



KEY SUPERVISORY FINDINGS ON TRANSACTION MONITORING

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Legal Obligation for Transaction Monitoring

- Regulation 7(2)(a) of the PMLFTR: The ongoing monitoring of a business relationship shall consist in the scrutiny of transactions undertaken throughout the course of the relationship to ensure that the transactions being undertaken are consistent with the subject person's knowledge of the customer and of his business and risk profile, including, where necessary, the source of funds.
- Section 4.5.2 of the Implementing Procedures Part I



Key Supervisory Findings in relation to Transaction Monitoring

- ➔ Failure to update the Profile of the Customer
- ➔ Limitations in the Transaction Monitoring Rules
- ➔ Discounting of Alerts

Findings on the Profile of the Customer





Case study 1:

Information on the expected value and frequency of transactions was not in line with the actual transactions processed during the course of the business relationship

Corporate Customer:
Onboarded in 2008



Profile of the customer at time of onboarding:

- Operating in the shipping industry
- Annual anticipated value of transactions
€5million

During the examination it was noted:

- 2017 – **€28million**
- 2018 – **€250million**
- 2019 – **€230million**

Findings on Transaction Monitoring Rules





Case Study 2:

Embedding rules that are of a one-size-fits-all nature



Rules which only trigger alerts on the basis of invariable and static parameters for all types of customers, such as same rules and thresholds in relation to:

- Frequency of transactions
- Value of transactions
- Amount of cash withdrawals/deposits



Case Study 3:

Embedding rules that have wide thresholds

Customer A



The customer affected a number of high value transactions ranging from:

- €300,000 to €1,000,000
- Within 14 days

The Rule:

- €5,000,000
- 14-day aggregate amount

Findings on Discounting of Alerts



Discounting of Alerts

- ➔ Risk sensitive basis
- ➔ Sufficient to help the SP understand the rationale of the transaction
- ➔ The information/documentation should corroborate with the transactional data