

# AML SOFTWARE: HOW TO SELECT THE RIGHT PROVIDER IN 2017

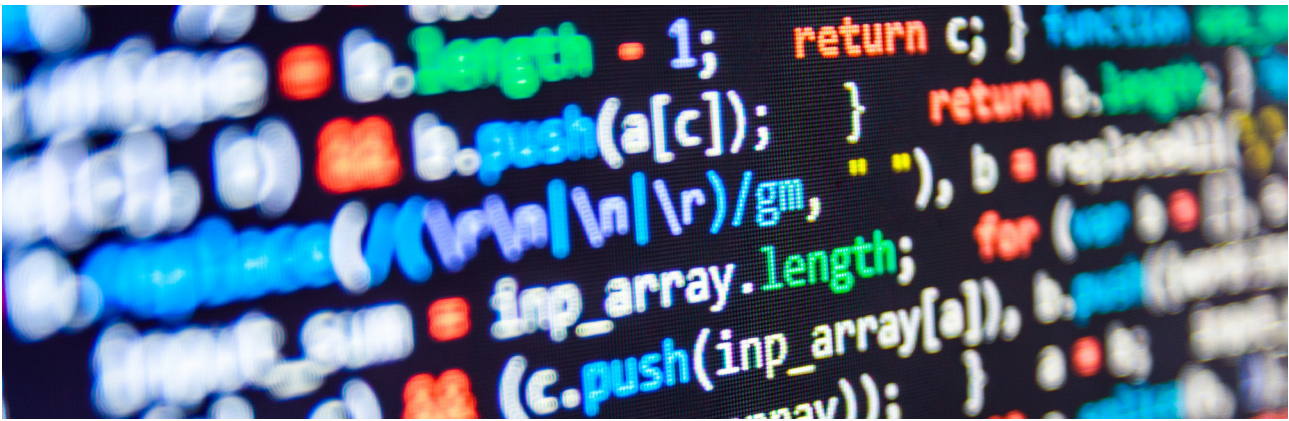
by Alex Hammond



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**R**egulatory pressure on financial institutions and services to crack down on illegal activity has never been stronger. The sophistication levels of criminals wishing to process finance illegally, coupled with the increased scrutiny financial

institutions are now facing, supported by fines and investigations, has put extra emphasis on ensuring companies are doing as much as they possible can do to comply with AML regulation.

Sonali Bank (UK) Limited was the latest institution to be hit with a heavy fine in the UK relating to poor AML compliance, following a Financial Conduct Authority (FCA) investigation that concluded that it hadn't done enough to maintain a 'robust and risk-focused' AML system between August 2010 and July 2014.

In announcing its judgement in October 2016, the FCA highlighted SBUK's systematic weakness at all levels of its AML control and governance structure, including its 'senior management team, its money laundering reporting function, the oversight of its branches, and its AML policies and procedures'. The overlying message to financial institutions from the FCA couldn't be clearer: Get your AML house in order in 2017.

It's therefore understandable that over the past few years the fintech market has responded to the industry demand for new and markedly improved AML software. The market is now saturated with solution providers, which inevitably leads to the question: How do you evaluate the services each supplier offers? bobsguide asked two of the leading industry suppliers

to offer their thoughts on how to differentiate between AML compliance offerings.

### The industry view

Andrew Simpson, COO CaseWare Analytics

In 2017, financial institutions, including smaller regional banks, will require stringent suspicious activities detection, increased scrutiny around who they're doing business with, and efficient regulatory reporting capabilities. AML solutions must integrate with multiple business systems and allow compliance management to be done in a single portal. Point solutions that don't provide a holistic view of risks and vulnerabilities won't suffice. Highly configurable technology that matches the dynamism of the regulatory landscape is also a significant consideration.

Many of our customers are implementing machine learning, predictive and network analytics, and other advanced techniques to supplement a rules-based approach. This reduces false-positives while

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allowing financial institutions to broaden the intelligence used in their compliance program.

As regulatory compliance demands increase, organisations are realising that compliance has to be a company-wide effort. The selected technology must have comprehensive workflow, alert and case management capabilities – this is the only way to enroll the entire organization in a strong compliance culture.

**David Schiffer, President & CEO,**  
**Safe Banking Systems**

There are many factors financial institutions should consider before purchasing new AML software. The most critical are:

**Risk** How effective is the vendor's software in protecting the institution against both regulatory and reputational risk across the enterprise?

**Credibility of the vendor** Many vendors claim to identify hidden risk, but can the vendor do what it says? Institutions should review success stories, talk to references and if feasible, consider a proof of concept to test the system and ensure it is effective.

**Internal goals and resources** Each system comes with different internal costs and requires a different level of resources for implementation and ongoing support. Recent trends indicate a strong interest in cloud and hosted solutions. Make sure the system you are considering matches your institution's goals, constraints, processes and internal resources.

SBS has a proven track record of helping institutions identify, assess and manage risk across the enterprise. SAFE Advanced Solutions® Visual Intelligence Platform, the company's flagship product, is available as a hosted offering to maximize an institution's technology investment.

## Other factors to consider

Integration capabilities, risk, credibility, internal goals, and resources are all important considerations when examining potential AML software solutions for your business. Other variables that should also be discussed include a necessary flexibility to adapt to the regulator's increased demand for transparency in compliance implementation for audit and traceability purposes.

Scalability is another factor that financial institutions should query vendors on, if they are concerned with growth in transaction volumes and the ability of a system to manage that process with AML compliance adhered to.

With so many vendors in the AML space in 2017, financial institutions have the ability to scour the market in search of the compliance software that ticks all of their variables boxes.

For more information on the anti-money laundering software available in the market, or for details on how to contact AML software providers, visit the bobsguide anti-money laundering solutions directory.