



**Financial Crimes
Compliance Models**
Tuning, Testing, and Validation Services

Model Validation Services

Financial institutions are navigating rising regulatory expectations, increasing data complexity, and the limitations of aging compliance systems. Legacy outdated technology can hinder monitoring and detection, drive up costs, and create gaps in oversight. Success depends on identifying where systems can be improved and ensuring that sanctions screening, transaction monitoring, and customer risk rating programs operate efficiently, accurately, and in line with today's standards. Organizations need clear, actionable insight to strengthen program design and improve performance without disrupting operations. Ongoing refinement ensures frameworks remain effective as risks evolve.

Who We Serve

- ▶ Banks
- ▶ Investment Firms and Asset Managers
- ▶ Insurance Companies
- ▶ Payment Processors and Fintech Companies
- ▶ Broker-Dealers
- ▶ Cryptocurrency Exchanges and Custodians

Our Approach

K2 Integrity delivers independent, expert evaluations of sanctions screening, transaction monitoring, and customer risk rating models and systems to help clients overcome compliance challenges. The approach starts with a detailed assessment of existing technology, data quality, and workflows to identify inefficiencies and areas for improvement. This foundational review highlights opportunities to align programs with evolving industry standards and operational needs.

K2 Integrity's model validation exercises evaluate the conceptual soundness and design of the model, quality, and integrity of data utilized by the model, the accuracy of model implementation, and the performance of the model. The objective of model validation is to confirm that the model effectively monitors and identifies the risks for which it was designed.

Ongoing governance and change management processes are reviewed to support continuous program effectiveness amid shifting risks. By combining regulatory expertise with technical knowledge, K2 Integrity enables organizations to enhance AML and sanctions compliance with confidence by improving accuracy, efficiency, and resilience.

Independent testing of BSA/AML and sanctions models to assess accuracy, efficiency, and reliability.

Service Overview

K2 Integrity's model risk management services enable clients to implement and maintain sanctions screening, transaction monitoring, and customer risk ratings that are critical for supporting BSA/AML and sanctions compliance programs. K2 Integrity offers a variety of services depending on the client's needs ranging from identifying, designing, and implementing new financial crimes monitoring models, validating existing models, and/or testing and tuning the parameters of new or existing models.

Our model validation process offers a detailed, methodical examination of in-scope models, emphasizing precision and thoroughness to uncover hidden vulnerabilities and areas for improvement.

► Model Validation

Evaluate the performance of financial crimes monitoring models including sanctions screening, transaction monitoring, and customer risk rating tools. Assess the model's conceptual soundness and design, data quality, implementation accuracy, outcome analysis, and model governance to evaluate the effectiveness of the model in monitoring for and identifying BSA/AML and sanctions risk.

► Vendor Selection and Model Design

Review clients' products and services to design a financial crimes monitoring framework. Guide clients through the vendor selection process including vendor identification, technology demonstrations, and follow-up meetings to identify financial crimes monitoring models that meet their unique needs and design requirements.

► Model Implementation

Provide subject matter expertise during implementation and configuration of financial crimes monitoring models. Assist with mapping the relevant data; initial configuration of rules, parameters, thresholds, workflows, and permissions; and perform user acceptance testing (UAT). Ultimately test the model functionality to determine readiness for implementation.

► Model Tuning and Optimization

Perform testing and data analytics to identify more appropriate parameters, rules, thresholds, and other configuration settings to improve model performance in alignment with client risk appetite and operational needs.

Our Philosophy

At K2 Integrity, we understand that critical moments define an organization's success. We strive to build financial and institutional integrity, reduce risk, and uncover truth. Our commitment to superior intelligence, expert analysis, and insightful solutions helps our clients navigate complexity and achieve better outcomes.

That is why our clients partner with K2 Integrity: to thrive in an ever-changing world filled with questions and risk.

Key Contacts

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k2integrity.com/model-validation

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