Data Sheet

IBM Surveillance Insight for Financial Services

Anticipate, detect and manage conduct risk through artificial intelligence and unified analytics. Respond faster to threats and regulatory compliance demands.

Watson Financial Services

IBM

Highlights

- Aggregate insights to detect and predict suspicious activities from multiple data sources
- Build robust "Know Your Employee" profiles by analyzing personality and behavior
- Monitor and analyze behavior and identify new patterns using advanced playback capabilities
- Maintain compliance with regulations such as Dodd-Frank, MiFID II and MAD

Achieve more precise and automated conduct surveillance spanning asset classes, markets and abuse scenarios

Meeting today's escalating surveillance needs is a labor-intensive challenge. The financial services sector faces increased compliance costs, low-latency trading, continual data growth, velocity and variety – and mounting regulatory burdens. As a result, financial organizations seek advanced methods to control costs, manage conduct risk and comply with requirements.

IBM® Surveillance Insight for Financial Services® allows clients to achieve more precise and automated conduct surveillance spanning asset classes, markets and abuse scenarios. This solution delivers holistic supervision, monitoring and reconstruction, and predictive analytics that help identify anomalous activity and pinpoint new patterns. It integrates trade, electronic communications and voice data to provide unified analyses. Clients can achieve greater compliance, accuracy and a drastic reduction in false positives alerts.

With advanced artificial intelligence (AI) and analytic techniques from IBM Watson®, Surveillance Insight for Financial Services supplies predictive recommendations for an optimal approach. Prebuilt models, flexible architecture and a data governance model help reduce operational costs.

An advanced platform for fast-moving conditions

Surveillance Insight uses advanced analytics to unify insights from written communications, trade data and voice recordings. It provides an accurate, actionable examination of internal affairs. The integrated surveillance platform analyzes data in near-real time – and at scale – to match the speed of market dynamics. By supporting alerts with evidence-based reasoning and drill-down capabilities, the solution helps detect linkages, prioritize alerts and predict latent risks within behavior patterns.

This solution applies cognitive AI reasoning to long-term employee behavior to detect anomalies from "weak signals" and predict noncompliant intent over time. The underlying data is then presented in intuitive visualizations to provide compliance managers with accurate risk estimates.

Robust ongoing holistic monitoring and analytics

Surveillance Insight brings a holistic and cognitive approach to monitoring all employee-related activities for financial services organizations. Integrated analytics focus on all conduct channels. This solution accesses and analyzes structured and unstructured data including emails, chat transcripts, voice recordings, customer complaints, and trade and market data.

Pattern recognition technologies help create employee profiles, improve surveillance program efficiency and accuracy, and comply with regulations effectively. Prebuilt models help clients quickly detect suspicious patterns and predict emerging ones for applications across conduct risk, market abuse and client suitability, and complaints.

Leverage AI and cognitive capabilities to address regulatory challenges

Powerful AI features help accommodate different data stores and middleware across clusters. The open architecture integrates with existing compliance systems and handles big data volume, velocity and variety with ease. Rapid project deployment helps address regulatory requests and concerns with greater immediacy.

Reduce analysis latency from months to days

Efficiently analyze and manage alerts and outputs, and demonstrate appropriate review and escalation through prioritized alerts and supporting evidence. Respond rapidly to regulatory inquiries and potential threats with visuals that show trends, behaviors and relationships. Further, reduce latency from months to days without grinding surveillance to a halt.

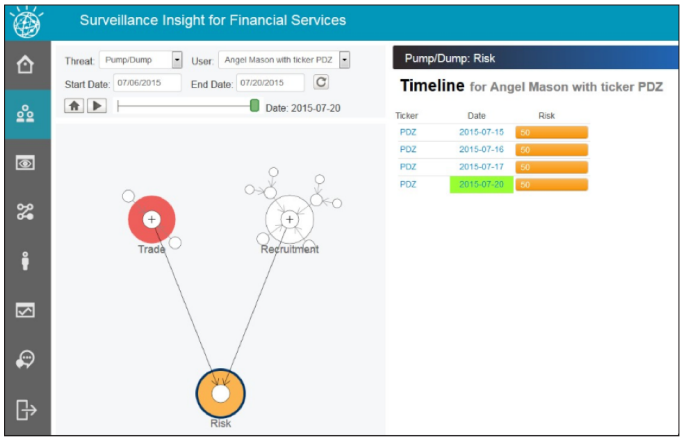

Figure 1: Early accurate threat identification

A holistic view of market abuse enables early threat identification. Multidimensional monitoring quickly finds new trends, correlations and behavioral anomalies. This produces more accurate alerts, fewer false positives and negatives, and more efficient investigations.

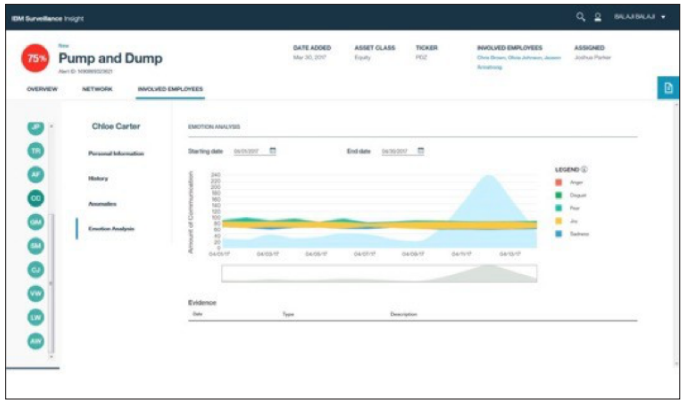

Figure 2: Solution modules

Trade surveillance

Regulators increasingly demand a more preemptive approach toward surveillance. The trade surveillance module accesses and interprets varied and massive data volumes, reconstructing potential market abuse scenarios to uncover manipulation and misconduct. Achieve more accurate trade surveillance across disparate data silos, multiple asset classes, markets and geographies, at lower costs.

Firms are required to identify and report traders who intend to commit market abuse. Without a holistic and dynamic solution, complex trading scenario analyses are unwieldly and incomplete. Beyond the traditional rules-based approach, the Surveillance Insight solution proactively finds noncompliant employee behavior risk, overcoming barriers such as existing systems not built for real-time analytics.

- Maintains quality and consistency of trade surveillance data pulled from disparate sources.
- Uses unsupervised machine learning to proactively determine new clusters of harmful behaviors symptomatic of abuse.

Voice surveillance

Unlock voice data from trade floor communications to rapidly identify suspicious intent. Designed to analyze high daily call volumes, the voice surveillance module helps lower the extreme cost of monitoring. Accurate speech-to-text natural language processing detects and understands a broad range of human emotions, experiences, social tendencies and language style.

- Extracts and learns from semantic metadata.
- Provides robust voice surveillance output that can be integrated with the holistic surveillance strategy.

"Current audio recording systems were designed to capture and store data and listen to it from a playback perspective, but large-scale retrieval wasn't envisioned when a lot of these systems were created."

Global Head of Legal Discovery Operations, top European bank

A tier-one global bank chose IBM Surveillance Insight for Financial Services for voice on IBM Cloud due to the security and rapid production deployment, as compared to a traditional on-premises approach. The outcome included conversion of voice into accurate speech-to-text files in near real-time for screening against risk models. This resulted in identification of high risk calls across thousands of traders within a 24-hour period.

Why IBM Surveillance Insight for Financial Services?

Surveillance Insight uses Watson AI for unique reasoning and analytic capabilities. It understands data and learns behavior, trends, tone and sentiment. The comprehensive communication surveillance and open architecture integrates sources and systems to yield a complete view. Respond to threats quickly with robust, low latency analytics. Intuitive visual graphics provide 360 degree views to enhance understanding.

A scalable, open and flexible platform accommodates different data stores and middleware across clusters. Expenses can be reduced by leveraging a multi-tenant platform solution model for a low overall total cost of operation.

IBM manages deployment, administration, operation, maintenance, and security of the applications, including underlying middleware, platforms and infrastructure. IBM Surveillance Insight is backed by rigorous service level agreements and risk management practices.

About IBM Watson Financial Services

IBM works with organizations across the financial services industry to use IBM Cloud™, cognitive, big data, RegTech and blockchain technology to address their business challenges. Watson Financial Services merges the cognitive capabilities of Watson™ and the expertise of Promontory Financial Group, an IBM company, to help risk and compliance professionals make better informed decisions to manage risk and compliance processes. These processes range from regulatory change management to specific compliance processes, such as AML, KYC, conduct surveillance and stress testing.

For more information

To learn more about IBM Financial Crimes Surveillance Insight, contact your IBM representative or IBM Business Partner, or visit ibm.com/us-en/marketplace/financial-market-surveillance-insight

To learn more about IBM financial risk and regulatory compliance solutions, visit ibm.com/RegTech and follow us on Twitter @IBMFintech

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