Addressing Challenges with Manual AML Transaction Monitoring Processes

Problem

A national bank faced resource and effectiveness challenges with its manual transaction monitoring processes

Solution

Alacer analyzed manual detection sources and mapped them to known AML risk typologies and historical Case and SAR rates in order to build the case with data for scenario retirement and revisions

Results

35% of manual scenarios were eliminated, enabling the BSA Officer to reallocate staff to higher risk activities

Overview

Because detecting illicit financial activity using automated software logic is not always cost-beneficial or feasible, one national bank's anti-money laundering team spent over 20% of its time manually monitoring and analyzing non-deposit transactions. But just as AML regulations and requirements were increasing, the bank lost a significant number of the team's members due to attrition. This severely impacted its ability to manage the growing workload. The bank turned to Alacer for assistance in creating a practical and effective solution.

Challenges

It is more difficult to manage manual reviews of spreadsheets, as they consume more resources, have longer lead times and add significant risk to the institution. Alacer consultants analyzed all of the bank's existing manual detection sources and then created a process that mapped those sources to known AML risk typologies and the bank's historical Case and SAR rates.

Results

Through streamlining and rationalization processes, Alacer worked with bank management to retire ineffective manual scenarios and reduced the manual transaction monitoring workload by 35%. Other manual reports were enhanced to better match AML risk typologies. This reduced the bank's overall risk and enabled the BSA Officer to reallocate existing staff to higher risk and more value-added activities.