

Knowledge Brief

Quadrant Knowledge Solutions

Oracle is Leader in SPARK Matrix™: Anti-Money Laundering (AML) Solution, 2021



2021
SPARK MATRIX
LEADER

Anti-Money Laundering
Solution Market

An Excerpt from Quadrant Knowledge Solutions
“SPARK Matrix: Anti-Money Laundering (AML) Solution, 2021”

Oracle is Leader in SPARK Matrix: Anti-Money Laundering (AML) Solution, 2021

Anti-Money Laundering (AML) solutions help financial institutions and government organizations to monitor and analyze customer data and transactions to detect, prevent, and report suspicious money laundering activities and improve AML compliance. Modern AML solutions use advanced analytics, artificial intelligence, and machine learning to predict potentially fraudulent activities to strengthen the organization's AML compliance readiness further.

The constant friction between banks, regulators, and money launderers has increased due to new-age technologies, which has resulted in an increase in complex regulations. Financial services and banks are grappling with the need to adhere to global regulations such as BSA, FinCEN, Fourth AMLD, Fifth AMLD, Hong Kong Monetary Authority (HKMA), Monetary Authority of Singapore (MAS), and many more while struggling with their legacy systems; thereby adversely impacting meeting deadlines and slowing the overall process. To further add to the woes driven by digital transformation and emerging technologies, financial crimes are increasing in frequency and complexity, thereby fueling a rapid rise in money laundering activities. With miscreants finding innovative ways, cryptocurrency and virtual assets are also coming under the purview of money laundering activities. Lately, with most population being homebound and working remotely due to the COVID-19 pandemic, there has been a swift rise in financial fraud, with a surge in online monetary transactions as more and more people are becoming digitally active.

Due to these challenges, organizations are increasingly turning to Fintech vendors and embracing anti-money laundering solutions to detect and mitigate conventional and digital money laundering activities. Anti-money laundering (AML) solution is majorly used to fulfill compliance for FIs to prevent money laundering activities and help organizations combat financial fraud. AML solution filters customer data and historical transactions, detects anomalies, allows financial services monitor and flag or report suspicious activities (SAR) if required, and ensures compliance. AML solution can ingest large data sets effectively from multiple sources, help FIs conduct due diligence processes efficiently, and ensure adherence to regulations. The solution uses an analytics engine to track customer information, financial transactions, and historical data for suspicious patterns. Hence, it is imperative for organizations to select the

right AML solution for detecting and resolving/reporting money laundering activities.

In recent times, innovative & sophisticated technologies powered by AI & ML are boosting AML solutions' efficiency and credibility. The technology advancements are used right from the beginning of customer onboarding, fraud detection, monitoring, investigation, & triggering alerts to case reporting and flagging suspicious transactions. Furthermore, AI with automation plays a significant role in the AML space eliminating manual error, optimizing operational efficiency, and minimizing time spent on the whole process. Thus, the constant occurrence of cyber threats, frauds, and risks can be curbed and mitigated with holistic AML solutions, which can cover the complete customer life cycle and optimize the orchestration of work by combining sophisticated technology with the its IT systems.

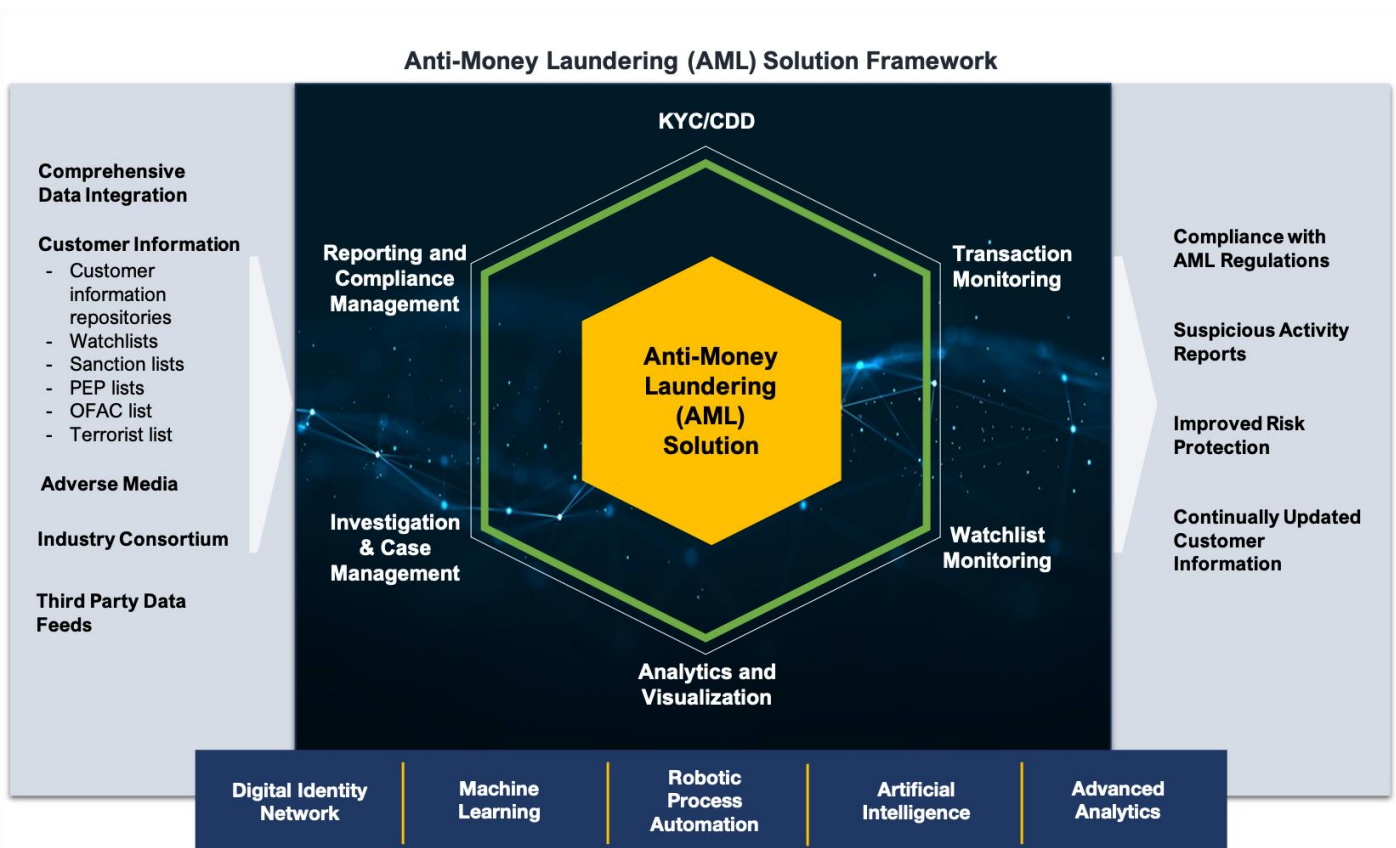
Leading AML vendors provide, intelligent data-integration and sophisticated transaction monitoring powered by sophisticated ML models and offer advanced analytics algorithms for enhanced model performance. Few vendors also support a shared intelligence approach with data ingestion from an industry consortium. Leading AML vendors are using a 360-degree risk-based AML model, which provides a holistic 360-degree view of all customers' accounts and manages the accounts that are suspected to be used for money laundering or terrorist financing activities. The case management capability in AML can be enhanced with automation offering better visual entity insights, improving overall operational efficiency and effective investigation.

Driven by the impact of Covid-19 on the global economy, industry, and infrastructure, Quadrant Knowledge Solutions have revised the market forecast estimates for all the technology market. The global economy, along with industries, is facing significant challenges and is expected to post negative growth. Driven by the extended lockdown imposed by economies worldwide and continued uncertainty around Covid-19, the technology investments in 2020 are significantly impacted. However, Quadrant analysts believe that from the year 2021 onwards, the technology investments will rise again, mainly driven by the pent-up demand, increasing financial frauds and money laundering activities, and economic recovery for the key market. The global anti-money laundering market, which has grown by 3.4% in 2020, is expected to grow at a CAGR of 12.5% from 2020-2025. The AML solution market is valued at \$1.49 billion in 2020 and is expected to reach \$2.69 billion by 2025.

Quadrant Knowledge Solutions' [SPARK Matrix: Anti-Money Laundering \(AML\) Solutions, 2021](#) research includes a detailed analysis of global anti-money laundering solution market dynamics, major trends, vendor landscape, and competitive positioning analysis. The study provides competition analysis and ranking of the leading anti-money laundering vendors in the form of SPARK Matrix. This research provides strategic information for technology vendors to better understand the market supporting their growth strategies and evaluate different vendors' capabilities, competitive differentiation, and its market position.

The research includes a detailed competition analysis and vendor evaluation with the proprietary SPARK Matrix analysis. The SPARK Matrix includes analysis of key vendors, including Accuity, ACI Worldwide, Acuant, AML Partners, BAE Systems, Clari5, FICO, Fiserv, GBG, NICE Actimize, Oracle, SAS, Symphony AyasdiAI, ThetaRay, and Verafin (Nasdaq).

Figure: A Framework for Anti-Money Laundering



Source: Quadrant Knowledge Solutions

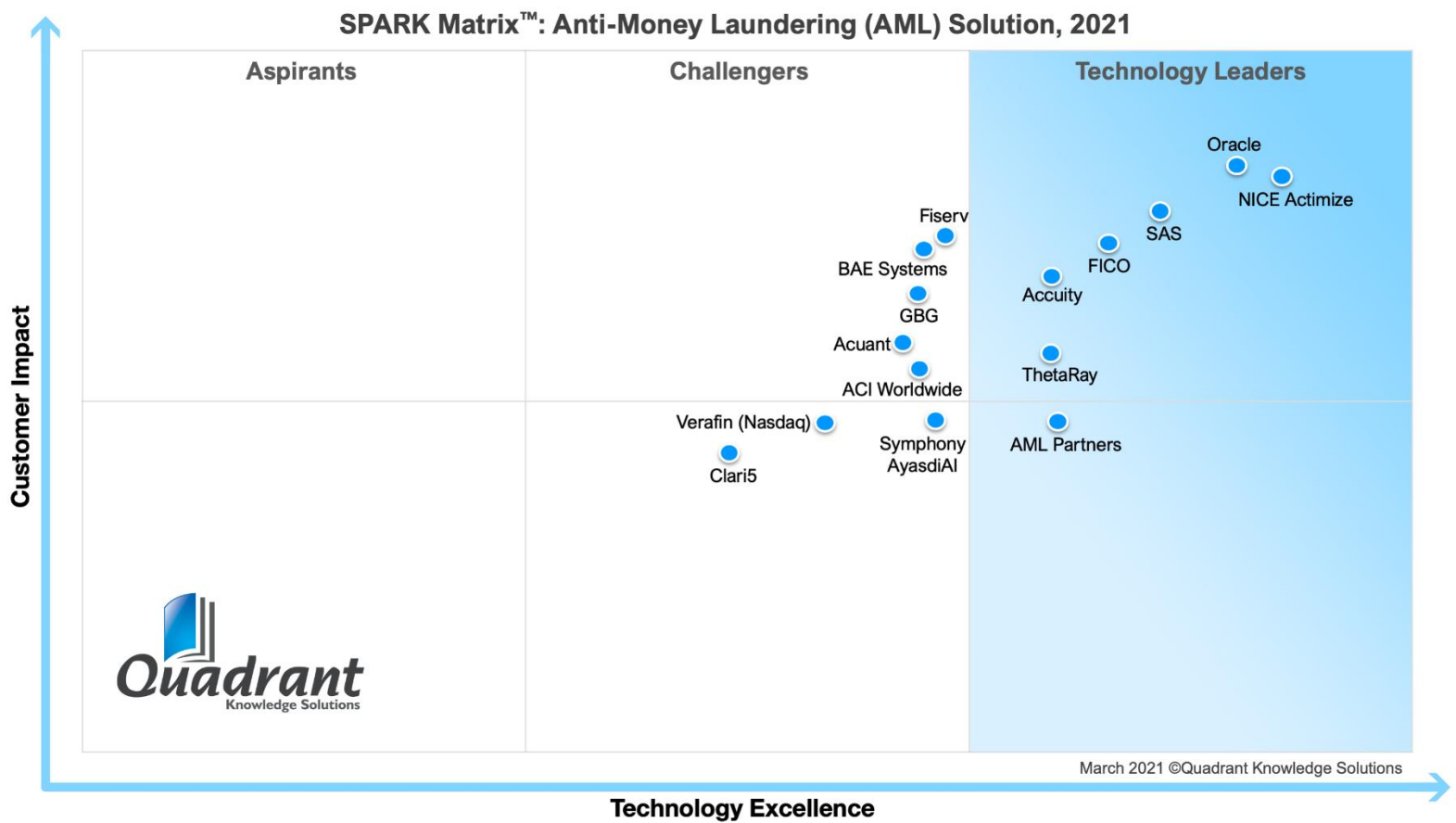
SPARK Matrix Analysis of the Anti-Money Laundering (AML) Solution Market

Quadrant Knowledge Solutions conducted an in-depth analysis of the major Anti-Money Laundering (AML) solution vendors by evaluating their product portfolio, market presence, and customer value proposition. The study provides competitive analysis and a ranking of the leading vendors in the form of a proprietary SPARK Matrix™. SPARK Matrix analysis provides a snapshot of key market participants and a visual representation of market participants. It provides strategic insights on how each vendor ranks related to their competitors based on their respective technology excellence and customer impact parameters. The evaluation is based on the primary research including expert interviews, analysis of use cases, and Quadrant's internal analysis of the overall Anti-Money Laundering (AML) Solution market.

Technology Excellence	Weightage	Customer Impact	Weightage
Sophistication of Technology	20%	Product Strategy & Performance	20%
Competitive Differentiation Strategy	20%	Market Presence	20%
Application Diversity	15%	Proven Record	15%
Scalability	15%	Ease of Deployment & Use	15%
Integration & Interoperability	15%	Customer Service Excellence	15%
Vision & Roadmap	15%	Unique Value Proposition	15%

According to the SPARK Matrix analysis of the global Anti-Money Laundering Solution market, “Oracle, with a robust functional capability of its FCCM suite has secured strong ratings across the performance parameters of technology excellence and customer impact and has been positioned amongst the technology leaders in the 2021 SPARK Matrix of the Anti-Money Laundering solution market.”

Figure: 2021 SPARK Matrix
 (Strategic Performance Assessment and Ranking)
 Anti-Money Laundering Solution Market



Oracle in the Global Anti-Money Laundering (AML) Solution Market

Founded in 1977 and headquartered in Texas, Oracle offers suites of integrated applications plus secure, autonomous infrastructure in the Oracle Cloud. Oracle offers comprehensive anti-money laundering capabilities through its Financial Crime & Compliance Management (FCCM) product suite. Oracle FCCM product suite offers a broad spectrum of AML functionalities, including KYC & CDD, watchlist screening, transaction filtering, transaction monitoring, real-time risk scoring, analytics & visualization, case management, and reporting.

Oracle FCCM's KYC, CDD and screening capabilities enable FIs to perform customer identification, customer due diligence, and enhanced due diligence. The solution offers seamless KYC with comprehensive and extensible risk assessment of all entities. Oracle's watchlist screening capability provides accurate and efficient detection through watchlist standardization and filtering to ensure important records such as sanctions, PEP lists, EDD records, and more are included in screening and categorized correctly. FCCM transaction filtering is a next-gen solution designed to support FIs in enhancing the speed, accuracy, and efficacy of the financial crime compliance process by investigating suspicious transactions in real-time against optimized data for accurate results.

The FCCM's transaction monitoring capability efficiently detects, investigates, and reports suspected money laundering activities. It offers automated, comprehensive, and consistent transaction surveillance of all accounts, customers, correspondents, and third parties across all business lines to ensure compliance with regulations and guidelines. It offers an advanced library of pre-configured OOTB AML scenarios and allows user-driven custom scenario development through interactive UI.

Oracle FCCM offers an enterprise case management capability that enables FIs to unify investigations for AML, fraud, and sanctions filtering on a single enterprise-wide case management platform. It offers graph analytics tools with intuitive visual network depiction to find out anomalous patterns. Oracle FCCM provides a robust regulatory reporting capability that generates and files SARs and STRs and ensures compliance with AML reporting guidelines & regulations across countries and jurisdictions. Oracle FCCM offers advanced analytics and visualization through an integrated analytics workbench that includes graph analytics, data visualization, machine modeling, scenario

authoring & testing, real-time risk-scoring engine, NLP, ML-based behavioral models, and pre-defined scenarios and visualizations. These capabilities are delivered through the Compliance Studio and Investigation Hub.

The AML suite is equipped with Currency Transaction Reporting (CTR) capability and Foreign Account Tax Compliance Act Management (FATCA) compliance. The Oracle FCCM suite is built to be multi-tiered, bringing together innovative capabilities & an ecosystem which enables FIs, regardless of size, to intelligently combat financial fraud. The suite is powered by adaptive intelligence, advanced analytics, and ML capabilities. In addition, it is fully web-enabled, cloud-native, & future-proof.

Analyst Perspective

Following is the analysis of Oracle's capabilities in the AML market:

- ◆ Oracle's industry-leading AML solution Financial Crime & Compliance Management (FCCM) suite leverages the company's 25+ years of experience in providing crime and compliance management solutions to offer comprehensive monitoring, detection, investigation & reporting of money laundering activities across products and channels. The solution unifies risk, finance, regulatory, compliance, and customer data on a single data model to generate insights, enabling FIs to manage performance, governance, and risk & compliance. Oracle also embeds innovative technologies such as AI, ML, Graph, NLP, and such others in its FCCM suite to increase the product's efficiency.
- ◆ Oracle offers sophisticated data management, advanced technology infusion, and a comprehensive and integrated platform with modular applications that can be deployed as a point solution. The company offers productized integration to the banking, customer experience, accounting & finance streams within the Oracle portfolio making it a key differentiator.
- ◆ Additionally, the company's advanced analytics includes deep learning coupled with graph analytics to identify complex financial crime and fraud patterns is a differentiator. Oracle provides access to data and offers insights into networks with robust tools such as correlation, graph-based investigation, collective intelligence and learning, and

natural language processing. The company offers a unified data processing & strategic analytics application for risk rating, monitoring, investigation & analytics which helps minimize overall operational time and enhances model optimization efficiency.

- ◆ In terms of geographical presence, the company has a global presence. Oracle supports use cases for effective transaction monitoring through its OOTB scenario library that covers a wide variety of AML topologies relevant for multiple industries including banking, investment & insurance and other banking-related businesses such as retail, private, wealth, cards, commercial, and investments. Furthermore, the company supports multiple use cases like customer onboarding, effective transaction monitoring & detection, efficient & accurate investigations, regulatory reporting & management insights, advanced analytics across the value chain, robust eKYC & EDD, sanctions screening, and aggregation of new watchlists.
- ◆ From a product strategy and roadmap perspective, Oracle's investment themes are centered around complete coverage, enable customers to adopt innovation at scale, improve user experience and cloud deployments. The company plans to invest and further enhance advanced analytics capability to increase coverage and reduce false positives. In addition, Oracle continues to focus on enhancing operational completeness, infrastructure updates, and user experience. The company continues to focus on cloud-based SaaS deployments and leveraging micro-services architecture and self-service functionality to enhance self-sufficiency.