

Money Laundering and Terrorist Financing Prevention System



PALADIN 2.0

Management Solutions

WHY PALADIN 2.0?

PALADIN 2.0 ARISES AS A RESPONSE TO THE NEED OF THE ENTITIES TO HAVE AN END-TO-END SYSTEM FOR THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING, FOCUSING ON THE INTEGRAL MANAGEMENT OF ALERTS AND FILES, REGULATORY AND MANAGEMENT REPORTING, ALLOWING A TRANSPARENT INTEGRATION WITH ANALYTICAL AND STATISTICAL ENGINES

The new version of Paladin is an upgrade to Management Solutions' previous Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) technology solution.

With a design based on industry best practices, Paladin 2.0 offers end users a wide range of benefits through its intuitive interface and customizable modules.

Main features of Paladin 2.0:

- ▶ Enables comprehensive management of the AML/CFT function of financial institutions (monitoring, alert analysis, regulatory reporting, internal reporting, etc.) independent of analytical and statistical engines, facilitating independence between the technological layer (IT) and the management layer, and preserving business processes.
- ▶ End-to-end solution that integrates all the information needed to analyze alerts and files, including information on customers, products, transactions, politically exposed persons (PEPs), sanctions, negative news, etc .
- ▶ Interactive visualization of the transaction network through graphs, facilitating the analysis of the "money trail" and the traceability of suspicious customers.
- ▶ Easy visualization of dashboards and indicators, making available different visions - executive, management and operational -, allowing for access under different hierarchies for more accurate and timely decisions.
- ▶ Integration of artificial intelligence (AI) components throughout the alert management and regulatory reporting process, such as preparation of regulatory dossiers, risk scoring, etc.
- ▶ Flexibility in module customization, allowing Paladin 2.0 to best fit the organization's AML/CFT management process.
- ▶ Flexibility to integrate with market solutions and in-house developments such as alert engines, scoring/risk models, etc.



EFFICIENT MONEY LAUNDERING PREVENTION MANAGEMENT IS ONLY POSSIBLE THROUGH THE USE OF A SPECIALIST SOLUTION SUCH AS PALADIN 2.0, WHICH ALLOWS THE INTEGRATION OF DIFFERENT COMPONENTS.

BENEFITS

PPALADIN 2.0 MEETS THE FUNCTIONAL AND TECHNOLOGICAL AML NEEDS OF INSTITUTIONS BY BEING SEGMENTED INTO DECOUPLED MODULES THAT ADAPT TO EXISTING AML PROCESSES WITHOUT REQUIRING LONG AND COMPLICATED CUSTOMIZATION AND INTERNAL TRANSFORMATION PROCESSES

USER BENEFITS:

User benefits

Developed in accordance with regulatory requirements and global market best practices.

Intuitive and highly customizable front end

Paladin 2.0 enables quick and easy access to data through its unique web interface, with high customization flexibility in its modules.

End-to-end AML/CFT integrator

The system provides end-to-end functionality from alert management to regulatory reporting.

BAU analysis, management and reporting

The system includes a workflow for managing alerts, multiple options for BAU management and facilitates file analysis (including a graph module), meeting the needs of both internally and to regulators.

Integration with systems

It allows integration with existing tools and models and has connectors for reporting to regulators.

Advanced Research Center

Analytical and graphic tools for the evaluation of alerts, both from the point of view of the client and of each transaction, and with centralized management of information to enable efficient work by analysts.

Predictive Planning

Support for the organization and management of teams, with the objective of avoiding, through predictive indicators, the generation of a backlog of alerts that are not expected to be dealt with.

INFORMATION TECHNOLOGY (IT) BENEFITS:

Information Technology (IT) benefits

Data inserted into Paladin 2.0 data structures can be used from various tools, both in-house and off-the-shelf.

Decoupling

Unlike other tools on the market, Paladin 2.0 enables AML/CFT monitoring without the need for a link between management and rules, simplifying development, implementation and technology management.

Reduced support

It requires reduced IT support, being designed for in-house maintenance without the user being dependent on third parties to administer the system in production.

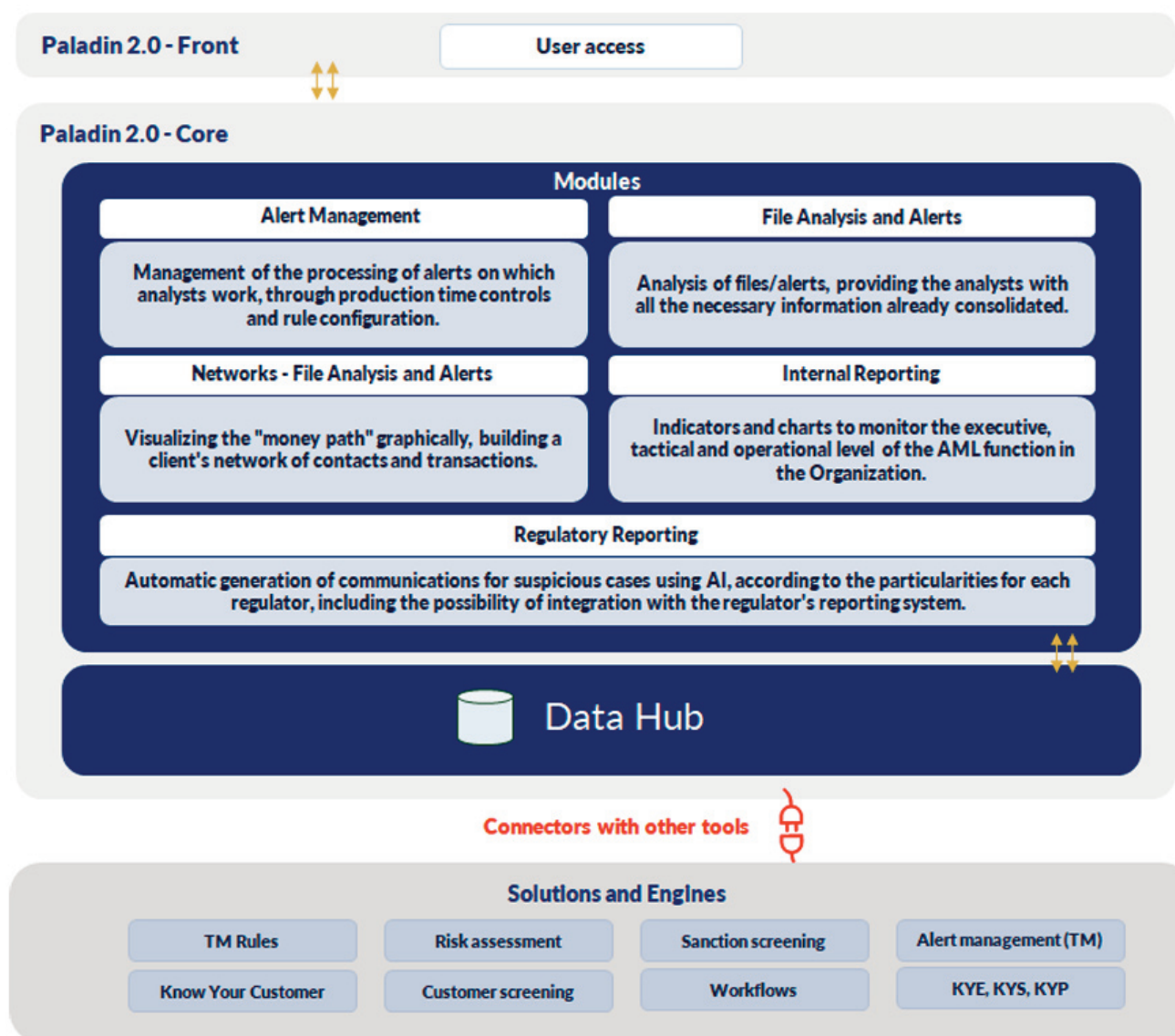
Deployment in diverse IT environments

Paladin 2.0 supports different data storage platforms, such as Oracle, SQL Server, Teradata and flat files.

TECHNICAL ARCHITECTURE

PALADIN 2.0 ALLOWS THE CUSTOMIZATION OF ITS MODULES IN AN AGILE WAY, FACILITATING THE INTEGRATION WITH THE SOLUTIONS AND ENGINES ALREADY IMPLEMENTED IN THE ORGANIZATION

Paladin 2.0 architecture contemplates the intelligence of the 5 modules, presented in a friendly front-end and adaptable to the user's needs, allowing the customization of its modules in an agile way. The solution is powered by a data hub, facilitating integration with the solutions and engines already implemented in the entity to have a solution that allows end-to-end management of AML (transactional monitoring, Know Your Customer -KYC-, Know Your Employee -KYE-, Know Your Partner -KYP-, Know Your Supplier -KYS-, risk assessment, sanctions, etc.).



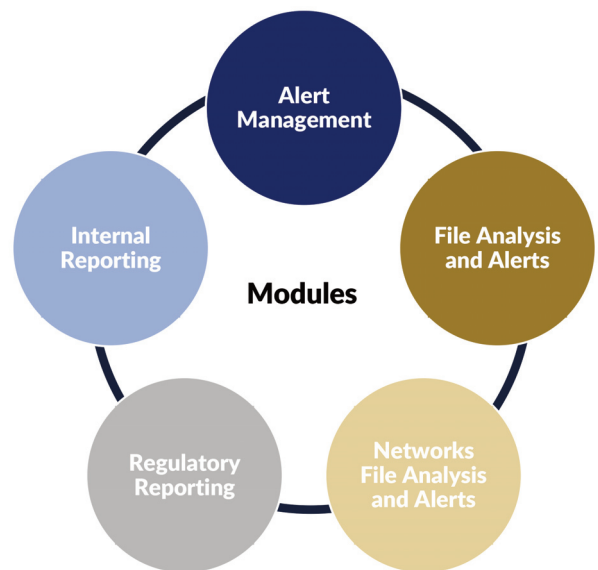
PALADIN FEATURES

FUNCTIONAL INTEGRATION OF THE VARIOUS PALADIN 2.0 MODULES ALLOWS COMPREHENSIVE AND EFFICIENT MANAGEMENT OF THE AML/FT FUNCTION

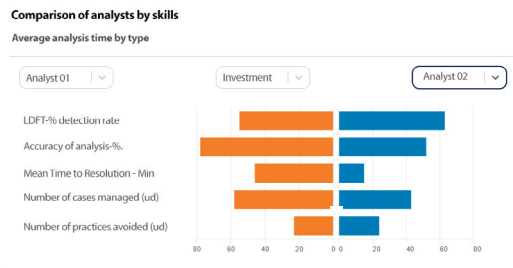
Paladin 2.0 integrates in a single work environment 5 modules to comprehensively manage the AML/FT function:

ALERT MANAGEMENT

- ▶ Automatic assignment of alerts to analysts, according to transaction monitoring rules, related products, applicable regulations, with distribution with distribution of alerts to the analysis team according to age and type of alert.
- ▶ Manual assignment of alerts, addressing specific cases (such as alerts that have not been analyzed, alerts that raise doubts, pending incidents, or new alerts that have not been assigned automatically), facilitating the flow of transaction monitoring analysis.
- ▶ Visualization of analyst productivity through dashboards and indicators, facilitating the management of alerts across work teams, for example:
 - Average analysis time and performance of each analyst.
 - Number of alerts pending and analyzed by analyst.
 - Incorporation of analysts in the analysis flow according to their level of experience.
 - Productivity per analysis team and per analyst.



| Responsible | Configure |
|-------------|-----------|
| Select | > Assign |
| Analyst 01 | > Assign |
| Analyst 02 | > Assign |
| Analyst 03 | > Assign |
| Analyst 04 | > Assign |
| Analyst 05 | > Assign |
| Analyst 06 | > Assign |



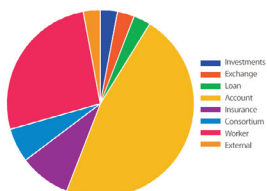
Automatic assignment

Maintenance

| Alert ID | Position | Responsible | Modify |
|----------|----------|-------------|--------|
| 1 | Analyst | Analyst 01 | Change |
| 2 | Analyst | Analyst 02 | Change |
| 3 | Analyst | Analyst 03 | Change |
| 5 | Analyst | Analyst 04 | Change |

List of alerts by analyst

Number of alerts managed by analyst according to their type



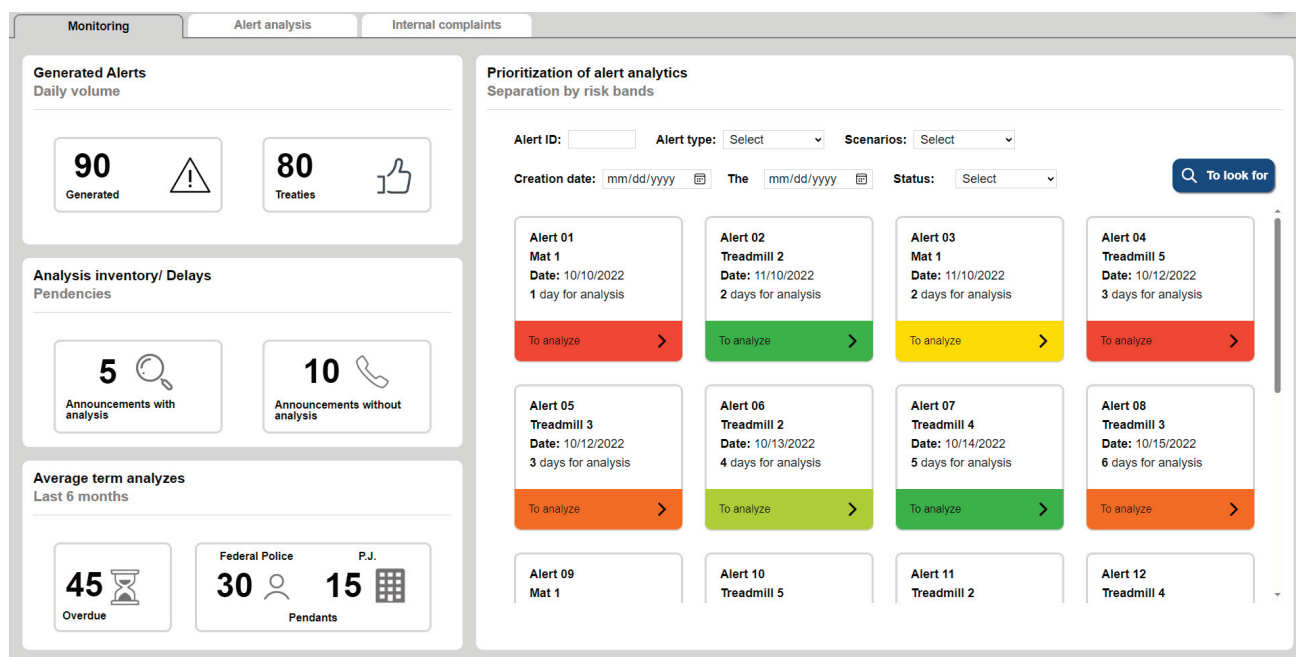
Alerts to be assigned

Configuration

| Scenario | Alerts | Motive | Responsible | Configure |
|---|-----------|----------------------------|-------------|-----------|
| Fragmentation of cash withdrawals | Alert 899 | Responsible not identified | Select | > Assign |
| Proposals or operations that make it impossible to... | Alert 900 | Responsible not identified | Analyst 01 | > Assign |
| Exchange rate/income | Alert 901 | Responsible not identified | Analyst 02 | > Assign |
| In-kind transaction | Alert 903 | Responsible not identified | Analyst 03 | > Assign |
| Incompatibility of economic activity | Alert 904 | Responsible not identified | Analyst 04 | > Assign |
| In-kind transaction | Alert 905 | Responsible not identified | Analyst 05 | > Assign |
| Withdrawal in kind from accounts that receive... | Alert 906 | Responsible not identified | Analyst 06 | > Assign |
| Offering false information | Alert 907 | Responsible not identified | Analyst 07 | > Assign |
| Payments to unrelated beneficiaries | Alert 908 | Responsible not identified | Select | > Assign |
| Payments to unrelated beneficiaries | Alert 909 | Responsible not identified | Select | > Assign |
| Atypical operation in municipalities located and | Alert 910 | Responsible not identified | Select | > Assign |

FILE ANALYSIS AND ALERTS

- ▶ Backlog of alerts on suspicious customers, with the ability to configure analysis prioritization (by time of alert generation or risk associated with the alert), allowing the alert to be filtered and analyzed directly.
- ▶ Integrated alert analysis front-end, with the customer information required for analysis (registration information, transaction information, bureaus, KYC form, negative news, PEPs, restrictions, risk assessment, etc.) facilitating the analysis by having the customer information on the same screen.
- ▶ Availability of information on each monitoring alert generated for the customer, facilitating and consolidating the analysis of the alerts generated for the same customer.
- ▶ Transaction information available in a single tool with transaction search and recent searchable/filterable customer transactions for analysis by the PBC/CFT team.



Customer Information

Sign Up

Type of client: Legal entity

Name: Customer 01

☒ LDFT risk zip code

☐ Has a declared attorney-in-fact

☐ PEP customer

☒ PEP customer partner

☐ Customer INR

☐ Risky profession

☐ It has other restrictions

☐ Participación societaria en empresa?

Cliente since: 01/01/2020

Identification: 00.000.000/000

Customer LDFT risk:

00

Revenue/invoicing:

00

Heritage:

00

Type of client:

PJ

Tax model:

Simple

Profession:

Office

Brand/restriction:

It does not have

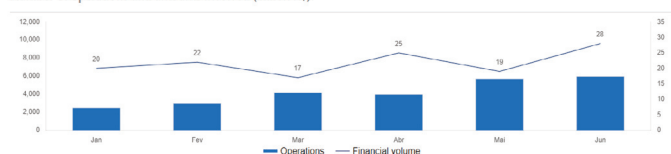
CNAE/area of business:

00

[Download KYC form](#)

Customer Account

Number of operations and amounts involved (billion R\$)



PALADIN FEATURES

NETWORKS: FILE ANALYSIS AND ALERTS

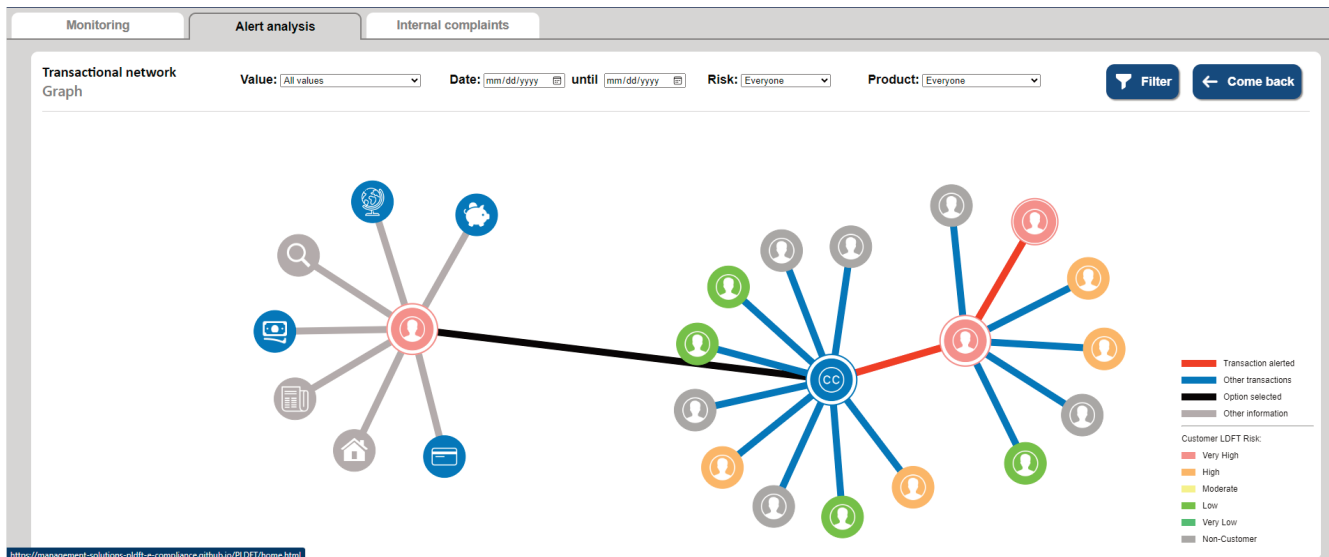
- ▶ Charts with registration and transaction information for each customer and beneficiary of operations, facilitating traceability and allowing visualization of the "money trail" of each alerted transaction, with the possibility of integrating risk assessment information on customers and counterparties, PEPs and transactions with family members.
- ▶ Ability to visually include any registry information, transaction filters and products purchased by the customer, facilitating the tracking of suspicious customer resources.

REGULATORY REPORTING

- ▶ Possibility of API integration with regulatory reporting file generation, according to the layout defined for each region, allowing greater operational efficiency in the process.
- ▶ Automated generation of pre-populated files from customer information for the internal record of information reported to regulators, with detailed information on the analysis performed by the analyst, including additional analysis such as: inconsistent transaction behavior, lack of justification, customer's history, risk profile, lack of necessary documentation, etc. to facilitate any follow-up and future analysis on the same customer.
- ▶ in the event of false positive alerts, automated generation of pre-populated files based on customer information for greater operational efficiency in the alert archiving process.

INTERNAL REPORTING

- ▶ Indicators and graphs with consolidated information for AML/CFT senior management to visualize outliers, sudden changes that can motivate decisions on business strategies (changes in the institution's AML risk, changes in the customer base, irregularities in the volume of transactions, concentration of AML risk in customers and products, etc.).
- ▶ Indicators and graphs to visualize detailed information on specific AML processes, as well as the performance of each analyst and operator in your management structure, so that you can more quickly define tactical changes in your processes, as well as: monitoring, analysis and communication management, risk analysis management, KYC procedures management.
- ▶ Indicators and graphs to visualize the analyst's daily operational information, facilitating the visualization of delays, accumulations and prioritizations, as well as: generated alerts, analysis backlogs, average analysis time and pending analysis.



Communication mail Summary

ID Alerts: 01

SUSPICIOUS TRANSACTION REPORT - Communication prepared by IA

On 08/10/2022, a debit of 100,000.00 USD was made from the account of XXXXX XXXXX at branch 0000 of Banco AAAA S.A. to an account at another bank, the transfer of which does not match the client's profile.

The operation attracted the attention of the analysts of AAAA Bank S.A. due to the very high value, out of the average of the recorded transactions. Taking into account the available information, there are indications that the transaction may be related to suspicious activities such as money laundering, terrorist financing, corruption or other illicit activities.

Additional Observations: Banco AAAA S.A. does not have any other relevant information about the client XXXXX XXXXX or the transaction in question. Likewise, the bank has taken the necessary measures to identify and verify the identity of the client and the accounts involved in the operation.

Signature of the person responsible for the communication:
Name: Analyst 01
Position: Head of Money Laundering Prevention and Control.
Date: 13/10/2022

[Communicate to the regulator](#)

Alert report Summary

ID Alerts: 01

PLD ALERT REPORT - Communication prepared by IA

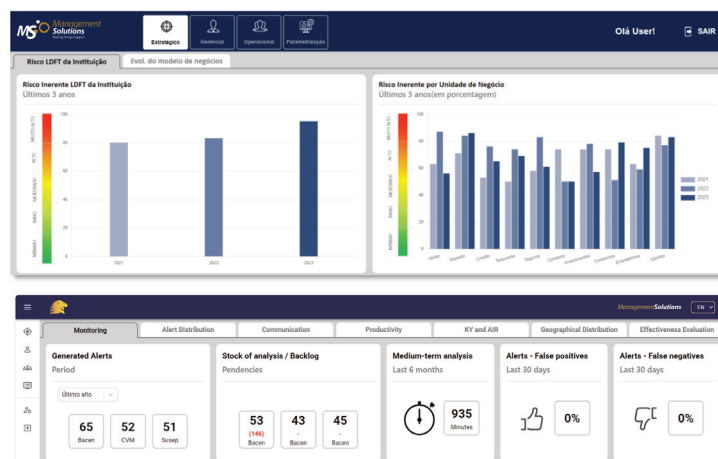
On 12/11/2022, a wire transfer in the amount of USD 100,000.00 was made from the account of client XXXXX XXXXX at branch 0002 of Banco BBBB SA to an account at another bank, the holder of which cannot be identified. The transaction caught the attention of analysts at Banco BBBB SA due to the lack of information about the recipient of the transfer, as well as the unusual structure of the transaction, which involved multiple transfers and intermediary accounts. Taking into account the available information, there are indications that the transaction could be related to suspicious activities such as money laundering, terrorist financing, corruption or other similar activities.

However, after further investigation and analysis, it was found that the transfer was made for payment to beneficiaries with a proven degree of relationship with the client (XXXXX XXXXX).

Therefore, it is concluded that the transaction no longer presents any risk of money laundering or terrorist financing and does not need to be reported to the regulator. Banco BBBB S.A. I will file this AML alert report for record keeping and internal control purposes.

Signature of the person responsible for the communication:
Name: Analyst 01
Position: Head of Money Laundering Prevention and Control.
Date: 10/13/2022

[Communicate to the regulator](#)



MANAGEMENT SOLUTIONS

LEADING BUSINESS CONSULTING FIRM



We exceed client expectations and become a trusted partner by creating value propositions and committing to their effective implementation

Management Solutions is an international consulting services firm focused on business, risk, finance, organization and process consulting, both in its functional components and in the implementation of related technologies.

Management Solutions currently has a multidisciplinary team of professionals (functional, mathematical, technical, and systems integration) of approximately 4,000 professionals working through 48 offices (21 in Europe, 22 in the Americas, 3 in Asia, 1 in Africa and 1 in Oceania) from where we provide recurring services to clients operating in more than 50 countries.

Management Solutions' differentiation lies in our in-depth knowledge of the businesses in which our clients operate and our high level of industry and functional specialization.

To meet our clients' needs, Management Solutions has structured its practices by industry (Financial Institutions, Energy, Telecommunications and Other industries) and by business lines that bring together a wide range of competencies: Strategy, Commercial Management and Marketing, Risk Management and Control, Management and Financial Information, Transformation: Organization and Processes, and New Technologies.

Paladin 2.0 has been designed to serve all industries, regulated or not, that wish to have a model for the prevention and control of money laundering and terrorist financing in their organizations.

With **Paladin 2.0**, Financial Institutions ensure reliability and security in the supervision imposed by the main regulators in each country and by external audits for the prevention of money laundering.

For further information please contact:

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Management Solutions, professional consulting services

Management Solutions is an international consulting services firm focused on business, risk, finance, organization and process consulting.

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