

Impact Story – AML Transaction Monitoring for a Global Bank



Client requirement

A large global bank wanted Moody's Analytics Knowledge Services to help reduce false positives for its AML activities, including

- » Streamlining its transaction monitoring activities, validating and developing new customer segmentation logic
- » Developing and validating new and existing scenarios to generate alerts and fine-tuning scenarios for efficiency and higher speed,
- » Determining a methodology to set initial thresholds and tuning them to specific scenarios

How we solved the problem?

- » **Segmentation**
 - Applied data analysis techniques to determine the number and type of customer segmentations
 - Analysed attributes associated with the customer to cluster them
 - Validated the existing segmentation model for different portfolios
- » **Threshold tuning**
 - Derived and validated existing thresholds of tuneable parameters to reduce false positives and ensure that scenario requirements are met
 - Determined the transaction population for each scenario to fine-tune thresholds
- » **Scenario development and validation**
 - Developed new scenarios and fine-tuned existing scenarios for better performance
 - Validated scenarios to confirm the requirement(s) and ensure that alert specifications are met

Key client benefits

- » Met the timelines provided by regulators
- » Identified redundant scenarios and reduced false positives by 95% by tuning the thresholds
- » Improved customer segmentation by validating the existing model and modifying based on the requirement
- » Deployed a team of statisticians, AML SMEs, and technology experts to implement a robust transaction monitoring process

About Moody's Analytics Knowledge Services

We enable organizations to innovate and transform in an ever-changing world. Our global pool of domain experts enables businesses to innovate, scale, and reduce costs. Providing customized solutions is in our DNA – solutions that have a tangible impact on our clients' top-line and bottom-line, enabling them to achieve more with less.

Our clients include leading bulge-bracket financial institutions, asset managers, Fortune 100 corporations, mid-tier companies, boutique investment banks, and funds. We support over 150 institutional clients through our team of 2,600+ employees and our global delivery centers, located in close proximity to our clients.