According to the guidance provided by the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and The Federal Reserve System on model risk management, “the use of models invariably presents risk” and the risk presents itself typically in two aspects: there may be fundamental errors or it’s being used incorrectly. It is for this reason, how a model validation is conducted is what matters the most. Valuable model validations are independent, completed by experts who understand the use of a model, and review all related parts of the model. More specifically, an anti-money laundering model is not the same as a credit risk model.

An AML model validation includes a thorough review of three parts: Governance, System, and Data. Each part on their own is not effective in demonstrating that the model is working; in order to meet the required depth of an AML Model Validation, you must look at all three parts.

As an AML industry leader, our model validation has always been and continues to meet the requirements of even the most stringent regulations, such as New York State’s Department of Financial Services Part 504, and has passed through many successful examinations at our clients.
What types of systems can we validate?

Validating a model is an important test to ensure that your program/process matches what you say that you’re doing. Regardless of whether you’re using a product/system or a manual process, we will apply our holistic model validation methodology. The formula remains largely the same, but we will review each element respective to the requirement. With that in mind, we can conduct a validation on transaction monitoring, sanctions screening, know your customer/customer due diligence, and FinCEN 314(a) software solutions.

Systems we have worked with:

- Actimize
- AmLock
- Abrigo (BAM+)
- Bridger
- EastNets
- eGifts
- FCRM
- Fiserv FCRM
- Global Vision
- Norkom/Defica
- Mantis
- Ocean Systems
- Prime Compliance Suite
- Proprietary/Custom System
- SAS
- Surety
- Verafin
- Wolters Kluwer
- Yellow Hammer

The Report

The report will provide the following details: the baseline configurations, the analysis results from the observations, staff interviews conducted, and the gaps between compliance expectations and actual results, and the observations and recommendations. The report will be based on tested and observed result sets in the context of industry peers.

Bottom line: you’ll know how your AML compliance software is performing.

TRANSITION MONITORING SOFTWARE
- Customers/Accounts
- Transactions
- Profiling
- Rules/scenarios
- Controls, errors/logs

SANCTIONS SOFTWARE
- Sanctions filtering parameters
- Real-Time Transactional Processing (RTP) and Customer Information Files (CIF)
- List Management
- Controls, errors/logs

KYC/CDD/EDD SOFTWARE
- Customer onboarding
- Screening/Filtering
- Risk Rating
- Documentation Management
- Controls, errors/logs

FinCEN 314(a) SOFTWARE
- Request/Response Management
- List Management
- Controls, errors/logs
About ARC Risk and Compliance

ARC Risk and Compliance is an award-winning specialized consulting company dedicated to anti-money laundering compliance programs and the processes that support them. That specialization includes transaction monitoring/the Bank Secrecy Act (BSA), sanctions screening/Office of Foreign Assets Control (OFAC), Know Your Customer (KYC)/Customer Due Diligence (CDD) programs, and FinCEN 314(a) requests. We are the AML specialists.

We can bridge the communication gap between what compliance needs and IT can support with the system they have. We believe that in order to bridge the gap between compliance and IT, the expert needs to be able to communicate to both departments, have knowledge and experience in both, and provide experienced solutions. We’ve been able to combine that knowledge and experience for a more thorough solution addressing both the compliance and IT requirements. Our approach ensures a better rate of success than non-specialized companies.

Many of ARC Risk and Compliance’s team members were leaders in the initial design, development, and deployment of many of the leading AML software in use today. Our team has a deep compliance background that can assist banks with their regulatory and compliance challenges.

Every customer is important to us and we will provide the best service possible to all clients. ARC Risk and Compliance is a certified veteran-owned small business and has a large network of professionals and alliance partners to support the ever growing demands within the financial industry.

Some of Our Services

Validation & Review Services
- vAML Model Validation
- vAML Gap Analysis
- vAML Procedures: Review and Updates

Assessing, Analyzing, & Tuning Services
- vAML Risk Assessment
- vRules/Risk Rating/Profiling: Statistical Data Analysis
- vSoftware Tuning & Optimization

Remediation Services
- vData Mining: Analysis and Correction
- vLook-Back Services
- vRegulatory Remediation Services

Regulatory Specific Services
- vNYS DFS 504 Pre-Certification Service

Custom Development
- vCustom Software Development

Staffing & Outsourc
- vAML Program Outsourcing
- vStaff Augmentation

Cybersecurity Services
- vAudits and Compliance
- vVulnerability Assessments
- vUser Training
- vVirtual CISO
- vPenetration Testing
- vSystems and Services Installation

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