Have banks finally reached peak analyst for AML compliance?

To avoid an avalanche of regulatory penalties, banks are spending billions on compliance technology and operations, and will spend even more in the future for what amounts to diminishing returns.

None of this will change without a drastic change in the way banks approach AML.

Why analysts can’t keep up:

- **UDS 300B** in banking fines over the last decade, especially in the area of anti-money laundering (AML) and counter-terrorist financing.
- On average, major banks spend more than a billion dollars on their financial crime and compliance programs.
- 10% expected analyst job growth in financial services industry according to the Bureau of Labor Statistics.

Challenges:

- Financial institutions are facing an uphill battle when it comes to AML compliance.
- USD 1B on average, major banks spend more than a billion dollars on their financial crime and compliance programs.
- 90+% false positive results on current AML transaction monitoring systems.
- What accounts for this?
- 10% expected analyst job growth in financial services industry according to the Bureau of Labor Statistics.
- USD 300B in banking fines over the last decade, especially in the area of anti-money laundering (AML) and counter-terrorist financing.

Solution:

A sustainable and strategic AML approach lightens the compliance burden on financial institutions.

**Robotic Process Automation (RPA):**
Collects data across multiple systems and creates investigation narratives without the need for analyst intervention.

**Regulatory Compliance Expertise (RCE):**
Embeds leading AML guidance and best practices into detection rules and investigation structure.

**Natural Language Processing (NLP):**
Deciphers complex and unstructured text fields to understand context and match names to resolve entities.

**Artificial Intelligence (AI):**
Continuously learns the nature of risk by scrutinizing alert features and variables to identify which factors carry more weight.

**Machine Learning (ML):**
Improves initial categorization and risk scoring by understanding historical investigation outcomes.

Results:

- Banks have transformed their AML burden into a strategic advantage.
- Large U.S. Bank Enhances Customer List Screening: 70% reduction in false positives, uncovered more implicit relationships between accounts.
- Top 10 Global Bank Streamlines Transaction Monitoring: 22% reduction in false positives and uncovered implicit relationships between accounts.
- Correspondent Bank Improves AML, Consistency and Quality: 70% reduction in false positives and uncovered implicit relationships between accounts.

What’s next: Put your AML program on the right path.

Find out how IBM is helping banks transform their AML programs to gain a strategic advantage.

IBM Watson