

Modernize your anti-money laundering program with AI and machine learning in the cloud



Business Impact

“Through its Financial Crimes Analytics solution, SAS aspires to build an enterprise decisioning platform that can solve a diverse array of fraud and AML problems and deliver actionable insights along the customer journey.”

Aite Matrix: Leading Fraud & AML Machine Learning Platforms

Challenges

- **False positives.** Financial institutions are overwhelmed with growing volumes of false positives generated by traditional, rules-based systems. On average, about 95% of alerts are false positives.
- **Cost of compliance.** To deal with high volumes of alerts and false positives, financial institutions throw more resources at the problem, increasing compliance costs.
- **Regulatory rigor.** Regulatory bodies are encouraging financial institutions to adopt innovative initiatives focused on using AI and ML to boost the accuracy of AML programs, while expecting transparency, understanding and explainability.
- **True positives.** Legacy AML systems define simple deterministic rules that consider fewer risk factors and may leave truly suspicious transactions undetected.

The Issue

Currently, anti-money laundering (AML) departments at financial institutions primarily use rule-based automated transaction monitoring systems that help them detect potential illicit behavior that may be indicative or related to money laundering, terrorist financing or sanctions violation.

However, these systems produce a large volume of false positives, vastly increasing the number of investigators needed to review and dispose alerts. Additionally, they use simple deterministic rules that consider few risk factors and may leave truly suspicious transactions undetected. Ever-evolving threats require continuous scenario improvement.

These limitations have significantly increased the cost of compliance for financial institutions around the world. As a result, they have begun looking for greater return on their existing technology investments, including improved analytics, automation and operational efficiencies.

To achieve this, financial institutions are looking to adopt next-gen AML capabilities powered by automation, artificial intelligence (AI) and machine learning (ML). Implementing such capabilities delivers a more efficient, effective AML program that reduces overall cost and helps compliance resources focus on higher-risk alerts, parties and events.

Our Approach

With SAS' advanced, cloud-based compliance analytics solution, financial institutions can leverage AI and ML to enhance the effectiveness and efficiency of their existing AML monitoring program. It can seamlessly interface with any AML platform to optimize monitoring, reduce compliance costs and false positives, and detect more “true positives.”

The solution supports:

- **Data exploration and preparation.** Empower business users with a drag-and-drop interface to profile, cleanse, prepare and automatically integrate data into the analytics pipeline.
- **Entity resolution.** Create a single, global customer ID by processing multiple data sources and references while accounting for inconsistencies, errors, abbreviations and incomplete records.
- **AML optimization.** Verify and refine AML monitoring strategies using scenario effectiveness testing, what-if simulations, above-the-line/below-the line threshold tuning, ad hoc lookbacks and more.
- **Intelligent customer segmentation.** Run out-of-the-box, unsupervised ML algorithms for smart peer groupings, greater risk coverage and productivity, and vastly reduced false positive alerts.
- **Alert prioritization.** Use predictive models and advanced analytics to prioritize alerts for investigation and reliably predict false positives.
- **Network analytics.** Visualize risk holistically with complete customer networks to rapidly uncover complex, hidden relationships.
- **Text analytics.** Quickly extract key terms from massive data sets, analyze sentiment and correlate words with natural language processing, deep learning and linguistic rules.

Only SAS offers:

- **Industry-leading, advanced analytics capabilities**, including extensive AI and ML coupled with AML domain expertise.
- **A modern, agile, cloud-enabled analytics platform** that operationalizes the entire analytics life cycle - data orchestration, preparation, model development and model deployment - for faster decisioning.
- **Explainable AI** that provides complete transparency of the parameters and methodologies used to generate ML models, ensuring successful interpretability for internal model governance boards and external regulators.
- **Full native ETL and data management capabilities** within the provided software technology.

Challenge

A tier 2 regional US bank wanted to modernize its rules-based AML transaction monitoring system. But its library of 200 transaction monitoring scenarios was hard to manage. The bank needed to reduce the volume of low-value events, address gaps in coverage and improve SAR conversion rates.

Solution

The bank deployed SAS Financial Crimes Analytics.

Results

The solution provided an AI model with a convolutional neural network, automatic pattern recognition, model training and continuous improvement capabilities that enabled the bank to:

- Reduce alert volume by 55%.
- Increase its SAR yield by 25% and SAR filings by 29%.
- Retire more than 60 - and optimize more than 50 - inefficient scenarios.

- Take a modern approach to fighting financial crimes?
- Augment your existing AML solution with AI/machine learning capabilities to reduce false positives, improve risk coverage and increase overall operational efficiency?
- Adopt the latest AI/machine learning innovations in AML with complete transparency and the ability to explain decisions made by detection models to the regulators?

With SAS, you can.

SAS® Facts

- **More than 250 of the world's biggest banks** use SAS to prevent money laundering.
- **SAS was named a best-in-class vendor** in Aite-Novarica Group's *Aite Matrix: Leading Fraud & AML Machine Learning Platforms*.
- **SAS is a Leader in The Forrester Wave™**: Anti-Money Laundering Solutions, Q3 2022.
- **SAS has been named a Category Leader** in Chartis' *Financial Crime Risk Management Systems: Watchlist Monitoring Solutions, 2022*.
- Chartis has named SAS a **RiskTech Quadrant Category Leader** in trade-based anti-money laundering.

Learn more about **SAS® Anti-Money Laundering solution**.

