

Deutsche Bank Trust Company Americas
Mid-Atlantic Money Laundering Conference

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**Challenges of AML Monitoring
In International Correspondent Banking**



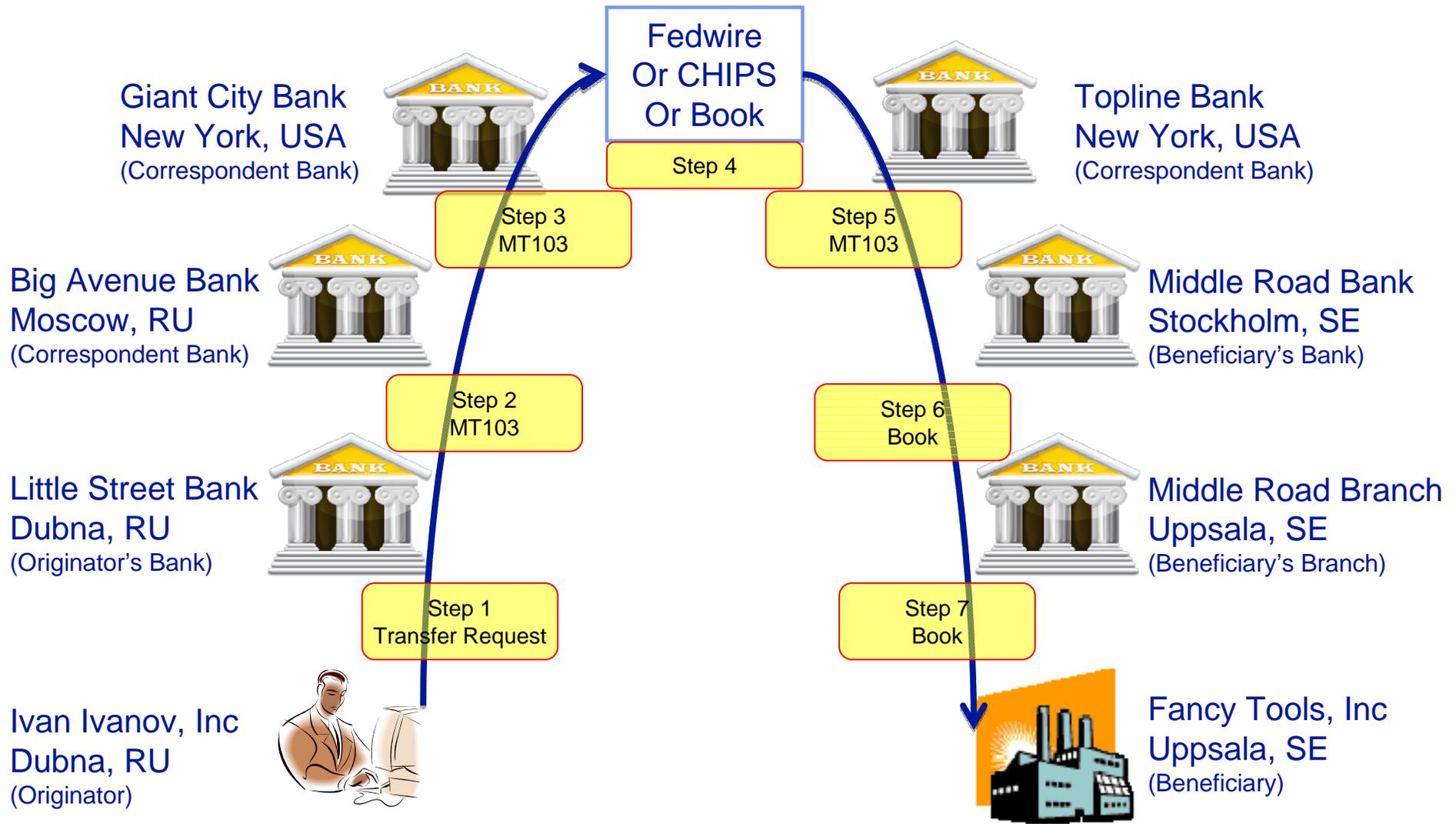
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David Levenberg, Director
Global AML Monitoring Coordinator
Deutsche Bank

Overview of Foreign Correspondent Banking



Issues

■ Intermediate banks have no direct relationship with parties

- Correspondents customers are other banks
- Correspondents monitoring customer's customers
- Correspondents required to validate institution sending them the payment and institution receiving the payment from them. No downstream validation required.

■ Information in wires may be incorrect or inconsistent

- Wires formatted by Originating Bank
- Free format fields
- Inconsistent spelling
- Fields misused
- Mis-formatted addresses

■ Wires often contain insufficient information for AML research

- Wires often contain little information regarding purpose of payment
- Sometimes addresses missing
- Sometimes names missing

■ Correspondent banks process very high volumes

- Very high numbers of transactions and entities
- "Noise" from legitimate transactions creates challenges for automated detection systems