



# BSA Model Validation - Are You Talking to Me?

A web-based seminar

Monday, March 27, 2017, 2:30 pm - 4:30 pm (EST)

### Program Content:

WHAT? Prior to 2011, there was no mention of the adequacy or deficiency of a BSA Model Validation in any examination report, audit report or enforcement action. That year, the OCC and Federal Reserve issued guidance called "Supervisory Guidance on Model Risk Management," and it has become ear-splittingly clear over the last five years that all banks, regardless of size or regulator, which use an automated transaction monitoring system, are expected to undergo an independent, periodic validation of their monitoring system to ensure it's not "garbage in, garbage out."

Banks now turn this validation task over to third parties without fully understanding what is expected by regulators and auditors, or how to properly scope and oversee the validation process.

WHY? Your bank needs to show your auditors and regulatory agencies that your transaction monitoring software accurately and comprehensively aggregates and monitors transactions of your customers, and performs as intended in detecting suspicious activity, as well as adequately risk rating, both at account opening and on an ongoing basis, the risks associated with the customer relationship and also at the account level.

There were numerous BSA enforcement actions in 2016, and a common theme was the deficiencies, or omissions, concerning banks' model validation processes and the knowledge base of those responsible for overseeing such systems.

Most Compliance and BSA personnel deal with laws and regulations, rather than algorithms and quantitative analysis, and struggle with the concept of how to properly ensure the model is producing intended results – and whether to file a SAR or not.

This webinar will provide a level of knowledge that key bank personnel can use to oversee the validation process and ensure your bank meets regulatory and audit expectations.

### Covered Topics:

- Data validation vs model validation and how they interact
- Accuracy in risk rating/ranking of relationships and accounts
- Validation engagement letter, scope, work-papers and final report
- Independence considerations for in house model validations
- Background and experience of internal or external personnel conducting validation
- Ensuring that data collected and loaded into the monitoring software is accurate and comprehensive
- Core, host and other systems that feed into the data stream
- Corrective action follow-up to any identified deficiencies of gaps
- Model data input, processing and reporting methodology and expectations
- Impact upon SARs, CTRs, CDD and EDD
- System utilization for initial Customer Risk Profile and ongoing monitoring; and
- Differences in Rules Based vs Behavior Based parameters and efficiencies.

### Who Should Attend:

Compliance, Deposit Operations, Branch Administration or other departments that are responsible for reviewing alerts generated by a bank's transaction monitoring system. Attendees also include BSA Officers, auditors and members of management with BSA oversight responsibilities.

### Presenter:

Don Blaine is a Senior Training Consultant for Compliance Resource, LLC. Don has over 30 years of experience in regulatory compliance for the banking industry with banks ranging in size from community banks to money center banks. He provides training on Bank Secrecy Act/ Anti-Money Laundering and deposit compliance. His prior roles have included: Chief Compliance Officer, Senior Compliance Regulatory Examiner, Compliance Audit Manager, and business unit compliance manager.

Don has taught at the ABA's National Compliance School and has served as an instructor at programs offered by state banking associations. Prior to joining Compliance Resource, LLC, Don served as a consultant to numerous banks. He has attained Certified Regulatory Compliance Manager (CRCM) and Certified Risk Professional (CRP) certifications.

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