



## Use Case

**Identifying fraudulent transactions  
during insolvency proceedings**

## Introduction

With a focus on combatting fraud, increased responsibilities have been placed on Resolution Professionals to identify fraudulent and suspicious activities of corporate debtors. Insolvency proceedings are already a complex affair forcing resolution professionals to manage varying efforts with limited resources. Investigating companies transaction history can be time consuming and challenging.

Plagued with voluminous data in varied formats, these investigations 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 fraud.

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

## A solid challenge on the way to liquidation

The Indian Banking sector is going through a hard time with an increase in Non-Performing Assets, loan frauds, corruption cases and economic slowdown. In 2019, a forensic audit of over 200 companies facing corporate insolvency resolution action had revealed irregularities of more than Rs 1 lakh crore, including a possible diversion of funds. Apart from siphoning of funds, instances of transactions with related parties and several other irregularities were found, including involvement of banks.

Section 66 of the IBC assigns the responsibility of identifying fraudulent and wrongful trading to Resolution Professionals. The assignments they deal with through the resolution process, are worth over thousands of crores. Companies have huge transaction data with complex business dealings. Data comes in bits and pieces from multiple sources and in varied formats. Limited resources coupled with extensive manual processes for data analytics and investigation make it challenging for resolution professionals to meet regulatory requirements and identify fraudulent transactions.

iAcuity Fund Trail steps in to fill the gap of an urgent need for automated analytics tools for forensic audit of fund trails without hassle of manual effort or space for inaccuracy in the process.

We handle large volumes of data in varied formats, leverage artificial intelligence, statistical analysis, pattern detection and powerful visualizations thereby removing the need for manual efforts. Fund Trail makes it easier for resolution professionals to see the big picture and find anomalies, which otherwise get overlooked or take months to be worked upon. Our advanced solution automatically flags suspicious behaviour while providing insights into company assets and capacity to repay debts.

## How Fund Trail Works: Solving The Challenge

Fund Trail is a resource optimized and cost-effective solution. Analysts have to simply upload statements while the system automatically validates the ingested data, analyzes and scrutinize the transactions, and ultimately, provides all essential reports; all in quick succession.

Following are the various Fund Trail reports:

### Report

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### Analysis

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#### **Fund Flow Report**

Highlights all transactions between corporate debtor and other entities along with a visual representation in link analysis to help investigators identify how funds were used. Investigators can flag suspicious entities that do not fit within the norm of business for further investigation.

#### **Related Party Transactions Report**

Fund Trail identifies transactions directly and indirectly made to related entities and investigators can verify if any of them were not disclosed. They simply have to upload bank statements and lists of related entities to close the loop of the transaction trail.

#### **High Value RTGS/NEFT Transactions Report**

Lists all transactions and entities who have received large sums of money across multiple transactions from corporate debtor. Provides insights into entities potentially involved in fraudulent activities and siphoning of funds.

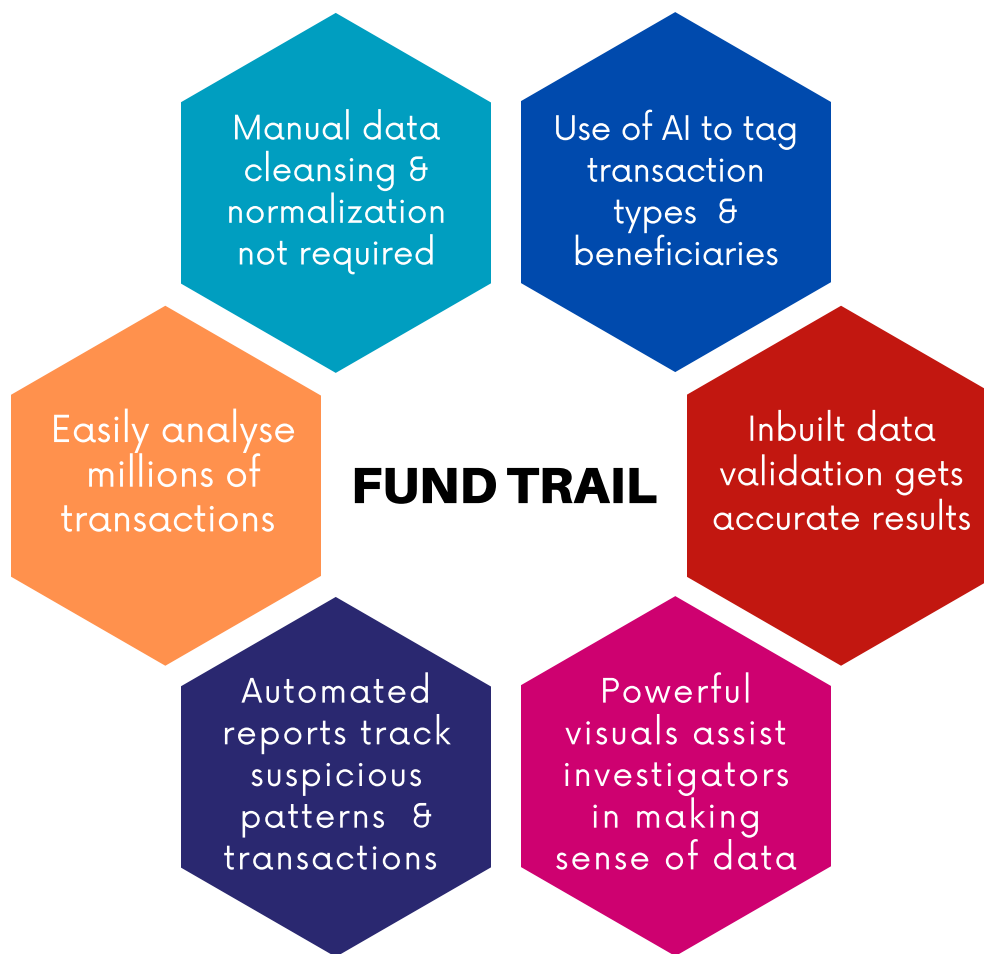
#### **Non-Bank Party Fund Flow Report**

Lists all transactions and entities who have received and sent large sums of money across multiple transactions with corporate debtor. This behaviour is abnormal for business and highlights entities for further investigation.

#### **Bank Matching & Reconciliation Report**

Fund Trail analyses, matches and reconciles transactions from bank book and bank statements. After comparing transactions on amount, date and narration Fund Trail produces a list of transactions which did not reconcile and which reconciled but narrations did not match.

## Benefits of Using Fund Trail



Fund Trail reduces investigation time from months to days by sorting through millions of transactions and providing a detailed view of fund utilization by corporate debtor. Thus, investigators are able to analyse the utilization of funds, identify potential fraudulent transactions and determine the best recourse for the organization and lenders.

### Fund Trail Performance Highlights

- ✓ Over 2M transactions analyzed in 4 hours
- ✓ Reduced analytics time by 95%
- ✓ 500 bank statements loaded in minutes
- ✓ Reconciled 500K transactions in 1 hour
- ✓ Analysed utilization of ₹ 8000 cr
- ✓ Traced flow of funds amongst 600 entities

# Contact

+91 8433725322

[sales@iacuityfintech.com](mailto:sales@iacuityfintech.com)

360, Kalyandas Udyog Bhavan,  
S H Tandel Marg, Near Century  
Bhavan, Prabhadevi  
Mumbai 400 025

## 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

