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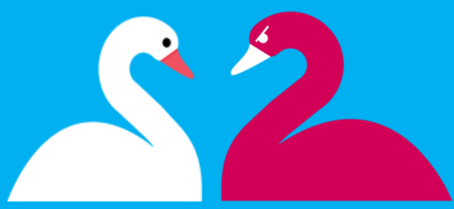
Know good, catch bad



Uncover transaction monitoring risks with automated modeling of good behavior.

Bank- AML case

The challenge

- Not fully compliant on all risks
- Missing the unknown unknowns
- Complex legacy rulesets
- Far too many False Positives

The change

1 Automated model generation

By configuring all risks into the AutoML solution as a risk requirement for the model generation the bank can move away from individual rule definitions per risk to a holistic model that covers the different risks in an integrated manner. Increasing risk coverage and reducing ruleset complexity.

2 Anomaly detection

Being aware that the bank only has sight of a portion of the actual money laundering through their system it's not able to identify rules that cover of types. By focusing in validating good behavior all the (unknown) suspicious transactions clearly stick out.

3 Reduce the clear False Positives as "normal" behavior

When extrapolating suspicious behavior into detection rules, the bank's best customers were hit the hardest. I.e. those performing irregular larger and/or international payments. When taking their "normal" into account as good behavior False Positives were drastically reduced and client experience for this group increased.

Results

From 85 complex rules to 2x12 comprehensible rules

From 12 months to 3-4 weeks model update (incl. validation process)

80% False Positive reduction and 40% SAR increase

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