WorkFusion

US-based bank streamlines real-time payments compliance with an AI Digital Worker

Eliminates level-1 RTP alert
backlog in just six weeks

About the Customer

This US-based bank has nearly 2,000 employees and approximately $20b of assets under management. It provides checking, savings, loans, and credit cards for individuals and businesses, merchant services, and wealth management for individuals and institutions.

The Challenge

The bank had been struggling in recent years to keep pace with the fast-moving world of real-time payments and, in particular, managing the growing volume of sanctions screening alerts received by the compliance analyst team. By mid-2022, with the Russian invasion of Ukraine, the bank's Level 1 (L1) compliance analysts were finding it challenging to review, accurately disposition, and escalate alerts from the real-time payments' screening tool. The two main challenges had become well-known to the bank's OFAC officer:

1. The domestic team of L1 analysts could not manage the volume of alerts caused by the massive (and growing) list of sanctioned persons and entities.

2. The offshore L1 analysts hired to supplement the domestic team were doing low-quality work. Specifically, they were allowing payments to sanctioned parties in Russia and causing the bank to continuously raise internal compliance flags.

With the local L1 analysts becoming overworked and stressed out as they fell increasingly further behind in their work, the domestic L1 analyst team experienced 100% employee turnover in 2022. Unfortunately, hiring more offshore staff would only worsen compliance failures. These two factors compelled the bank's OFAC officer to step in and personally mitigate the situation by taking over L1 sanctions alerts review. "The only immediate solution I could find was to perform the L1 analyst work myself," stated the OFAC officer. "Smaller banks like ours struggle to attract qualified L1 analysts who can hit the ground running, and our need was immediate."
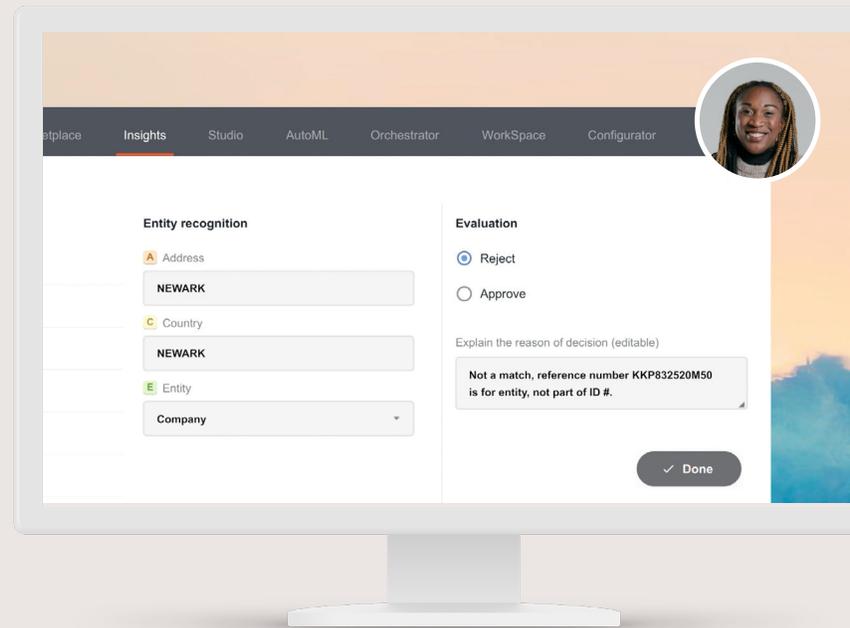
The OFAC officer was able to manage the L1 alerts on his own, but he knew that was not a feasible long-term solution. Unable to bring in qualified, long-term L1 analysts, the OFAC officer decided by mid-2022 that he would need to address his L1 alert review needs with a technological solution. "I knew there were technologies that could help automate and speed processes. But that wasn't enough. I wanted one that was tailored to the specific needs of the financial crime compliance industry," he said. He recognized that solutions using artificial intelligence (AI) were being hotly discussed. So, he and the CIO decided to evaluate several of the most promising AI-based automation solutions specific to the banking and financial services industry.

The Solution

As they set out to identify the best solution for the bank, the OFAC officer and CIO established four critical criteria. The ideal solutions would provide the following:

1. **Out-of-the-box functionality** specific to the review, disposition, and escalation of L1 alerts for real-time payments

2. **Model documentation** and model governance that reflect the reality of risk and liability that rest with the bank

3. **Ability to provide support** for model validation

4. **Seamless collaboration** via human-in-the-loop (HITL) technology

After evaluating several AI automation solutions, the bank's OFAC officer and CIO selected Tara, an AI Digital Worker from WorkFusion. Tara is a fully digital transaction screening analyst, which can assist in level one screening of real-time payments. Tara has become an invaluable asset to financial institutions seeking to scale their operations without exponentially increasing human resources.

According to the bank's CIO, "We evaluated several automation vendors, including the big names in enterprise automation. Yet, we felt that the WorkFusion product was more directly designed to meet our OFAC needs; and it did not require a custom build by another vendor."

"Other vendors require a significant amount of customer input to design a product that meets their needs. Even after that, they require further customer maintenance to ensure that those needs are still being met," said the OFAC officer. "WorkFusion provides an explicit definition of what its digital workers can and cannot do, and its application of this to the financial crimes industry really sets it apart."
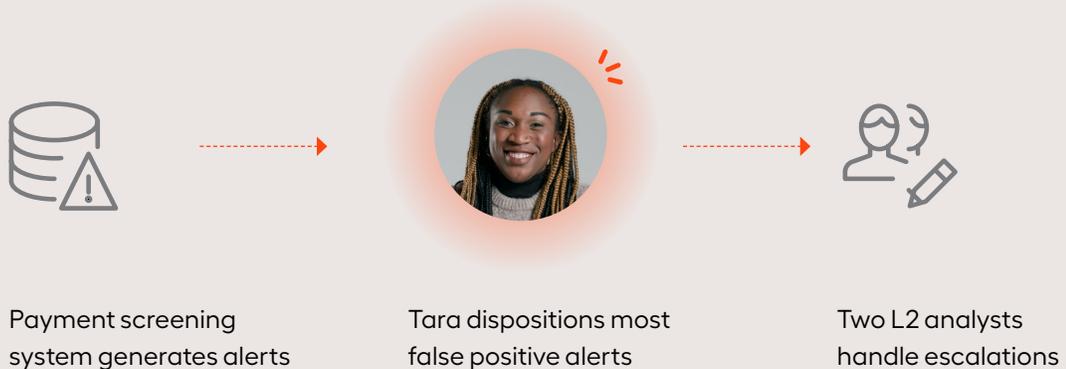
Tara was also ideal for the bank, because "she" works as if she is a human within the bank's screening system. "This was important to us. We will always maintain human-in-the-loop to minimize risk throughout our compliance operations," said the OFAC officer.

The Deployment of Automated L1 Alerts Review

The bank deployed the SaaS version of WorkFusion's Tara in just six weeks, including an integration with the bank's real-time payment screening solution, LexisNexis Bridger XG5. "The initial setup was straightforward and a very good experience. The WorkFusion team worked seamlessly with LexisNexis to turn it around quickly and easily."

Having Tara deployed in a SaaS model was ideal because it allowed the bank to scale up and down on short notice – an important capability as the global sanctions environment continued to prove volatile. The bank also gained the ability to handle massive alert volumes without needing to purchase additional hardware or tax other data center resources.

Payment screening system generates alerts

Tara dispositions most false positive alerts

Two L2 analysts handle escalations

Tara also minimizes compliance risk in several ways. First, with Tara present, the increase in L1 alerts caused by changes to watchlists has no impact on the compliance team. That's because Tara can process the equivalent volume of a large number of full-time human analysts. Moreover, Tara acts as the first set of eyes in a four-eye review process. After Tara performs her review, a human subject matter expert can then evaluate Tara's performance and issue a final sign-off. "This process is far more efficient and gives us an exponentially faster turnaround time than a fully manual process," explained the OFAC officer. In fact, with Tara virtually eliminating all the false positive alerts, the bank only needs two L2 analysts to handle escalations from WorkFusion and to close out the false positives identified by WorkFusion. "The disposition note provided by Tara gives the L2 analysts exactly what they need to finish the process."

While WorkFusion's Tara is an ideal AI-driven L1 analyst for real-time payments, the CIO explained that WorkFusion's willingness to collaborate with other vendors was crucial to early success and ongoing needs. "When a vendor is willing to share what makes their model work via robust documentation, everything becomes more certain and overall model validation is much easier to do," explained the OFAC officer. "I really believe more banks would avoid regulatory problems if they act more cautiously in this area when evaluating vendors."
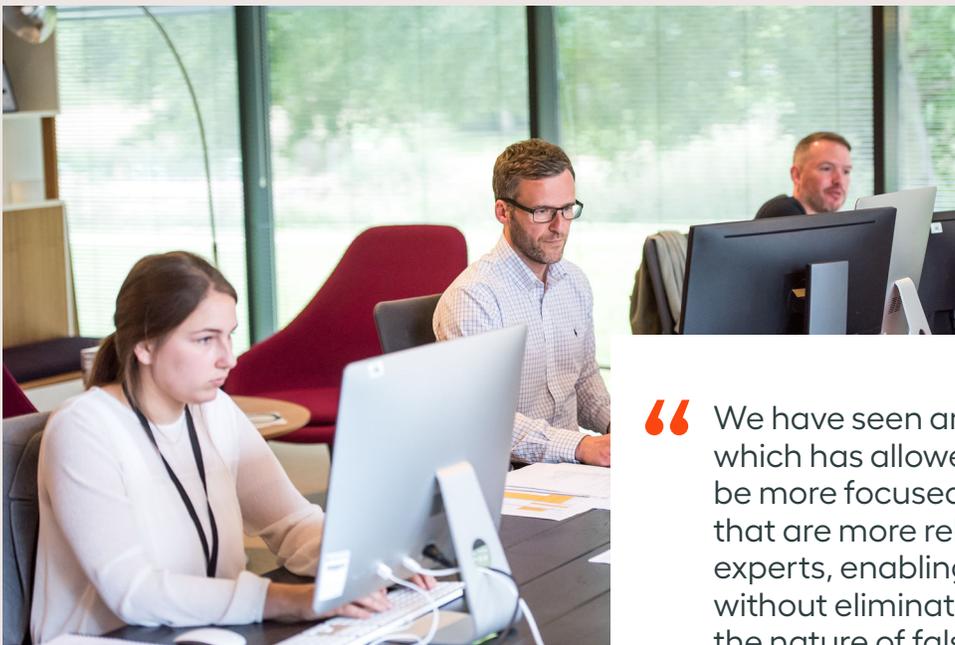
The Results

The ease with which Tara integrated with the bank's compliance processes and LexisNexis Bridger XG5 enabled rapid ROI for the implementation. "We were able to go live within six weeks of buying Tara, and we returned our entire investment in just three months," said the CIO. Tara also alleviated budget strain on the compliance team. "Tara delivered significant cost savings by allowing us to meet our demands without having to increase our headcount by multiple teammates," said the OFAC officer. "We expect even greater ROI over time just by allowing Tara to do its thing." From a strategic standpoint, life has changed dramatically for the OFAC officer. He now focuses on the high-level regulatory concerns of the bank, ensuring his and all other departments do not run afoul of current and evolving regulations.

"Tara has helped us maintain a strong level of compliance by providing consistent outcomes and greatly reducing monetary waste from our real-time payment alert review process."

Going forward, since the bank's compliance team finds WorkFusion easy for a team of non-technical users, they plan to soon automate additional processes with WorkFusion's AI Digital Workers. Specifically, WorkFusion's Evelyn and Isaac Digital Workers will be implemented to perform broader compliance-related investigations as part of a large software implementation which the bank has slated for 2024.

To learn more about how AI Digital Workers can increase your team's capacity, email us today at learn@workfusion.com.

> ❝ We have seen an increase in efficiency, which has allowed our existing resources to be more focused on mission-critical items that are more relevant to subject-matter experts, enabling them to do important work without eliminating essential tasks, given the nature of false positives associated with payment screens ❞
>
> — Deputy OFAC Officer, US-based bank

WorkFusion

WorkFusion, Inc. is a leading provider of Intelligent Automation solutions for Fortune 500 enterprises, banks, insurance, and financial services companies. The company's AI-enabled digital workers augment traditional teams through regular "human in the loop" interactions and with support from the WorkFusion Network, a powerful AI cloud nexus. WorkFusion solutions help increase workforce capacity, enhance customer satisfaction, and ensure ongoing compliance.

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