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

Business Impact

"Vendors that can provide fast-to-train and adaptive unsupervised machine learning, automation in case investigation, and actionable compliance reporting position themselves to successfully deliver AML compliance to their customers."

The Forrester Wave™: Anti-Money Laundering Solutions, Q3 2019

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 now expect financial institutions to start innovative initiatives focused on using artificial intelligence and machine learning to boost the accuracy of AML programs.
- **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 at artificial intelligence (AI) and machine learning (ML) because regulatory guidance accepts that these techniques may enable institutions to implement a more efficient and effective AML program that reduces overall cost and helps compliance resources be more productive.

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.

The SAS® Difference

Only SAS offers:

- **Industry-leading, advanced analytic 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.

Case Study

Challenge

For a Tier 2 regional US bank, managing a library of 200 transaction monitoring scenarios was difficult. The compliance team wanted to modernize its incumbent, rules-based AML transaction monitoring system. It also wanted to reduce the volume of low-value events, address gaps in coverage and improve suspicious activity report (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.

What If You Could ...

- Modernize your existing AML solution by operationalizing AI and ML models?
- Eliminate unplanned model tuning and optimization efforts that require time and internal resources?
- Dramatically lower the cost of compliance by increasing true positives and SAR conversion rates?

With SAS, you can.

SAS Facts

- SAS is ranked as a Leader in The Forrester Wave™: Anti-Money Laundering Solutions, Q3 2019.
- SAS provides one of the most scalable anti-money laundering solutions on the market.
- Over 250 of the world's biggest banks use SAS to prevent money laundering.

Learn more about SAS® Anti-Money Laundering solution