

DIGITAL APPROACH TO ANTI-CORRUPTION COMPLIANCE



**Райффайзен
БАНК**

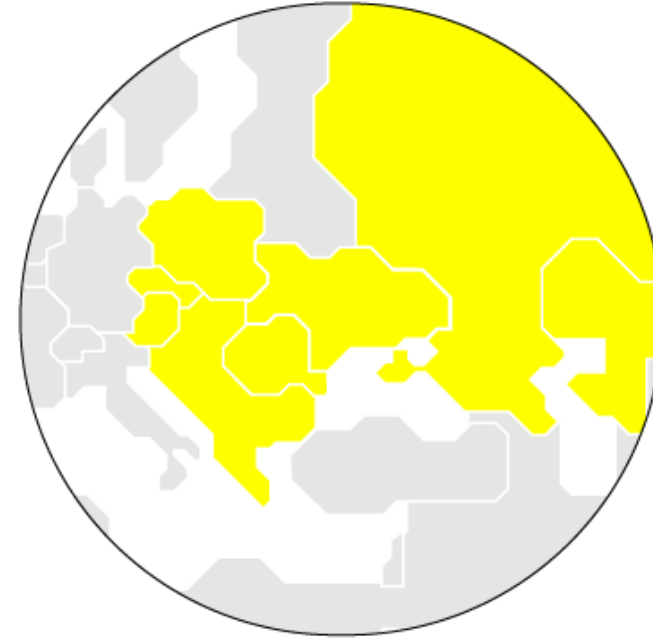
Difference in
attitude



GENERAL INFORMATION

Overview

- The RBI network covers **30 countries**
- Domestic market - Central and Eastern Europe. The branch network spans **15 markets** across the region. The Group also includes financial service providers in areas such as leasing, asset management, and M&As
- In Russia, RBI is represented by AO “Raiffeisenbank” and its subsidiaries



From a compliance perspective:

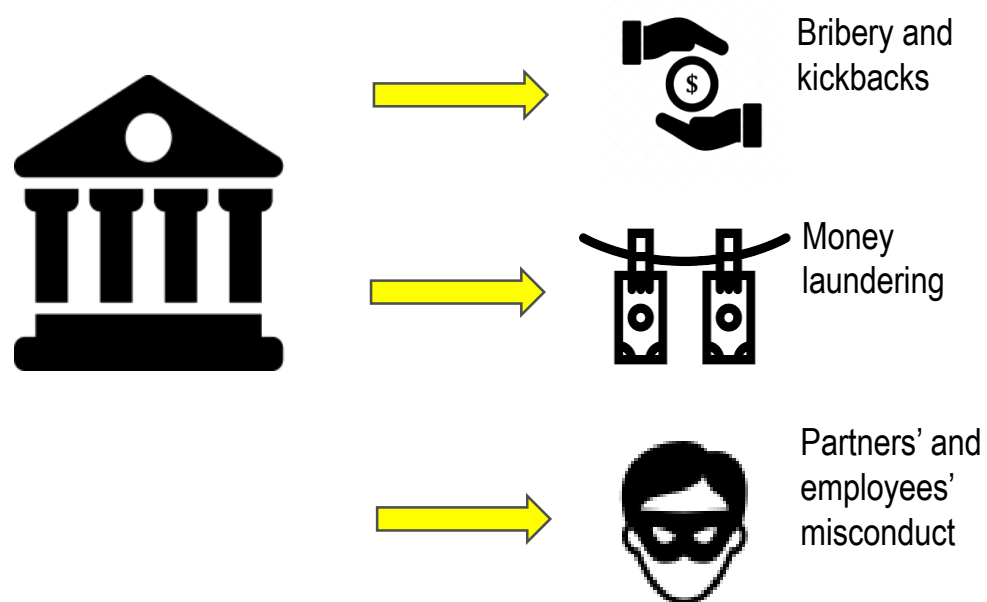
- Challenging institutional environment:
 - Perception of high corruption occurrence in countries of the region;
 - Money-laundering cases (Laundromat, Panama Papers);
 - Differences in local customs and legal regulation

Legal framework of RBI international business activity

- Austrian banking law
- EU Legislation
- US FCPA and UK BA
- Russian Legislation (in Russia)

ANTI-BRIBERY MONITORING IN FINANCIAL INSTITUTIONS AND RECENT RESEARCH

Specifics of ABC checks in financial institutions



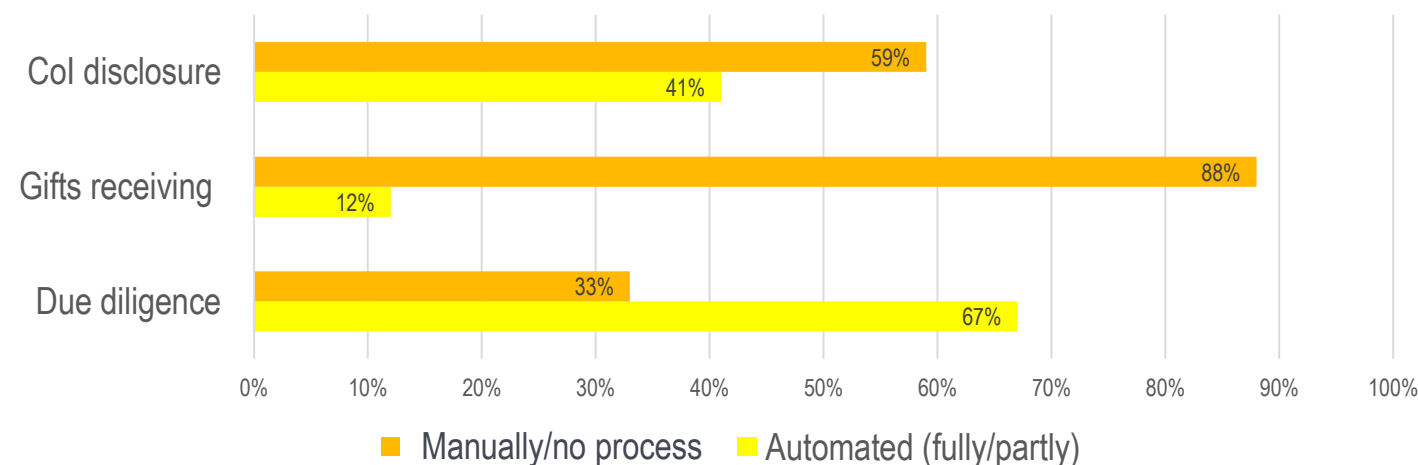
According to PWC (Anti-Bribery and Corruption index, 2017), the implementation of compliance policies in financial institutions is estimated at **62%** (below average across the industries)

Research on compliance function in Russia

According to KPMG's research (Compliance function in CIS, 2018) for Russian respondents:

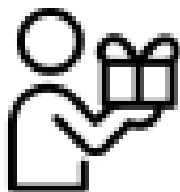
- ABC compliance is a priority for 90% companies
- Automation of compliance processes is a priority for 34% companies

Compliance processes automation for Russian respondents

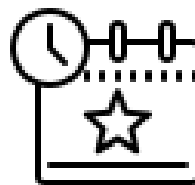


STANDARD METHODS OF ABC COMPLIANCE IN BANKING

Gifts



Invitations and events



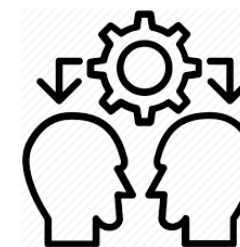
Charity & sponsorship



Due diligence of Business Partners



Conflict of interests management.



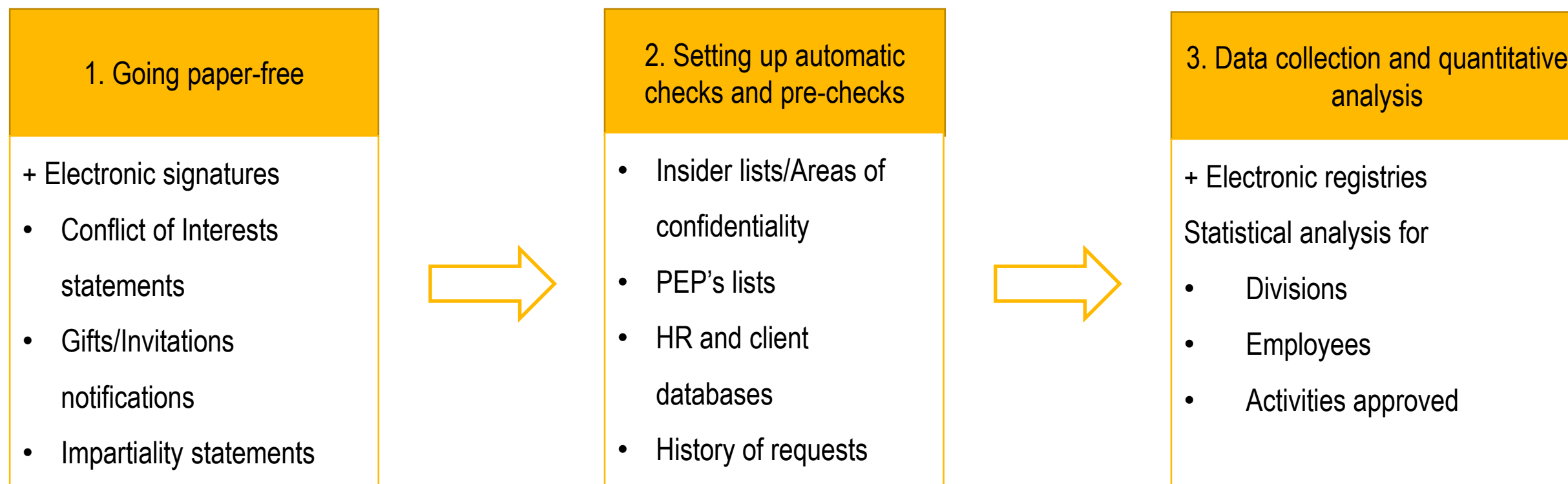
Main issues with ABC Compliance in financial institutions:

1. Isolation of ABC checks from other compliance fields (except anti-fraud)
2. A lot of paperwork and manual processing of information
3. Relies on qualitative methods and expertise of compliance officer

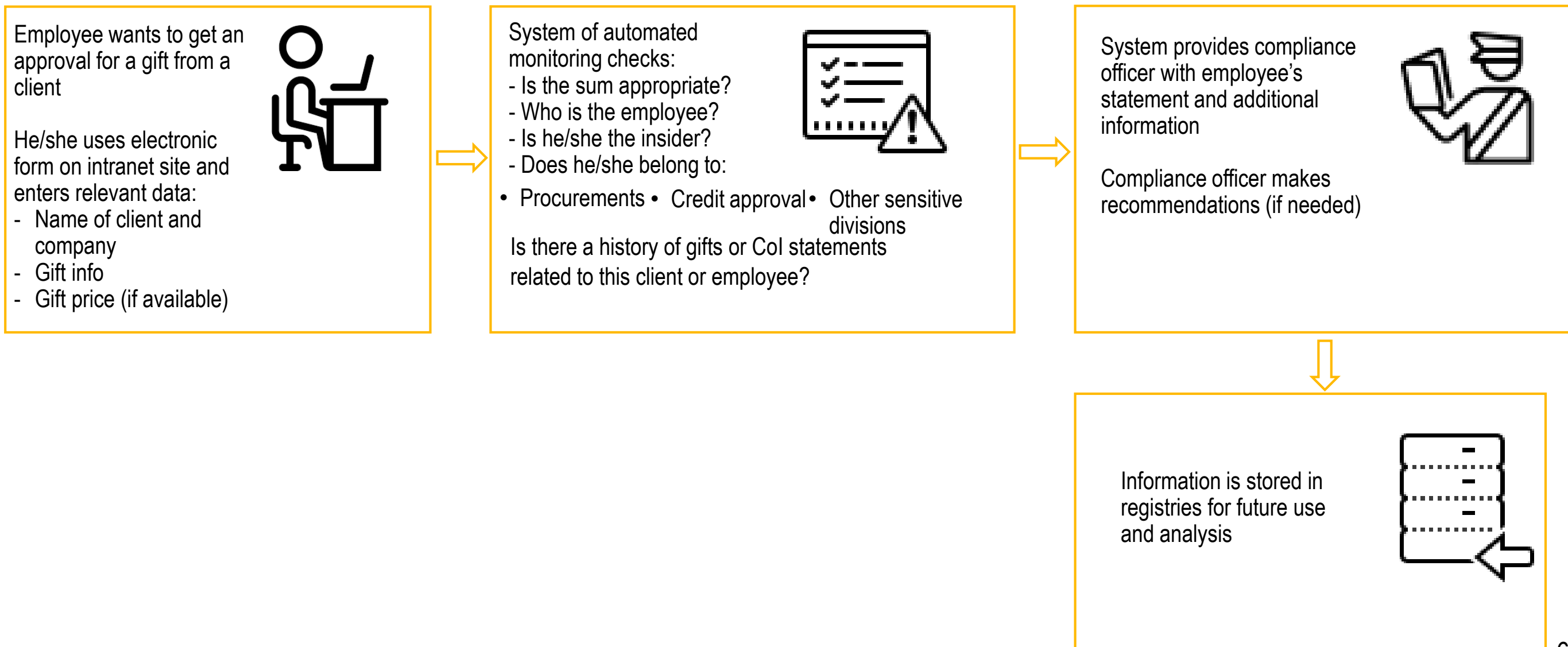


Such issues with the standard ABC system can be resolved via step-by-step digitalization

STEPS FOR DIGITALIZATION OF ABC PROCEDURES



EXAMPLE

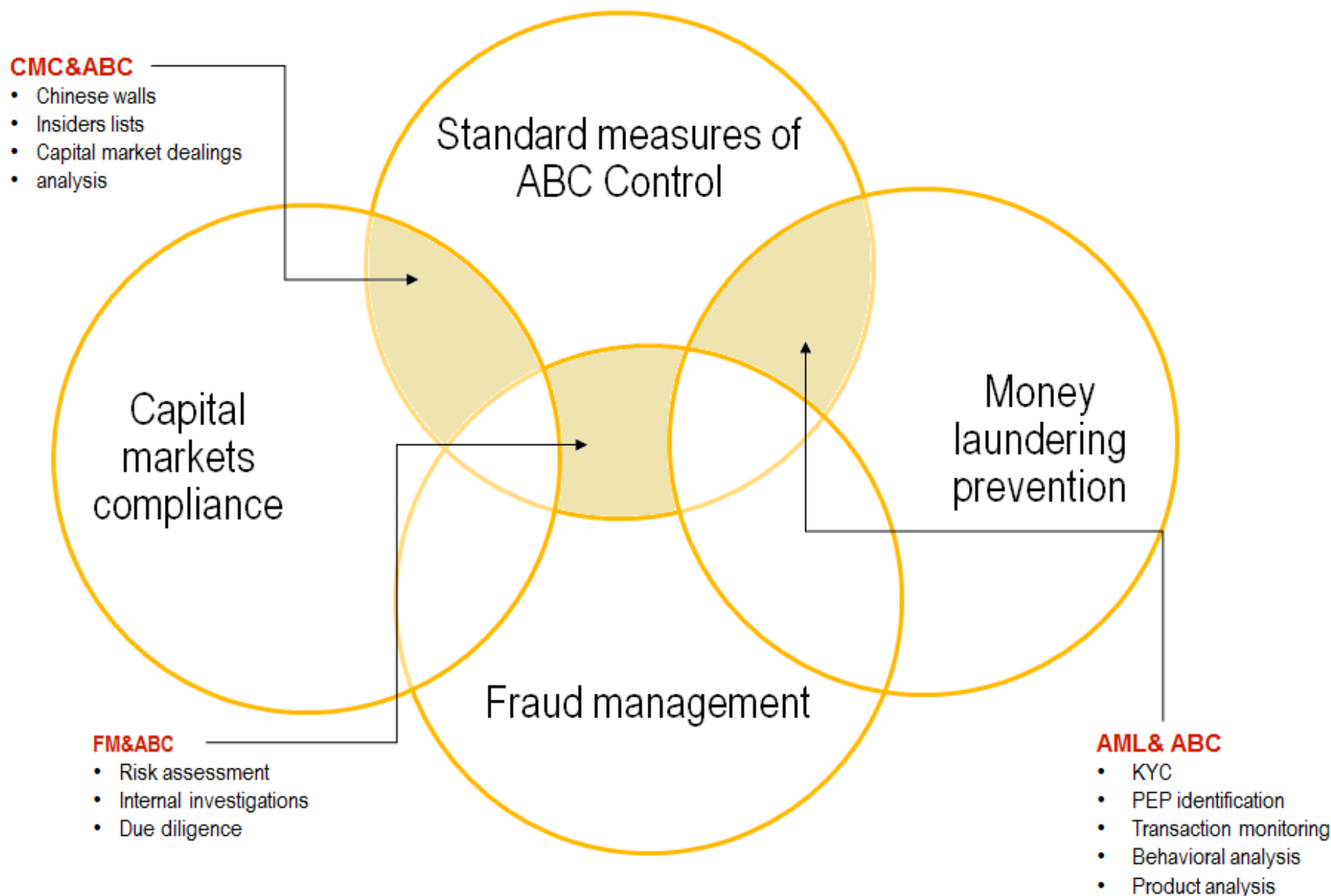


STRENGTHS AND WEAKNESSES

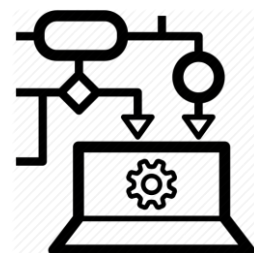
Strengths of digital ABC system	Must be taken into consideration
<ul style="list-style-type: none">Registries are updated automatically. All edits and changes can be tracked and monitored	<ul style="list-style-type: none">Information security
<ul style="list-style-type: none">Quick access to information	<ul style="list-style-type: none">Access to the data storage
<ul style="list-style-type: none">Automatic pre-check reduces the time required for compliance approval as well as the risk of mistake	<ul style="list-style-type: none">Personal data use and storage
<ul style="list-style-type: none">Data collection enables use of modelling and advanced risks assessment.	<ul style="list-style-type: none">Back up and reserve copying

DIGITALIZATION AND COMPLIANCE INTEGRITY

- ✓ Digitalization of ABC allows for interaction between compliance subfunctions to be enhanced, specifically where automated controls and data are already implemented/available



FUTURE CHALLENGES



Recommendation system for Col management



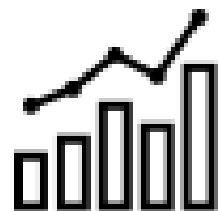
Automatic recommendations on conflict of interest management based on established practice and historical data



Deviation and outliers' findings



Deviations from standard % level of compliance cases (gifts & invitations & conflict of interests)
Deviation in transaction behavior of the employees



Predictive analysis and forecasting



Analysis to evaluate the risk of corruption of the employees/divisions

Thank you for your attention