

Oracle® Financial Services
Know Your Customer
Risk Assessment Guide

Release 8.0.7
April 2019



Oracle® Financial Services Know Your Customer Risk Assessment Guide

Release 8.0.7

April 2019

Part Number: F17839-01

Oracle Financial Services Software, Inc.
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Reston, VA 20190

Part Number: F17839-01
Second Edition (April 2019)

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Revision History

The following table describes the revision history of the Risk Assessment Guide.

Date	Edition	Description
December 2020	Second edition of 8.0.7	<ul style="list-style-type: none"> Updated the screens in the <i>Assessments Page</i> section.
April 2019	8.0.7.0.3	<ul style="list-style-type: none"> Updated <i>Chapter 5, Managing KYC Onboarding Assessments</i>. Added content for Questionnaire in <i>Chapter 1, Know Your Customer Process</i>.
March 2019	Second edition of 8.0.7	<ul style="list-style-type: none"> Updated Chapter 1, Chapter 4 and Chapter 5. Rewritten Chapter 2.
Feb 2019	8.0.7.0.1	<ul style="list-style-type: none"> Updated Assessment Summary screen in <i>Chapter 5, Managing KYC Onboarding Assessments</i>. Updated the score details tab fields in <i>Chapter 5, Managing KYC Onboarding Assessments</i>. Updated the Thresholds for Risk Category section in <i>Chapter 5, Managing KYC Onboarding Assessments</i>.
Dec 2018	First edition of 8.0.7	<ul style="list-style-type: none"> Changed the name of Chapter 1 from <i>KYC Risk Assessments</i> to <i>Know Your Customer Process</i> and updated the chapter contents. Changed the name of Chapter 4 from <i>Managing KYC Assessments</i> to <i>Managing KYC Batch Assessments</i> and updated the chapter contents. Removed the <i>Geo Risk - Country of Primary Citizenship</i> and <i>Geo Risk - Countries of Operations Rule-based Assessment Model Parameters</i> in <i>Appendix A, Parameters</i>.

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About This Guide

This guide provides information related to risk assessments being performed on a customer to adhere to the norms of Oracle Financial Services Know Your Customer (KYC). It also covers different risk models with the parameters considered for assessing the risk a customer poses to a financial institution. This chapter focuses on the following topics:

- [Who Should Use this Guide](#)
- [How this Guide is Organized](#)
- [Where to Find More Information](#)
- [Conventions Used in this Guide](#)

Who Should Use this Guide

The *Know Your Customer Risk Assessment Guide* is designed for a variety of Oracle Financial Services KYC users. Their roles and responsibilities, as they operate within the Oracle Financial Services KYC application, include the following:

- **Business Analyst:** A user in this role analyses and disposes the risk assessments. This user understands how risk assessments are calculated and which risk score attributes contribute to the risk score. This user can also manually promote the risk assessments to a case and review the KYC Cases if KYC is integrated with Enterprise Case Management. A Business Analyst guides the Administrator to fine tune the parameters required for risk assessments.
- **KYC Administrator:** This user is a manager for data center activities and application administration activities in a financial institution. This user has access to configuration functionalities, and is responsible for configuring the required details for KYC process to execute. This user also has in-depth knowledge of all modules of KYC to perform the necessary administration and maintenance.

How this Guide is Organized

The *Oracle Financial Services Know Your Customer Risk Assessment Guide* includes the following chapters:

- [Chapter 1, Know Your Customer Process](#), provides a brief overview of the KYC risk assessments.
- [Chapter 2, Risk Scoring Model](#), details different risk models of KYC.
- [Chapter 3, Risk Assessment Parameters](#), provides different parameters of the risk assessment model.
- [Chapter 4, Managing KYC Batch Assessments](#), provides information on the risk assessments being worked on.
- [Chapter 5, Managing KYC Onboarding Assessments](#), provides complete details of all risk assessments.
- [Appendix A, Parameters](#), describes the various parameters specific to model and customer types.
- [Appendix B, Examples of Derivation of Risk Score](#), describes examples of how a risk score is derived for each of the risk assessment models for different customer type.

Where to Find More Information

For more information about Oracle Financial Services KYC, see the following documents:

- *Know Your Customer Administration Guide*: This guide provides comprehensive instructions for proper system administration, and the daily operations and maintenance of the KYC system. It also provides the details of how to configure the risk scores, weights and rule values using the User Interface.
- *Data Interface Specification (DIS) Guide*: This guide identifies the super-set of data that Oracle Financial Services client supplies for data ingestion.
- *Data Model Reference (DMR) Guide*: This guide explains to Business Analysts, Information Technology (IT) Support Staff, Oracle Financial Services Professional Services and Development Teams, and other users of the Oracle client who use the system for customer risk analysis.
- *Service Guide*: This guide provides information on the Onboarding service which is in accordance with the Onboarding regulations of KYC.
- *API Data Elements Guide*: This guide provides information on the API elements used in the Onboarding service of KYC.
- *Utilities Guide*: This guide provides information on the utilities used in the Onboarding service of KYC.
- *Enterprise Case Management User Guide*: This guide explains to business users how to access a risk assessment promoted to a case and disposition the case.

These documents can be found at the following link:

http://docs.oracle.com/cd/E60570_01/homepage.htm

To find additional information about how Oracle Financial Services solves real business problems, see our website at www.oracle.com/financialservices.

Conventions Used in this Guide

Table 1 lists the conventions used in this guide.

Table 1. Conventions Used in this Guide

Convention	Meaning
<i>Italics</i>	<ul style="list-style-type: none">● Names of books, chapters, and sections as references● Emphasis
Bold	<ul style="list-style-type: none">● Object of an action (menu names, field names, options, button names) in a step-by-step procedure● Commands typed at a prompt● User input

Table 1. Conventions Used in this Guide (Continued)

Convention	Meaning
Monospace	<ul style="list-style-type: none">● Directories and subdirectories● File names and extensions● Process names● Code sample, including keywords and variables within text and as separate paragraphs, and user-defined program elements within text
<Variable>	Substitute input value

Oracle Financial Services Know Your Customer (OFS KYC) assesses the risk associated with a customer by considering different attributes of the customer. The workflow of KYC enables Financial Institutions (FI) to perform Due Diligence, Enhanced Due Diligence, and continuous monitoring of customers. The attributes differ based on the customer type.

This chapter discusses the various processes involved in the review of an existing customer and a prospective customer during Onboarding. It includes the following topics:

- [Review of Existing KYC Customers](#)
- [Review of Prospective KYC Customers](#)

Review of Existing KYC Customers

- [Definition of Customers/Interested Parties](#)
- [KYC Reviews - Life Cycle of a Customer](#)

Definition of Customers/Interested Parties

KYC considers the following types of customers for the risk scoring and due diligence processes:

- **Primary Customer:** The customer on whom the risk assessment is being carried out.
- **Interested Parties:** KYC classifies the following types of interested parties, the level of interested parties to be considered are configurable. For more details, see .
 - **Customer to Customer Relationship:** Customer who has relationship with the primary customer through friends, colleagues, or relatives. This relationship is not required to have a controlling role on the account held by the primary customer.
 - **Customer to Account Relationship:** Customer who has a controlling role of the account held by the primary customer.
 - **Beneficial Owners:** FINCEN has made it mandatory to capture, validate and monitor the ultimate beneficiary of an entity. To meet this requirement, the Oracle FCCM data model has been extended to capture the information of the beneficial owners for both customer and non-customers of the institution and process the data for risk scoring and display this information in the UI. This model also helps to capture the secondary business units between the parent and the beneficial owner, if any.

The KYC system captures the beneficial owners who are non-customers, that is, external parties. Some of the data elements of beneficial owners are captured according to regulations for non-customers as shown below:

- Customer Name
- Date of Birth of the Customer
- Address of the Customer

- Identity Details of the Customer

For the entire list of data elements, see the party to party relationship table in *Financial Services Data Model Reference Guide, Volume 1: Business Data*.

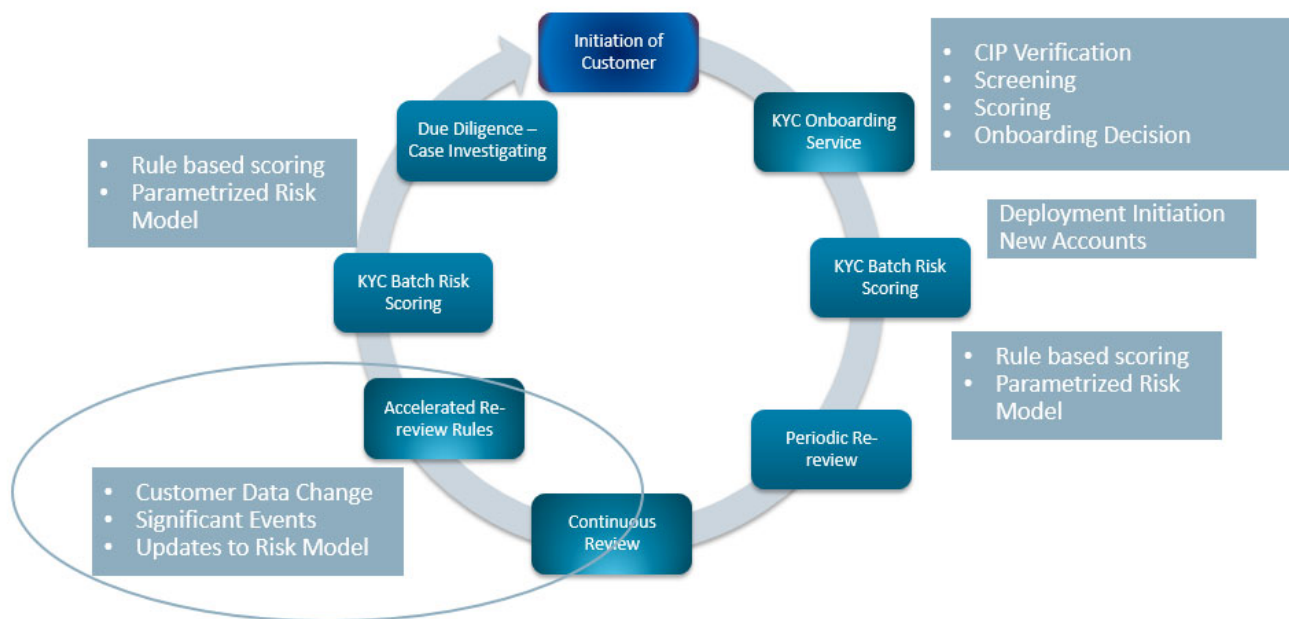
Note:

- All categories of interested parties listed above are considered for watchlist risk factors and the maximum of the scores is considered as one of the risk factor of the primary customer for whom risk scoring is being done. The relationship of these can be viewed on the UI in the interested party section.
- Watchlist is considered using fuzzy name matching or OFS Customer Screening, depending on which is selected for an installation.

KYC Reviews - Life Cycle of a Customer

Know Your Customer assesses the risk that a customer poses to a bank or FI. KYC is a continuous process of assessment and not a one time assessment of a customer. Customers are assessed in different stages of their relationship with the bank or FI.

The following figure depicts the KYC process during the life cycle of the customer. The system has different stages, such as Onboarding, risk assessment, and risk scoring. These stages are explained below:



As a part of the customer life cycle, OFS KYC reviews the customer in the following ways:

- [Deployment Initiation](#)
- [New Accounts End of Day Review](#)
- [Continous Review of Customers](#)
- [Deriving at the KYC Risk Score](#)
- [Enhanced Due Diligence](#)

Deployment Initiation

The Deployment Initiation workflow is executed for existing customers of a bank or FI after KYC is installed.

This workflow ensures that all existing customers are being risk assessed and available in the KYC system for further monitoring. Every customer of the bank has to be risk scored during this work flow so that the customer is regularly assessed in the KYC system.

Note: It is recommended that you execute this work flow only once after the installation of KYC. Once the customers are in KYC system, the customers are reviewed based on the continuous review process.

New Accounts End of Day Review

This workflow is also called as default review. This workflow is executed when a new account is opened by a customer. New customers associated with a new account or an existing customer associated with a new account is considered for risk assessments. This signals the end of processing which looks at the data being sent to the system through a DIS file or OFS Data Foundation (OFSDF). This workflow assesses the customers associated with an account opening date based on the value provided in Regular Processing parameter in the jurisdiction-specific Application Parameters table.

KYC risk assessment determines which accounts are assessed by comparing the risk processing date (date on which risk assessment is being processed) with the value provided for Account Range for Regular Processing parameter which is defined in the jurisdiction-specific Application Parameters table. This is applicable only for Account Onboarding.

- Risk Processing Date = 24th of April
- Account Range for Regular Processing = 7

Those accounts whose Account Open Date is 7 days less than the processing date, are processed for Risk Assessment. This means, any account which is opened between 17th (24-7=17) to 24th of April shall be considered for risk assessment.

Continuous Review of Customers

KYC is a continuous process of monitoring the customer. The following workflows ensure continuous monitoring of customers and their behavior.

- [Periodic Rereview](#)
- [Accelerated Rereview](#)

Periodic Rereview

Based on the customer's risk score, the KYC system determines the next review date. If the customer poses high risk to the bank or FI, then the customer will be reviewed more often compared to medium or low risk customers. The rereview period is defined in the Risk Category table based on the ranges of the score.

The system calculates the next rereview date after the closure of the risk assessments, both closed by system and closed after user review. The rereview date is then available in the Customer Review Detail table which is the repository of Customers.

Accelerated Rereview

The Accelerated Rereview workflow considers the following data process for automatic reassessment of the customer irrespective of their periodic rereview date. This workflow looks for the following triggers:

1. Any changes in the customer risk attributes or factors which are tracked through change logs. By default, all the change logs which are related to risk factors are already a part of the ready-to-use product. To know how to add more change logs, see *Administrator Guide*.

Note: All the change logs for the ready-to-use risk factors and their rules for automatic triggers are available in the KYC system. You can also add new risk factors or parameters and configure the risk assessment to happen for the new risk factors as well. For information on adding new risk parameters, see *Know Your Customer Administrator Guide*.

2. Change in behavior of the customer or account if you have Oracle AML system installed together with KYC.
3. Change in the Risk Scores of a risk parameter or rule value through the Parameter Risk Score Jurisdiction user interface. Due to external factors or regulatory changes, the risk scores sometimes need to be revised. This effectively means that all customers who are associated with those values must be reassessed. You can modify the risk scores on the UI and the system will process such changes for reassessment. You can also set a flag for reassessment on the respective Risk Model Configuration User Interface. For more information, see *Know Your Customer Administrator Guide*.
4. Adding a new rule for Rule-Based Assessments. This helps to monitor the customers who have been affected by changes in external factors, regulatory changes, or new amendments. You can also set a flag for reassessment on the respective Risk Model Configuration User Interface. For information on adding new rules and setting a flag for reassessment, see *Know Your Customer Administrator Guide*.
5. Adding a new rule value for an existing rule. This helps to monitor specific values of a risk factor. You can add the new rule value for an existing rule through the UI and the system will re-assess all the customers to the newly added rule value. For more information, see *Know Your Customer Administrator Guide*.

All of the above automatic triggers are configurable and extensible depending on the requirement of the bank or financial institution. The ready-to-use KYC system comes with all these functionalities.

For the details of different rules and its associated configurable parameters, see *Accelerated Rereview Rules* section of *Appendix A, Parameters*.

Deriving at the KYC Risk Score

A customer is risk scored by considering different risk factors as listed in *Parameters*. The risk score is a combination of all factors and provides a complete customer risk profile view. The customer is scored using both the Rule-Based and Algorithm-Based models. The Algorithm-Based risk assessments give a complete profile of the customer and helps the investigator understand the other risk factors better. If the customer meets the rule, then it indicates that the customer must be monitored more closely as they have met the rule values which are defined by the institution for closer review. The maximum score of the Rule-Based or Algorithm-Based model is taken to be the risk score of the customer.

For every customer identified and risk scored, a risk assessment is created. If a customer is risk scored using both the Rule-Based and Algorithm-Based models, then the customer will have one risk assessment with both the scores available. The Risk assessments after creation is further analyzed to check which is to be promoted to case and closed by the system.

After the risk assessment is performed for a customer the system verifies if the risk assessment is to be closed by system or promoted to case based on the range of the KYC risk score.

The Risk Category table captures the value for the User Review flag for different ranges of scores. If the User Review flag is Y then the system does not close the risk assessment but promotes it to a case for further investigation. If the User Review flag is N, then the risk assessment is closed by the system. For information on how to provide values on the Risk Category, see *Know Your Customer Administrator Guide*.

There are exceptions to a process of risk assessment being Closed By System. Even when the ranges defined in the Risk Category table have the User Review flag set to N, KYC promotes the risk assessments to a case in the following situations:

- **Watch List Scores for Promotion** - If the primary customer or interested parties' watch list score is greater than or equal to the score defined in Watch List Score parameter in jurisdiction-specific application parameter table.
- **Risk Tolerance** - If the difference between the calculated Customer Effective Risk score and the prior risk score is above the value provided in Risk Tolerance parameter in jurisdiction-specific Application Parameter table, the assessment is promoted to case even if it falls under the range of Closed by System.

Enhanced Due Diligence

KYC identifies all risk assessments which need further investigation as events, and such risk assessments are considered as KYC events and the events are promoted to a case. The decision of which risk assessments must be moved are based on the conditions mentioned above. The KYC system provides the below information to ECM for those KYC risk assessments which are investigated as a case in OFS ECM.:

- Basic details of the Risk Assessment details
- Details of the risk score along with the risk parameters and its actual value
- Accelerated rereview rules met by the customer
- Rules met by the Rule-Based Assessment model
- Internal and external relationships of the customer calculated or derived by the system

During case closure, the ECM system provides information about the user who closed the case, the date of closure, and the final risk score as of the case closure date to the KYC system.

Based on this information, the KYC system calculates the next review date and used for feedback to the core banking system and the AML system.

After the case investigation is completed by the investigator, the ECM system calls a rest-based service of KYC which captures the below data elements in the KYC system:

- User who closed the case
- Date of Closure
- Final Risk Score of the customer during case closure (this would be the system score if there was no override performed. If there is override performed then it would be the overridden risk score)
- Risk Score Expiration Date: This is the expiration date of how long the overridden risk score can be considered for a customer. KYC system captures this information. How this value is to be considered is to be configured by the clients based on their requirements.
- Next Re-Review Date: This is a manual overridden re-review date provided by the system and is considered only for periodic next review and not applicable for accelerated review. This date is given priority over the system calculated review date.

For more information, see the following documents:

- [Enterprise Case Management User Guide](#)
- [Enterprise Case Management Administrator Guide](#)
- [Configuration Guide](#)

Review of Prospective KYC Customers

This section describes the following:

- [Definition of Prospective/Interested Parties](#)
- [KYC Review During Onboarding](#)
- [OFS Questionnaire in context of OFS KYC](#)
- [Due Diligence and Enhanced Due Diligence](#)

Definition of Prospective/Interested Parties

OFS KYC understands a prospect as an entity/individual who wants to start a relationship with the financial institution by becoming a customer.

Related parties are those individuals/entities who are related to the prospect by the relationship definition as provided by them or by external data sources.

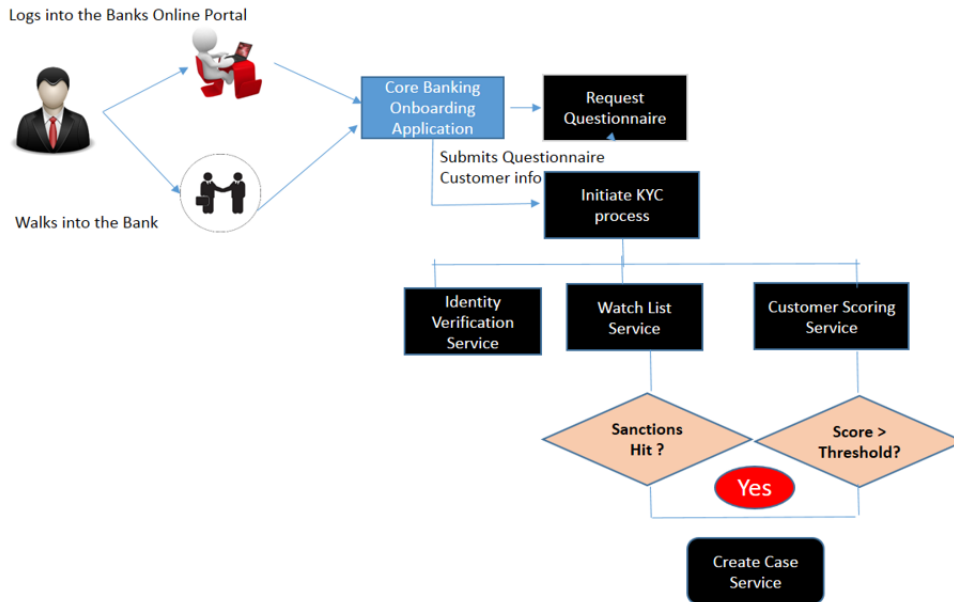
OFS KYC expects this data in a predefined format which is defined in the [Know Your Customer Service Guide](#) and [Know Your Customer API Data Elements Guide](#).

KYC Review During Onboarding

OFS KYC on boarding service caters to all the needs of KYC regulations. It performs CIP, Screening, Scoring and Decision for on board as well. For more information, see [Know Your Customer Service Guide](#).

The questionnaire which is considered as a way for gathering additional information is also available. All of these helps in deriving the decision for Onboarding the prospect. The CIP and watch list screening is performed for the prospect and for all related parties. Without completing the CIP and performing watch list screening of the prospect and related parties, the prospect cannot be on boarded. OFS KYC comes pre-packaged with Auto High Rules (Rule based) and Weighted Risk Factors (Algorithm based) for scoring the prospect.

The figure below shows the flow for a prospective customer:



OFS Questionnaire in context of OFS KYC

This section briefly provides details of how the questionnaire must be used by banks or financial institutions to aid in KYC reviews and help with KYC onboarding.

This section describes the following:

- [Purpose of the OFS Questionnaire in the KYC Onboarding Process](#)
- [Implementing OFS questionnaire in the KYC Onboarding Process](#)
- [Usage of the Questionnaire Answers in the KYC Onboarding Process](#)

Purpose of the OFS Questionnaire in the KYC Onboarding Process

The intention of the questionnaire module is to gather extraneous data points of prospects or customers which are specific to a certain set of conditions and are not expected to be answered by all prospects or customers. The questionnaire gathers answers which are required from for the compliance team to analyze and decide whether the prospect is onboarded or not.

Note: The questionnaire is not designed to replicate the application form of the onboarding system. The application form and all data related to the prospect is available in the onboarding system. The Onboarding system has to provide the appropriate information in the pre-defined format to the KYC system to process the onboarding request which then enables the KYC system to recommend whether the prospect can be onboarded or not.

Implementing OFS questionnaire in the KYC Onboarding Process

The questionnaire module is an independent service which is available for consumption as a rest-based service. The user interface has been provided for questionnaire configurations and definitions. The onboarding system can request for a questionnaire based on the conditions defined through rest calls. The output of the request is a JSON, which holds the questionnaire in a pre-defined format. The onboarding system has to understand the JSON

structure and capture the corresponding answers in the UI. It needs to send back the answers through rest calls in the defined format.

If the questionnaire needs to be answered by the relationship manager, that is, the employee of the bank, then it can use the OFS questionnaire respondent screen. This is useful as this enables the UI to display and capture the answers. This feature can only be used only if the respondent has a OFSAA User id being created.

Depending on type of respondent (internal employee/prospect) and where the questionnaire has to be invoked, one of the above options can be selected.

Usage of the Questionnaire Answers in the KYC Onboarding Process

As a part of the OFS KYC onboarding service, the API used has placeholders to capture the questionnaire request ID for an application which was invoked during data gathering as a part of their application process. OFS KYC then uses the questionnaire request ID to retrieve the questions and corresponding answers. The KYC onboarding service and the questionnaire module are integrated with each other.

Currently, KYC uses information from the questionnaire to display them for investigation purposes. This is shown on the KYC onboarding risk assessment and the KYC onboarding case screens.

Due Diligence and Enhanced Due Diligence

Even for prospects the due diligence and EDD has to be performed. Real time Risk assessments are created for every request being sent by the on boarding system. Depending on the requirement of case creation for prospect the case is created real time and made available for users to investigate and then take the decision if they can be on boarded or not. OFS KYC on boarding service caters to all the needs of KYC regulations. It performs CIP, Screening, Scoring and Decision for on board as well. For more information, see [Know Your Customer Service Guide](#).

As a part of regulations, every customer of the bank has to be reviewed by looking at the profile of the customer and risk score the customer to determine the risk the customer poses to the bank and to determine if the bank can do business with the customer. In addition to risk scoring the customer, bank regulations also require that the bank's prospective customers are risk scored during Onboarding.

The Oracle Financial Services Know Your Customer (OFS KYC) application comes with pre-build risk models to help banks meet the requirements of regulations. Globally accepted risk factors are made available in the pre-build models. Additionally, banks can add additional risk factors as a configuration activity.

The risk model and parameters are derived from the following regulatory guidelines adopted around the world:

- International Money Laundering Abatement and Anti-Terrorist Financing Act
- USA PATRIOT Act
- UK Proceeds of Crime Act 2002
- JMLSG Guidance
- Third European Money Laundering Directive

This chapter discusses the following topics:

- [Pre-build Risk Models](#)
- [Risk Scoring Process](#)

Pre-build Risk Models

The following risk models are applicable for KYC:

Algorithm-Based Assessment Model

The Algorithm-based assessment model calculates the risk scores of customers based on the customer attributes. The attributes considered for risk scoring are different for each customer type. Each Attribute is classified as a risk parameter, and each risk parameter is associated with a weight.

The risk score for each parameter is derived using the risk score of the parameter value and the weight of that parameter. The Algorithm-Based KYC risk score is derived by summing up all the individually weighted risk scores. For more information, see [Parameters](#).

Rule-Based Assessment Model

The Rule-based assessment model calculates a KYC risk score based on rules which can be configured by the client. This model is executed only if it is chosen by the bank or FI for an installation. When a customer is matched to multiple rules, the system considers the maximum score of the matched rules.

Risk Scoring Process

The Risk Scoring Process considers the following processes to derive the risk score of a customer as a part of everyday batch processing. Each of these are explained in the following sections.

- [Identification of Customers](#)
- [Identification of Interested Parties and Beneficial Owners](#)
- [Calculation of Rule Based KYC Risk Score](#)
- [Calculation of Algorithm Based KYC Risk Score](#)

Identification of Customers

KYC continuously identifies customers due for KYC risk scoring and verification. KYC identifies the customers using pre-filtering assessments which includes the following:

- **Account Opening Module:** New accounts opened by new customers or new accounts by existing customers.
- **Periodic Review:** Customers who are due for review as a part of continuous process of review.
- **Accelerated Review:** Customers who are to be rereviewed due to change in their information or change in behavior, or re-assessing all customers due to change in risk score of parameter or rule value or addition of a new rule or rule value.

Note: For Deployment initiation the data filters can be added during batch execution depending on the requirements of segmenting the data.

Identification of Interested Parties and Beneficial Owners

After the identification of customers, KYC proceeds with identification of interested parties for each of the customers identified in the above process. Interested Parties can be Customer to Account or Customer to Customer relationships or beneficial owners. Refer to the section Definition of Customers/Interested Parties for the definition of interested parties.

Calculation of Rule Based KYC Risk Score

All customers who are identified as part of the identification of customer process are processed through the Rule Based Model. A customer would get a risk score for this model only if the customer meets one or more rules.

Calculation of Algorithm Based KYC Risk Score

After the customers are identified through the pre-filtering assessments and its interested parties, the system proceeds with calculating the risk score of the customer. The following factors are considered for risk scoring:

- [Customer Attributes](#)
- [Customer Geography Attributes](#)
- [Customer Account Attributes](#)

- [Watch List Scan](#)

Note: All customers who are processed through the Rule-Based Model are also considered for the Algorithm-Based Risk Model to get the risk score on the customer attributes. The KYC risk score of the customer is the maximum of the Rule-Based and Algorithm-Based models.

Customer Attributes

These are the basic attributes of the customers which are considered as risk factors such as Occupation, Source of Wealth, Date of Incorporation and so on.

Customer Geography Attributes

These are the attributes which are related to the geography of the customers such as all risk factors associated with Country (Country of Residence, Country of Citizenship, Country of Taxation and so on).

Customer Account Attributes

These are the account attributes which affect the risk score of the customers such as method of account opening and account type.

Note: The above attributes differ based on the customer type. For information on the risk parameters and their definitions, see [Appendix A, "Parameters,"](#).

Watch List Scan

During risk assessments, customers are processed to have a check against a list of closely monitored individuals and entities through Watch List scan. This is done to identify the customers whose names have already been put up on the Watch List. This is performed for the primary and the interested parties of the customer.

Currently the system provides an option of using either the internal watch list or Oracle Financial Services Customer Screening (OFS CS) to perform the screening of customers and external parties. Depending on the licenses for OFS CS, either one of them can be enabled or disabled. To know how to enable or disable the web services, see [Know Your Customer Administrator Guide](#).

This chapter provides the details of each of the risk parameters or rule with examples about how the risk score is derived at a parameter or rule level.

Risk Assessment Parameters or Rules

The following table defines the risk assessment parameters or rules and provides details irrespective of the customer type and the risk model type.

Table 2. Parameter/Rule

Parameter/Rule	Details	Calculation
Geography Risk - Country of Primary Citizenship	Risk associated with the country of citizenship of a customer. The system considers the primary citizenship from the customer table.	If a customer's primary citizenship country is <i>Romania</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Geography Risk - Country of Secondary Citizenship	Risk associated with the country of citizenship of a customer. The system considers the secondary citizenship from the customer table.	If a customer's secondary citizenship country is <i>Romania</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Geography Risk - Country of Residence	Risk associated with the country of residence of a customer. The system looks for the country of residence from the Customer table.	If a customer's country of residence is <i>Australia</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Geography Risk - Country of Taxation	Risk associated with a country where the customer pays tax. The system considers the country of taxation from the Customer table.	If a customer's country of taxation is <i>UK</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Source of Wealth	Risk associated with the source of wealth defined by the customer. The system considers the wealth source from the Customer table.	If a customer's source of wealth is <i>Gambling</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.

Table 2. Parameter/Rule

Parameter/Rule	Details	Calculation
Occupation	Risk associated with the occupation a customer performs. The system looks for the Occupation from the Customer table.	If a customer's occupation is <i>Financial Services</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Length of Relationship Risk	Risk associated with the length of relationship a customer has with the bank or FI. The system calculates the length of relationship by comparing the customer's Add Date from the Customer table with the risk Processing Date.	There are different ranges for defining the length of relationship. The minimum and maximum range are configurable. For example: <ul style="list-style-type: none"> ● Less than 12 months ● 13 to 36 months ● More than 37 months The system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Watch List Risk	Risk associated with the customers being listed in the watch list maintained by the bank. The score assigned would be based on the list where the customer is matched.	If customer is on a trust or exempt list (that is, list with a risk <0), Watch List Risk --> 0 If not, (highest risk of the matched list x 10)
Watch List Risk for Interested Parties	Risk associated with the interested parties and beneficial owners of a primary customer available in the list maintained by the bank for watch list. If there are multiple interested parties and beneficial owners, the maximum score is considered as the risk score.	If customer is on a trust or exempt list (that is, list with a risk <0), Watch List Risk --> 0 If not, (highest risk of the matched list x 10)
Geography Risk - Countries of Operations	Risk associated with the country where the customer's business is being operated. The system considers Country of Operations from the Customer Country table. If there are multiple values for country of operations, then the KYC system considers the maximum score of all the values.	If a customer 's Country of Operation is Europe, the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Geography Risk - Country of Headquarters	Risk associated with a country where the headquarters of the customer is located. The system considers Country of Headquarters from the Customer's Address table where the address purpose is defined as Business.	If a customer 's Country of Headquarters is Albania, the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.

Table 2. Parameter/Rule

Parameter/Rule	Details	Calculation
Industry Risk	Risk associated with the Industry where the customer is employed. The system considers Industry from the Customer's table.	If a customer's Industry is banking, the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Legal Structure & Ownership Risk	Risk associated with the legal structure of a customer based on whether it is publicly or privately held. The system initially determines if the customer is publicly or privately held, and then looks for legal structure from the Customer table.	If a customer is publicly held and the legal structure ownership is <i>Trust</i> , the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Corporation Age Risk	Risk associated with the age of the corporation in the industry. The system calculates the length of relationship by comparing the Date of Incorporate from Customer table with the risk processing date.	There are different ranges for defining the length of relationship. The minimum and maximum range are configurable. For example: <ul style="list-style-type: none"> ● Less than 12 months ● 13 to 36 months ● More than 37 months The system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Risk Associated with the Markets Served	Risk associated with different markets served as stated by the customer for its operations. The system considers the maximum score of all the Markets Served from the Customer to Market Served table.	If a customer has investment banking and retail banking as Markets Served, the system considers the Jurisdiction Market Served table. If there are multiple values, then system picks the maximum score associated to this value.
Risk Associated to Public Company	Risk associated with type of the company, public or private. The system considers whether the customer is publicly or privately held from the Customer table.	If a customer is privately held, the system looks for the Risk Score of value associated with this parameter from the Parameter Risk Score Jurisdiction table. The scores are picked for a risk parameter as per customer jurisdiction.
Risk Associated with the Products Offered	Risk associated to the different products served as stated by the customer. The system considers the Products Offered from the Customer to Products Offered table. It would even consider the effective and expiry date and compare with the risk processing date. If the expiry date is not provided the system considers for risk assessment.	If a customer has loans and credit cards as Products Offered, the system considers the Jurisdiction Products Offered Served table. If there are multiple values, then system picks the maximum score associated to this value.

Table 2. Parameter/Rule

Parameter/Rule	Details	Calculation
Risk associated with Method of Account Opening	Risk associated with different method of account opening. For example, Online, Walk in, Phone.	If a Customer A opens an account A 1, he also has 3 other accounts, A2, A3, A4. During processing KYC checks for all the four accounts values for the Method of Account Opening and assigns the maximum score derived from the map tables for each of the value for these accounts.
Risk associated with Account Type	Risk Associated with the account type which is associated with the account being opened. Based on the different products or services associated to an account, account type can be defined. For example, Account Type – Savings1, Products or Services – a, b, c Account Type – Savings2, Products or Services – a, d, x	If a Customer A opens an account A 1, he also has three other accounts, A2, A3, A4. During processing KYC checks for all the four accounts values for the Account Type parameters and assigns the maximum score derived from the map tables for each of the value for these accounts.
IDV Default Score	Risk Associated with the identity verification output of the primary prospect and all related parties/interested parties. It considers the maximum value of all of the parties. This is applicable only during Onboarding and available in the ready-to-use product.	If there are 3 parties, one being primary prospect and other two related. System looks for all the value from the IDV results and derive the score. If the IDV is not verified/not matched then the score will be assigned as defined in the IDV score expression in the scoring engine (IPE).

The KYC Assessments user interface enables you to view all the risk assessments being worked on. For every customer who is being risk scored, a corresponding risk assessment is created, and this can be viewed from the user interface. From here, the KYC investigator user can view the risk scores, the customer details, and manually promote the risk assessments to cases.

KYC Assessments page contains the following areas of information:

- [KYC Assessment Page Components](#)
- [Searching for KYC Assessments](#)
- [Manual Promotion of KYC Risk Assessments to Cases](#)
- [Investigation of KYC Cases](#)

KYC Assessment Page Components

The KYC Assessment page contains the following components:

- [KYC Assessment Search Bar](#)
- [KYC Assessments List Matrix](#)

KYC Assessment Search Bar

The KYC Assessment search bar enables you to filter the list of risk assessments that you want to view and analyze on the KYC Assessment List matrix.

KYC Assessment Information

Table 3 provides a list of the KYC assessment search components that display in the KYC Assessment Search section.

Table 3. Components of KYC Assessment Search Bar

Field	Description
Created From	Filters the KYC assessment list by the From date the assessment was created. Note: By default, Created From date is automatically populated with current date minus 7 calendar days. This field is a mandatory field when you have not selected any of the other filters.
Created To	Filters the KYC assessment list by the To date the assessment was created. Note: By default, Created To date automatically populates the current date. This field is a mandatory field when you have not selected any of the other filters.

Table 3. Components of KYC Assessment Search Bar

Field	Description
Customer	<p>The Customer field enables you to choose between the two mutually exclusive options in the search bar. You can choose to retrieve search results related either to a customer Name or customer ID.</p> <p>This field allows the use of wildcards when searching.</p> <p>Note: By default, the ID radio button is selected.</p>
Risk Score	Filters the KYC assessment list by the Risk score. This field retrieves risk assessment with scores greater than equal to, equal to, or less than equal to, to the score you enter in this text box
Customer Type	Filters the risk assessment list by the customer type.
Jurisdiction	Filters the KYC assessment list by the jurisdiction. The list of jurisdictions in the drop-down options is based on your access permission.
Risk Assessment Status	Filters the KYC assessment list by the current status of risk assessment.
Risk Assessment Source	<p>Filters the KYC assessment list based on the risk assessment source. The different type of risk assessment source available for searching are as follows:</p> <ul style="list-style-type: none"> ● Accelerated Rereview Alerts ● Default Review ● Deployment Initiation ● Periodic Review
Risk Assessment ID	Filters the KYC assessment list by the one or more Risk Assessment IDs entered in this text field. To search for multiple IDs, separate IDs with commas. If the assessments are found, the KYC Assessments List page displays information about the risk assessment with the IDs that exactly matches the values you entered. The Risk Assessment ID search is mutually exclusive with all other filter criteria.

KYC Assessments List Matrix

The KYC Assessments List matrix displays summarized information of KYC assessments that you can further investigate.

By default, the search results are sorted as per Assessment date, Risk Assessment ID and Customer ID.

The KYC Assessments List matrix displays 20 risk assessments by default. To view additional KYC assessments returned by search, use the pagination controls to move to additional pages of KYC assessments.

KYC Assessments List Components

The KYC Assessments List matrix of the KYC Risk Assessments Search and List page consists of the KYC Assessments List header and a matrix containing one or more KYC assessments and associated data. Each KYC assessments has an ID and a hyperlink associated with it.

The components within the KYC Assessments List matrix are as follows:

- **KYC Assessments List** header: Contains the number of KYC assessments displayed in the list, the total number of KYC assessments returned by the search, and the Excel icon. The KYC Assessment list matrix by

default is sorted as per Assessment Date, Risk Assessment ID and Customer ID. Pagination controls within the header allow you to navigate to the additional pages of KYC assessments.

- **List of KYC Assessments:** Displays a list of KYC assessments based on your search criteria on the KYC assessments Search bar.

Table 4 provides a list of the columns that display in the KYC Assessment List matrix

Table 4. Components of KYC Assessment List

Field	Description
Assessment ID	Displays the Assessment ID for the risk assessment.
Customer ID	Displays the Customer ID of the risk assessment. Also serves as a hyperlink to the Customer details in a popup window. The customer details displayed is always up-to-date.
Customer Name	Displays the name of the customer on whom the risk assessment is performed.
Customer Type	Displays the type of customer on whom the risk assessment is performed.
Risk Score	Displays the most recent risk score. Also serves as a hyperlink to Risk Information details in a popup window.
Assessment Source	Displays the assessment source for the risk assessment. A risk assessment record can have the following assessment sources: <ul style="list-style-type: none"> ● Accelerated Review ● Account On Boarding ● Deployment Initiation ● Periodic Review
Assessment Status	Displays the current status of the risk assessment record. A risk assessment record can be in any of the following statuses: <ul style="list-style-type: none"> ● Auto Closed ● Closed ● Promote to Case
Assessment Date	Displays the date on which the risk assessment was assessed.
Case ID	Displays the Case ID for risk assessments which are or were in <i>Promote to Case</i> status.
Case Status	Displays the case status of risk assessments which are or were in <i>Promote to Case</i> status.

Searching for KYC Assessments

You can search KYC Assessments using the search components in the KYC Assessments Search bar.

To search for KYC Assessments, follow these steps:

1. Navigate to the Simple or Advanced Search section by clicking the Simple Search or Advanced Search button.
2. Specify any or all of the criteria in Simple/Advanced Search.

Note: The Customer field search field accepts wild card characters. Risk Assessment ID field accepts comma-separated entries.

If the search returns one or multiple risk assessments, the KYC Assessments List matrix displays a list of KYC assessments that matched the criteria.

If no assessments meet the filter criteria, a message displays:

No data met the selected filter criteria. Please enter new filter criteria.

Caution: Once you click the **GO** button, you must allow the application to process and display the list. Do not click the **Go** button repeatedly as it can lock the system process. If the system is locked you have to log off from the system and login again.

Searching for KYC Assessments by Risk Assessment ID

To search for KYC assessments by Risk Assessment ID, follow these steps:

1. Navigate to the Search section by clicking the Search button.
2. In the KYC Assessments Search bar, type a Risk Assessment ID in the Risk Assessment ID text box.

For multiple search, enter additional Risk Assessment IDs separated by commas.

3. Click **Go**.

The KYC Assessment List returns all KYC assessments with IDs that match exactly the values you entered in the Risk Assessment ID text box.

Viewing Customer Details

The Customer Details pop-up window allows you to view additional details about a customer such as account details, address details, contact details, risk information details, and so on.

Click the Customer ID hyperlink under the KYC Risk Assessment List grid. The Customer Details pop-up window is displayed.

The Customer Details pop-up window contains the following areas of information. This displays the latest information of the customer.

- Customer - This section displays details related to the customer associated with the selected risk assessment.
- Accounts - This section displays the details related to the customer's account.
- Online Accounts - This section displays the details related to the customer's online account.
- Address - This section displays the text that describes the customer's residential location.
- Phone - This section displays the contact details of the customer.
- Email Address - This section displays the mailing address of the customer.
- Risk Information - This section displays the value of various types of risk associated with the customer.
- Risk List Membership - This section displays the watch lists associated with the selected customer.
- Anticipatory Profile - This section displays all the anticipatory profiles associated with the selected customer.
- Insurance Policy - This section displays the terms and conditions of the contract of an insurance.
- Customer Party Relationship - This section displays the details of the customer and party's relationship.
- Party Address - This section displays the text that describes the party's address.
- Party Identification documents - This section displays the identification document details of the party associated with the selected customer.

Manual Promotion of KYC Risk Assessments to Cases

Manual Promotion of KYC risk assessments are done by the KYC investigator and is done only for risk assessments which do not have a case created before. The **Promote to Case** action allows you to promote the KYC risk assessment to a case manually.

Note: A manual promotion can only be done if the risk assessment is in auto-closed status and if ECM is installed with BD.

The **Promote to Case** action on the KYC Risk Assessments List grid enables you to perform this action. Assignment of new cases happens along with case creation. When you perform the Promote to Case action on the selected KYC risk assessment, the status of the assessment changes to Promoted to Case and a case ID is generated. The case ID generated is displayed in the Case ID column under the KYC Risk Assessment List grid. The data is then transferred to Case Management system for further investigation.

Single and multiple risk assessments can be promoted to a case and while promoting multiple assessments to a case, multiple case Ids are generated by comma separated values.

If you select a risk assessment which already has a case, the following message is displayed:

You have selected the risk assessment(s) which already has a case. Select the risk assessment which does not have a case.

You cannot perform the **Promote to Case** action on a risk assessment which is locked by another for case creation. If you select a risk assessment which is locked by another user, the following message is displayed: You have selected the risk assessment(s) which already has a case or are locked by another user for case creation. Select the risk assessment which does not have a case and is not locked.

To promote a KYC risk assessment to a case, follow these steps:

1. Navigate to the KYC home page.
2. Click **KYC Assessments and Cases** in the LHS menu.
3. Click **KYC Assessments** in the **Investigation** menu. The **KYC Assessment Search and List** page appears.
4. Select the check box against the risk assessment that you want to promote.to case.
5. Click **Promote to Case**. The confirmation message informs you of the generated case ID. For further investigation, the generated case ID is used as a search filter in the KYC Cases UI.

Investigation of KYC Cases

The risk assessments which are promoted to cases are investigated and resolved in the Oracle Financial Services Enterprise Case Management (OFS ECM) application. As a part of the case investigation, the user is shown the details of the risk score and the individual risk parameters. For more information on investigation of cases, see the [Enterprise Case Management User Guide](#) and Enhanced Due Diligence section.

Managing KYC Onboarding Assessments

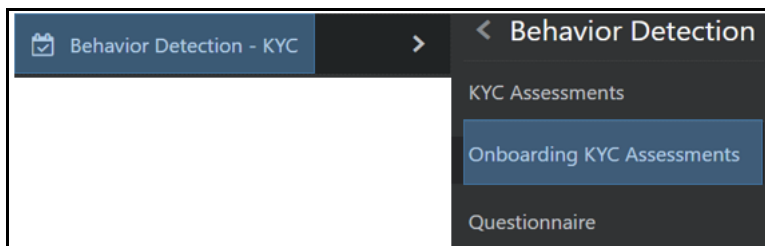
The KYC Onboarding assessments are displayed on the Assessments screen, where you can view the assessment details such as the applicant risk score, assessment ID, applicant type, risk assessment status, and application Onboarding status. You can also promote the risk assessment to a case.

Risk scores are generated using both Rule-based and Algorithm-based risk assessments, and the maximum score is taken as the risk score.

Note: Only primary applicants are risk scored.

To view the UI:

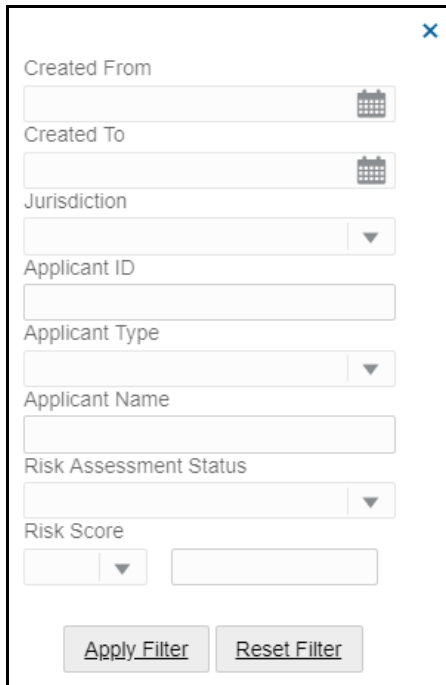
1. Log in to the KYC application as the KYC Investigator. For more information, see the [Getting Started](#) chapter in the *Know Your Customer Administrator Guide*.
2. Click **Behavior Detection - KYC > Onboarding KYC Assessments**.



The Onboarding assessment IDs are displayed along with the assessment details.

Searching for Assessments

To apply filters for the assessments, click the filter icon in the Assessments page.



Created From

Created To

Jurisdiction

Applicant ID

Applicant Type

Applicant Name

Risk Assessment Status

Risk Score

Apply Filter Reset Filter

Provide the required filter values and click **Apply Filter**.

Managing Risk Assessment List

This section shows the list of the risk IDs associated with a customer by considering different attributes of the customer. The workflow of KYC enables Financial Institutions (FI) to perform Due Diligence, Enhanced Due Diligence, and continuous monitoring of customers. The attributes differ based on the customer type. For more information, see the KYC guides on [OHC](#).

- Risk Assessment ID: It is the unique identification for the risk assessment.
- Applicant ID: Displays the Applicant ID of the risk assessment.
- Applicant Name: Displays the name of the Applicant on whom the risk assessment is performed.
- Risk Score: Displays the most recent risk score.

Managing Score and Applicant Details

- Applicant risk score. The risk score is the highest score of the Rule-based assessment details and Model-based/Algorithm-based assessment details.
- Applicant details. You can view basic information about the applicant such as the contact number, e-mail address, occupation and so on.
- Rule Based Assessment Details: Risk score assigned to each component of the Rule-based assessment such as occupation, citizenship source (primary or secondary) and so on.
- Model Based Assessment Details: Risk score assigned to each component of the Model-based/Algorithm-based assessment such as watch list risk.

- Watch List details. The watch-listed customers are displayed in this grid. It also displays the watch list details of every party of the application.

Assessments Page

When there are one or more related prospects for a primary prospect, the assessment score is inherited based on the maximum risk assessment score of the related prospects. For example, the primary prospect is called John and the related prospects are called Jane and Janet. Jane has an assessment score of 60 and Janet has an assessment score of 80. This means that John inherits Janet's assessment score, which is the maximum assessment score of both the related prospects.

Assessments(128)								
Risk Assessment ID		Search by Risk Assessment ID		Sort by: Created Date				
L	1002	BPI-9561	JUSTIN PAUL WILLIAMS	Individual	CA7640	Case Created	On Board	20
L	1003	BPI-9561	JUSTIN PAUL WILLIAMS	Individual	CA7640	Case Created	On Board	20
L	1004	BPI-9561	JUSTIN PAUL WILLIAMS	Individual	CA7641	Case Created	On Board	20
L	1005	BPI-9561	JUSTIN PAUL WILLIAMS	Individual	CA284	Case Created	On Board	20
L	1006	BPI-9561	JUSTIN PAUL WILLIAMS	Individual	CA285	Case Created	On Board	20

You can filter the assessments by the risk assessment ID or case ID.

To view the tooltip for each field, mouse over the field. The fields are also mentioned below:

Table 5. Onboarding Assessment Fields

Field	Description
Risk Rating	Provides the Risk Rating of the assessment. There are three ready-to-use colors: <ul style="list-style-type: none"> ● Green - Assessment being assessed has a low risk rating. ● Yellow - Assessment being assessed has a medium risk rating. ● Red - Assessment being assessed has a high risk rating. For more information, see Thresholds for Risk Category .
Assessment ID	Provides the assessment ID of the assessment. This is a unique number.
Applicant ID	Provides the application ID of the assessment. This is a unique alphanumeric value.
Applicant Name	Provides the name of the customer.
Applicant Type	Provides the type of the customer.
Case ID	Provides the case ID for the assessment. Note: This number appears only after the assessment is promoted to a case.
Status	Provides the status of the case.

Table 5. Onboarding Assessment Fields

Field	Description
Recommend to Onboard	Provides the Onboarding status.
Risk Score	Provides the risk score of the assessment.
Promote to Case	Click this button to promote the assessment to a case. Note: <ul style="list-style-type: none"> ■ A warning message “Do you want to proceed with case creation?” appears. Click OK to proceed with case creation or click Cancel to go back. ■ A message “Case has already been created” appears if the risk assessment has already been promoted to a case.

You can click any of the above fields (except the Assessment ID) to view a snapshot of the assessment details such as the jurisdiction of the assessment, date on which the assessment was created, the number of applicants involved in the assessment, case resolution status, and case recommendation status.

To view the complete details of the assessment, click the **Assessment ID** link.

The following screens shows the complete details of an assessment:


Process Error Details

Customer Screening process Failed

Customer Details

Applicant ID	Applicant Name	Applicant Type	Applicant Role	Risk Score	Risk Category	CIP Exempted	ID Verification Status
CIF-123456789012	ROBERT MUGABE	Individual	Primary Applicant	40	Low		Not Verified
CIF-200050756	UNITED AIRCRAFT CORP	Other Organization	Beneficial Owner	67	High	Yes	Not Verified
CIF-90107452	hafeez saeed	Individual	Interested party	40	Low	Yes	Exempted

Risk Score



40.00

Applicant Details

ROBERT MUGABE Individual
CIF-123456789012 (Primary Applicant)

PAK-0032322114

johnxavi@yahoo.com

Occupation: Banking

Employer: john xavier

Citizenship: PAK, PAK, UK, UK

Citizenship Status

Estimated Net Worth: USD 1000000.234

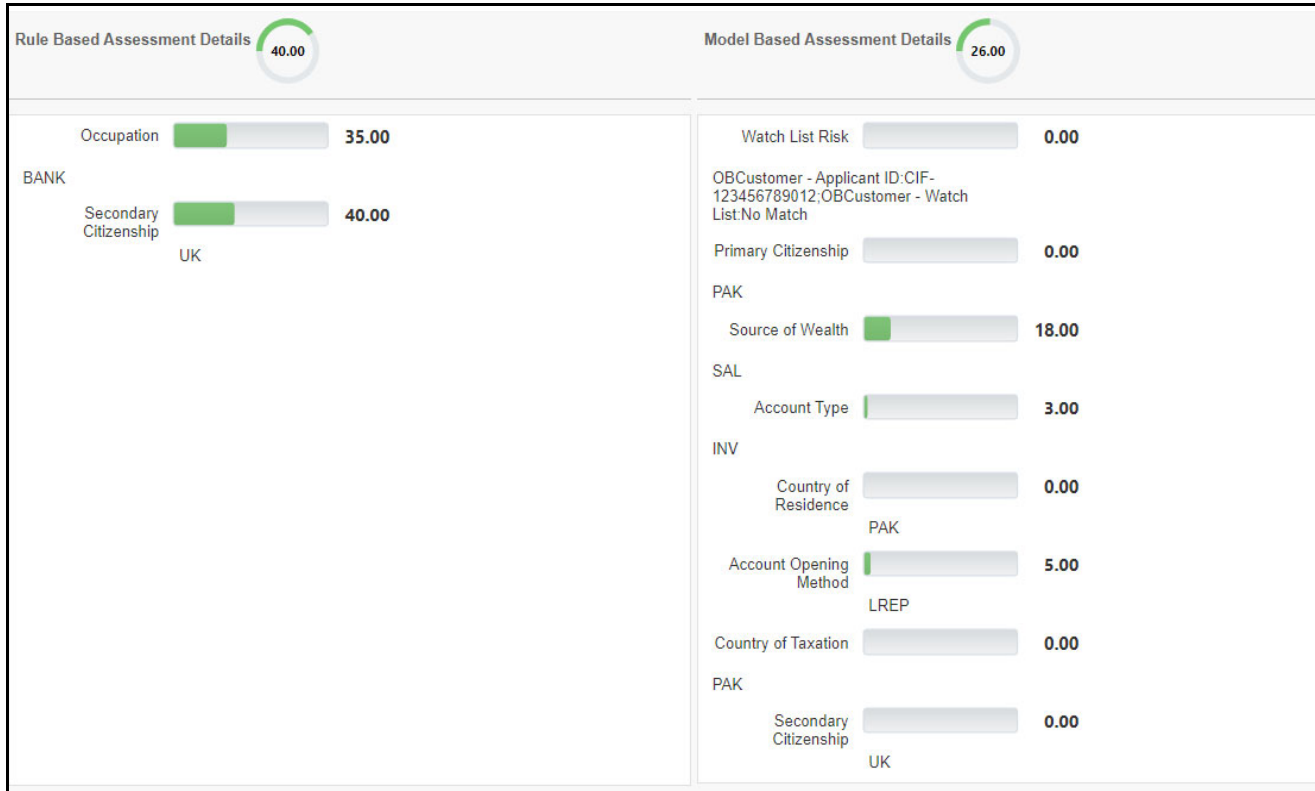
Estimated Annual Income: USD 120000.43

CIP Exempted

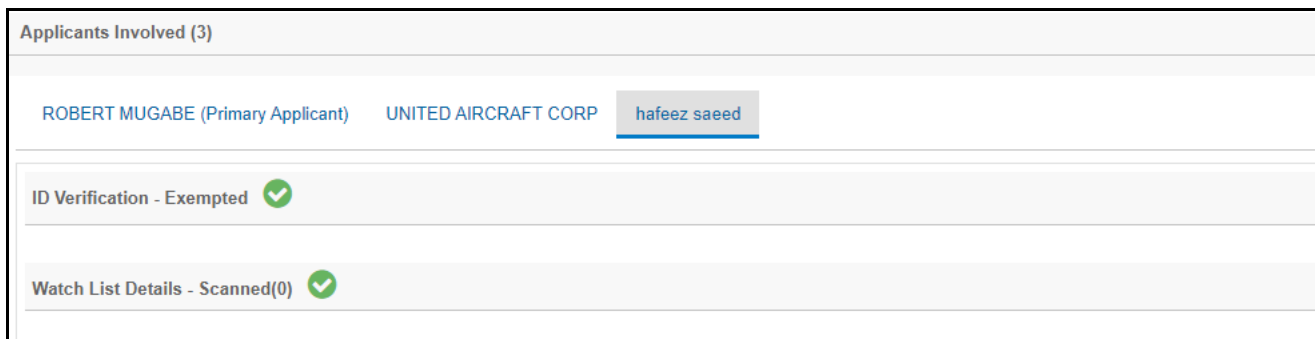
ID Verification Status: Not Verified

Watch List Status: Scanned(0)

This portion of the assessments shows the risk score, result of the screening process, and customer details. The screening process is successful only if the screening and case creation processes have been successfully completed. The details of both the primary and related customer are displayed. For related customers, you can also see the relationship type in the **Applicant Role** column.



This portion of the assessment shows the rule scores of the rule-based and model-based assessments.



This portion of the assessment shows the result of onboarding of the primary and related applicants. If the **Recommend to Onboard** flag for a customer is set to **Y**, then a tick icon ✓ appears next to the customer name. If not, a cross icon ✗ appears next to the customer name.

APPENDIX A

Parameters

This appendix provides the list of parameters or rules for the risk models for real time and continuous risk scoring of the customer.

This appendix discusses the following topics:

- [Rule-based Assessment Model Parameters](#)
- [Algorithm-based Assessment Model Parameters](#)
- [Accelerated Rereview Rules](#)

Rule-based Assessment Model Parameters

The following parameters are applicable for the Rule-based model:

Table 6. Rule-based Assessment Model Parameters

Rules	Individual	Other Organization	Financial Institution	Applicable for Onboarding?
Country of Primary Citizenship	x			Yes
Country of Secondary Citizenship	x			Yes
Country Of Residence	x			Yes
Occupation Risk	x			Yes
Watch List Risk	x	x	x	Yes
Industry Risk		x		Yes
Country of Head Quarters		x	x	Yes
Legal Structure And Ownership Risk		x	x	Yes
Country of Operations		x	x	Yes
Corporation Age Risk		x	x	No

Algorithm-based Assessment Model Parameters

The following parameters are applicable for both real-time and batch mode of the Algorithm-based model:

Table 7. Algorithm-based Assessment Model Parameters

Rules	Individual	Other Organization	Financial Institution	Applicable for Onboarding?
Geo Risk - Country of Operation		x	x	Yes
Geo Risk - Country of Citizenship	x			Yes
Geo Risk - Country of Head Quarters		x	x	Yes
Geo Risk - Country of Residence	x			Yes
Geo Risk - Country of Taxation	x			Yes

Table 7. Algorithm-based Assessment Model Parameters

Rules	Individual	Other Organization	Financial Institution	Applicable for Onboarding?
Operational Risk - Markets Served by the bank			x	Yes
Operational Risk - Products Offered by the bank			x	Yes
Risk Associated to Public Company			x	Yes
Risk Associated with Source of Wealth	x			Yes
Watch List Risk - Primary Customer	x	x	x	Yes
Watch List Risk - Interested Party		x	x	Yes
Risk Associated with Account Type	x	x	x	Yes
Risk Associated with Method of Account Opening	x	x	x	Yes
Identity Verification (includes both Primary and Interested Party output)	x	x	x	Yes
Risk Associated with Corporate Age		x	x	No
Risk Associated with Length of Relationship	x	x	x	Yes
Risk Associated with Occupation	x			Yes
Risk Associated with Industry		x	x	Yes
Risk Associated with Legal Structure and Ownership		x	x	Yes

Accelerated Rereview Rules

The following parameters are applicable for the accelerated rereview rules:

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Suspicious Customer Alert	Reviews a Customer when the Customer has an alert generated by the system, which is closed as Actionable. Actionable is a closing classification for an action performed by the user. Note: 1) Default and Mandatory number of alert is 1. 2) Look back period default value is 1 and configurable. 3) Customer can be primary customer or its interested parties or both.	Customer	AR	5 days	2	NA
Frequent Customer Alert	Reviews a Customer when the Customer has more than x (x being configurable) alert(s) generated by system, which is closed as In-determinant or Non-Actionable. In-determinant or Non-Actionable is a closing classification for an action performed by the user. Note: 1) Number of alert(s) and Look back period is configurable. 2) Default values provided for Count of Alert(s) is 5 and Look Back Period is 90 days. 3) Customer can be primary customer or its interested parties or both.	Customer	AR	5 days	5	NA
High Score Customer Alert	Reviews a Customer when the Customer has x number of alert(s) generated by system which has an Alert score of x, x being configurable. Note: 1) Alert Score, Count of alert(s) and Look back period is configurable. 2) Default values provided for Alert Score is 90, Count of alert(s) is 5 and Look Back Period is 1. 3) Customer can be primary customer or its interested parties or both.	Customer	AR	10 days	5	90

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Suspicious Account Alert	<p>Reviews a Customer when the Customer's Account has an alert generated by the system which is closed as Actionable. Actionable is a closing classification for an action performed by the user.</p> <p>Note: 1) Default and Mandatory number of alert is 1. 2) Look back period default value is 1 and configurable. 3) Customer can be primary customer or its interested parties or both.</p>	Account	AR	5 days	2	NA
Frequent Account Alert	<p>Reviews a Customer when the Customer's Associated Account has more than x (x being configurable) alert(s) generated by system which is closed as In determinant or Non-Actionable. In-determinant or Non-Actionable is a closing classification for an action performed by the user.</p> <p>Note: 1) Number of alert(s) and Look back period is configurable. 2) Default values provided for Count of Alert(s) and Look Back Period is 5 and 90 days respectively. 3) Customer can be primary customer or its interested parties or both.</p>	Account	AR	5 days	2	NA
High Score Account Alert	<p>Reviews a Customer when the Customer's Associated Account has x number of alert(s) generated by system which has alert score of x, in x number of days, x being configurable.</p> <p>Note: 1) Alert Score, Count of Alerts and Lookback period is configurable. 2) Default values provided for Alert Score is 90, Count of Alerts is 5 and Look Back Period is 1. 3) Customer can be primary customer or its interested parties or both.</p>	Account	AR	5 days	2	90

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Regulatory Report action/s on a Customer Alert	<p>Reviews a Customer when the Customer has an alert generated by system for which a regulatory report action is performed.</p> <p>Note:</p> <ol style="list-style-type: none"> 1) Look back period and the Regulatory Report actions to be considered is configurable. 2) Default values provided for Look Back Period is 1. 3) Customer can be primary customer or its interested parties or both. 4) The regulatory report actions to be considered is to be defined in Regulatory Report Actions parameter in Manage KYC Application Parameters User Interface under Administration. 	Customer	AR	5 days	2	NA
Customer Address Change Log	<p>Reviews a Customer when there is any change in the data elements of the Customer Address. The elements which are a part of this rule are:</p> <ul style="list-style-type: none"> ● City ● Country ● Postal Code ● Region ● State ● Street Line 1 to 6. <p>Each of these columns are a part of Customer Address table.</p>	Customer	CL	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Customer Change Log	<p>Reviews a Customer when there is any change in the data elements of the Customer. The elements which are a part of this rule are:</p> <ul style="list-style-type: none"> ● Occupation ● Organization Legal Structure ● Public or Private ● Employer Name ● Full Name ● Display Name ● Middle Name ● Organization Name ● Employer Industry ● Country of Taxation ● Wealth Source ● Customer Status <p>Each of these columns are a part of Customer table.</p>	Customer	CL	NA	NA	NA
Customer Market Served Change Log	<p>Review a customer when there is any change in the data elements of Customer Market Served. The elements which are a part of this rule are:</p> <ul style="list-style-type: none"> ● Addition of a new market being served ● Expiration of the market which was served before 	Customer	CL	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Customer Country Change Log	Reviews a customer when there is any change in the data elements of customer country. The elements which are a part of this rule are Country and Relationship type. These data elements are a part of Customer Country table.	Customer	CL	NA	NA	NA
Customer Product Change Log	Review a customer when there is any change in the data elements of Customer Products offered. The elements which are a part of this rule are: <ul style="list-style-type: none"> ● Addition of a new product offering ● Expiration of the product offered before 	Customer	CL	NA	NA	NA
Customer to Account Change Log	Reviews a customer if there is any change in the Customer to Account relationship in context of a new role being added to the account.	Customer	CL	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Customer to Customer Change Log	Reviews a customer if there is any change in the Customer to Customer relationship in context of a new relationship being added to a customer and the modifications to expiration of the relationship.	Customer	CL	NA	NA	NA
Change In Risk Model - Account Type	Reviews a customer who has been impacted due to a change in risk score of the account type values.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Markets Risk	Reviews a customer who has been impacted due to a change in risk score of the market served values.	Customer	RSKR	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Change In Risk Model - Product Risk	Reviews a customer who has been impacted due to a change in risk score of the products offered values.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Country of Operation	Reviews a customer who has been impacted due to a change in risk score of the country of operations values and additional rule value for rule based.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Country Of Head Quarters	Reviews a customer who has been impacted due to a change in risk score of the country of head quarters values.	Customer	RSKR	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Change In Risk Model - Method OF Account Opening	Reviews a customer who has been impacted due to a change in risk score of the method of account opening values.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Source Of Wealth	Reviews a customer who has been impacted due to a change in risk score of the source of wealth values.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Country Of Residence	Reviews a customer who has been impacted due to a change in risk score of the country of residence values.	Customer	RSKR	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Change In Risk Model - Occupation	Reviews a customer who has been impacted due to a change in risk score of the occupation values and additional rule values for rule based.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Primary Citizenship	Reviews a customer who has been impacted due to a change in risk score of the country values and additional rule values for rule based.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Secondary Citizenship	Reviews a customer who has been impacted due to a change in risk score of the country values and additional rule values for rule based.	Customer	RSKR	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Change In Risk Model - Corporate Age	Reviews a customer who has been impacted due to a change in risk score of the range of the corporation age.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Length Of Relationship	Reviews a customer who has been impacted due to a change in risk score of the range of the length of relationship.	Customer	RSKR	NA	NA	NA
Change In Risk Model - Legal Structure And Ownership	Reviews a customer who has been impacted due to a change in risk score of the legal structure values and additional values for rule based.	Customer	RSKR	NA	NA	NA

Table 8. Accelerated Rereview Rules

Rule Name	Rule Description	Rule Focus	Rule Type	Look Back Period	Count of Alerts	Alert Score
Change in Risk Model - Industry Risk	Reviews a customer who has been impacted due to a change in risk score of the Industry values and additional values for rule based.	Customer	RSKR	NA	NA	NA
Change in Risk Model - Country of Taxation	Reviews a customer who has been impacted due to a change in risk score of the Country of Taxation values.	Customer	RSKR	NA	NA	NA
Change In Risk model - Public Company	Reviews a customer who has been impacted due to a change in risk score of the public company.	Customer	RSKR	NA	NA	NA

APPENDIX B

Examples of Derivation of Risk Score

This appendix has examples of how a risk score is derived for each of the risk assessment models for different customer type.

This appendix discusses the following topics:

- [Rule Based Risk Assessment](#)
- [Algorithm Based Risk Assessment](#)

Rule Based Risk Assessment

Rule Based Risk Assessment risk score derivation for each customer type is explained below.

The following table has details of the Risk Assessment ID, Case ID, Customer, and Customer Type used for explaining the Rule Based Risk Assessment scoring process.

Table 9. Rule Based Risk Assessment Examples

Risk Assessment ID	Case ID	Customer	Customer Type
123	CA111	Customer A	Individual
124	CA112	Customer B	Other Organization
125	CA113	Customer C	Financial Institution

Rule Based Risk Score Calculation – Customer A - Individual

The following table shows the risk score calculations for customer A:

Table 10. Rule Based Risk Score Calculation – Customer A - Individual

Rules Matched	Values of the Rules of Customer A	Risk Score
Country of Residence	Japan	45
Watch List Score	Available in trust with a risk degree of 6	60 (6*10)
Occupation Risk	Gambler	50

Final Risk Score = 60

Maximum score of the values of the rules matched = max (45, 60, 50)

Rule Based Risk Score Calculation – Customer B - Other Organization

The following table shows the risk score calculations for customer B:

Table 11. Rule Based Risk Score Calculation – Customer B - Other Organization

Rules Matched	Values of the Rules of Customer B	Risk Score
Country of Head Quarters	America	30
Industry Risk	Trading	45

Final Risk Score = 45

Maximum score of the values of the rules matched = max(30, 45)

Rule Based Risk Score Calculation – Customer C - Financial Institution

The following table shows the risk score calculations for customer C:

Table 12. Rule Based Risk Score Calculation – Customer C - Financial Institution

Rules Matched	Values of the Rules of Customer C	Risk Score
Country of Operations	Japan	45
Legal Structure and Ownership Risk	Trust which is held publicly held	65

Final Risk Score = 65

Maximum score of the values of the rules matched = max (45, 65)

Thresholds for Risk Category

The following table provides details of the risk score range to define the threshold limit for risk assessment promotion to cases:

Note: The following values are the ready-to-use values for Risk Assessments.

Table 13. Thresholds for Risk Category

Minimum Risk Score	Maximum Risk Score	Risk Category	User Review Required
0	40	Low	No
40	60	Medium	No
60	100	High	Yes

Note:

- Apart from Low, Medium, or High, you can define risk categories for other score ranges as well. You must assign a color for each score range. To assign a color, use the `fcc_ob_risk_catgry_colr_map` table.
- For the category icon to be displayed, the category values must be defined within the specified score ranges. To define the risk category for a score range, use the `fcc_ob_risk_category` table.

Algorithm Based Risk Assessment

Algorithm Based Risk Assessment risk score derivation for each customer type is explained below.

The following table has details of the Risk Assessment ID, Case ID, Customer, and Customer Type used for explaining Algorithm Based Risk Assessment scoring process.

Table 14. Algorithm Based Risk Assessment Examples

Risk Assessment ID	Case ID	Customer	Risk Score	Customer Type
231	CA222	Customer D	70.5	Individual
232	CA223	Customer E	46.25	Other Organization
233		Customer F	33	Financial Institution

Depending on the Jurisdiction the customer belongs to, the weights and scores for each value will be picked from the Parameter Risk Score Jurisdiction.

Risk Calculation for Customer D

Customer D is an Individual customer, therefore, the Individual risk model will be used.

Table 15. Risk Calculation for Customer D

Parameter	Weight	Calculation or Verification Step	Calculation for Customer D
Watch List Primary Customer	15	If customer is on a trust or exempt list (that is, list with a risk <0), Watch List Risk --> 0 Else, (highest risk of the matched list x 10)	Customer D is on Watch List A and Watch List B. Watch List A's risk is 7. Watch List B's risk is 6. Customer A's Watch List Match Risk = max of (7, 6) * 10 = 70
Geography Risk associated with Country of Residence	10	Risk as it appears on the Parameter Risk Score Jurisdiction tables for country geography risk.	Customer D's Country of Residence is US. Per Country Parameter Risk Score Jurisdiction table of respective Jurisdiction, US risk is 100 Customer D's Country of Residence Geo Risk = 100
Geography Risk associated with Country of Primary Citizenship	5	Risk of countries of citizenship as it appears on the Parameter Risk Score Jurisdiction tables for country geography risk.	Customer D is a citizen of Romania and US. Per Country Parameter Risk Score Jurisdiction table, US risk is 50, Romania risk is 100. Customer D's Country of Citizenship Geo Risk = Max of (50,100)

Table 15. Risk Calculation for Customer D

Parameter	Weight	Calculation or Verification Step	Calculation for Customer D
Geography Risk associated with Country of Secondary Citizenship	5	Risk of countries of citizenship as it appears on the Parameter Risk Score Jurisdiction tables for country geography risk.	Customer D is a citizen of Romania and US. Per Country Parameter Risk Score Jurisdiction table, US risk is 50, Romania risk is 100. Customer D's Country of Citizenship Geo Risk = Max of (50,100)
Source of Wealth	10	Source of wealth values as it appears on the Parameter Risk Score Jurisdiction tables	Customer D's Source of Wealth values is Income from Leases Property (risk 80) Customer D's Source of Wealth Risk = 80
Occupation	10	Risk as it appears on the Parameter Risk Score Jurisdiction tables for occupation.	Customer D's occupation is Gambler, therefore risk = 100
Length of Relationship with the bank or FI	15	0 - 12 months --> 80 13 - 36 months --> 60 37 - 120 months --> 40 More than 120 months --> 0	Customer D has been a client for 12 months. Customer D's Length of Relationship with the bank or FI Risk = 80
Account Type	10	Maximum Risk of all the accounts a customer has controlling role on	Customer D has 2 accounts – Credit Card and Savings Account for which the score are 60 and 25 respectively. Customer D's Account Type Risk is Max of (60,25)
Method of Account Opening	10	Maximum Risk of all the accounts a customer has controlling role on	Customer D has 2 accounts which has been opened via Online and Walk in and the scores are 70 and 20 respectively. Customer D's Method of Account Opening Risk is maximum of (70,20)

Risk Score = Sum (value of the risk assessment parameter * weight in decimals)

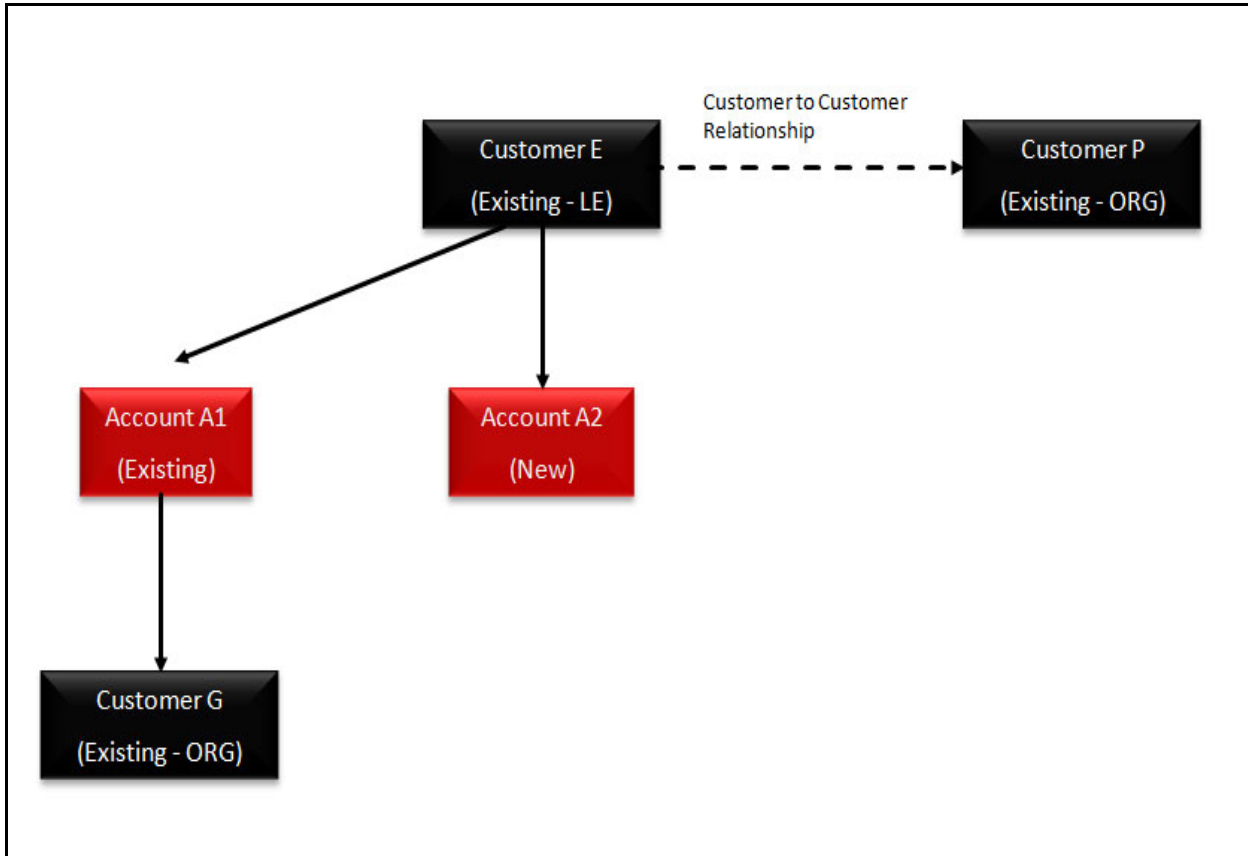
Sum(0*.10) + (70*.15) + (50*.10) + (100*.05) + (40*.1) + (20*.10) + (0 *.05) + (40*.15) + (60*.10) + (70*.10) = 70.5.

Risk Calculation for Customer E

Customer E is a Legal Entity (Other Organization), therefore, the Legal Entity risk model will be used.

When Customer Type = ORG or FIN, WLS will consider Interested Parties as well which are determined based on Customer-to-Customer relationship(s) and Customer to Account relationship(s).

Note: The Party - Party Relationship is specifically for those who are non-customers of the bank but are related to the primary customer who is being risk scored.



The following table shows the risk score calculations for customer E:

Table 16. Risk Calculation for Customer E

Parameter	Weight	Calculation or Verification Step	Calculation for Customer E
Geography Risk associated with Country of Headquarters	7.5	Risk as it appears on the Parameter Risk Score Jurisdiction tables for country geography risk.	Customer E's headquarter is in US. Per Country Parameter Risk Score Jurisdiction table, US risk is 90 Customer B's Country of HQ Geo Risk = 90
Geography Risk associated with Countries of Operation	7.5	Maximum risk of countries in which the corporation conducts business	Customer E operates in Romania and US. Per Country Parameter Risk Score Jurisdiction table, US risk is 50, Romania risk is 100. Customer E's Country of Operation Geo Risk = 100
Watch List for Primary Customer	20	If customer is on a trust or exempt list (that is, list with a risk <0), Watch List Risk --> 0 Else, (highest risk of the matched list x 10)	Customer E appears on a PEP list and the risk level is 40 Customer E's Watch List Match Risk = 40

Table 16. Risk Calculation for Customer E

Parameter	Weight	Calculation or Verification Step	Calculation for Customer E
Watch List for Interested Parties	10	For each customer (and non-customer) directly associated with the current customer (that is, through CUST_ACCT, CUST_CUST, or party_party_rishp), calculate INTERESTED PARTIES WATCH LIST RISK as (highest risk of the matched list x 10) *For this parameter, calculate Maximum Interested Parties Watch List Risk)	Customer G, P is on Watch List A, Watch List B and Watch List C. Watch List A's risk is 1. Watch List B's risk is 2, Watch List C's risk is 3 Watch List Match Risk = 30
Industry	15	Risk as it appears on the Parameter Risk Score Jurisdiction tables for industry types.	Customer E is in Telecommunications Industry. Per Industry Parameter Risk Score Jurisdiction table, Telecom. risk is 50. Customer B's Industry Risk = 50
Corporation Age	5	0 - 12 months --> 80 13 - 36 months --> 60 37 - 120 months --> 40 More than 120 months --> 0	Customer E has been a customer since 36 months. Customer E's Corporation Age Risk = 60
Legal Structure & Ownership	5	Risk as it appears on the Parameter Risk Score Jurisdiction tables for legal structure types.	Customer E is a Public Corporation. Based on Legal Structure & Ownership Parameter Risk Score Jurisdiction , Public Corporation Risk is 0. Customer B's Legal Structure & Ownership Risk = 0
Risk Associated with Account Type	5	Maximum Risk of all the accounts a customer has controlling role on	Customer E has 2 accounts – Credit Card and Savings Account for which the score are 60 and 25 respectively. Customer E's Account Type Risk is Maximum of (60,25)
Risk Associated with Method of Account Opening	5	Maximum Risk of all the accounts a customer has controlling role on	Customer E has 2 accounts which has been opened via Online and Walk in and the scores are 70 and 20 respectively. Customer E's Method of Account Opening Risk is Maximum of (70,20)
Length of Relationship with the bank or FI	10	0 - 12 months --> 80 13 - 36 months --> 60 37 - 120 months --> 40 More than 120 months --> 0	Customer E has been a Customer for 36 months. Customer E's Length of Relationship with the bank or FI Risk = 60

Risk Score = Sum (value of the risk assessment parameter * weight in decimals)

Final Risk Score = 46.25.

Sum of [(0*0.05)+(20*0.05)+(90*0.075)+(100*0.075)+(40*0.2)+(30*0.1)+(50*0.15)+(40*0.05)+(0*0.05)+(60*0.05)+(70*0.05)+(40*0.1)]

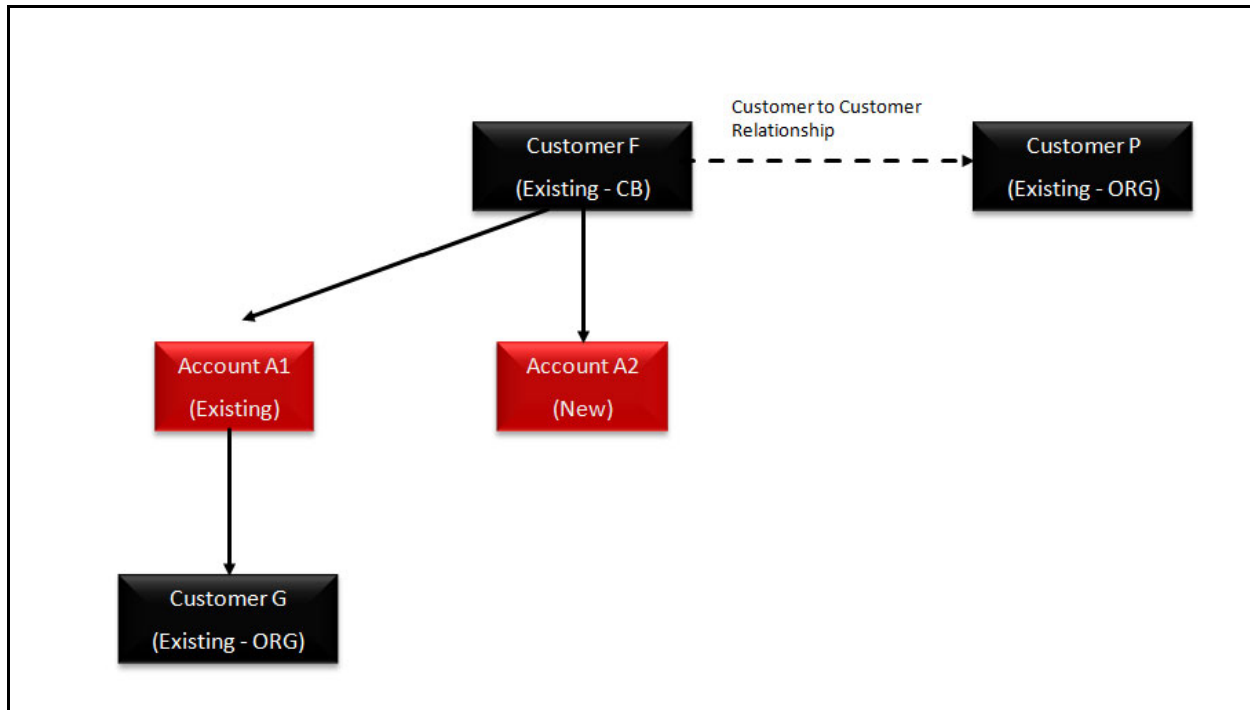
Risk Category : Medium

Promoted to Case, even though the category is medium, as the Watch List Score is 40, which is above the threshold set.

Risk Calculation for Customer F

Customer F is a Correspondent Bank (Financial Institution), therefore, the Correspondent Bank risk model will be used.

When Customer type = ORG or FIN, NNS or WLS will consider Interested Parties as well which are determined based on Customer-to-Customer relationship(s) and Customer to Account relationship(s).



The following table shows the risk score calculations for customer F:

Table 17. Risk Calculation For Customer F

Parameter	Weight	Calculation or Verification Step	Calculation for Customer F
Geography Risk associated with Country of Headquarters	5	Risk as it appears on the Parameter Risk Score Jurisdiction tables for Country Geography Risk.	Customer F's headquarter is in UK. Per Country Parameter Risk Score Jurisdiction table, UK risk is 70 Customer F's Country of HQ Geo Risk = 70
Geography Risk associated with Countries of Operation	10	Maximum risk of countries in which the corporation conducts business	Customer F operates in Europe and UK Per Country Parameter Risk Score Jurisdiction table, UK risk is 70, Europe risk is 85. Customer F's Country of Operation Geo Risk = 85
Watch List for Primary Customer	10	If customer is on a trust or exempt list (that is, list with a risk <0), Watch List Risk --> 0 Else, (highest risk of the matched list x 10)	Customer F appears on a Trust list and the risk level is 2 Customer E's Watch List Match Risk = 20

Table 17. Risk Calculation For Customer F

Parameter	Weight	Calculation or Verification Step	Calculation for Customer F
Watch List for Interested Parties	10	For this parameter, calculate MAXIMUM INTERESTED PARTIES WATCH LIST RISK)	Customer G, P is on Watch List A, Watch List B and Watch List C. Watch List A's risk is 1. Watch List B's risk is 2, Watch List C's risk is 3 Watch List Match Risk = 30
Operational Risk – Markets Served by the bank	15	Risk as it appears on the Parameter Risk Score Jurisdiction tables for industry types.	Customer F serves Private Banking – Trust, and Private Banking – Wealth Management which has a score of 30 and 20, respectively. Maximum (30,20)
Corporation Age	5	0 - 12 months --> 80 13 - 36 months --> 60 37 - 120 months --> 40 More than 120 months --> 0	Customer E has been a customer since 12 months. Customer E's Corporation Age Risk = 80
Risk associated to Public Company	5	Risk as it appears on the Parameter Risk Score Jurisdiction tables for legal structure types.	Customer F is a Public Corporation. Based on Legal Structure & Ownership Parameter Risk Score Jurisdiction, Public Corporation Risk is 0. Customer F's Legal Structure & Ownership Risk = 0
Risk Associated with Account Type	5	Maximum Risk of all the accounts a customer has controlling role on	Customer F has 2 accounts – Credit Card and Savings Account for which the score are 60 and 25 respectively. Customer F's Account Type Risk is Maximum of (60,25)
Risk Associated with Method of Account Opening	5	Maximum Risk of all the accounts a customer has controlling role on	Customer F has 2 accounts which has been opened via Online and Walk in and the scores are 70 and 20 respectively. Customer F's Method of Account Opening Risk is Maximum of (70,20)
Length of Relationship with the bank or FI	10	0 - 12 months --> 80 13 - 36 months --> 60 37 - 120 months --> 40 More than 120 months --> 0	Customer E has been a customer since 12 months. Customer E's Corporation Age Risk = 80
Operational Risk – Products Offered by the bank	10	Maximum of different products being served by the bank.	Customer F offers products related to Securities and Checking with the score of 40 and 20. Maximum (40,20)

Risk Score = Sum (value of the risk assessment parameter * weight in decimals)

Final Risk Score = 33

Sum of [(0*0.05)+(20*0.05)+(70*0.05)+(85*0.1)+(20*0.1)+(30*0.1)+(60*0.05)+(30*0.15) +(70*0.05)+ (40*0.1)]

Risk Category: Low

