DIGITAL APPROACH TO ANTI-CORRUPTION COMPLIANCE
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

- Bribery and kickbacks
- Money laundering
- Partners’ and employees’ misconduct

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

Research on compliance function in Russia

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)
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

1. Going paper-free
   - Electronic signatures
     • Conflict of Interests statements
     • Gifts/Invitations notifications
     • Impartiality statements

2. Setting up automatic checks and pre-checks
   - Insider lists/Areas of confidentiality
   - PEP’s lists
   - HR and client databases
   - History of requests

3. Data collection and quantitative analysis
   - Electronic registries
   Statistical analysis for
     • Divisions
     • Employees
     • Activities approved
Employee wants to get an approval for a gift from a client

He/she uses electronic form on intranet site and enters relevant data:
- Name of client and company
- Gift info
- Gift price (if available)

System of automated monitoring checks:
- Is the sum appropriate?
- Who is the employee?
- Is he/she the insider?
- Does he/she belong to:
  • Procurements
  • Credit approval
  • Other sensitive divisions

Is there a history of gifts or CoI statements related to this client or employee?

System provides compliance officer with employee’s statement and additional information

Compliance officer makes recommendations (if needed)

Information is stored in registries for future use and analysis
### Strengths of digital ABC system

- Registries are updated automatically. All edits and changes can be tracked and monitored.
- Quick access to information.
- Automatic pre-check reduces the time required for compliance approval as well as the risk of mistake.
- Data collection enables use of modelling and advanced risks assessment.

### Must be taken into consideration

- Information security
- Access to the data storage
- Personal data use and storage
- Back up and reserve copying
Digitalization of ABC allows for interaction between compliance subfunctions to be enhanced, specifically where automated controls and data are already implemented/available.

- **Standard measures of ABC Control**
  - Chinese walls
  - Insiders lists
  - Capital market dealings
  - Analysis

- **Money laundering prevention**
- **Capital markets compliance**
- **Fraud management**

**CMC&ABC**
- Risk assessment
- Internal investigations
- Due diligence

**FM&ABC**
- KYC
- PEP identification
- Transaction monitoring
- Behavioral analysis
- Product analysis
FUTURE CHALLENGES

Recommendation system for CoI 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