

Maximize Your AML Operation with Top Tech Trends for 2021

Featuring:

FORRESTER®

 **WorkFusion**

Guest Speaker:



Andras Cser
VP Principal
Analyst, Forrester



Grant Vickers
Head of Financial
Crimes Automation,
WorkFusion



Kyle Hoback
Director, Intelligent
Automation,
WorkFusion

Banks need a solid roadmap of AML transformation to align business and tech teams

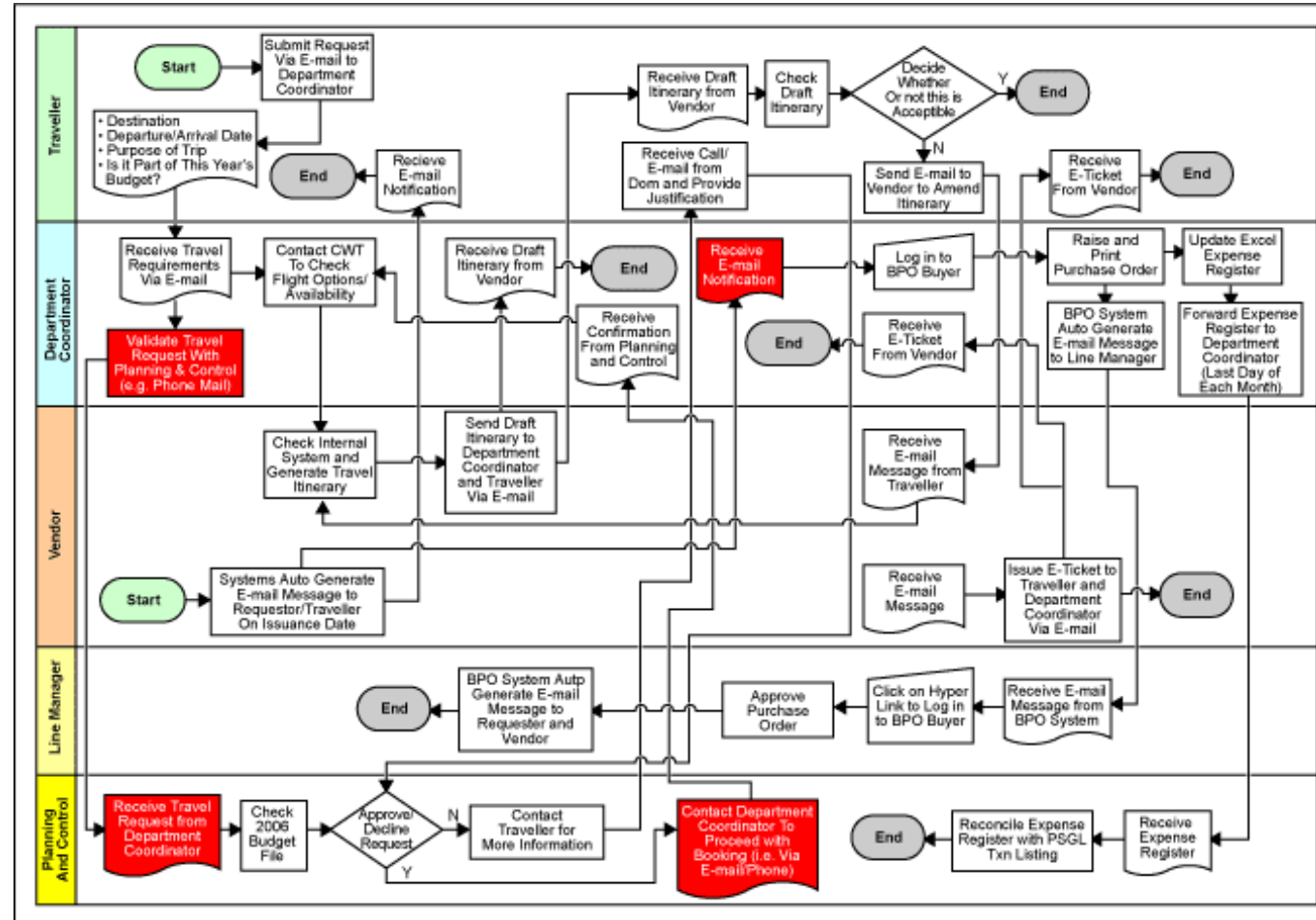
Why? Because Money Laundering and Fraud Impacts Financial Services and Payments

- New Payment Types (P2P)
- Real Time transactions
- Online banking
- ACH, Wire, Check, etc.
- Card (Card Present, Card Not Present)
- eWallets
- Payment processing

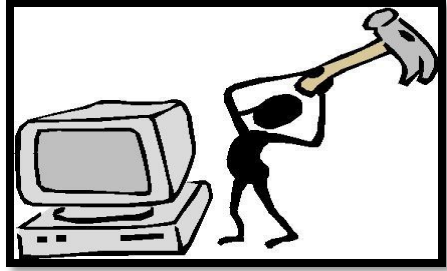


Cross Channel Fraud Shows No Signs Of Abating, Models are Required

- Online and mobile web
- Mobile app
- POS
- In-person
- Call center
- Kiosk
- Chat and Chatbot
- Email
- Snail-mail



3Fs: It's a delicate balance and a hard problem to solve



**False Positives
(Operational
Efficiency)**

**Fraud /
Money Laundering
(Management
Efficiency)**

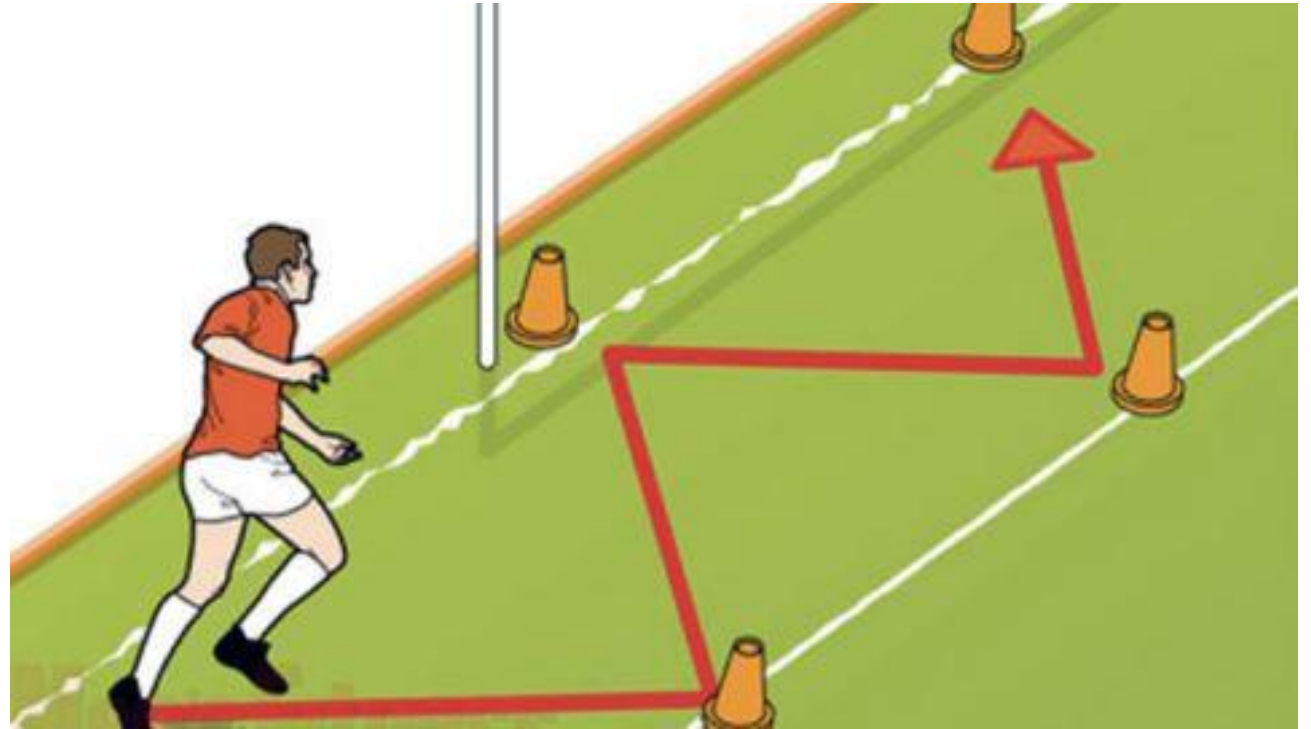



**Friction
(Customer
Satisfaction)**



It's also about business agility

- Passing more transactions
- Penetrating new markets
- Complying with diverse regulations
- ... not just managing fraud



A person with long brown hair, wearing a white headset, is seen from the side, working on a silver laptop. The laptop screen displays a video conference with three participants. The person's hands are visible on the laptop keyboard and a pen is in their right hand, resting on a document next to the laptop. The background is a blurred office setting.

**Banks need a solid roadmap of
AML transformation to align
business and tech teams**

Simply adding more tech and people will not
only incur tech debt but also operational debt

Why? Because You Have to Have Model Governance and Collaboration With Regulators

- It's not a fishing trip: be able to prove that your next challenger model performs better than your current champion model
- Use statistical measurements and SDLC processes
- This is harder with unsupervised models than with supervised models
- Work with regulators (FinCEN, FINRA, etc.)



EFM and AML convergence (FRAML)?


Cons

- Perception of customers changes all the time, and is cyclical
- Ownership of EFM is LoB, CFO, IT/Sec, CRO
- Ownership of AML is Compliance, CRO
- EFM is real time, AML you have 30 days to file a SAR
- Data integration paths are different
- Cyber used to be a big component of FRAML 3 years ago, don't see it today
- Model governance differs for EFM and AML
- EFM is 'optional', AML is mandatory

EFM and AML convergence (FRAML)?

Pros

- Perception of customers changes all the time, and is cyclical
- Data integration should be done once for both EFM and AML
- Both EFM and AML are pattern recognition
- Models and techniques are similar
- AML may follow EFM to real time
- We see some EFM and AML organizational consolidation

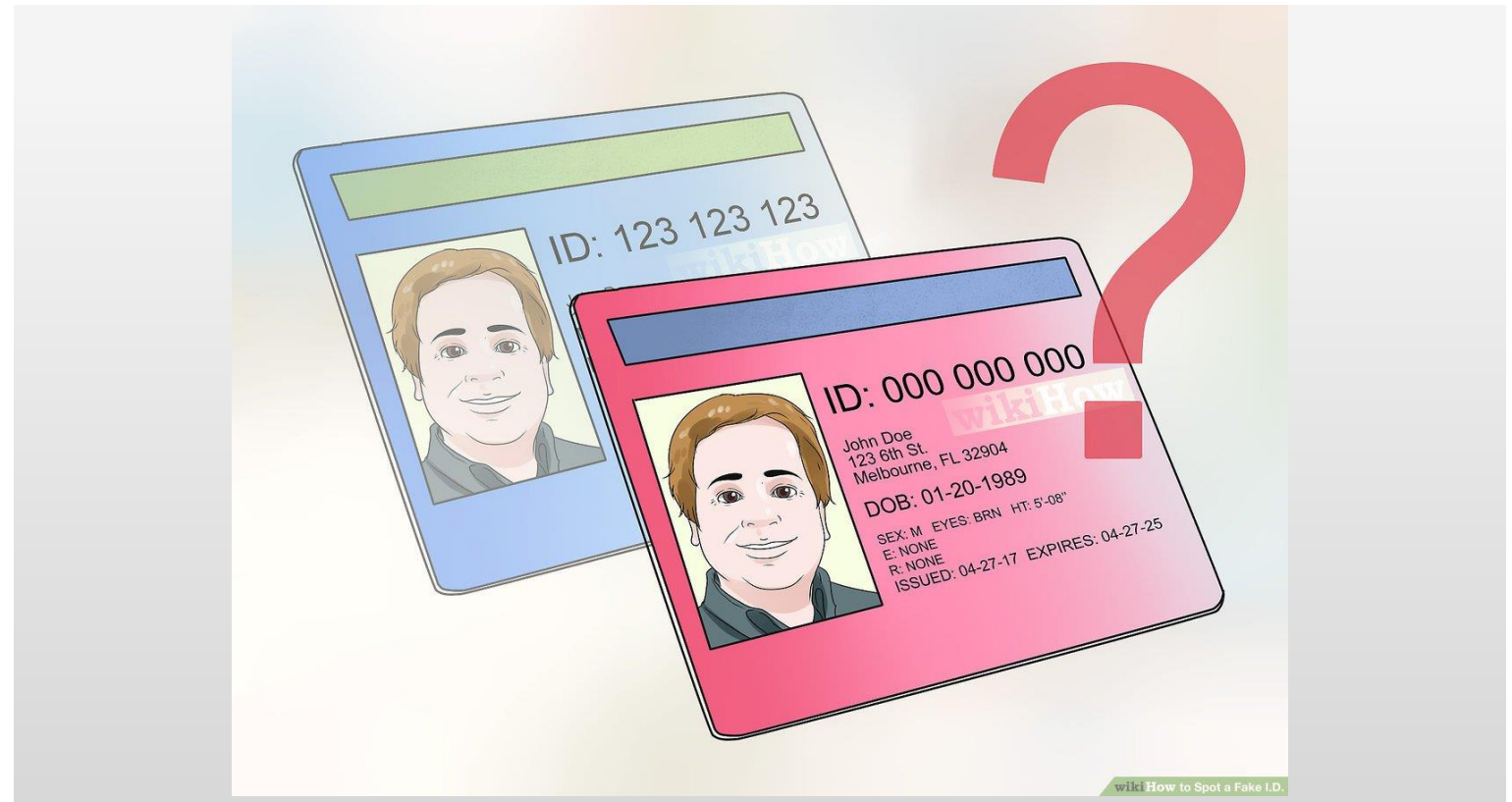


Simply adding more tech and people will not only incur tech debt but also operational debt

Automation helps maximize the systems and team in place by augmenting them, not replacing them

Online Physical Document Verification Transforms KYC and CDD

- Identity Resolution helps cut down the number of duplicate customer registrations.
- FIs increasingly use phone, email, social and Physical document data based IDV.
- Behavioral Biometrics and Device ID expose linkages between people and machines.
- Identifying falsified account statements revolutionizes document management.



WLM, and Screening can only cope with more transaction types when using AI

- Productized 3rd party list source integration.
- Refining matching algorithms using AI and natural language processing (NLP).
- Support for more types of transactions.
- Model Governance and Explainability Dominate Transaction Monitoring
- Model Governance requirements tighten.
- Models show AI/ML improvements and can segment customers real-time.
- Real time and cryptocurrency payments mandate real time transaction risk scoring.
- Better AI model explainability.
- AML ontologies and taxonomies start to take shape and be available to customers.



Forrester's Recommendations: Integrate Once, Communicate A Lot

- Do data integration and data sharing once.
- Ease investigators' pain with Robotic Process Automation (RPA).
- Supply as much alert and case context to investigators on one screen as possible.
- Converge Fraud Management and AML operations

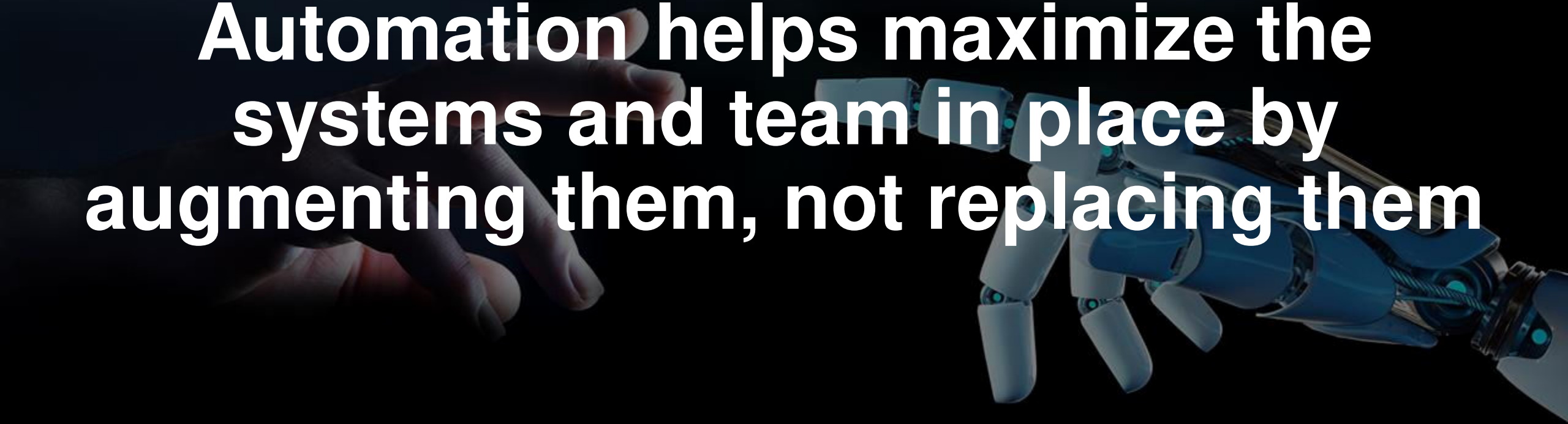


Forrester expects...

- Cloud based analytics and delivery methods of fraud management gaining adoption
- Peer to peer payment risk scoring models
- Consortium based data use for all fraud management aspects, including threat feeds
- Predictive investigation (at least optionally) added to every solution
- Decentralized, self sovereign identity



**Automation helps maximize the
systems and team in place by
augmenting them, not replacing them**



Key Takeaways

Intelligent Automation is a key tech trend helping AML teams maximize their operations

- Banks need a solid roadmap of AML transformation to align business and tech teams
- Simply adding more tech and people will not only incur tech debt but also operational debt
- Automation helps maximize the systems and team in place by augmenting them, not replacing them