Rethink Risk

Unlocking data to fight fraud and ensure compliance

A bank based in the Midwest, and among the largest money managers in the U.S., partners with ICC to reduce the impact of financial fraud and federal compliance.

SUMMARY

Banks operate in an environment of continuous change so monitoring risk is a constant challenge. Today, a bank's assets can be threatened in more ways than ever before, and the cost of fraud has never been higher. A bank's failure to quickly identify fraudulent behavior leaves it accountable both financially and in the eyes of the public. Increasing regulation only adds to the pressure. In response, a Midwest bank engaged ICC to develop the data platform that brings to life its risk profiling engine, isolating fraudulent activity and ensuring that legitimate transactions are uninterrupted.

OPPORTUNITY

Drug cartels, terrorist organizations, and other crime syndicates continue to devise new ways to launder money. To counter, the government continues to enact stringent regulations such as Dodd-Frank, Bank Secrecy, UBO Act, and Patriot Act that help combat fraud and financial crimes. Non-compliance is not an option and failing to identify fraudulent activities can cripple your organization.

The bank knew that ensuring compliance and beating fraud required a holistic approach. The bank had an anti-money-laundering (AML) solution in place for its retail business, but the existing commercial solution lacked risk-scoring capabilities and would not meet compliance standards. The bank engaged ICC to aggregate the data necessary for risk-scoring. This vital process allows them to generate a unified view of the customer's risk profile across both retail and commercial businesses.

WHY IT MATTERS

50%

of money laundering or terrorist financing incidents are undetected by system alerts

$1-2T

is laundered per year

One out of five banks have recently experienced enforcement actions by a regulator

SOLUTION

Developing an anti-fraud solution for the commercial business meant evaluating 45 unique systems that contain valuable risk data. In Phase I, ICC examined these disparate systems and isolated the data available to feed to the bank's AML platform. The initial systems set was then analyzed for any vulnerabilities to data quality.

Phase II involved developing a detailed plan to transform and standardize the data for the bank's unified anti-fraud solution. This culminated in finalizing the data architecture and integrating all necessary data.
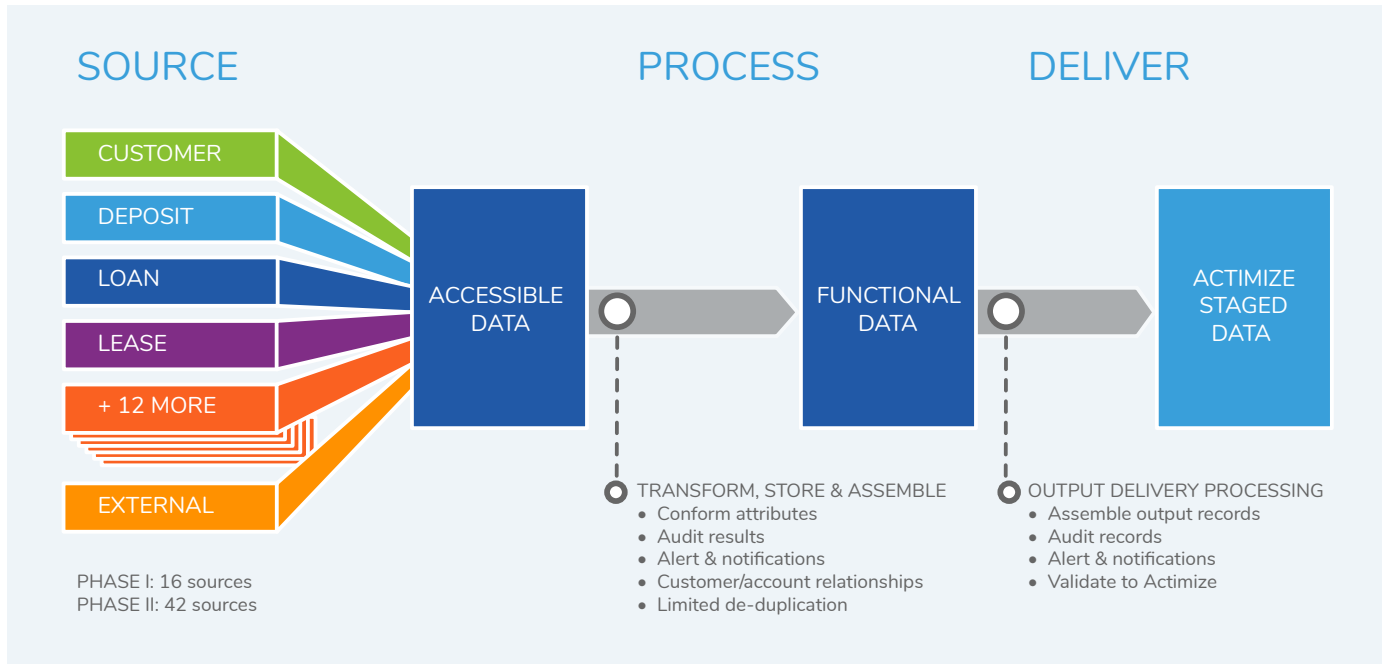
RESULTS

The implementation of an accurate and unified AML solution helps to ensure regulatory compliance and reduces the expense associated with addressing fraud.

Reports of suspicious transaction activity may be fraudulent or innocent, but it is expensive either way. By law, each positive report must be individually investigated and those high overhead costs are the best case. At worst, the bank will find fraudulent behavior that makes the bank liable for full restitution. Beyond the reparations, a bank is then vulnerable to federal fines, increased regulation, litigation costs, and a marred reputation. These consequences are avoided with a well-designed program and accurate data. False positives are reduced and patterns of criminal activity can be smothered before grave damage is done.

Armed with a holistic view of customer risk profiles and standardized transaction data, the bank is primed and ready to deliver AML protection and real-time fraud detection.