size of an organisation that is being monitored? Do businesses apply the platform across the entire business or can it be tailored to monitor specific internal entities?

"The service is scalable to almost limitless performance. It is built on the same infrastructure which, in the most extreme cases, handles the processing of over 50 million transactions a day. However, in the ABC arena, it is not expected for organisations to have volumes near that level. In the most extreme cases we would expect to see approximately 1 million transactions a day."

"The service is built to be tailored to how organisations wish to roll it

out. The analytics are grouped into three primary areas. Travel, expense, gifts and entertainment is the first area, and the primary area we see organisations begin work with because it improves their already existing processes. The second area is accounts payable and the third accounts receivable. As was mentioned, the travel area is nearly always the first area rolled out, then organisations tend to move into either monitoring the accounts payable or receivable areas based on priority of risk for ABC concerns."

"And finally, NICE Actimize works closely with customers to ensure that the appropriate entities are being monitored. For example, most organisations are able to assess ABC risk against their employee roles. Individuals in Sales and Procurement are often the highest risk for ABC concerns due to their roles. However, IT staff tends not to be very high risk so organisations can choose not to monitor those employees based on the low level of ABC risk."

Does monitoring the supply chain involve access to third-party data, or does this cover only the contracts and transactions with the principal client?

"Today the monitoring of the supply chain only relates to contracts, invoices and payments of the vendors within the supply and vendor chain. However, there are plans to implement a sanction/PEP screening solution to the ABD service as

well as a customer onboarding, risk rating and monitoring solution of vendors in a supply chain. Through the addition of these two additional solutions, NICE Actimize will be able to offer the first truly end to end ABC service for the market place."

How does NICE Actimize work with a client's sensitive and proprietary information? Does a client's data reside in the Cloud?

"The service is cloud only so there is significant work done to ensure customer's data is protected and secured. This can be everything from technical security to geographic location of the housing of the data."

What has the industry response been thus far?

"The response has been overwhelmingly positive. What we have heard from the oil and gas organisations is almost a sense of relief. This is an area which has been underserved from a technical perspective for a very long time and leaves organisations quite vulnerable to legal, reputational and even criminal risk. Until now, compliance, ethics and legal professionals have really been dependent on home grown type solutions to manage their investigations and compliance requirements, forcing them to really focus on training and awareness programs because there are no analytics out there to help them. But now, having the ability to tie disparate ERP data systems together, analysed by sophisticated analytics, as well as best in class case management for investigations and whistleblowing protection, is a game changer for them."

"By the use of artificial intelligence, customise work flows and 24/7 uptime, NICE Actimize can help put these fears to rest and help organisation regain oversight over their ever expanding businesses."

Looking forward, are there any future plans for expanding the ABC platform's capabilities?

"The road map is quite full of additions and expansion opportunities that we think the oil and gas industry would benefit from. First and foremost is the continual creation of better and faster analytics to service the market. ABC scenarios are ever changing and NICE Actimize is working hard to stay ahead of the criminals."

"In addition, a whistleblowing solution is being worked on as well. Today 50% of ABC cases are identified by whistle-blowers, but often organisations have very basic ways to attain this information, investigate and report on it. Through the development of our world class case management sys-

- Cloud based analytics
- Automation
- Easily working alerts
- Audit trail for reporting
- Case Management
- Custom Rules

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Actimize ABC – a real-time, up-to-date view of bribery and corruption risk across business, geographic, vendor and customer lines

tem, the ABC service will be able to offer a secure and, more importantly, streamlined work flow to ensure that these tips are logged and appropriately reviewed. Further, this whistleblowing solution will also be applied to many other areas such as health and safety."

"Finally, as was mentioned previously, the service is looking to add a Sanctions and PEP screening

service along with a comprehensive vendor management solution to compliment."

Is there something I haven't mentioned that you would like to talk about?

"The only thing I would like to stress is that this solution accomplishes a few additional tasks. First, the solution also builds on and improves existing travel, expense, gifts and entertainment systems.

These systems are very static and easy to manipulate and the ABC solution will take these systems to a next generation. In the areas of finance and procurement, the service will automate nearly all of the functions that are done manually today which is a tremendous value boost for organisations."

"The service will enable organisations to grow more responsibly as they move into new markets and geographies. Today, a lot of business is left on the table because a geography or vertical is perceived to be too risky because of bribery concerns. Now, the NICE Actimize ABC solution can enable businesses to tackle these markets responsibly by giving centralised oversight to an organisation's headquarters." ∎