



THE POWER TO KNOW.

## Business Impact

“The most critical factor to the success of an AML program is a risk-based approach.”

Nancy Feig

“Regulators Focused on Anti-Money Laundering”  
*Bank Systems & Technology*, Feb. 21, 2008

## Challenges

- **Inflexibility.** Current AML systems lack the flexibility to deploy new monitoring strategies and are unable to scale to growing transaction volumes.
- **System limitations.** Existing rules-based systems are unsophisticated and rudimentary, and cannot support segmented monitoring of customers and peer groups or produce cross-channel views of illicit behavior.
- **Lack of integration.** Because existing systems and processes are not integrated, querying of transaction systems and manual entry of information is often a necessity, and there's little to no sharing of information among systems about customer risk.
- **Insufficient processes.** Institutions often lack consistent processes, procedures and controls for identifying suspicious behavior and filing necessary reports.
- **Resource limitations.** There aren't enough analysts available to investigate everything that needs to be investigated, so many instances of fraud may go undetected.

## How can we implement a risk-based anti-money laundering program that addresses our unique risks?

### YOUR GOAL: Meet AML compliance obligations

During the past decade, hundreds of small to mid-sized financial institutions have automated their anti-money laundering (AML) compliance processes to meet growing regulatory emphasis on combating money laundering and terrorist financing. Many institutions made minimal investments, often choosing the least expensive software packages to meet the minimum level of compliance.

However, new schemes, growing threats and increased scrutiny on sanctions compliance have motivated many of these same institutions to search for better systems that provide an integrated, end-to-end process for mitigating a broad range of AML compliance risks. The challenge is how to implement a risk-based AML program that adequately addresses an institution's unique risks, effectively covers the new and emerging money laundering methods and techniques in the context of an institution's risk profile, and can adapt to constantly evolving regulatory expectations.

### OUR APPROACH

When it comes to AML compliance, SAS knows that one size does not fit all. Yet, small to mid-sized financial institutions are just as vulnerable to fraud as larger institutions. We approach the problem by delivering software and services to help you:

- **Take a fully integrated approach** to classifying customer risk profiles, monitoring for potentially suspicious behavior, supporting investigations and filing regulatory reports.
  - All actions, comments, documents and case dispositions are captured by the system to support regulatory review and internal audits.
  - The system manages privileges and controls to ensure that policies and procedures are followed.
- **Address emerging risks quickly and effectively** using anomaly detection scenarios and risk factors that can be easily adapted as needed via a point-and-click interface that lets even non-IT users modify rules and parameters.
- **Boost productivity** with an intuitive environment that lets analysts quickly determine if an alert merits further investigation and promotion to a case.
  - Customer and account histories, profiles and relevant transactions can be accessed with a single mouse click, eliminating the need to query source systems.
  - Customer risk classifications and dynamically scored alerts help analysts focus their time on events and clients that present the greatest risk.
  - Multiple alerts can be aggregated into a case for further investigation, thus reducing the amount of time spent on alert resolution.
  - Automated filing of regulatory reports reduces time spent on SAR/STR filings.

In addition, the solution's risk classification process uses high-risk classifiers to describe customer, product, service or geographic risk characteristics. These risk classifications and ongoing transactional behavior are then used to determine whether a customer's risk profile should be reclassified. The system's scenarios can be stratified by risk classification to support a high-risk monitoring or surveillance strategy.



## THE SAS® DIFFERENCE: Robust detection capabilities at a lower cost

Only SAS provides a money laundering detection system for small and mid-sized institutions that includes data management tools and best practices, an alert engine, basic reporting functionality, advanced analytics and administration tools – all in a simplified technology architecture that can be easily integrated with other SAS solutions and can be migrated to a more sophisticated money laundering solution if and when needed.

With SAS, you get:

- **Flexibility.** SAS gives you the ability to configure the system to keep pace with emerging threats, so you're still protected, even as your needs change.
- **Detection accuracy.** SAS provides broader analytic techniques to detect potentially suspicious activity. This produces higher quality alerts because the scenario and risk factor combinations help prioritize the work queue and provide greater context.
- **Integrated risk classification, monitoring and case management.** SAS automates many processes that usually are not well-integrated within banks. In addition, our out-of-the-box solution eases the sharing of information and supports internal controls.
- **Scalability.** The SAS solution's unique AML architecture allows the system to monitor more risks with fewer hardware resources, which reduces your total cost of ownership.

The SAS solution represents many best practices learned from a decade of successfully implementing anti-money laundering solutions at more than 100 sites in 28 countries. No other vendor provides such robust capabilities for detection in a system configured for small to mid-sized financial institutions.

## CASE STUDY: A mid-sized bank in the US

### Situation

A US subsidiary of a European bank that caters to wealthy clients wanted enterprise capabilities for money laundering detection, but the bank operated with a lean IT staff and budget, and the solutions in their budget couldn't meet their needs.

### Solution

SAS provided a solution that helped the bank:

- Establish consistent processes, procedures and controls for identifying suspicious behavior and filing necessary reports.
- Document the decision process for regulatory review.
- Conduct investigations using existing staff.
- Implement a money laundering detection system quickly, in spite of limited financial and human resources.

### Results

- Satisfied expectations of regulators.
- Avoided compliance fines and penalties.
- Reduced their cost of compliance.

## What if you could ...

### Use multiple monitoring techniques

What if your AML system used multiple detection techniques – e.g., heuristic rules, pattern matches, anomaly detection, cluster analysis, link analysis, state vector scenarios, etc. – to monitor customer and account behavior for suspicious activity?

### Automate governance and control processes

What if you could automate consistent processes for managing and assessing customer risk profiles, activity monitoring, investigations and regulatory filings?

### Respond effectively to emerging risks

What if your AML system could easily adapt to expanding markets, acquisitions, changing customer demographics and emerging risks posed by new products and channels?

### Improve investigator productivity

What if your investigators could know which events and clients represented the most risk, so they could focus their time where it's needed most instead of wasting time on false positives?

## You can. SAS gives you THE POWER TO KNOW®.

## SAS FACTS

- SAS customers make up 97 percent of banks in the FORTUNE Global 500®.
- More than 3,100 financial institutions worldwide are SAS customers.
- SAS has more than three decades of experience working with financial institutions all over the world.

Learn more about SAS software and services for banking at:  
[www.sas.com/fsi](http://www.sas.com/fsi)



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