

PwC Sanctions Testing

Powered by Microsoft



Regulatory challenges in sanctions compliance

Do not let the financial crime risk manage you

Between 2012-2016, the fines imposed by OFAC alone totaled \$14.5B. This represents only a fraction of the total cost of remediation.*



Dealing with complex screening systems

The screening systems are complex environments with numerous processes where the screening configuration, list management and people come together.



Limited resources and skills

Compliance departments typically lack the technological knowledge needed to understand and verify the screening system capabilities. Often they also lack the capacity and only perform limited manual testing.



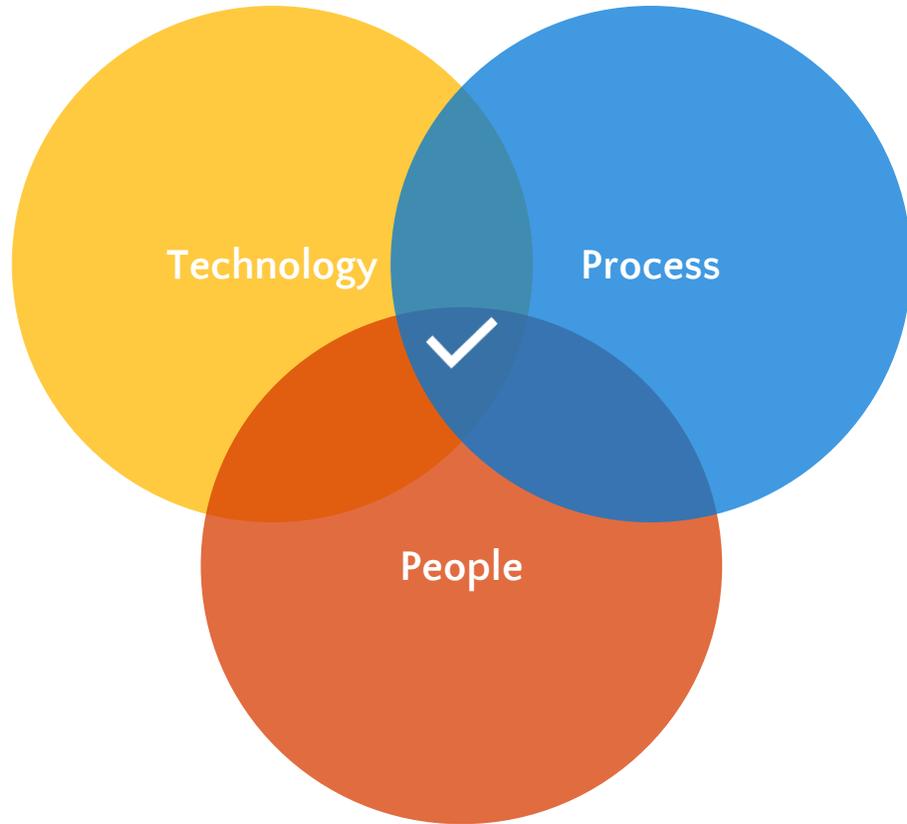
Managing risk

Financial institutions are under constant pressure from regulators. This requires constant monitoring and testing to understand their exposure and manage the risks.

*Based on PwC internal research

Become confident about your screening

Test all aspects of your organization's sanctions screening. In one place.



- Validate the actual system configuration and performance of the screening logic
- Verify the supporting processes behind sanctions screening
- Capture, analyze, and apply the results of the screening to improve your sanctions screening program

Solution overview

Testing completely and with ease



PwC Sanctions Testing

Minimize your risk

With PwC and Microsoft, measure and test your screening effectiveness and efficiency and achieve improvement in your screening performance.

Sanctions Testing:

- Calculates the effectiveness and efficiency of your screening on real sanctioned names
- Reduces your uncertainty by allowing you to test regularly, quickly and with ease
- Identifies the strengths and weaknesses of your screening
- Mitigates cost of compliance and increases risk coverage
- Elevates your screening process understanding and opens the “black-box”



Discover your screening system's performance

Leverage PwC Sanctions Testing to validate system performance and to avoid screening misconfiguration and potential regulatory fines.

Definition

Define and automatically generate your test data according to your needs by selecting records from global sanctions lists, applying derivations from PwC's test catalogue, and picking the test data formats.

Testing

Process the test data and simply upload the results back to the PwC Sanctions Testing tool for automated processing

Reporting

Receive targeted results describing your system's performance. The results provide you with key metrics and allow you to focus on the weaknesses in your screening system and support you in identifying the root causes.



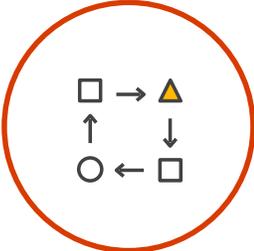
Our approach: Accelerate time to insight

Combine multiple technologies to create a streamlined testing process



1

Define scope and assess environment



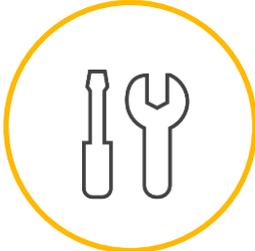
2

Select exact and fuzzy tests to include in your test case



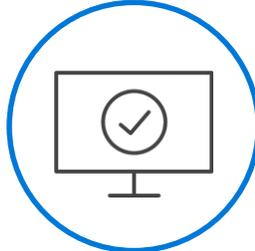
3

Screen the generated test files in your test environment



4

Upload the results of the screening processing



5

Analyze the results and identify the root causes



Choose the best model

Service options



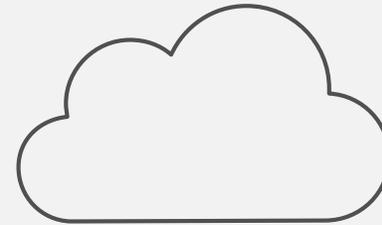
1. PwC Service

PwC delivers a service, it will operate the application and provide the client with reports.



2. PwC Public Azure

PwC will deliver customized SaaS solution in PwC's public Azure environment. The client will conduct the testing.



3. Client Private Azure

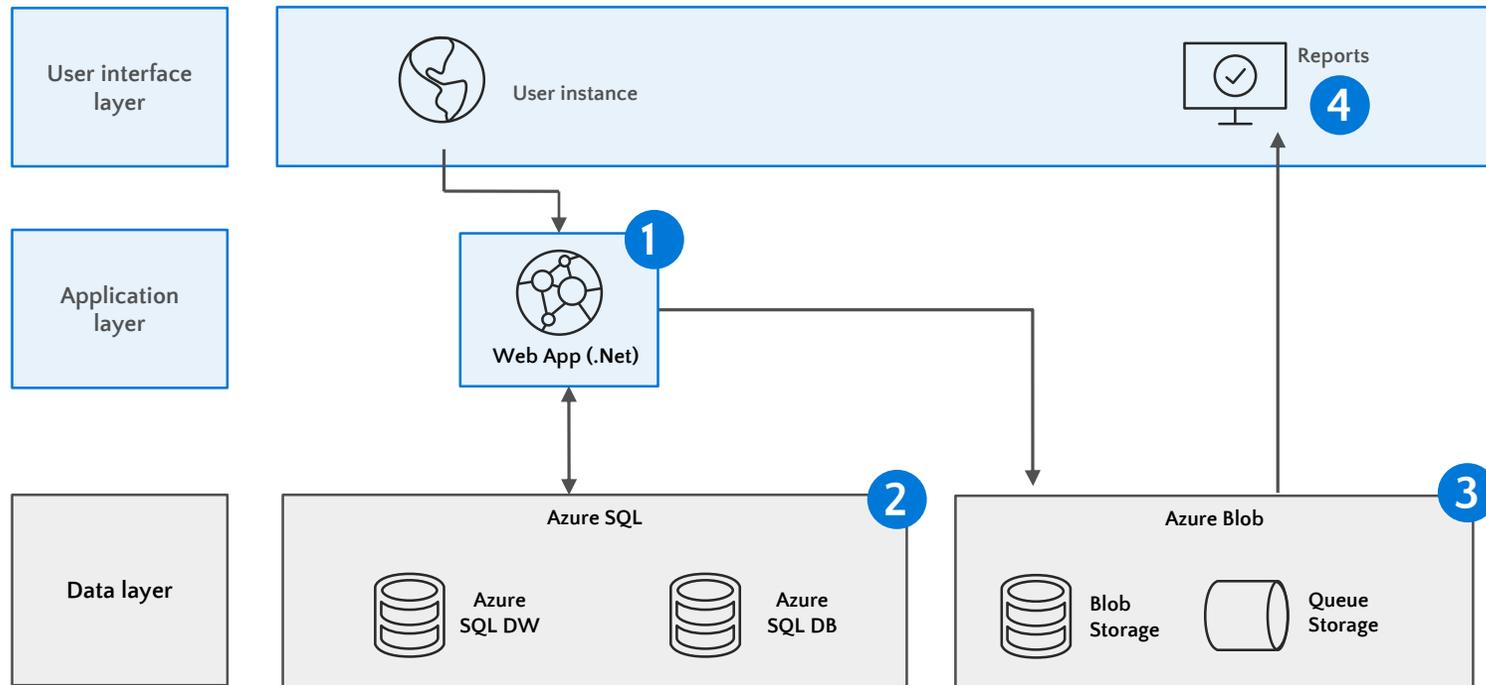
PwC will deliver customized SaaS solution to the Client's Azure environment. The client will conduct the testing.

Technological foundation



Application architecture

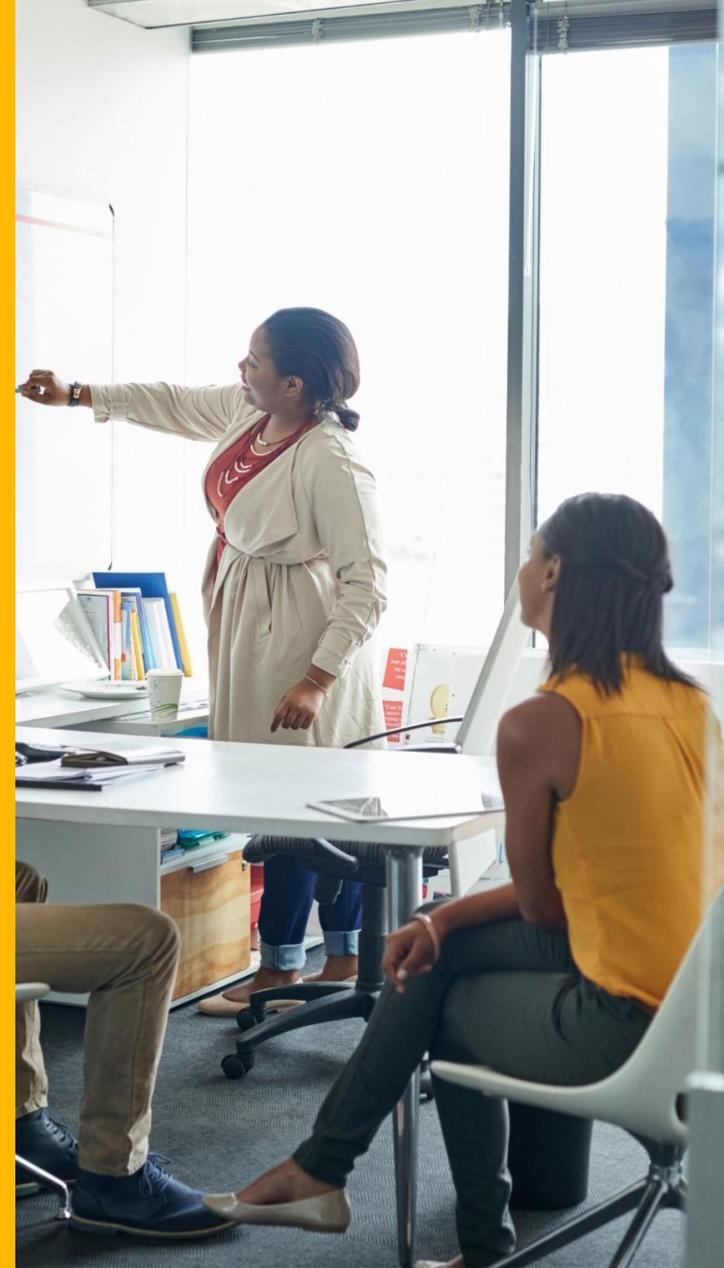
Supported by the Microsoft Azure cloud platform



Powerful, integrated technologies that provide an agile, scalable, and strong platform for high-performance analytics

1. User interface allows users to create, define and browse customized test cases.
2. Azure Data Warehouse manages the data including the latest sanctioned lists which are downloaded using Azure WebJobs.
3. Azure Blob stores all the test and results files.
4. Reports and dashboards provide insights into the analysis and present the testing results.

The PwC-Microsoft Alliance



How we enable true business evolution

As leaders in strategic business transformation and integrated, enabling technology, PwC and Microsoft share the following:

- Vision and commitment to sustainable customer-tailored business evolution
- Longstanding strategic alliance and history of industry-focused, technology-enabled business innovation
- Aligned strategy through execution approach to consulting, design, development, and delivery
- Growing portfolio of joint solutions and offerings to transform, empower, and expand your business



PwC and Microsoft work together to develop and deliver customer-tailored business solutions that drive enterprise transformation and impact.

PwC's approach to strategic execution and business integration identifies the solution most relevant and advantageous to your business. Microsoft's broad stack of agile, interoperable technologies provides a thorough and elastic platform that supports maximum choice and rapid time-to-value.



Learn more

Contact us to learn more about how you can understand your screening system's performance



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Thank you



Case study

Sanctions Testing for a European Bank



Client profile: European bank

Client challenge

The bank did not have a data-driven understanding of the “black-box” sanctions screening system implemented. The bank was not confident about the screening configuration and quality of sanctions lists used. The bank did not know what the strengths and weaknesses of the system were.

Solution

1. The team worked together to define and scope the tests of the screening system.
2. Testing was conducted to understand the screening filter configuration and ability to stop sanctioned names and their derivations.
3. The Sanctions Testing application indicated severe gaps in the risk coverage. The bank was able to decrease the risk by adjusting the screening configuration and underlying processes to mitigate the identified gaps. It also became more confident in regularly optimizing the system and ensuring that it is working as expected.



Results

- PwC and Microsoft provided a tool that combines expertise and technical knowledge to better understand the performance and risk exposure from sanctions screening.
- Regular testing is now in place that provides assurance and understanding about the system’s effectiveness.

Case study

Sanctions Testing for a leading European Insurer

Client profile: Global insurance company

Client challenge

The Client had no insight and understanding about the effectiveness of the two screening systems it was using and consuming as a service from external providers.

Solution

1. The team worked together to define and scope the tests of the screening systems.
2. Testing was conducted to understand the screening filters' configuration and ability to stop sanctioned names and their derivations.
3. Root causes for the severe gaps were identified and adjustments in the screening systems' configuration and list management process were made by the vendors.

Results

- PwC and Microsoft applied sanctions testing on the screening systems.
- As a result, the insurer understands the screening systems' capabilities and, based on the results, the client can work with the screening systems' vendors to close the identified gaps and further tune the screening systems.

Case study

Sanctions Testing for a global Industrial client



Client profile: Global industrial company

Client challenge

Client was seeking assistance with a tender to select a transaction screening system.

Solution

1. The team provided services where, with the help of the application, it tested the abilities of the shortlisted solutions.
2. PwC analyzed the testing results' data and delivered a report with an overview of the differences in the test results between the systems.



Results

- PwC and Microsoft applied sanctions testing on the shortlisted screening systems.
- As a result, the client was able to verify the screening systems' capabilities prior to signing a contract and was able to identify the best-performing screening system for the desired use case.

Case study

Sanctions Testing for a leading African Bank



Client profile: African bank

Client challenge

Central bank in the client's country is performing sanctions screening system tests. The client wanted to be prepared for the testing and wanted to understand its screening system performance.

Solution

1. The team worked together to define and scope the tests of the screening system.
2. Testing was conducted to understand the screening filter configuration and ability to stop sanctioned names and their derivations.
3. The Sanctions Testing application indicated gaps in the risk coverage. The Bank was able to decrease the risk by adjusting the screening configuration and underlying processes to mitigate the identified gaps. It also became more confident and prepared for the controls conducted by the central bank.



Results

- PwC and Microsoft provided a tool that combines the expertise and technical knowledge to better understand the performance and risk exposure from sanctions screening.
- The bank had understanding of the screening system performance and was prepared for the controls.