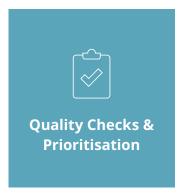# AI-Based Data Products for Your Compliance Factory

Supporting AML/KYC solutions with compliance bots & data products

Compliance bots and data products can complement and support existing AML or KYC solutions. They provide intelligent decision support in compliance processes and allow for huge productivity gains.

Quality Checks & Prioritisation | Adverse Media Crawling | Alert & Case Agent | Monitoring & Reports | Periodic Review Agent

Many other use cases are possible. We are happy to advise and work with you in a workshop to discover the potential of AI-based bots for your business. In a second step, we will concretise the idea and develop a prototype for you.

Quality Checks & Prioritisation

Problem:

- Sanction lists, PEP lists and others are maintained to varying degrees or contain entries whose quality is questionable.
- The data transmitted during onboarding is not always complete and/or correct and therefore of variable quality.
- If hits are generated against poor-quality entries, or on basis of poor-quality input data, the quality of the hit is also doubtful.
- In some screening systems, no qualitative gradation is possible between individual data fields, which can then be included in the hit score accordingly.
- This promotes the false positive rate.

Solution by msg product:

» Input data during the onboarding process is subjected to qualitative scoring at runtime.

» After loading the lists (before/after/parallel to indexing), data from third-party list providers is also subjected to qualitative scoring and supplemented by a quality score per entry.

» KYC screening can react to the score values via business rules. Pre-screening rules can be created in relation to the quality of the internal onboarding data or post-screening rules in relation to the quality of the list entries hit.

» According to the integration logic, quality assurance measures can be carried out on the onboarding data before screening to proactively counteract false positives.

» Qualitative deficiencies of the list entries hit can influence the hit score, automate further processing, or be passed on to further processing with a correspondingly lower priority.
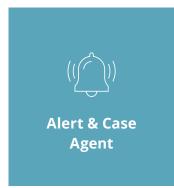
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Adverse Media Crawling

Problem:

- Often third-party Adverse Media information is not available.
- In some cases, available Adverse Media information is assessed as insufficient, e.g. with regards to cyber risks.
- In some cases, internal Adverse Media catalogues are available but cannot be added to the screening system in a meaning-ful way due to data structures and/or lack of interfaces.
- You learn too late about illegal activities within your customer portfolio. This can lead to incorrect assessments of customer risk, but also to incorrect interpretations of suspicious transactions or behaviour. This is the more serious when reviews reveal that sufficient information would have been available internally.

Solution by msg product:

- » By linking web crawlers, negative context can be gained about customers with regards to certain offences or suspicions of such offences. A decision per institution is needed on the categories to be used. Standard categories are financial crime (money laundering, tax evasion, fraud), violence, drugs/narcotics, sexual crimes, human trafficking, terrorism and, more recently, cybercrime.
- » In the area of cybercrime, the risk of the customer becoming a victim of cybercrime himself (own website, e-mail address, etc.) is also checked for.
- » The issue of validity of information and trust in the source can be learned by the system to a degree equivalent to that of a compliance analyst.
- » Internal sources can also be checked against the customer base and used for screening. Whether via crawler or entity resolution model needs to be checked.

Alert & Case Agent

Problem:

- Customer screening generates too many alarms for the available capacity of the AML and/or KYC team.
- Alarms pile up and are no longer processed in a timely manner.
- Analysis of alerts is time-consuming and leads to the conclusion that the quality of the data is insufficient. There is a lack of approaches to automation and prioritisation.
- Processing cases is time-consuming and exceeds the capacity of the team.
- Processing is unstructured and in parts error-prone, and difficult or nearly impossible to comprehend.

Solution by msg product:

- » Based on checklists, bots can be used to review alerts and prepare them for a decision, or to make the decision. Decision preparation can be understood as prioritisation.
- » Same procedure for case processing: during case creation already, relevant activities can be prepared automatically before the case is submitted to analysts for a decision. This relates to adding further transactions, accounts, connected persons, etc.
- » Checklists for alert and case management are defined individually for each customer. The bots are configured, set up, and perform their activities 24/7 if required.
- » Automation by means of Robotic Process Automation (RPA) is customised and can be extended to include the detection of hidden networks. As a further option, agents can be used to fully automate processing right through to the approval process.

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Monitoring & Reports

Problem:

- The number of Suspicious Activity Reports (SARs) is increasing.
- Processing is done manually via the Financial Intelligence Unit (FIU) portal.
- Reporting processes are consuming more and more resources and time.
- Cases reported via the FIU portal are increasingly incomplete and are more and more frequently admonished by the FIU in terms of quality.
- The monitoring process (AML, KYC) is fraught with the following questions:
  - Can we identify potential suspects already during onboarding, and assign risks early on?
  - Can we identify suspicious behaviour in time and assign risks?

Solution by msg product:

- » Automation of FIU reporting, including approval process:
  Transfer of case information via XML | Validation of information based on FIU requirements (country-specific) | Identification of missing or incorrect information before transmission | Electronic transmission of data to the FIU (if supported by the FIU) | Processing of the FIU acknowledgement and FIU-specific report ID | Management of master data and transaction data (GDPR-compliant), provided that no back feed into the central case management system is possible
- » Adaptive recognition of behavioural patterns to improve the AML approach:
  Data-driven method to identify customers with similar behaviour to those already reported to the FIU | Customers receive a score value at segment and overall level, which can be used for further activities of the AML system

Periodic Review Agent

Problem:

- Review processes are time-consuming and resource-intensive, especially for mediumor high-risk customers, where a review may require an average of 24 hours or more net and may extend over several months.
- Review processes are only indirectly and manually linked to new regulatory requirements, and redundancies in processing cannot be ruled out.
- Customers are increasingly annoyed with the review process and the churn rate is rising.

Solution by msg product:

- » Automated provision of relevant data for reviews and strengthening of the front office for more risk prevention and turnover
- » Identification of open/unanswered questions based on changed or new regulations since the last review
- » (Partial) automation of documentation needs, especially data and documents to be provided by the customer, e.g. because they have expired or are about to expire
- » Distribution of review load on basis of available capacity and thus „fuzzy" instead of on basis of a resubmission date set
- » Recalculation of customer risk
- » Optional: Recommendations for action or decision-making based on the recalculated customer risk
- » Optional: Conversion of the periodic review process into a continuous, dynamic, data-driven review process

Contact us to find out more about our AI-Based Data Products:
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