iAcuity

Use Case

Non-Performing Assets:
Find the hidden adversary

Introduction

The Reserve Bank of India has warned of a possible rise in Non-Performing Assets by September 2021 which will have a significant impact on banks and the economy. However the real challenge for forensic auditors lies in identifying willful defaulters. Banks have added Rs 38,976 crore from 662 borrower accounts as wilful defaulters during the 12 months ending December 2020.

Plagued with voluminous data in varied formats, forensic audits are extremely challenging. Auditors struggle to make sense of the data and are unable to identify potential fraud. Current manual approaches take months to conclude investigations and auditors occasionally miss critical evidence of willful default.

iAcuity Fund Trail fills the gap by providing automated analytics tools for forensic audit that eliminates hassle of manual efforts or inaccurate results.

Non-Performing Assets- An Economic Burden

According to rating agencies, India's NPA problem seems to be the biggest 'hidden' issue that may erupt by 2022. However more alarming is the increase in fraud and diversion of funds by borrowers.

Investigation into misappropriation is a painful proccess for banks, law enforcement and forensic auditors. Reliance on manual efforts and noisy data in huge volumes perpetrate long investigation times. Complex business dealings and multiple sources of funds make it difficult to truly ascertain end utilization. Investigators are trying to find a needle in a haystack.

How Fund Trail Works: Solving The Challenge

iAcuity Fund Trail fills the need for an automated solution for analysing complex financial data. Using Fund Trail, investigators can identify red flags like utilization of fund in defiance of sanction terms, transferring borrowed funds to subsidiaries, and other suspicious behaviours.

Investigators have to simply upload bank statements and ledger data to iAcuity Fund Trail to get the desired results. Once data is ingested, iAcuity's analytics engine automatically validates data through reconciliation of running balance, extracts and resolves entities, categorizes transactions, identifies fund flow patterns and prepares reports. Investigators can further leverage powerful visualizations through Fund Trail's dashboard and link analysis.

Following are the various Fund Trail reports:

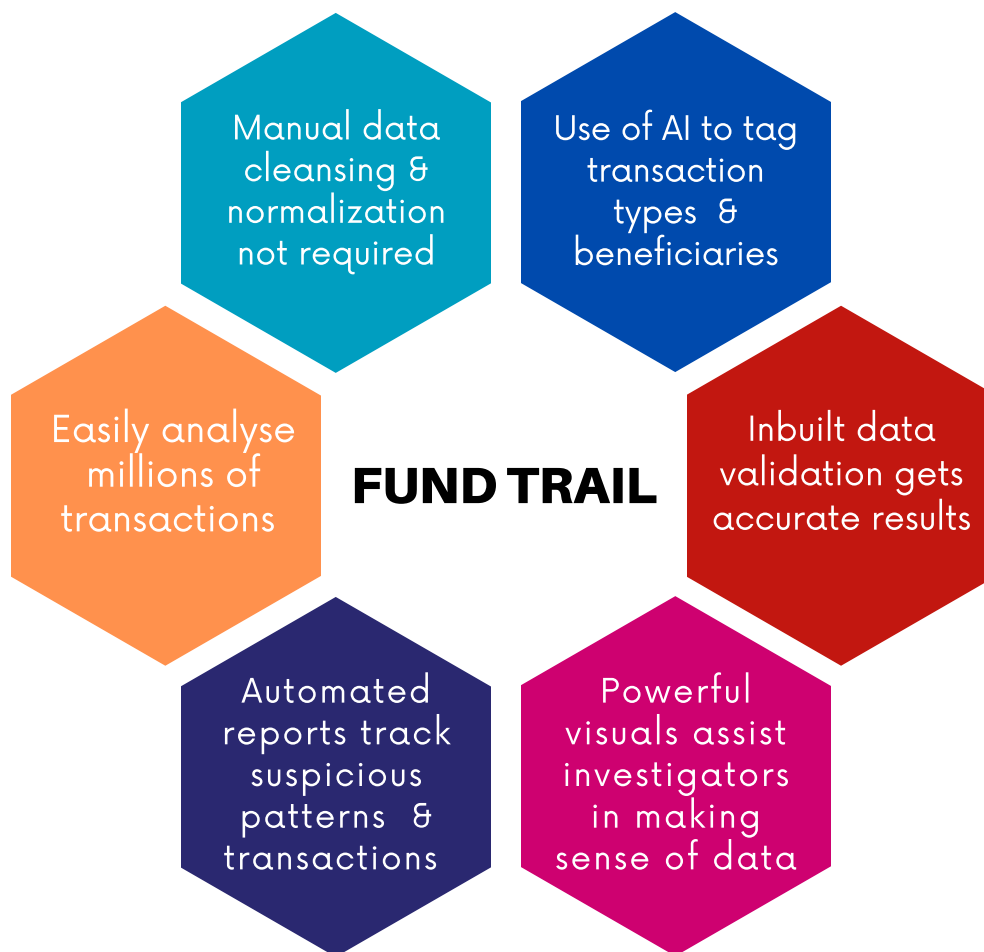| Report	Analysis
Fund Flow Report	Provides a summary of all entities the suspected party transacts with, and amount of money sent and received between them. In addition, detailed transactions between entities are also available for review. With these details, investigators can identify total funds transferred to and from subsidiaries and group companies, transactions with investment brokers, unrelated businesses, and other anomalies.
FIFO Report	A detailed analysis of fund utilization using First In First Out logic, this report presents investigators with the end utilization of each deposit into an account. With these details, investigator can identify the end utilization of loan disbursements. Once the investigator has identified the end beneficiary of utilization of loan funds, they can further investigate the nature of the relationship and evaluate if it qualifies as diversion or sanctioned utilization.
Related Party Transactions Report	iAcuity Fund Trail identifies transactions directly and indirectly made to related entities and investigators can verify if any of them were not approved by lenders. They simply have to upload bank statements and lists of related entities to close the loop of the transaction trail.
Large Cash Transactions Reports	Highlight details of cash withdrawals by the suspect. This suspicious behaviour could be indicative of fund utilization against sanction terms or attempts by proprietors to siphon borrowed funds.

Benefits of Using Fund Trail

Manual data cleansing & normalization not required

Use of AI to tag transaction types & beneficiaries

Easily analyse millions of transactions

FUND TRAIL

Inbuilt data validation gets accurate results

Automated reports track suspicious patterns & transactions

Powerful visuals assist investigators in making sense of data

Fund Trail reduces investigation time from months to days by sorting through millions of transactions and providing a detailed view of fund flows by NPA entity. Thus, investigators are able to analyse the utilization of funds, identify violation of sanction terms and evaluate if account is wilful defaulter.

Fund Trail Performance Highlights

✔ **Over 2M transactions analyzed in 4 hours**

✔ **Reconciled 500K transactions in 1 hour**

✔ **Reduced analytics time by 95%**

✔ **Analysed utilization of ₹ 8000 cr**

✔ **500 bank statements loaded in minutes**

✔ **Traced flow of funds amongst 600 entities**

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About Us

iAcuity Fintech empowers Law Enforcement Agencies, Forensic Auditors and Financial Institutions to identify financial crime. We have built the world's first hyper-automated, AI analytics engine to facilitate both investigation and prevention of financial crime

iAcuity