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X-Sight AI – Managed Analytics

ActimizeWatch for Suspicious Activity Monitoring

Alert Volumes and False Positive Rates Are Too High

Financial Services Organizations (FSOs) are facing rapid changes with regulations, criminal typologies, and even their own business products, yet their financial crime detection and analytics remain inflexible. With compliance costs steadily rising, this combination of factors has resulted in major strain on the financial investigation units (FIUs) responsible for identifying suspicious activity and reporting it. Market advisory studies have shown that false positive rates continue to be as high as 95-97 percent in what has become a defacto standard for the industry. Managing analytics in the cloud introduces cost predictability and reduces the spend previously required to tune AML systems.

Over 95% false positives rates for typical AML systems

90% want to tune systems more frequently

46% have not reviewed segmentation in over a year, including 21% that never have

On-Premise Tuning is Difficult and Costly

ActimizeWatch for Suspicious Activity Monitoring (SAM) eliminates the challenges of keeping AML systems alerting efficiently to continuously produce true positives that are more likely to yield suspicious activity reports. The solution applies machine learning and automation to proactively monitor the performance of analytics and adapt rules and models rapidly to better detect patterns and reduce false positives. It proactively optimizes NICE Actimize anti-money laundering models, when needed, with minimal impact to on-premises resources at an FSO. ActimizeWatch managed analytics extends a financial institution's compliance team with data science and AML expertise.

- AML analytics monitoring and proactive advising

- Model optimization from months to days

- Performance insights in seconds

- Model governance documentation

- Industry benchmarking

Ready to get started? <u>Click here</u> to learn more.

OPTIMIZING MODELS TO REDUCE ALERT VOLUMES WITHOUT COMPROMISING RISK

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ActimizeWatch connects the on-premise transaction monitoring system to an advanced analytics environment in the cloud. It takes the output data from Actimize SAM, obfuscates and anonymizes the Personally Identifiable Information (PII) and sends it securely to the cloud environment. The heavy lifting of data management is handled by the system. By having the system configured to push results into the managed analytics service, FSOs can schedule optimizations with greater frequency and can leverage an experienced data science team that is coupled with AML expertise – an uncommon combination.

Model Optimization – Segmentation and Automated Tuning

Static segmentation strategies contribute to poor alert performance with high false positives. By using a machine-learning based segmentation model, customers are dynamically assigned to segments that go beyond basic business segments. Having customer populations segmented by behavior and risk allows threshold tuning to be highly targeted, thereby increasing accuracy and significantly lowering the false positive rates.

Predictive Scoring to Prioritize Alerts

When an alert is produced, it is typical for the initial investigator to take hours to days to properly triage it. ActimizeWatch creates a machine-learning model that generates a Predictive Score that indicates the likelihood of escalation or a SAR. Now, alerts are efficiently prioritized and routed according to the strength of the investigative teams. This saves time, where higher risk alerts can be automatically routed to a more senior level group. Low-risk alerts are suppressed, or hibernated, reducing significant volumes of alerts, until time passes and an increased risk warrants an alert to be generated.

Anomaly Detection

The anomaly detection model provides coverage for behaviors that can indicate suspicious activity where there is not a known typology. ActimizeWatch uses unsupervised machine learning algorithms to perform multivariate outlier detection.

The managed analytics service provides the transparency required for model governance. This service includes:

- **Developmental evidence white papers** that explain the structure and development of the models
- **Model optimization reports** that provide the evidence and judgment used
- **Dashboards and reports** that provides insights in seconds to make decisions

ActimizeWatch offers FSOs the ability to benchmark their AML performance against similar institutions, a consortium benefit that helps them adapt their models before any degradation of performance.

About NICE Actimize