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Reduce Money Laundering Risk with Big Data Analytics

Power your anti-money laundering compliance programs with technology that keeps up with evolving threats and regulatory mandates

Industry Trends

The global money laundering problem is huge:

$1.5 TRILLION[1] or **2%** of global GDP

Anti-money laundering is expensive:

$7B to meet AML regulations[2]

HBSC penalized **$1.9B** for 1 case[3]

>33% firms spend 1 Day/Week managing regulatory change.[4]

The cost of compliance is rising:

53% increase/year[5]

But AML programs are not combatting the problem:

"At best, the global AML system 'snares **JUST A FRACTION OF 1%.'"**[6]

Industry Strategic Challenges

As financial crime spirals upward and online and mobile transactions become commonplace, regulatory agencies and banks alike are struggling to get ahead of increasingly sophisticated money laundering efforts, including offshore tax havens, Ponzi schemes, sanctions violations, and collusion. Ever more stringent anti-money laundering (AML) requirements are straining financial institutions' processes and systems and the cost of compliance is on the rise. AML has become a complex and widespread challenge, now encompassing everything from securities fraud to suspicious money movement, affecting most global financial services organizations, and costing billions in compliance efforts and fines.

Arming bank personnel with the information needed to identify potential links between hundreds of seemingly unrelated transactions is difficult—especially when they cross geographic boundaries and involve many different people and accounts. Many banks are finding that their current strategies and Know Your Customer (KYC) rules and internal controls are expensive to implement and maintain, and often are simply not good enough to provide the comprehensive view of customers and their behavior necessary to protect from the risk of non-compliance.

A decentralized approach to AML compliance is not practical nor sustainable in the current environment. Financial institutions can have relationships with the same customer across geographies and subsidiaries, and all of each customer's information needs to be readily accessible across the entire organization. Financial institutions need global practices that take into consideration risk variations by customer and the various modes of customer communication, product and country-specific requirements. These practices need to be able to be quickly on-boarded and not adversely impact customer experience.

Today's technology offers a compelling solution to harnessing multiple data sources and delivering the timely insights that will keep banks vigilant and informed so they can combat money laundering.

Key to this solution is a flexible and scalable computing platform that integrates with existing applications and is capable of keeping up with today's enterprise demands; while meeting multiple regulatory requirements. Also key is the use of real-time advanced analytics such as machine learning to quickly process and correlate massive amounts of disparate data and detect new risks earlier in the process, preventing the fraud.

Business Drivers and Desired Outcomes

- A trusted single version of data for all analysis and reporting—unifying data silos from multiple legacy systems and applications that cause data inconsistencies and increased maintenance costs
- The ability to rapidly analyze large volumes of both structured and unstructured data in real time versus days or weeks
- The ability for compliance teams and data scientists to blend and analyze large amount of data from any source, plus model risk to gain insight
- The detection of money laundering patterns across omni-channel touch points, financial instruments, and asset classes
- Data visualization capabilities for proactive, unstructured searches that can detect potential anomalies ahead of internal audit or third party review

Open Source Framework Enables Flexibility

The introduction of an enterprise data hub (EDH) built on an open-standard and open-source Apache* Hadoop* framework provides a cost-effective way for financial institutions to aggregate and store all their data, in any format, for all types of workloads, in a highly secure environment. This solution allows financial institutions to:

- Scale the surfing and analysis of big data to efficiently detect known, unknown, and emerging risks
- Quickly drill down into related information and determine if a given anomaly is truly a risk
- Generate accurate reports of new and emerging risks for regulators and executives, quickly and efficiently, even as requirements change
- Perform ad hoc analyses in real-time to address questions and issues that arise

Digital Transformation and Business Innovation

SAS and Cloudera provide a comprehensive infrastructure, solutions, and services to tackle AML holistically. Combined, they can:

- Enhance data collection , storage, and data preparation for advanced analytics operation
- Reduce data movement and prevent duplication
- Deliver fast analytics-based services enabling data driven decision making in real-time

This technology-based, holistic approach can not only help combat AML, but can also result in more efficient operations and gain new insights that can translate to improved products and services.

Enabling Transformation

Intel works with key ecosystem players and brings deep product expertise to ensure efficient, solutions that drive differentiation and success in the financial services industry. Intel also supplies the processing power required for big data analytics as well as advanced optimization techniques that make it possible to achieve results with cost-effective Intel based- servers.

Where to Get More Information

To find the best solution for your organization, contact your Intel representative, register at IT Center or visit **www.intel.com/fsi**

[1] **http://www.bloomberg.com/news/articles/2015-02-23/why-the-world-is-so-bad-at-tracking-dirty-money**
[2] **http://www.pymnts.com/news/2015/the-global-cost-of-anti-money-laundering-efforts/**
[3] **http://www.wsj.com/articles/SB10001424127887324478304578171650887467568**
[4] **http://www.acc.com/legalresources/publications/topten/teasefraac.cfm?makepdf=1**
[5] **https://www.kpmg.com/KY/en/IssuesAndInsights/ArticlesPublications/PublishingImages/global-anti-money-laundering-survey-v3.pdf, page 7**
[6] **http://www.pymnts.com/news/2015/the-global-cost-of-anti-money-laundering-efforts/**
[7] **http://www.sas.com/en_gb/news/press-releases/2014/march/financial-crimes.html**