



- Branch monitoring and analytics
- Transitory Accounts

Banco Itaú Unibanco S.A.
IA Development and Basel II Department
19th World Continuous Auditing & Reporting Symposium

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Itaú Unibanco projects

- Branch monitoring through KPIs and transaction monitoring
- Transitory Accounts
- Implementation considerations
 - Hiring a systems integrator
 - Effect on downstream systems
 - Behavioral changes
- Conclusions

Background

Who we are:

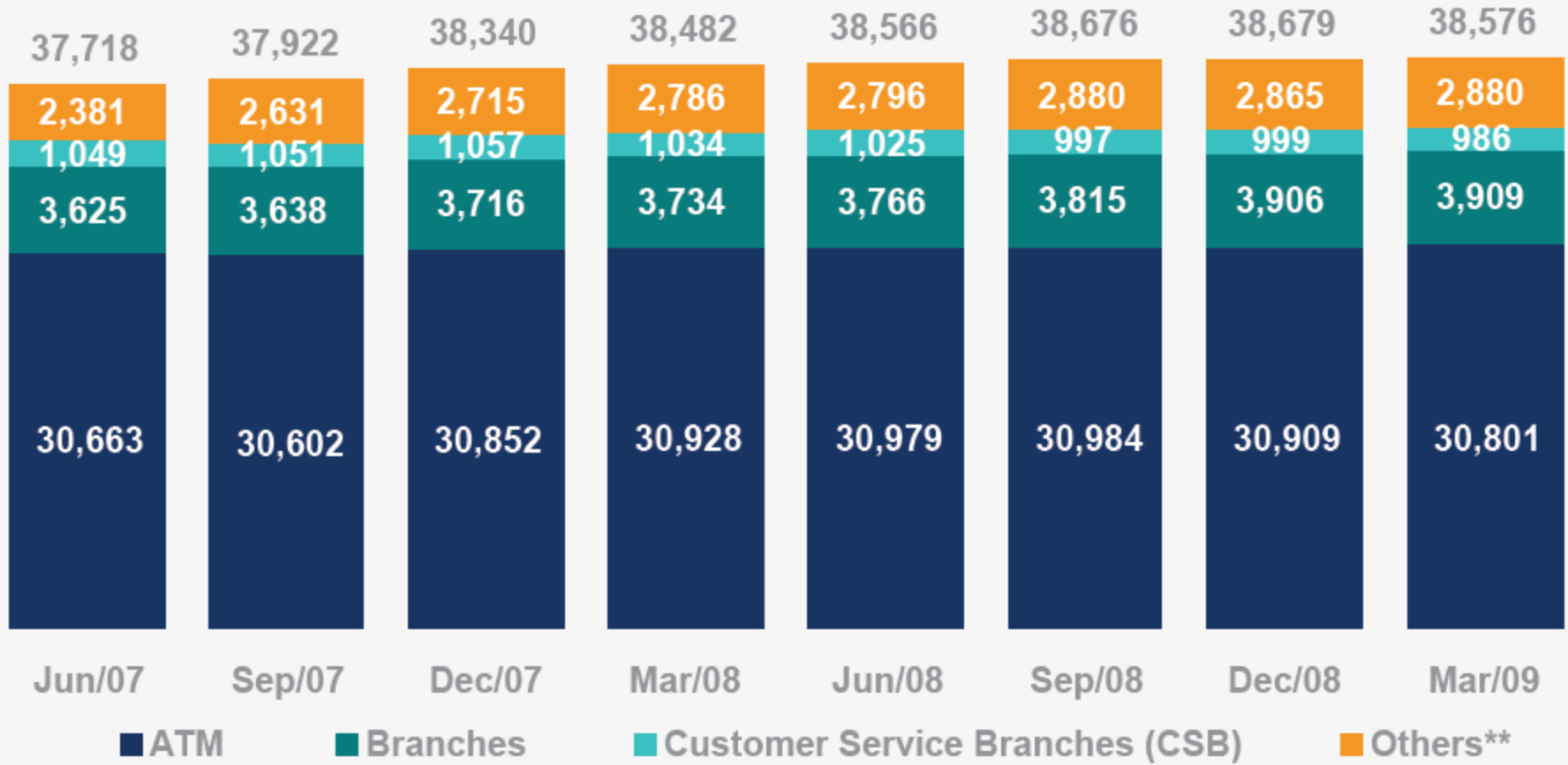
- The **largest** private financial conglomerate in the Southern Hemisphere;
- One of the **Top 20 banks** in the world with over US\$ 50 billion market cap;
- Presence Abroad: **business in 12 countries**; diversified portfolio of products and services;
- **Major** provider of finance for the expansion of Brazilian companies;
- **The best** talent pool in the Brazilian financial system.

	1 st Q/09
Total Assets (R\$ million)	618,943
Stockholders` Equity (R\$ million)	44,999
Assets Under Management (R\$ million)	269,087
Employees (individuals)	106,210
Branches and CSBs (units)	4,895
ATMs (units)	30,801

Background

History of Numbers of Points of Service (*)

Quantities



Background

International Presence



Background

- Itaú Unibanco is the result of a recent merger (10 months old) of two large banks forming the 12th top largest worldwide financial institution
- 103,000 employees and 20 million accountholders
- Its Internal Audit now is reconfigured taking the best of each institution (350 internal auditors)
- Continuous audit has been elevated to report directly to the CEA (executive director)
- Pursuing the prior CA projects and initiating new ones

Branch audit and monitoring

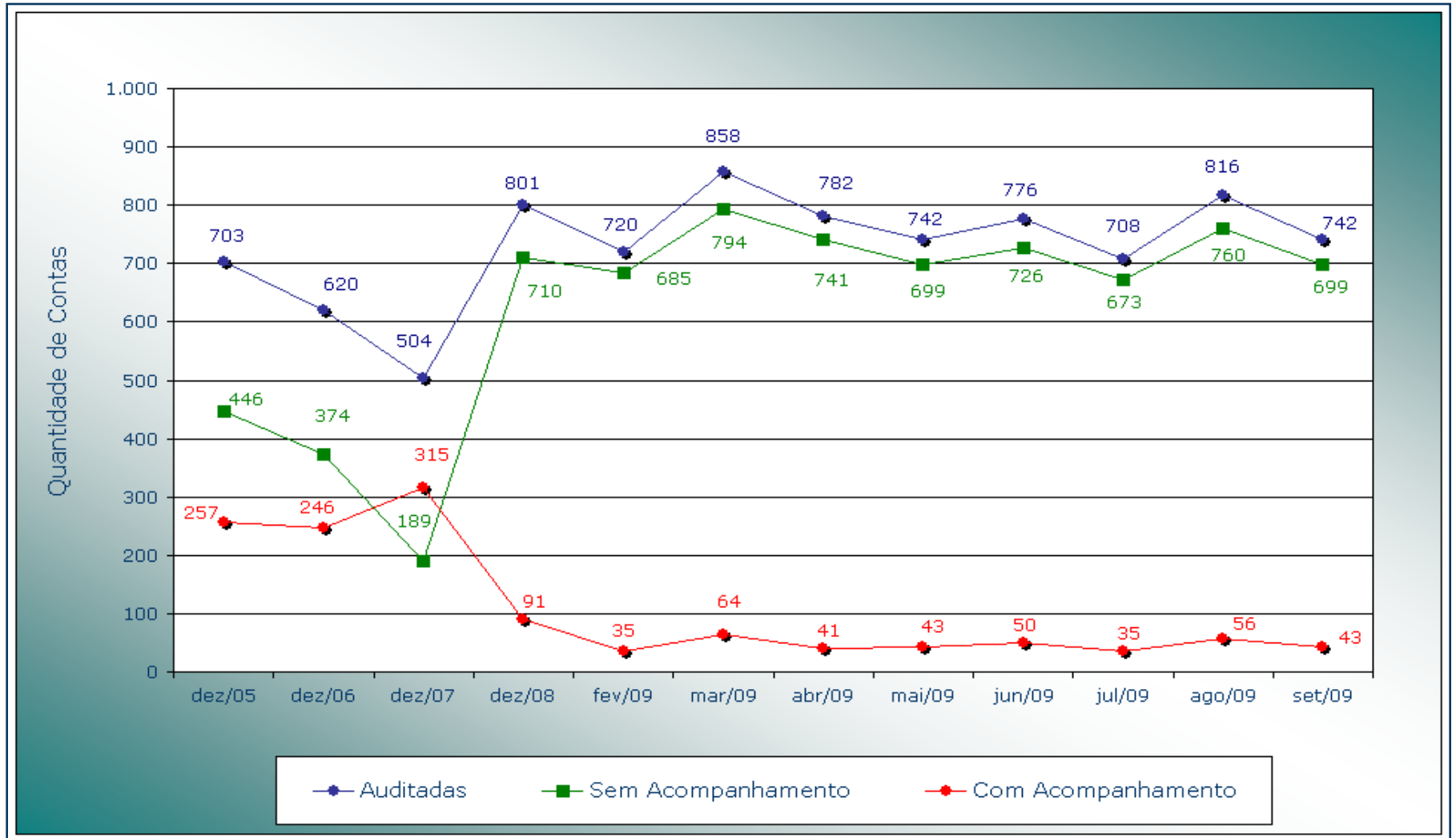
Branch Monitoring

- Heuristics for 17 monitoring procedures that monitor about 1400 branches/units are being re-calculated
- Have retained IBM as the “systems integrator” for hardware expansion and systems implementation of continuous audit analytics

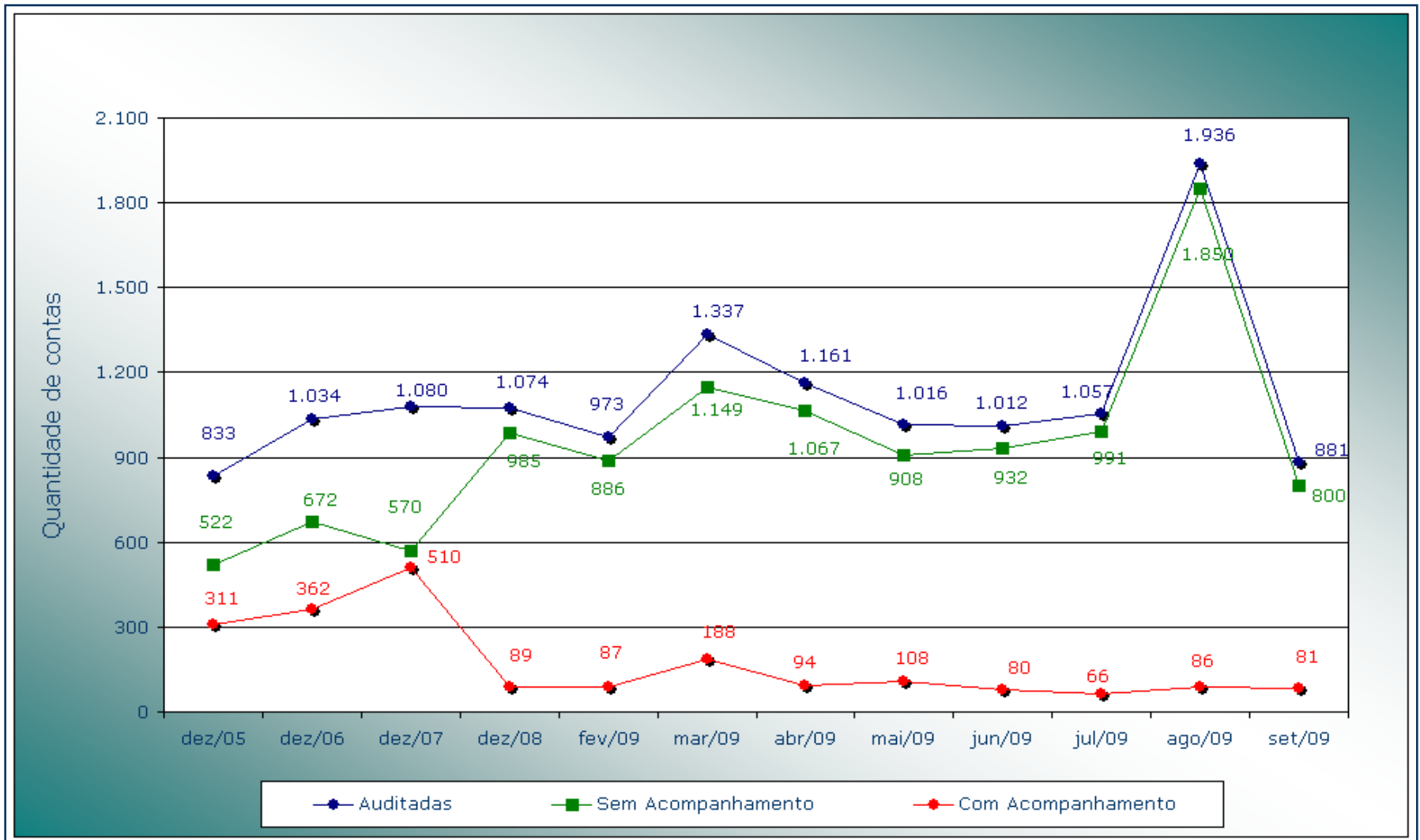
Unibanco – Some CA Program Features

- Automated monitoring of over 5 million customer accounts on a daily basis using 25 automated procedures to:
 - Detect errors
 - Deter inappropriate events & behaviors
 - Reduce or avoid financial losses
 - Help assure compliance with existing laws, policies, norms and procedures
- Examples of “low hanging fruit:”
 - Customer advances
 - Excess over credit limit
 - Returned checks
 - Federal tax payment cancellations
 - TED issuing (eletronic money transfer)

Adiantamento a Depositantes (Advances)

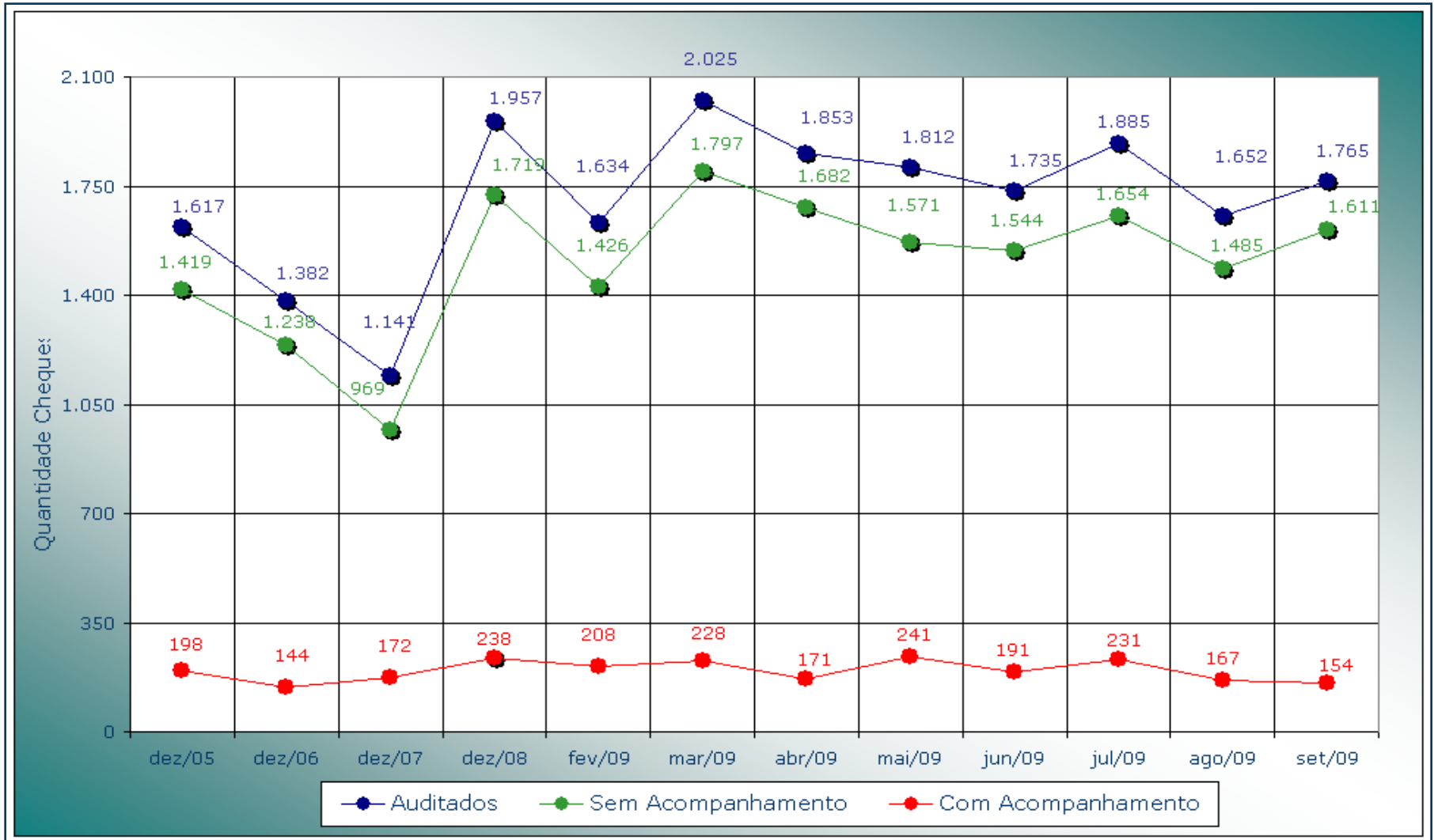


Excesso sobre limite (Overdraft)

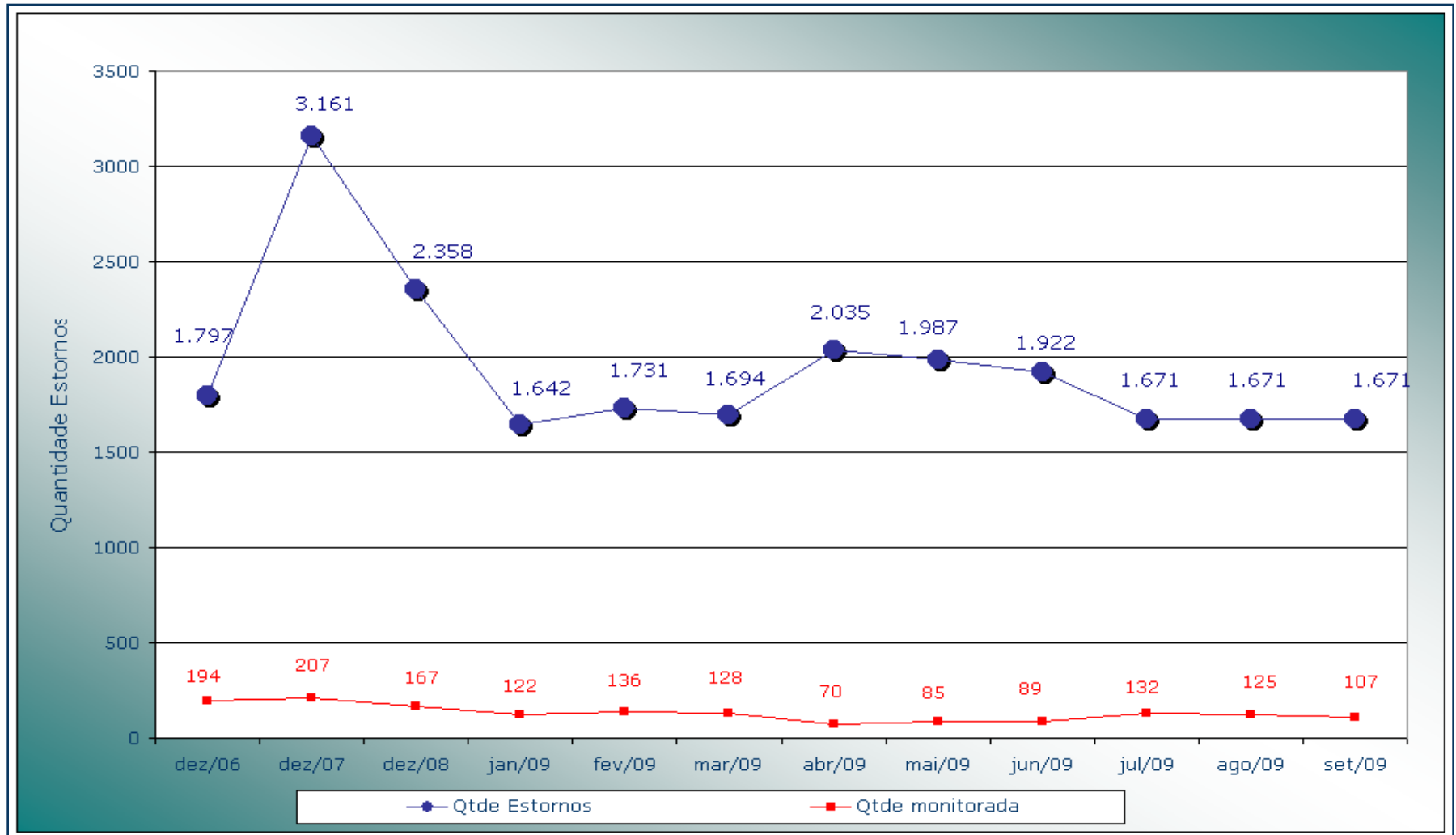


Monitoração

Cheques acolhidos devolvidos (Bounced Checks)



Estorno de Tributos (Federal taxes)




Transitory accounts

- About 10,000 general ledger accounts
- Unclear how many are really used as transitory
- Range a large number of business units

Transitory Accounts

- Level 1
 - Analytic review of all accounts
- Level 2
 - Monitoring of risky accounts at the mainframe level
- Level 3
 - Daily analytics on transactions and generic characteristics of high risk accounts
 - Generic filter to analyze daily transactions of particular accounts flagged in daily level 2 monitoring
- Level 4 (future)
 - Continuity equations and relationships

Conta 61930- TEDs Aplicações Financeiras (investments)- Transitórias

• 191 transactions in 41 days	7,000,000.00
• All transactions input by the Treasury dept.	2,700,000.00
• All debt transactions	1,000,000.00
• No multiple transactions	980,000.00
• Biggest amounts identified were	597,519.14
	386,120.65
	275,039.27
	148,885.67
	132,250.25
	70,875.98
	25,052.06

Conclusions

- In general terms the project is advancing at a larger scope, focusing on identifying risky behavior of employees (sales team)
- Prototyping is being performed by the Rutgers team
- Itaú Unibanco adapts the analytics to its environment and works on its implementation in an operational environment