

SymphonyAI NetReveal match exclusion

for improving WLM efficiency

The false positive conundrum

Financial institutions are responsible for screening payments that trigger hits against sanctions watch lists. They must not only screen cross-border international payments, but also more and more domestic transactions against internal, public and commercial aggregator lists to comply with local or international regulations.

The challenges

Watch list management practitioners are plagued with high false positives on sanctions alerts and increasing levels of alerts they need to review and process each day – which diminishes investigative efficiencies and makes them more vulnerable for potential sanctions breaches.



WorldCheck adds 25,000 sanctions and Politically Exposed Persons (PEP) entities to their list every month¹



Legacy systems: Nearly half of financial institutions surveyed said their current technology is inadequate, insufficient or outdated²



Staff shortages are a major concern for AML professionals³

Financial institutions are spending more time, money and resources investigating false positives as

transaction volumes and worldwide cross-border money transfer activities increase.

Sources: 1 – WorldCheck, 2 and 3 – Dow Jones and SWIFT Global Anti-Money Laundering Survey Results 2017

How can SymphonyAI NetReveal help financial institutions address this problem?

This industry-wide problem can be solved with intelligent matching algorithms that rapidly identify different name misspellings or variations to dramatically reduce false positives.

SymphonyAI NetReveal Transaction Filtering with Match Exclusion technology reduces the number of false positives investigators would have to review on average by **40% to 60%** without compromising filtering accuracy. It can help financial institutions achieve:



Improved detection effectiveness
through substantially increased true matches



Increased investigator efficiency
Automated alert prioritisation and streamlined user interface performance helps speed investigator decision making and disposition



Transformational cost savings
Investigators spend less time working alerts arising from known false matches

We identify transactions to entities or countries that would

breach sanctions violations with significantly fewer false positives

Case Study: We have already helped a number of financial institutions

We give financial institutions the ability to **adjust the flow of alerts** presented to their investigation team

50%

False positive reduction

Bank A

SymphonyAI NetReveal worked with a large bank in Northern Europe over two days to demonstrate the benefits of Match Exclusion on their current production data. By configuring just 20 Match Exclusion rules within the SymphonyAI NetReveal Transaction Filtering solution, the bank reduced false positives on the tested data by half. The client would be able to adjust the number of alerts investigators have to review based on the institutions risk appetite and a full audit trail provides documentation of the decisions taken.

53%

False positive reduction

Bank B

SymphonyAI NetReveal worked with a financial services group in Northwestern Europe on its transaction screening alerts and cut its false positive rate by 53% by implementing only 50 simple rules. In this particular case, extrapolation was done and it was calculated that adding an additional 50 rules would push the false positive reduction up to 64%.

83%

False positive reduction

Bank C

SymphonyAI NetReveal experts visited a major financial services company in Continental Europe specialising in corporate and retail banking for a multi-day demonstration of our Transaction Filtering solution. After inspection, 15 Match Exclusion rules were applied to the top 20% of the company's transaction alerts (24,000 out of 130,000). Upon completion, 83% of 24,000 alerts were removed.

Data filtering methodology

Transaction Filtering enables financial institutions to screen transactions to entities found on internal and external watch lists. This is primarily achieved by comparing attributes of the person making the payment, or attributes of the person receiving the payment, against attributes of known persons or entities that are maintained in watch lists.

The SymphonyAI NetReveal Transaction Filtering solution uses a variety of data filtering techniques to screen transactions against more than 350 Sanctions lists for inspection in a batch job or for real-time inspection. Our filtering capabilities range from simple name-checking functions to complex algorithms that can search formatted and unformatted text data from multiple payment and messaging systems with a high degree of accuracy. Our data filtering methodologies include:

01.

Transformation

values parsed from messages using tag transformers

02.

Normalisation

data cleaned for irregularities and standardised

03.

Detection checks

data source conditions, list checks, algorithm thresholds, and exception logic

04.

Match exclusion

interception of matches from check detection logic, suppression of alerts that fail exclusion rules

05.

Alert-roll-up

rolls up multiple matches on a transaction into a single alert for faster and easier investigation

06.

Investigation

alert investigation and batch-based dispositioning

How does match exclusion work?

Match Exclusion technology improves investigator efficiency by reducing the number of false positives they would have to investigate on average by 40-60% without compromising filtering accuracy. Financial institutions can decide to remove the false matches, immediately close them, or keep them hidden from the investigator screens. A full audit trail provides documentation of the decisions taken.

- Excludes known false positives from transactions by intercepting matches generated from the check detection logic
- Evaluates matches and suppresses any alerts that fail to meet the rules assigned
- Generates audit trail of what matches were suppressed, and why
- True matches are moved forward for further automated analysis
- Only the most relevant alerts are presented to investigators

Match Exclusion is used to define exclusion rules for recurring false positives matches, drastically reducing the number of false positives investigated by business users. Those exclusion rules are defined based on existing false positives in customer production data.

Alerts based on known recurring false positive matches are still generated, but marked as an exclusion. Depending on customer expectation, alerts can be removed, immediately closed or just hidden from the main investigator screens. The system will not only mark the alert, it will also log what rules were used to exclude the match. The log allows for maximum traceability; all data is retained and can be retrieved for audit.

The Transaction Filtering solution helps institutions screen payments that trigger matches against watch lists. It filters domestic transactions, as well as cross-border international payments, against internal, public and commercial aggregators lists to comply with local or international regulations. Using SymphonyAI NetReveal Transaction Filtering, institutions can ensure that they:

- Can perform rapid verification of client name, address and date of birth using refined matching and disqualification techniques
- Do not hold accounts for specially designated nationals, blocked persons or organisations
- Do not facilitate transactions involving any such parties

Transaction Filtering supports a large number of industry and regulatory provided watchlists as standard, including:

- Office of Foreign Assets Control (OFAC)
- Her Majesty's Treasury (HMT)
- European Union (EU)
- UN1988 Taliban List
- UN1267/1989 Al-Qaida List
- FinCEN 314a
- Bundesanzeiger

Transaction Filtering fully supports World-Check, Dow Jones Watchlist, and lists from Accuity.

SymphonyAI NetReveal Transaction Filtering helps financial institutions screen transactions against entities found on internal and external watch lists

Why should financial institutions consider our solutions?

SymphonyAI NetReveal has spent the past two decades serving more than half of the world's top 40 financial institutions with our compliance solutions to detect and combat financial crime.

More than 175 customers and regulatory bodies around the globe rely on the regulatory compliance solutions from SymphonyAI NetReveal to increase their insight into real-time customer and employee behaviour, transactions, and activities.

As a result, these organisations have reduced and prevented financial crime activities, minimised money laundering exposure, increased investigator efficiency and improved regulatory compliance and oversight.

Contact us for more details on how we can help you be more proactive in response to the changing risks and subsequently the regulatory landscape.

We can help you evolve your compliance objectives into an intelligence-led practice – merging human intelligence with new technologies that will drive efficiency, prevent more crime and nurture business growth.

We give financial institutions the ability to balance effectiveness with efficiency by

minimising false positives

About SymphonyAI NetReveal

SymphonyAI NetReveal, part of the SymphonyAI finance vertical, is a global leader in regulatory compliance, fraud and financial crime detection, investigation, and reporting. The 750 SymphonyAI NetReveal digital, AI, and data experts work collaboratively with financial institutions across the globe to detect and prevent financial crime and optimize risk management operations.

Request a demo or contact us for more information:
netreveal.ai/request-demo