THETARAY

ThetaRay Client Risk Assessment to Bolster Global Bank Compliance

Tier 1 Correspondent Banking Case Study

Executive Summary

The world's largest cooperative financial institution (~$1.9 trillion in assets) with a regional bank network boasting 7,200 branches, was struggling to stay compliant with their current financial crime detection systems. Following changes in the local financial regulation, the bank was fined for failings across customer due diligence, transaction monitoring and alert investigation.

The compliance team were dealing with unmanageable levels of false positives, potentially missing financial crime, stemming from their multiple legacy rules-based solutions, resulting in increasing costs and failure to comply with regulatory requirements.

Project Scope: Proof Of Concept (POC)

The bank was looking to replace legacy rules-based solutions with a machine learning solution across the entire Current Account (CA) and Corporate Investment Banking (CIB) portfolio. Additionally, the bank intended to deploy the solution across all lines of business globally.

Objectives

- Implement a solution that could be globally deployed in less than 6 months across all of Correspondent Banking.

- Extend coverage including the financial institution's global cash management, trade finance and capital markets.

- Deploy a machine learning customer due diligence solution that could transform the current manual and static approach to a dynamic, real-time customer risk assessment process for all customers.

- Ensure compliance with local and global regulators.

ThetaRay deployed a proprietary global single machine learning solution for Transaction Monitoring and Customer Risk Assessment. The solution was able to significantly reduce risk, identifying unknown typologies of financial crime, while reducing false positives in all countries where the financial institution operates.

Results

Global Single Solution Deployment
ThetaRay deployed a single solution for Transaction Monitoring and Customer Risk Assessment, which provided a centralized visibility for all business lines and transactions to the compliance team.

Substantial reduction of false positives
ThetaRay significantly reduced the number of false positive alerts. By establishing normalcy based on the data, the machine learning transaction monitoring solution detected abnormal behavior ensuring only true positives were alerted.

Improved Risk detection
ThetaRay Transaction Monitoring successfully identified unknown financial crime, enhancing the bank's detection ability which achieved significant risk and cost reduction.

4 Months Project Turn Around
The solution went live across all correspondent banking in 4 months lowering the exposure of risk of the financial institution. This was achieved prior to the deadline established by the regulator.

Regulator Satisfaction
By introducing more robust and dynamic transaction monitoring and client risk assessment solutions across the financial institution's global framework, it was able to reverse its compliance failings into recognition as a leader in financial crime detection.

THETARAY