Oracle Financial Services Anti Money Laundering Event Scoring

An Oracle Brief

Financial institutions seek a more effective way to manage alerts and reduce false positives. Hiring more analysts to investigate is not a sustainable model. Oracle Financial Services Analytical Applications offer a fully integrated solution that can deliver the depth and breadth of functionality required by financial institutions for efficiently managing financial crime alerts.

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KEY FEATURES

- Documentation capabilities for regulatory justification
- Machine learning to prioritize alerts
- Model tuning made easy when existing event population changes
- Integrated workflow for creating, testing, and operationalizing models
- User friendly browser interface, preconfigured for AML domain and ready-to-use

The Problem: Increasing Transactions Means Too Many Events

- A significant number of false positive alerts combined with an increase in transaction volumes impacts a financial institution's ability to manage resource efficiently
- Firms have multiple behavior detection engines with no effective way to see across the silos
- Firms are challenged to learn from historical data and case disposition in an effort to improve the quality of behavior detection engines through tuning efforts
- In the absence of automation, it is difficult and costly to simultaneously modernize while meeting compliance needs

Regulators expect banks to monitor more and improve the quality of their analysis, but how can a financial institution process increasing amounts of data while reducing the time wasted on false positive alerts? The answer is applying statistical modeling and machine learning techniques that can learn from historical behavior and make predictions on data. There is a growing need to integrate machine learning techniques with existing behavior detection tools and provide transparency for compliance obligations.

The Solution: Oracle Financial Services Anti Money Laundering Event Scoring

Oracle Financial Services Anti Money Laundering Event Scoring is an integrated set of optimization tools that look at historical event dispositions using machine learning algorithmic models, which can help improve the scoring of similar future events. Users can select models, compare model results and deploy the most productive model to score new events through an easy to use browser interface. After verification and approval of the model, the results can be leveraged to help in the tuning of the production detection engine. This knowledge can then contribute to the overall review of an event and determine if an event should be correlated and promoted to a case for further investigation. Oracle Financial Services Anti Money Laundering Event Scoring helps:

- Improve investigation efficiency by scoring and prioritizing alerts.
- Decrease implementation time and effort by using models (scenarios) that have been designed with precise parameters and are performance tuned before deployment.
- Empower management with comprehensive documentation for each scoring model, allowing for transparency into behavior detection logic and process to provide regulators clear visibility to the enforcement of institutions policies and procedures.
- Prioritize alerts for investigation, which aides in working the most critical alerts first.

"Our initial implementation of alert optimization has proven the ability to apply advanced analytics and machine learning techniques within the post-processing FCCM workflow."

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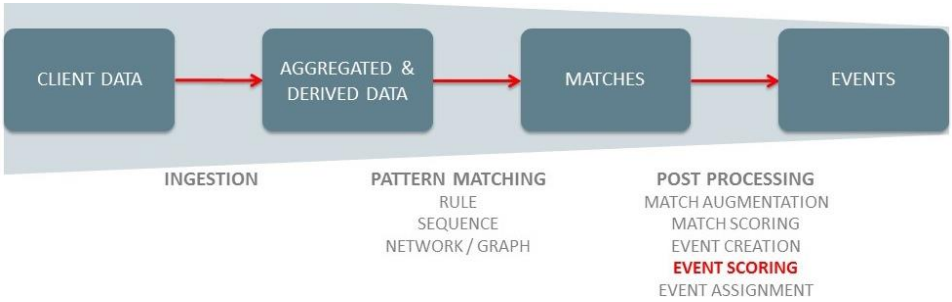
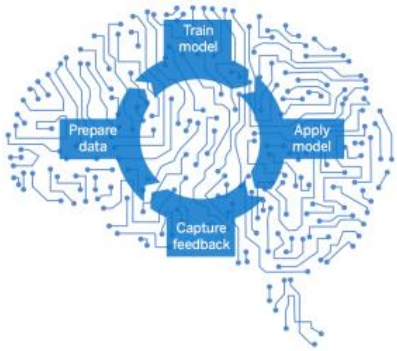
Enterprise Level Case Management System that Integrates Machine Learning Techniques

With multiple behavior detection solutions leading to a fragmented view of potential issues, an enterprise level case management system that can consolidate events of different types into a single landing area is imperative. With an integrated system, correlation logic can score and group events together, creating networks that are more impactful than stand-alone events. Once promoted to a case, these logical groupings reduce the overall quantity of events to be reviewed, leading to more purposeful investigations while decreasing investigation efforts. Over time, a rich data set defining which events that were beneficial and productive to the review process is created. This information should not be ignored, but instead leveraged to influence the score of future, similar events. Scoring of events can involve multiple techniques and data inputs, all of which must be transparent and explainable to regulators. Oracle Financial Services Anti Money Laundering Event Scoring along with Oracle Financial Services Enterprise Case Management can help firms investigate suspicious transactions against optimized and robust data sets to return high quality result sets, enabling institutions to manage risk more effectively with less false positives.

Where does Event Scoring fit into the Behavior Detection Process?



Machine Learning to Prioritize Events



- Historical and ongoing events are uploaded to Oracle Financial Services Anti Money Laundering Event Scoring from existing compliance system(s)
- User experience supports model selection, back testing, and deployment
- Ongoing scoring processes can be controlled by users or it can be automated
- Continuous feedback loop refines the model, improving accuracy over time

Why this approach?

By predicting which alerts are critical and which have the highest probability of being normal behaviors, a workflow can be prioritized; thus sending “good alerts” to analysts and allowing institutions creative ways of managing the non-productive alerts, which they are still required to generate (the number of behaviors monitored does not decrease). The score also helps filter out future events and determine what’s real and what’s not.

What sets Oracle apart?

- Financial institutions can still monitor risk based on required guidelines. With Oracle Financial Services Anti Money Laundering Event Scoring, a bank can predict with statistical monitoring the alerts of the output that will go on a Suspicious Activity Report (SAR) and then decide how to handle the output according to their tolerance and desire.
- Oracle provides popular machine learning techniques tailored for AML domain in a simple to use browser interface.
- Oracle provides an integrated workflow to operationalize machine learning models.

About Oracle Financial Services Analytical Applications and Financial Crime and Compliance Management

Financial crime and compliance is one of four analytical subject areas in the unified Oracle Financial Services Analytical applications (OFSAA) suite. Oracle Financial Crime and Compliance Management is a family of analytical applications with comprehensive coverage of money laundering, financial fraud, and onboarding compliance needs. Along with Oracle Financial Services Crime and Compliance Studio, this family of applications includes Oracle’s best-in-class, integrated Anti Money Laundering, Enterprise Case Management, Know Your Customer, Transaction Filtering, Customer Screening, Enterprise Fraud, and Trading and Broker Compliance applications.

KEY BENEFITS

- Reduce costs by hiring few analysts for manual adjudication
- Works seamlessly with third party systems
- No disruption to existing system and operational process
- Provides transparent regulatory and management reporting for compliance operations

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