

SensaAI for Sanctions

A Solution to False Positives
in Sanctions Software

Introduction

Enforcing sanctions continues to be a hugely difficult area for banks and financial institutions. \$5 billion of fines were issued due to regulation breaches in 2022, the last year that global figures are available, while the US Treasury's Office of Foreign Assets Control levied [\\$1.54 billion in fines](#) for sanctions breaches last year.

For many reasons, no financial service wishes to fall foul of sanctions regulations. The most obvious is that they do not want to be fined alongside the productivity decrease as they cooperate with an investigation. Another reason is that they wish to avoid facilitating criminal behavior.

As a result, organizations often set their risk thresholds too low in order to capture as much activity as possible. This potentially leads to many false positives as well as disguised true positives. Incredibly, **up to 97% of sanctions alerts are false positives**. This is far too many alerts for financial crime investigators to operate effectively.

To combat this, SymphonyAI is launching SensaAI for sanctions. It can be used with existing sanctions violation detection software to reduce false positives dramatically. In a recent proof of concept (POC), the product has seen **56% reduction in false positives with 100% true positive retention**. Ongoing POCs are already seeing even better results.

In this guide, we intend to explain a bit more about sanctions compliance in banking, dig into SensaAI for sanctions in more detail, and showcase exactly why introducing AI into sanctions screening is what the industry needs right now.

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What is sanctions compliance in banking?

To understand what SensaAI for sanctions is, it first makes sense to explain [how abiding by sanctions regulations](#) currently works in financial compliance.

All financial institutions must abide by the laws and regulations of the countries in which they operate. For global banks, that means keeping on top of hundreds of regular updates to documentation worldwide.

Due to the volume and scale of such an operation, financial institutions use third-party software to help in their efforts to comply. **Failure to comply can result in banks facing long-running investigations that, if found guilty, can result in large fines.** Such an outcome is not only bad for a bank's balance sheet (the fine itself and lost productivity of staff helping with the investigation), but also a **loss of trust within the industry and with customers for, in effect, helping to facilitate criminals and their nefarious acts.**

How does sanctions compliance currently work?

Existing systems for sanctions compliance use a rules-based matching system. The easiest way to understand this is to think of a game of matching pairs. Does the information provided to the bank match a name on a sanctions list? If yes, it is seen as a match in the rules-based system and flagged for further investigation by the software.

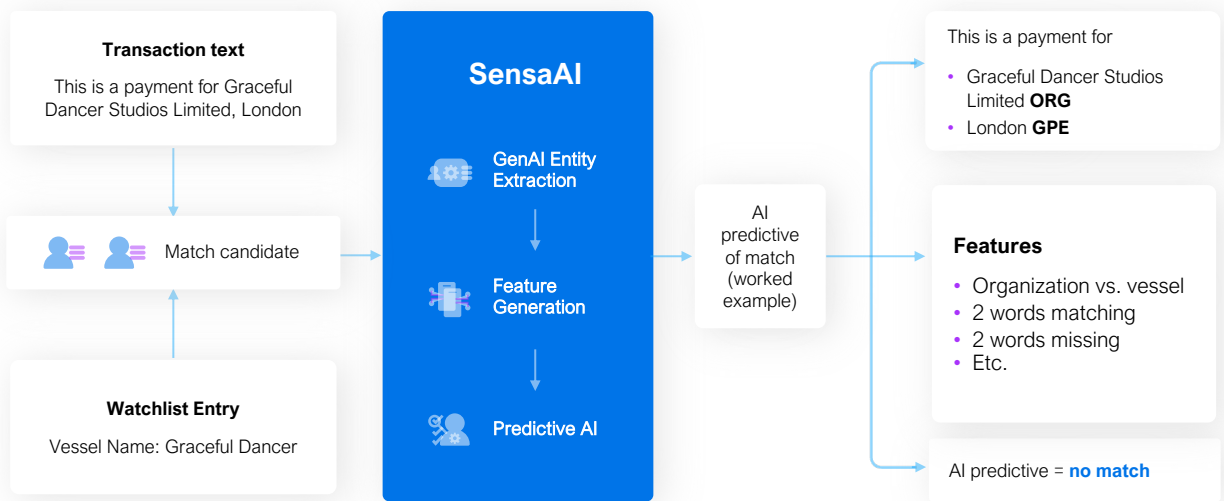
When flagged, a human investigator will examine the reasons why and either recommend the case for further investigation or mark it as a false positive and allow the transaction to proceed.

This takes a lot of time and manpower: **an incredible 97% of sanctions alerts are false positives.** That is a lot of wasted productivity for the bank.

The reason for this is because failure to comply with sanctions regulations has such high consequences. As such, **most banks, insurers, etc. set their rules-based system to an extremely low risk.** This means that most matches will be flagged, even if it is obvious upon investigation that there was never really any possibility of the transaction being a problem.

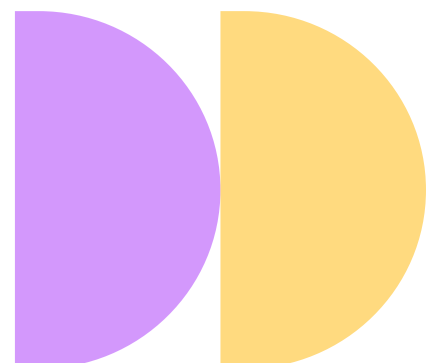
Consider the example of an entertainment company called Graceful Dancer Ltd. based in London. Elsewhere, as part of the ongoing sanctions against Russia, a Russian vessel used for transporting goods is sanctioned. It happens to have the name 'Graceful Dancer'. Despite the entertainment company clearly not being involved in global cargo, it may still fall foul of sanctions software. But how?

The main reason is that **software often doesn't (or, more likely, can't) differentiate between pieces of information due to unstructured data.** It simply detects a sanctioned company name and flags it as a match without considering the context (addresses, company directors, etc.) Because text is sometimes held in free text format, other false positives may arise too. For example, a road name that matches the name of a sanctioned individual.



The challenges of effective screening are therefore clear to understand: too many false positives, risk thresholds being set too low, and data that is unstructured or of poor quality. This leads to stretched resources to combat the ever-changing regulatory pressure in countries all over the world.

All these factors add up to a timely, costly process for financial institutions, which is where SensaAI for sanctions comes in.



What is SensaAI for sanctions?

SensaAI for sanctions augments your existing detecting solutions to enhance matching capabilities with gen AI and predictive AI. The result is a **real-time AI upgrade for screening** with a seamless, streamlined process.

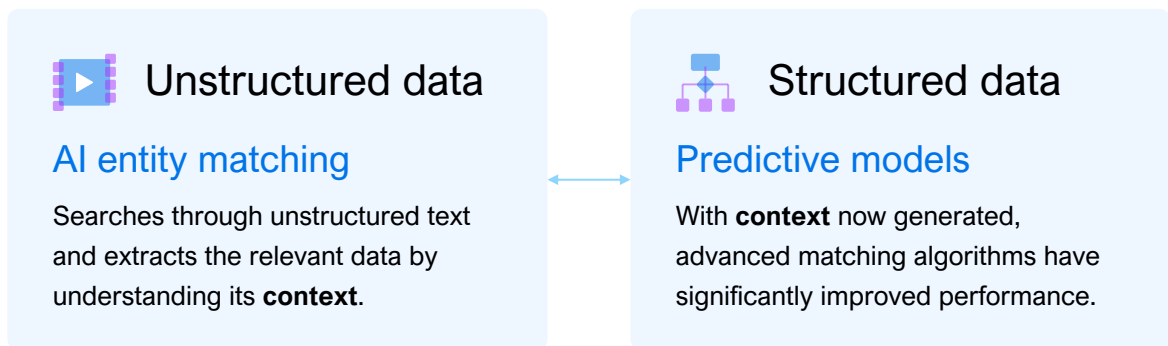
A customer's existing screening solution provides a 'match candidate' to the SensaAI engine. A 'match candidate' contains information about both the text that has been matched and the watchlist entry that it has been paired with.

For fast and efficient deployment, SensaAI for sanctions has already been trained on proprietary synthetic data, meaning it knows what genuine and false matches looks like. The result is that

businesses immediately see benefits in the form of intelligent match scores that relate to their own data.

To analyze the match candidate, SymphonyAI's proprietary, industry standard model performs on two levels:

- 1. Using a language model to perform named entity extraction.** SensaAI structures the unstructured text, calculating a broad range of features about the match candidate (for example, sorting name from address, cargo ship from dance studio etc.)
- 2. Applying a pre-trained predictive AI model** which, by balancing all the information provided, calculates the probability of a match vs. no match.



A response is provided to the customer's existing solution. The response contains:

- **The named entities identified** by our language model
- **The values and importance of the features calculated** by the model
- **The prediction (score and explanation)** of our predictive AI model (including a breakdown of how individual features contributed to the model score)

It's a simple, fast, and effective way to **boost sanctions compliance without having to start from scratch** with new software.

SensaAI can maximize investigator effectiveness

The SensaAI for sanctions augmentation can **maximize investigator effectiveness in four keyways:**

- 1 By automating level 1 triage** — Alerts identified as false-positives can be auto-hibernated, speeding up investigative processes
- 2 Prioritizes high-risk alerts** — a high match score helps investigators to easily prioritize alerts carrying a high risk, which can be presented at the top of the queue in the case manager
- 3 Seamless workflow integration** — For each alert, an AI Score is displayed, presented within existing investigator case manager screens
- 4 Easy-to-understand match explanations** — Readily accessible natural language explanations are provided with every AI score, allowing for easy understanding of why an AI action has been taken on each alert

The early results from SensaAI for sanctions show that it is transforming sanctions screening efficiency and maximizing financial institution compliance. **A recent POC yielded**

80% reduction in false positives, and this number is constantly improving. More importantly, the augmentation has seen **100% true positive retention** in the same POC.

100% true positive retention

in a recent POC



Frequently Asked Questions

How can I access SensaAI for sanctions?

SensaAI for sanctions is available via API as part of the latest version of NetReveal. It can also be deployed separately and will shortly be on the Azure marketplace.

From here, users can enjoy a containerized service, either single tenant hosted or deployed to a private Azure cloud environment.

Does SensaAI for sanctions augment with other case management systems?

Yes, SensaAI for sanctions is designed to augment with any case management system that your organization is currently using.

Can I test SensaAI for sanctions?

Absolutely, a testing mode is provided. It is straightforward to upload a historic dataset to run a DIY match test. Access the results and see the benefits for yourself!

What is the recommended initial approach to working with SensaAI?

SymphonyAI recommends a step-by-step approach to working with SensaAI for sanctions:

- 1. Offline simulation** — see the proof of value immediately by running an offline simulation against historical data. Integrate these insights into your operational workflow
- 2. Low-impact use-case** — start using SensaAI with something low impact, such as prioritization
- 3. Establish governance and modelling** — Monitor ongoing performance in a live environment, noting performance and iterating on results
- 4. Notice the savings** — Enact processes based on your established governance, such as auto-closing low-priority alerts
- 5. Ongoing optimization** — Enhance capabilities via updates and model performance improvements

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Can SensaAI for sanctions work as soon as its installed?

Yes, SensaAI for sanctions works immediately. This is because it has been trained on proprietary software for this exact use case. SensaAI for sanctions does not need familiarity with your existing data to be effective.

What proprietary data has SensaAI been tested on?

SensaAI is pre-trained on 25+ years' worth of proprietary sanctions data so matching models can work to provide accurate AI match scores immediately.

How does SensaAI for sanctions differ from a rules-based approach?

The key difference from a rules-based approach is that SensaAI is working with unstructured data where using rules wouldn't be possible.

SensaAI uses gen AI entity extraction to analyze the unstructured data and assign it structure based on all the information the AI has learned from training data (historic results, books, web searches, etc.)

What are the key benefits to SensaAI for sanctions?

The key benefits are as follows:

- It shows a dedicated commitment from your organization in screening sanctions effectively in a difficult, changing landscape
- Demonstrates commitment to regulators
- There is no need for a large investment to your existing solutions; SensaAI for sanctions is an augmentation that works with your current products and can begin working immediately
- Cost and resource efficiencies can be met thanks to better matching, which in turn means the possibility of raising risk thresholds and reducing false positives (as seen in recent POCs)
- Maximizes investigator effectiveness, providing additional context to cases and surfacing results in real-time
- Exceptionally easy to deploy

It's easy to see how and why SensaAI for sanctions is set to revolutionize sanctions processes within finance.

SensaAI is pre-trained on 25+ years' of proprietary sanctions data.

About SymphonyAI Financial Services

SymphonyAI's trusted solutions for financial fraud and compliance, built on 25+ years of industry expertise, are used by more than a third of the world's 100 top banks. The award-winning, innovative product portfolio brings world-leading predictive and generative AI to financial crime detection. The end-to-end portfolio includes KYC/CDD, transaction monitoring, payments fraud detection, entity resolution, sanctions, PEP, and adverse media screening.

About SymphonyAI

SymphonyAI is building the leading enterprise AI SaaS company for digital transformation across the most critical and resilient growth verticals, including retail, consumer packaged goods, finance, manufacturing, media, and IT/enterprise service management. SymphonyAI verticals have many leading enterprises as clients. Since its founding in 2017, SymphonyAI has grown rapidly to 3,000 talented leaders, data scientists, and other professionals. SymphonyAI is an SAIGroup company, backed by a \$1 billion commitment from Dr. Romesh Wadhvani, a successful entrepreneur and philanthropist.

Learn more at www.symphonyai.com.